

BUILDING AN ENERGY FUTURE

ANNUAL REVIEW

ROYAL DUTCH SHELL PLC ANNUAL REVIEW AND
SUMMARY FINANCIAL STATEMENTS 2011





Our INSIDE ENERGY app for iPad explores the role innovation plays in providing energy to power and sustain people's lives. Discover new ways of finding and producing oil and gas, learn about advances in energy efficiency and cleaner-burning fuels, and meet the people involved in making it happen.

► shell.com/inside_energy



ABOUT THE PHOTOS

Energy gives our lives vitality. We eat, we work, we play, we travel, we communicate – we use energy every single day. The series of photographs in this Review provide windows that look onto scenes of our daily energy use.

REVIEW OF THE YEAR 2011

BUILDING AN ENERGY FUTURE

GLOBAL ENERGY DEMAND IS RISING AND SO ARE CONSUMER EXPECTATIONS – MORE PEOPLE WANT ENERGY FROM CLEANER SOURCES. AT SHELL WE WORK WITH OTHERS TO UNLOCK NEW ENERGY SOURCES AND SQUEEZE MORE FROM WHAT WE HAVE. WE DO THIS IN RESPONSIBLE AND INNOVATIVE WAYS. IN BUILDING A BETTER ENERGY FUTURE WE ALL HAVE A PART TO PLAY. SHELL IS DOING ITS PART.

OUR PERFORMANCE IN 2011

NET CASH FROM OPERATING ACTIVITIES +34%

\$37 BILLION

CCS EARNINGS PER SHARE +52%

\$4.61


CCS EARNINGS ATTRIBUTABLE TO SHAREHOLDERS +54%

\$28,625 MILLION




DIVIDENDS ANNOUNCED PER SHARE

\$1.68

ABOUT THIS REVIEW

The Annual Review and Summary Financial Statements is an abridged version of the Annual Report and Form 20-F of Royal Dutch Shell plc. It does not contain the full content of that report. For further information consult the full, unabridged document, which can be freely obtained at <http://reports.shell.com/annual-report/2011> or from the addresses given on page 37 .

KEY TO SYMBOLS

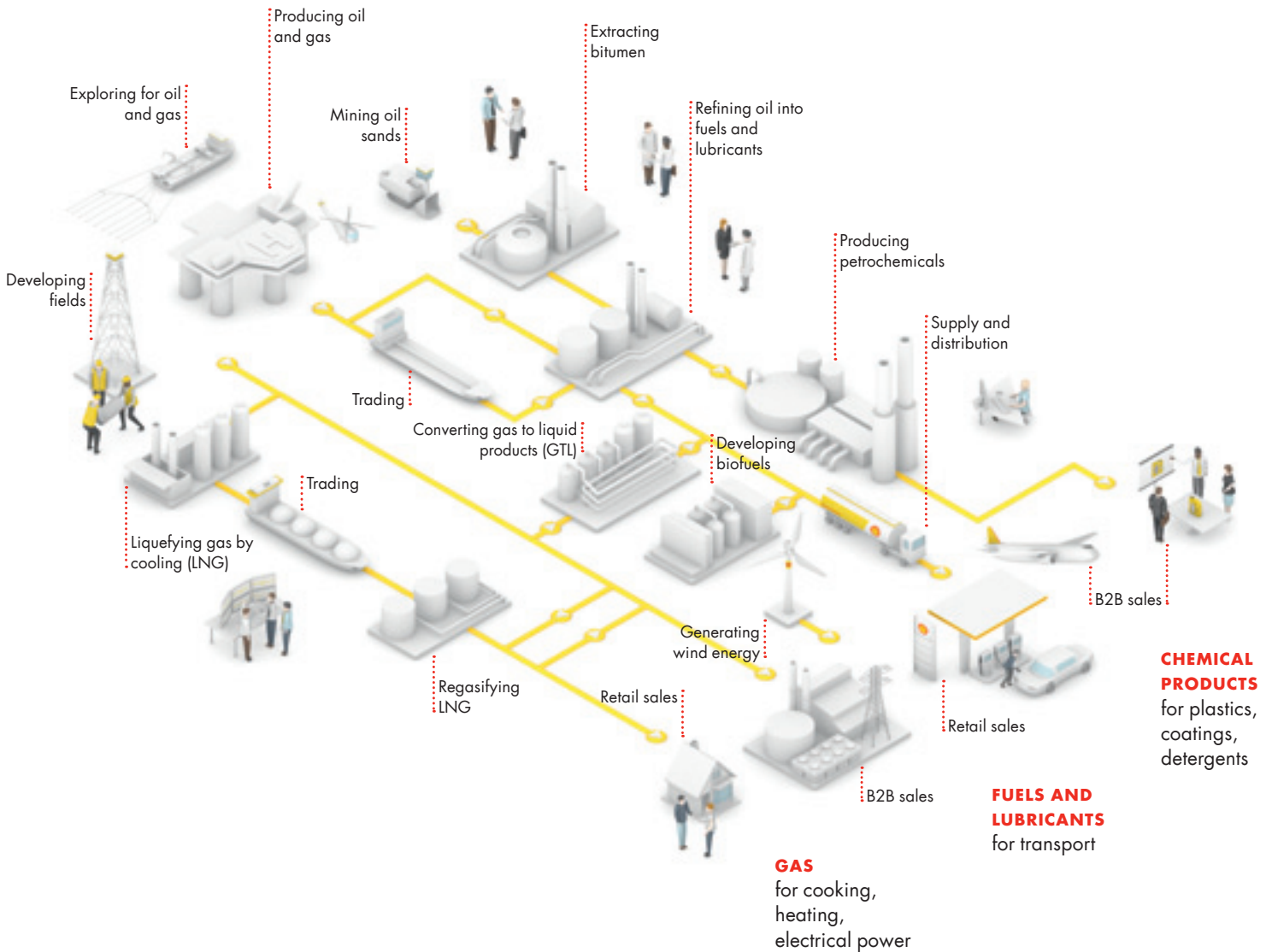
-  web or email address
-  QR code. Scan this code with a QR reader app on your smartphone or tablet and get a hyperlink to the mobile internet
-  related information within this document

CONTENTS

- 3** Chairman's message
- 4** Chief Executive Officer's review
- 6** Summary Business Review
- 20** Summary Report of the Directors
- 22** Summary Directors' Remuneration Report
- 26** Summary of corporate governance
- 31** Summary Consolidated Financial Statements
- 34** Additional shareholder information

OUR BUSINESSES

Shell is an innovation-driven global group of energy and petrochemical companies. Upstream (page 10 [R&D](#)) refers to the ways we find and extract crude oil, natural gas and bitumen, while Downstream (page 12 [R&D](#)) refers to the ways we transform them into products for sale to retail and commercial customers.



Shell's channel on YouTube

A vast collection of Shell videos about our people and our businesses.



Shell's photostream on Flickr

A selection of our best images from across the world.

▶ youtube.com/shell

▶ flickr.com/photos/royaldutchshell

CHAIRMAN'S MESSAGE



"OUR COLLABORATIVE EFFORTS WILL ENABLE US TO CONTINUE PUSHING THE LIMITS OF TECHNOLOGY AND SPUR US TO THINK IN NEW WAYS ABOUT THE EARTH'S NATURAL RESOURCES."

Global economic recovery progressed in 2011. But it has been put under threat by the eurozone's financial turbulence. And that turmoil may extend into the medium term if the public debt continues to grow in the USA and Japan. Growth in the developing economies is also expected to slow because of a weakening global demand for their exports and a general loss of investor confidence.

Nevertheless, population growth and rising prosperity in developing countries continue to drive upwards the long-term demand for all forms of energy – both renewable and nonrenewable.

VOLATILITY IN THE MARKETPLACE

Meeting that demand will require the development of oil and gas resources that, so far, have been passed over because of their geological complexity or geographic remoteness. Such developments have implications for higher costs – and higher energy prices.

With such fundamental market forces increasing the tension between energy supply and demand, the world will be vulnerable to economic and political volatility. Unpredictable events anywhere in the world – a rash regulatory decision, a populist revolt or a natural disaster – could trigger swings in cost and prices.

We are living in a very interdependent world. Energy issues cut across geographic and industrial boundaries.

INTERLINKED RESOURCES

As a bigger, more diverse energy system is built, the economic, political and environmental impacts of extraction,

processing, distribution and disposal of all raw materials need to be taken into account. From such a perspective, managing the emission of greenhouse gases is but one facet of a multifaceted problem. Even basic commodities such as water and food have to be managed in the context of the evolving world energy system.

These developments are already influencing our own industry, and they will do so more strongly in the decades ahead. We at Shell seek to gain a better understanding of the inter-relationship between water, food and energy systems. We believe it is critical that these systems not be looked at in isolation.

