



2017 Royal Dutch Shell plc Annual General Meeting

The Hague, The Netherlands

CHAD HOLLIDAY

Chairman, Royal Dutch Shell plc
May 23, 2017

BEN VAN BEURDEN

Chief Executive Officer, Royal Dutch Shell plc
May 23, 2017



Charles O. Holliday, Born March 9, 1948. A US national, appointed Chair of the Company with effect from May 2015, having previously served as a Non-executive Director since September 2010.

He was Chief Executive Officer of DuPont from 1998 to 2009, and Chairman from 1999 to 2009. He joined DuPont in 1970 after receiving a B.S. in industrial engineering from the University of Tennessee and held various manufacturing and business assignments, including a six-year, Tokyo-based posting as President of DuPont Asia/Pacific. He has previously served as Chairman of the Bank of America Corporation, The Business Council, Catalyst, the National Academy of Engineering, the Society of Chemical Industry – American Section, the World Business Council for Sustainable Development and as a Director of Deere & Company. He is a founding member of the International Business Council. He is a Director of HCA Holdings, Inc.



Ben van Beurden Born April 23, 1958. A Dutch national, appointed Chief Executive Officer of the Company with effect from January 2014.

He was Downstream Director from January to September 2013. Before that, he was Executive Vice President Chemicals from 2006 to 2012. In this period, he also served on the boards of a number of leading industry associations, including the International Council of Chemicals Associations and the European Chemical Industry Council. Prior to this, he held a number of operational and commercial roles in both Upstream and Downstream, including Vice President Manufacturing Excellence. He joined Shell in 1983, after graduating with a Master's Degree in Chemical Engineering from Delft University of Technology, the Netherlands.

The following text is based on speeches delivered by Charles O Holliday and Ben van Beurden at the Annual General Meeting of Royal Dutch Shell plc in The Hague on May 23, 2017.

Royal Dutch Shell plc

Charles O Holliday

In just a few minutes, Ben will describe our 2016 performance and the path forward of our company. He will hit the highlights that we think are critical for you to know as a shareholder. I am pleased to tell you today that the Board is very proud of the accomplishments of 2016, including the BG Group acquisition. Ben will also take you through some of the issues and the opportunities facing our company. What we know for a successful strategy is that Board and management must be fully aligned, and I can assure you today, they are fully aligned on the strategy.

We now turn to the next slide, the cautionary note. You have had plenty of time to read that but do take note that it is important, and please consider all of our public information as you are making decisions about our company.

“Energy is the golden thread that connects economic growth, social equity and environmental sustainability.”

That is a beautiful statement by the former Secretary General of the United Nations, which could have been written by an outstanding speech-writer but, knowing the Secretary General, who grew up in Korea without access to electricity like we have in this room, and hearing him personally tell the stories of studying at night by candlelight – and he wouldn’t have a candle every night but only when there were exams the next day was he sure to have a candle. This was a statement written by someone who knows the importance of energy to a developing world. As we are here today, with 1.1 billion people without access to electricity as we know it, and 2.4 billion cooking on a stove that will probably reduce the quality of their life, we are in a very different age. It is in the context of this statement that we must navigate our strategy at Shell.

To be successful in that environment, you must have the ability to question.

As Ben described, we must not cling to our old beliefs but be willing to question to tackle the energy challenge ahead. Ben made this statement and he has made similar statements many times, but this was particularly at our ‘Powering Progress Together’ session in June of last year in London. This is what is necessary if a company is going to tackle the challenge that the Secretary General gave to all of us, about being willing to challenge old beliefs. If you come away with nothing else from this meeting, I hope you come away with the conclusion that Shell is open to challenging old beliefs, because we know that it is critical.

