SHELL ACCELERATES DRIVE FOR NET-ZERO EMISSIONS WITH CUSTOMER-FIRST STRATEGY

February 11, 2021

The Hague, February 11, 2021 − Shell today set out its strategy to accelerate its transformation into a provider of net-zero emissions energy products and services, powered by growth in its customer-facing businesses. A disciplined cash allocation framework and rigorous approach to driving down carbon emissions will deliver value for shareholders, customers and wider society. Shell also confirmed its expectation that total carbon emissions for the company peaked in 2018, and oil production peaked in 2019.

"Our accelerated strategy will drive down carbon emissions and will deliver value for our shareholders, our customers and wider society," said Royal Dutch Shell Chief Executive Officer, Ben van Beurden.

"We must give our customers the products and services they want and need – products that have the lowest environmental impact. At the same time, we will use our established strengths to build on our competitive portfolio as we make the transition to be a net-zero emissions business in step with society.

"Whether our customers are motorists, households or businesses, we will use our global scale and trusted brand to grow in markets where demand for cleaner products and services is strongest, delivering more predictable cash flows and generating higher returns."

From today, Shell is integrating its strategy, portfolio, environmental and social ambitions under the goals of Powering Progress: generating shareholder value, achieving net-zero emissions, powering lives and respecting nature. Shell's reshaped organisation will deliver on these goals through the three business pillars of Growth, Transition and Upstream.

FINANCIAL RESILIENCE AND PROFITABLE GROWTH THROUGH DISCIPLINED CAPITAL ALLOCATION

Shell reiterated its cash priorities to deliver value for shareholders today while growing value for tomorrow, including:

- Maintain the progressive dividend policy, increasing dividend per share by around 4% per year, subject to Board approval.
- Retain near-term annual Cash capital expenditure of $19-22 billion.
- Reduce net debt to $65 billion.
- On reducing net debt to $65 billion, target total shareholder distributions of 20-30% of cash flow from operations; increased shareholder distributions achieved through a combination of Shell's progressive dividends and share buybacks.
- Disciplined and measured capital expenditure growth balanced with additional shareholder distributions and further strengthening of our balance sheet.

In the near term we expect to maintain underlying operating expenses of no higher than $35 billion, and pursue divestments averaging $4 billion a year. Over time the balance of capital spending will shift towards the businesses in the Growth pillar, attracting around half of the additional capital spend. Cash flow will follow the same trend and in the long term will become less exposed to oil and gas prices, with a stronger link to broader economic growth.

THE ROAD TO NET-ZERO EMISSIONS: A COMPREHENSIVE CARBON MANAGEMENT APPROACH

Shell set out details of how it will achieve its target to be a net-zero emissions energy business by 2050, in step with society's progress towards achieving net zero. This target covers the emissions from our operations and the emissions from the use of all the energy products we sell. And crucially, it includes emissions from the oil and gas that others produce and Shell then sells as products to customers, making the target comprehensive.

Powering Progress supports the most ambitious goal of the Paris Agreement on climate change to limit the global temperature rise to 1.5° Celsius. To achieve net zero, Shell:

- will continue with short-term targets that will drive down carbon emissions as we make progress towards our 2050 target, linked to the remuneration of more than 16,500 staff. This includes a new set of targets to reduce our net carbon intensity: 6-8% by 2023, 20% by 2030, 45% by 2035 and 100% by 2050, using a baseline of 2016;
- expects that its total carbon emissions peaked in 2018 at 1.7 gigatonnes per annum;
- confirms that its total oil production peaked in 2019;
- will seek to have access to an additional 25 million tonnes a year of carbon, capture and storage (CCS) capacity by 2035. Currently, three key CCS projects of which Shell is a part, Quest in Canada (in operation), Northern Lights in Norway (sanctioned) and Porthos in The Netherlands (planned), will total around 4.5 million tonnes of capacity;
- aims to use nature-based solutions (NBS), in line with the philosophy of avoid, reduce and only then mitigate, to offset emissions of around 120 million tonnes a year by 2030, with those we use being of the highest independently verified quality;
- will work with the Science Based Targets Initiative, Transition Pathway Initiative and others to develop standards for the

industry and align with those standards;

- starting at the 2021 AGM, submit an Energy Transition Plan for an advisory vote to shareholders, the first in the sector to do so. We will update that plan every three years and seek an advisory vote on the progress made each year.