PLANNING FOR THE FUTURE

At Shell, we are applying our creativity to discover new energy resources and make previously uneconomic ones viable. And we are willing to invest substantial sums of money to secure tomorrow's energy production.

Our technical and financial means enable us to develop oil and gas resources in very deep water, in very "tight" rock and in the very cold climate of the Arctic. We aim to be an industry leader in these kinds of developments, demonstrating high standards of environmental stewardship and social responsibility.

We are focusing on natural gas. About half of the energy we produce comes out of wells in that form already, and we plan to increase that proportion in the coming years. It is, after all, the cleanest fossil fuel. Replacing coal-fired power plants with gas-fired ones is the fastest and cheapest way for the world to reduce CO₂ emissions in the power sector. And gas-fired power

additionally has the big advantage of 24/7 on-call reliability, complementing the intermittency of solar and wind power.

Natural gas can also be cooled into a liquid that can be shipped across oceans. We expect the global market for liquefied natural gas to continue to grow, and we intend to retain our leading position within it.

We are also big believers in biofuels. With our Raízen joint venture, we have now become a leading producer of ethanol from Brazilian sugar cane, which can cut CO₂ emissions by about 70% compared with standard transport fuels. The joint venture works with its suppliers, contractors and landowners to make sure that they follow sustainable practices with their land, water and labour.

CREATING A SUSTAINABLE FUTURE

But today's volatile world requires more than Shell alone can deliver. So we are forging strong ties with partners whose know-how, strategic aims or geographic reach fill gaps in our own capabilities. These partners can be governmental or non-governmental bodies, commercial or non-commercial institutions. The task is clear: create a low-carbon energy system that is secure, affordable and sustainable.

Our collaborative efforts will enable us to continue pushing the limits of technology as we execute more complex energy projects. And they will spur us to think in new ways about the earth's natural resources.

Our partners, our customers and our shareholders would expect no less from us.

Jorma Ollila
Chairman

3.2 MILLION
NUMBER OF BARRELS OF OIL
EQUIVALENT WE PRODUCE EVERY DAY

48%
SHARE OF OUR PRODUCTION
THAT IS NATURAL GAS

\$1.1 BILLION
AMOUNT WE
INVEST IN R&D

CHIEF EXECUTIVE OFFICER'S REVIEW



"OUR SUCCESSFUL PROJECTS, OUR GOOD PERFORMANCE AND OUR GROWTH OPPORTUNITIES CLEARLY SHOW THAT WE ARE ON THE RIGHT TRACK."

In 2011, production began at three major projects that reflect some of Shell's key strengths: innovation and technology; creating value through the integration of upstream and downstream operations; and long-lived returns. I am referring to Pearl GTL, Qatargas 4 and the expansion of the Athabasca Oil Sands Project. Together with a host of smaller projects, they provide the springboard for growth in production, cash flow and sales of liquefied natural gas (LNG). I thank our employees and project partners for the hard work and dedication that brought all these projects on-stream.

Growth is a key part of our strategy, but so too are operational excellence and the cultivation of future opportunities. I am happy to report that we also made major strides in those aspects of our strategy in 2011, bringing us closer to being the world's most competitive and innovative energy company.

FINANCIAL RESULTS

Our earnings on a current cost of supplies basis attributable to shareholders were approximately \$29 billion, up 54% from 2010. Assisted by higher oil prices and asset sales, both the Upstream and Downstream segments generated a cash surplus. This accomplishment came despite low North American natural gas prices and thin refining margins. Excluding working capital movements, cash flow from operational activities amounted to \$43 billion – 30% more than in 2010.

We announced dividends for the year totalling more than \$10 billion, and we are in a position to increase them for the first quarter of 2012. Over the past three years,

our shareholders have enjoyed a total return of about 70%.

In 2011, we also made good progress in reshaping our portfolio to support further growth. We received some \$7.5 billion in proceeds from the sale of non-core businesses.

SAFETY AND THE ENVIRONMENT

Our goal is to have zero fatalities and no incidents that harm our employees, contractors or neighbours – or put our facilities at risk. We continue to make progress on the safety of our people, and the number of work-related fatalities has fallen significantly in recent years. But we still have a way to go to reach our goal. I regret that six people died working for Shell in 2011.

Several incidents at our facilities in 2011 reinforced the need for us to stay vigilant and to maintain our focus on the safety of our operations. Shell Nigeria Exploration and Production Company experienced a leak offshore during the loading of an oil tanker. There was also a fire at our Singapore refinery and a pipeline leak in the UK North Sea. In each case, the rapid and effective response of staff, working with local authorities, prevented injury and limited environmental impact.

We continue to be open about our operational performance. Such transparency is necessary for the industry to work together with local, national and international bodies to minimise negative environmental and social impacts throughout the world.

That kind of open, multilateral approach may also help to ease concerns about

hydraulic fracturing – the technique that enables oil and natural gas to be economically produced from shale or other "tight" rock. We introduced in 2011 a set of aspirational principles that lay out how we intend to pursue tight-oil and tight-gas developments around the globe. These provide a framework for protecting water, air, wildlife and the communities in which we operate. By sticking to them, we uphold our reputation as a responsible operator and set an example for others in the industry.

THE FOUNDATION FOR GROWTH

The year 2011 allowed us to lay the solid foundation on which to build our future.

Our exploration activities, which increased in 2011, resulted in five notable discoveries. We also secured the rights to explore in more than 140,000 square kilometres of new acreage in several countries in Africa, the Americas and Asia-Pacific.

Plans are in place to begin drilling in Alaskan waters. We are also executing drilling campaigns onshore China, offshore French Guiana and both on- and offshore Australia, having already obtained encouraging results in all those places.

In 2011, we took 12 final investment decisions, four of which involve North American tight gas and two of which involve LNG projects. One of the LNG projects – Prelude – is unprecedented: it entails building the world's first floating production and liquefaction facility.

We also made the financial commitment to carry out the Cardamom project in the Gulf of Mexico. That investment decision, plus

90,000
NUMBER OF PEOPLE
WE EMPLOY

30+
NUMBER OF REFINERIES
AND CHEMICAL PLANTS

12 SECONDS
AVERAGE TIME BETWEEN
PLANE REFUELLINGS BY SHELL

another for a project offshore Malaysia, underscores our world-class capability in deep water. All in all, we now have seven deep-water projects under construction.

Together with our partners, we began building the early production facilities for Iraq's Majnoon field – one of the world's super-giant oil fields. The agreement setting up the Basrah Gas Company was also endorsed by the Iraqi government in 2011.

In 2011, we agreed to develop a gas-based petrochemical complex with Qatar Petroleum at the same site where our Pearl GTL and Qatargas 4 plants are located. And this year – 2012 – we expect to see the joint-venture refinery at Port Arthur, Texas, become one of the biggest in the USA when the expansion project there more than doubles the refinery's capacity.

We launched in 2011 the Downstream marketing and biofuel joint venture Raízen in Brazil, one of the world's fastest-growing economies. Already a leading ethanol producer in Brazil, it could open new international markets for us. In the longer term, it also gives us an opportunity to draw on our advanced biofuel R&D programme.

A NEW AGENDA FOR THE MEDIUM TERM

Our strengthened financial position and re-focused portfolio now enable us to drive forward a new agenda for the medium term. We are planning to raise net capital investment to about \$30 billion in 2012, up from some \$24 billion in 2011.

Maintaining a robust investment programme – even through the dips of business cycles – is the best way to create growth and shareholder returns. The actual spending level in any given year, of course, will depend on project timings, industry costs, asset sales and the flexibility to scale up or down our drilling programmes.

We expect the cumulative cash flow from operations, excluding working capital movements, to be approximately 50% higher over the next four years than it was over the past four years – if the Brent price is around \$100 per barrel, the North

American natural gas price returns to \$5 per MMBtu in the medium term and the environment improves for refining. We have the potential to see a 25% increase in our production from the 2011 level by 2017–2018. Some of this new production is expected to come from liquids-rich shales.

We see further growth potential in our differentiated fuels, our lubricants and our chemicals. So we will continue to make selective investments related to those markets and products. But we will also focus on improving Downstream operations.

GOING FOR MORE

Our successful projects, our good performance and our growth opportunities clearly show that we are on the right track. But I believe we can get more value out of our assets. The uptime of our processing facilities, for example, could be greater. And there are significant savings to be realised in our supply chains.

So we will continue our efforts to improve our operating performance and competitive position. We will also continue focusing on customer satisfaction and capitalising on our integrated operations. And, of course, we must never, ever lose sight of safety and environmental performance.

If we get those aspects of our businesses right, then Shell will surely be the number-one choice of both resource holders and resource consumers.

