

Our Commitment to Sustainable Development

SHELL MALAYSIA AND SUSTAINABLE DEVELOPMENT

In line with the Royal Dutch Shell plc systematic approach to good health, safety and environmental management practices, Shell Malaysia subscribes to the principle of sustainable development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. Our actions are guided by the need to make business decisions that give credence to our sense of economic, social and environmental responsibilities and by which our stakeholders and society can hold us accountable.

In this day and age, sustainable development does not just involve environmental preservation or social concerns, it must also take into account economic performance. By the same token, in order to sustain a healthy bottom-line, we must exhibit strong environmental and social performance.

Through our sustainable development policy, Shell Malaysia integrates the economic, environmental and societal aspects of our business in order to achieve sustained financial success, safeguard our environment and develop our reputation as a partner and provider of first choice for a wide range of audiences. Our audiences include our shareholders, customers, employees and those with whom we do business, as well as society and the future generations - all of whom expect us to engage with them, listen to them and evolve with them to meet their changing expectations.

We aspire to be the "Top Performer of First Choice", by operating our businesses efficiently, responsibly and profitably. As we aim for high standards of performance, we also aspire to establish a long-term presence among the communities we operate in. As such, we are

committed to helping our stakeholders improve their quality of life, whilst simultaneously contributing to Malaysia's advancement and its Vision 2020 goals.

As we journey towards achieving our aspirations, the methods by which we bring our sustainable development practices into play will be integral to our success. Our current stance is reflected in the following practices:

- We provide our customers with solutions and a variety of energy products, materials and services, which meet their requirements economically, but also in a way which does not do so to the detriment of the environment. We need to convince them that our activities, and their support for us, do not lead to unsustainable social differences but create wealth, which benefits society as a whole. And we need to convince them that there is a clear path for the future development of our industry, which will benefit the next generation. If we can do these things, we will really be the company of first choice.
- We build and maintain a culture of learning and innovations in which employees can fulfil their potential whilst meeting the most challenging targets - and have fun at the same time! It is a culture where we encourage our leaders to inspire others through personal example, and where the values of honesty, integrity, respect for people, trust, openness, teamwork and professionalism, can prosper.

We draw upon our companies' strengths to meet the challenges of the new millennium with a view to helping people build a better world. We will therefore continue to invest in projects that exploit world-class technology, research and development within the highest Health, Safety, Security and Environment (HSSE) standards.



The diverse workforce in the refinery



Improving our emergency preparedness



Two-way radios keep the refinery staff in contact with the control room.

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NO HARM TO PEOPLE

We are truly committed to pursuing the goal of no harm to people and assets from our operations.

SAFETY IS OUR BUSINESS

Your Company steadfastly believes that a strong safety culture is essential to our business. Throughout 2005, we continued to undertake the structured implementation of our Health, Safety, Security and Environment (HSSE) Management Systems with definite improvements reflected via our key performance indicators (KPI). The culture of ownership and personal responsibility for safety and health at the workplace also continued to be inculcated throughout your Company.

The outstanding HSSE performance comes in the wake of a continued commitment and focus on reducing fire incidents, First Aid Cases (FAC) and Medical Treatment Cases (MTC). We achieved three safety milestones in 2005, the first being your Company's achievement of our fourth consecutive year without a Lost Time Incident (LTI) in the month of May. In June 2005, we touched four million man-hours without a LTI, while our alliance contractor, Transfield Services, touched the one million man-hour mark without a LTI.

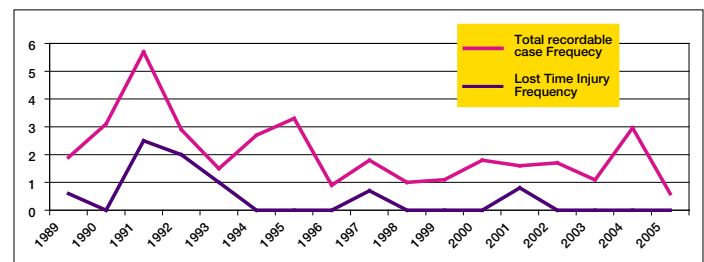
In 2005, your Company achieved its lowest ever Total Recordable Case Frequency (TRCF) in 15 years with a TRCF of 0.6 which was attributable to a case involving medical treatment.

