

Royal Dutch Shell, AGM 2009, May 19th

Meeting Report

Executive Summary in English

The major issue for this AGM was the approval of the remuneration report. For the second year in a row, the non executives have used their discretionary powers to raise the release of shares under LTIP and the Deferred Bonus Plan (DBP).

The eligible release under the current policy is 0% vesting as the company ended on the fourth place measured on 3 years TSR against four other oil majors. A third place would have released 80% under current policy.

The remuneration report argues that the difference between the company's fourth place and the third place is small (a couple of percentage points over the full 3 years) and takes other performance measures on the balanced scorecard into account as well to justify a release of 50%.

We agree that the company's broader operational performance is satisfactory and compares well against its peers. Also, for the longer term positioning of the company, important decisions have been taken by the executive board in the past few years. We therefore do not necessarily disagree with the pay-out being justified in the light of overall performance of the company and the executive board.

In this respect, it is especially worrying that discretionary power of the non executives was now used for the second consecutive year. To us this is an indication that the current policy is not appropriately translating good performance of the company and the executive board into fair variable remuneration. The addition of other performance criteria instead of solely TSR is in this respect not enough. We argue that the current policy needs revision. Important improvements can be made in a better linkage to the truly long term nature which is so characteristic for the oil industry, while taking not only results into account but also how these results are obtained.

It is worth mentioning that Robeco initiated a meeting with the chair of the remuneration committee, which took place in mid April. Robeco also invited PGGM and APG to this meeting. In this meeting we raised the issues as outlined above and suggested revision of the current remuneration policy in the next year.

We have voted against the remuneration report as a strong signal that we no longer agree with the current policy. We will send a strong signal that we expect the non executive directors to take their responsibility by revising the current policy in a holistic approach. We feel that the use of discretionary power, for a second year in a row, is just a symptom of the wrong policy currently being in place.

In general, the chair of the meeting kept a close eye on time used by the different speakers and pressed several times to come to raising the question. Pressure was differentiated over parties depending on the quality and coherence of their spoken text. In general the meeting went smoothly and without disruptions, despite the length of line ups for the microphone, especially regarding agenda item one and two.

Royal Dutch Shell, Annual General Meeting, May 19th 2009

Meeting type	AGM Royal Dutch Shell
Date	11:00 A.M CET, May 19 th 2009
Location	Circustheater, Scheveningen and The Barbican Centre, London
Spokesperson Eumedion	Erik Breen (Robeco)
Proxy instructions and/or speaking instructions	Robeco, ABP, PGGM, Syntrus Achmea Vermogensbeheer, Mn Services, Spoorwegpensioenfond, Pensioenfond Openbaar Vervoer, Pensioenfond Grafische Bedrijven, Stichting-Telegraafpensioenfond 1959 and Stichting FVP
Turn out	3,321,053,281 shares or approximately 54% of shares outstanding

Agenda items	Voted	Vote outcome		
		For	Against	Abstain*
1. Accept Financial Statements and Statutory Reports	For	99.9	0.1	0.5
2. Approve Remuneration Report	Against	40.6	59.4	3.9
3. Elect Simon Henry as Director	For	99.4	0.6	0.5
4. Re-elect Lord Kerr of Kinlochard as Director	For	97.6	2.4	2.3
5. Re-elect Wim Kok as Director	For	99.7	0.3	0.2
6. Re-elect Nick Land as Director	For	99.0	1.0	0.2
7. Re-elect Jorma Ollila as Director	For	98.7	1.3	0.2
8. Re-elect Jeroen van der Veer as Director	For	99.2	0.8	0.2
9. Re-elect Hans Wijers as Director	For	99.7	0.3	0.2
10. Reappoint PricewaterhouseCoopers LLP as Auditors of the Company	For	96.1	3.9	0.4
11. Authorise Board to Fix Remuneration of Auditors	For	96.2	3.8	0.4
12. Authorise Issue of Equity or Equity-Linked Securities with Pre-emptive Rights up to Aggregate Nominal Amount of EUR 145 Million	For	98.5	1.5	0.5
13. Subject to the Previous Resolution Being Passed, Authorise Issue of Equity or Equity	For	98.6	1.4	0.5
14. Authorise 624 Million Ordinary Shares for Market Purchase	For	98.0	2.0	0.5
15. Authorise the Company and its Subsidiaries to Make EU Political Donations to Political Organisations Other than Political Parties up to GBP 200,000 and to Incur EU Political Expenditure up to GBP 200,000	For	96.9	3.1	1.7