The energy challenge: four points are described here, that speak to what we must do to create that golden thread that the Secretary General described. Let me make it very simple for you. Between now and 2060, we have to increase the energy supply by about 60% in the world and that is because the population will go from 7.4 billion to over 10 billion, but also each one of us will be requiring more energy. A 60% increase, while at the same time we need drastically to reduce our greenhouse gas emissions toward net zero, if we are to meet the goals that the nations of the world set forward in Paris. That does not mean that we will have no greenhouse gases but it means that we will find ways to capture and store or sequester them in nature as we go forward. That is one of the major challenges that the world has ever face, to somehow meet the increasing needs of everyone for energy, while we significantly reduce the greenhouse effect.

With that background outstanding, let’s move to the next slide about Shell’s strategy.

The big hexagon on this chart says “World-class investment case”. Ben and his team described to the world at Investor Day last year, and it is the hallmark of what we must do. You say, well why is that the biggest? If we aren’t financially stable, if we aren’t vibrant, we will not have the resources to meet the other things we think are so critical as a company. We must have the returns on investment in order to be to return a dividend to you. We are not a full world-class investment yet, but that is the goal, which Ben will talk more about this morning. It is critical that we get there in the near future, to accomplish everything we must have to lead this energy challenge.

We will be a leader externally, moving to the other hexagons, not only in the value that we create for society, but in influence. You must conduct yourself in

the right way to have the right to have influence, and we must have that financial stability to be considered in the world. And yet we can't only say what others should do, but we have to improve our own carbon intensity. We are very much focused on that as one of the four pillars of our strategy. So, for energy unit produced, we have to find ways to reduce our carbon intensity totally. Share value with society: if you recall back to what the Secretary General said, there must be social equity. If we can't find ways to share value with society broadly as we accomplish the objectives, we will not be the world-class company we plan to be.

We communicate extensively about what we are doing in the company. I point to these two reports in particular. One is our Sustainability Report, which we have now issued for 20 consecutive years – as long as any company we track, in having a Sustainability Report. We urge you to look at that report, because it is very easy to follow, it is online and it is simple. I think it will tell you a great deal about what we are doing as a company. If you see things which you think we should add to that report, then tell us, because it is constantly changing and improving to meet your needs. The other report is available outside. I'm holding a copy up here. These are examples of what we are doing for a cleaner energy world we are doing today. This is one example. We will have many to come out but I think it's important to look at the concrete examples of things we are doing as we move forward to make the world a better place.

September 27, 2015 - a Sunday - New York City, the United Nations building, 193 countries coming together to agree on 17 Sustainable Development goals for the next 15 years. It is very difficult to get 193 countries to agree on anything. This was a very important step. If you will scan across those, it describes part of the challenge we in Shell and all of us face together as collective society to move forward together. The goal is to complete each one of these issues or make substantial progress by 2030 and that's what we must work on as a company.

If you look at our Sustainability Report we will give you progress on most of these that we've had across the company, but let me turn to the next slide and give you an update on just four.

Number 7 – affordable and clean energy for all. Of course many, many people in Shell work on this every day of the week but I would like to talk about one new

programme we just started this year. It is kick-starter innovation programme and we now have people making submissions from 12 different countries where they have ideas to get access to energy to that 1.1 billion people that don't have it today. We are sorting through those and we are finding the best way Shell could help – not to be a part of Shell, but to provide investment, to provide coaching by counselling, to provide mentors to make it a success. It's a very new programme with us and we will have the first up and running before the end of the year.

Number 8 – decent work and economic growth. It is so important for social equity, it's so important for the backbone of the world. For over 35 years Shell has had what we call a LiveWire programme where we have facilities, we help people develop businesses and last year alone over 3,000 people were impacted by something from this 35-year-old programme inside Shell.

Number 11 – sustainable cities. By 2050, two-thirds of us in the world will be living in cities. If we don't get the cities right we will not achieve the sustainable development goals we need as a world. Shell shares our planning expertise with many cities around the world. The particular example on this chart, a city in India, where we are helping them convert from coal facilities to power the textile industry in that city to a combination of solar and gas-fired in a mini grid. This is just one example of what we are doing today to move the energy effort forward.

