SHELL PLC
Annual General Meeting 2022

The following text is based on speeches delivered by Sir Andrew Mackenzie and Ben van Beurden at the Annual General Meeting of Shell plc, in London, UK on May 24, 2022

Opening statement

ANDREW MACKENZIE, CHAIR OF THE BOARD OF DIRECTORS OF SHELL PLC

Thank you for joining us today.
As we meet, the atrocities continue in Ukraine.
This war is truly repugnant.
So we have announced our intention to withdraw from Russian oil and gas.
And we did this with conviction.

Two weeks ago, we agreed a deal… to sell our retail and lubricants businesses in Russia.
We have stopped buying Russian crude oil and Russian liquefied natural gas… on the spot markets.
And we will not renew any longterm contracts.
We have also stopped spot purchases of cargos of refined products… directly exported from Russia.

Shell is also working hard to secure the safety of our staff and contractors.
And to support relief efforts… and take action when we need to.
We continue to do our utmost to keep retail sites operating in Ukraine… where safe to do so…
To keep supplies moving…
And all our teams in the region secure.

As well as being a human tragedy, the war has led to rising energy prices… and deep uncertainty about supplies.
Simply put, this disruption in the global energy markets means a further painful increase in the cost of living.
This is why affordable, secure and reliable energy cannot be taken for granted.
Global supply must be protected and managed… through international cooperation involving governments.
But if these are enormous challenges that we must all act on today… the world also faces the huge… and longer-term challenge… of climate change.
We must all take action on this with equal urgency.

For Shell, this means we are continuing to accelerate our strategy to become a netzero emissions energy business by 2050 – and Ben will talk about this in more detail.
It means achieving our short-term targets for cutting the intensity of our carbon emissions… as we have done for 2021.
It means working towards our interim targets for 2024 and 2030.
These are demanding targets and we are determined to meet them.
No ifs, no buts.
And finally, it means building on strong financial results like those we announced just a few weeks ago, for the first quarter of this year.
Shell must play its part in supplying the energy of today... and helping to build the low-carbon energy system of tomorrow.
And for this, we want your support.
In fact, I would urge everyone here today... everyone listening online... or reading this later... to see the energy transition as it should be: an opportunity.
It is also a great challenge... huge in complexity... and it is one that the teams in Shell – our people – work on every day.

To make the most of the opportunity of the energy transition, we are transforming Shell.
We are using our powerful, trusted brand to help us build market share in new, low-carbon products and services.
It is the integrated nature of our businesses that allows us to move fast to generate value.
In fact, I saw it all in action recently on the Shell trading floor in Houston.

There our teams are operating second by second...
Looking at how to keep energy flowing...
While considering the impact of the carbon emissions of our sales and purchases...
Making their own contribution to our targets...
And getting that energy to where it needs to be – across countries, continents and oceans.

I want to thank all our different teams for their incredible work in continuing to supply energy to all corners of the world... even in the most difficult times.
We have the scale, the experience and the expertise to make the most of the opportunity that is the energy transition.
And today, I want to give you a few specific examples of the kind of change taking place already – big and small.
Tangible change.

I will start small... and local. Just a short drive from here, perhaps in an electric vehicle... where you will find our first EV-only charging hub in London.
This is the first time we have swapped all our petrol and diesel pumps at a site for ultrarapid charge points.
Apparently, local residents say the site is quieter, cleaner and... better for house prices.
I cannot vouch for that... but I can say that our hub on Fulham Road, in South West London, is part of a much larger change.
At the end of 2021, we operated almost 90,000 charge points globally.
By 2025, we are aiming for more than 500,000.
And in less than ten years, by 2030, we are aiming for 2.5 million – and that includes 100,000 public charge points in the UK.
This is huge change – and it is taking place all around us.

Now let me take you to the other side of the world – to China.
Our project in Hebei Province offers a glimpse of how we are expanding our hydrogen network.
Through our joint venture there, we have built a 20-megawatt electrolyser that will produce hydrogen from renewable energy.

