

**SHELL PLC**  
**REMUNERATION COMMITTEE**  
**TERMS OF REFERENCE**

**PURPOSE**

The Remuneration Committee (the “Committee”) of Shell plc (the “Company”) assists the Board of Directors of the Company (the “Board”) in fulfilling its responsibilities as follows:

- Determine and agree with the Board the remuneration policy for the Company Chair, Executive Directors and the Executive Committee of the Company;
- Within the terms of such agreed policy, and any other relevant policy, determine the individual remuneration package for the Company Chair, Executive Directors and Senior Management<sup>1</sup>;
- Monitor the structures and levels of remuneration for other senior executives and make recommendations if appropriate.

The remuneration of the Non-Executive Directors shall be a matter for the Board within the limits set out in the Articles of Association and will not include performance related elements.

**OPERATION OF THE COMMITTEE**

**Membership and independence**

The Committee shall be composed of at least three independent Non-Executive Directors. Committee members shall be appointed by the Board, at the recommendation of the Nomination and Succession Committee, taking into account the views of the Chair of the Committee (the “Committee Chair”). The Chair of the Board may be appointed as a Committee member if they were considered independent on appointment as Chair.

Appointments of each Committee member shall be for a period of up to three years, which may be extended for up to two further three-year periods, provided the Committee member remains independent. The Board shall also appoint one Committee member to be the Committee Chair at the recommendation of the Nomination and Succession Committee. The Committee Chair should have served on a remuneration committee for at least 12 months. The Chair of the Board shall not be appointed as Committee Chair.

Committee members shall, if required, be provided with appropriate and timely educational briefings, both in the form of an induction programme for new members and on an ongoing basis for all members.

**Alternate arrangements**

If a Committee member is unable to act due to absence, illness, or any other cause, the Committee Chair, or in their absence the Board, may appoint another Non-Executive Director of the Company to serve as an alternate Committee member. In the absence of the Committee Chair and their nominee, the remaining members present shall elect one of the members present to chair the meeting.

**Quorum**

The quorum necessary for the transaction of business shall be two Committee members (one of whom must be the Committee Chair or their nominee). A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, duties and discretions vested in or exercisable by the Committee.

**Authority and support**

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<sup>1</sup> Defined as the Executive Committee and the Company Secretary and EVP Controller.

The Board has constituted the Committee with the authorities necessary to perform the duties set out in these Terms of Reference. The Committee, within the scope of its assigned purpose and duties, is authorised to seek any information it requires from employees, management, officers, and from external parties.

The Committee may engage advisers or otherwise obtain independent legal, remuneration or other professional services as it requires, at the expense of the Company. The Board will provide the Committee with sufficient resources to undertake its duties.

### **Secretary**

In consultation with the Committee Chair, the Company Secretary shall be responsible for the designation of a secretary to the Committee (the "Committee Secretary").

### **Meeting frequency**

The Committee shall meet as frequently as required, as determined by the Committee Chair, to perform the duties set out in these Terms of Reference, and at least four times a year.

The Committee shall have a session at least once a year without the Chief Executive Officer or Chief Financial Officer present.

### **Meeting attendance**

Only the Committee Chair and members shall be entitled to participate at Committee meetings. Any Non-Executive Director who is not a member of the Committee shall be entitled to attend Committee meetings. At the invitation of the Committee, others may also attend Committee meetings, unless there is a conflict of interest. No individual shall be involved in any decisions regarding their own remuneration.

### **Meeting administration**

Meetings of the Committee shall be arranged by the Committee Secretary at the request of the Committee Chair or any other member of the Committee. Notice of each meeting confirming the venue, date and time shall be forwarded to each Committee member and to other attendees (as appropriate) in advance of each scheduled meeting along with the agenda and supporting papers, unless otherwise agreed.

### **Meeting minutes**

The Committee Secretary shall record minutes of the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance and any conflicts of interest. Meeting minutes shall be approved prior to or at the next meeting of the Committee. Minutes are available to all Directors, unless deemed not appropriate by the Committee Secretary from a data privacy perspective.

### **Reporting to the Board**

The Committee shall report to the Board on its activities after each meeting. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

### **Committee performance and Terms of Reference**

The Committee shall annually review its Terms of Reference along with how the Committee has discharged its responsibilities and the overall performance of the Committee; and report the results of such review to the Board.

### **Engagement with shareholders**

The Committee Chair may also seek engagement with the Company's shareholders on significant matters related to the Committee's areas of responsibility.

## **DUTIES OF THE COMMITTEE**

### **1) Remuneration policy, governance and risk management**

The Committee shall:

- Determine and agree with the Board the framework remuneration policy for the Company Chair, the Executive Directors and the Executive Committee;
- Determine and agree the Annual Bonus Scorecard ("Scorecard") for the Executive Directors and Executive Committee. Determine each year the performance measures and targets to be used and the subsequent Scorecard outcome;
- Determine and agree the Long-Term Incentive arrangement for the Executive Directors and Executive Committee. For any such plans, exercise the discretion granted to it and determine each year whether awards will be made, the size of such awards, the performance targets to be used, and the vesting outcome;
- Approve pension arrangements for the Executive Directors and major changes to employee benefit arrangements applicable to them;
- Review and approve shareholding guideline policies for Executive Directors and the Executive Committee;
- Determine and agree with the Board an appropriate performance framework for the Executive Directors and Executive Committee and endorse its application in setting performance targets for remuneration and assessing their performance against such targets; and
- Review share plan rules for approval by the Board and, where required, by shareholders.

In determining such arrangements, give due regard to:

- Relevant legal and regulatory requirements and published rules and guidance including the provisions of the UK Corporate Governance Code; and
- Workforce remuneration and related policies and the alignment of incentives and awards with the desired culture in the Shell Group of Companies (the "Group").

The Committee shall also:

- Review annually the remuneration trends across the Group including the relationship between executive remuneration and the remuneration of other employees;
- Monitor structures and levels of remuneration for other senior executives and make recommendations if appropriate to ensure consistency with the Company's remuneration objectives; and
- Consider the engagement with the workforce that takes place to explain how executive remuneration aligns with Company pay policy.

### **2) Board and executive remuneration**

The Committee shall:

- Within the terms of the agreed framework and, if relevant, the approved Directors' Remuneration Policy, and in consultation with the Company Chair and/or Chief Executive Officer (as appropriate and ensuring that no individual is involved in any decisions as to their own remuneration), determine

individual remuneration packages for the Company Chair, Executive Directors, and Senior Management;

- When setting and reviewing remuneration for Executive Directors and Senior Management, have regard to the balance of fixed and variable remuneration, immediate and deferred, and have regard to remuneration and conditions for employees across the Group, and exercise its powers in relation to malus and clawback where appropriate; and
- Consider and advise on the terms and material changes thereto of any contract to be offered to an Executive Director, taking into account any legal and regulatory requirements and ensuring that contractual terms on termination and any payments made are fair to the individual and the Company, and that poor performance is not rewarded.

### **3) Reporting**

The Committee shall:

- Prepare a Chair's Annual Statement, Directors' Remuneration Policy (subject to a binding shareholder vote) and an Annual Report on Remuneration (subject to an advisory shareholder vote) as required by the relevant regulations, and ensure that all required disclosures on matters within its remit are properly made, including in the Annual Report and Accounts and Form 20-F of the Company and on the Company's website in relation to the particulars of any payment for loss of office made or to be made to a person ceasing to be a Director of the Company.

### **4) Other**

The Committee shall:

- Be responsible for selecting, appointing, reviewing and setting the terms of reference for any remuneration advisor; and
- Perform such further functions as the Board and the Committee may agree.