The year under review saw one new KPI being introduced in the form of a process safety KPI of Loss of Primary Containment (LOPC). The reporting of LOPC incidents has been fully imbedded in the MARSHAL incident reporting system and programmes have been put in place to provide key learnings as well as administer corrective action plans. This has resulted in noticeable improvements where LOPC incidents are concerned.

The year also saw employee participation in in-house training on various HSSE-critical activities such as Permit To Work, H₂S training, Confined Space Entry, Fire Fighting and Emergency Response, going according to plan. Compliance with the Group HSSE Competence Framework also resulted in improvements in the various competences that contribute to good HSSE performance. In line with our continuous improvement efforts, we introduced various campaigns such as the Fire Safety

Campaign, LOPC Campaign, Working at Heights Campaign and Hand Safety Campaign.

The year under review also saw the Department of Occupational Safety and Health (DOSH) enforcing the regulations on Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Diseases. A presentation by the DOSH representative was conducted with all relevant parties in your Company prior to the implementation of the regulations.



BEHAVIOUR-BASED SAFETY

The Behaviour-based Safety (BBS) programme implemented in November 2004 by an external consultant saw all refinery employees, including the in-house contractor, trained in BBS practices over 2005. A group of BBS observers was trained to conduct observations and provide reports to the safety manager. A web-based checklist for the BBS observers was also launched and an analysis of the resultant observations is looked into to ensure continual improvements in safety behaviour. Overall, there are positive indications that the BBS programme will provide marked improvements in our safety performance.

BRINGING CONTRACTORS ON BOARD

We continuously and consciously instil our HSSE culture among our contractors in a variety of ways, and they in turn, assimilate our practices into their on-site operations. In 2005, a number of project construction activities, such as the new laboratory building and the new fire station, were completed successfully without injuries and at zero TRCF frequency. The HSSE plan drawn up for our contractors was aimed at ensuring that the activities carried out were properly analysed for their risk and that vigilant monitoring of unsafe acts and condition was adhered to. These contractors, as well as others, have all been found to be working within the parameters of your Company's HSSE management system.

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Simulation exercise in the Emergency Control Centre



Dialogue with neighbouring communities



External recognition for Best Practices

PROTECTING WORKER HEALTH

We are committed to protecting the health of the people at our workplace.

Throughout 2005, series of lectures, workshop and campaigns were carried out to promote health awareness among employees and contractors. Medical counselling has been adopted as another means of ensuring issues related to health are properly addressed by professional doctors. The good progress made in this area was reflected by the fact that total absenteeism for the year due to sickness, dropped for the better in comparison to the preceding year.

SECURITY

Security for the whole of 2005 proceeded without any untoward incidents despite the challenges posed by the Major Turnaround (MTA); (see MTA section on page 45); and an additional 1,500 personnel onsite. This was primarily due to the fact that system and control improvements have already been put in place for some time and have matured progressively over the years.

While existing contractors are well versed with our requirements, new contractors are engaged on our HSSE policy and practices before being allowed to come on site. Furthermore, our strict enforcement of a single standard for everyone has made us very transparent. We have also started blending in Ghurkha guards with the local guards, and this has proven to be very effective.

The Chief Government Security Officer, together with representatives from the State Security, Military and Police Departments, undertook an audit of the refinery facilities (including the jetty and single buoy mooring) with all providing positive feedback.

INTERNATIONAL SHIPPING AND PORT SECURITY (ISPS)

Our port facilities were found to have complied with the requirements of the code in the first annual audit carried out by the Marine Department and were given the green light. We are continuously doing the necessary to make improvements where required in order to maintain our certification and ensure the continuous operation of this critical facility. In an earlier separate audit, the State Security Department gave our facilities the thumbs up.

PROTECTING THE ENVIRONMENT

We are committed to protecting the environment.

Your Company minimises the impact of its operations on the environment by setting highly challenging improvement targets to progressively reduce emissions and discharges. Local legislation, Shell Group strategic objectives and several other international conventions and protocols, all dictate the way in which we impact the environment.