Peter Voser
Chief Executive Officer

Recent speeches by Peter Voser:
www.shell.com/speeches

43,000
NUMBER OF SHELL
SERVICE STATIONS

80+
NUMBER OF COUNTRIES
IN WHICH WE OPERATE

18.8 MILLION
VOLUME OF LNG
WE SELL TONNES

SUMMARY BUSINESS REVIEW

PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATORS	2011	2010
Total shareholder return (%)	17.1	17.0
Net cash from operating activities (\$ billion)	37	27
Project delivery (%)	79	75
Production available for sale (thousand boe/d)	3,215	3,314
Sales of liquefied natural gas (million tonnes)	18.8	16.8
Refinery and chemical plant availability (%)	91.2	92.4
Total recordable case frequency (injuries per million working hours)	1.2	1.2
ADDITIONAL PERFORMANCE INDICATORS		
Earnings on a current cost of supplies basis attributable to Royal Dutch Shell plc shareholders (\$ million)	28,625	18,643
Earnings per share on a current cost of supplies basis (\$)	4.61	3.04
Net capital investment (\$ million)	23,503	23,680
Return on average capital employed (%)	15.9	11.5
Gearing at December 31 (%)	13.1	17.1
Proved oil and gas reserves attributable to Royal Dutch Shell plc shareholders (million boe) [A]	14,250	14,249
Operational spills over 100 kilograms	207	195[B]
Employees (annual average)	90,000	97,000

[A] Excludes reserves attributable to non-controlling interest in Shell subsidiaries.

[B] Updated from 193 to reflect completion of investigations into operational spills.

RISK FACTORS

Shell's operations and earnings are subject to competitive, economic, political, legal, regulatory, social, industry, business and financial risks. These could have a material adverse effect separately, or in combination, on our operational performance, earnings or financial condition. Investors should carefully consider the risks below.

- Our operating results and financial condition are exposed to fluctuating prices of crude oil, natural gas, oil products and chemicals.
- Our ability to achieve strategic objectives depends on how we react to competitive forces.
- The global macroeconomic environment as well as financial and commodity market conditions influence our operating results and financial condition as our business model involves trading, treasury, interest rate and foreign exchange risks.

- Our future hydrocarbon production depends on the delivery of large and complex projects, as well as on our ability to replace proved oil and gas reserves.
- An erosion of our business reputation would have a negative impact on our brand, our ability to secure new resources, our licence to operate and our financial performance.
- Our future performance depends on the successful development and deployment of new technologies.
- Rising climate change concerns could lead to additional regulatory measures that may result in project delays and higher costs.
- The nature of our operations exposes us to a wide range of health, safety, security and environment risks.
- Shell mainly self-insures its risk exposures.

- An erosion of the business and operating environment in Nigeria could adversely impact our earnings and financial position.
- We operate in more than 80 countries, with differing degrees of political, legal and fiscal stability. This exposes us to a wide range of political developments that could result in changes to laws and regulations. In addition, Shell subsidiaries and equity-accounted investments face the risk of litigation and disputes worldwide.
- Our operations expose us to social instability, terrorism and acts of war or piracy that could have an adverse impact on our business.
- We rely heavily on information technology systems for our operations.
- We have substantial pension commitments, whose funding is subject to capital market risks.
- The estimation of proved reserves involves subjective judgements based on available information and the application of complex rules, so subsequent downward adjustments are possible. If actual production from such reserves is lower than current estimates indicate, our profitability and financial condition could be negatively impacted.
- Many of our major projects and operations are conducted in joint ventures or associates. This may reduce our degree of control, as well as our ability to identify and manage risks.
- Violations of antitrust and competition law carry fines and expose us or our employees to criminal sanctions and civil suits.
- Shell is currently subject to a Deferred Prosecution Agreement with the U.S. Department of Justice for violations of the Foreign Corrupt Practices Act.
- The Company's Articles of Association determine the jurisdiction for shareholder disputes. This might limit shareholder remedies.

SUMMARY OF RESULTS AND STRATEGY

INCOME FOR THE PERIOD		\$ MILLION	
	2011	2010	
Earnings by segment			
Upstream	24,455	15,935	
Downstream	4,289	2,950	
Corporate	86	91	
Total segment earnings	28,830	18,976	
Attributable to non-controlling interest	(205)	(333)	
Earnings on a current cost of supplies basis attributable to shareholders [A]	28,625	18,643	
Current cost of supplies adjustment and non-controlling interest	2,560	1,831	
Income for the period	31,185	20,474	

[A] For earnings presented on a current cost of supplies basis (CCS earnings), the purchase price of the volumes sold during a period is based on the current cost of supplies during the same period, after making allowance for the tax effect. CCS earnings therefore exclude the effect of changes in the oil price on inventory valuation.

EARNINGS

Earnings on a current cost of supplies (CCS) basis attributable to shareholders in 2011 were \$28,625 million, 54% higher than in 2010.

In 2011, Upstream earnings were \$24,455 million, compared with \$15,935 million in 2010. The 53% increase reflected higher realised oil and gas prices, together with higher LNG sales volumes, increased trading contributions and a reduced level of impairment. These items were partly offset by higher operating expenses mainly reflecting the start-up of new projects, lower production volumes and increased taxes.

Oil and gas production available for sale in 2011 was 3,215 thousand barrels of oil equivalent per day (boe/d), compared with 3,314 thousand boe/d in 2010.

Downstream earnings in 2011 were \$4,289 million, compared with \$2,950 million in 2010. Earnings increased as a result of higher chemical margins, increased trading contributions and lower operating expenses, partly offset by a larger loss in refining and lower sales volumes.

MARKET OVERVIEW

Reflecting the state of the global economy, world oil demand rose modestly by 0.7 million b/d in 2011, with a strong 1.3 million b/d demand increase in the emerging economies more than offsetting the decline of 0.6 million b/d in the developed economies.

Economic growth, which had been strong in 2010, weakened in 2011. Several serious shocks were partly responsible: the devastating earthquake and tsunami in Japan; unrest in some oil-producing countries in north Africa and the Middle East; and major financial turbulence in the eurozone due to high budget deficits and rising debt burdens. Most emerging economies weathered the turmoil well and grew robustly in 2011, with output in China and India growing by 9% and 7% respectively. In contrast, the USA and the eurozone saw output grow by 1.8% and 1.6% respectively, which was not sufficiently rapid to bring down high unemployment rates.

For 2012, there are concerns about a global economic slowdown. Most analysts expect a recession in the eurozone and slower economic growth in the USA. Economic activity is expected to be more robust in the emerging economies, but their performance remains closely linked to the developed world. So these projections assume that policymakers in the developed economies keep their monetary and fiscal policy commitments and manage to control the financial turmoil, allowing conditions to stabilise.

Oil and natural gas prices

Brent crude oil prices traded in a range of \$95-125 per barrel throughout most of 2011, ending the year at \$106.51 per barrel. On average, 2011 prices were some 40% higher than they were in 2010. Brent crude oil averaged \$111.26 per barrel in 2011, compared with \$79.50 in 2010; West Texas Intermediate (WTI)

averaged \$95.04 per barrel in 2011, compared with \$79.45 a year earlier.

Natural gas prices in North America were on average 9% lower in 2011 than in 2010. The Henry Hub prices fell from a monthly average range of \$4.00-4.55 per million British thermal units (MMBtu) in the first eight months to a monthly average range of \$3.15-3.90 per MMBtu in the last four months of the year, when inventories were high and production had to be discouraged. In the UK, prices at the National Balancing Point averaged 56.35 pence per therm in 2011, compared with 42.12 pence per therm in 2010. The price increase reflects a tightening of LNG markets and hence the influence of European oil-indexed prices.

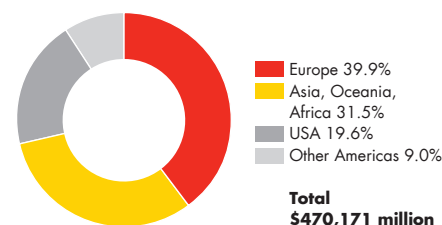
Unlike crude-oil pricing, which is global in nature, gas prices vary significantly from region to region. We produce and sell natural gas in regions whose supply, demand and regulatory circumstances differ markedly from those in the USA or the UK. Long-term contracted LNG prices in the Asia-Pacific region are predominantly indexed to oil prices and this is reflected in our LNG portfolio. Oil-indexed gas pricing is still prevalent in some parts of continental Europe, although natural gas contracts have recently included a greater element of spot market pricing.

Refining and petrochemical market trends

Refining margins suffered in the tough 2011 environment, being generally lower than those of 2010 in key refining hubs. The year saw a succession of downward revisions to demand forecasts. Industrial overcapacity continued to weigh on the sector following the start-up of major refining facilities, especially in Asia. Key drivers of refining margins in 2012 are expected to be demand growth in an uncertain economic environment, structural global refining overcapacity and

REVENUE BY GEOGRAPHICAL AREA

excluding inter-segment sales



geopolitical tensions leading to possible supply disruptions.

