



SHELL **STRATEGY DAY** 2021

Royal Dutch Shell plc

February 11, 2021

#PoweringProgress

POWERING PROGRESS

OUR STRATEGY



SHELL
**STRATEGY
DAY**
2021





THE SHELL INVESTMENT CASE

RESPECTING **NATURE**
Protecting the environment, reducing waste and making a positive contribution to biodiversity

UNDERPINNED BY
OUR **CORE VALUES**
AND OUR FOCUS
ON **SAFETY**



POWERING **PROGRESS**

Our strategy to accelerate the transition to net-zero emissions, purposefully and profitably



GENERATING **SHAREHOLDER VALUE**

Growing value through a dynamic portfolio and disciplined capital allocation



POWERING **LIVES**

Powering lives through our products and activities, and supporting an inclusive society



ACHIEVING **NET-ZERO EMISSIONS**

Working with our customers and sectors to accelerate the energy transition to net-zero emissions

DELIVERING THE STRATEGY

OUR VISION FOR THE FUTURE OF ENERGY

GROWTH PILLAR:
THE FUTURE OF ENERGY
MARKETS



TRANSITION PILLAR:
ENABLING OUR STRATEGY
ASSETS



#POWERINGPROGRESS

UPSTREAM PILLAR:
FUNDING OUR STRATEGY
RESOURCES



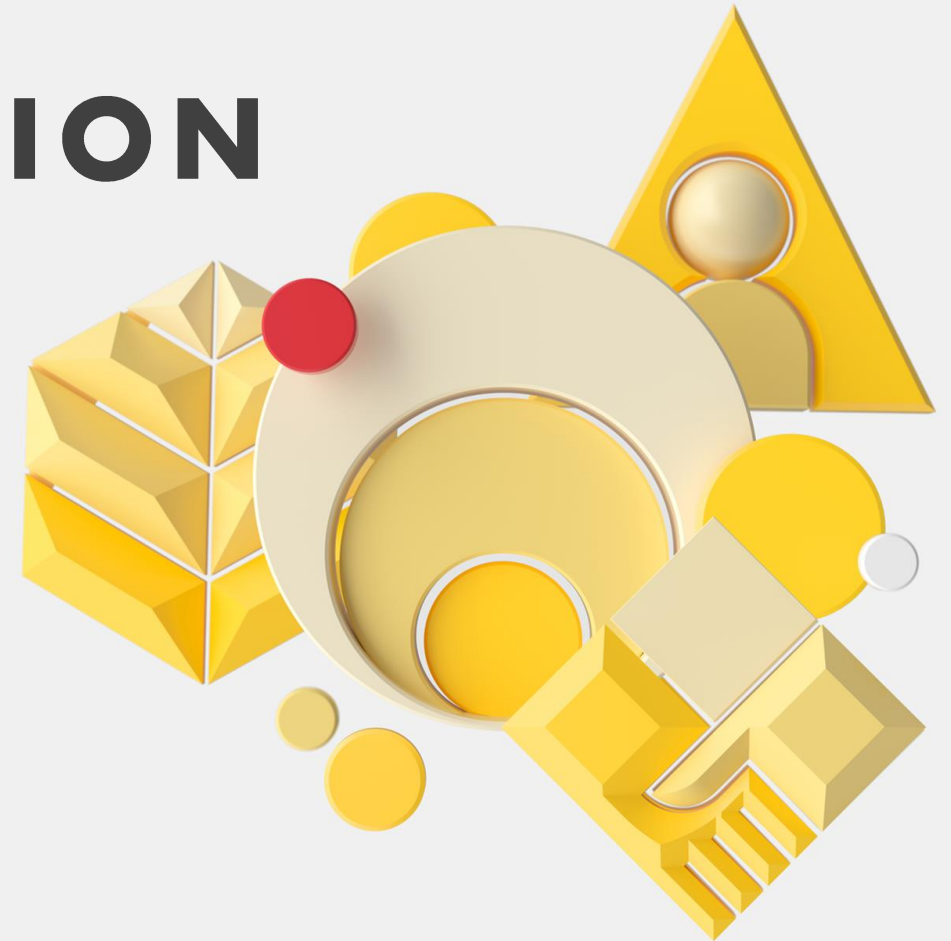
Enhanced value delivery through trading and optimisation

CAPITAL ALLOCATION

OUR PLAN



SHELL
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2021



CAPITAL ALLOCATION

DELIVERING THE STRATEGY – DRIVING GROWTH AND RETURNS

ATTRACT CAPITAL

Competitive
shareholder returns

Balance sheet
strength

MANAGE RISK

Resilient portfolio

Strength and diversity
of cash flow

GROW VALUE

Advanced products
and customer solutions

Grow cash flow



Growing value through a dynamic portfolio and disciplined capital allocation

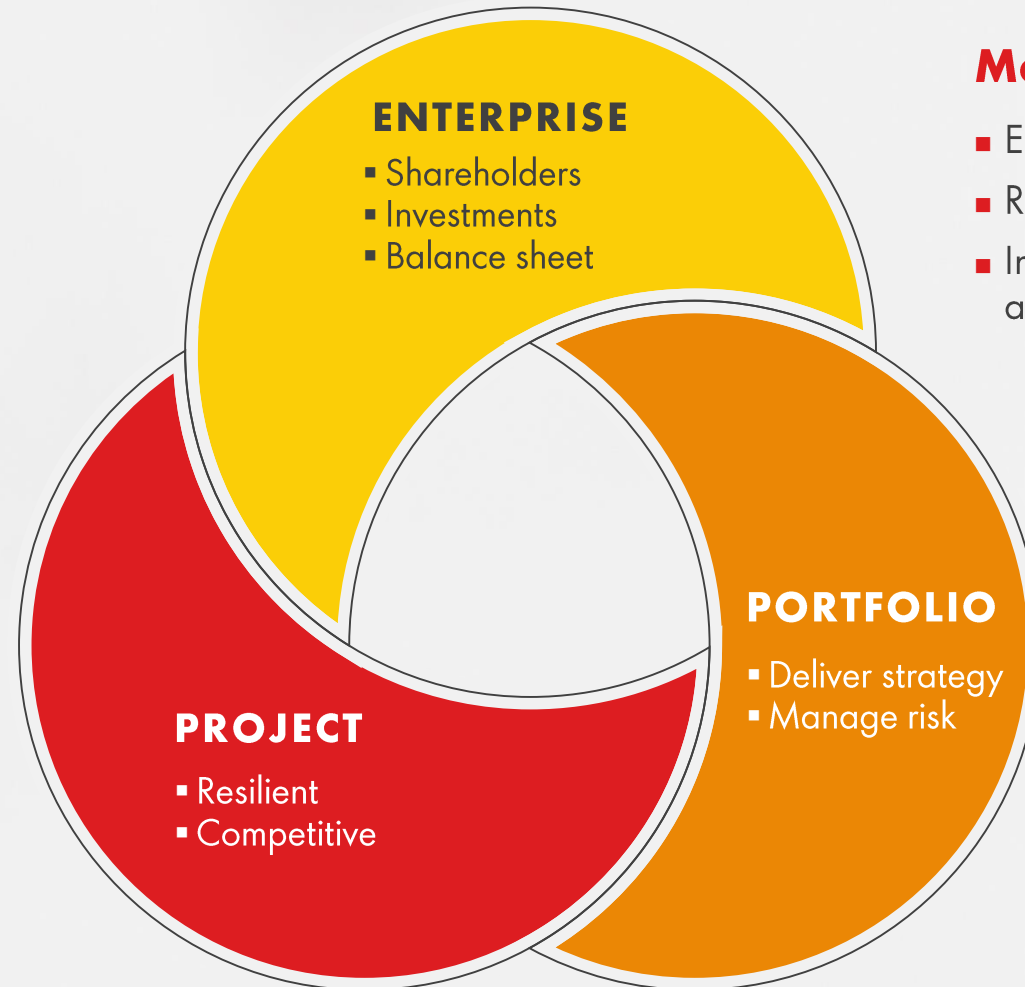


CAPITAL ALLOCATION

DISCIPLINED APPROACH ACROSS LEVELS

Invest in the most competitive projects

- Pursue projects with sector-leading returns
- Focus on resilience through the cycle using most appropriate criteria



Maximise value

- Ensure balance sheet strength
- Reward shareholders
- Invest in growth in a measured and disciplined way

Maintain a balanced and robust portfolio

- Enable transition and delivery of returns, growth and carbon targets
- Manage portfolio risks, including geography, commodity, technology and across time horizons



CAPITAL ALLOCATION TARGET SHAREHOLDER DISTRIBUTIONS OF 20-30% OF CFFO

Enterprise level approach



Clear capital allocation framework

Operationalising the framework

1st
PRIORITY

Near-term Cash capex
Ordinary progressive dividend



- Reapportion near-term \$19-22 billion Cash capex:
 - Marketing ~\$3 billion; Renewables and Energy Solutions \$2-3 billion; Integrated Gas ~\$4 billion; Chemicals and Products \$4-5 billion; Upstream ~\$8 billion
 - Inorganic capex included in range
- ~4% dividend per share growth annually, subject to Board approval

2nd
PRIORITY

AA credit metrics through the cycle



- Reducing net debt to \$65 billion
 - Milestone for AA credit metrics threshold in the near term

3rd
PRIORITY

Additional shareholder distributions



- Total shareholder distributions of 20-30% of CFFO (on reaching net debt of \$65 billion)
 - Distributions include dividends and share buybacks

4th
PRIORITY

Capex growth
Continued balance sheet strengthening



- Measured, disciplined capex growth to enable strategy
- Further reduce net debt to achieve firm long-term AA credit metrics



CAPITAL ALLOCATION

BALANCED APPROACH TO INVESTMENT DECISIONS ACROSS PILLARS

Portfolio level approach



	GROWTH PILLAR: THE FUTURE OF ENERGY	TRANSITION PILLAR: ENABLING OUR ENERGY	UPSTREAM PILLAR: FUNDING OUR STRATEGY
ASSET INTEGRITY			
SUSTAIN VALUE			
GROW VALUE			
INNOVATION	Business models Customer solutions	Process technologies Customer solutions	Asset management Risk mitigation

Significant proportion of Upstream and Transition spend necessarily focused on asset integrity and sustaining value; Growth pillar spend predominantly supports growing future value



CAPITAL ALLOCATION WELL-POSITIONED FOR THE FUTURE OF ENERGY THROUGH DIFFERENTIATED STRENGTHS

Portfolio level approach



DIFFERENTIATED STRENGTHS

- Customer insight and scale
- Sectoral decarbonisation approach
- Integrated business models
- World-class trading business
- Innovation culture
- Most valuable brand in the industry



VALUE DRIVERS SHIFTING WITH STRATEGY



Advantaged assets



Advanced products



Resource positions



Market positions



Asset value chain



Customer value chain and customer integrated offerings



Fewer, larger projects



More small and medium-size projects



Long-term positions



Dynamic positions and capital recycling

Capital allocation driving economic returns through innovative business models



CAPITAL ALLOCATION

CAPEX EVOLVING TOWARDS GROWTH PILLAR

Portfolio level approach



SUSTAINING OUR STRATEGY – Net debt above \$65 billion

Cash Priority: Strengthen balance sheet and maintain ~4% dividend per share growth annually, subject to Board approval

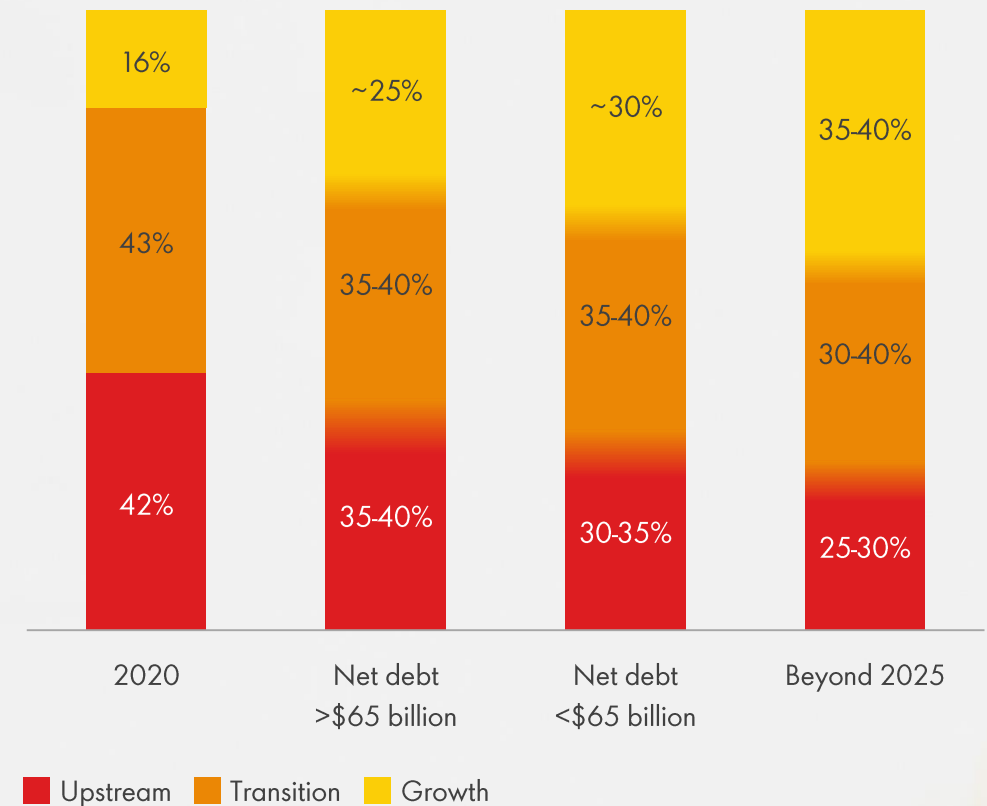
- Cash capex of \$19-22 billion per annum
 - Minimum capex to deliver the strategy
 - Growth pillar spend continues to sustain our strategy
- Underlying opex of less than \$35 billion per annum
- Divestments on average \$4 billion per annum

ACCELERATING OUR STRATEGY – Net debt below \$65 billion

Cash Priority: Shareholder distributions in the range of 20-30% of CFFO

- Increase Cash capex to \$23-27 billion per annum
- Around 50% of incremental capex to Growth pillar
- Disciplined capex growth balanced with additional shareholder distributions

Cash capex evolution



CAPITAL ALLOCATION

CONSISTENT APPLICATION OF INVESTMENT DECISION-MAKING AT THE PROJECT LEVEL

Project level approach



VALUE-ACCRETIVE INVESTMENTS

- Most competitive opportunities
- Returns in excess of cost of capital
- Integrated value

COMPETITIVE

BALANCED CASH FLOW PROFILE

- Payback period
- Impact on portfolio cash profile

**SECTOR-LEADING
RETURNS**

RESILIENT

MANAGE RISK





- Robust financial performance through the cycle
- Manage carbon
- Technical, environmental and non-technical risks



CAPITAL ALLOCATION DIFFERENTIATED RETURN EXPECTATIONS BY BUSINESS

Project level approach



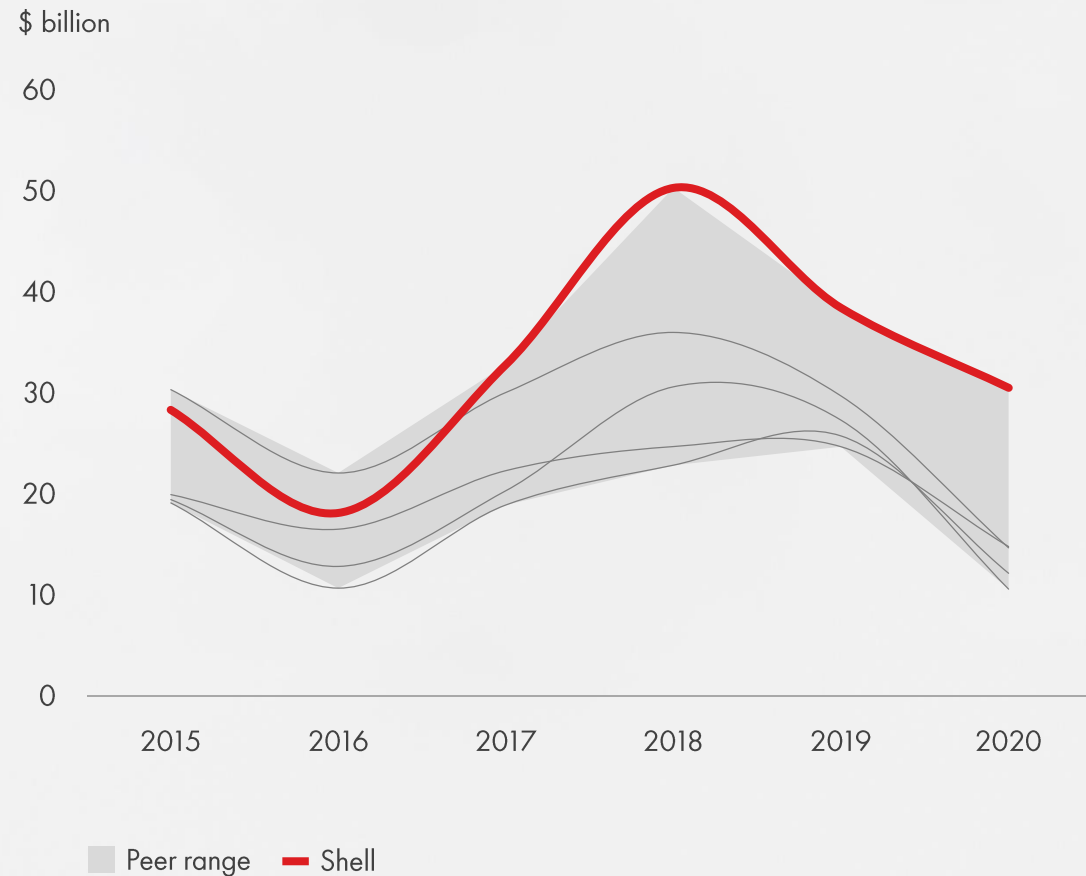
	GROWTH PILLAR: THE FUTURE OF ENERGY		TRANSITION PILLAR: ENABLING OUR STRATEGY		UPSTREAM PILLAR: FUNDING OUR STRATEGY
	Marketing	Renewables and Energy Solutions	Integrated Gas	Chemicals and Products	Upstream
TYPICAL PROJECT CHARACTERISTICS	Lower capital requirement with sustainable cash flow growth 		Capital-intensive with longer-term cash flow profile and limited downside 		Higher volatility with upside exposure 
AVERAGE PROJECT RETURNS	IRR 15-25%	Integrated Power IRR >10%	IRR 14-18%	IRR 10-15%	IRR 20-25%
	 Enhanced by trading and optimisation				
ADDITIONAL CONSIDERATIONS	Payback 4-8 years Opex yield >60%	Equity IRR Recycle capital	Payback before 2040 UTC <\$5/MMBtu	Payback ~10 years	Payback before 2035 Average BEP ~\$30/boe