DELIVERING WITH A PORTFOLIO FOR THE ENERGY TRANSITION

Shell is a customer-focused organisation, serving more than 1 million commercial and industrial customers, and 30 million customers at 46,000 retail service stations daily. Shell uses its world-leading brand, global reach and expertise to be a one-stop shop for both consumer and business customers. A presence across the entire energy system means we can optimise, scale up, and trade products in a way that develops markets, drives down costs, and will help accelerate the energy transition.

Shell's aim is to build material low-carbon businesses of significant scale by the early 2030s. Upstream will continue to deliver vital energy supplies, which will help to generate the cash and returns needed to fund shareholder distributions while accelerating investment in the growth businesses to capture new market opportunities.

In the near term, Shell's strategy will rebalance its portfolio, investing annually $5-6 billion in its Growth pillar (around $3 billion in Marketing; $2-3 billion in Renewables and Energy Solutions), $8-9 billion in its Transition pillar (around $4 billion Integrated Gas; $4-5 billion Chemicals and Products) and around $8 billion in Upstream. Plans include:

Growth:

Marketing

Target to increase Adjusted Earnings to around $6 billion by 2025 (from $4.5 billion in 2020), achieved by improving the already market-leading position of the lubricants business, an increase to 40 million customers at 55,000 retail sites (from 30 million at 46,000 sites today) and growth of global electric vehicle (EV) network from more than 60,000 charge points today to around 500,000 by 2025.

Low-carbon fuels – extend our leading biofuels production and distribution business, which in 2019 sold more than 10 billion litres of biofuels. Our joint venture Raízen, which produces low-carbon fuels from sugar cane in Brazil, recently announced the acquisition of Biosev. This is set to increase Raízen's bioethanol production capacity by 50%, to 3.75 billion litres a year, around 3% of global production.

Renewables and Energy Solutions

Integrated Power – aim to sell some 560 terawatt hours a year by 2030 which is twice as much electricity as we sell today. We expect to serve more than 15 million retail and business customers worldwide. We aim to be a leading provider of clean Power-as-a-Service. We will make our investments go further by partnering with others with the emphasis for Shell being on managing clean electrons.

Nature-based solutions – expect to invest around $100 million a year in high-quality, independently verified projects on the ground to build a significant and profitable business to help customers meet their net-zero emissions targets.

Hydrogen – build on Shell's leading position in hydrogen by developing integrated hydrogen hubs to serve industry and heavy-duty transport, aim to achieve double-digit share of global clean hydrogen sales.

Transition:

Integrated Gas

Extend leadership in liquefied natural gas (LNG) volumes and markets, with selective investment in competitive LNG assets to deliver more than 7 million tonnes per annum of new capacity on-stream by middle of the decade. Continue to support customers with their own net-zero ambitions, with leading offers such as carbon-neutral LNG.

Chemicals and Products

Transform our refinery footprint from 13 sites today to six high-value Chemicals and Energy Parks and reduce production of traditional fuels by 55% by 2030. Intention to grow volumes of the chemicals portfolio and increase cash generation from Chemicals by $1-2 billion a year by 2030 compared with the medium term. Will produce chemicals from recycled waste, known as circular chemicals, and by 2025 aim to annually process 1 million tonnes a year of plastic waste.

Upstream:

Focus on value over volume, being simpler and more resilient, continuing to provide material cash flow into the 2030s. An expected gradual reduction in oil production of around 1-2% each year, including divestments and natural decline.

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CAUTIONARY NOTE

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this announcement "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 this announcement 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. This announcement contains the following forward-looking Non-GAAP measures: Adjusted Earnings, Cash capital expenditure, Underlying operating expenses, and Divestment proceeds. We are unable to provide a reconciliation of the above forward-looking Non-GAAP measures to the most comparable GAAP financial measures because certain information needed to reconcile the above Non-GAAP measure to the most comparable GAAP financial measure is dependent on future events some which are outside the control of the company, such as oil and gas prices, interest rates and exchange rates. Moreover, estimating such GAAP measures consistent with the company accounting policies and 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 Royal Dutch Shell plc’s financial statements.

Also, in this announcement we may refer to Shell’s “Net Carbon Footprint”, 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. The use of the term Shell’s “Net Carbon Footprint” is for convenience only and not intended to suggest these emissions are those of Shell or its subsidiaries. It is important to note that as of February 11, 2021, Shell’s operating plans and budgets do not reflect Shell’s Net-Zero Emissions target. 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 target. 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.

This announcement 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 announcement, 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 this announcement 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 this announcement and should be considered by the reader. Each forward-looking statement speaks only as of the date of this announcement, February 11, 2021. 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 announcement.

We may have used certain terms, such as resources, in this announcement 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.

LEI number of Royal Dutch Shell plc: 21380068P1DRHMJ8KU70