And finally Number 13, climate change. Shell fully supports the Paris Accord and we will do our part to support its implementation. One example of our part is our carbon capture and sequestration facility in Canada where last year we captured one million tonnes in our first year of operation. We are still developing our role in the energy transition, but I want to stress to you we are not waiting to move down that path. Twenty years ago if you had looked at this first picture and said 'Shell LNG out to fuel trucks on the roads here in the Netherlands', you probably would have thought it was impossible, but now through a terminal in Rotterdam we are filling trucks throughout North West Europe and we are also serving the marine industry. Next year the very first oil tanker in the world will be powered by LNG from Shell and the following year, two ships from Carnival Cruise Lines will be powered by LNG in the largest carrier of pleasure craft in the world. These are steps people thought would not

happen. They are happening today and Shell gas, Shell LNG is an important part of those steps forward.

The middle picture is from Wuppertal in Germany where we are rolling out a fleet of filling stations with our partners in Germany over the next several years so hydrogen can fuel the cars. As I saw this it brought back a real clear memory, 20 years ago on the streets of Washington DC I had the honour to drive Toyota's experimental hydrogen fuel cell car. I will never forget. I was very nervous as I was doing it. There was a police car in front and a police car in back just to make sure I was okay and as I looked at that vehicle at that point in time and all the technical hurdles it would have to come over, I would not have guessed now 20 years later that car would be sitting outside this building and I have also now driven one in the State of California and I didn't have to have police cars around me.

Another way to power your electric car is through hydrogen and Shell is starting with experiments here in the Netherlands and also in California, and obviously, Japan is making big steps in that direction. The important thing is that we start down this road; we are not predicting that hydrogen will take over, but it is one alternative that we must consider as we move forward.

Last, biofuels, and R&D in general. In our Raízen facility in Brazil, we are now using the waste from the sugar cane to make fuel for automobiles. We have two prototype facilities in the United States around using waste products there that don't have other practical uses, and particularly in this example on the picture, is a biofuels facility prototype in India, in Bangalore, where we take garbage and run it through our plant and put it directly into your fuel tank. These are prototypes, but they are steps in the right direction to move us forward.

Let me wrap up on the next chart.

Picture yourself a student; she is in her early 20s, she has just graduated from university and we make a proposition for you: think about where you want to spend your career. What about in a company that is dedicated to energy solutions, in a world that has to have a 60% increase in energy, while at the same time we must make drastic reductions in greenhouse gases? Can you think about a more exciting career starting here today, to be a part of that journey with a company that will question old beliefs and find the right

solutions? As well as we in Shell can sell that story to these new graduates and we attract them and they decide to invest their career with Shell, we plan to deliver on what we described for you today. Thank you very much.

Ben, over to you.

Ben van Beurden

Thanks Chad. As Chad has mentioned we set our strategy clearly at our Capital Markets Day last year to reshape Shell to be a world-class investment case. We also want Shell to be a leader, to reduce Shell's carbon intensity, and, want to contribute to shared value. We need to succeed in each of these areas to deliver the world-class investment case.

Following the completion of the BG deal in 2016, and the subsequent integration of BG into the Shell portfolio, our recent results have shown that the strategy to become a world-class investment is beginning to pay off. We are making good progress in re-shaping Shell towards this goal of a world-class investment case, with a focus on delivering a higher return on capital employed and free cash flow per share, and reducing debt. The strategy we have outlined is working.

Following the successful integration of BG, we are pushing ahead to transform Shell rapidly at all layers, through a consistent and disciplined execution of our strategy. We are on track to deliver on the 2020 expectations set out at the capital markets day last year. 2016 was a transition year and 2017 is the year in which we follow through on the delivery. This is not just about managing the down-cycle. This is about transforming Shell through the reshaping of the portfolio and a structural change in our culture and ways of working. We want Shell to be more competitive and resilient through the cycle.