As we grow, we are using Shell’s integrated businesses to connect the different parts of the hydrogen system.
This means going all the way from offshore wind... to power the electrolyser which produce the hydrogen...
Just as we are in China...
To then using hydrogen in our energy and chemicals parks...
And eventually, supplying it through our retail network to power trucks and buses.
To give you a sense of scale, overall, we now have 30MW of total electrolyser capacity... and according to statistics from the International Energy Agency, that is 10% of the global capacity of electrolyser that were installed by 2020. My final example takes us back to Europe. To a large plot of land in our energy and chemicals park in Rotterdam, the Netherlands.

From 2024, we expect this site to play a key role in meeting Europe’s growing demand for low-carbon fuels. The facility aims to produce 820,000 tonnes of biofuels a year.

When the site starts up, sustainable aviation fuel... or SAF... could make up more than half the capacity. Globally, by 2025, we aim to make about 2 million tonnes of SAF a year.

By 2030, we aim for SAF to make up at least 10% of our global aviation fuel sales.

These three examples are all glimpses of what a low-carbon energy system will look like.

And they are just some examples of what we are doing as an energy supplier.

But for Shell’s transformation to happen at the speed and scale we want it to, we must match our role... as the supplier of energy... with the role of others... as the consumers of energy.

Supply and demand both have to change.

Our role is to work with customers to make change possible.

And we have made this an essential part of Shell’s strategy.

We are helping customers to identify and adopt low- and zero-carbon alternatives to the energy products they have used for decades.

So far, we have formed more than 50 collaborations with key customers.

For instance, with Daimler we are working on how to increase the market for hydrogen trucks in Europe...

With Hyundai, we are establishing a hydrogen refuelling network in California...

And with Rolls Royce, we are looking at how planes can be powered 100% by SAF.

And when you consider that we span 160 markets, serve 32 million people a day at 46,000 branded retail sites and work with more than 1 million business customers...

You see the great potential we have... to grasp the opportunity of the changing energy system.

Today, we are asking for your support on what we have achieved so far.

The Follow This resolution – Resolution 21 – rejects and in fact opposes our strategy, and Ben will talk more about this too.

I urge you to vote against it... and in favour of Resolution 20.

I urge you to acknowledge the progress we have made in our energy transition strategy in the space of a year.

Because we are moving fast, as we said we would...

We are working with others to make significant change...

We are rising to the challenge...

And... we are making the most of the opportunity of the energy transition.

Thank you.
Thank you very much Andrew.
And thank you, our shareholders, for joining us today.
Some of you are watching us online... and some of you are here with us in London.
It is great to have you all with us.
During our AGM one year ago, I told you how excited I was about the future.
We had just presented our new strategy called Powering Progress... and our targets to accelerate the transition of our business towards a netzero emissions business by 2050.
The world has changed dramatically since then, as Andrew already mentioned.
The war in Ukraine still appalls me, as I am sure it appalls you.
And added to this humanitarian disaster that has disrupted and destroyed so many lives, people across the world face other urgent challenges.

Some parts of the world are still struggling with Covid. We are all facing the ongoing and urgent challenge of climate change. And others are experiencing a cost of living crisis...
This cost of living crisis is affecting lives. If you ask me what role energy companies should play in helping to solve this crisis, I think the answer is a sustainable, long term transformation of the energy system.
I believe we need policies that ensure energy companies can deliver the oil and gas where it is urgently needed today to rebalance supply and demand... and simultaneously help replace these fossil fuels quickly... but responsibly... with low and zero carbon energy.

If we want to prevent energy disruptions in the future, we need stable policies that stimulate investments in both today’s energy and the energy of the future. With all this uncertainty and change going on in the world some may wonder whether Powering Progress, our strategy to transform Shell into a netzero emissions energy business by 2050, is still the right one.
Can our strategy withstand fuel shortages for customers, inflation and extremely volatile commodity prices? Can it cut emissions and continue to create shareholder value at the same time? Can it supply reliable energy to places where it is needed most?

My answer to all these questions is yes, our strategy is still the right one. Precisely because it is designed to cope with change. It is designed to continuously deliver value for shareholders and society... while taking opportunities to grow... and become even more competitive and resilient...
This means we are focusing even more than we did on our customers. It means retraining thousands of our staff in skills that will be needed for the energy transition. And it means radically transforming the company over the next decades.
Let me give you some examples of what this means in practice...

