



# Shell All Employee Share Ownership Plan (SAESOP)



# SAESOP Plan Guide

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SHELL ALL EMPLOYEE SHARE OWNERSHIP PLAN (SAESOP) APRIL 2018

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## SHELL ALL EMPLOYEE SHARE OWNERSHIP PLAN (SAESOP)

The Shell All Employee Share Ownership Plan ("SAESOP" or "Plan") gives you an opportunity to share in the success of Shell plc ("Shell") - the success that you help to create.

### Participating in SAESOP:

- > is a tax efficient way for you to purchase Shell shares and
- > provides you with one free share for every six shares you purchase.

As a shareholder, you can benefit directly from any future success that Shell enjoys through any increase in the value of your shares, as well as through any declared dividend payments on those shares.

This Guide describes how SAESOP works, including the potential tax advantages, to help you decide whether you want to join.

**THINGS TO THINK ABOUT:** Share ownership should be seen as a medium to long-term investment. It is not without risk. The value of your Plan Shares is subject to market fluctuations and may rise or fall compared to the price paid to buy them. You should also remember that past performance of Shell's shares is no indication of actual future performance. If you are in any doubt you should consult an independent financial adviser.

## AM I ELIGIBLE TO PARTICIPATE?

Participation in the Plan is entirely voluntary. You are eligible to participate if:

You have a contract of employment with one of the participating companies listed [here](#) and

- > you are a Local employee
- > or are Local Non-National (LNN)
- > or are on a Short Term International Assignment (STIA) from the UK and remain on a UK payroll

In all cases you must be resident in the UK for tax purposes.

If you are ineligible to participate in SAESOP e.g. if you are on a long-term expatriate assignment in the UK, you may be eligible to purchase shares through the Global Employee Share Purchase Plan (GESPP) – please look [here](#) for more information.



## HOW DOES THE PLAN WORK?

If you join the plan you will:

- > Purchase Shell shares on a regular monthly basis using your pre-tax pay<sup>1</sup>. ("Partnership Shares")  
This means you can save tax at your marginal rate of income tax and National Insurance (NI) provided the shares are held for at least five years.
  - > Receive a free Shell share ("Matching Share") for every six Partnership Shares you purchase.
  - > Receive dividends on your Partnership and Matching Shares each time Shell declares a dividend, which is usually each quarter. The dividends will be reinvested into additional Shell shares ("Dividend Shares").
- ✓ Partnership Shares, Matching Shares and Dividend Shares are known collectively as "Plan" shares.

Choose how much you can afford to contribute monthly through your payroll deductions:

- > Minimum: £10 per month up to a maximum £150 per month
- > Your contribution must not exceed 10% of your gross annual pay in a tax year.
- > So, if your gross annual pay is £18,000, you are able to invest the maximum of £150 pm

The following examples provide the likely income tax and NI savings for a typical basic and higher rate taxpayer (based on tax rates as at April 2019. The actual income tax and NI saving may change based on your individual circumstances and when those shares are sold or withdrawn from the plan.

Your contribution is made from pre-tax pay. Let's look at some examples based on a monthly contribution of £60 and based on tax rates as at 6th April 2019:

- > Basic rate taxpayer: If you contribute £60 pm it will cost you only £40.80 pm i.e. an effective discount of 32% (20% tax plus 12% N.I.)

Assuming a share price of £20.00, three Partnership Shares will be purchased for you.

Assuming same for month two then another three Partnership Shares are purchased.

You now have a total of six shares and you will receive your one free Matching Share.

After two months, you have a total of 7 shares at a cost of £81.60 (i.e. 2 x £40.80).

- > 40% rate taxpayer: If you contribute £60 pm it will cost you only £34.80 pm i.e. an effective discount of 42% (40% tax plus 2% N.I.).

Assuming a share price of £20.00, three Partnership Shares will be purchased for you.

Assuming same for month two then another three Partnership Shares are purchased.

You now have a total of six shares and you will receive your one free Matching Share.

After two months, you have a total of 7 shares at a cost of £69.60 (i.e. 2 x £34.80).

Financial professionals advise that investments should be spread over a number of different savings vehicles – in deciding how much to contribute, you may also wish to think about any other shares you hold in Shell.