There's no change to the priorities for cash flow. Reducing debt. Paying dividends, followed by a balance of capital investment and share buy-backs. And at least \$25 billion of buy-backs in the period 2017 to 2020, subject to debt reduction and some recovery in oil prices. We are pulling powerful levers to manage our financial framework

We continue to re-shape Shell's portfolio and to transform the company with some \$20 billion of divestments completed or announced that strengthen the balance sheet as they are completed. Our capital investment will be managed in the range of \$25 to \$30 billion per year to 2020. For 2017 this includes investing some \$25 billion. We continue to reduce our operating costs, and we continue to focus on the delivery of new projects with an expected \$10 billion in cash flow from operations by 2018 from start-ups since 2014.

Shell's financial framework is a key element of our overall strategy. In our latest quarter results, reported earlier this month we delivered and sustained the cash flow momentum seen in the previous two quarters. Cash flow from operations on a 4-quarter rolling basis was some \$29 billion, excluding working capital movements this was around \$34 billion.

Moving to HSSE performance. On the slide you will see some key metrics we monitor, with BG assets included from February 1, 2016. We are on a path of continuous improvement in our metrics. We are positive about these results but cannot be complacent in this space as there is room for improvement before we achieve our Goal Zero of no harm and no leaks. We have sustainable development metrics in our annual scorecard, on both safety and environment, and in our 2017 bonus scorecard we have updated the environmental metrics to include GHG management metrics.

Moving now to Netherlands Gas, NAM is a 50/50 joint venture with Exxon, and we partner with the Dutch government. Although NAM is an independent venture, Shell fully understands the earthquake situation presents significant concern for local communities in Groningen. NAM is working hard to ensure safe gas production. They are striving to deliver on their promises and to fulfil key commitments to the residents of the region. There is increased understanding of the situation and NAM will continue to study how seismic risks can develop in the longer term in order to reduce uncertainties in the future. Shell fully supports NAM in its efforts to support the National Coordinator Groningen to make progress with its multi-annual programme.

Moving to our flaring performance, in 2016, we had a 35% reduction in flaring in our Integrated Gas and Upstream businesses. The start-up of gas capture facilities in Iraq and Malaysia towards the end of 2015 were key milestones.

Flaring intensity levels in SPDC in Nigeria decreased by about 35% in 2016 compared with 2015, due to improvements in asset reliability, but also due to production outages. Progress was also made on several gas-gathering projects, however, the planned start-up dates for two other gas-gathering projects continued to be delayed by security issues throughout 2016 and a lack of adequate joint-venture funding from our government partner for most of the year.

Now moving to shareholder resolutions. In 2015 the Board supported the Aiming for A resolution, and Shell continues to progress its work in this area. Last year we had the Follow This resolution asking for us to become a renewable energy company. This year Follow This has submitted resolution number 21. And I will come back to that later in this AGM.

Now let me first say something on the wider context of climate change. First of all, your company is a strong supporter of the Paris agreement. We believe it is the right way forward to coordinate the global response which is needed to limit warming of the planet to well below 2 degrees Celsius.

Paris was a major step forward. It clearly set a goal to reach, both in terms of emissions, and a limit to warming. It bound countries together in a process of national contributions towards the common aim of reducing global emissions. Nevertheless, we have to realise that this is only the beginning of an extremely complex and ambitious journey. Designing and implementing the policies that can deliver these ambitions is a significant challenge for the world.

Part of the challenge is dealing with all sources of greenhouse gas emissions. This is not just a fossil fuel story.

This chart gives a breakdown of the world greenhouse gas emissions for 2015. Total emissions were 52 gigatons. Out of this, 25% was related to land use change, agriculture and livestock. Another 7% of the emissions relate to industries such as cement where emissions are often part of the chemistry of the process. That leaves 68% of the global emissions for the global energy system. Around two-fifths (42%) of the energy system-related emissions are caused by electricity generation. A quarter are caused by transportation.

In order to keep global warming to well below 2 degrees Celsius the world needs to stop adding to the stock of greenhouse gasses in the atmosphere. The Paris agreement says this should happen during the second half of this century. At the same time, the world will see its population grow from 7.4 billion people today to nearly 10 billion by 2050. This population growth will take place as the UN Sustainable Development Goals are progressively met, an achievement which will raise standards of living. Even without the UN's goals people will seek to better their lives, and this will increase global energy demand. This population growth, combined with rising standards of living, is likely to cause the consumption of primary energy to double by the end of the century. These trends can also be expected to cause expansions in the agricultural sector and in the demand for industrial products such as cement and steel.