To start, last year, we completed one of the most effective reorganisations in our history. We are now operating in a smarter, more customer focused way with fewer people.
We also simplified our share structure and moved Shell’s headquarters, including our tax residence, from the Netherlands to the UK. These changes have given the company much more flexibility, which helps us to deliver more value to our shareholders.
The company must also create value for shareholders. So I am happy to see that our financial performance over recent quarters has been consistently strong.
But this cannot be the only metric used to judge our investment case.
Apart from creating shareholder value, we must also respect nature by recognising the growing urgency and take
action to protect biodiversity, preserve water quality and use resources more efficiently. We must also power lives... by supplying energy for those who need it most... and by being a diverse and inclusive organisation. In 2021, for example, 47% of all the graduates we hired were women. On our Board the percentage of women is 50%. Of all our employees and our senior leadership, around 30% are women. So we are making progress, but we still need to do better.

Another way to judge our investment case is by our readiness for the future. Because the world is changing... and as more people use low and zerocarbon energy, this is also where the customers of the energy sector will be. And as you’ve heard, this means that for Shell, the energy transition is a great opportunity... as long as we change as well. And our portfolio is changing...
We recently announced the acquisition of Sprng Energy group, one of India’s leading renewable power platforms... and won bids for offshore wind in Scotland that will produce enough renewable electricity to power every Scottish household... twice over.
In fact, once the Sprng acquisition is completed, we have about 50 gigawatts of renewable generation capacity in operation, under construction and potential future projects... which would be more than enough to power all households in the UK...
We are also building a comprehensive network of charging points for electric cars. During the last year, we grew our worldwide network by about 50%.
And we are making good progress towards our expected average 1-2% a year reduction in oil production to 2030. For some, of course, we are not moving away from hydrocarbons fast enough.
I believe we are.

We have set climate targets that we believe are aligned with the more ambitious goal of the Paris Agreement on climate change: to limit the increase in the average global temperature to 1.5°C above preindustrial levels.

Last month, we published a report on how we are delivering on these targets. And today, you get the opportunity to vote on our progress, which I think has been strong.

To start, by the end of 2021, we reduced the absolute emissions from our operations and the energy we use to run them by 18%. This is compared to 2016 on a net basis. Our target is to achieve 50%, compared to 2016, by 2030.
Cutting these absolute emissions from our operations is important... but we have another target that is perhaps even more crucial... not just for us, but also for the world... because it also includes the emissions from our customers. This is the target to bring down our net carbon intensity...

By the end of last year, we had reduced our net carbon intensity of the energy products we sell by 2.5%, also compared with 2016. This means we have met our target to cut 2-3%.
2 to 3% may not sound like a lot, so I want to give you some context.
Last year, the world economy experienced a very intensive recovery with a 6% growth in global GDP... a 6% increase in CO2 emissions... and no reduction in the world’s carbon intensity.
So the 2.5% reduction of our carbon intensity is indeed significant... and this reduction target will quickly become much larger. We have set a target of 9-12% carbon intensity reduction by 2024... a milestone that is tied to our executive pay.

Like I said, this carbon intensity is not just crucial for us, it is also important for the world.
I can illustrate this with a simple example...
Shell sells a lot of aviation fuel.
Imagine we decided to stop selling this fuel... imagine we decided to close our kerosene factories, stop supplying to our
customers and leave this sector altogether.

That would bring down Shell’s absolute emissions from our aviation fuel operations to zero. But would this also help the world to come closer to achieving net-zero emissions? Would fewer planes depart from airports? I don’t believe so.

Because if Shell supplied less kerosene, it wouldn’t mean that people would fly less. Airlines wouldn’t buy less fuel. They’d simply buy it from other fuel companies... and total demand for fossil fuels wouldn’t change at all.

Now imagine a second, different scenario...

Shell continues to sell aviation fuel... but more and more, the fuel we sell is sustainable...and so we help our customers change the type of energy they use... and lower the CO2 emissions they produce.

This is what we are doing. And I believe it is the best solution for both our shareholders and society.

Because together with our customers in aviation, we are helping to change demand for energy.