Chemical margins during 2011 were under pressure in Asia from Middle East exports and increasing economic uncertainty. European cracker margins were strong, supported by higher regional prices and lower costs. US ethane cracker margins benefited from the wide price differential between crude oil and natural gas in the country. Chemical margins in 2012 are expected to be demand-led and dependent on the state of the global economy. US ethane cracker margins should be supported by the ongoing feedstock price differential between oil and gas.

STRATEGY

Our strategy seeks to reinforce our position as a leader in the oil and gas industry in order to provide a competitive shareholder return, while helping to meet global energy demand in a responsible way. Safety, corporate environmental and social responsibility are at the heart of our activities.

Intense competition exists for access to upstream resources and to new downstream markets. But we believe our technology, project-delivery capability and operational excellence will remain key differentiators for our businesses. We expect around 80% of our capital investment in 2012 to be in our Upstream businesses. In Upstream we focus on exploration for new liquids and natural gas reserves and on developing major new projects where our technology and know-how add value to the resource holders. In our Downstream businesses, our emphasis remains on sustained cash generation from our existing assets and selective investments in growth markets.

Meeting the growing demand for energy worldwide in ways that minimise environmental and social impact is a major challenge for the global energy industry. We aim to improve energy efficiency in our own operations, supporting customers in managing their energy demands, and continuing to research and develop technologies that increase efficiency and reduce emissions in liquids and natural gas production.

Our commitment to technology and innovation continues to be at the core of our strategy. As energy projects become more complex and more technically demanding, we believe our engineering expertise will be

a deciding factor in the growth of our businesses. Our key strengths include the development and application of technology, the financial and project-management skills that allow us to deliver large field-development projects, and the management of integrated value chains. We aim to leverage our diverse and global business portfolio and customer-focused businesses built around the strength of the Shell brand.

OUTLOOK

We have defined three distinct layers for Shell's strategy development: performance focus and continuous improvement; growth delivery; and maturing next-generation project options for the longer term.

Performance focus and continuous improvement

We will work on continuous improvements in operating performance, with an emphasis on health, safety and environment, asset performance and operating costs. Asset sales are a key element of our strategy – improving our capital efficiency by focusing investment on the most attractive growth opportunities. Sale of non-core assets in 2009–2011 generated some \$17 billion in divestment proceeds. Exits from further non-core positions in 2012 are expected to generate up to \$3 billion in divestment proceeds.

We have initiatives underway that are expected to improve Shell's integrated Downstream business, focusing on the most profitable positions and growth potential. Shell announced exits from 800 thousand b/d of non-core refining capacity and from selected retail and other marketing positions in 2009–2011, and has taken steps to improve the quality of its Chemicals assets.

Growth delivery

We are planning a net capital investment of some \$30 billion in 2012 – an increase from 2011 levels – as Shell invests for long-term growth. This amount relates largely to investments in some 17 new projects for which final investment decisions were taken in 2010–2011. They are part of a portfolio of more than 60 new growth projects that are under construction or being assessed for future investment. Going forward, annual spending will be driven by the timing of investment decisions and the near-term macroeconomic outlook.

In early 2012, Shell defined a set of ambitious financial and operating targets

for profitable growth. These targets are driven by Shell's performance in maturing new projects for final investment decision and by project start-ups.

Cash flow from operations, excluding working capital movements, was \$136 billion for 2008–2011. We expect aggregate cash flow from operations, excluding working capital movements, for 2012–2015 to be 30-50% higher, assuming that the Brent oil price is in the range of \$80-100 per barrel and that conditions improve for North-American natural gas prices and downstream margins relative to 2011.

In Upstream we have the potential to reach an average production of some 4.0 million boe/d in 2017–2018, compared with 3.2 million boe/d in 2011. This production potential will be driven by the timing of investment decisions and the near-term macroeconomic outlook, and assumes some 250 thousand boe/d of expected asset sales and licence expiries. In Downstream we are adding new refining capacity in the USA and making selective growth investments in marketing.

Maturing next-generation project options

Shell has built up a substantial portfolio of options for a next wave of growth. This portfolio has been designed to capture energy price upside and manage Shell's exposure to industry challenges from cost inflation and political risk. Key elements of this opportunity set are in global exploration and established resource positions in the Gulf of Mexico, North American tight gas, liquids-rich shales and Australian LNG. These projects are part of a portfolio that has the potential to underpin production growth to the end of this decade. Shell is working to mature these projects, with an emphasis on financial returns.

PROVED RESERVES AND PRODUCTION

In 2011, Shell added 1,545 million boe of proved reserves before taking into account a net negative impact from commodity price changes of 235 million boe of proved reserves and a net negative impact from acquisition and divestment activity of 105 million boe of proved reserves. Of the total net additions of 1,205 million boe of proved reserves before taking into account production, 984 million boe came from Shell subsidiaries and 221 million boe were from the Shell share of equity-accounted investments.

In 2011, total oil and gas production available for sale was 1,173 million boe. An additional 39 million boe were produced and consumed in operations. Production available for sale from subsidiaries was 811 million boe with an additional 29 million boe consumed in operations. The Shell share of the production available for sale of equity-accounted investments was 362 million boe with an additional 10 million boe consumed in operations. Accordingly, after taking into account total production, we had a net decrease of 7 million boe in proved reserves, comprising an increase of 144 million boe from subsidiaries and a decrease of 151 million boe from the Shell share of equity-accounted investments.

RESEARCH AND DEVELOPMENT

Technology and innovation provide ways for Shell to stand apart from its competitors. They help our current businesses perform, and they make our future businesses possible. Over the last five years our spend on research and development (R&D) averaged more than \$1 billion annually, more than any other international oil and gas company. In 2011, R&D expenses were \$1,125 million, compared with \$1,019 million in 2010.

The development of Shell technology is intrinsically linked to our strategic objectives and based on the needs of our customers

and partners. It is executed by a single integrated R&D organisation where in-house development of proprietary technologies is complemented with external scientific and technological partnerships. This partnering helps to ensure a healthy influx of new ideas and to speed up technology developments.

We pursue technological breakthroughs across the full spectrum of our businesses and their needs; from novel seismic acquisition technology employing multimillion sensors that help find previously invisible subsurface hydrocarbon accumulations to oil-recovery methods that increase the amount of oil ultimately extracted from existing fields; from advanced biofuels that are derived from non-edible plants or crop waste – such as wheat and barley straw – to a concept engine lubricant which helps increase the overall fuel efficiency. We also work on technologies to reduce the environmental footprint of our operations and products. These are applied, for example, in carbon capture and storage schemes to reduce CO₂ and other emissions or in energy-efficiency programmes for our refineries or for our customers.

Sustained investment in our key technologies is paying off. For example, back in the 1980s we initiated the development of the gas-to-liquids (GTL)

process and catalysts that in 2011 enabled the start-up of the world's largest GTL plant in Qatar. Some 30 years ago we started working on chemicals for enhanced oil recovery that include polymer solutions like the one that has been injected since early 2010 into the Marmul field in Oman, where it is expected to boost oil recovery by some 10% or more. Shell has pioneered deep-water oil production since the 1970s, culminating in world-class projects such as Perdido in the Gulf of Mexico and Parque das Conchas, offshore Brazil.

The floating LNG (FLNG) concept is another example of where we are trying to take extraordinary leaps through technological innovation. The Shell FLNG concept entails a massive floating facility – more than 480 metres long and six times heavier than a fully-loaded aircraft carrier – that can be used to produce natural gas, turn it into a liquid and pump it onto LNG tankers for delivery to customers across the globe. The idea was born and developed entirely within Shell and it is now applied in Prelude, the world's first FLNG project, offshore Australia.

In 2012, we will continue to focus strongly on technologies supporting our various businesses. Equally, we remain committed to shorten further the time for technology to move from the laboratory to its deployment in the field.



UPSTREAM

KEY STATISTICS	\$ MILLION	
	2011	2010
Segment earnings	24,455	15,935
Including:		
Revenue (including inter-segment sales)	91,691	68,198
Share of profit of equity-accounted investments	7,127	4,900
Production and manufacturing expenses	15,606	13,697
Selling, distribution and administrative expenses	1,276	1,512
Exploration	2,266	2,036
Depreciation, depletion and amortisation	8,827	11,144
Net capital investment	19,083	21,222
Oil and gas production available for sale (thousand boe/d)	3,215	3,314
LNG sales volume (million tonnes)	18.83	16.76
Proved oil and gas reserves at December 31 (million boe) [A]	14,250	14,249

[A] Excludes reserves attributable to non-controlling interest in Shell subsidiaries.

Our Upstream businesses explore for and extract crude oil and natural gas, often in joint ventures with international and national oil and gas companies. This includes the extraction of bitumen from mined oil sands which we convert into synthetic crude oil. We liquefy natural gas by cooling and transport the liquefied natural gas (LNG) to customers across the world. We also convert natural gas to liquids (GTL) to provide cleaner-burning fuels and we market and trade natural gas (including LNG) in support of our Upstream businesses.