With the right policy framework in place, a world which has ceased adding to the amount of greenhouse gases in the atmosphere could become a reality, this is a net-zero emissions world. And this chart shows how such a world could be sourcing its energy needs.

Please note this is a world which has a much bigger total energy system, but that has nevertheless stopped adding to the atmospheric stock of emissions.

It is worth noting that electricity in this world is largely generated from solar, wind and nuclear. Also significant portions of the transport system have turned to electricity and hydrogen, but, there remains an important role for fossil fuels as well.

Fossil fuels continue to be used in those sectors where there is no medium term prospect of decarbonisation. This includes aviation, shipping, metallurgical processes, the chemical industry and other areas which need high heats of the kind only hydrocarbons can currently provide. This might leave us with up to 20 Gigatons of emissions.

But the carbon dioxide emissions that come from fossil fuel use must be dealt with. This is, after all, a world in which the greenhouse gases in the atmosphere are stable. How is this achieved?

First of all, some of this carbon ends up in the materials we use, everything from bitumen on the roads to plastic items in our houses.

Secondly, carbon capture and storage, or CCS, can extract the CO₂ from industrial or power generation facilities and then store it safely underground. This prevents the CO₂ from reaching the atmosphere. Shell has a CCS facility in Canada called Quest which can capture and store away over a million tonnes of CO₂ a year.

Also, carbon can also be captured and stored through natural solutions, including forestry and sustainable land-use.

Finally, this net zero world needs to combine nature's ability to take CO₂ from the atmosphere and combine it with CCS. This means growing plants for biomass then using that biomass to generate energy or make products. By capturing the CO₂ created in that process the carbon dioxide sucked from the atmosphere is never returned to it. The result is a net negative impact on the stock of emissions in the atmosphere.

Achieving this net zero world is a major challenge for society and will require an unprecedented level of collaboration between government, industry, and all classes of citizens. That, of course, includes Shell, but this task is too big for any single company.

So far, I have set out the context for climate change, I have told you what the world needs to achieve and I have shown you a potential route to success. I now want to talk about what Shell can do.

First of all, Shell can help grow the share of renewables in the power generation mix. We are going this by developing projects, such as the Borselle windfarm. We are also doing this by developing renewable power markets through our trading arm, and this is already taking place in the USA.

Currently coal is still the fastest growing fuel for power, it is also highly carbon intensive. Natural gas produces around half the CO₂ of coal when burnt for power. Shell is providing a strong, cost-competitive supply of natural gas to help enable a global shift towards lower-carbon power generation. We are also helping to open up new markets for liquefied natural gas in shipping and freight.

Shell is helping to reduce the greenhouse gas emissions of industry by focussing on the efficiency of our own refineries and chemicals plants. From this year onward the management of greenhouse gases is a new element of our remuneration.

Shell is encouraging governments to put a price on carbon so that industry, the power sector and the consumer are all further incentivised to improve energy efficiency and reduce carbon emissions. A government-led carbon pricing mechanism would also help increase the number of projects to capture and store carbon emissions underground. Without strong financial incentives, industry will simply not be compelled to move fast. Shell is also working with governments that are developing policies to reduce emissions from the transport and residential sectors. This will require regulation to make cars, appliances, buildings, but also consumer behaviour more carbon efficient. Shell can also use its trading arm to help build a market that can match remaining emissions with those who can capture and store them. Without an active emissions trading market, the commercial levers to realize net-zero emissions will not function.

So we think there is a lot Shell can do to assist the world along its path of decarbonisation. There is a lot that Shell is already doing. But Shell cannot do everything. Let me now talk some more about our existing business and what we are doing now.

