The New Lens Scenarios” and “A Better Life with a Healthy Planet” are part of an ongoing process — scenario-building — used in Shell for more than 40 years to challenge executives’ perspectives on the future business environment. We base them on plausible assumptions and quantification, and they are designed to stretch management thinking and even to consider 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.

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A view on evolution of primary energy consumption by individuals

Primary Energy Use – GJ per Capita per annum

Where are we now?
Energy is an enabler for a decent quality of life

Per capita primary energy demand in 2014 vs UN human development index

Source: Shell analysis – UN Human Development Index
Copyright of Shell International BV
Look to the horizon – A Better Life with a Healthy Planet

United Nations Sustainable Development Goals

1. NO POVERTY

7. AFFORDABLE AND CLEAN ENERGY

13. CLIMATE ACTION
Plausible energy mix in an emerging net-zero emissions world, towards the end of the century

Assumes 50% electrification of end use.
Pathways for total CO₂ emissions

Pace of Change – Large systemic inertia built-in

Average infrastructure turnover in years

- Light vehicles: 15 years
- Heating Systems: 20 years
- Aircraft: 24 years
- Commercial Shipping: 25 years
- Power plants: 40 years

Source: IHS Energy © 2015 (Illustrations sourced from Shutterstock by IHS)
Sources of energy-related CO₂ emissions in key sectors
Different sectors, different challenges, different paces of decarbonisation

Current status

Coal
15.3Gt CO₂

Natural gas
6.5Gt CO₂

Crude oil
11.4Gt CO₂

Fuel transformation

Less difficult to decarbonise

Industry
13Gt CO₂

Power generation
13.6Gt CO₂*

Other end use
1.6Gt CO₂

Built environment
9.3Gt CO₂

Transport
8.5Gt CO₂

Indirect emissions
15.1Gt CO₂

Direct emissions
17.2Gt CO₂

* Spread over Industry, Buildings, Transport & Other

More difficult to decarbonise

Source: Shell analysis

Copyright of Shell International BV

* Spread over Industry, Buildings, Transport & Other
Decarbonisation and Efficiency go hand-in-hand with Electrification

Power generation 13.6 Gt CO₂

Final Consumption - Electricity

- Other Renewables
- Wind
- Solar
- Geothermal
- Hydro-electricity
- Nuclear
- Biomass / Waste Solids
- Coal
- Biomass Gasified
- Natural Gas
- Biofuels
- Oil

Source: Shell analysis, World Energy Model

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Major overhaul required of demand, supply and distribution infrastructures

Agriculture

Non-ferrous metals

Chemicals and Petrochemicals

Iron and Steel

Light Industry

Non-ferrous metals

Non-metallic minerals

Pulp and Paper

Reliance on hydrocarbons

Strongest

Weakest

Biomass (recycled own waste)

2013

Total Final Consumption Industry

EJ/year (Energy carrier)

2010

2013

Biomass

Electricity

Gas

Oil

Coal

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Energy consumption and emissions challenge – Transport

Transport 8.5 Gt CO₂

Plausible future

- **Road – passenger**: 64 EJ/year
  - Hydrocarbons
  - Hydrogen
  - Electricity
  - Wind (Sail)

- **Road – freight**: 67 EJ/year
  - Hydrocarbons
  - Hydrogen
  - Electricity
  - Wind (Sail)

- **Rail**: 5 EJ/year
  - Hydrocarbons
  - Hydrogen
  - Electricity
  - Wind (Sail)

- **Ship**: 19 EJ/year
  - Hydrocarbons
  - Hydrogen
  - Electricity
  - Wind (Sail)

- **Air**: 30 EJ/year
  - Hydrocarbons
  - Hydrogen
  - Electricity
  - Wind (Sail)

Source: Shell analysis
Carbon Capture and Storage (CCS) & other Technologies to address remaining emissions

### Carbon Capture and Storage

<table>
<thead>
<tr>
<th>Technology</th>
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<td><strong>Bioenergy with carbon capture and storage (BECCS)</strong></td>
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<td><strong>Reforestation</strong></td>
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<tr>
<td><strong>Direct CO$_2$ capture from the air with storage (DACCS)</strong></td>
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<tr>
<td><strong>Enhanced ocean uptake</strong></td>
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<tr>
<td><strong>Soil carbon uptake</strong></td>
</tr>
<tr>
<td><strong>Mineralisation and enhanced weathering</strong></td>
</tr>
<tr>
<td><strong>Building with biomass</strong></td>
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</tbody>
</table>
Development toward a global carbon market is key to the transition

Expanding EU ETS

- Singapore
- China
- Australia
- New Zealand
- California
- Quebec
- Ontario
- Washington
- Japan’s Joint Crediting Mechanism
- Forestry/REDD+
- CCS certificates
- Large-scale project activity

2020 2025 2030 2035 2040
Steps towards a prosperous net-zero emissions world ... all of this is required ... simultaneously

<table>
<thead>
<tr>
<th>Efficient electrified buildings</th>
<th>Low emissions transport</th>
<th>Transformed industrial processes</th>
<th>Sustainable agriculture</th>
<th>New behaviors</th>
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<tr>
<td>Zero emissions power sector</td>
<td>Deep electrification &amp; smart grids</td>
<td>Compact cities &amp; integrated infrastructures</td>
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</table>

**Carbon Pricing**

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<th>Demonstration &amp; Deployment</th>
<th>Targeted funding</th>
</tr>
</thead>
</table>

| International mechanisms & funding | Cross-border leakage measures | Energy pricing & fiscal policies | Integrated planning & policy dvlpm. | Mitigation of negative impacts |
Want to find out more?

www.shell.com/scenarios