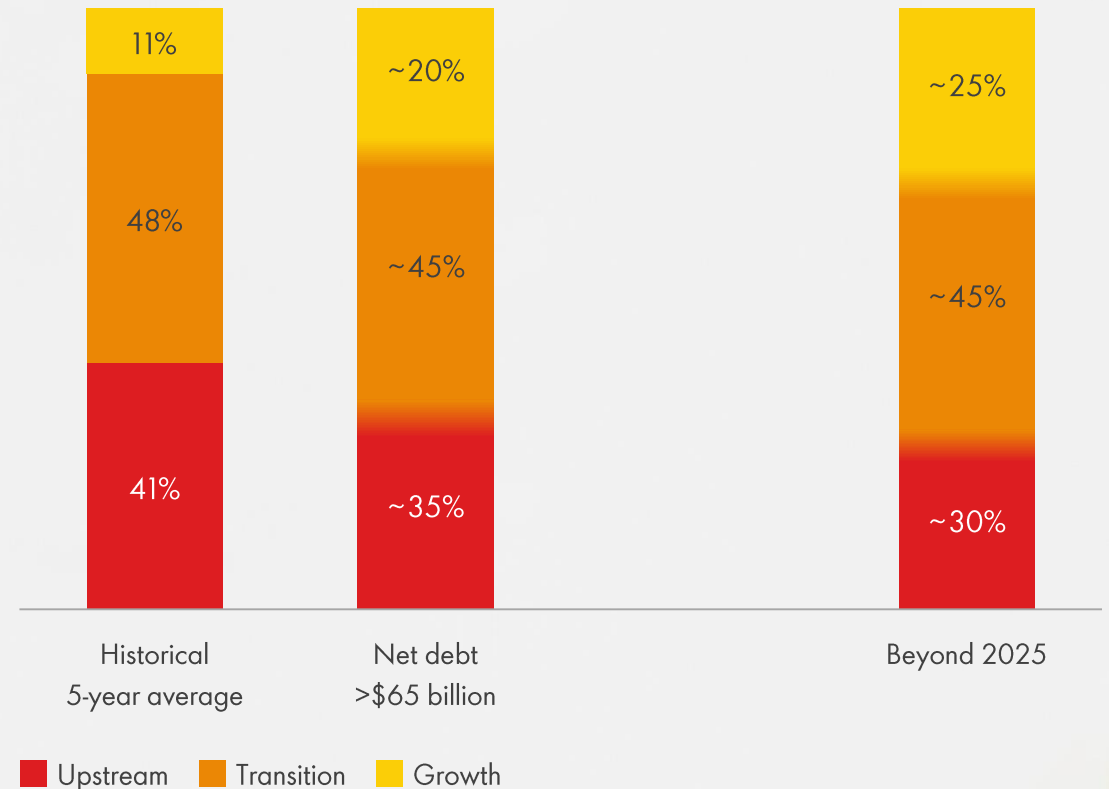
CASH POTENTIAL

DIVERSIFIED CASH FLOW EVOLVES WITH SHIFT IN BUSINESS MODELS

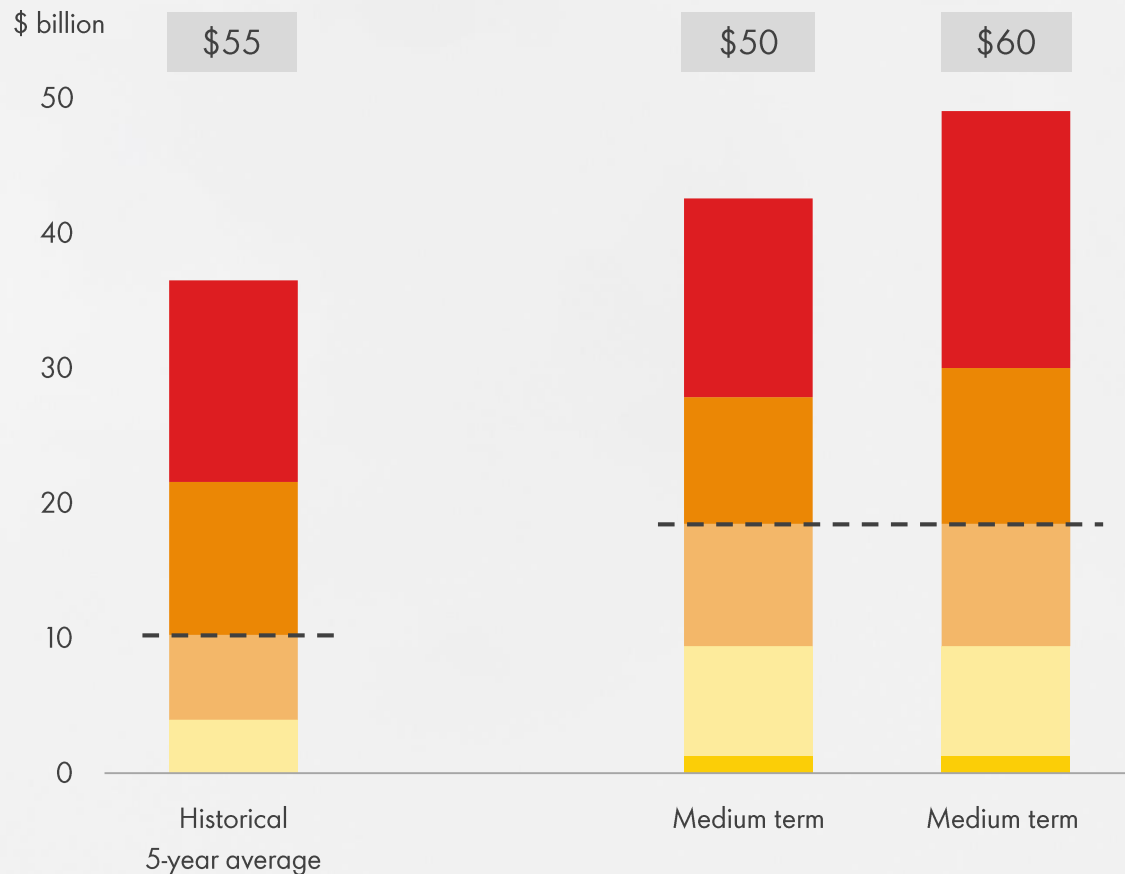
Track record of sector-leading CFO



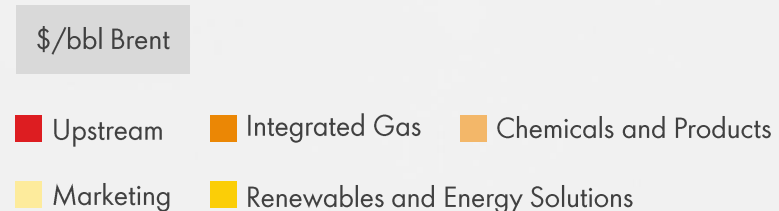
Future-proofing our cash flows



CASH POTENTIAL DIVERSIFIED AND RESILIENT CASH GENERATION ACROSS THE CYCLE



- Medium-term cash flow sensitivities per \$10/bbl Brent movement
 - Upstream: CFFO impact \$4 billion
 - Integrated Gas: CFFO impact \$2 billion
- Cash flows from Growth pillar businesses and Chemicals and Products have limited exposure to commodity prices

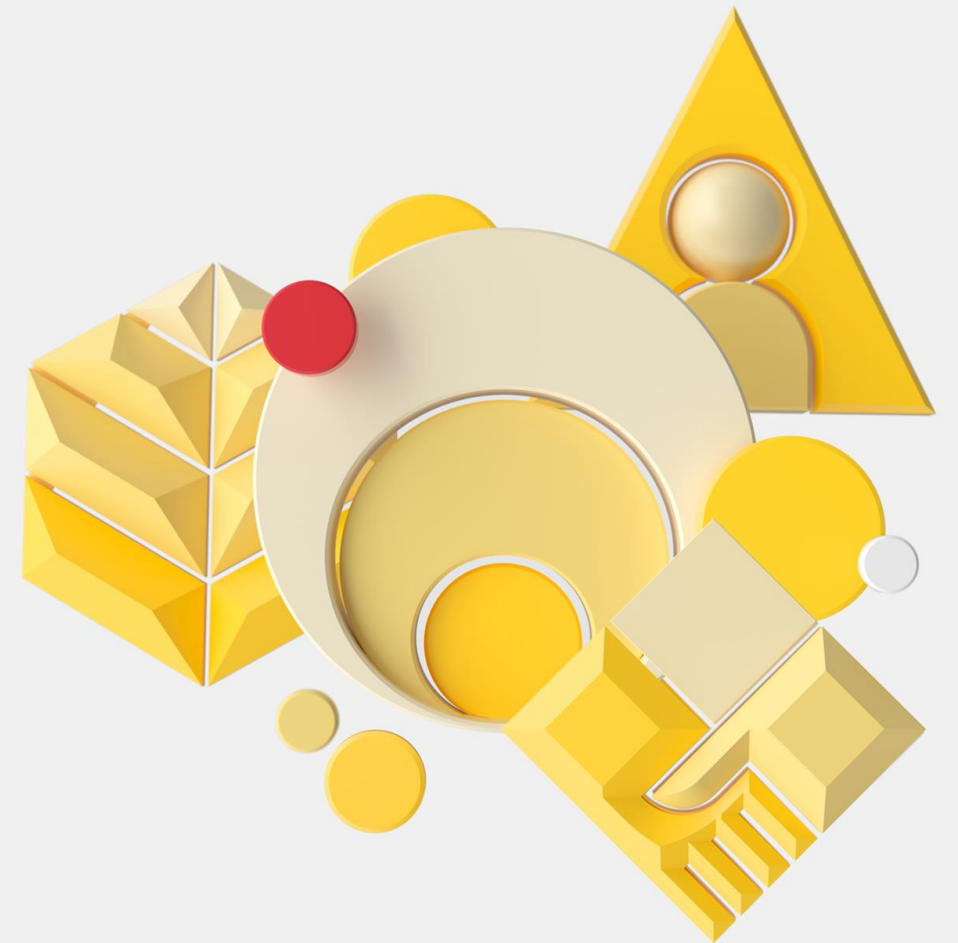


CARBON

OUR PLAN



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CARBON OUR CARBON TARGETS

OUR CLIMATE TARGET

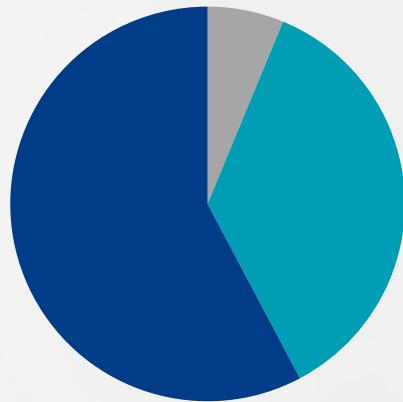
NET ZERO BY 2050

Net-zero emissions energy business by 2050 including all emissions (Scopes 1, 2 and 3) in step with society

FROM 1.7 GTPA TO ZERO

Total carbon emissions from energy sold peaked in 2018 at around 1.7 Gtpa and will be brought down to 0 by 2050

We address the emissions from all the energy we sell



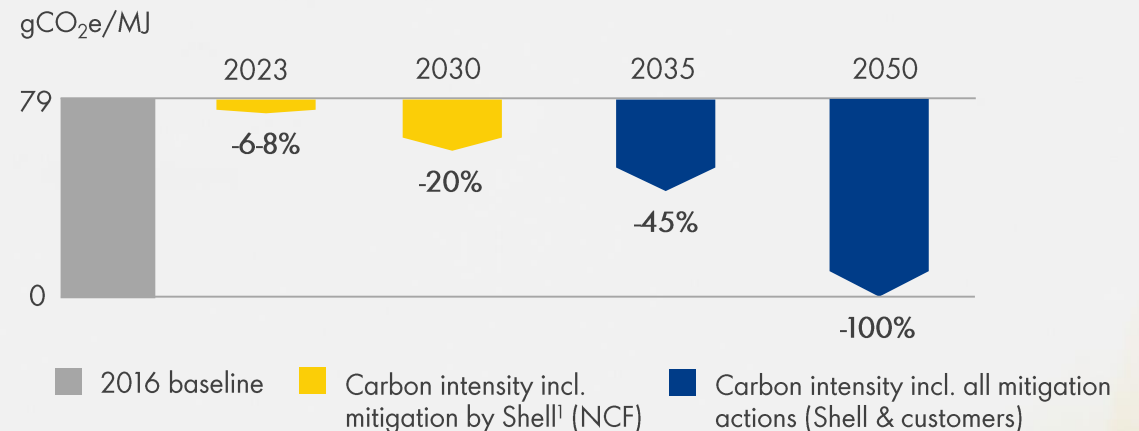
- Scope 1 & 2 = Our operational emissions
- Scope 3 = Emissions from use of energy sold by Shell (own production)
- Scope 3 = Full lifecycle emissions from energy sold by Shell (produced by others)

Across all three scopes we will reduce to net zero

By providing our customers with zero- and low-carbon energy and helping them store and offset any residual carbon, while also reducing and offsetting all of our own operational emissions.

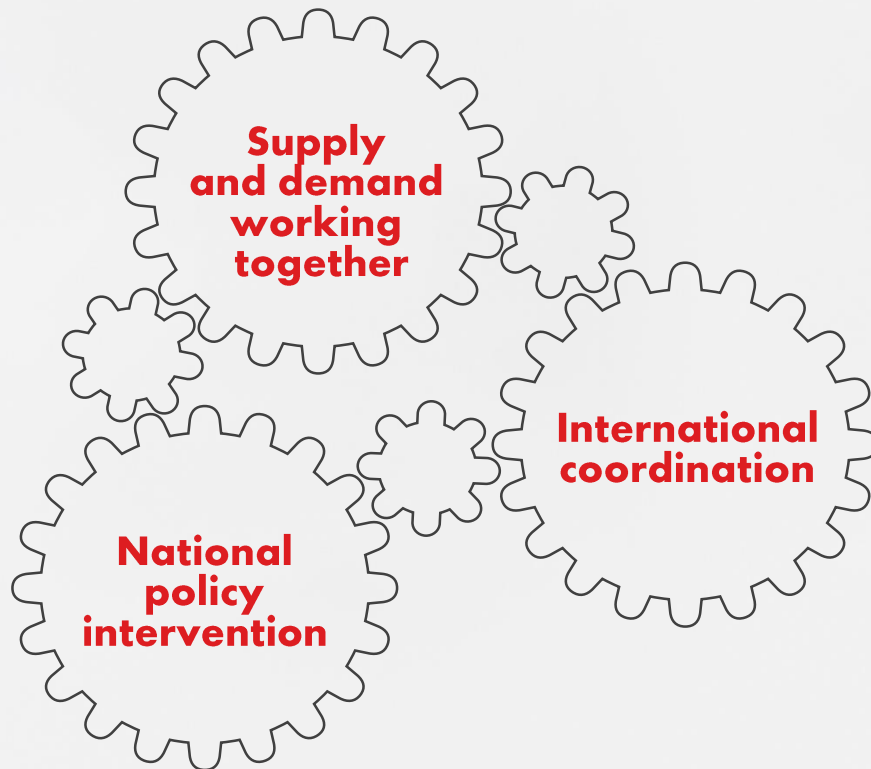
We measure our progress against our short-, medium- and long-term targets.

Reducing the carbon intensity of all energy sold



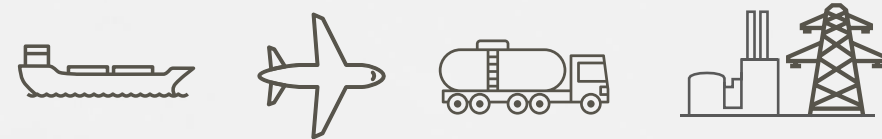
INTENSIVE CUSTOMER COLLABORATION SECTOR BY SECTOR

Getting the energy system on a path to net zero will require coordinated action between energy providers, energy users and governments, working together over the next decades to define rapid, realistic, decarbonisation pathways, sector by sector.



WORKING TOGETHER

SECTOR BY SECTOR



Turning challenge into opportunity

CARBON

EXAMPLES OF ENERGY TRANSITION MILESTONES BY 2030



Operational efficiency¹

- Eliminating routine flaring
- Maintaining methane emissions intensity <0.2% (2025)

Natural gas shift

- Oil production peaked in 2019, expected to decline 1-2% per annum
- No new frontier exploration entries anticipated post-2025
- Growing gas share of hydrocarbon production to ~55%

Low-carbon power business

- Doubling electricity sold
- Delivering equivalent of >50 million households with renewable electricity
- Operating ~2.5 million EV charge points

Low-carbon fuels (biofuels, hydrogen)

- Producing 8 times more low-carbon fuels than today
- Increasing low-carbon fuels sales to >10% of transport fuels (up from 3% in 2020)

CCS

- Targeting over 25 mtpa CCS (by 2035)

Natural sinks

- Aiming for ~120 mtpa of nature-based solutions
- High-quality offsets only



CARBON ACTIONS TO SUPPORT DELIVERY THROUGH ACCOUNTABILITY

Governance & transparency

Accountability

Present Energy Transition plan for advisory **shareholder vote** every 3 years from 2021 onwards. Annual advisory shareholder vote on progress against the plan.

Aligning with external standards

Work with the **Science Based Targets initiative (SBTi)**, **CDP**, **Transition Pathways Initiative (TPI)** and other standard-setting bodies to develop a standard for our industry, with which we intend to align our targets.

Decision-making

Drive down carbon intensity of operations and energy products sold through a Shell-wide approach, including through an **allocation of internal 'carbon budgets'**.

Incentive structures

Double the weight of **carbon and energy transition metrics** in our long-term incentive share awards, affecting >16,500 employees. For the most senior leaders weighting doubles from 10% to 20%.

Lobbying & transparency

Further increase transparency around our approach to corporate political engagement; **drive change through participation in industry associations** and related advocacy platforms and partnerships. Report progress publicly via website and **Industry Association Climate Review**.

Climate-related disclosures

Remain aligned with the **Task Force on Climate-related Financial Disclosures (TCFD) best practices** as they further evolve.



GROWTH PILLAR

DELIVERING THROUGH THREE PILLARS



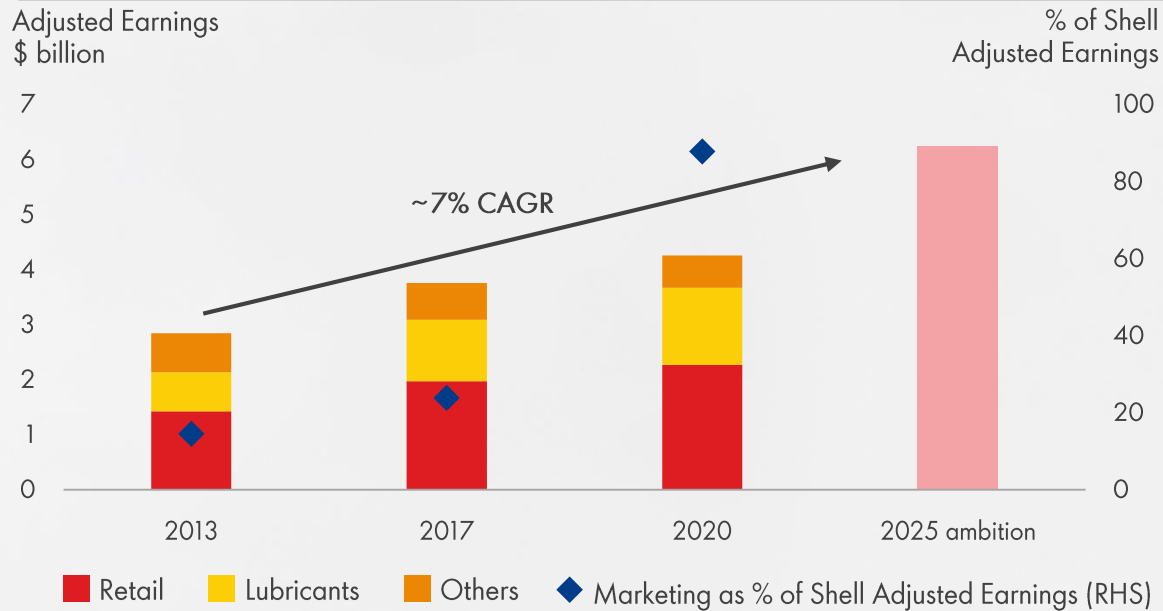
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MARKETING

PERFORMING STRONGLY AND A PLATFORM FOR FUTURE GROWTH

Strategic delivery on track; resilient growth through cycle



Differentiated offerings contributing >50%

2020 gross margin contribution in %



Customer access as key competitive differentiator



~30 million customers per day



~46 thousand sites in ~80 countries



>50 million loyalty members



>1 million B2B customers in >160 countries



MARKETING

PROFITABLY DECARBONISING WITH OUR CUSTOMERS AS WE ARE DELIVERING ON 2025 GROWTH AMBITIONS

2020 delivery

2025 targets

Strategic levers

~30 million

40 million

Customers served at retail service stations daily

New revenues

- New convenience stores
- Digital and Services

Progress examples

>2,000

New convenience stores vs. 2017

~46,000

55,000

Shell-branded retail service stations

Resilient sectors

- Fleet Solutions
- Industrial Lubricants

#1 in Industrial Lubricants

Global market leader since 2018

1/9

on average

1/8

Machines and engines protected by Shell Lubricants

New customers

- Market share growth in China, India, Indonesia, Mexico, Russia
- New locations

>1,000

New sites in growth markets vs. 2017

>12,000

15,000

Convenience stores

Grow base

- Premium growth: V-Power™ + Lubricants
- New locations

>20%

Record-high premium lubricants volume and V-Power™ margin contribution vs. 2017

>60,000

>500,000

EV charge points

+

Decarbonise mobility & sectors

- EV charging leadership
- Aviation, Marine, Road Transport

5x

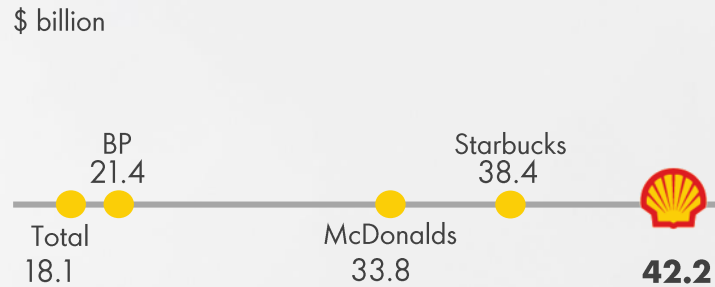
Sustainable Aviation Fuels volume increase vs. 2019



MARKETING

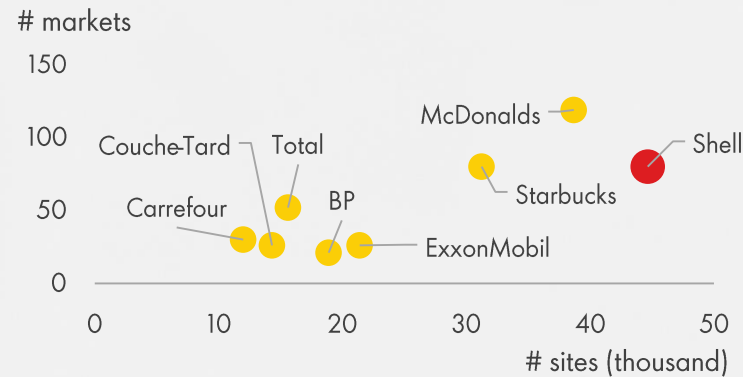
WE ALREADY HAVE THE SCALE AND CUSTOMER ACCESS THAT OTHERS ASPIRE TO BUILD

Most valuable brand in the industry



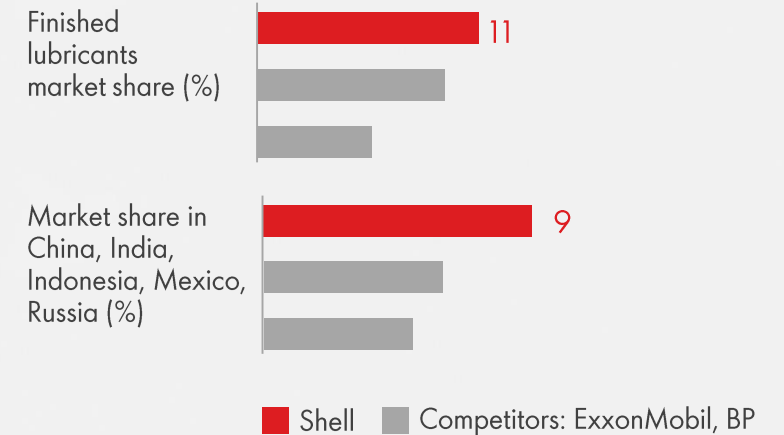
- Differentiated customer propositions
- Highest brand share preference

Leading mobility with unparalleled scale, network and customer access



- Increase customer spend in mobility, energy and digital transitions
- Grow new revenues including EV charging and convenience retail

#1 global lubricants supplier for 14 years in a row



- Improving customers' energy efficiency, performance and total cost of ownership
- Across all major sectors in >160 markets



