



The Annual General Meeting of Royal Dutch Shell plc

Jorma Ollila
Chairman

Jeroen van der Veer
Chief Executive

The Hague and London
20 May 2008



Jorma Ollila is Chairman of Royal Dutch Shell plc. Previously he was Vice-President of International Operations of Nokia in 1985. In 1986 he was appointed Vice President Finance of Nokia and served between 1990 and 1992 as President of Nokia Mobile Phones. Between 1992 and 1999 he was President and Chief Executive Officer of Nokia and from 1999 to 1 June 2006 Chief Executive Officer of Nokia. Prior to joining Nokia, he worked for Citibank in London and Helsinki.

Jorma was born in Finland in 1950, and is married with three children. He holds three M.Sc. degrees, in Political Science from the University of Helsinki, in Economics from the London School of Economics, and in Engineering from the Helsinki University of Technology.

He was awarded a Ph.D. (Pol.Sc.) h.c. degree by the University of Helsinki (1995) and a D.Sc. (Tech.) h.c. degree by the Helsinki University of Technology (1998). He is Chairman of the Board of Nokia and a Non-executive Director of Ford Motor Company.



Jeroen van der Veer is Chief Executive of Royal Dutch Shell plc. He joined Shell in 1971 and worked in manufacturing and marketing in the Netherlands, Curaçao and the United Kingdom. In 1992, he became a Managing Director of Shell Nederland. Three years later he became President and Chief Executive of the Shell Chemical Company in the United States. He was appointed a Group Managing Director in 1997.

Jeroen was born in the Netherlands, and is married with three daughters. He has two degrees – one in mechanical engineering from Delft University and another in economics from Rotterdam University.

He is a Non-executive Director of Unilever.

The following text is based on speeches delivered by Jorma Ollila and Jeroen van der Veer at the Annual General Meeting of Royal Dutch Shell plc in The Hague and London on 20 May, 2008.

Jorma Ollila, Chairman

The business environment in which your company operates is increasingly complex and exciting.

Three hard truths have begun to affect the energy industry.

The first hard truth is the surge in the global demand for energy. The sheer growth in demand will outpace our increasing energy efficiency. The main drivers for this are population growth, from around 6,5 billion people today to over 9 billion people by the middle of the century. Moreover, in developing countries, many people will enjoy higher living standards in 2050 than their parents or grandparents do today.

The second hard truth concerns the supply side. It is that the availability of “easy oil and gas” – or conventional supplies that are relatively easy to extract - will not grow as fast as demand. Many existing fields are maturing, the required investments are huge and access to resources is subject to political limitations in many countries.

The third hard truth is that the increased use of energy, especially coal, means that emissions of carbon dioxide, or CO₂, will rise, making it essential to develop solutions to tackle greenhouse gases.

This presents a challenging business environment. However, the success of Shell depends, not on the external constraints we face, but on how we respond to them.

Jeroen van der Veer and his team have worked very hard to make 2007 another good year for Shell.

My thanks go to the Executive Committee and all Shell staff for the determined way in which they have continued to move your Company forward on the path of delivery and growth.

Between now and June 2009, two changes will occur in the composition of the Executive Committee.

In December of this year, Rob Routs

will retire.

In mid 2009, Jeroen van der Veer will also retire.

Let me briefly explain how we want to take forward the selection of Jeroen’s and Rob’s successors.

All appointments of members of the Executive Committee are made by the full Board, which, in turn, takes its guidance from the Nomination and Succession Committee.

Rob’s retirement in December is still some way away, and we will announce his successor in good time.

The process of finding a successor for Jeroen will begin in earnest in the fourth quarter of this year. An announcement will not be made until some time in 2009.

While an internal successor is most likely, there will also be an external search. This is what I have always said and so this is not “new news”.

Thank you.

Jeroen van der Veer, Chief Executive

Our company’s safety performance remains a critical priority, so let me start with that.

Last year, we undertook a major drive to further improve personal and process safety.

I am pleased to report that in 2007 we had the lowest number of recordable incidents ever.

