



LEADING INVESTORS BACK SHELL'S CLIMATE TARGETS

Dec 3, 2018: Royal Dutch Shell plc (Shell) today announces plans to set short-term targets as part of a long-term ambition to reduce the Net Carbon Footprint of its energy products. The company plans to link these targets to executive remuneration, subject to shareholder approval.

Shell is announcing the plans in a joint statement developed with institutional investors on behalf of Climate Action 100+, an initiative led by investors with more than \$32 trillion in assets under management.

"Meeting the challenge of tackling climate change requires unprecedented collaboration and this is demonstrated by our engagements with investors," said Shell Chief Executive Officer Ben van Beurden. "We are taking important steps towards turning our Net Carbon Footprint ambition into reality by setting shorter-term targets. This ambition positions the company well for the future and seeks to ensure we thrive as the world works to meet the goals of the Paris Agreement on climate change."

In 2017, Shell was the first international oil and gas company to set the ambition to reduce the Net Carbon Footprint of the energy products it sells, expressed as a measure of carbon intensity, taking into account their full life-cycle emissions. Shell aims to reduce the Net Carbon Footprint of its energy products by around half by 2050, and by around 20% by 2035, in step with society's drive to meet the goals of the Paris Agreement.

Today, Shell is building on that long-term ambition with the commitment to setting specific Net Carbon Footprint targets for shorter periods, of three or five years. Shell will set the target each year, for the following three- or five-year period. The target setting process will start from 2020 and will run to 2050.

Shell plans to link these targets and other measures to its executive remuneration policy. The revised remuneration policy will be put to shareholders for approval at the company's Annual General Meeting in 2020.

The announcement is part of a drive to increase transparency around the topic of climate change, and to create clear benchmarks for performance.

Shell will publish its progress towards lowering the Net Carbon Footprint of its energy products initially in the Sustainability Report. In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Shell intends to integrate this disclosure into the Annual Report and Form 20-F as appropriate. The company will seek third-party assurance of the reported Net Carbon Footprint.

"We applaud the joint statement by Shell and lead investors for Climate Action 100+," said Anne Simpson, the inaugural Chair of the Climate Action 100+ Steering Committee and Director of Board Governance and Strategy at the California Public Employees' Retirement System (CalPERS). "The commitment by Shell to fully respond to the engagement shows the value of dialogue and

global partnership to deliver on the goals of the Paris Agreement on climate change. Shell is setting the pace, and we look forward to other major companies following its lead.”

Peter Ferket, Chief Investment Officer of Robeco, said: “When it comes to meeting the demands of the Paris Agreement on climate change, we believe it is necessary to strengthen partnerships between investors and their investee companies to accelerate progress towards reaching such an ambitious common goal. This joint statement is an example of such a partnership. As institutional investors in Shell we continue to support Shell on its journey in the energy transition, aiming for other companies to follow suit.”

Speaking as the Co-lead of the Climate Action 100+ dialogue with Shell, Adam Matthews, Director of Ethics and Engagement of the Church of England Pensions Board, and Board Member of the Institutional Investors Group on Climate Change, said: “Investors like ourselves will be able to track Shell’s performance through the Transition Pathway Initiative (TPI), an independent academic tool at the London School of Economics which is supported by funds with \$11 trillion in assets.

“This joint statement is the first of its kind, sets a benchmark for the rest of the oil and gas sector and shows the benefit of engagement - aligning institutional investors’ long-term interests with Shell’s desire to be at the forefront of the energy transition.”

Notes to Editors:

- The full text of the joint statement is available here: <https://www.shell.com/media/news-and-media-releases/2018/joint-statement-between-institutional-investors-on-behalf-of-climate-action-and-shell.html>
- The joint statement was developed between Royal Dutch Shell plc (Shell) and a leadership group of institutional investors on behalf of the global investor initiative: Climate Action 100+. The investor engagement with Shell has been led by Robeco and the Church of England Pensions Board and included representatives of Eumedion (the Dutch platform for institutional investors) and the European Institutional Investors Group on Climate Change (IIGCC). APG on behalf of ABP, the Environment Agency Pension Fund (EAPF) and the Universities Superannuation Scheme (USS) have also been active participants.
- Sacha Sadan, Director of Corporate Governance at Legal & General Investment Management (LGIM), said: “LGIM very much welcomes this positive result from an open dialogue between Shell and its shareholders in setting a target that’s in line with the global Paris goal. The need to finance an orderly and successful transition to a low-carbon economy is paramount and this shows our mutual commitment to make it a reality.”
- Bill Galvin, Chief Executive Officer of the Universities Superannuation Scheme (USS), said: “We are delighted that Shell has taken the lead and committed to the process to steer the company’s transition to a low-carbon future. This outcome clearly demonstrates the

effectiveness of shareholders working together to engage constructively with companies to achieve meaningful change. We look forward to continuing to work with Shell to maintain this momentum, which is in the collective interest of all of us.”

- Emma Howard Boyd, Chair of the Environment Agency and Chair of the Environment Agency Pension Fund Investment Committee, said: “The recent IPCC report has shown that we have 12 years to step up and take action. As the world gathers at COP 24 in Poland, we hope that this unique joint statement between institutional investors and an oil and gas major, will inspire other leaders to take bold action. We would encourage the rest of the sector to follow Shell’s lead.”
- Corien Wortmann, Chair of pension fund ABP, said: “This is an important step, as Shell’s management is making further progress towards contributing to meeting the Paris climate goals. That Shell has now embedded its ambition in its remuneration policy offers confidence that Shell is really committed to it. As long-term responsible investors and shareholders in Shell, we will stay in discussion with the company and follow the progress with interest. We hope that other companies will follow Shell.”
- The Archbishop of Canterbury, Justin Welby, said: “As Governments meet at the United Nations climate negotiations in Poland, I am delighted to see a unique announcement on climate change between investors and one of the largest companies in the world - Royal Dutch Shell. This sets Shell on a path to reducing the Net Carbon Footprint of its energy products. The reduction is supported by a clear framework of targets and transparent reporting.

“I am pleased that the Church of England Pensions Board has worked in collaboration with other investors Robeco, APG, the Environment Agency Pension Fund and USS, and with the management of Shell. Together they have demonstrated to the world what is possible when we focus our combined energy and creativity in dealing with one of the most pressing issues facing humanity today.”

Enquiries

Shell Investor Relations:

Europe: +31 70 377 4540

North America +1 832 337 2034

Shell International Media Relations:

International +44 207 934 5550

Americas +1 832 337 4355

Cautionary Note

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this statement “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 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.

Also, in this statement we may refer to “Net Carbon Footprint” or “NCF, which includes 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 but, to support society in achieving the Paris Agreement goals, we aim to help and influence such suppliers and consumers to likewise lower their emissions. The use of the terminology “Net Carbon Footprint” is for convenience only and not intended to suggest these emissions are those of Shell or its subsidiaries.

This statement contains 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 this statement, 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 statement 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, 2017 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward-looking statements contained in this statement and should be considered by the reader. Each forward-looking statement speaks only as of the date of this statement, 3 December 2018. 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 statement.