<sup>1</sup> "Pre-tax" pay refers to gross salary/allowances before the deduction of any income tax and National Insurance (NI) contributions



## HOW CAN I JOIN THE PLAN?

You will receive an invitation by email from our plan administrators Computershare when you become eligible.

You will receive an invitation only once to join SAESOP but you can decide to join at any time while you remain an eligible employee.

You will need to log on to your account and enrol online before 15th of the month prior to the month you wish your deductions to start. For example, if you enrol by 15th March your first deduction will be taken from your April pay.

Your contributions will be deducted each month from your gross pay and will continue until you change or stop your contribution. In the event that you become ineligible to participate in the Plan your contributions will cease automatically.

## TAX

SAESOP is a UK tax advantaged plan (known as SIP – Share Incentive Plan) and as such there are strict rules around its operation in order for participants to realise the tax benefits described.

Provided you hold your Partnership Shares and Matching Shares for five years, (and Dividend Shares for three years), you will not have to pay any income tax or NI. The tax summary [here](#) provides details of the income tax, NI and capital gains tax treatment should you sell your shares or leave employment with a participating employer.

If you are in any doubt about your personal tax position you are advised to consult an independent tax advisor.

Please also refer to the [leaver guide](#) explaining what will happen to your Plan shares on departure from employment with a participating employer.

Date of request:	Change will be implemented with payroll of:
Before 15th January	February
Before 15th February	March
Before 15th March	April
Before 15th April	May
Before 15th May	June
Before 15th June	July
Before 15th July	August
Before 15th August	September
Before 15th September	October
Before 15th October	November
Before 15th November	December



## WHEN ARE PLAN SHARES PURCHASED?

### Partnership Shares:

The purchase will usually be on the 10th calendar day of the month after the deduction has been taken from your pay. Where the 10th of the month is a non-trading day, the purchase will be made on the next trading day.

### Matching Shares:

For every six Partnership Shares you purchase you will receive one free Matching Share on the same day as your partnership shares.

### Dividend Shares:

Any dividends earned on your Plan shares will be used to buy further Shell shares.

You can view all your Plan Shares via your [EquatePlus account](#).

> Go to the My Holdings tab, select "Holding Information", select SAESOP from the drop down menu.

## WHAT IF MY CONTRIBUTIONS ARE NOT ENOUGH TO PURCHASE A WHOLE PARTNERSHIP SHARE?

Let's look at an example. Assume you make contributions of £50 pm and the share price for that month's purchase is £20.

- > Two Partnership Shares will be purchased on your behalf worth £40.
- > There will be a cash balance of £10.
- > The cash balance will be added to next month's regular monthly contribution of £50 so that £60 will be used to purchase Partnership Shares in the following month with any unspent cash balance after purchasing shares being carried forward.

## IF MY CONTRIBUTIONS ARE NOT ENOUGH TO BUY SIX PARTNERSHIP SHARES IN A MONTH, WHEN DO I RECEIVE A MATCHING SHARE?

Let's look at an example. Assume you make contributions of £100 pm and the share price for that month's purchase is £20.

- > Five Partnership Shares will be purchased.
- > Assuming the same share price of £20 in the following month your £100 will purchase a further five Partnership Shares.
- > Your five Partnership Shares plus one from the second purchase provide you with one Matching Share.
- > There will be four Partnership Shares accrued for allocation of a Matching Share once a further two Partnership Shares are purchased in subsequent months.



## HOW CAN I KEEP TRACK OF MY SHAREHOLDING?

You can view your holding via your [EquatePlus account](#).

- > The total number of Partnership Shares, Matching Shares and any Dividend Shares which you hold.
- > The total number of "Unrestricted Shares"; that is, those Plan Shares which have ceased to be subject to income tax and NI.
- > The date and the price at which the Partnership Shares, Matching Shares and any Dividend Shares were allocated to you.
- > Any cash balance held on your behalf at the time the statement is issued.

## HOW DO I CHANGE OR STOP MY CONTRIBUTIONS?

You may change the amount of your monthly contributions (within the Plan limits) or stop making contributions at any time.