MARKETING - MOBILITY OFFER OF THE FUTURE

WE WILL PROFITABLY EVOLVE OUR OFFER, INCREASE OUR CUSTOMER SPEND AND HELP TO DECARBONISE MOBILITY

Shell Recharge



>30k
charge points
at Shell Recharge
by 2025

Up to **100%**
carbon emissions
reduction for EV
drivers



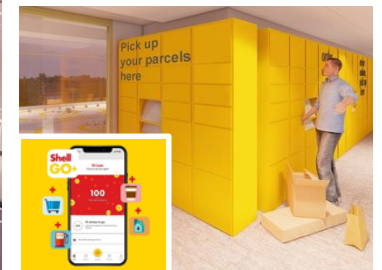
Shell Hydrogen



Convenience retail & Food kiosk



Digital and new Services



Customer proximity and brand value

Network and scale benefits

Integrated power value chain



MARKETING

SHELL HAS THE FOUNDATION TO GROW LOW-CARBON FUELS PROFITABLY

More than 10 billion litres of low-carbon fuel components sold under the Shell brand in 2019



RENEWABLE NATURAL GAS FOR ROAD TRANSPORT

Took FID on two RNG production opportunities and Shell's first R-CNG dispensary in California and signed two agreements in Los Angeles for the supply of R-CNG



AVIATION

Selling sustainable aviation fuel to Air France, Lufthansa and Amazon Air and expanding



TRADING AND SUPPLY

Blended 5.4 billion litres of low-carbon fuel components in 2019 for sales under the Shell brand



MANUFACTURING

Producing low-carbon fuels through co-processing in Rheinland, enough to fill around 600 thousand vehicles



ADVANCED TECHNOLOGY

Announced a JV with Enerkem to produce low-carbon fuels and renewable chemicals from waste feedstock and green H2 in Canada

Raízen JV – Shell 50%

- Markets up to 100% ethanol blend in Brazil and is one of the largest traders of sugarcane ethanol globally
- Integrated bio-energy parks already capable of:
 - 2.5 billion litres of sugar-cane ethanol produced in 2019
 - 55 million litres of second-generation ethanol produced since 2015
 - 2.1 TWh of electricity produced from biomass per annum
 - 21 MW biogas plant able to produce 138 MWh per annum of renewable power, the 4th largest in the world

If Raízen was a country, it would be the 5th largest producer of ethanol globally



RENEWABLES AND ENERGY SOLUTIONS INTEGRATED POWER PORTFOLIO – DELIVERING CUSTOMER-CENTRIC ENERGY SOLUTIONS

- A new Shell business established in 2016
- More than 650 professionals, around a third being external hires with experience across the power sector, and more than 3,400 staff in Shell portfolio companies
- \$3.2 billion invested over 2016 - 2020
- A strong brand with unique customer access
 - More than 1 million residential and small business customers, predominantly in Europe, and expanding globally
 - More than 10,000 commercial and industrial customers
 - Strategic alliances with Microsoft and Amazon
- Decades of experience in power trading and wholesale supply
 - Global power sales to end customers at ~255 TWh in 2020
 - One of the top three power wholesale traders in North America
- Managing green electrons for our customers
 - Access to 5.6 GW of operating renewable power capacity globally
 - 1.9 GW of renewable generation capacity in operation and 7.8 GW in development¹



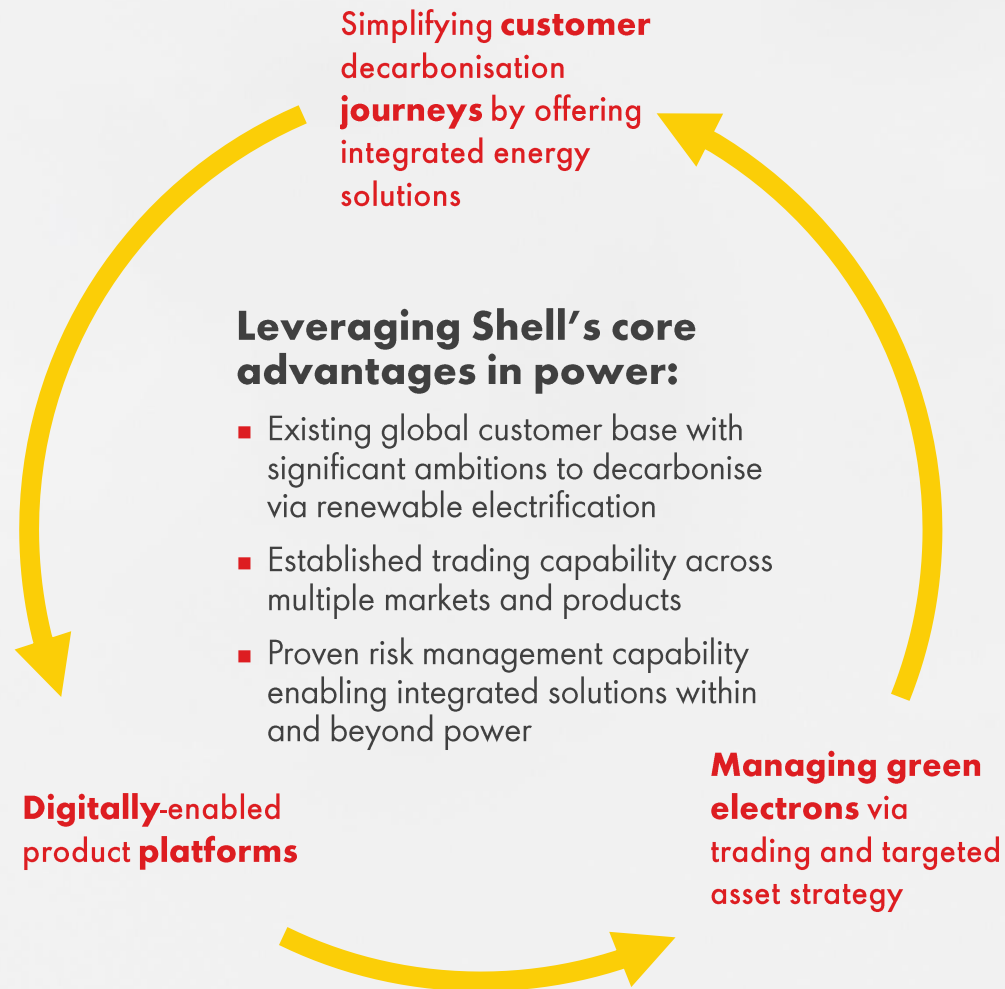
More than 60,000 operated EV charge points in 14 countries



Borssele III & IV wind farm in the Netherlands reached first power in 2020



RENEWABLES AND ENERGY SOLUTIONS A CUSTOMER-FIRST STRATEGY – INTEGRATED CLEAN ENERGY SYSTEMS DRIVE HIGHER RETURNS



Our Ambition

A leading provider of clean **Power-as-a-Service**

- Our customer-first strategy will differentiate us from our peers and target greater than 10% unlevered IRR
- Higher margins through a hard-to-replicate Power-as-a-Service integrated business model
- Digital will be a key enabler and through partnerships we will accelerate our capability
- We will invest \$2-3 billion per annum on average in the near term and leverage third-party capital to grow a material asset base, focusing on renewable generation capacity where it enables our customer solutions
- We aim to substantially increase our investment to build a material business for Shell so that by 2030 we have:

>15 mln

Customers served

>560 TWh

Sales to customers

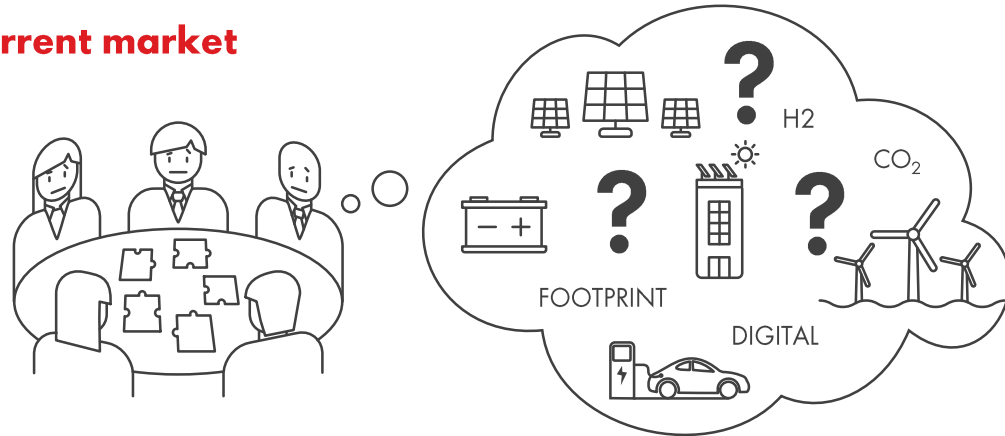
- We aim for our sales to be, generally, on average of lower carbon intensity than the grid average, contributing to greening the grid where we sell power



RENEWABLES AND ENERGY SOLUTIONS

SHELL'S CLEAN POWER-AS-A-SERVICE OFFER – SIMPLIFYING THE NET-ZERO JOURNEYS OF OUR CUSTOMERS

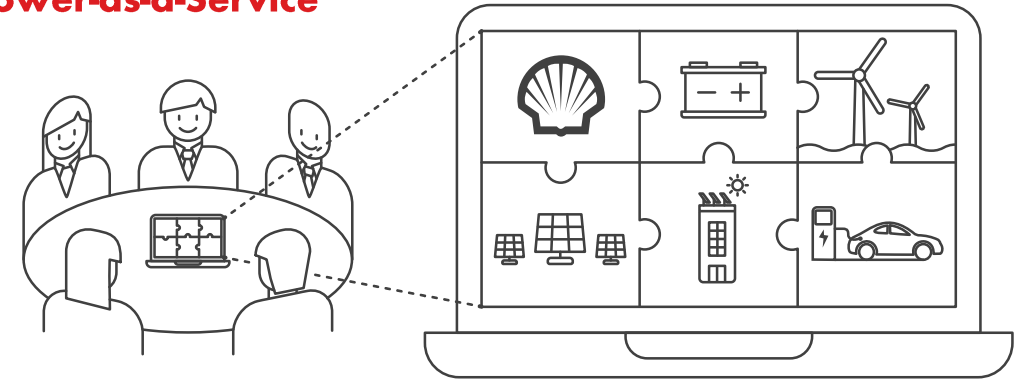
Current market



Customers under pressure to decarbonise in an increasingly complex energy market

- How can I move towards net zero economically?
- How much disruption will this cause to my business operations and profitability?
- How can I make it simple and avoid this confusing web of products, technology and regulatory options?
- How can I manage my mobility, industrial and building energy needs and not have a patchwork of single point solutions?
- What are the benefits of having my own generation and/or storage equipment?
- How can I afford the required investments?
- Are my green efforts paying off and what information do I have to showcase this?

Power-as-a-Service



Simple solutions to reduce costs and /or carbon emissions

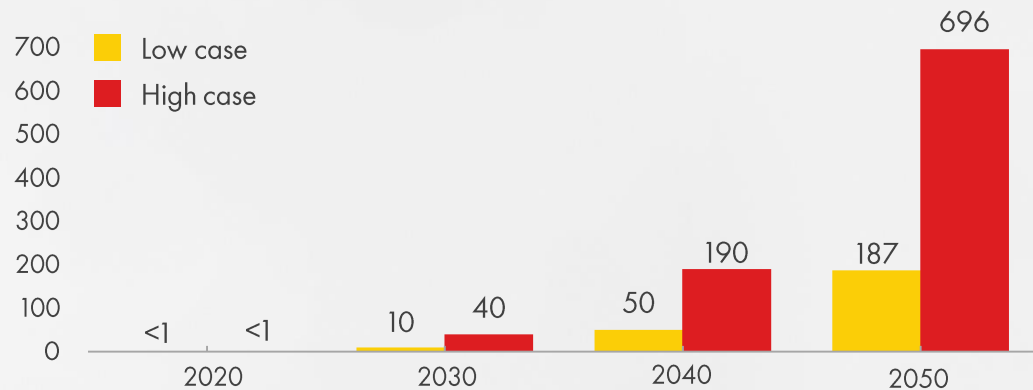
- Business model to simplify the decarbonisation, decentralisation and digitization journey of customers
- Aggregate and control assets, resources and demand across the power system
- Leverage Shell's existing strengths in managing integrated, asset- and power infrastructure and providing value to customers 'as a service'
- Combined offering of power and technology, analytics, personalised services and grid access to deliver lower-cost, lower-carbon energy solutions
- As part of aggregation, help customers connect and manage customer assets on the grid to generate revenues income with spare or flexible capacity and demand
- Provide insights into customers' energy and carbon footprints to guide them along their energy transition journey



CREATING A CLEAN HYDROGEN MARKET TO SERVE INDUSTRY AND HEAVY-DUTY TRANSPORT

Clean hydrogen¹ global demand projections

Million tonnes per annum



- The clean hydrogen market could grow to up to 50% of today's oil demand by 2050

Shell's leading position in a fast-growing market

- Decades of expertise in hydrogen retailing with more than 50 Shell-operated sites globally and working to enable the mass-market roll-out of hydrogen trucks
- A strong funnel of green hydrogen projects with more than 4 GW of capacity announced
- Experience of building integrated new value chains at scale starting from customer needs

Our hydrogen strategy

- Orchestrate integrated hydrogen hubs to serve industry and heavy-duty transport, anchored on Shell's own demand
- Utilise unique integration opportunities across Shell's portfolio:
 - Access to green electrons, natural gas and CCS
 - Established relationships with mobility and industrial customers
 - Repurposing of existing infrastructure like retail sites and gas pipelines
- Aim to replicate the scale, flexibility and success of our LNG market position and capture a double-digit share of global clean hydrogen sales



Hydrogen is stored in tanks at a Shell site in Germany



RENEWABLES AND ENERGY SOLUTIONS

CREATING A CLEAN HYDROGEN MARKET BY ORCHESTRATING INTEGRATED HYDROGEN HUBS

Timeline	Taking a phased approach	Proof points ¹
	<p>Step 0 – Building capability Building on our expertise of handling molecules, established a funnel of clean hydrogen projects and a leading hydrogen retail position</p>	<ul style="list-style-type: none"> ■ H2 Mobility JV (100 stations), Germany ■ First California H2 stations, USA ■ Liquid H2 shipping demo, Japan
2021	<p>Step 1 – Own use Focus on serving own assets as anchor demand in hubs. This enables us to build supply positions and gain experience and credibility</p>	<ul style="list-style-type: none"> ■ RefHyne electrolyser (10 MW with 100 MW expansion in design), Germany ■ Rotterdam electrolyser (200 MW), NL
	<p>Step 2 – Serving the hubs Expand to serve third-party customers in local hubs. This creates markets and solutions and expands our supply position and hydrogen supply corridors. Through early fuel cell electric vehicle adopters, we prove viability, use case, technology and excellent customer experience for road transportation market</p>	<ul style="list-style-type: none"> ■ China electrolyser (20 MW) ■ Hamburg electrolyser (100 MW), Germany ■ California stations (50 stations) ■ H2Accelerate - Phase 1, Europe ■ H-Vision, NL
	<p>Step 3 – Starting the clusters Ready to serve inter-regional and international industrial demand through an expanding hydrogen backbone network, including accelerated roll-out of vehicles and refuelling infrastructure</p>	<ul style="list-style-type: none"> ■ NortH2 (4-10 GW), NL ■ H2Accelerate - Phase 2, Europe
2035	<p>Step 4 – Fully developed, traded hydrogen market Facilitated by a wide-spread hydrogen pipeline network, including import. Mass adoption of hydrogen fuel cell electric vehicles for commercial road transport and developing shipping and aviation markets</p>	<ul style="list-style-type: none"> ■ Rotterdam import ■ Supplying aviation and marine transport sectors



A Shell hydrogen station in California, USA

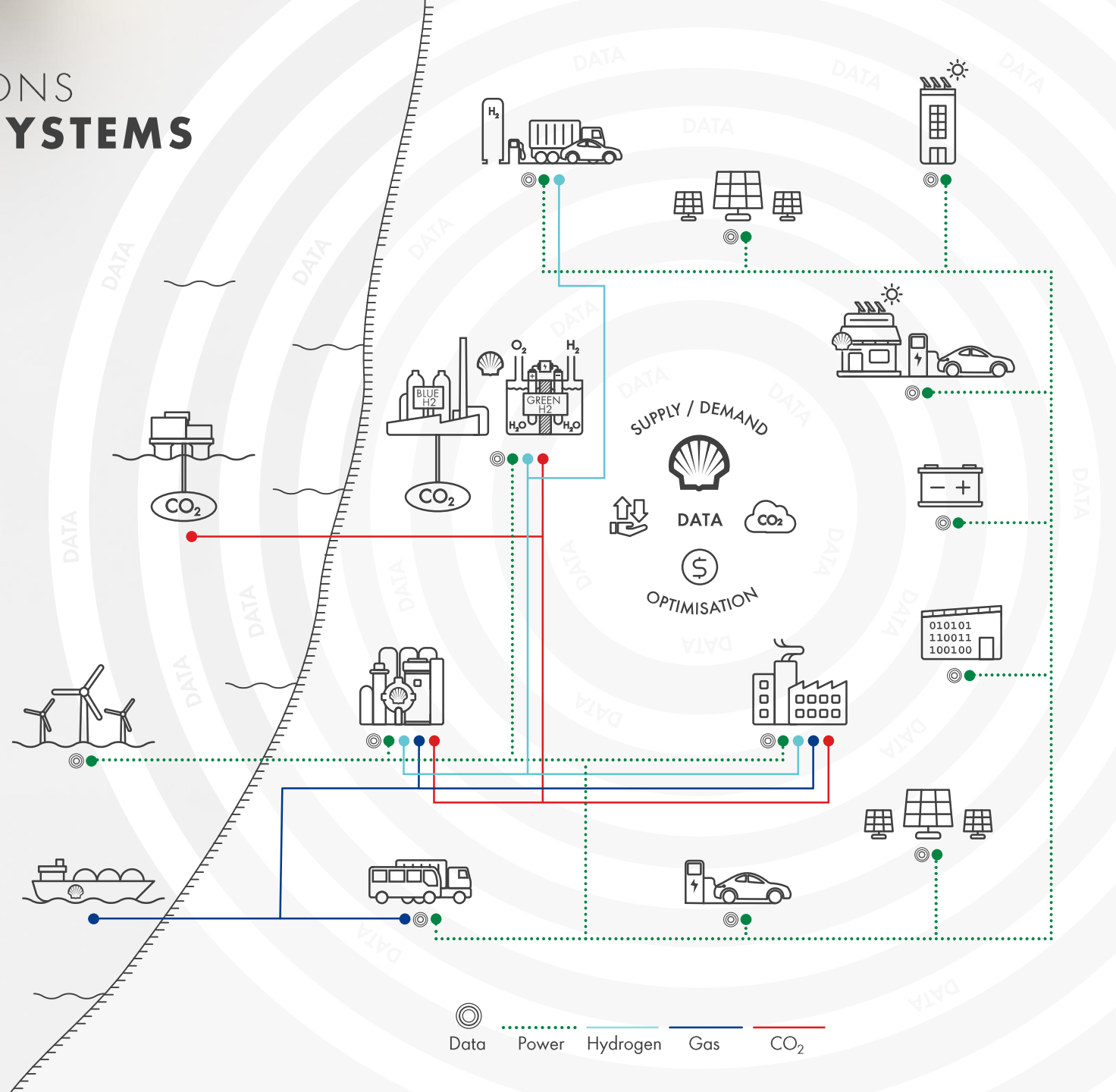


A 10 MW RefHyne electrolyser construction to be completed in mid-2021, Germany



RENEWABLES AND ENERGY SOLUTIONS INTEGRATED CLEAN ENERGY SYSTEMS DRIVING HIGHER RETURNS

- The energy system increasingly needs **system-wide optimisation** and the **integration of flexible assets** including the optimisation of customers' own assets
- Shell's capabilities to **match supply and demand** for all our customer **use cases and energy types** in an **integrated infrastructure** are essential in any future energy system
- Digital platforms provide **new means to meet customer demand** enabling Shell to tap into these **growing value pools**
- These digitally-enabled solutions **go beyond power** and will integrate into **all areas of customer activities** including EV charging, demand management, virtual power plants, LNG, CCS, hydrogen
- Our **competitive edge** to make these integrated systems carbon- and cost-efficient, as well as **trade, optimise** and convert flows of clean power, net-zero natural gas and clean hydrogen, will generate **higher returns for investors**