FLARING

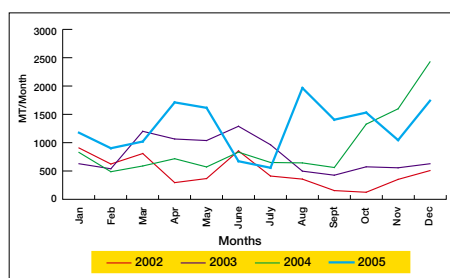
Total Flared Gas in Metric Tonne (MT) (Complex 1 & 2, LRCC)

2005	2004	2003	2002
29,763 MT	17,247 MT	24,000 MT	20,000 MT

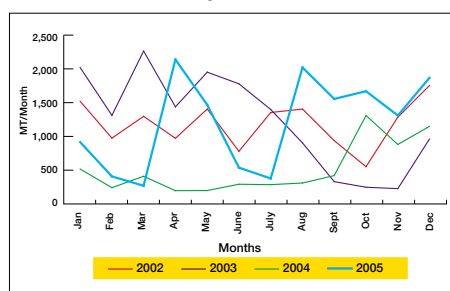
In 2005, our refinery registered increased flaring in comparison to previous years. This was mainly due to the processing of increasingly heavy crude oils through our Long Residue Catalytic Cracking Unit (LRCCU), as well as plant equipment reliability issues. The necessary improvements to the relevant unit operations are scheduled to kick off beginning 2006.

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Flaring ex Complex 1 & 2



Flaring ex LRCCU



EMISSIONS

	2005	2004	2003	2002 [Note1]
CO ₂	19.9kT/ 100kT intake	20.2kT/ 100kT intake	21.8kT/ 100kT intake	22.2kT/ 100kT intake
SO ₂	0.11T/ 100T intake	0.11T/ 100T intake	0.12T/ 100T intake	0.06T/ 100T intake

Note1: CO₂ emissions were understated in 2002; data has been corrected.

Sources of air emissions at the refinery could potentially arise from:

- Fuel burning or combustion in our operations;
- Flaring and venting;
- Evaporation from tanks and equipment during the transport and storage of oil products;
- Fugitive releases which occur as a result of a leak from process equipment.

Despite the higher level of flaring in 2005, Carbon Dioxide (CO₂) emissions were lower compared to previous years. This was attributable mainly to the scheduled shutdown that the refinery underwent in the second quarter of the year for major maintenance and inspection work. The Sulphur Oxide (SO₂) emissions, that are related to feedstock processed, remained unchanged in comparison to 2004. In 2002, these emissions were exceptionally low.

GLOBAL WARMING POTENTIAL

	2005	2004
GWP (kT CO ₂ Equivalent)	1,093	1,178

As part of our sustainable development drive, the Shell Group has devised a method to compare the relative effect of greenhouse gasses (GHG) on the climate. The result, a factor known as Global Warming Potential (GWP), provides relative measurement of the warming influence of a gas relative to that of carbon dioxide over a 100-year time horizon.

Your Company actively participates in this monitoring effort and in 2004 began recording our GWP contribution in terms of kilotonnes of Carbon Dioxide Equivalent (kT CO₂ Equivalent). Our GWP is from gaseous emissions of Carbon Dioxide (CO₂), Methane (CH₄) and Nitrous Oxide (N₂O) arising from combustion, flaring, venting, storage, fugitive emissions, loading, unloading, unplanned and planned releases. While Hydrofluorocarbon (HFC), Sulphur Hexafluoride (SF₆) and Perfluorocarbon (PFC) emissions will also contribute to GWP, your Company does not employ such gasses.

In 2005, your Company recorded a GWP of 1,093 kT CO₂ Equivalent. This was 7.2% lower than 2004's performance of 1,178 kT

CO₂ Equivalent. The reduction was mainly due to the major maintenance shutdown that the refinery underwent in the second quarter of the year.

HALON AND CHLOROFLUOROCARBON (CFC) REMOVAL

Our refinery has been free of Halon and CFC gasses since April 2000. However, the refinery does have Hydrochlorofluorocarbons (HCFC) in its inventory that are scheduled for elimination between 2015 and 2020 in accordance with the Montreal Protocol.

SPILLS

In 2005, your Company recorded three reportable spill incidents. In all three cases, the relevant authorities were duly informed and the spilled product fully recovered, thus rendering a zero net spill. The causes of these incidents were evaluated and key learnings are being used to improve our working practices.

WASTE MANAGEMENT

The main sources of solid waste arising from refinery operations are:

- Sludge from oil storage and refining;
- Spent catalysts;
- Non-hazardous waste.

Quantity (MT)	2005	2004	2003	2002
Sludge	1,592	2,850	2,120	4,600
Spent Catalysts	1,655	2,568	2,430	2,740
Recovered Wastes Oil	56.7	1,933	1,900	2,700

Our refinery continuously produces sludge from its operations. We apply a proven sludge reduction technology in order to reduce the

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volume of sludge disposed as well as recover as much remaining hydrocarbon as possible.