A request to change or to stop contributions must be made by 15th of the month prior to the month you want the change to take place e.g. a change in the system by 15th June will activate the change in the July payroll.

- > Go to your [EquatePlus account](#) and click on your SAESOP task.



## WHAT HAPPENS IF I AM ON MATERNITY LEAVE, SICK LEAVE OR A BREAK WITHOUT PAY?

You can only make contributions through payroll, so if you are on payroll but not receiving any pay (e.g. salary, company maternity pay, statutory maternity pay or statutory sick pay), you will not be able to make any contributions for those months and your contributions through payroll will be ceased automatically.

On your return your contributions will not start automatically. Should you wish to recommence contributions from your salary, please contact your HR Operations caseworker managing your leave.

You are able to change your monthly contribution, but subject always to the monthly maximum of £150. You will be unable to make up missed contributions.

Any Plan shares you already own are not affected.

Please refer to the absence from work [guide](#) for further information.

## WHAT HAPPENS IF I LEAVE SHELL?

If you leave employment with a participating employer for any of the following reasons: injury, disability, retirement, redundancy, your employing company or the business in which you work ceasing to be part of the Shell group, or death.

- > You will no longer be a participant and your Plan Shares will automatically be withdrawn from the plan and transferred to your Share Plan Account (SPA). There will be no liability to income tax or NI on your Plan Shares.

If you leave employment for any other reason not specified above:

- > your Plan Shares will automatically be transferred to your SPA. However, there may be a liability to income tax or NI on your Plan Shares.

If there is an income tax or NI liability, a sufficient quantity of shares to meet those liabilities will be sold. As only whole shares can be sold for this purpose, there may be a small balance not used to pay the income tax or NI liability. Unless you tell us otherwise, this balance will be donated to a charity.

Any remaining cash amounts will also be repaid to you at withdrawal via payroll so that the correct income tax and NI can be deducted.

Please refer to the [tax summary table](#) for further information and the [leaver guide](#) for any actions you may need to take.

## WHAT HAPPENS IF I TRANSFER OUT OF THE UK?

If you transfer from the UK to another country on an LTIA or LNN your contributions will be stopped by Shell as you will not be receiving a salary in the UK:

Depending on the company that you hold your employment contract with (if more than 50% owned by Shell) you will be able to leave your Plan Shares in the plan.

Please refer to the [Transferring Countries Guide](#) for further information.

Short-Term International Assignment (STIA): if you go on a short-term international assignment from the UK you can continue your deductions from payroll to SAESOP as you will remain on the UK payroll.

## WHAT WILL HAPPEN TO MY PLAN SHARES ON DEATH?

Any shares or cash held under the Plan will form part of your estate and will be transferred as appropriate to your legal personal representatives.

- > No income tax or NI will be payable. However, your legal personal representatives may have to pay inheritance tax on these assets.

## CAN I SELL MY SHARES AT ANY TIME?

Subject to any dealing restrictions that apply, you can sell your shares at any time, but it is important for you to know that if you sell your Plan Shares within five years (or three years for Dividend Shares) you may lose some or all of the tax benefits offered by the Plan and may also forfeit any Matching Shares you may have been given. You will receive any non-taxable funds direct to your bank (less any brokerage fees). Taxable funds will be processed via payroll (less any brokerage fees).

Please refer to the [tax summary table](#) for further information.





## SHELL SECURITIES DEALING CODE

The Shell Securities Dealing Code is applicable to all employees and can be found [here](#).

If you have been designated as an Employee Insider you must obtain pre clearance to sell shares. You may not sell shares when you possess Inside Information. Employees are reminded that trading on the basis of inside information is prohibited by law even after employment has ceased. If you are involved in the preparation or review of the Group financial results or have access to Business Unit aggregate financial data, particularly in Downstream, and you retire during a Restricted Period, you should not deal in Shell securities until the following quarterly results are announced.

You will find a link to the pre-clearance form at the above link.

## WILL I BE ELIGIBLE TO VOTE AT THE SHELL AGM?

As a shareholder you will be invited to vote at shareholder meetings such as the Annual General Meeting (AGM). The AGM is usually in May each year.