EARNINGS

Segment earnings in 2011 of \$24,455 million included a net gain of \$3,855 million mainly related to gains on divestments, mark-to-market valuation of certain gas and derivative contracts, and exceptional tax items. These were partly offset by asset impairments and the cost impact of the US offshore drilling moratorium. Segment earnings in 2010 of \$15,935 million included a net gain of \$1,493 million, mainly related to gains on divestments, partly offset by asset impairments, mark-to-market valuation of certain gas contracts and the cost impact of the US offshore drilling moratorium. All gains and losses identified above relate to items that individually exceed \$50 million. Excluding these gains and losses, segment earnings in 2011 were 43% higher than in 2010, driven by the delivery of Shell's growth strategy, continuing portfolio optimisation and higher market prices.

NET CAPITAL INVESTMENT

Net capital investment was some \$19 billion in 2011, compared with some \$21

billion in 2010. Capital investment in 2011 was \$23 billion (of which \$9 billion was exploration expenditure, including acquisitions of unproved properties). This represents a decrease from the 2010 capital investment of \$26 billion, which included \$7 billion in acquisitions, primarily relating to East Resources.

PORTFOLIO ACTIONS AND BUSINESS DEVELOPMENT

In Australia we announced in 2011 the final investment decision on the Prelude floating LNG project. The project is expected to produce up to 110 thousand boe/d of natural gas and natural gas liquids, for sale as some 3.6 mtpa of LNG, 1.3 mtpa of condensate and 0.4 mtpa of liquefied petroleum gas (LPG).

In Australia Arrow Energy Holdings Pty Ltd (Shell interest 50%) acquired all of the shares in Bow Energy Ltd, a coalbed methane company, for a Shell-share consideration of some \$0.3 billion. The transaction was completed in January 2012.

In China Shell and China National Petroleum Corporation (CNPC) signed a global alliance agreement to pursue cooperative opportunities internationally as well as in China. The two parties also signed a shareholders' agreement to establish a well-manufacturing joint venture (50% Shell and 50% CNPC) subject to further corporate and government approvals.

In Indonesia we entered into the Masela production-sharing contract (PSC) by

purchasing a 30% stake for a consideration of some \$0.9 billion. The Masela PSC contains the Abadi gas discovery, which is planned to be developed on the basis of a floating LNG project, initially for 2.5 mtpa capacity, with the potential for significant project expansions at a later stage. Front-end engineering and design is expected to begin in 2012.

In Iraq final government approvals were received to form the Basrah Gas Company, a joint venture between Iraq's South Gas Company (51%), Shell (44%) and Mitsubishi Corporation (5%). The joint venture will gather, treat and process raw gas from the Rumaila, West Qurna 1 and Zubair fields.

In Malaysia Shell extended two PSCs by 30 years with the intention of executing enhanced oil recovery projects offshore Sarawak and Sabah. The improvement in recovery efficiency of the Baram Delta (Shell interest 40%) and North Sabah (Shell interest 50%) oil fields is expected to result in additional oil production and may extend field life to beyond 2040.

In the USA Shell announced a multibillion dollar investment to develop its major Cardamom oil and gas field in the deep waters of the Gulf of Mexico. The Cardamom project (Shell interest 100%) is expected to produce 50 thousand boe/d at peak production.

In the USA we divested our Rio Grande Valley assets as part of our ongoing portfolio upgrading for some \$1.8 billion. We sold various non-core assets in a number of countries.

During 2011, total LNG sales contracts were signed for some 6 mtpa. These long-term contracts of up to 25 years are linked to oil prices and will be fulfilled by Shell's global LNG portfolio.

PRODUCTION

In 2011, hydrocarbon production available for sale averaged 3,215 thousand boe/d, which was 3% lower than in 2010. Excluding production lost from divestments, production was approximately the same as in 2010. Production in 2011 was mainly driven by new projects coming on-stream, notably Qatargas 4 LNG and Pearl GTL in Qatar, the Athabasca Oil Sands Project expansion in Canada and the continued ramp-up of the Gbaran-Ubie project in Nigeria. New start-ups and the continuing

ramp-up of fields more than offset the impact of field declines and the effect of higher prices on PSC entitlements, but lower demand due to warmer weather in Europe and increased maintenance activities compared with 2010 had an additional impact.

LNG sales volumes in 2011 of 18.83 million tonnes were 12% higher than in 2010. This increase mainly reflected the increase in sales volumes from Qatargas 4 (Shell interest 30%), which delivered first LNG in January 2011 and ramped up to full production during the year. Sales volumes were also higher from Nigeria LNG, helped by a stable gas supply, and from the Sakhalin-2 LNG project, where production reached 10 mtpa. These increases were partly offset by the reduction in the Shell share of LNG production from Woodside Petroleum Ltd – the result of Shell’s sale of part of its shareholding in the company in November 2010.

In Qatar both trains of the Pearl GTL project have started production. The first

gas from the wells flowed into Train 1 in March 2011 and we achieved the first commercial gasoil shipment in June 2011. Train 2 produced first GTL wax in December 2011. We are continuing to ramp up this substantial project, aiming to reach plateau production capacity by mid-2012.

In Canada production began from the Scotford Upgrader Expansion project (Shell interest 60%). The 100 thousand boe/d expansion brings the upgrader’s capacity to 255 thousand boe/d of heavy oil from the Athabasca oil sands.

In Nigeria the Gbaran-Ubie project achieved peak gas production of 1 billion standard cubic feet per day in early 2011.

EXPLORATION

During 2011, Shell participated in five notable exploration discoveries in Australia, French Guiana and Nigeria and six notable successful appraisals. Discoveries will be evaluated in order to establish the extent of the volumes they contain.

In total, Shell participated in 417 successful wells drilled outside proved areas, of which 197 had proved oil and gas reserves allocated in 2011.

In 2011, Shell added acreage to its exploration portfolio mainly from new licences in Australia, Brunei, Canada, Colombia, French Guiana, New Zealand, Russia, Tanzania, Turkey and the USA. Shell also successfully bid for new exploration and production rights in Russia.

In total, Shell secured rights to more than 140,000 square kilometres of new exploration acreage, including positions in liquids-rich shales. This was offset by divestments and relinquishments of acreage, which took place in various countries (mainly Australia, Brazil, Canada, Colombia, Egypt, Norway and the USA).



DOWNSTREAM

KEY STATISTICS	\$ MILLION	
	2011	2010
Segment earnings [A]	4,289	2,950
Including:		
Revenue (including inter-segment sales)	428,646	336,216
Share of earnings of equity-accounted investments [A]	1,577	948
Production and manufacturing expenses	10,547	10,592
Selling, distribution and administrative expenses	12,920	13,716
Depreciation, depletion and amortisation	4,251	4,254
Net capital investment	4,342	2,358
Refinery availability (%)	92	92
Chemical plant availability (%) [B]	89	94
Refinery processing intake (thousand b/d)	2,845	3,197
Oil products sales volumes (thousand b/d)	6,196	6,460
Chemicals sales volumes (thousand tonnes)	18,831	20,653

[A] Segment earnings are presented on a current cost of supplies basis (see page 7).

[B] The calculation of chemical plant availability for 2011 is based on a methodology to bring better alignment for our Downstream assets. On this basis, the 2010 figure would be 92%.

Shell's Downstream organisation is made up of a number of different business activities, part of an integrated value chain, that collectively turn crude oil into a range of refined products, which are moved and marketed around the world for domestic, industrial and transport use. The products include gasoline, diesel, heating oil, aviation fuel, marine fuel, lubricants, bitumen, sulphur and liquefied petroleum gas (LPG). In addition, we produce and sell petrochemicals for industrial use worldwide.

Our Manufacturing activities include Refining as well as Supply and Distribution. Marketing includes Retail, Business to Business (B2B), Lubricants and Alternative Energies. Chemicals has dedicated manufacturing and marketing units of its own. We also trade crude oil, oil products and petrochemicals, primarily to optimise feedstock for Manufacturing and Chemicals and to supply our Marketing businesses.

EARNINGS

Segment earnings in 2011 were \$4,289 million, 45% higher than in 2010.

Earnings in 2011 included net gains of \$15 million. The gains arose from the fair-value accounting of commodity derivatives, a gain from the formation of the Raízen joint venture, a net gain on divestments and a tax credit. These gains were significantly offset by charges related to impairments, redundancy, decommissioning and legal provisions. The 2011 divestments include

the sale of our refinery in Stanlow, UK, the majority of our Downstream businesses in seven African countries, our Downstream businesses in Chile and additional non-core business exits.

Earnings in 2010 included net charges of \$923 million. The charges reflected impairments, which were partly offset by a gain related to the fair-value accounting of commodity derivatives, gains from divestments and a gain from the sale of land holdings associated with the former Shell Haven refinery in the UK.

