Shell’s Climate-related Policy Positions

The following positions expand on those outlined in our Industry Associations Climate Review, published in April 2019. These are global principles which guide the positions Shell takes on regional and country-specific policies. They are also the basis for reviewing our memberships of industry associations.

The alignment of industry associations with these principles is assessed on a case-by-case basis, recognising that associations vary in terms of the profile of their members and the scope of their activities. Support for the goal of the Paris Agreement is the core principle underpinning Shell’s climate-related advocacy and assessment of our alignment with industry associations.

1. **The Paris Agreement** — Shell strongly supports the goal of the Paris Agreement to limit the average rise in global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit it to 1.5°C.
   - The scientific link between human activity and climate change is clear and we recognise the reports of the Intergovernmental Panel on Climate Change as an authoritative source on climate science.
   - We support the development of robust and sustainable policies aimed at reducing greenhouse gas emissions in line with the Paris goal.

2. **Net-zero emissions** — Shell’s ambition is to be a net-zero emissions energy business by 2050, and sooner if that is possible.
   - We advocate governments create and implement policies aimed at reducing greenhouse gas emissions.
   - We advocate governments create and implement policies aimed at reducing greenhouse gas emissions.

3. **Carbon pricing** — Shell views government-led carbon pricing mechanisms as a key policy for meeting the Paris goal.
   - Governments can implement carbon pricing directly, through taxes and cap-and-trade and hybrid systems, and indirectly, for example through technology or performance standards and energy efficiency measures.
   - We advocate mechanisms that help markets to be linked internationally, promote increased ambition in reducing emissions and create incentives to invest in low-carbon technology and infrastructure.

4. **Additional policies** — Shell believes that government-led carbon pricing mechanisms alone will not deliver the necessary reductions in emissions to achieve the Paris goal.
   - We support policy frameworks that improve energy efficiency.
   - We advocate that credits from investment in natural carbon sinks such as forests and wetlands are integrated into regulation in a manner that does not undermine incentives to invest in direct reductions of emissions.

5. **The energy transition** — Shell believes the energy transition will require growth in renewables accompanied by a vital contribution from other lower-carbon energies, including natural gas.
   - We advocate policies that support a role for natural gas in decarbonising the transport, industrial and building sectors and as a replacement for coal in power generation.
   - We advocate the direct regulation of methane emissions as a risk to the climate system and support reductions in methane emissions throughout the natural gas supply chain.
   - We advocate policy frameworks that support the development of lower-carbon gases, including hydrogen and biomethane.

6. **Carbon sinks** — Shell believes that carbon sinks have a crucial role to play in achieving net-zero emissions.
   - We advocate regulatory frameworks and other government support that enable the deployment of carbon capture, utilisation and storage at scale.
   - We support policies that recognise a role for nature-based solutions – projects which protect or redevelop natural ecosystems, absorbing carbon dioxide from the atmosphere – in helping balance emissions from sectors that are harder to abate, such as aviation, shipping and heavy industry.

   We advocate that credits from investment in natural carbon sinks such as forests and wetlands are integrated into regulation in a manner that does not undermine incentives to invest in direct reductions of emissions.
CAUTIONARY NOTE

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In these policy positions “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 Royal Dutch Shell plc and its subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. “Subsidiaries”, “Shell subsidiaries” and “Shell companies” as used in these policy positions refer to entities 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 an entity or unincorporated joint arrangement, after exclusion of all third-party interest.

Additionally, it is important to note that as of April 16, 2020, Shell’s operating plans and budgets do not reflect Shell’s Net-Zero Emissions ambition. Shell’s aim is that, in the future, its operating plans and budgets will change to reflect this movement towards its new Net-Zero Emissions ambition. However, these plans and budgets need to be in step with the movement towards a Net-Zero Emissions economy within society and among Shell’s customers.

These policy positions contain forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) 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 “aim”, “ambition”, “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 these policy positions, 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; (m) risks associated with the impact of pandemics, such as the COVID-19 (coronavirus) outbreak; and (n) 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 these policy positions 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 Form 20-F for the year ended December 31, 2019 (available at www.shell.com/investor and www.sec.gov).

These risk factors also expressly qualify all forward-looking statements contained in these policy positions and should be considered by the reader. Each forward-looking statement speaks only as of the date of these policy positions, April 16, 2020. 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 these policy positions.

We may have used certain terms, such as resources, in these policy positions that the United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. 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.