Pleased as we are with this result, we are not satisfied. Every accident is one too many. Our goal is to achieve zero fatalities.

Turning to financial highlights, reported earnings for the Group in 2007 were nearly 32 billion dollars. This means we delivered record earnings for the third consecutive year.

We returned 13.4 billion dollars to shareholders, two-thirds in the form of dividends, the rest as share buybacks.

The total Shell dividend paid was the highest among all major oil companies.

“The success of Shell depends, not on the external constraints we face, but on how we respond to them.”

We realise that higher oil and gas prices help our bottom line in the short term. At the same time, consumers are concerned. The best we can do is to invest today to keep up supplies for tomorrow.

Net capital spending in 2007, including acquisitions and divestments, was nearly 24 billion dollars.

This year, we plan net capital spending of 26-27 billion dollars.

I would like to thank all Shell staff for making this possible.

As we announced last month, we had competitive results in the first quarter of 2008.

These results show why our strategy – “more upstream, profitable downstream” has remained the same for quite some time. If you have a good strategy, you do not need a new one every year.

Upstream production last year was within our target range.

We again had record Liquefied Natural Gas equity sales volumes.

On an organic basis, we added more barrels of proved oil and gas reserves than we produced.

Apart from these proved reserves, we also look at our total hydrocarbons resource base. This is more than five times our proved reserves.

We bought 43 thousand square kilometres of new, high quality acreage. This is comparable to the size of the Netherlands.

Clearly, we have many opportunities to further grow your company.

Now let me report on the progress we're making with regard to delivery.

Two things are key when it comes to delivery. The first is how we run our *existing* assets. In running our assets we work with the top quartile philosophy. We benchmark our assets all the time with competitors on cost, added value or reliability and environmental aspects, and then we try to bring our assets up to the best quartile.

The second is how we build *new* projects. I will give you some examples.

Ormen Lange in Norway was brought on stream last year.

Ormen Lange is the third largest gas field in Europe, the first in deep water, and is expected to produce for the next 40 years, providing 20% of the UK's gas at peak, through the longest offshore pipeline in the world.

In addition, we started commercial gas production from the Changbei gas field in China and delivered first production from the Deimos discovery in the Gulf of Mexico. Production also increased in offshore projects in Nigeria and Malaysia and, onshore, in Russia.

More new projects will come on stream in the coming years, including a major deepwater project in Brazil, Sakhalin in Russia, Pearl Gas to Liquids in Qatar, and Kashagan in Kazakhstan.

These and other long-life projects will underpin our potential for growing production by 2-3% per year in the next decade.

In the Liquefied Natural Gas business, we have maintained our leadership position. In 2007, Shell was a partner in thirty percent of the world's LNG supplies.

We completed the construction of LNG Train 6 in Nigeria at year-end: on time, within budget and with an excellent safety performance.

We have five new LNG trains under construction in various parts of the world, more than any other international oil company.

The giant Pearl Gas-to-Liquids project in Qatar is now about 35% complete. At the peak of construction later this year, over 35,000 workers will be on site.

In spite of our reconsidering the London array wind project, Shell has a small but growing wind energy business.

The focus for new projects is on North America, where we can leverage our skills and experience to deliver what we expect to be competitive returns.

In the downstream we had another solid performance in 2007. Refining is a cyclical business, and we indicated

“If you have a good strategy, you do not need a new one every year.”

publicly that the high refining margins we saw recently would not last forever. That is why it is important to have a marketing business that makes a consistent contribution to our earnings.

Shell is the world's No.1 branded fuels retailer and the No.1 branded lubricants marketer by market share.

There are 46,000 Shell branded service stations, more outlets than some of the famous food chains around the world. And I'm always proud when visiting different countries to see well-run Shell gasoline stations.

Shell Aviation was named the best marketer by airlines. It supplies about 900 airports in 70 countries.

We are growing our presence in China where we began supplying marine fuels in the Port of Shanghai. Early this year we launched an asphalt business that supplies bitumen for China's fast-growing infrastructure.

