

CCS AND THE OIL AND GAS INDUSTRY

PATHWAYS TO NET-ZERO EMISSIONS



David Hone
Chief Climate Change Adviser
Shell International Ltd.



Definitions & cautionary note

This presentation contains data from Shell's New Lens Scenarios. The New Lens Scenarios are a part of an ongoing process used in Shell for 40 years to challenge executives' perspectives on the future business environment. We base them on plausible assumptions and quantifications, and 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 an investment decision with regard to Royal Dutch Shell plc securities.

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, 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.

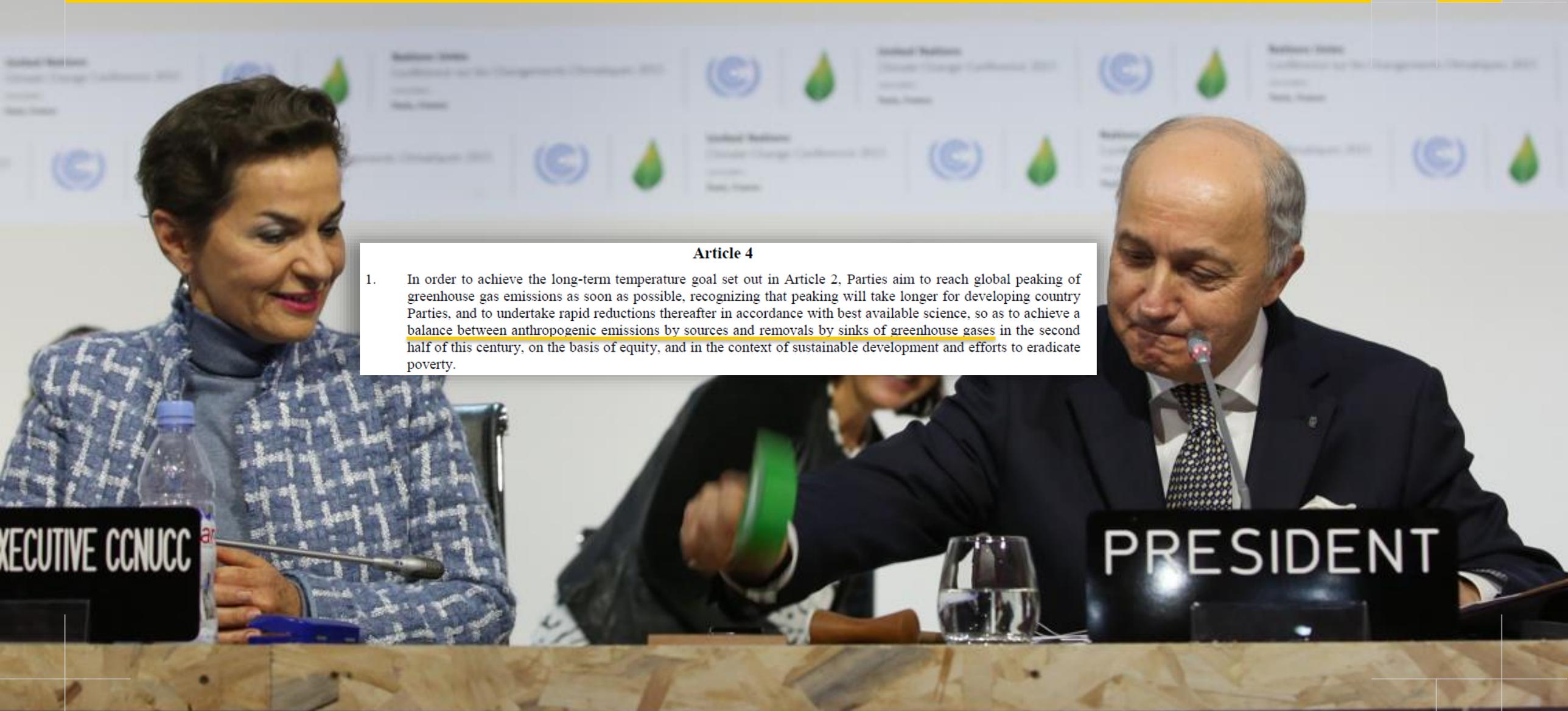
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Climate change in 2015: The Paris Agreement