RENEWABLES AND ENERGY SOLUTIONS

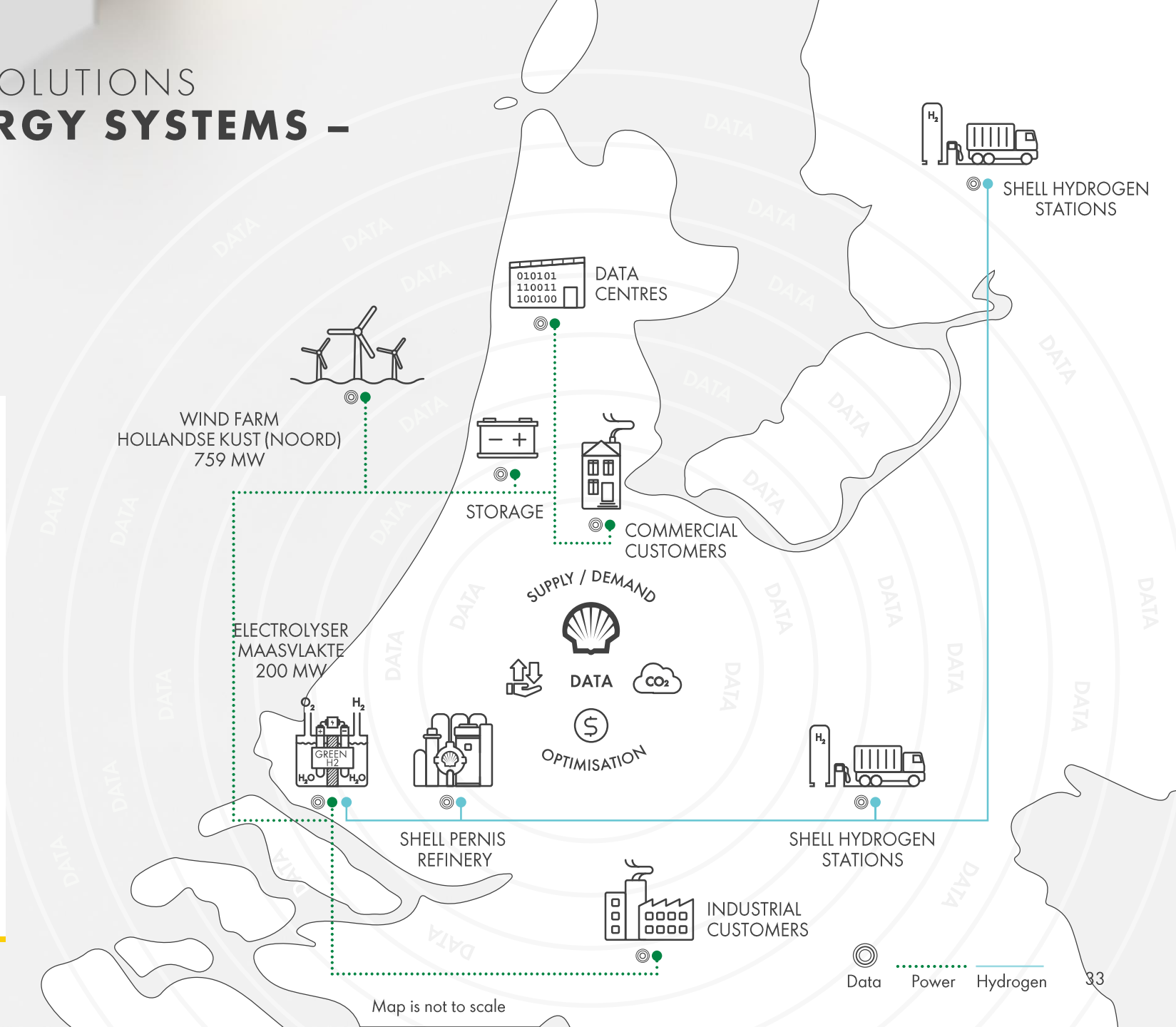
INTEGRATED CLEAN ENERGY SYSTEMS – ROTTERDAM EXAMPLE

- Customer-centric approach
- Digitally-enabled product platforms
- Customer-demand-backed asset development

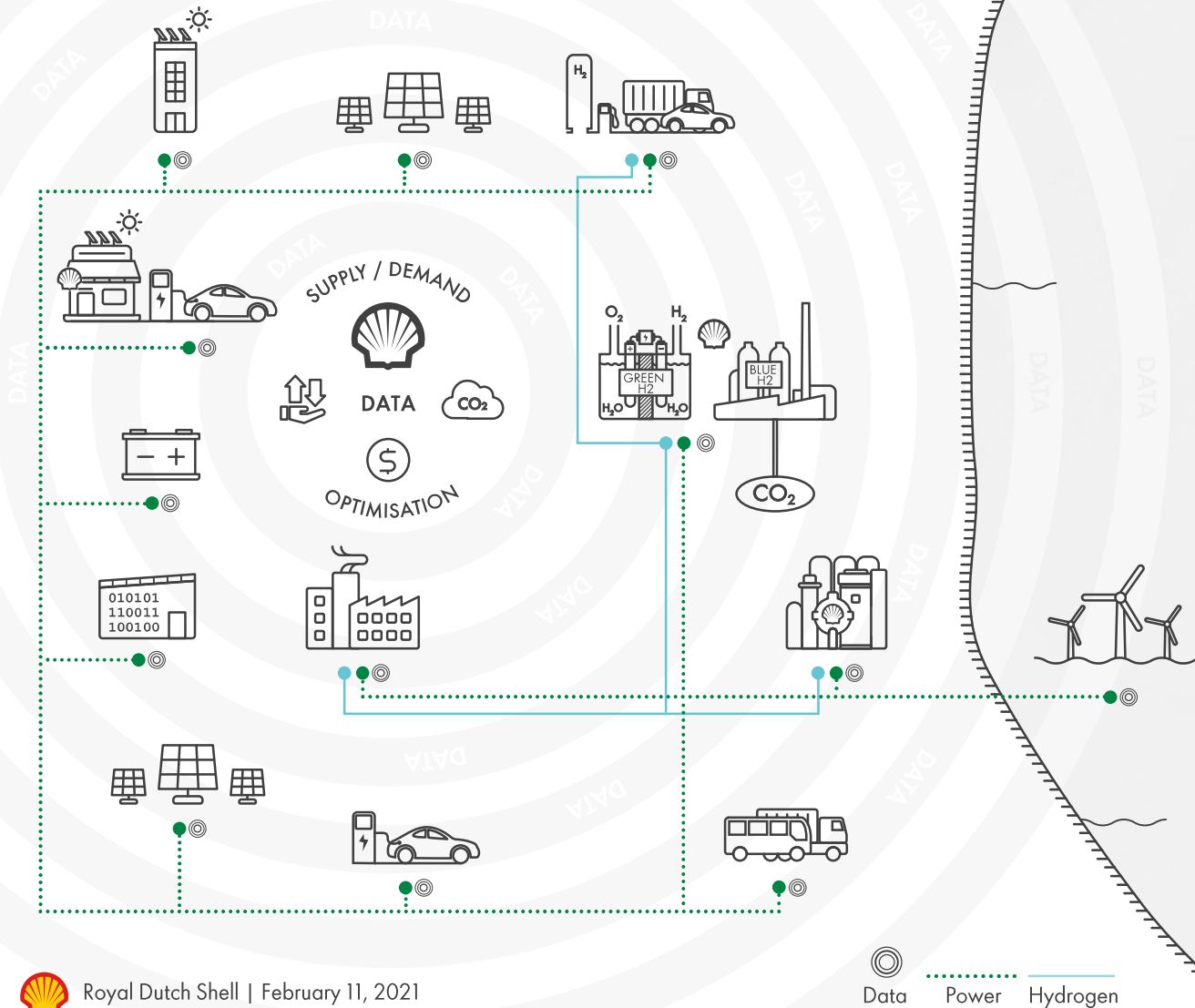
Example:

Rotterdam Clean Energy Hub

- Our offtake agreement from the Hollandse Kust (Noord) wind farm (759 MW capacity) enables Shell to:
 - Supply power via a 250 MW PPA to an anchor customer in support of its decarbonisation objectives
 - Trade power on the open market to serve additional customers and/or Shell own use
 - Power a 200 MW electrolyser
- Hydrogen plays a balancing role as an energy storage solution to increase system resilience
- By anchoring demand on the Shell Pernis refinery, we support the development of the green hydrogen infrastructure for the trucking sector
- Porthos CCS adds optionality to the system by enabling blue hydrogen



RENEWABLES AND ENERGY SOLUTIONS INTEGRATED CLEAN ENERGY SYSTEMS – ENABLED BY DIGITAL CAPABILITIES



- Since 2015, the number of internet-connected devices has quadrupled
- In parallel, the growth of cloud-based technology has enabled more flexible processing and accelerated software development
- The information we can obtain around generation, storage and consumption of power has never been greater, and the associated value continues to grow
- Just as the cloud enabled software-as-a-service, the development of these technologies is creating the opportunity to offer Power-as-a-Service to customers
- Digital technology and deeper data insight provide the ability to personalise the offerings to businesses and consumers. Internet-supported devices enable remotely controlled hardware and automated live optimisation
- AI provides the opportunity to optimise the manner in which the personalised offering is delivered – maximising the use of renewables and improving margins
- Shell's own digital investment, partnerships and acquisitions of digital companies like Limejump, sonnen and NewMotion will make us a leader in this emerging market



RENEWABLES AND ENERGY SOLUTIONS

OUR POWER-AS-A-SERVICE STRATEGY TARGETING GREATER THAN 10% UNLEVERED IRR

SHELL'S BASE BUSINESS MODELS
Strong fundamentals



SHELL'S DIGITAL INTEGRATION APPROACH
Creating higher margins



A COMPETITIVE, HIGHER-RETURN BUSINESS

Business-, digital- and energy system integration

A strong brand value position in the sector

RENEWABLE GENERATION & INFRASTRUCTURE ASSETS

Infrastructure returns

- Customer-demand-backed investments in infrastructure control points
- Market-competitive project delivery
- Greater investment velocity enabled by third-party capital

Non-commodity product mix drives margins

Simpler, cheaper integrated solutions for customers

DIGITAL PLATFORM ECONOMICS

Strong unit economics

- Core Power-as-a-Service and demand-supply optimisation business model
- Integrated customer-led product development with a mix of power and non-commodity sales
- Capturing margin uplift potential through economies of scale

Acquisitions and partnerships to accelerate growth and product development

Real-time cross-commodity optimisation

BALANCED PORTFOLIO

Greater than 10% unlevered IRR

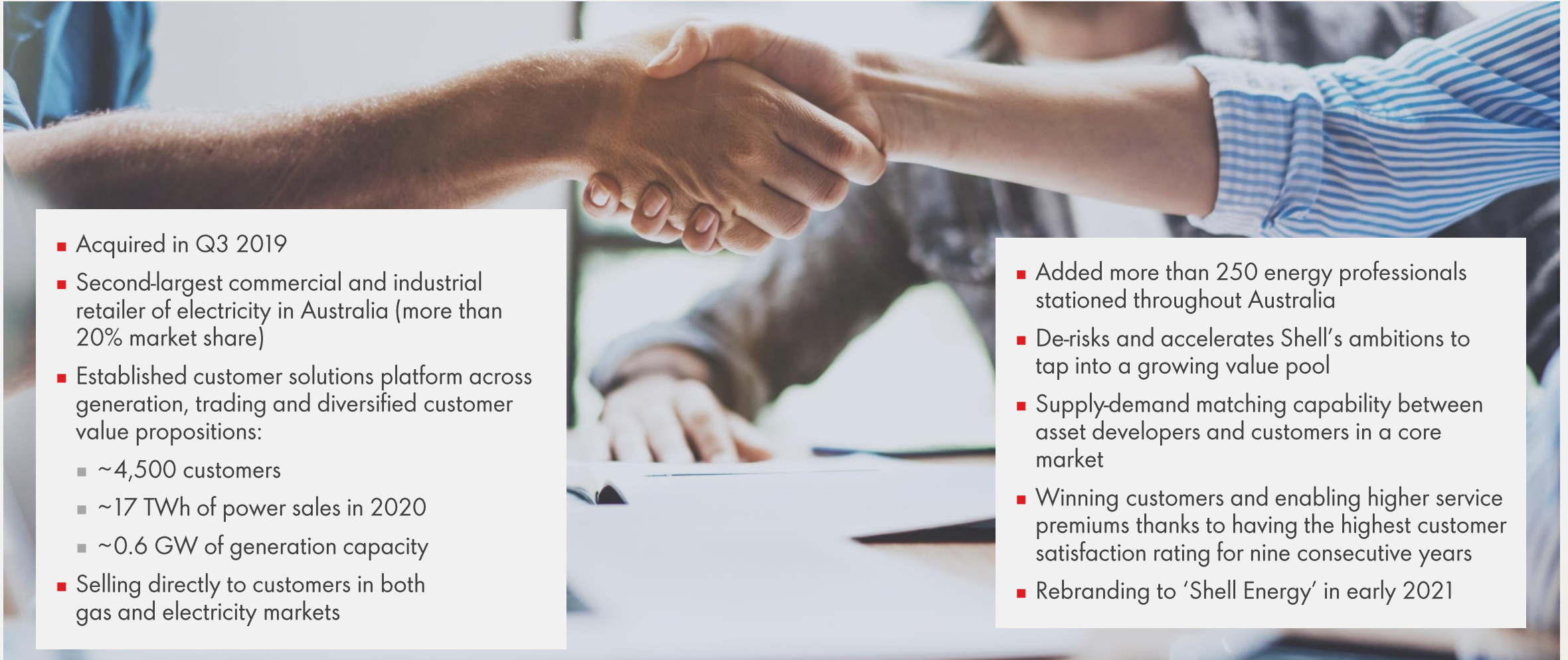
- Scalable and growth-focused integrated model
- Resilient portfolio with diversified exposure to rapid energy transition growth
- Through-cycle capital optimisation and faster rotation
- Shell manages offtake, leveraging our existing ability to de-risk markets and generate higher returns for our shareholders



RENEWABLES AND ENERGY SOLUTIONS

CREATING VALUE THROUGH CUSTOMER SOLUTIONS

ERM POWER – AUSTRALIA



- Acquired in Q3 2019
- Second-largest commercial and industrial retailer of electricity in Australia (more than 20% market share)
- Established customer solutions platform across generation, trading and diversified customer value propositions:
 - ~4,500 customers
 - ~17 TWh of power sales in 2020
 - ~0.6 GW of generation capacity
- Selling directly to customers in both gas and electricity markets

- Added more than 250 energy professionals stationed throughout Australia
- De-risks and accelerates Shell's ambitions to tap into a growing value pool
- Supply-demand matching capability between asset developers and customers in a core market
- Winning customers and enabling higher service premiums thanks to having the highest customer satisfaction rating for nine consecutive years
- Rebranding to 'Shell Energy' in early 2021



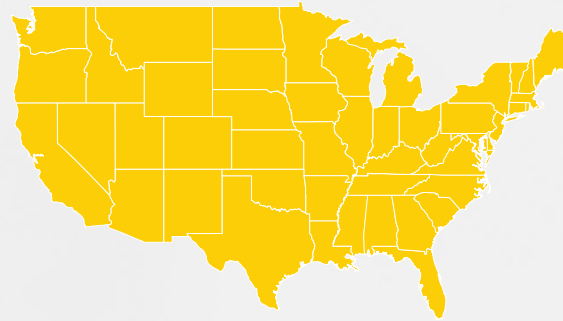
RENEWABLES AND ENERGY SOLUTIONS INTEGRATED POWER STRATEGY – OPERATING MODEL FOCUSED ON REGIONAL LEADERSHIP ^{1/2}

United States

- One of the top three power wholesale traders in North America

Energy solutions

- Growing portfolio of commercial and industrial customers and PPAs with customers including Wells Fargo, Rice University and Danone
- Helping global customers including Microsoft and Amazon with their renewable energy goals



Trading and optimisation

- The third-largest power wholesale trader in North America

Renewable assets

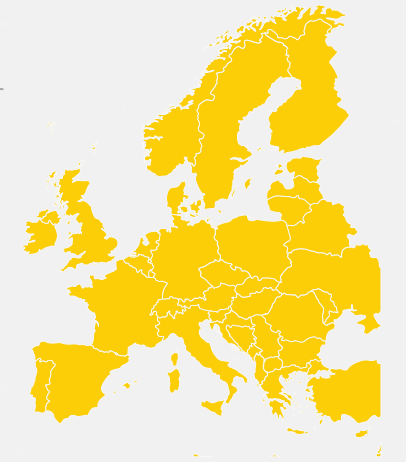
- US-focused solar development platform (Silicon Ranch), operating capacity ~1.1 GW, Shell share 46.47%
- 1.6 GW wind farm (Mayflower) in development, Shell share 50%
- 2.5 GW wind farm (Atlantic Shores) in development, Shell share 50%

Europe

- In top three EV charging operators by volume

Energy solutions

- ~1 million customers of integrated home energy solutions (Shell Energy Retail)
- More than 60,000 operated EV charge points (primarily through NewMotion)
- Intelligent home battery energy storage (60,000 Sonnen battery customers worldwide)
- Sustained growth of the commercial and industrial portfolio with more than 900 customers across key markets



Trading and optimisation

- Growing power trading business across Europe
- A leading player in the UK distributed energy market (Limejump)

Renewable assets

- NL – 160 MW of renewable generation capacity in operation and 1.6 GW in development across solar and wind¹
- Germany – 10 MW hydrogen electrolyser (RefHyne) in development
- Ireland – 300 MW floating wind farm (Emerald) in early-stage development, Shell share 51%



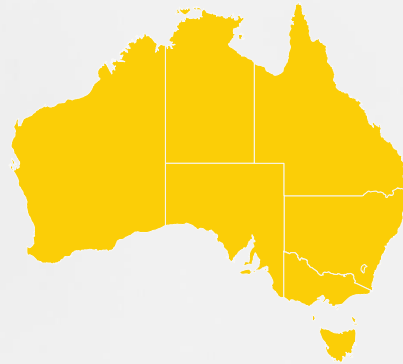
RENEWABLES AND ENERGY SOLUTIONS INTEGRATED POWER STRATEGY – OPERATING MODEL FOCUSED ON REGIONAL LEADERSHIP 2/2

Australia

- A fully integrated position built through a series of acquisitions and leveraging the Shell brand
- Significant synergies with our natural gas business

Energy solutions

- Achieved number one in customer satisfaction among business electricity retailers by offering tailored, convenient and cost-competitive energy solutions (ERM Power)
- Partnering with landowners to develop carbon farming projects that generate carbon credits, offered for sale through the Australian Government's Emissions Reduction Fund and other markets (Select Carbon)



Trading and optimisation

- Supplying 17 TWh load to commercial and industrial customers via ERM Power (#2 in Australia¹)

Renewable assets

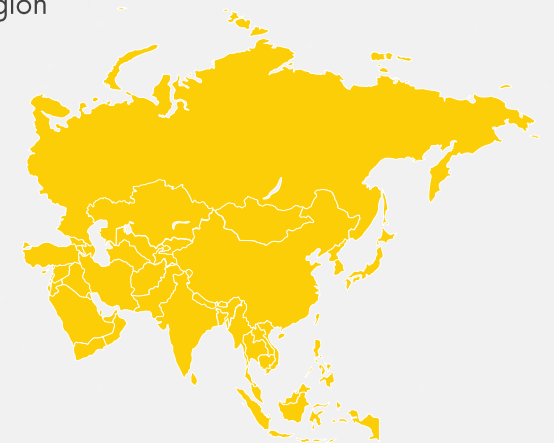
- One of Australia's largest solar developers that has delivered six projects totaling 680 MW to the market (ESCO Pacific)
- 120 MW solar farm (Gangarri) in development

Asia

- Providing reliable electricity to an increasing number of customers without it today
- Building power trading capabilities in the region

Energy solutions

- Financing, constructing, owning and operating high-quality photovoltaic rooftops for commercial and industrial customers (Cleantech Solar)
- Minority investments in companies providing access to energy (including Husk Power, Orb Energy and d.light)



Trading and optimisation

- Power trading capabilities with hubs in Japan, China and Philippines
- HySTRA demonstration project, which aims to ship hydrogen from Australia to Japan

Renewable assets

- India and South-east Asia - More than 250 MW combined capacity of solar power plants (Cleantech Solar)
- South Korea – Up to 800 MW floating wind farm (Munmu Baram Phase 1) in early-stage development, Shell share 80%
- China – 20 MW green hydrogen electrolyser in development



RENEWABLES AND ENERGY SOLUTIONS

A LEADING PROVIDER OF CARBON-NEUTRAL SOLUTIONS ENABLED BY NATURE-BASED PROJECTS

A portfolio of carbon credits to meet current and future customer demand

- One of the world's largest carbon credits marketers and traders with hubs in Brisbane, Calgary, London, San Diego, Shanghai, and Singapore
- In 2020, Shell retired more than 4 million credits as part of carbon solutions for customers
- An ambition to invest around \$100 million per year in nature-based projects that reduce or avoid CO₂ emissions, and offer other valuable ecosystem services

Solutions for customer decarbonisation journeys

- Carbon-neutral¹ driving is available to fleet customers in more than 12 countries and to private customers at more than 4,600 retail sites in Austria, Canada, Denmark, Germany, the Netherlands, Switzerland and the UK
- Seven carbon-neutral LNG cargoes delivered to customers in Asia
- Carbon-neutral lubricants available for wind turbines, engines and the shipping sector in three markets
- Carbon-neutral home energy chosen by 18,000 UK Shell Energy customers
- Carbon-neutral fuels offered to commercial and industrial customers in Denmark, Germany, the Netherlands, UAE, and the United Kingdom
- Carbon-neutral gas offered to customers in Germany, Italy, and Spain

Robust screening process

We maintain a rigorous internal screening process to ensure the projects we invest in and buy from are certified under credible and independent carbon crediting standards, which include third-party verification



Select Carbon, Australia

In 2020, Shell acquired Select Carbon, which runs more than 70 carbon farming projects that span an area of around 10 million hectares across Australia



- 🌳 Investments in nature
- Customer solutions



¹"Carbon-neutral" means that Shell has engaged in a transaction where an amount of carbon dioxide equivalent associated with the production, delivery and usage of the fuel has been removed from the atmosphere through a nature-based process or emissions saved through avoided deforestation.