Following a successful trial of this technology in 2002, your Company was given approval by the Department of Environment (DOE) to operate the unit for two years. The DOE renewed approval of the unit in 2004.

The qualities of the treated materials meet the landfill criteria with moisture at less than 0.1% and Total Organic Carbon (TOC) at 0.25% weight. This technology gives your Company a significant reduction in the volume of sludge that needs to be incinerated.

Efforts focusing on recycling a large portion of the waste that originates from our refinery operations, proved successful. A total of 1,655 MT of spent Fluid Catalytic Cracking (FCC) catalysts was reused as raw feedstock at cement plants in Perlis and Negeri Sembilan, while another 56.7 MT of recovered waste oil was sent out for off site recycling by a DOE-licensed recycler. In 2005, recovered waste oil was reduced due to sludge treatment facility downtime for major upgrades and maintenance.

NOISE REDUCTION ACTION PLAN (NRAP)

Your Company continues to fulfil its social responsibility as a good neighbour to its many Port Dickson residents. As part of our continuing corporate social responsibility efforts, soundex plates were erected along the refinery's West Gate fence. Complaints on noise from the refinery have dropped significantly since the completion of this project.

EFFLUENTS

	2005	2004	2003	2002
Oil in Effluent Water (mg/L)	6.6	1.2	1.6	1.0

The main discharge to water from our operations is oil in the water that accompanies oil production. The refinery's effluent water is discharged some 1 km offshore via a pipeline.

For the year under review, the average oil in water concentration stood at 6.6 milligrams per litre (mg/l). Although higher than 2004's figure, it was well within the legislative limit of 10 mg/l and the limit set by the Malaysian Environmental Quality Act 1974 Effluent Quality Standard B. This water is also used as a means of firewater supply for your Company.

Your Company periodically experiences spikes in effluent water Chemical Oxygen Demand (COD). Improvement plans have been developed and presented to the DOE. Seawater quality at the discharge point continues to be monitored and has not shown any deviation from the norm. The figures to date reflect almost negligible effluent water impact on the environment.

CONTINUOUS EMISSION MONITORING SYSTEM (CEMS)

As part of Your Company's commitment to the environment, and in compliance with the DOE's emissions monitoring requirements, a Continuous Emission Monitoring System (CEMS) was installed in June 2005. The CEMS is designed to monitor the following parameters:

- Nitrogen Oxides (NO_x)
- Sulphur Dioxide (SO₂)
- Carbon Monoxide (CO)
- Carbon Dioxide (CO₂)
- Oxygen (O₂)
- Hydrogen Sulphide (H₂S)

The CEMS, which has been installed at the LRCCU sulphur recovery unit (SRU), is not only used to measure air emissions from the SRU stack, but is also used to optimise firing of the

SRU. The SRU was designed to recover sulphur from the H₂S-rich process gas.

All data from the CEMS is stored in a central database and is utilised for emission profiling and reporting to the DoE.

MATERIAL AND ENERGY USE

	2005	2004	2003
Refinery Energy Index (Actual)	166.9	165.9	165.4
Refinery Energy Index (Target)	165.3	159.4	159.4

Your Company is committed to using materials and energy efficiently to provide its products and services. By setting annual Refinery Energy Index (REI) targets that take into account the year's operational and maintenance plans, your Company strives to deliver continuous improvement. In 2005, we achieved energy performance within 1% of our target.

PUBLIC COMPLAINTS

All citizens have the right to complain if and when our operations inconvenience their daily lives. We take all such complaints seriously and document and file each one to ensure prompt action and proper response. Normally, all complaints will be responded to within 48 hours. If this is not possible, the complainant will be told why and advised as to when he or she should expect a reply from us.

In 2005, the company recorded five public complaints, significantly lower than the 14 mainly to smell and noise issues, were promptly responded to by our duty officers and the necessary corrective actions taken. Complaints were also discussed at the Community Dialogue sessions that take place regularly.

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MAJOR TURNAROUND (MTA)

In June and July 2005, the LRCCU and Complex 2 went through a scheduled Major Turnaround (MTA) programme, successfully meeting all our objectives. The units were shut down to fulfil all statutory requirements as well as allow for integrity inspections and integrity improvement activities to be carried out on the critical equipment. Total duration of the MTA, which is measured from the time the feed into the refinery is stopped to the time our products are back on specification, was thirty-three days.