We are working on ways to help increase the use of low-carbon fuels. And decrease carbon emissions from this sector.

In Rotterdam in the Netherlands, as was said before, we took a final investment decision last year to build an 820,000-tonnes-a-year biofuels facility. This will be among the largest in Europe producing sustainable aviation fuel and renewable diesel made from waste and certified sustainable vegetable oils.

This sustainable aviation fuel will not replace all the kerosene in the world in the next few years. But it will help the sector move away from kerosene... it will start to help lower emissions from aviation as a whole... and it will bring down the carbon intensity of the energy products Shell sells.

That is the difference between helping to reduce the intensity of emissions by gradually improving the energy use of an entire sector... or letting go of our customers in this sector altogether and leaving it for someone else to deal with...

It is the difference between walking away from a problem or stepping up to be part of the solution. Shell intends to be part of the solution. We are stepping up. We are working with all sectors that use a lot of energy and need help from energy companies with expertise and experience to find a path to net-zero emissions. And aviation is a good example of one of these sectors.

In the same way, we are working together with our customers in shipping, heavy-duty road transport, industry and the production of chemicals.

We are investing in technologies that help these sectors find their own paths to net-zero emissions. These paths include, beyond the biofuels I just mentioned, wind and solar power, hydrogen, carbon capture and storage and ways to offset emissions by planting trees and preserving nature.

In this way, apart from bringing down our own emissions, we also help our customers to adapt.

That brings me back to our strategy, Powering Progress.

It was designed to respond to changing circumstances... without losing sight of our targets and goals.

It factors in the different ways in which energy makes a difference. And in doing so, our strategy helps us to deliver a secure supply of reliable and sustainable energy across the world.

That’s a tall order.

And we will not shy away from it.

But no company can do this in isolation.

We will continue to work with our customers... with governments... and with you, our shareholders. We need your support.

Last year during the AGM, you overwhelmingly supported our Powering Progress strategy and our plans to transform Shell into a net-zero emissions business both purposefully and profitably.

Today, the vote is about the progress we have made in the past 12 months.

I think this progress was strong.

Especially when you consider that according to the International Energy Agency, almost all activities in the global economy produced more carbon emissions in 2021 compared to 2020.

Just try to think of a sector that succeeded in reducing emissions.... Power generation did not. Industry did not. Transport
did not... Emissions from these sectors all went up in 2021.
So our progress in the energy transition is ahead of what we see in most sectors using energy... and what’s more, we achieved this progress profitably.
Our strategy, in short, is working.
So I ask you, our shareholders, to vote in support of the progress we have made in the last 12 months... and not to vote for the resolution from Follow This...
The Follow This resolution calls for targets that would conflict with the Shell strategy that so many of you agree with. In fact, this resolution could be harmful to that strategy.

The Follow This resolution proposes targets that go much further than even the most progressive pathways to net zero in our sector, for example the pathways of the Intergovernmental Panel on Climate Change and the International Energy Agency.

What’s more, these IPCC and IEA pathways include actions by all parts of society. Follow This suggests we should reach these targets on our own, which is unrealistic for Shell as a single company to achieve.

Most significantly, the Follow This resolution focuses solely on changing the supply of energy. This approach would mean we would have to abandon our customers and shrink our business. This is fundamentally different to Shell’s energy transition strategy... as you hopefully took from the example I gave about Shell’s role in helping aviation reduce emissions.

We believe that a dramatic change in demand for energy is just as critical as the required changes to supply for the energy transition to take place. And this means working together with governments, society and... crucially... our customers.

So in short, the Follow This resolution is unrealistic... it would not help reduce the world’s carbon emissions... and it is not in the best interests of you, our shareholders.

So today, we ask you to vote in support of the progress we have made in the last 12 months... and not to vote for a change in our strategy by pursuing misguided targets for our company as suggested by Follow This...
Because I believe we have made significant progress...
We are reinforcing Shell to deliver a secure supply of energy in the places where it is needed most...
We are changing into a netzero emissions business by 2050...
And we are strengthening Shell as a business for today... and the future.
Thank you.
**Closing statement**  
**ANDREW MACKENZIE, CHAIR OF THE BOARD OF DIRECTORS OF SHELL PLC**

Before we leave, I would like to close on a few points. First, as the Chair of the meeting, I am of course charged with assuring safe conditions and maintaining order to facilitate the business of the meeting. It was that duty that compelled me to take the actions I took today to remove those who were disrupting the meeting. I apologise for the breaks we had to take as a result and appreciate your patience and understanding with that. However, we want to be clear that it was not the opposing nature of the messages that led to the expulsion of those disrupting.