All gains and charges identified above relate to items that individually exceed \$50 million. The following comments relate to earnings after excluding the net gains of \$15 million from the 2011 results and the net charges of \$923 million from the 2010 results.

Downstream earnings increased compared with 2010, supported by improved realised unit marketing margins in most businesses, although oil products sales volumes declined, mainly as a result of portfolio divestments and the effects of the formation of the Raízen joint venture.

Chemicals reported record earnings in 2011 as the market environment was favourable during most of the year, resulting in higher realised margins, partly offset by the impact of unplanned operational events on Chemicals sales volumes.

Realised refining margins were in line with 2010 until the fourth quarter, when margins declined significantly as global market conditions deteriorated. As a result, Manufacturing reported a larger loss in 2011 than in 2010. This loss was largely offset by increased contributions from trading activities due to higher market volatility and greater arbitrage opportunities relative to 2010.

Refinery processing intake volumes were 11% lower in 2011 than in 2010, reflecting our portfolio activity as we continued refocusing our refinery footprint in 2011. Excluding the impacts of portfolio divestments and the refinery closure, refinery intake volumes were 2% lower than in 2010.

NET CAPITAL INVESTMENT

Net capital investment was \$4.3 billion in 2011 compared with \$2.4 billion in 2010.

Capital investment was \$7.5 billion in 2011, of which \$3.3 billion was in Manufacturing and Chemicals, and \$4.2 billion was in Marketing. Of the \$4.2 billion in Marketing, we invested \$1.7 billion in Raízen and \$0.4 billion in the acquisition of 253 retail stations in the UK. Around 49% of our 2011 capital investment was to maintain the integrity and performance of our asset base. In 2010, capital investment was \$4.8 billion.

Divestment proceeds were \$3.2 billion in 2011 compared with \$2.4 billion in 2010. We have now achieved the majority of our planned asset divestment programme to refocus our Downstream portfolio.

PORTFOLIO ACTIONS

In the Marketing businesses we continued to invest in selected retail markets, such as those in the UK and China, and in our growing Lubricants businesses in Asia.

In Brazil we launched the Raízen biofuel joint venture (Shell interest 50%) with Cosan S.A. for the production of ethanol, sugar and power, as well as the supply, distribution and retailing of transport fuels.

We signed a heads of agreement with Qatar Petroleum for the joint development of a proposed major petrochemical complex whose feedstock would come from natural gas projects in Qatar. The complex will include a world-scale steam cracker. It will also include a mono-ethylene glycol plant and a higher-olefin plant, both based on Shell proprietary technologies. Shell will



have a 20% equity interest in the project and Qatar Petroleum will have the remaining 80%.

We sold our 272 thousand b/d Stanlow refinery in the UK for a total consideration of \$1.2 billion (including some \$0.9 billion for working capital).

We announced the divestment of our Downstream businesses in Africa (excluding South Africa) for a total consideration of some \$1 billion. In 2011, we completed the sale of the businesses in Cape Verde, Madagascar, Mali, Mauritius, Morocco, Senegal and Tunisia. The businesses in the remaining countries under consideration for divestment are expected to be sold in 2012.

In Chile we sold our Downstream business for a total consideration of \$0.6 billion. The deal included all of Shell's Retail, Commercial Fuels, Bitumen and Chemicals businesses, as well as related supply and distribution infrastructure. The Retail network of about 300 sites will continue to be Shell branded through a trademark licence agreement.

CORPORATE

The Corporate segment covers the non-operating activities supporting Shell. It includes Shell's holdings and treasury organisation, its headquarters and central functions as well as its self-insurance activities.

All finance expense and income as well as related taxes are included in the Corporate segment earnings rather than in the earnings of the business segments.

EARNINGS

Segment earnings for 2011 were \$86 million, compared with \$91 million in 2010.

Net interest and investment expense increased by \$315 million between 2010 and 2011. The level of interest capitalised on projects decreased significantly, mainly reflecting major projects coming on-stream. Shell's share of interest from equity-accounted investments was an increased cost, largely due to the debt portfolios of new investments. These effects were partly

offset by higher interest income as a result of increased levels of average cash balances.

Foreign exchange losses of \$77 million in 2011 were principally due to the adverse impact of exchange rates on non-functional currency loans and cash balances in operating units.

Other earnings increased by \$429 million in 2011 compared with 2010, mainly because of increased tax credits and reduced costs.

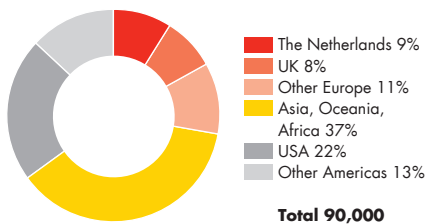
More about our operational performance can be found in our Investors' Handbook to be published in April 2012 on <http://reports.shell.com/investors-handbook/2011>

OUR PEOPLE

Shell's aim is to be the world's most competitive and innovative energy company. The people who work for Shell have the capabilities to make that possible. Our people are recruited, trained and recompensed according to a People Strategy that is based on three priorities: assuring sources of talent now and in the future; strengthening leadership and professionalism; and enhancing individual and organisational performance.

2011 EMPLOYEES BY GEOGRAPHICAL AREA

average numbers



Over the course of 2011, Shell employed an average of 90,000 people in more than 80 countries. Refocusing our portfolio resulted in staff reductions in 2011. Many of these former Shell staff continued their employment with the owners of our divested assets. To execute our strategy and plans in the future, however, we maintained external recruitment. The majority of our graduates and professional experienced hires came from technical disciplines.

EMPLOYEE COMMUNICATION AND INVOLVEMENT

Two-way dialogue between management and staff – directly and, where appropriate, via staff councils or recognised trade unions – is important and embedded in our work practices. On a quarterly basis, staff are able to learn of Shell's operational and financial results from a variety of sources, including letters to staff from the Chief Executive Officer, webcasts, publications and face-to-face gatherings.

The Shell People Survey is one of the principal tools used to measure employee engagement: the degree of affiliation and commitment to Shell. It provides valuable insights into employees' views, and it has had a consistently high response rate. The average employee engagement score in 2011 was 74% favourable, a three-point increase from 2010.

We encourage safe reporting of views about our processes and practices. Our global telephone helpline and website enable employees to report, confidentially and anonymously, breaches of our Code of Conduct and the Shell General Business Principles (see page 26 [GQ](#)).

DIVERSITY AND INCLUSION

We have a long-standing commitment to create a culture that embraces diversity and fosters inclusion (D&I). By embedding these principles in our operations, we understand better the needs of our varied customers, partners and stakeholders throughout the world. Our intent is to provide equal opportunity in recruitment, career development, promotion, training and reward for all employees, including those with disabilities.

Through regular monitoring and oversight of talent-development processes, we focus on reaching our global D&I targets related to the representation of women and local nationals in senior leadership positions. By the end of 2011, the proportion of women in senior leadership positions had risen to 16.6%, compared with 15.3% at end-2010. In 34% of the countries where Shell subsidiaries and equity-accounted investments are based, local nationals filled more than half the senior leadership positions, compared with 36% of countries in 2010.

A third global D&I target focuses on employees' perception of inclusion in our working culture. It is monitored by means of an indicator that is an average of the responses to five questions in the Shell People Survey. In 2011, the D&I indicator was 68% favourable, a two-point increase from 2010.

ENVIRONMENT AND SOCIETY

Our success in business depends on our ability to meet a range of environmental and social challenges. We must show we can operate safely and manage the effect our activities can have on neighbouring communities and society as a whole. If we fail to do this, we may lose opportunities to do business, our reputation as a company may be harmed and our "licence to operate" may be impacted.

SAFETY

Sustaining our licence to operate depends on maintaining the safety and reliability of our operations. We manage safety risk across our businesses through rigorous controls and compliance systems combined with a safety-focused culture. Our global standards and operating procedures define the controls and physical barriers we require to prevent incidents.

There continues to be increased regulation and heightened public scrutiny of the safety of offshore drilling as a result of the *BP Deepwater Horizon* incident in 2010. In order to reinforce the safety of our operations around the world, we have undertaken a review of operating practices, testing frequencies, training protocols and safety procedures. We have made enhancements to our safety and technical procedures. Still, a fire occurred at our Pulau Bukom manufacturing site in Singapore in 2011. We also reviewed and updated our requirements for asset integrity and process safety across Shell.

CLIMATE CHANGE

As energy demand increases and easily accessible oil and gas resources decline, we are developing resources that take more energy and advanced technology to produce. This growth includes expanding our conventional oil and gas businesses, our oil sands operations in Canada, our gas-to-liquids (GTL) business in Qatar and our global liquefied natural gas (LNG) business. As our businesses grow and production becomes more energy intensive, we expect there will be an associated increase in the direct CO₂ emissions from the Upstream facilities we operate.