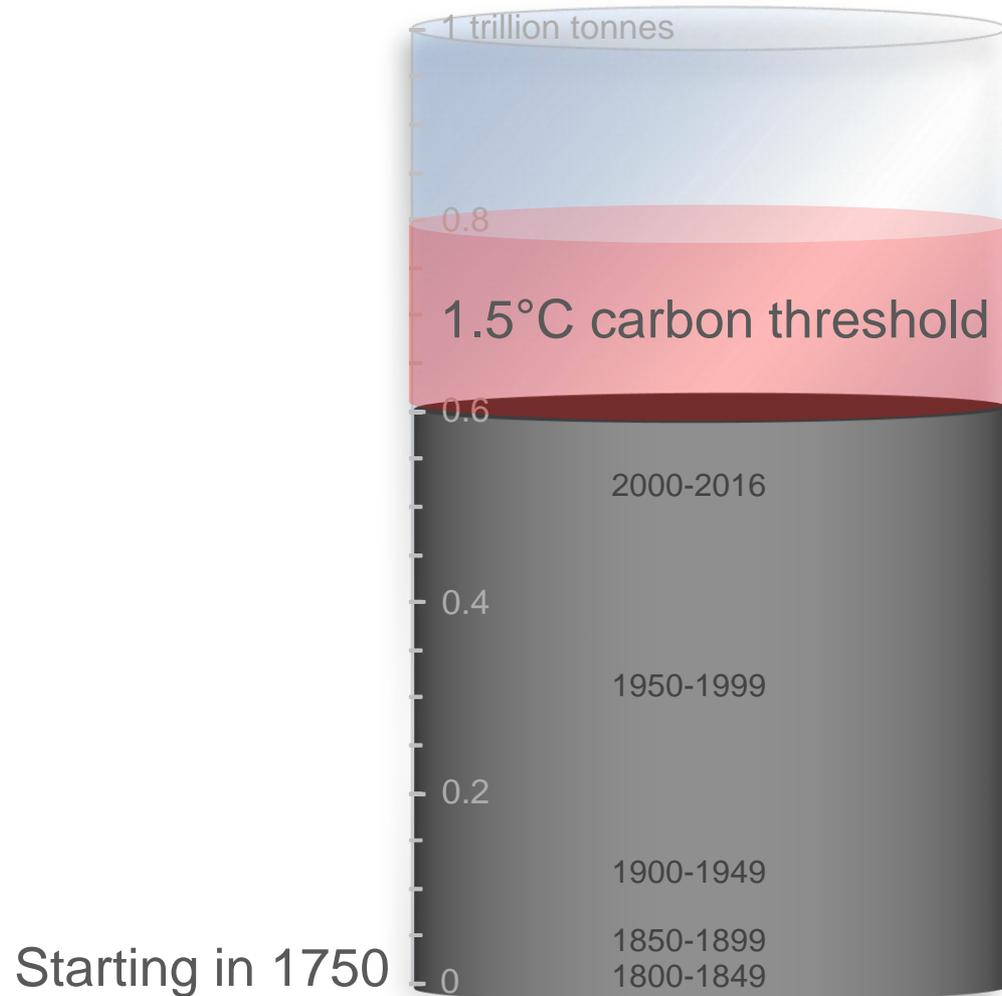


Article 4

1. In order to achieve the long-term temperature goal set out in Article 2, Parties aim to reach global peaking of greenhouse gas emissions as soon as possible, recognizing that peaking will take longer for developing country Parties, and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty.