We ... your Board ... recognise that we live in a rapidly changing world with numerous and significant societal and environmental challenges, including of course climate change and the energy transition. We sincerely believe the perspectives shared today – whether positive or negative, orderly or disorderly, or whether in strong agreement or vehement disagreement – were shared with an intention to do what the speaker genuinely believes is the right thing to do, and the right path to their goal.

While we may disagree with either the whole or parts of some of their messages or, in some instances, the way those messages were delivered... your Board wholeheartedly respects that our shareholders and the public are entitled to voice those messages... and pursue their beliefs – so long as they do so in a safe and orderly manner. In fact, we put our Energy Transition Strategy forward as an advisory vote to obtain our shareholders’ input, whether positive or negative.

Your Board firmly and unreservedly shares the goal of the world achieving the Paris Agreement.

The core disagreement therefore is not whether the Paris Agreement should be achieved or even when. It is only how the world achieves it. And, when we say “the world”, we include Shell, as well as governments, all other industries and companies and, yes – all of us consumers too – we all need to make changes.

Climate change is a global, systemic problem. We very strongly believe that resolving it requires a global, systemic solution.

Your Board fully intends for Shell to continue being part of that solution. Our Energy Transition Strategy lays out how Shell has changed, is changing and will continue to change – and this includes how we are collaborating with our customers and others to be part of the solution. Our annual progress reporting will demonstrate that change, and your advisory vote tells us if our progress meets your expectations.

Indeed, today’s voting results on our Energy Transition resolution indicate that we are on the right track. While we deeply thank you for your support, rest assured that our approach to the energy transition is an ongoing and necessarily dynamic process. We fully recognise we still have more work to do.

With that, I wish you all a good day and thank you for attending. On that note, I formally declare the 2022 Annual General Meeting closed.
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Shell’s net carbon footprint
Also, in this presentation we may refer to Shell’s “Net Carbon Footprint” or “Net Carbon Intensity”, which include Shell’s carbon emissions from the production of our energy products, our suppliers’ carbon emissions in supplying energy for that production and our customers’ carbon emissions associated with their use of the energy products we sell. Shell only controls its own emissions. The use of the term Shell’s “Net Carbon Footprint” or “Net Carbon Intensity” are for convenience only and not intended to suggest these emissions are those of Shell plc or its subsidiaries.

Shell’s net-Zero Emissions Target
Shell’s operating plan, outlook and budgets are forecasted for a ten-year period and are updated every year. They reflect the current economic environment and what we can reasonably expect to see over the next ten years. Accordingly, they reflect our Scope 1, Scope 2 and Net Carbon Footprint (NCF) targets over the next ten years. However, Shell’s operating plans cannot reflect our 2050 net-zero emissions target and 2035 NCF target, as these targets are currently outside our planning period. In the future, as society moves towards netzero emissions, we expect Shell’s operating plans to reflect this movement. However, if society is not net zero in 2050, as of today, there would be significant risk that Shell may not meet this target.

Forward Looking Non-GAAP measures
This presentation may contain certain forward-looking non-GAAP measures such as cash capital expenditure and divestments. We are unable to provide a reconciliation of these forward-looking Non-GAAP measures to the most comparable GAAP financial measures because certain information needed to reconcile those Non-GAAP measures to the most comparable GAAP financial measures is dependent on future events some of which are outside the control of Shell, such as oil and gas prices, interest rates and exchange rates. Moreover, estimating such GAAP measures with the required precision necessary to provide a meaningful reconciliation is extremely difficult and could not be accomplished without unreasonable effort. Non-GAAP measures in respect of future periods which cannot be reconciled to the most comparable GAAP financial measure are calculated in a manner which is consistent with the accounting policies applied in Shell plc’s consolidated financial statements.

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