RENEWABLES AND ENERGY SOLUTIONS

DEVELOPING CCS TO ACCELERATE DECARBONISATION



Announced CCS projects

- Operational or post-FID projects
- Pre-FID projects

- Multiple projects and opportunities in the funnel across different regions with the potential to decarbonise multiple value chains and customers
- Involved in the entire value chain including operating assets, capturing CO₂, building transport and storage infrastructure and developing commercial CCS applications
- Active research and development program advancing technology and supporting project deployment

Shell is working on CCS opportunities that enable:



Net-zero emissions from own operations



Low-carbon gas



Low-carbon hydrogen



Bio-energy with CCS



Decarbonising sectors



Direct air capture

Shell's CCS strategy

- Develop commercial CCS hubs that enable decarbonisation of multiple customers and support Shell's role in the energy transition
- Ambition to store over 25 million tonnes CO₂ per annum by 2035
- Work with governments to help shape their net-zero emission pathways and advocate for CCS through active membership in industrial organisations



TRANSITION PILLAR

DELIVERING THROUGH THREE PILLARS



SHELL
**STRATEGY
DAY**
2021

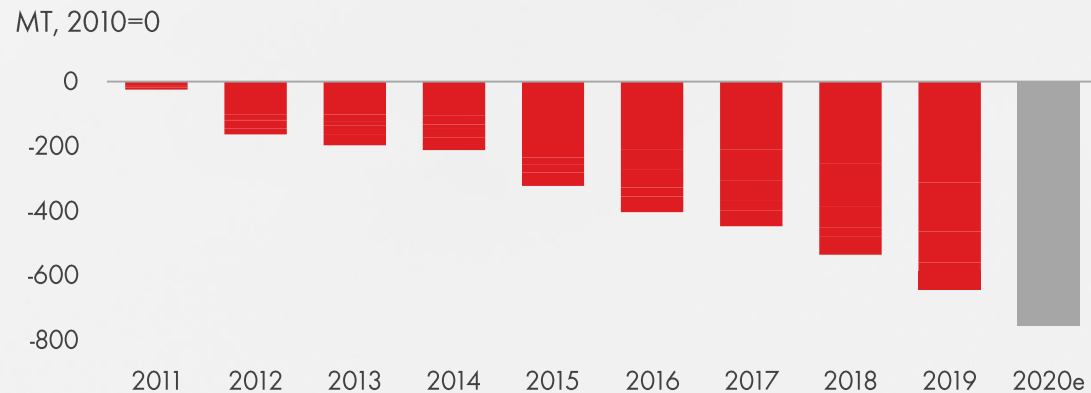


INTEGRATED GAS LNG DEMAND TO GROW AS GAS PROVIDES MORE AND CLEANER ENERGY

Reduce CO₂ and improve air quality

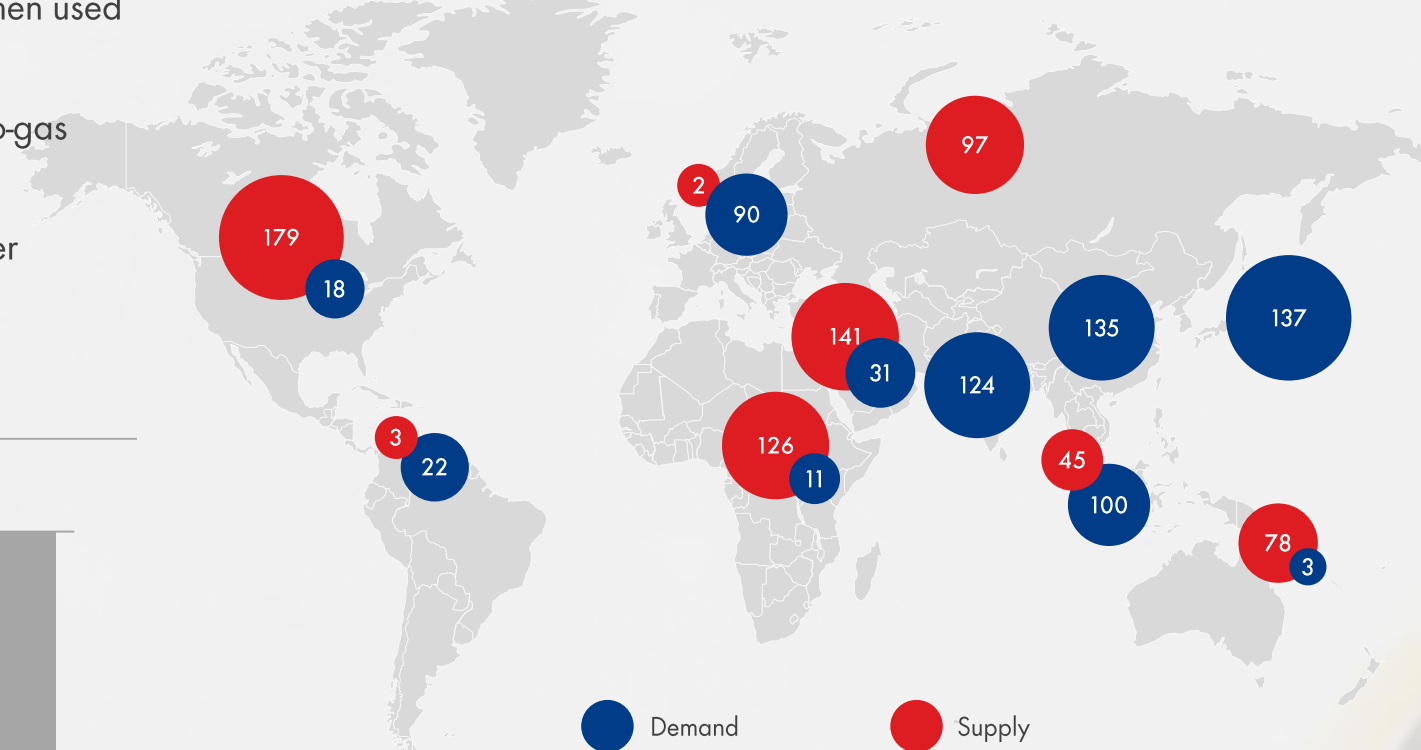
- Natural gas emits between 45% and 55% less GHG than coal when used to generate electricity and less than one-tenth of the air pollutants
- More than 750 million tonnes of CO₂ savings as a result of coal-to-gas switching over the last decade
- In 2020, for the first time on record, the number of coal-fired power stations decreased

CO₂ savings from coal-to-gas switching



LNG needed to connect natural gas supply and demand growth

Estimated LNG trade volume in 2040, million tonnes



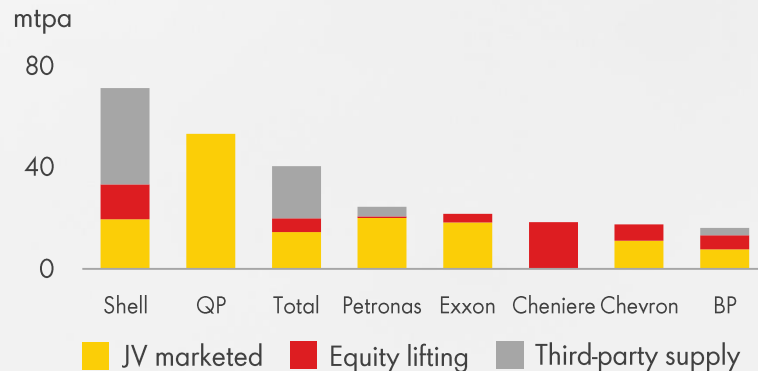
INTEGRATED GAS

WORLD LEADER IN LNG: RESILIENT CASH GENERATION INTO THE FUTURE

Lead the market

- Leverage world-class innovation, flexibility and LNG trading capabilities
- Grow market footprint by creating new markets and embracing new customers
- Build material LNG for transport business by 2030 with >20% share in LNG bunkering sales

LNG portfolios in 2020

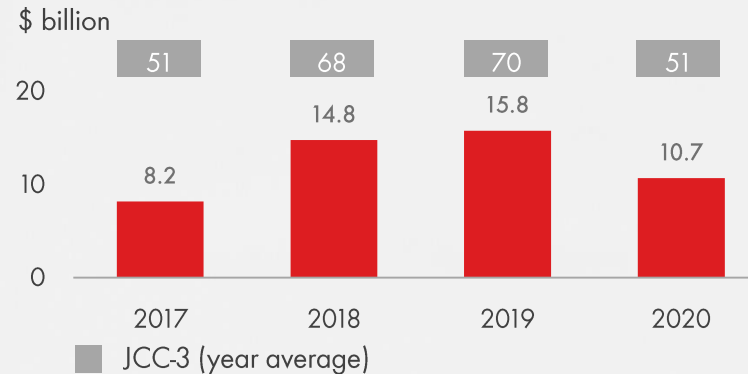


Serve customers in the fastest growing energy markets >

Run the business

- Unmatched portfolio optionality and resilience; proven in market downturn
- Pearl GTL with record production in 2020; aiming to grow value from GTL products
- Target ~20% opex reduction by 2022

Cash flow from operations

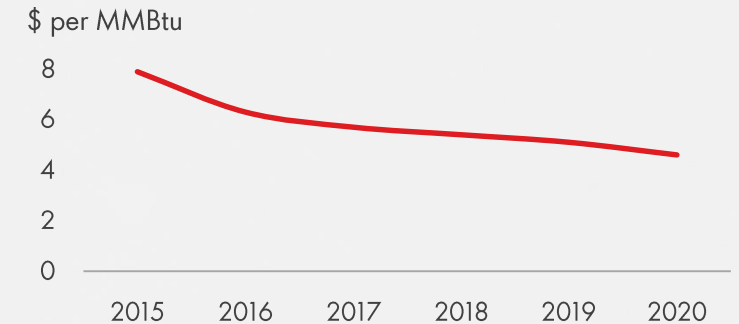


Deliver resilient results >

Grow the business

- Selective investment in competitive LNG assets, >7 mtpa of new capacity onstream by middle of the decade
- Competitive project funnel with expected average IRR of 14-18% and unit technical cost below \$5/MMBtu
- Greater value, volume and optionality with diversified sources of supply

Unit technical cost



Further extend our leading position >



INTEGRATED GAS PATHWAYS TO NET-ZERO FOR NATURAL GAS



Help customers offset emissions through carbon-neutral LNG

- Delivered the first 7 carbon-neutral LNG cargoes to customers in Asia
- Enough to power nearly 1 million homes for a year
- Gas sold to commercial and industrial customers and used to make hydrogen for refuelling stations



Decarbonise transport emissions through renewable natural gas

- Build bio-gas liquefaction plant in Germany by 2023, with capacity to supply thousands of trucks with bioLNG
- Plan to grow European LNG refuelling stations to 50 sites (up from 24) by end of 2021 for bioLNG distribution
- In 2020, signed two agreements in Los Angeles for the supply of R-CNG supported by two RNG investments in the US



Reduce Shell and industry emissions through CCS

- Invest in CCS in North West-Europe through a portfolio of projects in the UK, Norway and the Netherlands
- Northern Lights project under construction in Norway. Stores up to 1.5 million tonnes of CO₂ per annum
- Invest in CCS to unlock low-carbon blue hydrogen production for industrial decarbonisation



INTEGRATED GAS

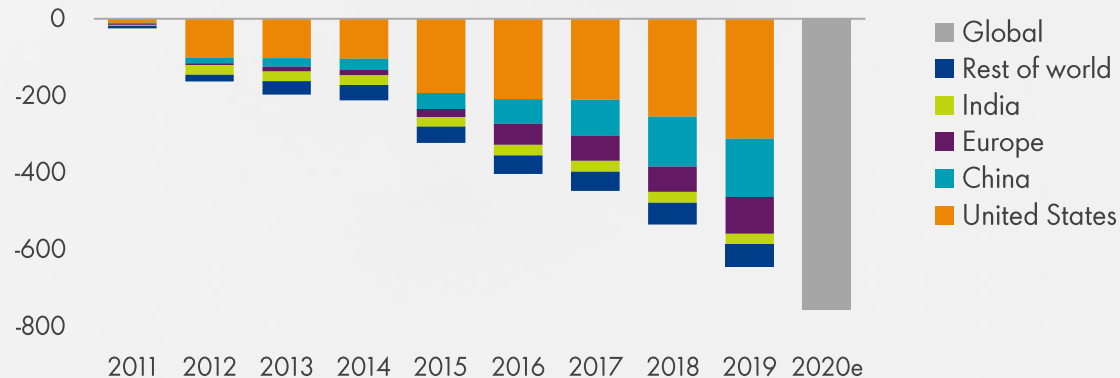
GAS CONTINUES TO PROVIDE MORE AND CLEANER ENERGY

Reduce CO₂ and improve air quality

- Natural gas emits between 45% and 55% less GHG than coal when used to generate electricity and less than one-tenth of the air pollutants
- More than 750 million tonnes of CO₂ savings as a result of coal-to-gas switching over the last decade
- In 2020, for the first time on record, the number of coal-fired power stations decreased

CO₂ savings from coal-to-gas switching

MT, 2010=0



Reduce methane emissions

- Lead a coalition of companies and civil society to continuously reduce methane emissions in the natural gas supply chain
- Co-developer and founding signatory of OGMP 2.0 – the new gold standard for methane emissions reporting
- Drive improvement in Shell:
 - Target to maintain methane emissions intensity below 0.20% by 2025
 - Implement programmes to detect, quantify and mitigate methane emissions, including use of drones with specialised cameras and laser detection technology



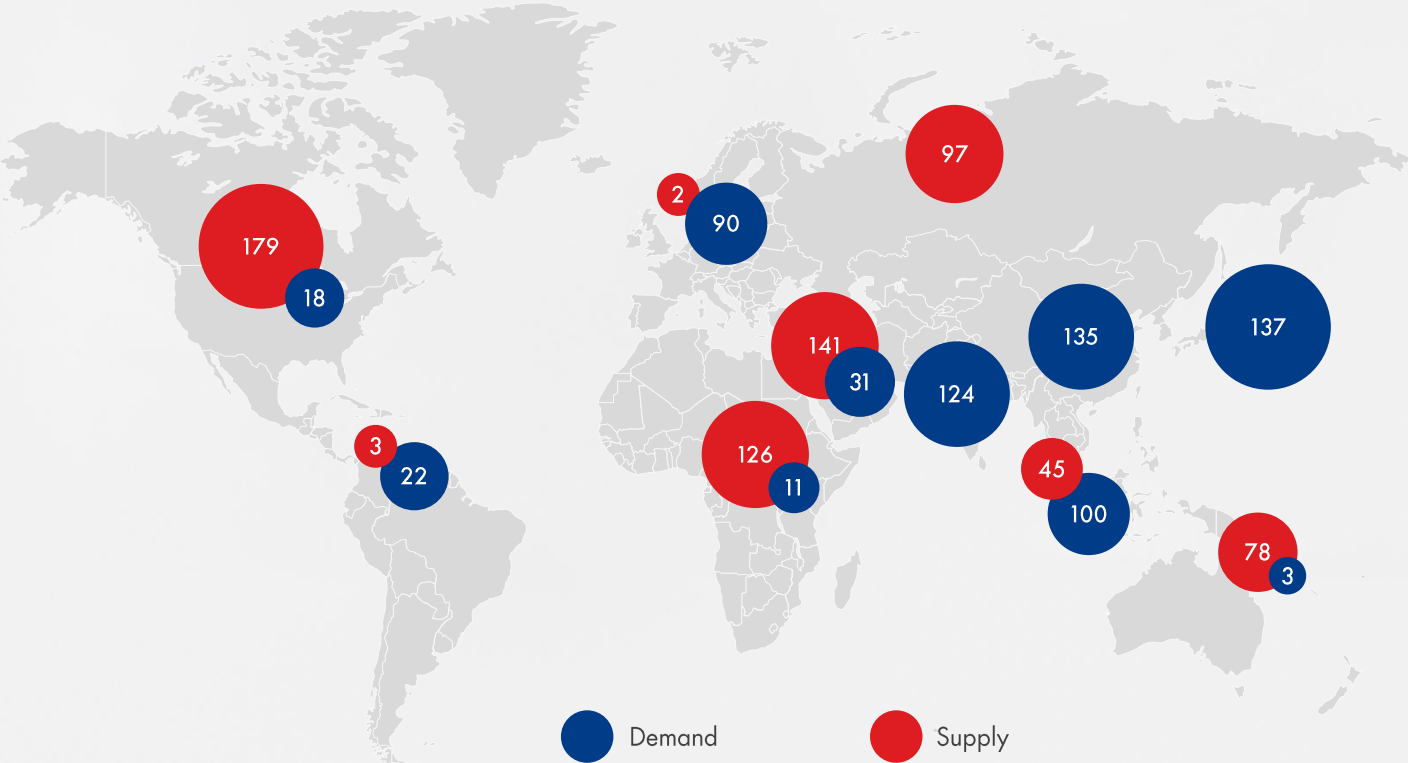
INTEGRATED GAS

GLOBAL LNG – MORE MARKETS, GROWING DEMAND

LNG DEMAND EXPECTED TO GROW, UP TO 4% PER YEAR UNTIL 2040

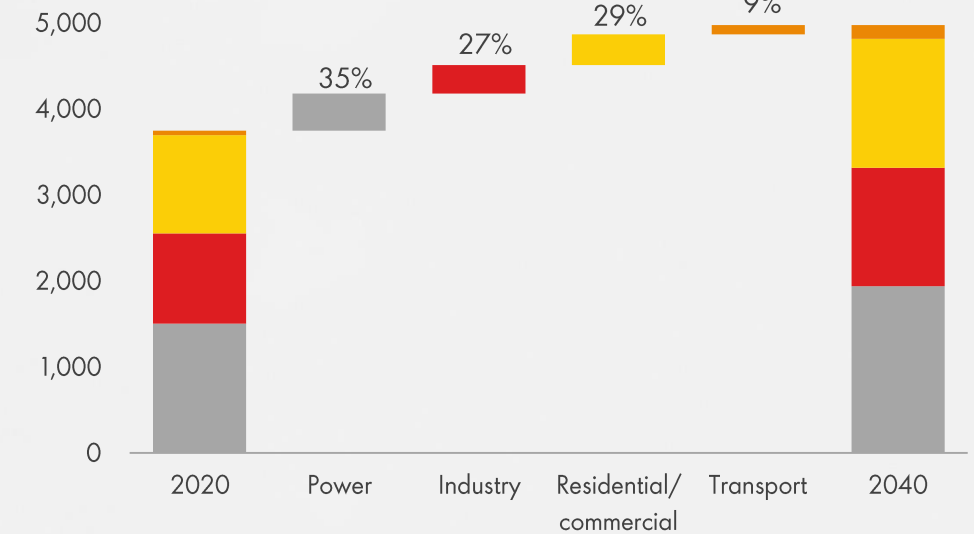
LNG needed to connect natural gas supply and demand growth

Estimated LNG trade volume in 2040, million tonnes



Gas demand expected to grow across sectors

Global gas demand growth by sector, BCM



LNG in transport showing significant potential

>10 MTPA

China LNG road transport demand in 2020

~8 MTPA

European LNG road transport demand by 2030

30-50 MTPA

Global LNG bunker demand by 2040



INTEGRATED GAS

EXTEND OUR LEAD IN A GROWING LNG MARKET



Leverage world-class trading portfolio

- Supplied 70 mtpa of LNG to customers in 2020. Leading supplier to China
- Diverse portfolio with varying contract duration, flexibility and indexation
- 37 countries supplied from global portfolio with a fleet of 60 LNG carriers



Create new markets

- Developing 3 mtpa of new LNG markets by 2025
- Providing initial supply for Croatia, Hong Kong and Ghana
- Ambition to create new markets in Philippines, Indonesia, Brazil, Pakistan, Bahamas and other countries



Deliver LNG for transport

- Supply >20% of growing global LNG bunkering demand
- Largest global LNG bunkering network with 6 operating vessels; >400 ship-to-ship LNG bunkering operations
- Expansion of own-use programme with >60 vessels and barges on order
- Building a retail network for LNG for road transport in Europe, China and India

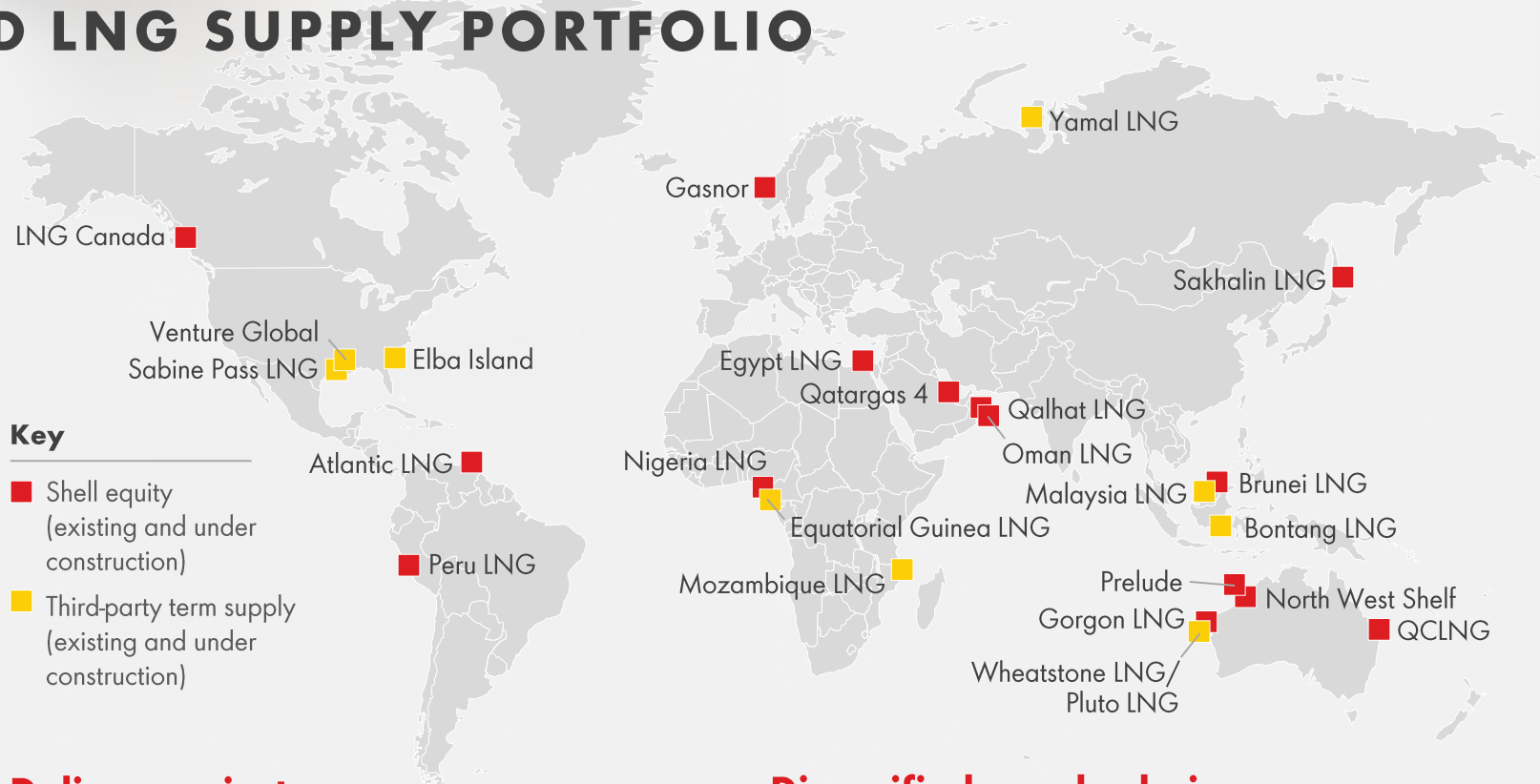
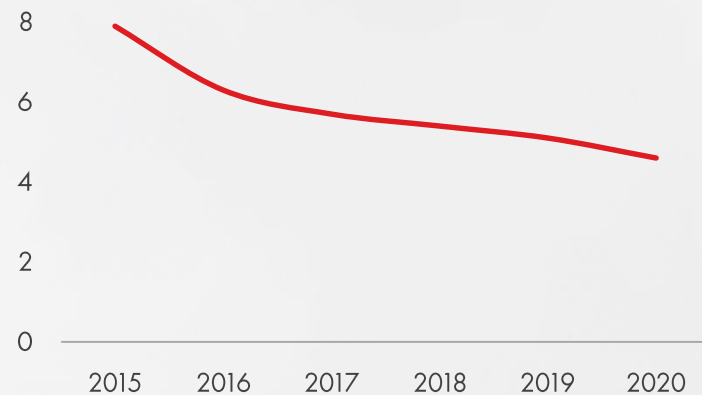


INTEGRATED GAS

GROW OUR UNMATCHED LNG SUPPLY PORTFOLIO

Unit technical cost

\$ per MMBtu



Competitive funnel of opportunities

- Selective investment in competitive LNG assets; including backfill and expansion options
- Unit technical cost reduced by around 40% to \$4.8/MMBtu since 2015
- Project funnel with expected average IRR of 14-18%
- Exploration focused on backfill opportunities

Deliver projects

- More than 7 mtpa of capacity to be added from LNG Canada and Nigeria LNG Train 7
- Both projects on track to deliver first cargo by the middle of the decade

Diversified supply chain

- Identify most competitive sources of supply to further strengthen and diversify portfolio
- Expand supply portfolio through additional offtake agreements, e.g. with Mozambique LNG, Venture Global



INTEGRATED GAS INTEGRATED ENERGY SOLUTIONS IN QUEENSLAND, AUSTRALIA

1

LNG export & domestic gas sales serve local and global customers ...