The Paris Agreement seeks to limit warming to 1.5°C

An outcome as ambitious as 1.5°C has a profound impact on the future of the energy system

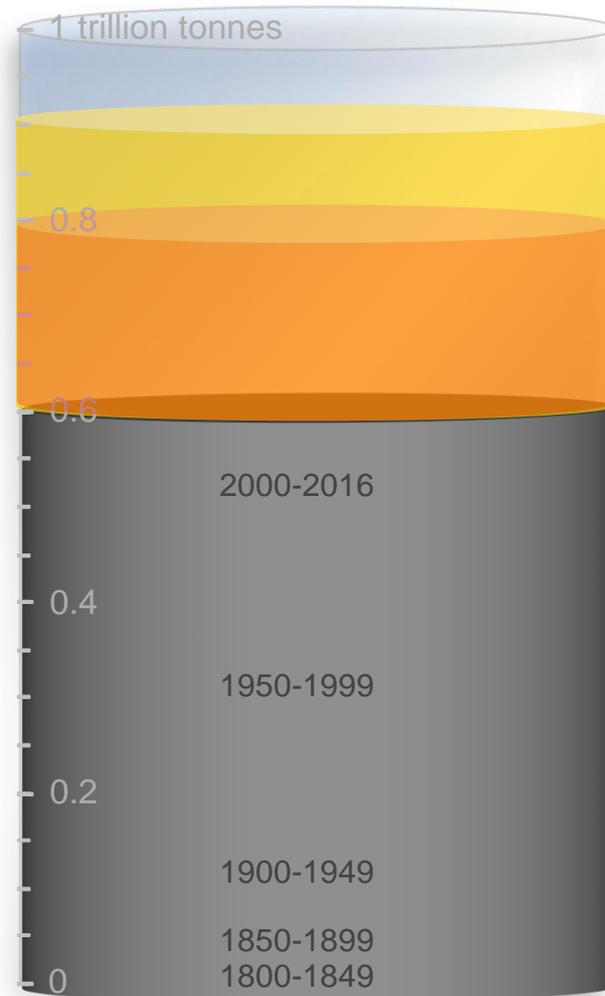


... but infrastructure already in place challenges this

Existing power plants, vehicles, planes, industrial facilities will likely keep running