If you hold shares in the Share Plan Account (SPA) at EquatePlus you will receive an alert in your EquatePlus portal in advance of the meeting with instructions on how to view the resolutions to be voted on and how to record your votes online.

## DOES PARTICIPATION IN THE PLAN AFFECT MY STATE BENEFITS?

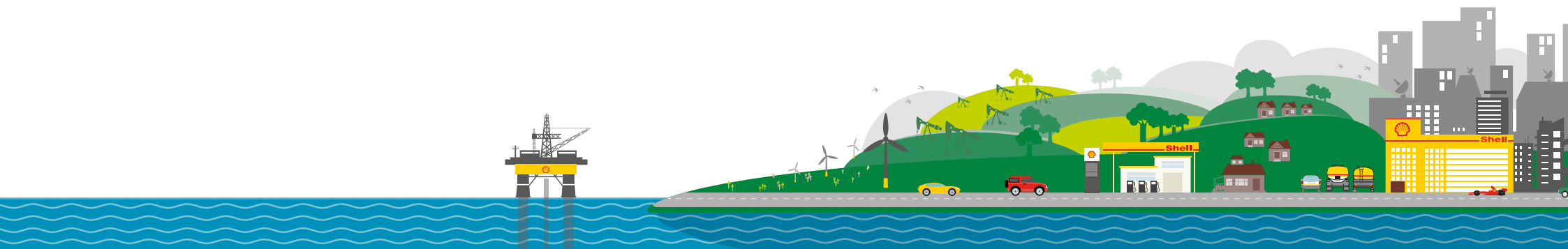
Your entitlement to statutory benefits (e.g. incapacity benefit, maternity allowance) is affected by your NI contributions and level of earnings, which may be reduced as a result of your monthly contributions to the Plan.

You should read the HM Revenue & Customs leaflet "[Share Incentive Plans and your entitlement to benefits](#)" (IR177) which sets out details of how investing in the Plan may affect these benefits.

## NOTE FOR US TAXPAYERS

We have not determined the US Federal, state or local income tax consequences that apply to your participation in SAESOP. If you are a US taxpayer, you should consult your US tax advisor with respect to the tax consequences of your participation in the SAESOP, including the timing of US taxation for the earnings you use to purchase shares under the SAESOP, the timing of US taxation for dividends payable on purchased shares, and any possible application of Section 409A of the US Internal Revenue Code. Section 409A provides for accelerated taxation of "deferred compensation" and for an additional 20 percent tax under certain circumstances.

In particular, if you do not report the earnings that you use to purchase shares under the SAESOP as current income for US tax purposes at the time shares under the SAESOP are purchased on your behalf, or if you do not report the dividends payable on purchased shares as dividends for US tax purposes, you should ask your US tax advisor whether you owe any taxes or penalties under Section 409A.



## THE TRUST

Your Plan Shares will be held in a Trust administered by the Trustees, Computershare Plan Managers:

Computershare Trustees Limited, Registered in England No 03661515, Registered Office: The Pavilions, Bridgwater Road, Bristol, BS13 8AE.

They are independent from the Shell group and are legally bound by the Trust Deed and Rules of the Plan to act on your behalf and in accordance with your instructions.

The Trustees may not sell shares held for you or exercise any rights attaching to your Plan Shares except under your instructions, unless you leave employment with a participating employer. The Trustees will then sell a sufficient quantity of shares to meet any income tax and NI withholding liability which may arise.

All enquiries relating to your Plan Shares should be referred to the Trustees. Their contact details are shown in the Contacts section at the end of this guide.

## SUMMARY

The Plan has been set up by The Shell Petroleum Company Limited (SPCO) under the Trust Deed and Rules of the Plan, a copy of which can be found [here](#).

The Plan is governed by its Trust Deed and Rules and applicable legislation.

In the event of any conflict between this guide and the Rules of the Plan and the legislation, the Rules and the legislation apply. Participation in the Plan is subject to the Rules of the Plan.

This guide has been prepared to give you information about the Plan. It is intended as guidance only and does not cover every eventuality.

Further information about the Plan, including the full Plan Rules can be found [here](#).



## SAESOP TAX SUMMARY

There is no income tax or national insurance (NI) due on your Plan Shares:

- on acquisition of your shares or
- if you leave under the following circumstances: injury, disability, retirement, redundancy, your employing company or the business in which you work ceasing to be part of the Shell group, or death.