The primary focus of the MTA team, comprising your Company's employees and its contractors, from the time of preparation until execution of the MTA, was to achieve excellence in the areas of HSSE, Quality and MTA duration, as well as deliver a flawless third operational cycle. It cannot be emphasised enough that the safety and health of all those involved in the MTA represented the highest priority of all.

As part of our Community Care programme, we successfully conducted the first Community Dialogue session for the year in May 2005. The main objective of this dialogue was to inform residential neighbours, government officers and NGOs of the MTA 2005 scheduled activities to be held over the months preceding the MTA. MTA 2005 information booths were set up during the Community Dialogue session to disseminate information on MTA-related activities to residents, government officers and NGOs.

HSSE MANAGEMENT/EXCELLENCE DURING MTA

The MTA slogan "Safety In Mind – Family At Heart," was chosen following a competition

held among SRC staff and contractors. The slogan aptly reflects our behaviour-based safety implementation. Every turnaround worker had to undergo a comprehensive HSSE induction programme training and the "Safety In Mind – Family At Heart" slogan was shared with them at the onset of the induction programme. Health declarations and clinical checks were carried out on all personnel involved to ensure that only fit-to-work individuals were allowed on-site.

Your Company's Major Turnaround HSSE management was exceptionally well planned and coordinated among the various Company's employees and contractors who demonstrated a clear understanding of and commitment to the various HSSE programmes and objectives laid out. A major improvement was seen in the communications surrounding the MTA as every available communication medium was utilised – from a dedicated MTA webpage, HSSE circulars/bulletins and an MTA HSSE booklet, to toolbox talks, training sessions, steering committee meetings, daily team meetings and HSSE forums. Daily updated information was readily available to everyone on MTA-related activities and occurrences.

The pre-turnaround meetings with contractors focused on the organisational structure with the roles and responsibilities of each party clearly outlined. The contractor HSSE management system was vetted through and verified by the turnaround team. Critical positions that had potential HSSE risks were screened and the incumbents interviewed to ensure only competent persons with relevant expertise were employed.

Dedicated HSSE safety managers, officers and supervisors ensured that the pre-turnaround training, engineering work methods evaluation,

and jobs hazard analysis, were carried out as scheduled and that all identified issues were addressed promptly. Daily meetings were held without fail and findings from field inspections discussed thoroughly to ensure all systems were effectively in place. During the turnaround, Unsafe Act Audit teams, comprising management team members, turnaround team members and contractor management, conducted daily audits on various turnaround activities. This high-level HSSE management team ensured that issues raised received immediate management team attention and were quickly resolved.

Professional rescue teams from BOMBA were on 24-hour standby on site for the whole duration of the MTA in line with Shell's best practices policy. This was also in compliance with the Department of Occupational Safety and Health (DOSH) Code of Practice of Confined Space Entry. Strict regulation on confined space training was applied to all workers and inspectors.

The employment of chemical decontamination of the feed and bottoms systems using special detergents, a first-time exercise for our turnaround, was successfully carried out during the shutdown period. The objective of chemical decontamination is to ensure safe working conditions in relation to equipment use while eliminating the need to expose our personnel to hazards. This method ensures that residual hydrocarbons are picked up by the chemicals in emulsion form and can then be transferred to a holding tank.

The fact that there were no significant injuries and HSSE issues during the MTA bears testimony to the spirit of cooperation and the commitment of everyone involved.

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REPORT AND CONSULT

We commit to publicly report on our performance and engage in stakeholder consultation.

REPORTING ON PERFORMANCE

Your Company communicates its openness, transparency and accountability through a variety of ways, one of which is via our annual Shell Malaysia Sustainable Development (SD) Report, which includes details of your Company's progress across a wide and demanding range of indicators – from greenhouse gas emissions to road safety statistics. Copies of this report are distributed to government agencies, business partners, opinion leaders, academicians, NGOs, contractors and employees. The report is also posted on the Shell Malaysia website at www.shell.com.my.

Information on your Company's performance can also be found on your Company's Corporate website, which was launched in May 2005. The website address is as follows: www.shell.com.my/shellrefining.

NACRA AWARDS

Your Company reports its performance encompassing a wide range of subject matter in its annual report. This document complies with and adheres strictly to all the disclosure requirements for a Malaysian public-listed company and is in line with Shell's Statement of General Business Principles.