We are seeking cost-effective ways to manage CO₂ emissions and see potential business opportunities in developing such solutions. Our main contributions to reducing CO₂ emissions are in four areas: supplying more natural gas; supplying more biofuels; progressing carbon capture and storage; and implementing energy efficiency measures in our operations.

Nearly one-third of the world's CO₂ emissions comes from power generation. For most countries, using more gas in power generation instead of coal can make the largest contribution, at the lowest cost, to meeting their emission reduction objectives this decade. In combination with renewables and carbon capture and storage, natural gas is also essential for a significantly lower

CO₂ pathway beyond 2020. With Shell's leading position in LNG and new technologies in recovering natural gas from tight-rock formations, we can supply natural gas to replace coal in power generation.

We see biofuels as the most practical and commercially viable way to reduce CO₂ emissions from transport fuels over the coming years. Our Raízen joint venture in Brazil produces two billion litres annually of ethanol from sugar cane – the best performing of today's biofuels in terms of CO₂ emissions. We are also investing in research to develop and commercialise advanced biofuels.

Shell is involved in carbon capture and storage projects, including the Mongstad

test centre in Norway, the Gorgon project in Australia and the Quest project in Canada. We are also involved in the consideration of a project in the UK to store CO₂ in a depleted gas reservoir in the North Sea.

We continue to focus on implementing energy efficiency measures in our operations. The flaring, or burning off, of gas in our Upstream business contributed to our overall greenhouse gas emissions in 2011. The majority of this flaring takes place at facilities where there is no infrastructure to capture the gas produced with oil – known as associated gas. Most of the continuous flaring takes place in Nigeria, where the security situation and lack of partner funding had previously

slowed progress on projects to capture associated gas.

We expect gas flaring from our operations in Iraq to rise in the coming years as oil production increases while we evaluate with our partners the most effective way to capture the associated gas. In 2011, we received approval for the formation of a new joint venture to capture associated gas from three major oil fields in the country.

SPILLS

Large spills of crude oil and oil products can incur major clean-up costs as well as fines. They can also affect our licence to operate and harm our reputation. We have clear requirements and procedures to prevent spills, and multibillion dollar



▶ shell.com/environmentalsociety



programmes are underway to maintain or improve our facilities and pipelines.

The spills we experienced in 2011 include a crude-oil leak during loading operations from the Bonga facility 120 kilometres offshore Nigeria and a leak from a pipeline connected to the Gannet Alpha platform in the UK North Sea. Shell regrets both incidents; in both cases, prompt and comprehensive response actions were taken to minimise environmental impacts.

Oil spills resulting from sabotage and theft of crude oil in Nigeria remain significant. In 2011, The Shell Petroleum Development Company of Nigeria Ltd (SPDC) launched a public website to track the response, investigation and clean-up of every spill from its facilities, whether due to operational failure or sabotage.

Also in 2011, the United Nations Environment Programme (UNEP) released a study of oil spills in Ogoniland, where SPDC operated until 1993. SPDC immediately accepted the full recommendations of the UNEP report, and has agreed to establish an independent

scientific advisory panel to review SPDC practices in the rehabilitation and remediation of oil spill sites in the Niger Delta. SPDC hopes the UNEP report will be a catalyst for cooperation to address the challenges in Ogoniland and the wider Niger Delta.

HYDRAULIC FRACTURING

Over the last decade, we have expanded our onshore natural gas portfolio using advances in technology to access resources of previously uneconomic tight gas, including that locked in shale formations.

One of the key technologies applied in tight-gas fields is known as hydraulic fracturing. It involves pumping a mixture of water, sand and chemical additives at very high pressure into a rock formation, creating tiny fissures through which natural gas can flow. To protect and isolate potable groundwater from hydraulic-fracturing fluids in the wellbore, we line our tight-gas wells with steel casing and cement. All of our oil and gas wells are expected to have two or more subsurface barriers to protect groundwater. We monitor a wellbore's integrity during and, in many cases, after

hydraulic fracturing. When we acquire assets, we evaluate the assets' wells for conformity with our safety and operating principles and put in place a plan with a timeline for rectifying any inconsistencies.

OIL SANDS

We are developing oil sands resources in Alberta, Canada. The mine-based development of such resources results in tailings: a mixture of sand, clay, water and heavy metals left over after bitumen – an extra-heavy oil – has been removed from the mined ore. To begin with, tailings are kept in a "pond", an above-ground enclosure made from a closed embankment of compacted low-grade ore. Once the mining has created a large enough pit, dykes are constructed in it and the tailings are then held within the dykes. The tailings ponds at the Athabasca Oil Sands Project's Muskeg River and Jackpine mines cover an area of 23 square kilometres. Tailings contain naturally occurring chemicals that are toxic; we monitor them continually, assess their potential environmental impact, and take measures to protect wildlife and to prevent contamination of surface water and groundwater.

The land that is mined must be reclaimed – for example, through revegetation or reforestation – to a capability equivalent to that which existed prior to development, as required by the Alberta government. When dried, tailings are used in the reclamation process. We continue to work on tailings technology and collaborate with research institutions and other operators to advance solutions and ultimately accelerate the pace of land reclamation.

WATER

As world energy demand rises, the energy industry is becoming one of the larger industrial consumers of fresh water globally. Shell's water footprint may expand in the future with the development of unconventional resources, such as tight gas and oil sands, and our biofuel business. A combination of increasing demand for water resources, growing stakeholder expectations and water-related legislation may drive action that affects our ability to secure access to fresh water and to discharge water from our operations.

BIOFUELS

We are one of the world's largest biofuel distributors. Where possible, we source biofuel raw materials that meet the requirements of international certification schemes. Where we are not able to buy certified products, we introduce our own long-established sustainability clauses into our supply contracts. These clauses are designed to prevent the sourcing of biofuels from suppliers who may not abide by human rights guidelines, or who may have cleared land rich in biodiversity.

NEIGHBOURING COMMUNITIES

Gaining the trust of local communities is essential to the success of our projects and operations. We have introduced global requirements for social performance – how we perform in our relationship with communities. We are in the process of implementing them across all our businesses. The requirements set clear rules and expectations for how we engage and respect communities that may be impacted by our operations. For all major installations and new projects we appoint a person who is responsible for assessing social impacts and finding ways to mitigate them. In addition, we have specific requirements for minimising our impact on indigenous peoples' traditional lifestyles, and on handling involuntary resettlement and grievance issues.

More environmental and social performance data can be found in the Shell Sustainability Report 2011 to be published in April 2012 on <http://reports.shell.com/sustainability-report/2011>

LIQUIDITY AND CAPITAL RESOURCES

The most significant factors affecting our operating cash flow are earnings and movements in working capital. The main drivers impacting our earnings include: realised prices for crude oil and natural gas; production levels of crude oil and natural gas; and refining and marketing margins.

Since the contribution of Upstream to earnings is larger than that of Downstream, changes affecting Upstream – particularly changes in realised crude oil and natural gas prices and production levels – have the largest impact on Shell's operating cash flow.

In Downstream, changes in any one of a range of factors derived from either within the industry or the broader economic environment can influence margins. The precise impact of any such changes depends on how the oil markets respond to them.

In the longer term, replacement of proved oil and gas reserves will affect our ability to maintain or increase production levels in Upstream, which in turn will affect our cash flow and earnings.

We have a diverse portfolio of field-development projects and exploration opportunities. That diversity can help to reduce the impact of the political and technical risks in Upstream, including the impact on the associated cash flow provided by our operating activities.

It is our intention to continue to make selective acquisitions and divestments as part of active portfolio management that is in line with our strategy and influenced by market opportunities.

FINANCIAL CONDITION AND LIQUIDITY

Our financial position is strong. In 2011, we generated a return on average capital

employed (ROACE) of 15.9% and year-end gearing was 13.1% (2010: 17.1%). We returned \$10.5 billion to our shareholders through dividends in 2011. Some of those dividends were paid out as 104.6 million shares issued to shareholders who had elected to receive new shares instead of cash. To partially offset the dilution created by the issuance of those shares, 34.4 million shares were repurchased and cancelled as part of our new share buyback programme (see below).

DIVIDENDS

Our policy is to grow the US dollar dividend through time in line with our view of Shell's underlying earnings and cash flow. When setting the dividend, the Board of Directors looks at a range of factors, including the macro environment, the current balance sheet and future investment plans. We have announced an interim dividend in respect of the fourth quarter 2011 of \$0.42 per share, equal to the US dollar dividend for the same quarter of 2010. The Board also expects that the first quarter 2012 interim dividend will be \$0.43 per share, an increase of 2% over the US dollar dividend for the same quarter of 2011. In addition, we may choose to return cash to shareholders through share buybacks, subject to the capital requirements of Shell. In September 2010, we introduced a Scrip Dividend Programme which enables shareholders to increase their shareholding by choosing to receive new shares instead of cash dividends, if approved by the Board.

