Contributing to the Global Energy Transition

Shell’s Value Add to Offshore Wind Development in Japan
Masterclass at the Netherlands embassy in Tokyo

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This presentation contains data from Shell’s new Sky Scenario. Unlike Shell’s previously published Mountains and Oceans exploratory scenarios, the Sky Scenario is targeted through the assumption that society reaches the Paris Agreement’s goal of holding global average temperatures to well below 2°C. Unlike Shell’s Mountains and Oceans scenarios which unfolded in an open-ended way based upon plausible assumptions and quantifications, the Sky Scenario was specifically designed to reach the Paris Agreement’s goal in a technically possible manner. These scenarios are a part of an ongoing process used in Shell for over 40 years to challenge executives’ perspectives on the future business environment. They are designed to stretch management to consider even events that may only be remotely possible. Scenarios, therefore, are not intended to be predictions of likely future events or outcomes and investors should not rely on them when making investment decisions with regard to Royal Dutch Shell plc securities.

Additionally, it is important to note that Shell’s existing portfolio has been decades in development. While we believe our portfolio is resilient under a wide range of outlooks, including the IEA’s 450 scenario (World Energy Outlook 2016), it includes assets across a spectrum of energy intensities including some with above-average intensity. While we seek to enhance our operations’ average energy intensity through both the development of new projects and divestments, we have no immediate plans to move to a net-zero emissions portfolio over our investment horizon of 10-20 years. Although we have no immediate plans to move to a net-zero emissions portfolio, in November of 2017, we announced our ambition to reduce our net carbon footprint in accordance with the implementation of the Paris Agreement’s goal of holding global average temperature to well below 2°C above pre-industrial levels. Accordingly, assuming society aligns itself with the Paris Agreement’s goals, we aim to reduce our net carbon footprint, which includes not only our direct and indirect carbon emissions, associated with producing the energy products which we sell, but also our customers’ emissions from their use of the energy products that we sell, by around 20% in 2035 and by around 50% in 2050.

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 expressions 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.

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26 February 2019
Societal challenges and increased energy consumption
Shell’s ambition to Reduce Net Carbon Footprint\(^1\) by 20% by 2035

- All energy products
- Across entire supply chain
- Government policy, technology, and consumer choice will drive actual pace and outcomes
- 5-year reviews to ensure in line with societal progress

1: Net Carbon Footprint measured on an aggregate “well to wheel” or “well to wire” basis, from production through to consumption, on grams of CO\(_2\) equivalent per megajoule of energy products consumed; chemicals + lubricants products are excluded. Carbon Footprint of the energy system is modelled using Shell methodology aggregating lifecycle emissions of energy products on a fossil-equivalence basis. The methodology will be further reviewed and validated in collaboration with external experts.

2: Potential society trajectory includes analysis from Shell scenarios estimate of Net Zero Emissions by 2070 and IEA Energy Technology Perspectives 2017; Potential illustrative Shell trajectory
Shell has a mix of options to achieve the 2035 ambition
In 2016 the business unit New Energies was founded, dedicated to providing more and cleaner energy solutions

**New Fuels**
- Biofuels
- Hydrogen
- Gas for transport
- Electric mobility
- Connected mobility

**Power**
- Integrated energy solutions
- Wind
- Solar
- Natural gas
- Energy storage
- Energy access
- Power trading & marketing
- Connected energy

- Digital ventures • Technology ventures • City solutions •
Since 2001 built up experience with 738MW* of onshore wind

*Since 2001; 553 wind turbines
Capacity: 738 MW (Shell Share: 369 MW)
Offshore experience since 2002:
108MW in North Sea

Built in 2006; 36 wind turbines North Sea Wind Joint Venture with Vattenfall: (Shell Share: 54 MW)
Borssele 34 – New development of 730MW underway for COD 2021
JV of Partner’s Group (45%), Shell (20%), DGE* (15%), Eneco (10%), Van Oord (10%)

Build on
- Large Project execution experience
- Technical expertise
- Supply Chain expertise
- Commercial and Finance expertise

Continuously learn and expand
- Operations & Maintenance experience
- Access to portfolio of international offshore wind opportunities

*DGE: Diamond Generation Group, subsidiary of Mitsubishi Corporation
77 turbines; Shell Share: 145 MW; 365 MW traded by Shell

Minister of Trade, Ms. Kaag, visiting SIF monopile manufacturing for Borssele 34 “Blauwwind”
Continuous investment in Floating Wind Technology

*Tetraspar* Shell investment in new ‘TetraSpar’ floating foundation concept

Member of multiple working groups and industry organisations to address challenges and optimise technology
A long term partner for the Japanese industry, government and people, nationally and internationally

First operations in 1900

Lubricants for Nissan via Showa Shell Sekiyu

4% of energy supply (LNG)

Energy Trading

45 years of LNG supply

Government

Supply Chain & EPC

Liquid H₂ imports

Partner in Offshore Wind?
Shell

Strong team of wind professionals in Netherlands, US, UK; ready to expand team in Japan

Skills and capabilities

Shell presence for offshore wind

Organizational support
100+ professionals

Project & deal support
40 professionals

Wind development
20 professionals

Project
- Project managers
- Planning, cost and risk engineers

Technical
- Structural engineers
- Electrical engineers
- Turbine engineer
- Operators
- Yield experts

Commercial
- Commercial leads
- C&P leads

Financial
- Economics
- Project Finance
- Tax

Functional support
- Government Relations
- Legal
- HR
- Social Performance