QGC

7.8 MT
sold globally

2.5 BCM
domestic sales

**arrow
energy**

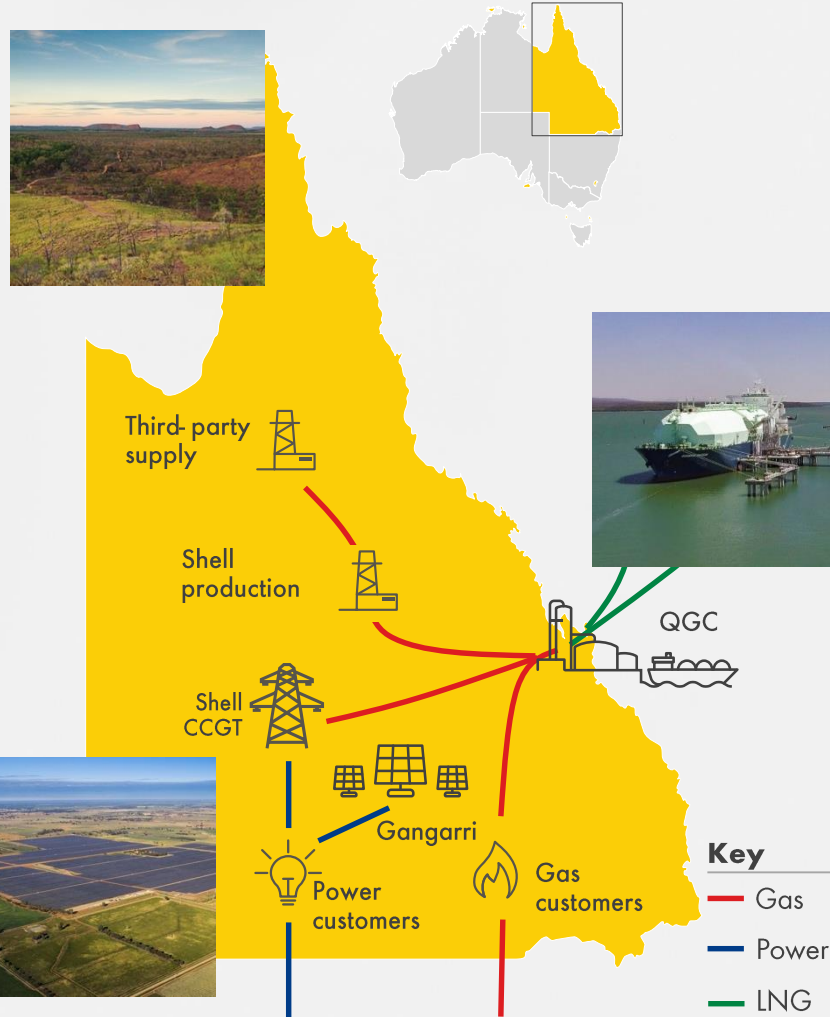
0.5 BCM
supplied to QGC

2

... with power retailing established and a solid customer base ...

**erm
POWER**

17 TWh
annual sales



3

... and renewable energy investments supply core customer demand ...

Gangarri

120 MW
solar farm being built

sonnen

Since 2016
providing energy storage

**ESCO
Pacific**

680 MW
solar projects
developed and sold

4

... and nature-based solutions help offset emissions

SelectCarbon

10 million ha
in 70 projects



INTEGRATED GAS

CREATING AN INTEGRATED GAS & POWER VALUE CHAIN IN INDIA

- Transforming a traditional LNG regas business into a fully owned and integrated Shell value chain
- Supporting India to increase the share of natural gas in its primary energy consumption from 6% towards its aspired target of 15% by 2030
- Contributing to approximately 25% of Gujarat's energy mix, natural gas provides air quality improvements for the state and reduces costs for companies

1 LNG import provides the backbone...



75 cargoes ~**20%**
record delivery in 2020 of India's LNG imports

- Access to national/regional gas grids enabling sales to customers across India

2 ...to serve customers downstream, including those not connected to the gas grid...



1 BCM direct sales to customers
5 BCM throughput capacity sold to third-party users

- Truck loading unit commissioned & deliveries commenced, unlocking off-grid gas sales



3 ...supporting customers' decarbonisation journey through solar deployment...



49% stake in Cleantech Solar
>500 MW solar systems portfolio

4 ...providing reliable electricity supply to communities...



100 community mini-grids through Husk
>5,000 micro-enterprise customers

- Other Energy Access investments such as d.light and Orb Energy

5 ...and making a positive contribution to society.

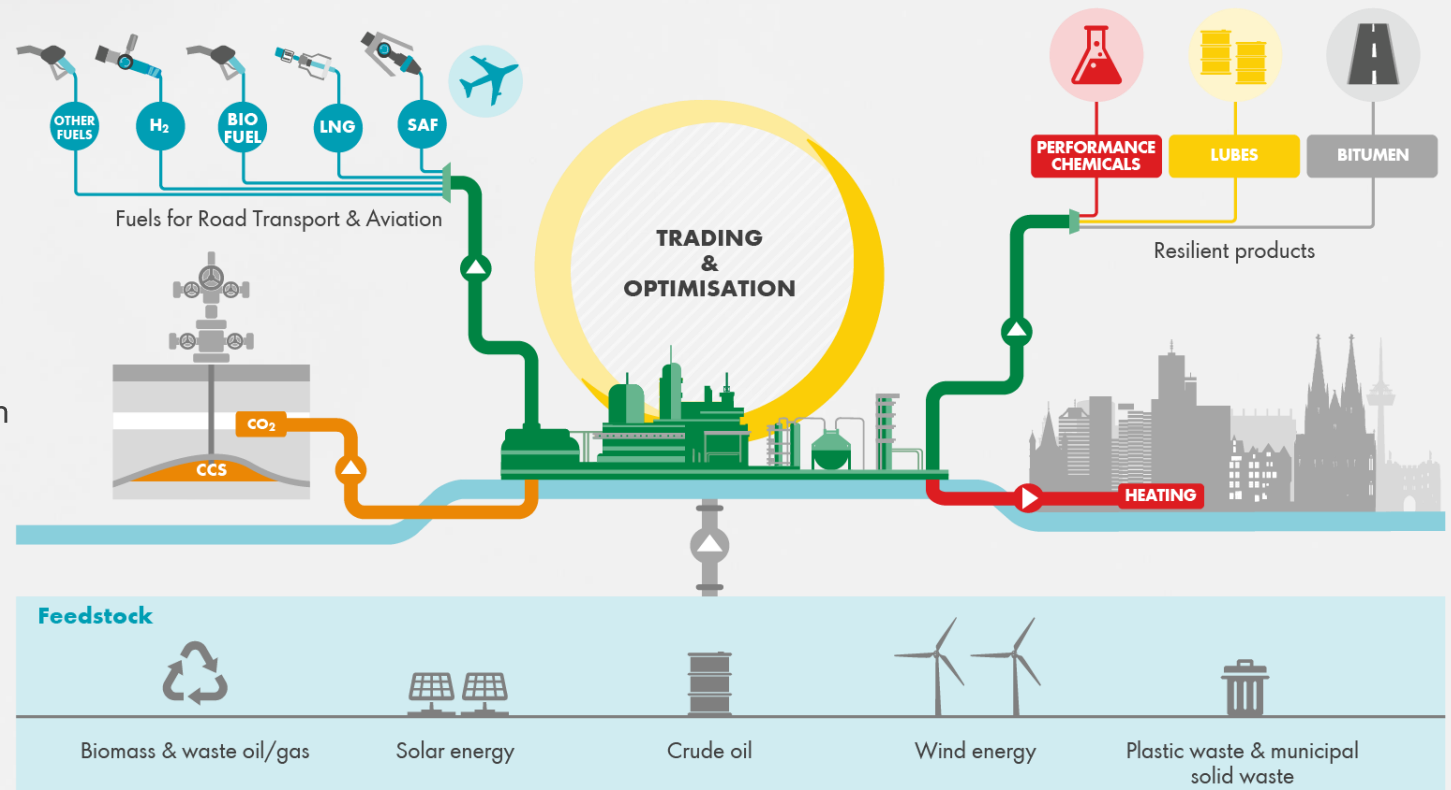


>1,200 ha mangrove plantations
>6 million saplings planted

CHEMICALS AND PRODUCTS DELIVERING LOW-CARBON SOLUTIONS THROUGH INTEGRATED ENERGY AND CHEMICALS PARKS

Transition to 6 core Energy and Chemicals Parks

- Delivering synergies through integrating Refining and Chemicals, bringing customers and assets together
- Expanding to low-carbon product offerings
- Utilising existing infrastructure and assets enables a faster and more efficient transition
- Progress made on transforming 6 core assets to low-carbon solutions driven by customer demand:
 - Divestment of Martinez and Fredericia
 - Conversion of Tabangao
 - Closure of Convent
 - Rightsizing capacity at Bukom
 - Porthos CCS at Pernis
- Selective growth in Chemicals



Transformation of 6 core Energy and Chemicals parks driven by pace of energy transition and customer demand. Aim to complete before end of this decade.

CHEMICALS AND PRODUCTS

GROWING LEADERSHIP IN PERFORMANCE CHEMICALS

Chemicals enable everyday life and **decarbonisation of society**



Energy savers

Save energy use and help reduce CO₂ emissions



Care

Protecting, caring for and healing us



Connecting us

Connect us all and help bring us together



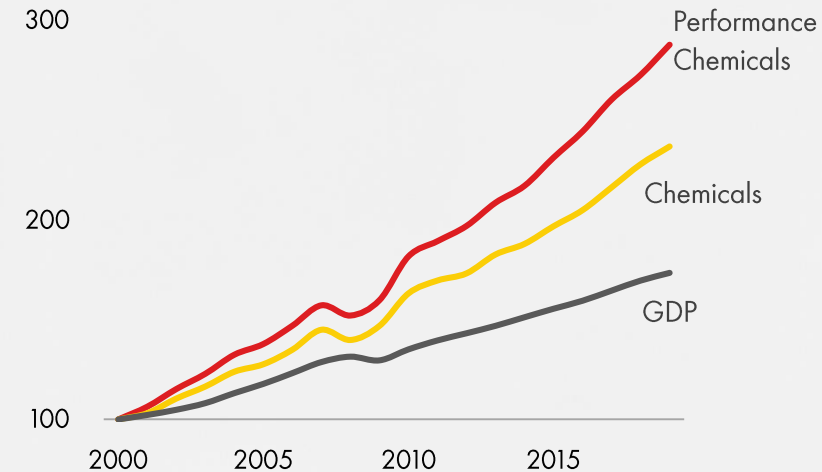
In the home

Help make a house a home

Growth linked to GDP+ with **higher returns**

Shell performance products

Volume (2000=100)



- Priced on their benefit to society/individuals
- Higher returns than commodity chemicals (increased resilience/lower volatility)
- Growing from the customers' demand

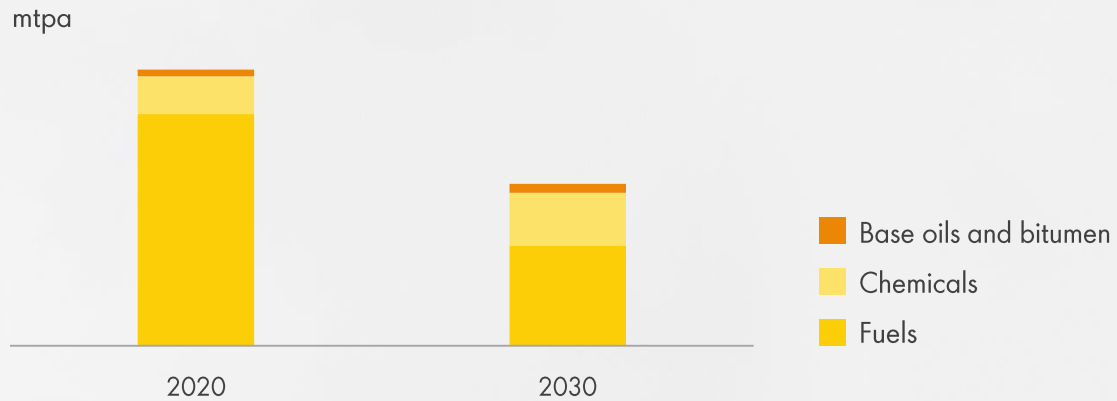
Focus on **sustainable chemicals**

- Selective value chains where we have competitive advantage
 - Proprietary technology
 - Market access
 - Advantaged feedstocks
 - Scale
- Purposeful investments that increase:
 - Performance chemicals – Pennsylvania Chemicals and Geismar
 - Presence in high-growth markets – Nanhai expansion
- Developing sustainable product offering through:
 - Circular products; target 1 mtpa plastic waste processed by 2025
 - Opportunity to use biomass feedstocks and electricity and hydrogen as power sources

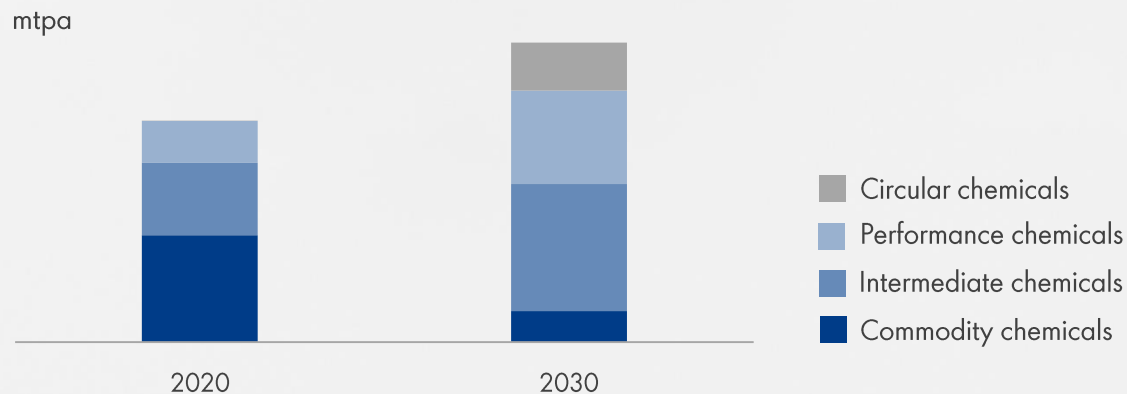


TRANSFORMING OUR ASSETS FOR THE CUSTOMER OF THE FUTURE

Reducing fuel production at Energy and Chemicals Parks



Increase performance chemicals at a higher margin



Reduce commodity exposure

- Transforming to reduce emissions (Scope 3) from our products
- Reducing traditional fuel production from ~100 to ~45 mtpa by 2030

Unlock integrated value with trading and optimisation

- Optimise the output from our assets in real time
- Unique competitive advantage in volatile commodity markets

Grow chemicals as an enabler

- Further reduce commodity exposure by ~70% by 2030, increasing margins through intermediate and performance chemicals investments
- Investment in integrated petrochemical complexes in emerging markets
- Healthy funnel of opportunities to increase annual CFFO by up to an additional \$1 to \$2 billion by 2030 compared with the medium-term cash generation



UPSTREAM PILLAR

DELIVERING THROUGH THREE PILLARS



SHELL
**STRATEGY
DAY**
2021

UPSTREAM

DELIVERING THE ENERGY OF TODAY WHILE FUNDING THE ENERGY OF TOMORROW

SUSTAINING CASH DELIVERY INTO THE 2030s



Focusing the portfolio

- Prioritising 9 core advantaged positions that generate more than 80% of Upstream CFFO
- Core positions to attract ~80% of Cash capex
- Maximising value from lean positions: develop into core, harvest for cash or divest
- Focusing exploration on core positions (>80% spend) with an emphasis on Deep Water (>70% spend)
- De-risking our current frontier positions by 2025. Thereafter, no new frontier exploration entries anticipated
- Total oil production peaked in 2019 and a gradual decline of about 1-2% per annum through 2030 is expected



DELIVERING THE ENERGY OF TODAY WHILE FUNDING THE ENERGY OF TOMORROW

SUSTAINING CASH DELIVERY INTO THE 2030s

Operating responsibly



- Actively reducing GHG emissions from our operations
 - On track to eliminate routine flaring by 2030. Achieved more than 60% reduction since 2016
 - Maintaining methane emissions intensity <0.2%
 - Reducing scope 1 and 2 total emissions. Achieved ~20%¹ reduction since 2016
- Actively reviewing our operational response and portfolio options for onshore oil in Nigeria
- Continuously raising the standards on safety, ethics, and transparency, and powering lives through local employment and tax contributions

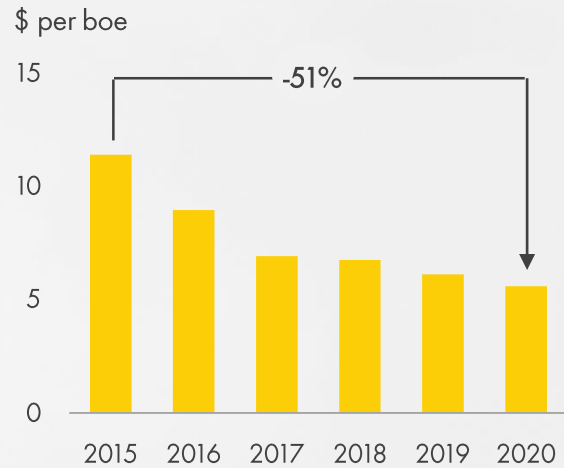
Delivering competitively



- Driving operational excellence: aiming for 20-30% opex reduction by 2025
- Leading developer and resilient pre-FID projects portfolio
 - Average project IRR 20-25%
 - Average break-even price around \$30/bbl
 - Average project payback time of 7 years
- Maximising value from our molecules through industry-leading integration with trading and Integrated Gas portfolio

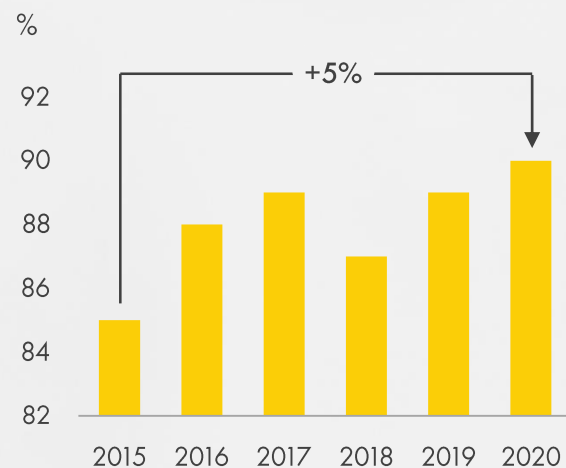
UPSTREAM PERFORMANCE IMPROVEMENT

Unit Development Cost



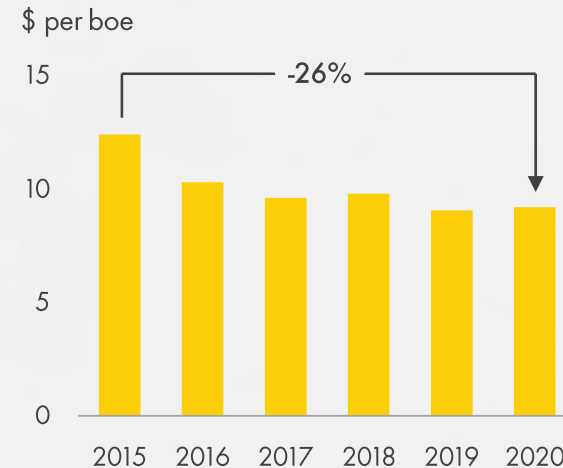
- UDC reduced by more than 50% since 2015
- Ambition to further reduce UDC by ~10% by 2025 through simplification, standardisation, and replication across the portfolio

Controllable Availability



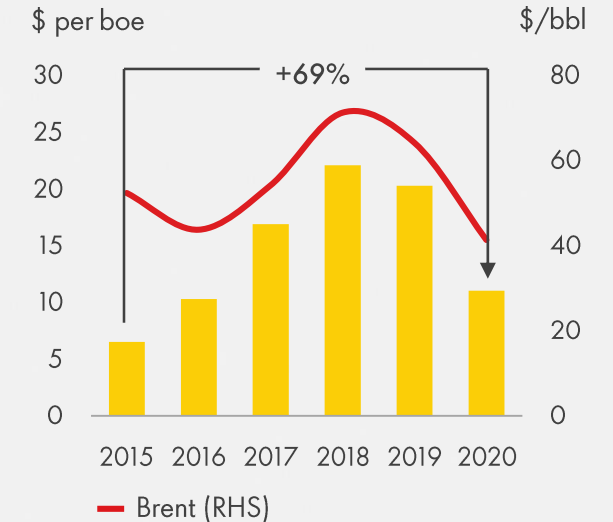
- Controllable Availability improved to around 90% in 2020
- Controllable Reliability in 2020 was 94%