We believe our business strategy is resilient to the energy transition. Our strategy reflects the acceleration of our growth in gas after the completion of the BG deal. As we look how the world could implement the goals of the Paris agreement we see the resilience of our strategy. And our Strategy to become a world class investment means continuing to focus on advantaged assets at the lower end of the cost curve. Let me deepen the resilience argument a bit further by zooming in on a few businesses.

With our material integrated gas business, and our ability to unlock new markets, Shell is very well positioned to help governments secure a lower carbon, cleaner energy system. Gas emits less CO₂ compared to coal and also there are benefits with regard to the air quality, a topic Governments in Asia are very much concerned about.

Chemicals, one of our growth priorities, is the fastest growing hydrocarbon demand sector with annual global demand growth of 3.7% over the last 10 years. This is because we see key drivers for global growth in demand for chemicals – increased population, rising standards of living and urbanisation – continuing. According to a study conducted by the International Council of Chemical Associations, the biggest opportunities to reduce carbon dioxide (CO₂) emissions over the lifetime of a product

are in areas such as insulation, packaging materials, synthetic textiles, automotive plastics and low-temperature detergents. Many petrochemical products will play a role in a low carbon future. The large majority of Shell's petrochemical output comprises ethylene-based products such as styrene and higher olefins. Products made from these chemicals can enable CO₂ savings over their lifetime. Besides this, we also work to improve energy efficiency performance and reduce Shell's greenhouse gas emissions across our chemical plants.

The energy transition also provides opportunities to evolve our business models. One of the areas we look at is marketing. We have developed 5 ambitions to 2025, and they are clear and bold. By 2025, our ambition is to reach a 50% margin-share from our retail offering - beyond fuels. We plan to do this by making our stations a retail destination, increasing our share of products we sell beyond fuel and especially expanding our food and drink product offerings, increasingly partnering up with strong 3rd party brands. Secondly, by taking a leadership position on cleaner fuels we aim to significantly increase the amount of low emission fuels we offer our customers around the world. Also we want to reduce our carbon intensity. We aim to achieve this through low CO₂ design, equipment and operations as well as embedding a low carbon mind-set. Our fourth ambition is about innovation to ensure every customer feels like a guest when they interact with the Shell brand; whether that be at a Shell Station, via the Shell App, or online. Lastly, reducing waste is our Global Social Cause. We have an extraordinary opportunity to make a significant impact on our people, communities and business by leveraging our presence in more than 43,000 locations worldwide. Elsewhere in oil products – for example we have been high-grading our refinery portfolio over a number of years.

And our refreshed Strategy saw us introduce New Energies as a Strategic Theme last year. New energies is a longer term business where Shell looks to invest in a measured way to gain insights as to where we see the potential for material businesses in time. It is not driven by investment targets or volumes and will be aligned with our world class investment case.

We have four themes emerging, advanced biofuels, where we aspire to build a material advanced biofuels manufacturing business and for this we focus on de-risking our technology portfolio. In hydrogen, we are developing early options to competitively position Shell for this emerging fuel. Our initial focus is on mobility and core markets in Europe and America. We do this in close partnership with OEMs, industrial gas companies and governments to address market adoption.

We are also building integrated positions in the growing renewable power value chain. This ranges from exploring positions in offshore wind and solar in emerging markets, to selective energy storage and conversion that partners with renewable power generation, we are expanding our power trading and marketing footprint to leverage these integration systems, and are exploring electric vehicle charging opportunities to enable load balancing on the grid and save money for the customer.

This ties to the last theme which is customer solutions. We're testing new customer service models through both business incubation and venture capital investment, focussing on mobility services, B2B services and 'behind-the-meter' solutions for renewable power & heat.

And this strategic theme is one of the areas we focus on for the longer-term

Let me finish with highlighting our strong track record on dividends, and dividends are the company's main route to return cash to shareholders.

In 2016 we paid a quarterly dividend of \$0.47 per share. \$1.88 in total per share for the year. This is an annualised figure of around \$15 billion of dividends declared. And we recently announced our Q1 dividend per share of \$0.47 in line with the same quarter last year. All of this underlines your company's dividend track record.