* Abstentions are not counted in calculating the percentages For and Against.

Spoken text for agenda item 1

Thank you, mister chairman. My name is Erik Breen, representative of Robeco. I speak on behalf of Robeco, ABP, PGGM, Syntrus Achmea Vermogensbeheer, Mn Services, Spoorwegpensioenfond, Pensioenfond Openbaar Vervoer, Pensioenfond Grafische Bedrijven, Stichting-Telegraafpensioenfond 1959 and Stichting FVP representing in total over 40 million shares.

Overall, we are satisfied with the operational results of Royal Dutch Shell. More than satisfied are we with the decisions and investments that have been made by the executive team to strengthen the future position of the company. We note that successors of successors of mister Van der Veer will harvest the long term revenues of the

new heart lands and of the 30% of currently non operational assets if managed wisely over time to come. At this point, we would also like to thank mister Van der Veer for his accomplishments during his tenure with Royal Dutch Shell. It also proves that nature of the business of oil majors is truly long term.

With this in mind, we would also like to raise the question on alternative energy. We are familiar with Royal Dutch Shell's scenarios and expectations and encourage you specifically to closely watch the scenarios that the company deems as unlikely today.

From our recent meeting with Royal Dutch Shell on Sustainability we understand that Royal Dutch Shell will not exit renewable energy investments but maintain its existing ones in solar, wind and hydrogen, and focus on commercializing bio-fuels to meet mandatory fuel standards. We appreciate these immediate priorities, and welcome the company's efforts to develop next generation bio-fuels and push for sustainability standards in bio fuels. However, we would also encourage Royal Dutch Shell not to loose sight of its own scenarios deemed to be of low probability, as change can be disruptive. Denial of scenarios with only slim chances has proven to be the most dangerous for entire industries, especially in situations commanding a fast consumer transition to final options in the energy challenge. The automotive industry provides a recent example.

Furthermore, we would like to comment on two separate issues. First is gas flaring. We understand that progress was blocked in 2008 because of the security situation as well as cost. We would like to encourage Royal Dutch Shell to step up its efforts and progress in ending gas flaring. Given Shell's most recent arrangements with the Nigerian Government, we do expect to see significant progress in putting an end to gas-flaring in a reasonable time period.

Second is the number of fatalities. We encourage the company to take appropriate action to reduce the number of fatalities to Royal Dutch Shell's employees and contractors, especially in road transport related accidents.

Thank you.

In reaction the chair of the meeting thanked us for raising these good comments and range of most important issues we touched upon. Linda Cook mentioned her full agreement with our point on the importance of alternatives. She continued to further elaborate on the company's strategy in alternative energy and confirmed that alternatives play an important role in all scenarios. Malcolm Brinded answered on gas flaring, agreeing with the importance of this issue. He stated the commitment of Royal Dutch Shell to put an end to gas flaring, while being unable to mentioning a precise date and stressed the importance of continuously working with the Nigerian government. Also on fatalities the importance was noticed and Malcom explained a number of initiatives to increase employees' and contractors' safety.

Spoken text for agenda item 2

Thank you, mister chairman. My name is Erik Breen, representative of Robeco. I still speak on behalf of the before mentioned organizations.