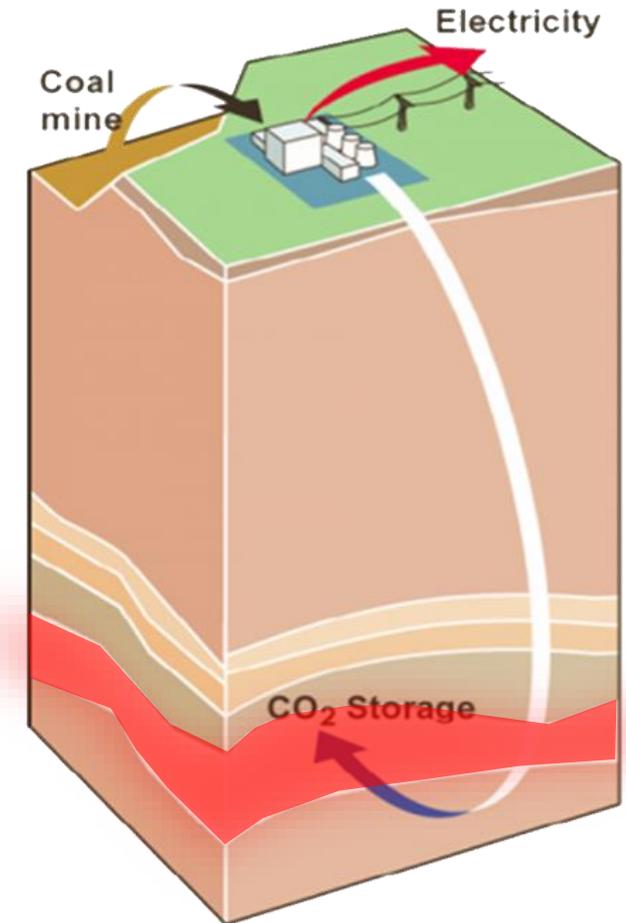
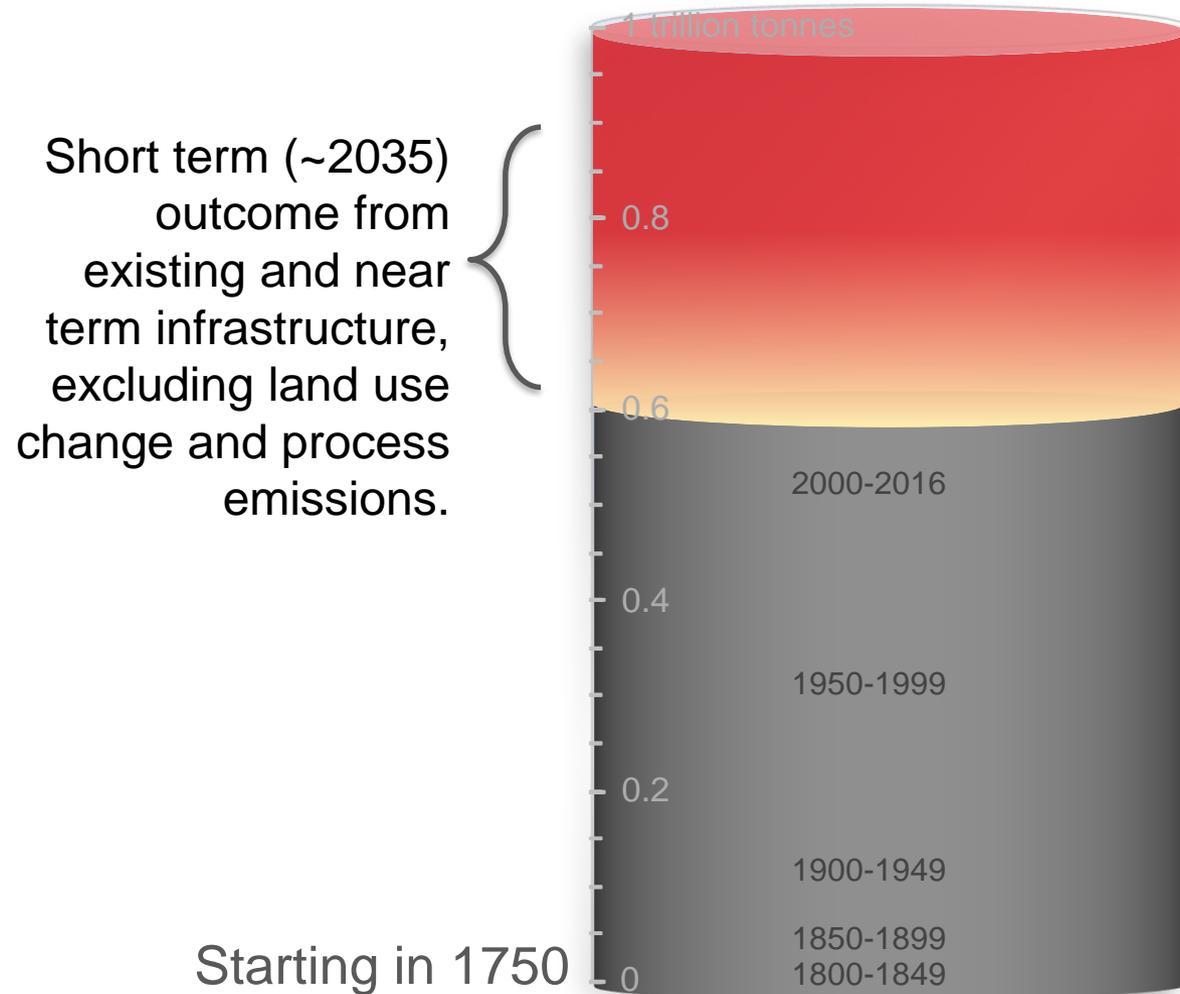
Short term (~2035)
outcome from
existing and near
term infrastructure,
excluding land use
change and process
emissions.

