

## Royal Dutch Shell, AGM 2010, May 18<sup>th</sup>

### Meeting Report

#### Executive Summary in English

There were two issues of importance for this AGM: a new remuneration policy and a shareholders proposal on oil sands. We commented on these issues and -in line with last 2 AGM's- we also had some critical remarks on gas flaring in Nigeria.

#### Remuneration

Last year, the non executives have used their discretionary powers to raise the release of shares under LTIP and the Deferred Bonus Plan (DBP) which led to a lot of criticism. Since then there were numerous contacts and consultations between the company and investors and the company fully reviewed the remuneration structure against the company's strategy. The proposed remuneration plan currently on the agenda follows largely our recommendations and leads to a better executive remuneration policy that aligns shareholders interest and the company's long-term strategy.

We have voted in favor of the proposal but at the same time strongly indicated that we would prefer a better balance between fixed and variable in favor of fixed and that we would find it unacceptable when and if this policy again would lead to an exit package such as Linda Cooks. For this we received Mr. Wijers (chairman of the remuneration committee) confirmation of his earlier statement that he will make sure the company is protected against these kind of payments. We have complimented Shell in general and Mr. Wijers specifically for the constructive and fruitful dialogues that we have had on this new remuneration policy.

#### Oil Sands

The resolution was fairly unique for an European AGM as it was well formulated and we shared most of the concerns that were raised. The proposal was filed by Fairpensions, Rothbone Greenbank, Co-Operative Asset Management and approx. 100 other shareholders. Specifically the resolution stated that the Audit Cie/Risk Cie commissions and reviews a report setting out the assumptions made by the company in deciding to proceed with the Canadian oil sands projects and reports its conclusions to the shareholders at the AGM of 2011. Assumptions included future carbon prices, oil price volatility, demand for oil, anticipated regulation of greenhouse gas emissions and legal and reputational risks arising from local environmental damage and impairment of traditional livelihoods.

Although there was certainly sense in letting the company know that we hold serious concerns on oil sands, we decided that voting in favour of the shareholder proposal was a too stringent step because: The company provided good and thorough information partly as a result of the filing of the resolution but certainly also as a result of numerous other joint and bilateral requests by ourselves. We have however restated our concerns and explained our vote against the resolution.

In general the meeting went smoothly despite the length and the huge line ups for the microphones where for most of the times the NGO's and people originating from Nigeria tried to press the company to take her responsibilities in the field of environmental and social problem areas.

## Royal Dutch Shell, Annual General Meeting, May 18<sup>th</sup> 2010

Meeting type	AGM Royal Dutch Shell
Date	11:00 A.M CET, May 18 <sup>th</sup> 2010
Location	Circustheater, Scheveningen and The Barbican Centre, London
Spokesperson Eumedion	Sylvia van Waveren (Robeco)
Proxy instructions	Robeco, APG, Syntus Achmea Vermogensbeheer, Mn Services, Stichting-Telegraafpensioenfonds 1959

Agenda items	Vote	For	Against
	For	99,96	0,04
1. Annual reports and accounts			
2. Approval of Remuneration Report for the year ended 31 December 2009	For	98,73	1,27
3. Appointment of Mr. Charles O. Holliday	For	99,37	0,63
4. Reappointment of Josef Ackermann	For	92,28	7,72
5. Reappointment of Malcolm Brinded	For	99,54	0,46
6. Reappointment of Simon Henry	For	99,54	0,46
7. Reappointment of Lord Kerr of Kinlochard	For	99,61	0,39
8. Reappointment of Wim Kok	For	99,62	0,38
9. Reappointment of Nick Land	For	98,06	1,94
10. Reappointment of Christine Morin-Postel	For	99,65	0,35
11. Reappointment of Jorma Ollila	For	97,97	2,03
12. Reappointment of Jeroen van der Veer	For	98,44	1,56
13. Reappointment of Peter Voser	For	99,59	0,41
14. Reappointment of Hans Wijers	For	99,60	0,40
15. Reappointment of PricewaterhouseCoopers as the Auditors of the Company	For	98,15	1,85
16. Approval for to authorize the Board to settle the remuneration of the Auditors for 2010	For	98,14	1,86
17. Authority to allot shares	For	98,92	1,08
18. Disapplication of pre-emption rights	For	99,37	0,63
19. Renewal of the authority to make market purchases of Royal Dutch Shell plc ordinary shares	For	99,68	0,32
20. Dividends in shares or cash	For	99,85	0,15
21. Authority for certain donations and expenditure	For	97,71	2,29
22. Changes in articles of association	For	99,70	0,30
23. Shareholder resolution - report on investments risks associated with future Canadian Oil Sands projects	<b>Against</b>	5,75	94,26

\*) Please note that a 'vote withheld' is not a vote under English Law and is not counted in the calculation of the proportion of the votes 'for' and 'against' a resolution.