It appears not to have gone unnoticed that the remuneration report mentions the use of discretion in releasing performance shares under the long term incentive plan and the deferred bonus plan.

It is worrying that now for a second year in a row the non-executives felt it was justified to use their discretionary power and significantly changed the outcome of the otherwise ordinarily followed remuneration policy. It is not necessarily the outcome of the pay out that worries us. As mentioned before, we feel satisfied with the operational results and the long term decisions that have been taken by the executive team.

More worrying to us is that the policy itself appears to be a flaw. The fact that only 17% of maximum achievable pay out was reached over the past four years indicates too stretched, perhaps even unrealistic, targets. To attain acceptable levels of realized compensation, the non executives have not only used their discretionary power twice but also increased the potential pay out ratios that barely got support to be passed at the AGM last year. The whole policy does not work.

Most worrying to us is that we see in reaction continuously short term patchwork by raising potential pay out of the awards, by granting one time awards and by changing the performance criteria for vesting. We agree that total shareholder return should not be the only measure. And we agree that adding broader performance indicators like financial results and environmental performance could be helpful in a new remuneration policy.

However, all these changes as well as other elements of the policy need to be looked at in the more holistic context than the current patchwork suggests. As shareholders, we ask for a disciplined remuneration structure that truly builds cohesion, loyalty and commitment to the long-term good of the company, but also with its shareholders and stakeholders. We urge the non executive directors, especially the remuneration committee to take this holistic approach and rethink the remuneration policy. There are some important questions to keep in mind.

What is the, may be unintended, influence of variable remuneration on behavior? Concepts such as choking under pressure and denial of uncertainty are very relevant.

Do the potentially high, variable awards still fit in with the intentions of the remuneration policy? And does the policy still fit within the changing sentiment and ongoing national and international discussions?

Which are the desirable proportions for base salary, short term bonuses and long term incentives? Which part is most valuable for the intrinsic motivation of executives? Is the current policy aligned with the truly long term nature of oil companies? Are the targets realistic?

Not only the results matter, also how these are obtained is important. How does employee satisfaction, client satisfaction and broader environmental impact fit in?

Primarily, we recognize the executive remuneration policy as being the responsibility of the non-executives in a larger set of combined instruments to steer, to evaluate and to reward executive behaviour and performance.

Secondary, it is our belief that shareholders have a responsibility to enter into an active dialogue in case they do not or no longer agree with the policy, which is where we stand now. We also believe that shareholders can hold non-executives accountable for the responses we are expecting.

As a final comment, we do believe in granting discretionary power to adjust unreasonable outcomes of the remuneration policy. But to do so, we do need to have trust in the policy, its execution and by its design, reluctant use of discretion. We lack that trust today and will therefore vote against the approval of the remuneration report. Again, we urge you, as non executive directors to strongly consider a full revision of the remuneration policy.

Of course we are willing to have further discussions with you on this matter. Thank you.

In reaction to the issues raised, the chair of the remuneration committee announced that they will enter into a dialogue with us to further discuss the issues raised and specifically those that we feel require revision. Furthermore, the chair outlined among others that truly long term variable remuneration would mean that variable payments could only be determined after a lengthy period that might be too long to executives to be acceptable. In reaction to this, we raised the issue that this could be added as another reason to put more emphasize on the proportion of fixed salary in comparison to variable remuneration. The chair understood and moved any further exchange of views and discussion to the private dialogue, which is to be scheduled.

Other speakers raised similar issues after us and got similar responses. The outcome of the voting confirmed in our opinion the necessity for the company's non-executives to rebuild trust in a revised remuneration policy and its execution.

Our final understanding is that the remuneration committee of Royal Dutch will enter into a consultation process with a broad base of the shareholders, specifically including those that raised comments during the AGM. Required revisions from the view point of shareholders will feed into this process, which hopefully will lead to a proposal to change to a sound remuneration policy to be adopted on next year's AGM. We will continue to participate actively in this process.