



2013 Royal Dutch Shell plc. Annual General Meeting

The Hague, Netherlands

JORMA OLLILA

Chairman, Royal Dutch Shell plc
May 21, 2013

PETER VOSER

Chief Executive Officer, Royal Dutch Shell plc
May 21, 2013



Jorma Ollila is Chairman of Royal Dutch Shell. A Finnish national, he was appointed Chairman as from June 2006.

He started his career at Citibank in London and Helsinki, before moving in 1985 to Nokia, where he became Vice President of International Operations. In 1986 he was appointed Vice President Finance of Nokia. Between 1990 and 1992 he served as President of Nokia Mobile Phones. Between 1992 and 1999 he was President and Chief Executive Officer of Nokia and from 1999 to June 2006 he was Chief Executive Officer of Nokia.

Jorma was born August 15, 1950.



Peter Voser became Chief Executive Officer on July 1, 2009.

Previously, he was Chief Financial Officer since October 2004. He first joined Shell in 1982 and held a variety of finance and business roles in Switzerland, the UK, Argentina and Chile, including Chief Financial Officer of Oil Products. In 2002, he joined the Asea Brown Boveri (ABB) Group of Companies, based in Switzerland as Chief Financial Officer and member of the ABB Group Executive Committee. He returned to Shell in October 2004, when he became a Managing Director of Shell Transport and Chief Financial Officer of the Royal Dutch/Shell Group. He was a member of the Supervisory Board of Aegon N.V. from 2004 until 2006, a member of the Supervisory Board of UBS AG from 2005 until April 2010 and a member of the Swiss Federal Auditor Oversight Authority from 2006 until December 2010.

He is currently a Director of Catalyst, a non-profit organisation which works to build inclusive environments and expand opportunities for women and business. In March 2011, he was appointed to the Board of Directors of Roche.

Born in 1958, he is a Swiss citizen and is married to Daniela. They have three children.

The following text is based on speeches delivered by Jorma Ollila and Peter Voser at the Annual General Meeting of Royal Dutch Shell plc in The Hague and London on May 21, 2013.

Royal Dutch Shell plc

At this point Peter and I will give a short presentation about your company and its activities.

Jorma Ollila

Your company has made progress in 2012 on its strategy for profitable growth.

I would like to thank the Shell staff for their hard work.

Chief Executive Officer Peter Voser will talk to you in more detail about operational performance, and the strategy in a moment.

The Board looks very closely at both, and at the way in which Shell drives technical standards and safety performance.

You may have seen that Peter Voser, our chief executive officer, has elected to retire from Shell in the first half of 2014.

The nomination and succession committee of the board is now working to find Peter's successor, and we will update you on the progress there in the future.

Now, let me give you an overview how we see the outlook for the oil and gas industry.

Energy market

Population growth and economic development in non-OECD countries is driving strong energy demand growth, perhaps a doubling of primary energy demand over the first half of the century, and an even faster growth rate for gas.

The IEA – the International Energy Agency – expects some \$15 trillion of energy

investment in the next decade to meet this demand.

Shell will play its part, we have the scale, technology and portfolio options to drive a through-cycle investment strategy for sustainable growth.

But our industry can't work in isolation.

To succeed, we will need a multi-stakeholder approach, working together with partners, civil society and governments, to ensure that the investment needed for the future is made in a responsible way.

At the same time, we are seeing high levels of short term volatility in energy prices, and this has become a fact of life now for our industry.

We use consistent and conservative planning assumptions, as you would expect in a long-term business like ours.

Generally, we plan inside a range of \$70-\$110 per barrel for oil, and \$3-\$5 per million British thermal units for US gas, and consider our investments against an assumed cost per tonne of carbon dioxide emitted of \$40 per tonne.

Transparency

Shell believes in transparency, and your board has high levels of commitment to this.

We were the first major oil company to publish a sustainability report, and the first to publish online details of oil spills in Nigeria.

Another example is tax transparency.

This is the second year that we are voluntarily publishing country-by-country tax payments, for significant countries where we

are allowed to, in an easily accessible single location online.

You will see that Shell paid \$25 billion of tax in 2012, an effective tax rate of 47%.