Starting in 1750

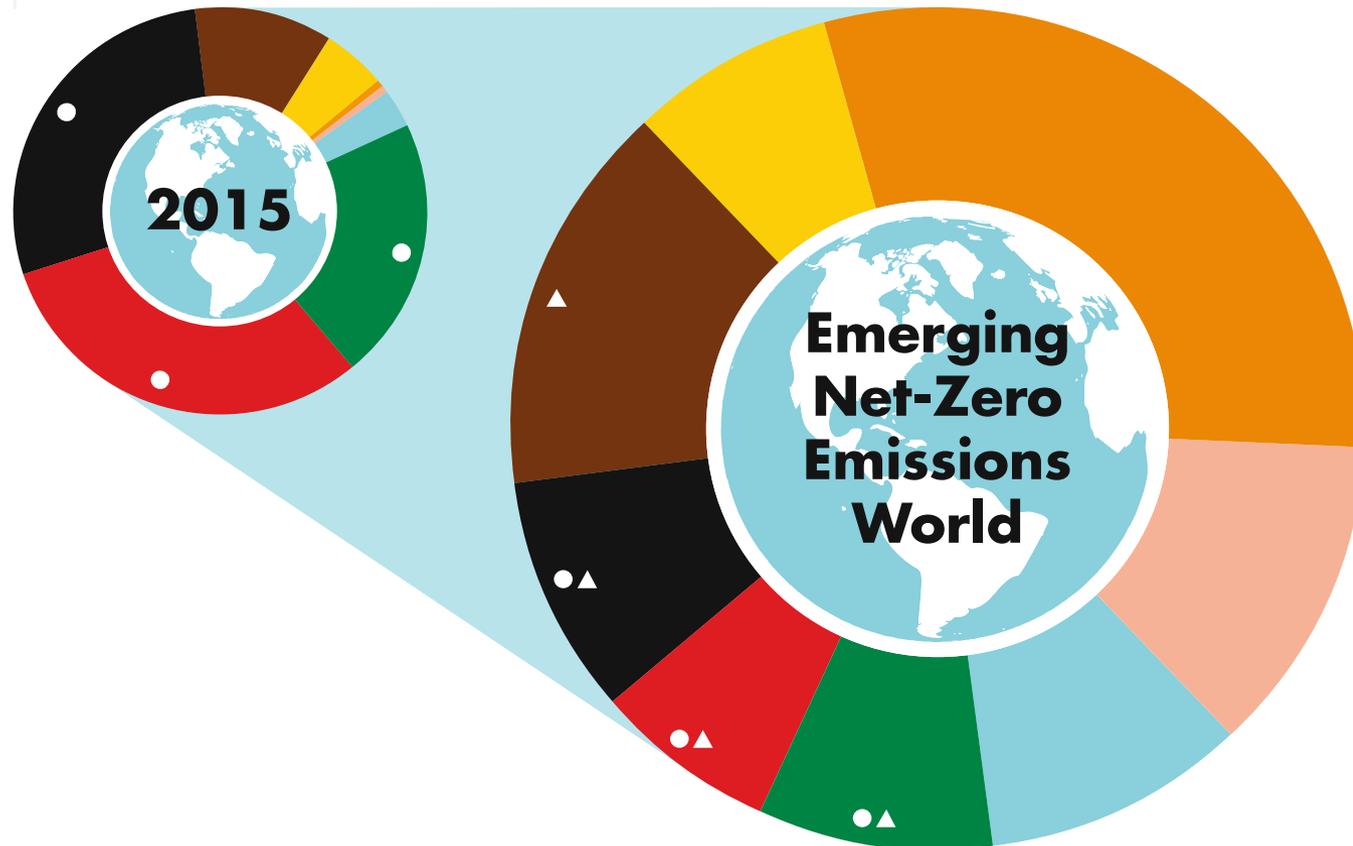


So how might emissions be contained?

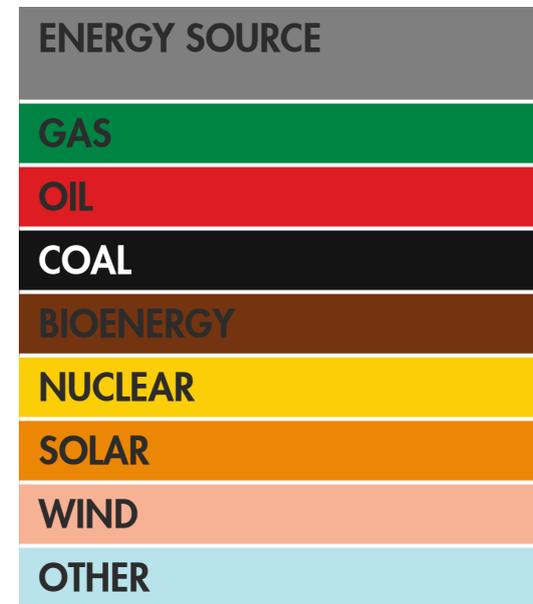
Carbon capture and storage becomes essential as the century progresses.