Unit Operating Cost



- UOC reduced by more than 25% since 2015
- Ambition to further reduce UOC by ~20% by 2025 by driving cost and production improvements in the front line of our assets, enabled by digitalisation

Unit CFFO excluding WC

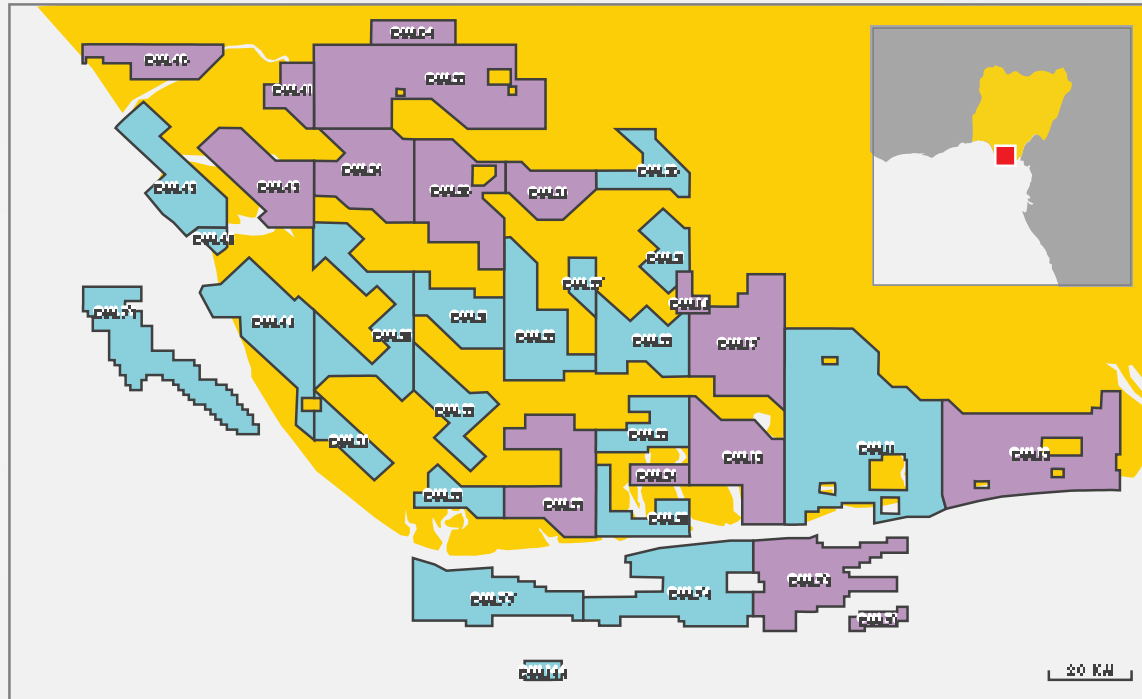


- CFFO per barrel increased by almost 70% since 2015, at an even lower oil price in 2020
- High-grading the portfolio, further focus on cost and operational excellence will underpin continued industry-leading CFFO per barrel



UPSTREAM

ACTIVELY REVIEWING OUR OPERATIONAL RESPONSE AND PORTFOLIO OPTION FOR ONSHORE OIL IN NIGERIA



■ Current SPDC positions ■ Previous SPDC positions

- Onshore footprint reduced by 50% since 2010
- A focused operational response by SPDC has resulted in notable improvements on spills in 2020
 - Total volume spilled is the lowest recorded since 2011
 - Total third-party incidents are down 24% from 2019
 - Over 350 wellhead cages have been fitted for asset protection, significantly reducing interference
 - Enhanced engagements with communities driving increased awareness of the negative impact of theft and sabotage
- Remediation has been hampered in 2020 by COVID. This work, including Bodo remediation, carries on where possible and remains a priority for a full return to normal activity as soon as possible
- Despite these interventions sabotage and theft continues – a total of 143 third-party incidents were recorded in 2020

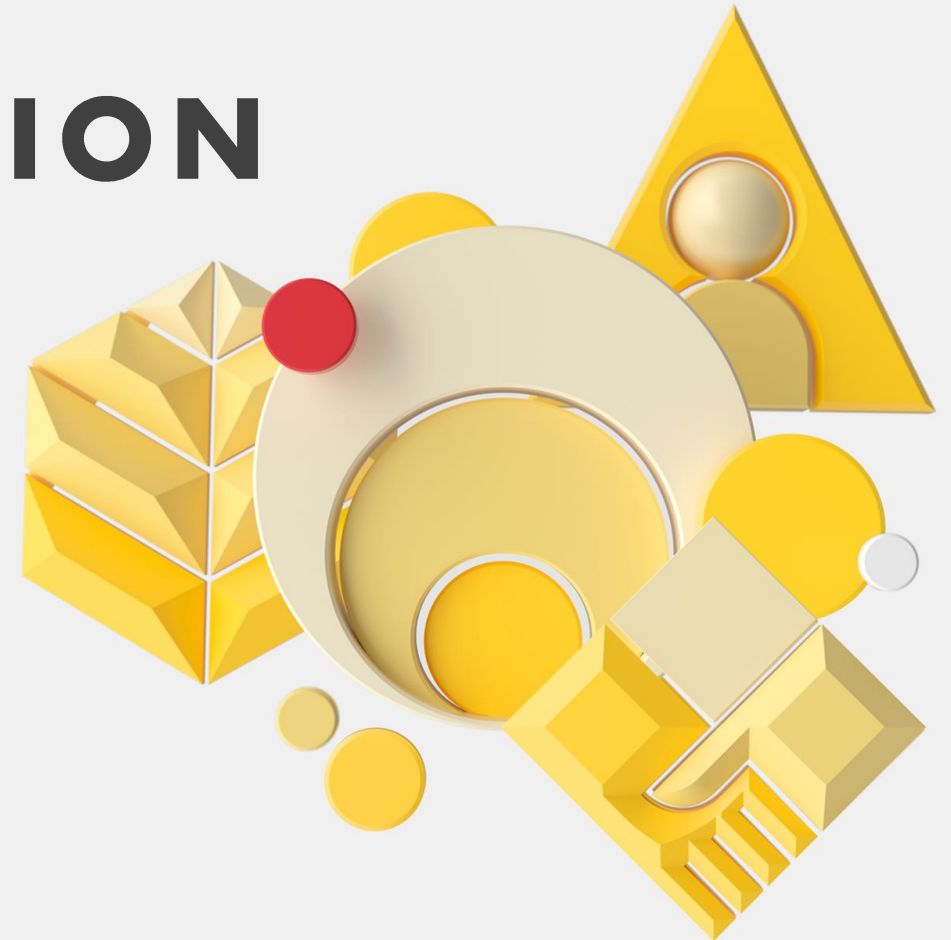


CAPITAL ALLOCATION

BREAK-OUT



SHELL
**STRATEGY
DAY**
2021



CAPITAL ALLOCATION

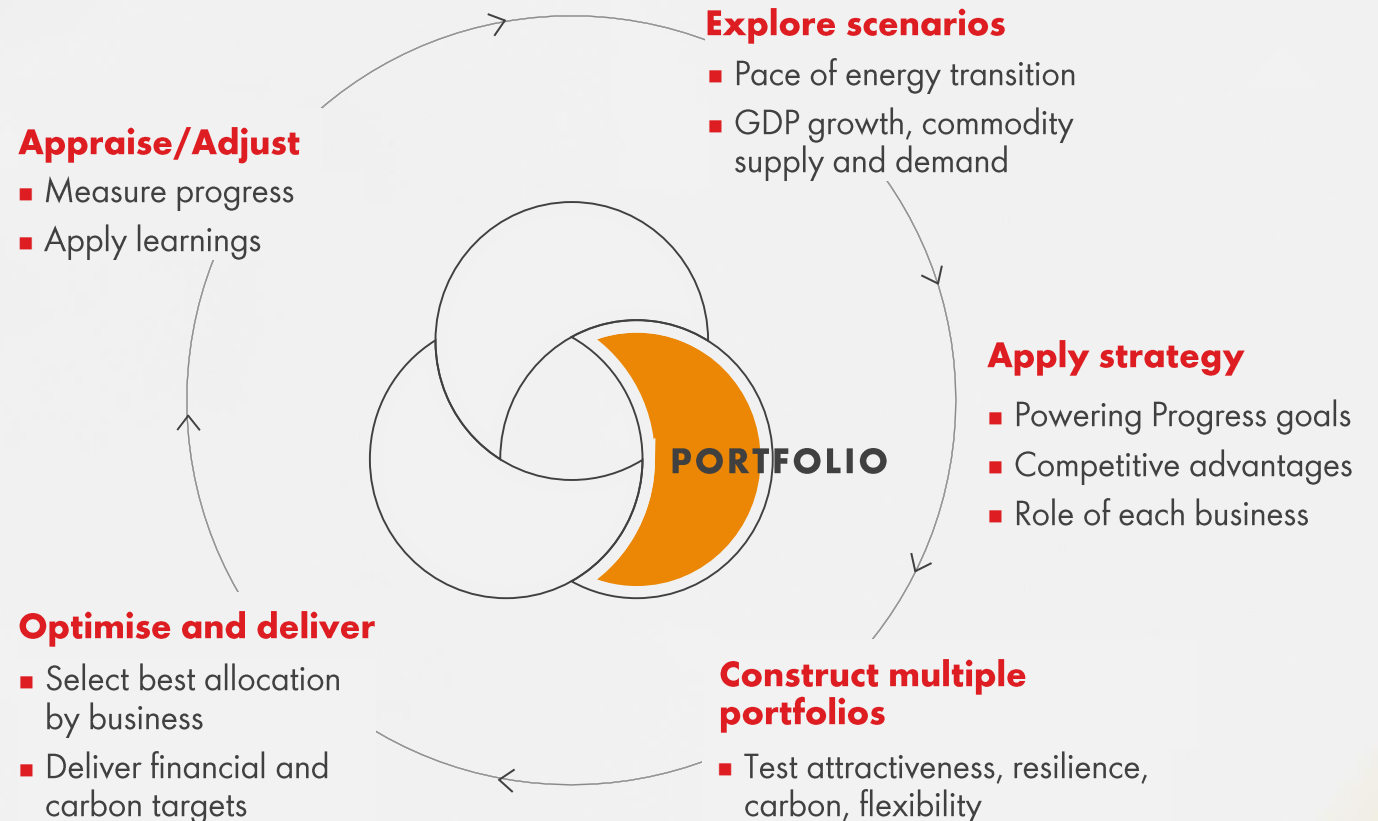
DYNAMIC CAPITAL ALLOCATION AT THE PORTFOLIO LEVEL

Portfolio level approach



Portfolio allocation objectives

- Strategy robust to multiple scenarios
- Achieve attractive risk-adjusted returns across all time horizons
- Flexible acceleration to Growth pillar



Through an iterative annual process



CAPITAL ALLOCATION

DISCIPLINED CAPITAL ALLOCATION AT THE PROJECT LEVEL

Project level approach



PORTFOLIO CAPITAL ALLOCATION

	Marketing	Renewables and Energy Solutions	Integrated Gas	Chemicals and Products	Upstream
IRR hurdle rates	15%	>10% <i>Integrated Power</i>	12%	12%	18%
Additional considerations	Net present value Opex yield Non-technical risks	Capital efficiency Payback period Near- and long-term cash flow profile	Optionality Unit cost	Carbon Break-even price Operational risk	

FINAL INVESTMENT DECISIONS

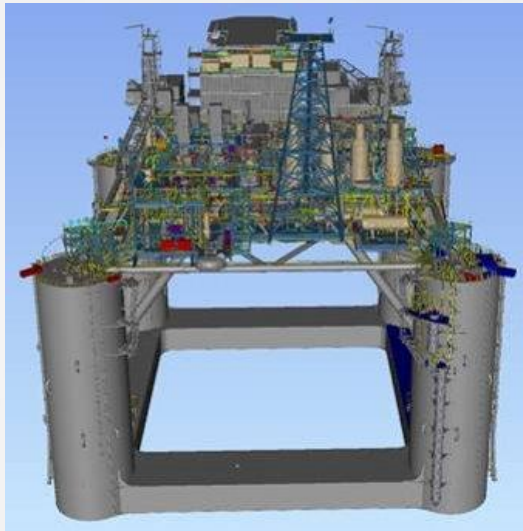
Supported by robust governance, independent assurance and post-investment reviews

CAPITAL ALLOCATION UPSTREAM FOCUSED ON CORE POSITIONS

Project level approach



WHALE DEVELOPMENT GULF OF MEXICO



- Operated by Shell (60%)
- Discovery in 2017, FID in 2021
- Production facility capacity of 100 kboe/d and 200 MMScf/d
- Water depth of ~8000 feet
- GHG intensity <math><0.065\text{ tCO}_2\text{eq/tHC}</math>

Returns
IRR

>25%

- Investment in core position where Shell has differentiated deep-water capabilities
- Attractive development with high returns and potential for further upside

Payback period
Year

~2027

- Fast payback period expected, within ~6 years of FID

Break-even
price
\$/boe

~35

- Hub class development close to existing infrastructure, enabling future tie-backs with lower break-even price
- Attractive UDC ~\$7/boe through competitive scoping, standardisation and replication



CAPITAL ALLOCATION HIGHLY PROFITABLE GLOBAL RETAIL PORTFOLIO

Project level approach

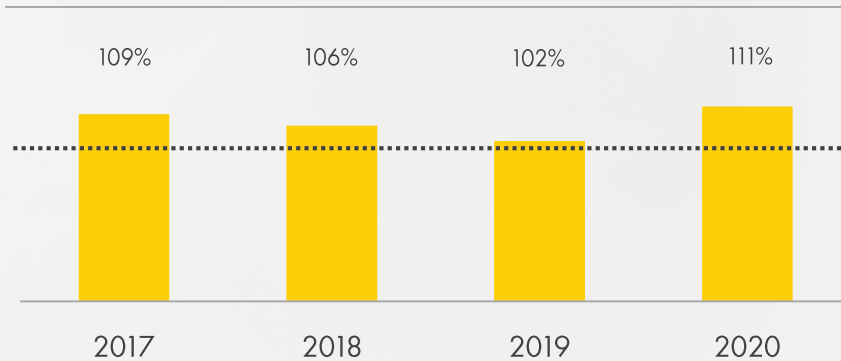


Strong financial performance through dynamic capital allocation and consistent project delivery



Global investment programme to execute strategic priorities

Actual cash returns¹ against original investment plan



China: 195 new sites opened in 2020



UK: 145 stores upgraded in 2020

- More than 2000 growth projects annually
- Dynamic capital allocation including in-year capital redeployment
- Rigorous execution, on-budget project delivery and active portfolio management

	New sites	New stores
	>1,000 opened in 2020	>1,000 upgraded in 2020
Returns IRR	>15%	>30%
Payback period Years	6-8	4-6



CAPITAL ALLOCATION OPTIMISING RETURNS IN INTEGRATED POWER

Project level approach



BORSSELE III & IV OFFSHORE WIND FARM



- Operated by Blauwwind Consortium, Shell share 20%
- Reached first power in 2020
- 732 MW capacity wind farm in the Netherlands

Returns

- >7% unlevered IRR
- Procurement optimisation increases resilience

Leverage

- Lower risk cash flows allow for increased leverage
- Overall >12% equity return at project level

Capital recycling

- Active portfolio management with sell-down of equity interest from 40% to 20%
- Capital released available for reinvestment in other Integrated Power projects

Integrated returns optimisation

- Shell retains 50% of the power output creating potential for additional value creation



POWERING PROGRESS

OUR STRATEGY



SHELL
**STRATEGY
DAY**
2021





THE SHELL INVESTMENT CASE

RESPECTING **NATURE**
Protecting the environment, reducing waste and making a positive contribution to biodiversity



UNDERPINNED BY
OUR **CORE VALUES**
AND OUR FOCUS
ON **SAFETY**

POWERING **PROGRESS**

Our strategy to accelerate the transition to net-zero emissions, purposefully and profitably



GENERATING **SHAREHOLDER VALUE**

Growing value through a dynamic portfolio and disciplined capital allocation



POWERING **LIVES**

Powering lives through our products and activities, and supporting an inclusive society



ACHIEVING **NET-ZERO EMISSIONS**

Working with our customers and sectors to accelerate the energy transition to net-zero emissions



PACE OF DIGITAL ADOPTION IS ACCELERATING AT AN ALMOST EXPONENTIAL RATE

DIGITALISATION AND AI TO DRIVE EFFICIENCY IN OUR EXISTING BUSINESSES

Strong foundation, capabilities and collaborations with industry leaders to accelerate the value from digitalisation:

1.3 trn

Rows of sensor data in data lake

~350

Staff in math & computer science discipline + 800 citizen data scientists

INDUSTRY COLLABORATION

- Shell and Microsoft entered strategic energy and technology alliance to support each other in achieving net-zero targets
- Shell, C3 AI, Baker Hughes and Microsoft Launch the Open AI Energy Initiative
- Shell and SAP collaborating on embedding carbon offsets in digital commerce platforms

Deployment of digital applications increased exponentially across all businesses, improving efficiency, improving safety and enabling new opportunities:

1.7mln

Registered users of AI powered loyalty program with 31 million rewards issued

64

AI powered applications being developed and deployed in 2020

5200

Pieces of equipment monitored by AI across our assets

10x

Increase in use of virtual rooms in 2020 powered by augmented reality

Value enabled through digitalisation

- Digital technologies are deployed throughout the integrated value-chain allowing us to better serve our customers with new and more convenient products/services and improving how we design our projects and run our operations
- Enabling \$2 billion of value in 2020, doubling from \$1 billion in 2019, through:
 - Lower costs
 - Improved production
 - Improved utilisation / reduced downtime
 - Increased margins
- Value from deployment of digital technologies will grow significantly year on year