And in addition, we collected almost \$85 billion in sales taxes and excise duties on behalf of governments.

In an environment where trust in corporations and government is low, open and transparent operations and communications are all the more important in gaining our licence to operate.

Now, turning to the climate change agenda.

Climate challenge

Shell's emissions were around 72 million tonnes of CO₂ equivalent in 2012, a reduction on 2011 of some 3%. This was driven by reduced flaring in Nigeria and a reduction in downstream emissions.

In addition to our direct emissions, we estimate that our customers, by burning our fuels, emitted some 580 million tonnes of CO₂ equivalent.

Our emissions are likely to rise in the future, as new sources of energy become more complex to produce.

Shell is taking action in four areas to manage these CO₂ emissions.

We are producing more natural gas, which is a low CO₂ fuel, we are producing low-carbon biofuels, helping to develop carbon capture and storage and working to improve the efficiency of our operations, for example with co-generation at refining & chemicals plants.

Now I'd like to take a few moments to talk about the recent performance of the company.

Competitive performance 2009-2012

Over the last 3 years, your company has performed well on a variety of financial and operational metrics.

Shell has delivered an improving competitive performance in the international oil company peer group.

Shell has led the other majors in earnings-per-share growth, increasing cash flow from operations and delivered competitive production growth and total shareholder return.

It's good to see us moving towards the top of the peer group on these metrics.

These performance metrics form the basis of the long-term incentive plan for executive directors and they help determine performance-related pay for Shell staff.

There is a one year time lag, so that this strong performance over the three years to 2012 will lead to a larger LTIP vesting in the 2013 annual report than for 2012, and we will discuss this with you at the appropriate time.

And with that, let me hand you over to your CEO.

Peter Voser

Ladies and gentlemen, I am very pleased to be here today at our 2013 AGM and let me start with safety.

Safety

Safety is vitally important in everything that we do at Shell.

We continue to manage safety both through strict processes, and by embedding a safety culture in the daily activities of our workforce.

Our goal is to have zero fatalities, no leaks, or incidents that harm our employees, contractors or neighbours.

In 2012, we continued with the record level of low injuries we have seen in the past 2 years. However, sadly we suffered 8 fatalities in our operations, and there's more work to be done there.

This industry is under intense scrutiny. However, I believe that Shell's technical expertise and safety culture are among the best in the industry.

One milestone for both the industry and for Shell this year was the successful testing of the Marine Well Containment system - a capping stack, which can be used in the event of a deep-water blowout.

This test was carried out successfully on a Shell well in the Gulf of Mexico at a depth of 2,100 metres, and observed by regulators.

This is a significant step forward, and builds up industry capabilities following the BP Macondo blowout in 2010.

On Tuesday 14th May 2013 the antitrust authority of the European Commission conducted unannounced antitrust inspections on Shell Trading offices in London and Rotterdam.

All Shell companies have fully cooperated with the EU Commission in the investigation, and will continue to do so going forward as enquiries proceed.

Since the investigation has just commenced, it would be inappropriate at this stage to speculate about outcome of the case.

It is important to bear in mind that at this stage this is just an investigation into facts and evidence, and no adverse findings have been made.

We all work hard at Shell to achieve the highest standards of corporate behaviour,

and the commentary in the last few days runs against everything we believe in here at Shell.

Strategy

Shell's activities provide affordable, safe and reliable energy supplies for our customers, worldwide.

We are aiming to grow the company, targeting an improving financial performance.

In Upstream we are investing for growth, with a strong focus on deep water, integrated gas and resources plays, such as shale gas.

In Downstream we are optimising our operations to maximise profitability, with some very selective growth themes.

Carbon capture and storage, or CCS, and other actions to help tackle the global climate change challenge are embedded in our strategy and on the financial side, we plan for a balance between attractive payout for shareholders today, and investing for shareholder value in the longer term.

Now let me talk about some of our projects.

New projects under construction

We are managing the company to create a steady flow of new production start-ups, as we replace decline and deliver financial growth over time.

We started up 5 new developments in 2012, totalling nearly 200 thousand barrels of oil equivalent per day of peak production potential.