**Spoken text for agenda item 1 (Annual reports and accounts)**

Thank you, mister chairman. My name is Sylvia van Waveren, representative of Robeco. I speak on behalf of Robeco, APG, Syntrus Achmea Vermogensbeheer, Mn Services, Stichting-Telegraafpensioenfonds 1959.

Overall, we are satisfied with the operational results of Royal Dutch Shell. The delivery of the projects in general and of Pearl specifically is being regarded by management as key issues and the focus on execution and costs will lead to an uplift in cash flow in the not too far distance the moment the macro economics start to improve.

We would like to comment at this stage in the agenda on (what we also asked at the AGM in 2008 and 2009) Shell's efforts to **stop the practice of gas flaring** in Nigeria. We took note of your efforts to reduce flaring by a third in the past 7 years, develop domestic gas markets, and your investment of \$1,3bn in the AFAM VI gas fired power plant. We welcome your December 2009 announcement to stop flaring at seven more sites by capturing associated gas and providing it to domestic markets. Our two questions concerning this are (1) Can you be more specific by specifying how much this will contribute to the reduction of flaring and its CO<sub>2</sub> emissions? and (2) For a complete stop on flaring you indicated that an additional \$3bn would be required. Bearing in mind the historical funding constraints and security issues can you please indicate how and when Shell aims to reach this ambition and, if Shell would fund this on its own, we would like to know what agreements Shell has made with its joint venture partners in order for the investment to meet the hurdle rates?

*In reaction the chairman of the meeting thanked us for our compliments and remarks. The importance of the ending of the gas flaring was being acknowledged although a precise date could not be mentioned. This is dependant on the continuous working in progress with the Nigerian government. A reduction of 75% was already reached and an agreement with the government for 2010 has succeeded. For the years 2011 and 2012 the negotiating process with the government on the funding has already started.*

**Spoken text for agenda item 2 (Remuneration)**

Thank you, mister chairman. My name is Sylvia van Waveren, representative of Robeco. I speak on behalf of Robeco, APG, Syntrus Achmea Vermogensbeheer, Mn Services, Stichting-Telegraafpensioenfonds 1959. Last year, the non executives have used their discretionary powers to raise the release of shares under LTIP and the Deferred Bonus Plan (DBP) which led to a lot of criticism. Since then there were numerous contacts and extensive consultations between the company and major shareholders following the 2009 AGM. The mentioned pension funds and Robeco participated extensively in these consultations where we indicated strongly that any executive remuneration policy should contain an alignment of interest between shareholders interest and the company's long-term strategy.

The proposed remuneration plan currently on the agenda follows largely our recommendations and leads to a better executive remuneration policy that aligns shareholders interest and the company's long-term strategy. However we would like to indicate to you strongly that:

1. We would prefer a better balance between fixed and variable in favor of fixed. A possible increasing of the variable part in future would be unacceptable for us.
2. It would be unacceptable for us when and if this policy again would lead to an exit package such as Linda Cooks. For this we would like to have Mr. Wijers confirmation of his earlier statement that he will make sure the company is protected against these kind of payments.

Finally, we would like to compliment Shell in general and Mr. Wijers specifically for the constructive and fruitful dialogues that we have had and we will vote FOR this agenda item.

*A majority of shareholders voted in line with us for this agenda item with 98,73%.*

**Spoken text for agenda item 23 (Shareholder resolution)**

The pension funds I represent and Robeco would like to clarify their voting execution on this shareholder proposal. In response to the resolution and numerous other joint and bilateral requests by ourselves the company management provided the investment community with good and thorough information. Our response is that we will continue to monitor and address the following issues in our contacts with company management:

1. The companies progress with the intended project to capture and store CO2 emissions (of its Scotford upgrader).
2. The companies progress in meeting the requirements in Directive 074 concerning tailings management.
3. Whether Shell manages in a constructive way the concerns of the local communities/ First Nations. These communities are being faced with continuing disturbance of their local communities through pollution and deforestation. And, as we have just heard from representatives present here today, these communities feel that their concerns are not addressed. We would encourage the company to take a more prominent leadership role in industry-wide efforts to find ways to better manage the cumulative impacts of oil sands development in Canada.
4. Shells activities to monitor and implement water conservation technologies and practices through demand-management approaches that will have a significant impact on driving down water use.
5. The companies follow-up on the recent stakeholder engagement events in Vancouver and London.

Bearing this in mind most of the represented pension funds and Robeco do not see added value in an additional review of the oil sands project by a board level committee and will vote against this resolution. I would like to draw your attention that this vote was not unanimous among the pension funds which is an illustration of the complexity and seriousness of the issues concerning tar sands. Finally we credit this shareholder proposal for having prompted a more productive stance by the company on investor engagement.

*A majority of shareholders voted in line with us against this shareholder proposal with 94,26%.*