Our sympathy goes to the people in China who have been struck by the earthquake. Shell in China has made generous donations in support of the relief effort.

We have also made progress in the reshaping of our downstream portfolio, selling non-strategic assets and redeploying capital into large, more complex manufacturing facilities.

In the United States, together with our partner Saudi Aramco, we have begun construction of the Port Arthur refinery expansion, which will become one of the largest refineries in the world, able to handle many different crudes.

In Asia, work has begun to deliver a world-scale ethylene cracker in Singapore. This is part of our strategy to grow in the East.

In Nigeria, the energy sector faces serious challenges.

If Nigeria can overcome these challenges, it can be a catalyst for the development of the West African region.

However, the security problems in the Delta region put a brake on current production and on investments in the country's oil and gas sector.

Tragically, last year, two people

working for our onshore Joint Venture were killed in assaults, and a third person died as a result of fire caused by illegal tapping from a pipeline.

The security situation has also slowed down the work to end all continuous flaring of associated gas. People can only install gas-gathering installations in places where it is safe to work.

In addition, the Joint Venture needs stable funding from the Nigerian National Petroleum Corporation - the majority shareholder. Based on talks with the Nigerian government, I am hopeful that we will resolve all outstanding funding issues.

Once there is a safe working environment and stable funding, the Joint Venture will resume the work to end continuous flaring.

Already, there is *no* continuous flaring at our *offshore* operations. And we remain committed to ending continuous flaring in the Delta, which, you need to remember, is a wetlands area the size of England.

As the Chairman has explained, our industry faces a challenging business environment.

In response, Shell is trying to develop methods that would enable us to produce more energy for less CO₂.

We focus strongly on energy efficiency and conservation in our own operations. And we help our customers to use less energy.

What is also needed is that governments create the right CO₂ policy frameworks.

For instance, cross-border CO₂ pricing would encourage deployment of CO₂ capture and storage technology.

Shell is involved in developing several demonstration projects to prove CO₂ capture and storage can be done on a large scale.

And, on the renewables front, we are not only active in wind, but also in hydrogen, thin-film solar and, of course, biofuels.

Governments across the world mandate companies to blend biofuels with conventional liquid transport fuels.

“We remain committed to ending continuous flaring in the Niger Delta.”

For example, in the European Union the target is currently set at 10% biofuels by 2020.

This makes it critical to address the sustainability issues around biofuels. Shell introduced a sustainable sourcing policy last year.

We are working closely with our suppliers, pressing for social and environmental safeguards and looking for certification.

At the same time, we stepped up our investment in transport biofuels, particularly in those types that are made from non-food sources.

The task here is to make sure that life-cycle CO₂ is low, that there is no or low impact on food production and pricing, and the quality of the fuel itself is high. We are involved in various projects with different partners, and we do our own research.

Another important ingredient of the global energy mix is heavy oil from unconventional sources, such as the oil sands in Canada. Shell aims to be a responsible operator.

The need to bring such new sources of energy into the global energy mix is generating a wide range of opinions.

Shell will listen to all stakeholders who have serious ideas about the best way forward – but ultimately it will not

be possible to meet fully everyone's expectations.

The challenge of producing more energy for less CO₂ requires new technology and new talent.

Last year, we recruited nearly 5,000 people from 95 countries, over half with a technical background and including well over 3,500 experienced professionals.

We increased spending on Research & Development from half a billion dollars in 2004 to 1.2 billion dollars in 2007. This is more than any of our competitors. This is the only spending increase that I *do* support, because it is essential for the future of your company.

Before handing you back to the Chairman, let me again thank all Shell staff for their contribution to a good performance in 2007.

And, thanks to them, as we look to the future, I believe we have the necessary skills, tools and controls throughout Shell to sustain and grow your company in a profitable and responsible way.

We are creating many different options for whatever future evolves, and I feel good about that.

Thank you.

“The challenge of producing more energy for less CO₂ requires new technology and new talent.”

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