New fields will come on stream in the next few years and you can see some of the larger ones here.

Kashagan, where Shell will be the operator from first production, a 300,000 barrels-

per-day development in Kazakhstan where we have some 17%.

In Iraq where we are developing the giant Majnoon oil field and working in a gas joint venture around Basrah. And new oil and gas production in the Gulf of Mexico, in Asia Pacific, Malaysia and Australia.

We put the priority firmly on financial growth with clear targets to increase our cash flow which should allow us to fund higher spending and a competitive dividend in the future.

Let me touch on a few areas of our operations, where you might have questions later in the meeting.

Oil sands

In 2012, Shell took final investment decision on the Quest carbon capture and storage project in Canada's oil sands. This is designed to capture and store over 1 million tonnes a year of carbon dioxide, and is expected to be on-stream by 2015.

To give you an idea of what that means – it is equivalent to taking around 175,000 cars off the road in Canada.

Quest will be the first CCS project associated with an oil sands operation. It reflects our continuous effort to improve the environmental performance of oil sands production.

We believe CCS has a vital role to play in managing global emissions, and we are playing an active role in advancing CCS technologies, although in the long term, we expect CCS to come from dedicated service providers, rather than from international oil companies like Shell.

Now moving on to Nigeria.

Nigeria: SPDC JV spills

Let me start off by saying that we have not always got things right in Nigeria. But we learn from mistakes and look to improve our operations and we again made progress in 2012.

But please remember that the Shell Petroleum Development Company, or SPDC, is operating in an environment with substantial social and security problems.

There is widespread vandalism, oil theft, violence against our staff and their families, with 2 contractors sadly murdered in Nigeria in 2012, and 26 staff and family members kidnapped.

Last year SPDC, our operating company for onshore Nigeria, reduced its operational spill volumes by some 60% compared with the previous year.

We have reduced the number of oil spill sites needing remediation. Today, there are fewer than 65 sites affected by spills before 2012 that still need addressing and these are predominantly as a result of criminal activity.

In 2012 we deepened activities with third party organisations, such as IUCN and Bureau Veritas, to help us improve in a number of areas and the courts in the Netherlands, which had been asked to rule on the responsibility for several oil spills in the Delta, decided that these were due to criminal activity, not our operations.

Turning to flaring reduction, and there has been good progress there.

Nigeria: SPDC JV flaring

In the year 2000 SPDC began a programme to reduce flaring of associated gas.

In 2012 we flared 25% less gas than in 2011. This was accomplished as more gas gathering equipment was brought on-stream, and through tight operational controls.

In 2012 we also took two important investment decisions for new facilities in SPDC that will help reduce flaring. When they are complete, within the 2014/2015 timeframe, SPDC should be at or below the current worldwide industry average flaring intensity, which is at some 1.5% of production.

So, moving in the right direction, but I want to stress that the security situation, and especially theft of crude oil, is a major problem in Nigeria which seems to have got worse in 2012 and 2013.

Nigeria oil theft

In 2009, the United Nations estimated in that some 150,000 barrels of oil per day were being stolen from the Niger Delta, or some \$5.5 billion annually at today's oil prices.

In 2012, the Nigerian government estimated that some 400,000 barrels per day were being stolen. No one knows the true amounts, but anywhere in that range is a shocking figure.

This is well-organised, large-scale theft, not just for domestic consumption, but for international export.

We are also starting to see security worsening again in parts of the Delta, with recent attacks on Nigerian police forces claimed by the Movement for the Emancipation of the Niger Delta.

Nigeria: SPDC JV large scale oil theft

Currently some 60,000 barrels of oil per day is stolen from SPDC.

On an annual basis that would be 22 million barrels. Compare this to our operational spill volume of some 1,400 barrels in 2012.

Theft also causes environmental damage. No one knows quite how much stolen oil ends up in the creeks and mangroves of the Delta, but in some areas it is clearly devastating.

We have made efforts to raise awareness of oil theft at local, national, and international levels and we will continue to be at the forefront of discussions to find lasting solutions to the issue.

Resources plays

Shell has assembled a global portfolio of tight and shale assets, which we call resources plays with acreage in 13 countries.