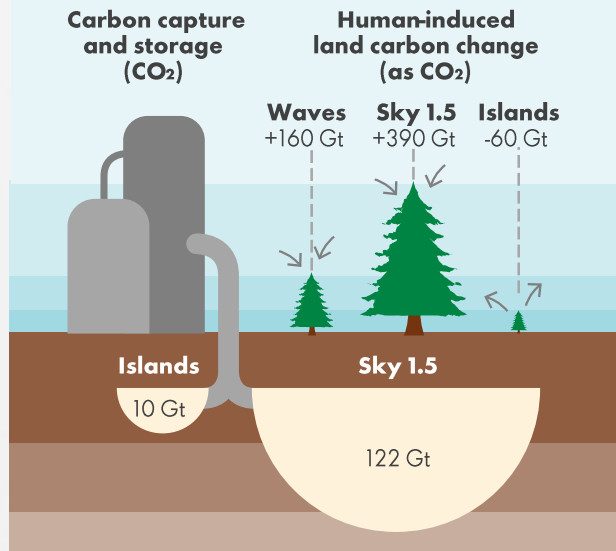
SHELL ENERGY TRANSFORMATION SCENARIOS

ALL THREE PATHWAYS DECARBONISE – THE ISSUE IS SPEED

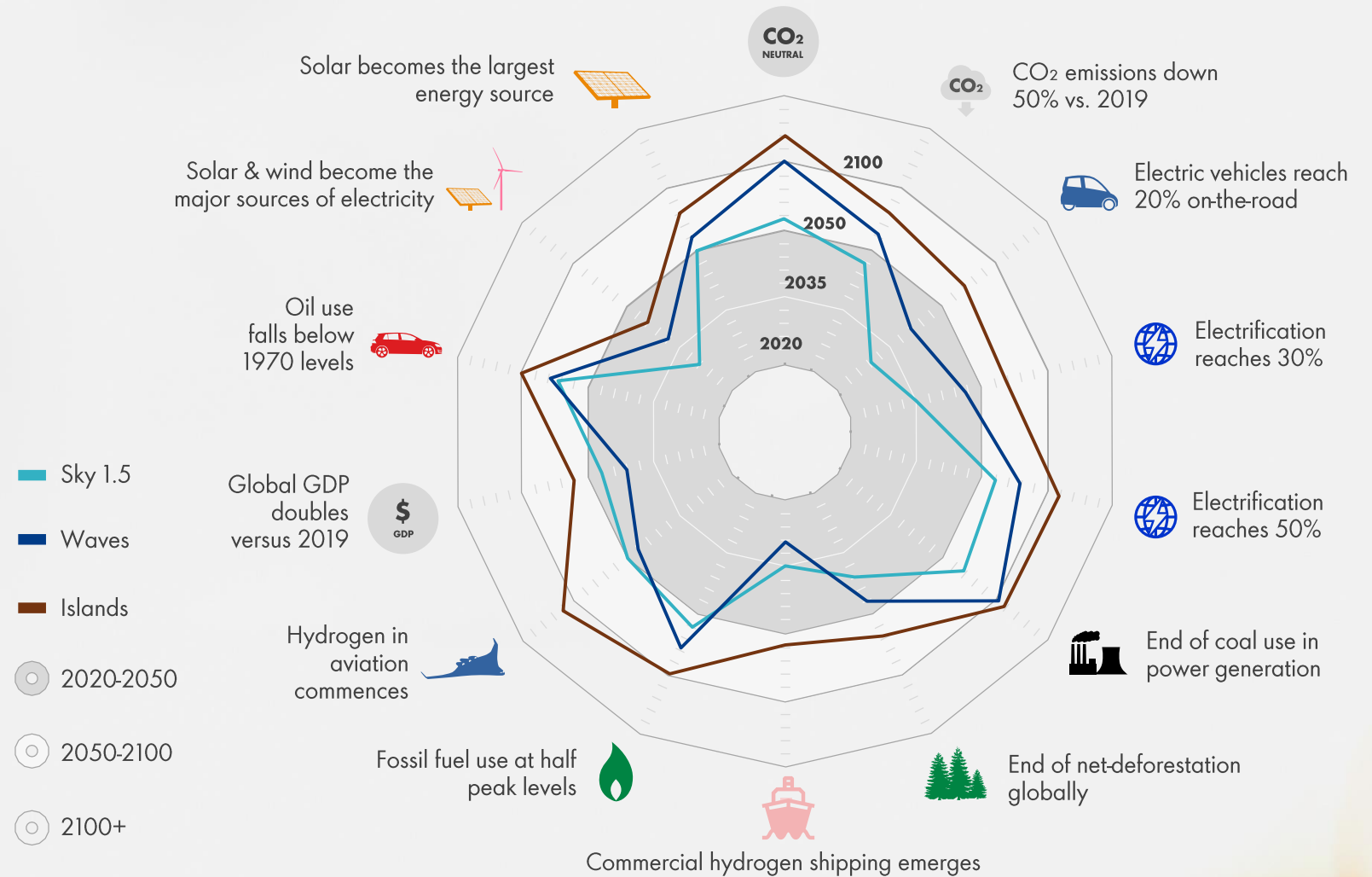
2100 GLOBAL AVERAGE SURFACE TEMPERATURE RISE VS. 1850-1900



CUMULATIVE SINKS USING TECHNOLOGY AND NATURE TO 2100



Net zero CO₂ emissions is reached

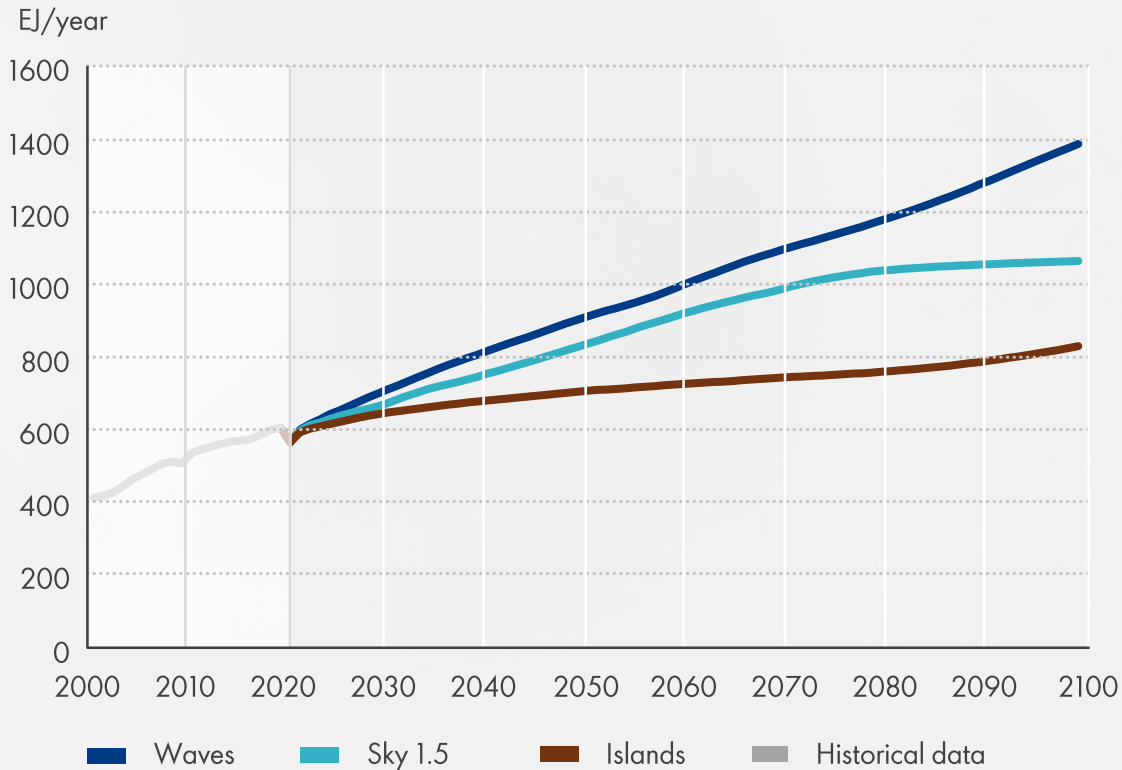


SHELL ENERGY TRANSFORMATION SCENARIOS

ENERGY DEMAND GROWS AND THE ENERGY SYSTEM DECARBONISES – THE ISSUE IS SPEED

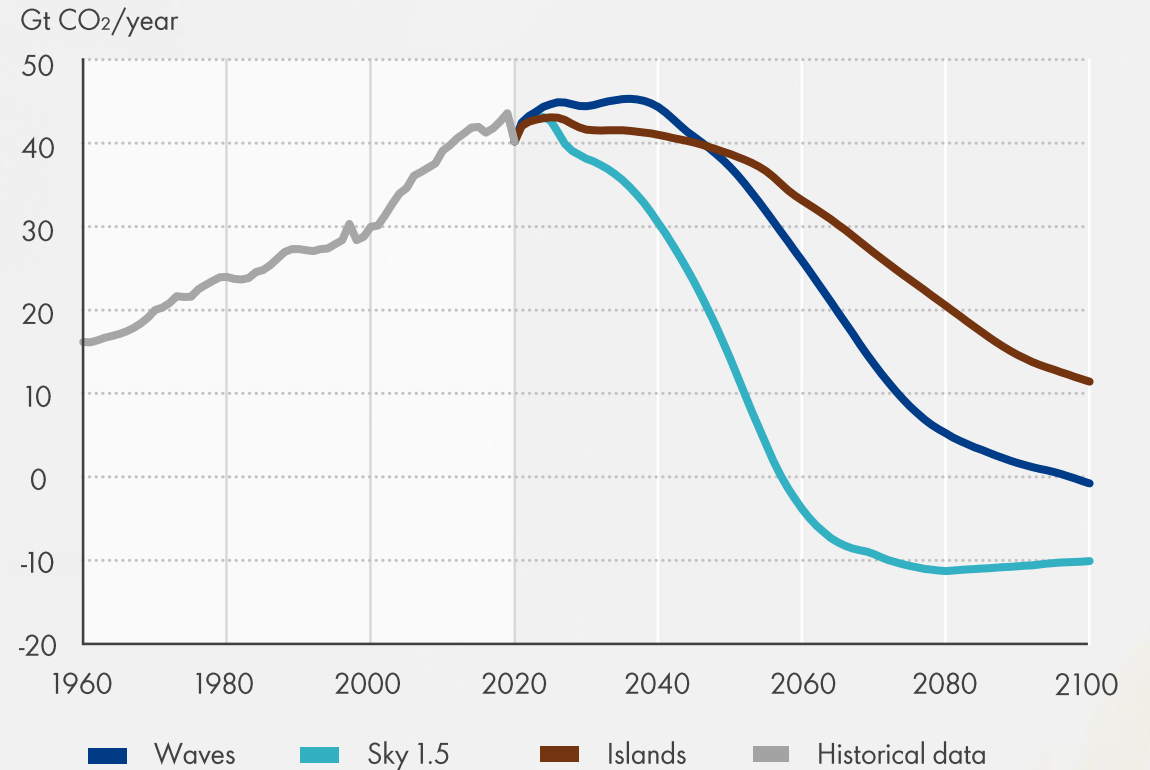
Energy demand rises, with Sky 1.5 levelling off late-century

Total primary energy



CO₂ emissions decline towards net-zero, but the pace varies

CO₂ emissions

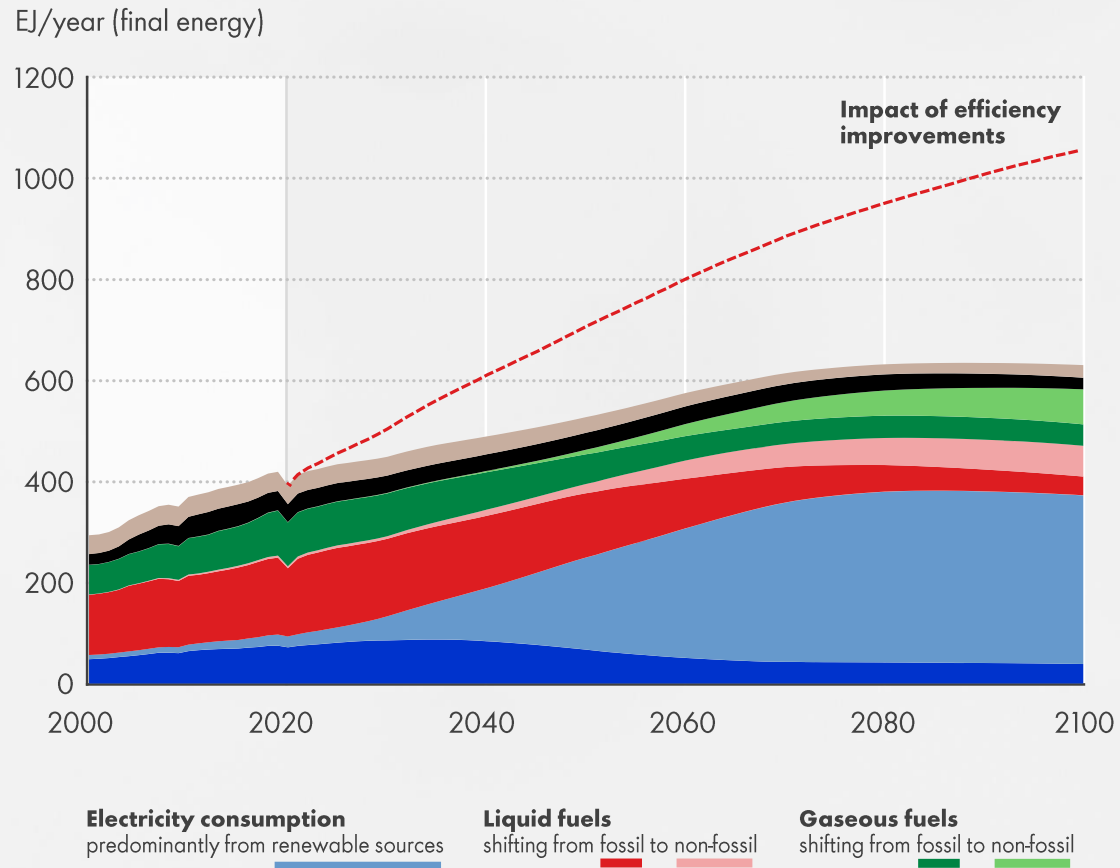


SHELL ENERGY TRANSFORMATION SCENARIOS

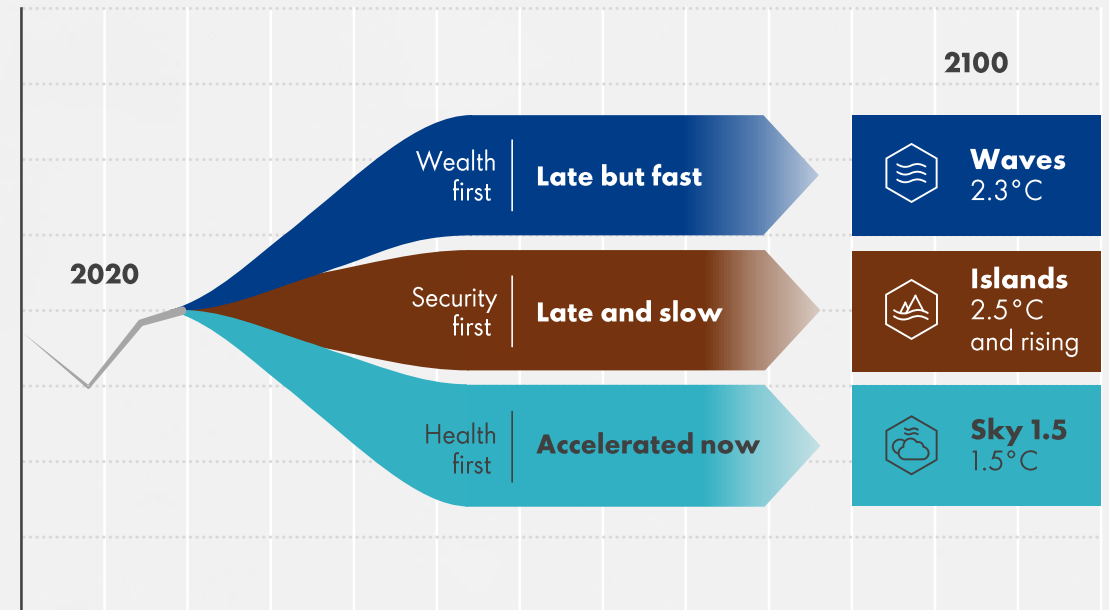
ACTION ACCELERATORS

Sky 1.5 Scenario

Total final consumption of energy + carbon removals



Pace of decarbonisation



Crisis can galvanise action. To quicken progress towards net-zero emissions requires:

- Alignment – policies, sectors, governments
- Policy frameworks and incentives
- Pioneer leaders



STRATEGY DAY 2021 DISCLOSURE OVERVIEW (1/3)

			GROWTH PILLAR: THE FUTURE OF ENERGY		TRANSITION PILLAR: ENABLING OUR STRATEGY		UPSTREAM PILLAR: FUNDING OUR STRATEGY
		RDS	Marketing	Renewables and Energy Solutions	Integrated Gas	Chemicals and Products	Upstream
Cash capex	Net debt >\$65 billion	\$19-22 billion	~\$3 billion	\$2-3 billion	~\$4 billion	\$4-5 billion	~\$8 billion
			~25%		35-40%		35-40%
	Net debt <\$65 billion	\$23-27 billion	~30%		35-40%		30-35%
	Beyond 2025		35-40%		30-40%		25-30%
Average project returns (IRR)			15-25%	Integrated Power IRR >10%	14-18%	10-15%	20-25%
Hurdle rate (IRR)			15%	Integrated Power IRR >10%	12%	12%	18%
Payback period			4-8 years		before 2040	~10 years	before 2035
Underlying opex	Net debt >\$65 billion	<\$35 billion p.a.					
Divestments	Net debt >\$65 billion	\$4 billion p.a. on average					
CFFO	Net debt >\$65 billion		~20%		~45%		~35%
	Beyond 2025		~25%		~45%		~30%



STRATEGY DAY 2021 DISCLOSURE OVERVIEW (2/3)

Carbon

- Net-zero emissions energy business by 2050 including all emissions (Scopes 1, 2 and 3), in line with society
 - 2023: 6-8% reduction
 - 2030: 20% reduction
 - 2035: 45% reduction
 - 2050: 100% reduction
- Eliminate routine flaring by 2030
- Maintaining methane emissions intensity <0.2% by 2025
- Oil production expected to decline by 1-2% per annum by 2030
- Growing gas share of hydrocarbon production to ~55% by 2030
- Delivering equivalent of >50 million households with renewable electricity by 2030

Marketing

- Adjusted Earnings expected to grow to >\$6 billion by 2025
- 40 million customers served at retail service stations daily by 2025
- 55,000 Shell-branded retail service stations by 2025
- 1/8 machines and engines protected by Shell Lubricants by 2025
- 15,000 convenience stores by 2025
- EV charge points:
 - >500,000 by 2025, of which >30,000 charge points at Shell Recharge
 - ~2.5 million by 2030
- Opex yield >60%

Renewables and Energy Solutions

- >15 million customers by 2030
- >560 TWh power sales to customers by 2030
- Capture double-digit share of global clean hydrogen sales by 2035
- Producing 8 times more low-carbon fuels than today
- Invest ~\$100 million per annum in nature-based projects
- ~120 mtpa of nature-based solutions by 2030
- Targeting over 25 mtpa CCS by 2035



STRATEGY DAY 2021 DISCLOSURE OVERVIEW (3/3)

Integrated Gas

- Opex reduction of ~20% by 2022 vs. 2019
- >20% share in LNG bunkering sales by 2030
- >7 mtpa of new LNG capacity onstream by the middle of the decade
- Develop 3 mtpa of new LNG markets by 2025
- Project competitiveness: UTC <\$5/MMBtu

Chemicals and Products

- 1 mtpa plastic waste processed by 2025
- Reducing traditional fuel production from ~100 to ~45 mtpa by 2030
- Reduce chemicals commodity exposure by ~70% by 2030
- \$1-2 billion annual CFFO by 2030 from new projects, compared with the medium-term cash generation

Upstream

- ~80% of Cash capex to core positions
- Exploration:
 - >80% of spend to core positions
 - >70% of spend to Deep Water
 - No new frontier exploration entries anticipated after 2025
- Opex reduction of 20-30% by 2025 vs. 2019
- UDC reduction of ~10% by 2025
- UOC reduction of ~20% by 2025
- Project competitiveness: Average break-even price of ~\$30/boe



Thank you for your interest in Royal Dutch Shell plc. Please understand that an investment in Royal Dutch Shell plc securities carries with it the risk that you could sustain losses as a result of your investment. Therefore, an investment in Royal Dutch Shell plc securities may not be appropriate for all investors. Accordingly, before investing in our securities we urge you to read our Annual Report and Form 20-F and consider the risks discussed within. You can find our full disclaimer on the next slide in this presentation. You can download the full presentation slides, including the disclaimer, and our Annual Report and Form 20-F at <http://www.shell.com/investors>



CAUTIONARY NOTE

This presentation 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. The future potential for Cash capital expenditure and cash flow from operations is an average of multiple years. The presented medium-term outlook is an average of multiple years post economic recovery. Shell's reporting segments under IFRS 8 remain Integrated Gas, Upstream, Oil Products, Chemicals and Corporate.

Shell's scenarios are not intended to be projections or forecasts of the future. Shell's scenarios, including the scenarios contained in this report, are not Shell's strategy or business plan. When developing Shell's strategy, our scenarios are one of many variables that we consider. Ultimately, whether society meets its goals to decarbonise is not within Shell's control. While we intend to travel this journey in step with society, only governments can create the framework for success. The Sky 1.5 scenario starts with data from Shell's Sky scenario, but there are important updates. First, the outlook uses the most recent modelling for the impact and recovery from COVID-19 consistent with a Sky 1.5 scenario narrative. Second, it blends this projection into existing Sky (2018) energy system data by around 2030. Third, the extensive scale-up of nature-based solutions is brought into the core scenario, which benefits from extensive new modelling of that scale-up. (In 2018, nature-based solutions required to achieve 1.5°C above pre-industrial levels by the end of this century were analysed as a sensitivity to Sky. This analysis was also reviewed and included in the IPCC Special Report on Global Warming of 1.5°C (SR15).) Fourth, our new oil and natural gas supply modelling, with an outlook consistent with the Sky 1.5 narrative and demand, is presented for the first time. Fifth, the Sky 1.5 scenario draws on the latest historical data and estimates to 2020 from various sources, particularly the extensive International Energy Agency energy statistics. As with Sky, this scenario assumes that society achieves the 1.5°C stretch goal of the Paris Agreement. It is rooted in stretching but realistic development dynamics today but explores a goal-oriented way to achieve that ambition. We worked back in designing how this could occur, considering the realities of the situation today and taking into account realistic timescales for change. Of course, there is a range of possible paths in detail that society could take to achieve this goal. Although achieving the goal of the Paris Agreement and the future depicted in Sky 1.5 while maintaining a growing global economy will be extremely challenging, today it is still a technically possible path. However, we believe the window for success is quickly closing.

Also, in this presentation 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.

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 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 presentation 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 presentation 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 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; (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 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 Form 20-F for the year ended December 31, 2019 (available at www.shell.com/investors 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, 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 presentation. We may have used certain terms, such as resources, in this presentation 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

DEFINITIONS

Metric	Definition
Adjusted Earnings	Income attributable to RDS plc shareholders for the period, adjusted for the after-tax effect of oil price changes on inventory and for identified items.
Average project IRRs	The capital weighted average project forward-looking unlevered expected rate of return where NPV equals zero, calculated at FID for pre-FID projects. For Upstream and Integrated Gas price assumption of \$60 per barrel Brent real terms 2020.
Break-even price	The forward-looking breakeven price for a pre-FID project is calculated at FID based on all forward-looking costs associated with that project. Accordingly, this typically excludes exploration & appraisal costs, lease bonuses, exploration seismic, exploration team overhead costs, etc. The forward-looking breakeven price for a pre-FID project is calculated based on our estimate of resources volumes (2C). As these pre-FID projects are expected to be multidecade producing projects, projection will not be reflected either in earnings or cash flow in the next five years.
Cash capital expenditure	Cash capital expenditure comprises the following lines from the Consolidated Statement of Cash Flows: Capital expenditure, Investments in joint ventures and associates and Investments in equity securities.
Controllable availability	1 minus scheduled deferment (%) minus controllable unscheduled deferment (%).
Controllable reliability	1 minus controllable unscheduled deferment (%).
Divestment proceeds	The sum of (i) proceeds from sale of property, plant and equipment and businesses, (ii) proceeds from sale of joint ventures and associates; and (iii) proceeds from sale of equity securities.
IRR hurdle rates	Targeted minimum projects unlevered rate of return where NPV equals zero, calculated at FID. For Upstream and Integrated Gas price assumption of \$60 per barrel Brent real terms 2020.
Underlying operating expenses	Operating expenses excluding identified items. Operating expenses consist of the following lines in the Consolidated Statement of Income: (i) production and manufacturing expenses; (ii) selling, distribution and administrative expenses; and (iii) research and development expenses.
Opex yield	Net earnings divided over operating costs (excluding depreciation, disposal proceeds, income from loans to Associates and other Investments).
Payback period	The period of time it takes from FID to recover the forward-looking cost of investment.
Unit development cost	Shell share of lifecycle capex spend, in real terms 2020, for major projects, divided by nominal Shell working interest share (SWIS) production.
Unit operating cost	Shell share of operating cost divided by Shell working interest share (SWIS) production.
Unit technical cost	Present value of real terms capital and operating expenditure divided by the production profile discounted to the reference date.



ABBREVIATIONS

BEP	Break-even price
Capex	Capital expenditure
CCS	Carbon capture and storage
CFFO excluding WC	Cash flow from operations excluding working capital
FID	Final Investment Decision
GHG	Greenhouse gas emissions
GTL	Gas-to-liquids
IRR	Internal rate of return
LNG	Liquefied natural gas
NCF	Net Carbon Footprint
Opex	Operating expenditure
RNG	Renewable natural gas
R-CNG	Renewable compressed natural gas
UOC	Unit operating costs
UDC	Unit development costs
UTC	Unit technical costs