With that, let me hand you back to Chad.

Charles O Holliday

Remarks from Chad Holliday in relation to OPL 245

Now, before we begin the questions, some of you may have seen recent media reports into Shell's involvement in Oil Prospecting License 245 (OPL 245) in Nigeria.

Given this matter is currently under investigation, you will appreciate that I will not comment on specifics and I regret that we cannot answer any questions on this today. However I would like to make three points:

Firstly, while the focus of the recent media coverage was the 2011 settlement, it did not cover the history and events leading up to that settlement. At the Socially Responsible Investors' day that we had on 24th April, our Legal Director provided a summary of facts and events spanning more than 10 years relating to Shell's involvement in this settlement. This material is on our website (as shown on the slide) which is open to everyone. The summary captures the series of complex transactions and disputes over 10 years among multiple parties including the Nigerian Government and Malabu Oil and Gas Ltd. The disputes were exacerbated by the fact that the Nigerian Government had ultimately awarded OPL 245 to two different parties, a Shell subsidiary and Malabu. These competing legal claims are central to the disputes that followed and to the 2011 settlement. I hope that this information helps to clarify why certain Shell companies entered into the 2011 settlement and why, based on our review of the Prosecutor of Milan's file and all of the information and facts available to Shell, we do not believe that there is a basis to prosecute Shell. Furthermore, we are not aware of any evidence to support a case against any former or current Shell employee.

Secondly, I want you to know that we are taking this matter seriously and are co-operating with the relevant authorities. This includes when appropriate having shared the key findings of an investigation led by Debevoise & Plimpton LLP, an international law firm. We have also accurately reported on OPL 245 in our annual reports.

Finally, I want to emphasise that Shell attaches the greatest importance to business integrity. It's one of our core values and is a central tenet of the Business Principles that govern the way we do business.

Ben van Beurden

Remarks from Ben van Beurden in relation to Resolution 21

Your Board unanimously recommends to vote against the resolution. I would like to explain the reasons for this.

Portfolio activity can make a significant difference without improving the overall energy landscape, for example, divesting energy intense operations reduces Shell's emissions, but doesn't impact the overall emissions if those operations continue to be operated by someone else. But we continue to discuss how best to reduce our emissions intensity within the Group.

The targets Follow This ask for, not least the inclusion of scope 3 - our customers emissions - targets, would limit our ability to participate in the energy system, reduce our competitive positioning, and by targeting only one single actor, would not enable the energy transition to occur any quicker, instead they would just allow our competitors to benefit, and may even have an adverse effect on overall GHG reductions. Our decision not to have absolute emissions targets does not mean we don't support the Paris agreement.

In Shell's scenario document "A better life with a healthy planet" Shell looked at what it could take to get to a net zero emissions world. Commonly published scenarios by institutions such as the Potsdam Institute for Climate Impact Research and MIT indicate that, roughly speaking: to limit the temperature rise to 2°C would require net-zero emissions by around 2070, and 1.5°C would require net-zero emissions around 2050, followed thereafter by net-negative emissions.

We have long said that one of the ways Shell can best help address climate change is by providing natural gas as a substitute for coal, or heavier fuels. And our BG acquisition gave us additional scale here.

The examples in our presentation reduce greenhouse gas emissions against the alternative, and while they would be worthwhile from a global perspective they actually increase our own emissions. So something we would be disinclined to pursue if we had absolute emissions targets in a complex energy system.

And that is why we think the resolution proposed is an unreasonable ask. The only way we can reduce the emissions of our customers, Scope 3 emissions, is to reduce the sales of our products. This will at best just mean that our customers will get the products they need elsewhere. At worst it could mean that some

customers are pushed into using a more carbon intensive fuel. If Shell is unable to open up new gas markets for - lower carbon - natural gas, for example, the alternative could be the burning of more coal. This cannot be for the benefit of anyone.