In North America we have produced some 260 kboe per day from these resources plays – mostly gas - using the fracking method of drilling.

Clearly, there are public concerns in many countries about the safety aspects of fracking.

We have published global operating principles, covering areas including water and community relations.

Quite simply, Shell is setting industry standards in these areas and I'm pleased to say there is some cross-industry progress, standards in general appear to be rising.

Turning to our operations in Alaska.

2012 Alaska performance: drilling

Alaska is not a new development region for the industry, and oil and gas have been produced there for decades.

In the Alaskan Beaufort and Chukchi seas alone, some 35 wells have been drilled since the 1980s, by companies including Shell.

And today there is near-offshore production under way by our competitors.

Since 2005, 6 oil and gas companies have taken up 569 exploration licences further offshore in Alaska, in the Beaufort and Chukchi seas. Shell is a leading acreage holder there, and we began drilling operations in 2012.

We take a very cautious approach in this environmentally sensitive area.

In 2012 we had 2 rigs in theatre to provide the contingency for a relief well if it was needed and we had an unprecedented level of spill-response equipment rapidly available.

Each well was designed to have 4 physical barriers in place to avoid oil spills.

We paused the 2012 drilling campaign when we realised that one of these barriers – the containment dome – would not be ready in time for deployment.

We completed two top holes last year, which sets us up well for drilling into reservoirs in the future.

This is a very prudent approach, we know our responsibilities and we're taking the time to get this right.

2012 Alaska performance: maritime

Despite making some progress in 2012, we did run into several problems during this programme.

These were maritime issues, not drilling, this is about how we move our vessels around, and how robust they were to deal with severe weather conditions.

The Kulluk, one of our two rigs, ran aground in a heavy storm on New Year's Eve, three months after drilling ended, and was damaged.

And after last season, both of our rigs need repairs, and we are working on that in Asia.

We have recently announced a pause in the drilling campaign for 2013 while we get this work done, and will evaluate the situation later in the year.

No decision has been taken on when we will return to drilling in the arctic seas off Alaska and we'll update you on that at a later stage.

So, those are some comments on some of our operations, and I'm looking forward to your questions on this.

Dividend record

Lastly, on dividend.

Shell has a strong track record on dividends, and dividends are the company's main route to return cash to shareholders.

Over the last 10 years, we have paid more dividends than any of our sector peer group.

We have not cut our dividend for decades, and I would like to highlight that we have maintained our dividend throughout the credit crisis years.

In fact, in 2012, in the UK, 1 out of 10 pounds paid out in dividends on the FTSE was paid by Shell.

In 2012 we resumed dividend growth with a rise of some 2% and this year, in the first quarter of 2013, we confirmed a further 4.7% rise, to an annualised figure of around \$11 billion in line with the company's improving financial position and delivery of our strategy.

We have also announced that we should return \$4-5 billion of cash to shareholders this year with share buy backs. The purpose of our share buyback programme is to offset

the dilution created by issuing shares under the company's scrip dividend programme.

Let me sum up.

Shell

Energy demand could double in the first half of this century.

Meeting this demand growth with clean and affordable energy will be challenging, and is a major opportunity for Shell.

We are using our improving cash flows to increase investment for future growth while

maintaining and growing payouts for shareholders.

So, an ambitious programme, and lots to do.

Shell is committed to paying competitive returns to shareholders.

Shareholders are investing in Shell for profitable growth. So are we.

And with that let me hand you back to the Chairman.

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate entities. In this presentation "Shell", "Shell group" and "Royal Dutch Shell" are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies. "Subsidiaries", "Shell subsidiaries" and "Shell companies" as used in this presentation refer to companies over which Royal Dutch Shell plc either directly or indirectly has control. Companies over which Shell has joint control are generally referred to "joint ventures" and companies over which Shell has significant influence but neither control nor joint control are referred to as "associates". In this presentation, joint ventures and associates may also be referred to as "equity-accounted investments". The term "Shell interest" is used for convenience to indicate the direct and/or indirect (for example, through our 23% shareholding in Woodside Petroleum Ltd.) ownership interest held by Shell in a venture, partnership or company, after exclusion of all third-party interest.

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