A plausible energy mix in an emerging net-zero emissions world



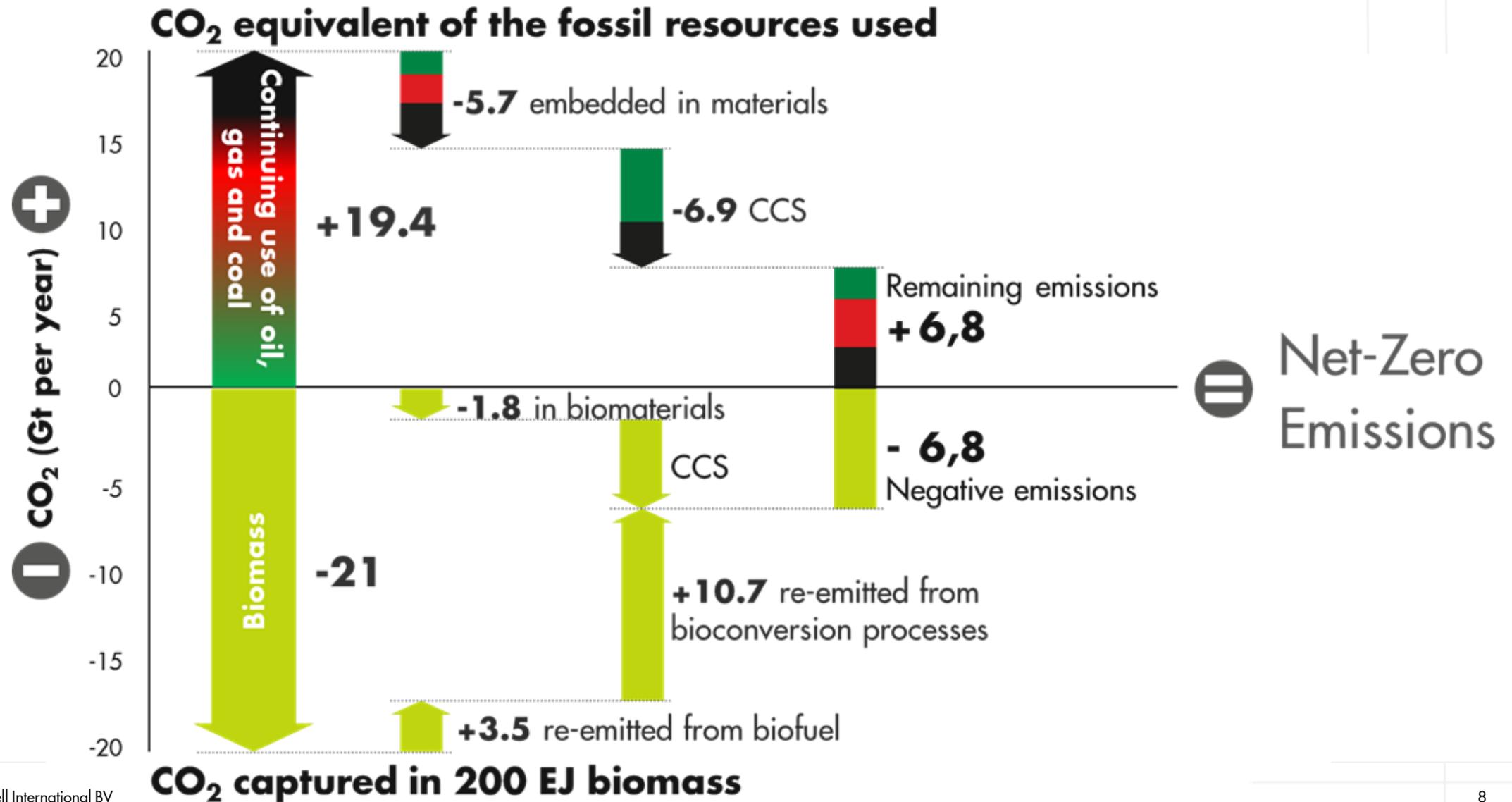
Assumes 50% electrification of end use.