In 2005, your Company was the recipient of two awards from the National Annual Corporate Report Awards (NACRA) body. For the first time ever, our annual report won the "Industry Excellence Award" for companies listed on Bursa Malaysia's Main Board under the Industrial Products and Technology sector. Your Company's annual report also won the "Best Annual Report in Environmental

Reporting Award" from NACRA for the fourth consecutive year. These wins demonstrate your Company's commitment and drive towards ensuring that a complete and informative performance report, including our environmental performance, is disclosed to our shareholders and society.

COMMUNITY DIALOGUES

As part of our Community Care programme, we conduct regular dialogues with our residential neighbours. The 2005 dialogue sessions covered topics such as:

- Update on refinery operations and activities;
- HSSE issues and updates on the potential impact of our activities on the community.

We have also enhanced the active dialogue process through letter-drops to neighbouring homes and to the local authorities during the refinery's planned and unplanned shutdown periods. Under this unique and personalised exercise, each of our neighbours receives a letter alerting them and seeking their understanding on the HSSE aspects of the shutdown in view of possible high noise and flaring during this period. From the feedback we have received, the letter-drops and dialogue sessions have significantly contributed to galvanising and enhancing the relationship between the neighbouring communities and your Company. This also underlines the former's appreciation of our commitment to good neighbourliness and HSSE issues.

ENGAGEMENT WITH NGOS

Your Company recognises the need to regularly engage its stakeholders in order to obtain feedback as well as to learn from them. To this end, we conduct regular meetings and dialogues with local non-governmental

organisations (NGOs) who are interested in our activities and who share common interests and concerns with Shell. In this manner, we are able to share our experiences and at the same time obtain their views and feedback. We also undertake to co-organise and sponsor activities with local NGOs.

PROMOTING BEST PRACTICES

ISO 17025 CERTIFICATION

Your Company's laboratory in Port Dickson continued to demonstrate its professionalism and high quality management standards by successfully maintaining its ISO 17025 Certification in 2005. The Department of Standards Malaysia (SIRIM) conducted the audit of the laboratory's Quality System and for the first time in the laboratory's history, no Non-Conformities against the standard were recorded. This is due recognition of the technical competence and the professionalism of our staff, and the sound management system in place. The laboratory is accredited for a whole range of refinery product testing processes, all of which demand the highest precision techniques.

Our laboratory also won the 2005 Excellence Award from the Malaysian Institute of Chemistry for the fourth consecutive year. This award aptly recognises the high standards this laboratory maintains with regard to safety, analytical services to its customers, quality management and the technical competency of its staff. The laboratory supports both internal and external customers such as the PETRONAS Melaka Refinery, the ESSO Port Dickson Refinery and the Shell depots operating within Shell Malaysia's commercial and retail businesses. This latest recognition is a firm acknowledgment that the laboratory's customers are receiving internationally-certified services with the ISO 17025 edge.

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The laboratory has a high customer focus, which is evident by the results of the customer satisfaction surveys conducted twice yearly. The laboratory scored 4.2 on a scale of 1 to 5, where "5", best demonstrates that customers rate the service as being above the expected level.

The laboratory plays an important role in the quality control chain of our product components and finished products. Malaysian authorities have highlighted their intent to introduce new product specifications for both diesel and gasoline products. During the first half of 2005, the Company's laboratory completed the installation and testing of all the new laboratory equipment required to enable them to measure either new product specifications or product parameters with higher accuracy. The laboratory is as such ready for the implementation of Euro 2-M specifications.

WORKING AND PROMOTING BEST PRACTICES WITH REGULATORY BODIES

Your Company received invitations from outside organisations and regulatory bodies to learn and share our best practices with them. Your Managing Director delivered a paper on OSH Future Challenges at the seminar organised by the National Council for Occupational Safety and Health. On top of this, our Quality & HSSE Manager conducted a presentation on Sharing Best Practices at a seminar organised by the Malaysian Society for Occupational Safety and Health.

We were privileged to play host to thirty DOSH officers from various States, who had chosen your Company for a half-day practical on-site training on OSH internal auditing techniques. We also welcomed a group of DOSH officers from the Major Hazards Division for their familiarisation programme. Feedback from such visits has benefited your Company even

as we work towards greater improvements in HSSE Management.