Income tax or national insurance may be due on your Plan Shares if you:

- a. sell your shares while still employed or
- b. leave under circumstances not listed above (e.g. resignation)

The table below summarises the tax treatment depending on the type of share and how long you have held the shares.

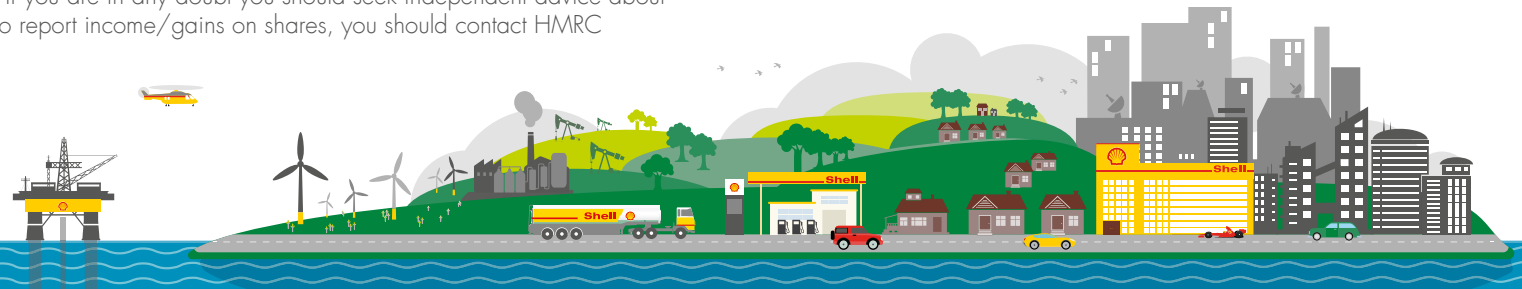
Type of share/Time period from acquisition	Less than 3 years	3-5 years	After 5 years
Partnership Shares	Income tax and NI on the market value of the shares on the:  a. date of sale or b. date you leave Shell.	Income tax and NI on the lower of:  Contributions used to buy shares; OR a. market value on the date of sale or b. market value on the date you leave Shell	No income tax or NI due
Matching Shares (feature of the plan effective April 2018)	Forfeit	Income tax and NI on the lower of:  Market value of the shares when they are acquired OR a. market value on the date of sale or b. market value on the date you leave Shell	No income tax or NI due
Dividend Shares	Taxed as dividend income for the tax year in which the shares are withdrawn	No income tax or NI due	No income tax or NI due

### Capital Gains Tax (CGT):

You may be liable for CGT on any gain arising on the difference between the value of the shares on the date they are removed from the plan and the proceeds from the sale. Whether CGT is payable will depend on whether your total gains in the tax year of disposal exceed the annual CGT tax free allowance. The annual tax free allowance rates can be found at the HMRC website:

<https://www.gov.uk/capital-gains-tax/allowances>.

The above table reflects the tax position as at December 2017 for individuals who are resident in the UK for tax purposes. Personal circumstances may affect your tax position and if you are in any doubt you should seek independent advice about your personal situation. If you are uncertain about how to report income/gains on shares, you should contact HMRC via their helpline - 0300 200 3310





YOUR SAESOP RESOURCE CENTRE	
HROL	Link to our internal site for additional information
SHELL SHARE PLAN MICROSITE	Link to an external site for additional information (accessible if not logged into Shell network).
PLAN RULES	Rules of the SAESOP
SAESOP IMPORTANT INFORMATION	Specific details on securities laws and data protection.
TRANSFERRING OVERSEAS	A guide to actions you may need to take when transferring overseas.
HM REVENUE & CUSTOMS (HMRC)	Link to details on SIP and entitlement to benefits
SHELL PLC ("SHELL")	Shell Investor Centre
SHARE PLANS QUERY FORM	Use this Share Plans Query form if you have queries about SAESOP that cannot be answered from the Plan materials.
HR Operations	If you are unable to access the Share Plans Query form, please send an email to HR Operations if you have queries about SAESOP that cannot be answered from the Plan materials.