▲ With Carbon Capture and Storage

● Fossil

Plausible emissions balance in an emerging net-zero emissions world



An ongoing role for oil and gas in a net-zero emissions world

Zero emissions power sector

- Renewables
- Natural gas with CCS

Industrial processes

- Electrification
- Natural gas with CCS

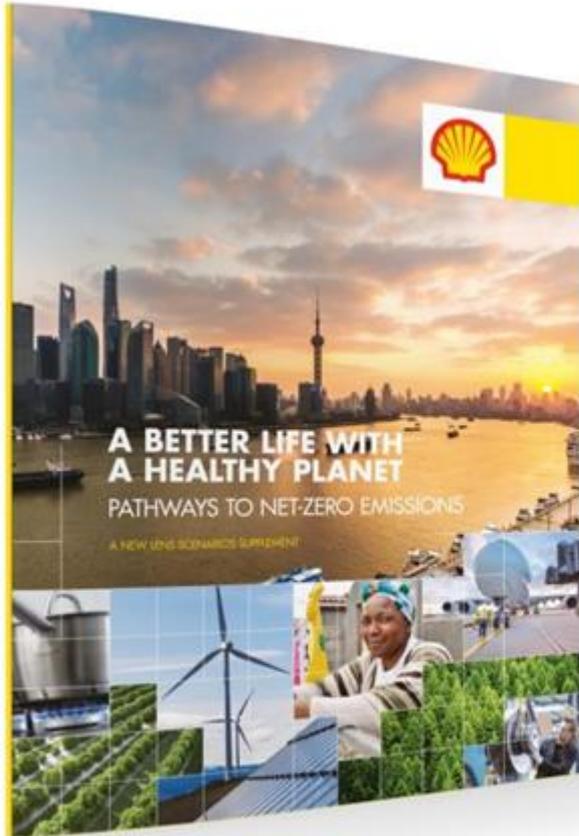
Transport (e.g. aviation)

- Oil offset by CCS elsewhere (e.g. bio and CCS)

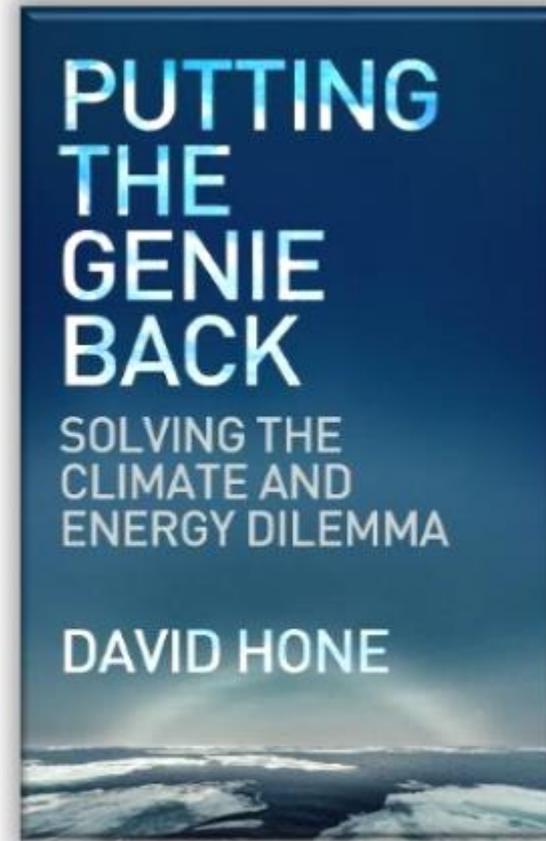
Negative emissions

- Air capture with CCS
- Bio with CCS

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www.shell.com/scenarios



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