SAFETY CENTRE & EMERGENCY CONTROL CENTRE (ECC)

Our safety centre and the ECC continue to impress both our visitors and auditors alike. These two facilities have been recognised, by both Shell and external parties, as best practice facilities. They have played a vital part in helping your Company gain HSSE awards for the year. A revised version of the DVD safety induction video was also produced to align your Company with the new requirements and practices in the Downstream-One HSSE standards. Additional online IT facilities and communication equipment were added to the ECC to further improve its overall effectiveness. We continue to maintain and improve our facilities to meet the challenges and demands of the world today.

MEETING INTERNATIONAL MANAGEMENT STANDARDS

In line with being open, transparent and accountable, we subject ourselves to scrutiny by qualified independent auditors to confirm that we are managing HSSE issues according to international standards. The sustained efforts of your Company have yielded the following certifications:

- **International Ship and Port Security Code (ISPS)**

Your Company attained International Ship and Port Security Code (ISPS) certification on 1st July 2004, a worldwide requirement imposed by SOLAS (Saving of Life at Sea) to ensure security of ships and port facilities. This certification was given by the Designated Authority for Malaysia, which is the Marine Department. This certification allows your Company's port facilities to receive 500-tonne ships on international voyages.

- **ISO 14001**

Your Company attained ISO 14001 certification in September 2000 and was successfully re-assessed in 2004 by its certification body, SIRIM QAS. This international standard sets the guideline for environmental management.

- **OHSAS 18001**

Your Company achieved OHSAS 18001 certification in 2001 and was recertified in 2004 by certification body, SIRIM QAS.

- **ISO 9001**

Your Company was successfully upgraded to ISO 9001:2000 by SIRIM in July 2003 with an expanded scope to include Marine services.

- **ISO 17025**

Your Company's main laboratory successfully migrated to the new ISO 17025 standard in 2001.

DIVERSITY AND INCLUSIVENESS

As a forward-thinking organisation, we understand that the whole is always more than the sum of its parts. We also understand the importance of accepting differences and recognise our people for who they are while acknowledging the importance of their contributions.

Only by recognising and understanding the differences inherent in individuals, can we aim to tap the diverse talents of our pool of varied people. Only by accepting diversity in the workplace, can we optimise our human resource capability and hone the latent talents and skills of our multi-national workforce.

Diversity encompasses visible differences in terms of gender, age, nationality and physical ability; as well as subtle underlying differences in terms of education, experience, religion, work styles, way of thinking and communicating.

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Inclusiveness, on the other hand, refers to a workplace where diversity, both visible and subtle, is valued and where individuals are given the opportunity to develop skills and talents consistent with organisational values and business objectives.

Our acceptance of diversity and inclusiveness means that your Company today has a diverse and multi-talented workforce comprising 285 employees of 5 nationalities, of which 89% are male and 11% female. We are also proud to report that your Company's workforce now boasts its first female plant manager.

THE SHELL GROUP DIVERSITY VISION

"Within 5 years, the Group will be widely perceived by both internal and external stakeholders as a company that values diversity, and as a company of choice for men and women of ethno-cultural backgrounds. The Shell Group will benefit from diversity through better relationships with customers, suppliers, partners, employees, government and other stakeholders, with positive impact on the bottom line"

(Value Creation Team and Shell Group Committee of Managing Directors, 1997)

To nurture Diversity and Inclusiveness (D&I) in the workplace, we need to build awareness, knowledge and understanding to develop the necessary skills, as well as practice behaviour that is conducive to changing attitudes and driving organisational change.

D&I WEEK

Your Company is committed to bringing about the organisational change needed to deliver our Vision. As part of our change journey, Shell Malaysia held a special employee engagement

activity labelled D&I Week which was launched on 28th November 2005. D&I Week was attended by employees from Shell House in Kuala Lumpur and about 100 employees from your Company's refinery at Port Dickson. Our aim for 2005's D&I week was to share Shell's experiences with our employees and provide them a better understanding of D&I at the workplace. Employees were given the opportunity to participate in learning activities to build a more inclusive workplace, which will ultimately help everyone to deliver their best.

The successful implementation of our D&I Plan will lead to the attraction and retention of top talent, increase productivity, inculcate a stronger customer/market focus and give us the means to operate at our best and grow.

EMPLOYEE TRAINING

Your Company is a firm believer of enabling employee training that enhances performance. Our management's task is to ensure that our workforce is equipped with the knowledge, skills and attitudes that are necessary for optimal performance. Employee training forms an integral part of our corporate and human resources strategy and is available to all employees.