We believe we have a strategy that will allow us to navigate the energy transition successfully and, indeed, come out as a winner as we adapt our portfolio to the evolving energy system. Shell cannot shape the world's energy system on its own. We can, however, aim to influence government policies to help accelerate the transition and to make investing in it a commercial proposition.

We will undertake the actions that we believe we are best equipped for to drive the transition. And we will undertake to report out on our progress, together with the work we are doing on our own assets and portfolio choices on a periodic basis. This will allow you, our shareholders, to assess whether we are on the right track and whether we are living up to the spirit of the Paris agreement.

We have received a lot of input from our shareholders in the run up to this AGM and we agree that our strategy and approach needs to be transparent for shareholders.

We welcome the continued dialogue on this, alongside the conversations we are having with others like governments and the Taskforce for Climate related Financial Disclosures initiative. Many of you have initiatives and stewardship interests in this area and together we can progress a framework for transparency. A framework that encompasses the risks and opportunities and issues of portfolio resilience through the energy transition.

Following this AGM, we will discuss the best way to take this dialogue forward, to deliver a world-class investment case through the energy transition. I strongly believe that our ultimate objectives are the same: finding ways we can contribute towards the energy transition while also ensuring the success of your company.

NOT FOR RELEASE, PRESENTATION, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.

This presentation contains data from Shell's New Lens Scenarios. The New Lens Scenarios are a part of an ongoing process used in Shell for 40 years to challenge executives' perspectives on the future business environment. We base them on plausible assumptions and quantifications, and they are designed to stretch management to consider even events that may only be remotely possible. Scenarios, therefore, are not intended to be predictions of likely future events or outcomes and investors should not rely on them when making an investment decision with regard to Royal Dutch Shell plc securities.

It is important to note that Shell's existing portfolio has been decades in development. While we believe our portfolio is resilient under a wide range of outlooks, including the IEA's 450 scenario, it includes assets across a spectrum of energy intensities including some with above-average intensity. While we seek to enhance our operations' average energy intensity through both the development of new projects and divestments, we have no immediate plans to move to a net-zero emissions portfolio over our investment horizon of 10-20 years.

Reserves: Our use of the term "reserves" in this presentation means SEC proved oil and gas reserves.

Resources: Our use of the term "resources" in this presentation includes quantities of oil and gas not yet classified as SEC proved oil and gas reserves. Resources are consistent with the Society of Petroleum Engineers (SPE) 2P + 2C definitions.

Discovered and prospective resources: Our use of the term "discovered and prospective resources" are consistent with SPE 2P + 2C + 2U definitions.

Organic: Our use of the term Organic includes SEC proved oil and gas reserves excluding changes resulting from acquisitions, divestments and year-average pricing impact.

Shales: Our use of the term 'shales' refers to tight, shale and coal bed methane oil and gas acreage.

Underlying operating cost is defined as operating cost less identified items. A reconciliation can be found in the quarterly results announcement.

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this presentation "Shell", "Shell group" and "Royal Dutch Shell" are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies. "Subsidiaries", "Shell subsidiaries" and "Shell companies" as used in this presentation refer to companies over which Royal Dutch Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as "joint ventures" and "joint operations" respectively. Entities over which Shell has significant influence but neither control nor joint control are referred to as "associates". The term "Shell interest" is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in a venture, partnership or company, after exclusion of all third-party interest.

This presentation contains forward-looking statements concerning the financial condition, results of operations and businesses of Royal Dutch Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Royal Dutch Shell to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "schedule", "seek", "should", "target", "will" and similar terms and phrases. There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this presentation, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell's products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; and (m) changes in trading conditions. No assurance is provided that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this presentation are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in Royal Dutch Shell's 20-F for the year ended December 31, 2016 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward looking statements contained in this presentation and should be considered by the reader. Each forward-looking statement speaks only as of the date of this presentation, May 23, 2017. Neither Royal Dutch Shell plc nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this presentation. This presentation may contain references to Shell's website. These references are for the readers' convenience only. Shell is not incorporating by reference any information posted on www.shell.com. We may have used certain terms, such as resources, in this presentation that United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website www.sec.gov.