Whilst your Company recognises and encourages our employees' desire for self-development, all employee training at your Company is founded on clear, identified business needs and clear objectives based on job requirements, which are then pitched against performance criteria. Your Company's policy ensures that all training is optimised and conducted in a manner conducive to achieving organisational goals. We deem training that develops employee potential and enhances employee performance as tools that are essential for the effective conduct of our business.

CULTURE OF SUSTAINABLE DEVELOPMENT

We are committed to promoting a balanced work-life culture in which all Shell employees share your Company's commitment to sustainable development.

SOCIAL PERFORMANCE PLAN

Social performance (SP) is the term we use to describe how we manage the impact of our business on the communities and societies in which we operate. As part of the Shell Group guidelines, your Company has developed and executed its SP Plan, which aims to increase social performance levels in a structured manner. Your Company and its stakeholders stand to gain from proactive engagement on clearly drawn-up issues.

Through a strategic and sustained SP Plan we aim to:

- Contribute to the development of communities within which we operate;
- Maintain and sustain the environment for the present and future generations;
- Treat employees with dignity and respect;
- Engage in ethical and open relationships with shareholders, stakeholders employees, customers and community legislators/officials;
- Work collaboratively with external stakeholders in addressing community and societal concerns and issues.

WORK WITH STAKEHOLDERS

Your Company's operations and presence, undoubtedly impact upon, and are invariably affected by many different stakeholders. We recognise our stakeholders' interest in our business and the need to listen and respond to them. In this respect, the Port Dickson community is fully engaged in our activities via letter-drops and engagement

Our Commitment to Sustainable Development

sessions with neighbours and residents. A communication platform is also provided to enable stakeholders to channel any concerns they may have in a timely and formal manner. Our pro-active role has held us in good stead with the local authorities.

BENEFITS COMMUNITIES

Your Company is a key member of every local community in which it has a business presence. We are constantly looking for appropriate ways to contribute to the social well-being of the community and to the wider public which grant us our licence to operate and grow.

Our contributions do not always take the form of direct funding and monetary sponsorships. We also provide employment and business opportunities, as well as invest in programmes and initiatives to raise the socio-economic status of communities (such as Port Dickson), as well as improve the locality's standard of living and quality of life. This non-quantifiable contribution has been widely acknowledged by governmental and community leaders. We have also supported the Government's call for the increased application of the English Language in local schools by sponsoring efforts to promote the use of English in communication by students.

Your Company's annual 'We Care We Share' community care programme, where we participate in and contribute towards various charitable causes, plays a vital part in fulfilling the Company's social investment objectives. In 2005, we organised, supported or participated in the following programmes:

- We Care We Share fund raising programme for Tsunami victims;
- Road Safety Campaign for LPG drivers;

- Safety Day with local fence line residences;
- We Care, We Share programme with the physically-disabled residents of Bengkel Seri Perkasa;
- National Day with pre-school children;
- Refinery visit by various NGOs, Government bodies and students;
- Community dialogues with NGOs, neighbours and government authorities;
- Drug Abuse Campaign;
- District-level English public speaking competition;
- District-level English debating competition;
- District-level English drama competition;
- Health Day with local residents;
- Career guidance talk to secondary students with NGOs;
- Health Talk on Thalassaemia for the general public and employees.

BIODIVERSITY

As an important part of society, businesses, including your Company, have a role to play in protecting and supporting biodiversity. As an active contributing member of society, Shell takes this responsibility very seriously.

We recognise that our operations have impacts that, if unaddressed, can result in the loss of biodiversity and cost us in time, money and reputation. A failure to protect biodiversity could jeopardise our licence to operate, while a strong reputation built on the effective management of biodiversity will be a competitive advantage. There is a clear business case for addressing biodiversity within Shell. Our approach is set out in a Group Biodiversity Standard.

The Shell Group Biodiversity Standard dictates that:

- We conduct environment assessments, including the potential impact on biodiversity, prior to all new activities

and the significant modification of existing activities;

- We bring focused attention to the management of activities in internationally recognised hotspots, including the identification of key stakeholders and early consultation with them.

In meeting the above standards, we will:

- Work with others to maintain ecosystems;
- Respect the basic concept of protected areas;
- Seek partnerships to enable the Group to make a positive contribution towards the conservation of global diversity.

In all that we do, we will balance our economic ambitions with a clear commitment to corporate responsibility.



Sponsoring English language debate in local schools



We Care We Share - fund raising for Tsunami Aid

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