NET CAPITAL INVESTMENT

Our capital investment was \$31.1 billion in 2011 (2010: \$30.6 billion). Our divestment proceeds increased to \$7.5 billion in 2011, compared with \$6.9 billion in 2010.

REPURCHASES OF SHARES

In 2011, a share buyback programme was commenced to offset the dilution created by the issuance of shares under our Scrip Dividend Programme. All of the shares purchased under the buyback programme were cancelled. A resolution will be proposed at the 2012 AGM to renew authority for the Company to purchase its own share capital up to specified limits for another year.

THE BOARD OF ROYAL DUTCH SHELL PLC



Jorma Ollila 

CHAIRMAN

Born August 15, 1950. A Finnish national, appointed Chairman of the Company with effect 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 Senior Vice President Finance and 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 Chairman and Chief Executive Officer. He is currently Chairman of the Board of Nokia.



Lord Kerr of Kinlochard 

DEPUTY CHAIRMAN AND SENIOR INDEPENDENT DIRECTOR

Born February 22, 1942. A British national, appointed a Non-executive Director of the Company in October 2004. He was a Non-executive Director of The "Shell" Transport and Trading Company, p.l.c. from 2002 to 2005. A member of the UK Diplomatic Service from 1966 to 2002, he was UK Permanent Representative to the EU, British Ambassador to the USA and Foreign Office Permanent Under Secretary of State. In 2004, he became an independent Member of the House of Lords. He is a Non-executive Director of Rio Tinto plc, Scottish American Investment Company plc and Scottish Power and Chairman of the Centre for European Reform.



Peter Voser

CHIEF EXECUTIVE OFFICER

Born August 29, 1958. A Swiss national, appointed Chief Executive Officer of the Company with effect from July 2009. 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 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 The "Shell" Transport and Trading Company, p.l.c. and Chief Financial Officer of the Royal Dutch/Shell Group. He was a member of the Supervisory Board of Aegon N.V. from 2004 to 2006, a member of the Supervisory Board of UBS AG from 2005 to April 2010 and a member of the Swiss Federal Auditor Oversight Authority from 2006 to December 2010. In 2011, he was awarded the title of Dato Seri Laila Jasa by the Sultan of Brunei. He is a Director of Catalyst, a non-profit organisation which works to build inclusive environments and expand opportunities for women and business, and he was appointed to the Board of Directors of Roche Holdings Limited in March 2011. He is also active in a number of international and bilateral organisations, including the European Round Table of Industrialists and The Business Council.



Simon Henry

CHIEF FINANCIAL OFFICER

Born July 13, 1961. A British national, appointed Chief Financial Officer of the Company with effect from May 2009. He joined Shell in 1982 as an engineer at the Stanlow refinery in the UK. After qualifying as a member of the Chartered Institute of Management Accountants in 1989, he held various finance posts, including Finance Manager of Marketing in Egypt, Controller for the Upstream business in Egypt, Oil Products Finance Adviser for Asia-Pacific, Finance Director for the Mekong Cluster and General Manager Finance for the South East Asian Retail business. He was appointed Head of Group Investor Relations in 2001 and Chief Financial Officer for Exploration & Production in 2004.



Malcolm Brinded 

EXECUTIVE DIRECTOR, UPSTREAM INTERNATIONAL

Born March 18, 1953. A British national, appointed an Executive Director of the Company in October 2004 responsible for global Exploration & Production and, from July 2009, for Upstream International. He was previously a Managing Director of The "Shell" Transport and Trading Company, p.l.c. from March 2004 and, prior to that, a Managing Director of Royal Dutch

Petroleum Company from 2002. He joined Shell in 1974 and has held various positions around the world including in Brunei, the Netherlands, Oman and the UK, where he was Country Chair for Shell. He is a member of the Nigerian Presidential Honorary International Investor Council, Chairman of the Shell Foundation, a Trustee of the Emirates Foundation and on the International Business Leaders Forum Council. In 2002, he was appointed a CBE for services to the UK oil and gas industry and in 2011 was awarded the title of Dato Seri Laila Jasa by the Sultan of Brunei. In 2010, the UK Prime Minister appointed him as a British Business Ambassador, and he was also appointed as a Non-executive Director of Network Rail.



Josef Ackermann 

NON-EXECUTIVE DIRECTOR

Born February 7, 1948. A Swiss national, appointed a Non-executive Director of the Company in May 2008. He is Chairman of both the Management Board and the Group Executive Committee of Deutsche Bank AG. He was appointed to these positions in 2006 and 2002 respectively. He joined Deutsche Bank's Management Board in 1996, with responsibility for the investment banking division. He started his professional career in 1977 at Schweizerische Kreditanstalt (SKA), where he held a variety of positions in corporate banking, foreign exchange/money markets, treasury and investment banking. In 1990, he was appointed to SKA's Executive Board, on which he served as President between 1993 and 1996. He is also a member of the Supervisory Board of Siemens AG and a member of the Board of Directors of Zurich Financial Services Limited.



Guy Elliott 

NON-EXECUTIVE DIRECTOR

Born December 26, 1955. A British national, appointed a Non-executive Director of the Company with effect from September 2010. He is Chief Financial Officer of Rio Tinto plc and Rio Tinto Limited, positions he has held since 2002. Following a period in investment banking, he joined the Rio Tinto Group in 1980 after gaining an MBA at INSEAD. He has held a variety of marketing, strategy and general management positions, including Head of Business Evaluation

and President of Rio Tinto Brasil. He was Non-executive Director and Senior Independent Director of Cadbury plc from 2007 and 2008 respectively until March 2010. While on the Cadbury Board, he served as Chairman of the Audit Committee until April 2009.



Charles O. Holliday C M
NON-EXECUTIVE DIRECTOR

Born March 9, 1948. A US national, appointed a Non-executive Director of the Company with effect from September 2010. He served as Chief Executive Officer of DuPont from 1998 to January 2009 and Chairman from 1999 to December 2009. He joined DuPont in 1970 after receiving a B.S. in industrial engineering from the University of Tennessee and held various manufacturing and business assignments, including a six-year, Tokyo-based posting as President of DuPont Asia/Pacific, before becoming Chairman and Chief Executive Officer. He previously served as Chairman of the World Business Council for Sustainable Development, Chairman of The Business Council, Chairman of Catalyst and Chairman of the Society of Chemical Industry – American Section and is a founding member of the International Business Council. He is Chairman of the Board of Directors of Bank of America Corporation and a Director of Deere & Company.



Gerard Kleisterlee M
NON-EXECUTIVE DIRECTOR

Born September 28, 1946. A Dutch national, appointed a Non-executive Director of the Company with effect from November 2010. He was President/Chief Executive Officer and Chairman of the Board of Management of Koninklijke Philips Electronics N.V. from 2001 to March 2011. Having joined Philips in 1974, he held several positions before being appointed as Chief Executive Officer of Philips' Components division in 1999 and Executive Vice-President of Philips in 2000. He was appointed Chairman of Vodafone Group plc in July 2011. He is also a member of the European Round Table of Industrialists, Chairman of both IMD's Foundation Board and Executive Committee, member of the Supervisory Board of De Nederlandsche Bank N.V., Daimler AG, a Director of Dell Inc. and Chairman of the Foundation of the Cancer Centre Amsterdam.



Christine Morin-Postel M
NON-EXECUTIVE DIRECTOR

Born October 6, 1946. A French national, appointed a Non-executive Director of the Company in October 2004. She was a member of the Supervisory Board of Royal Dutch Petroleum Company (Royal Dutch) from July 2004 and was a Board member of Royal Dutch until December 2005. Previously, she was Chief Executive of Société Générale de Belgique, Executive Vice-President and member of the Executive Committee of Suez S.A., Chairman and Chief Executive Officer of Crédisuez S.A. and a Non-executive Director of Pilkington plc and Alcan Inc. She is a Non-executive Director of British American Tobacco plc and EXOR S.p.A.



Linda G. Stuntz M
NON-EXECUTIVE DIRECTOR

Born September 11, 1954. A US national, appointed a Non-executive Director of the Company with effect from June 2011. She is a founding partner of the law firm of Stuntz, Davis & Staffier, P.C., based in Washington, D.C. Her law practice includes energy and environmental regulation as well as matters relating to government support of technology development and transfer. From 1989 to 1993, she held senior policy positions at the U.S. Department of Energy, including Deputy Secretary. She played a principal role in the development and enactment of the Energy Policy Act of 1992. From 1981 to 1987, she was an Associate Minority Counsel and Minority Counsel to the Energy and Commerce Committee of the U.S. House of Representatives. She chaired the Electricity Advisory Committee to the U.S. Department of Energy from 2008 to 2009, and was a member of the Board of Directors of Schlumberger Limited from 1993 to 2010. She serves on the Board of Directors of Raytheon Company.



Jeroen van der Veer M
NON-EXECUTIVE DIRECTOR

Born October 27, 1947. A Dutch national, appointed a Non-executive Director of the Company with effect from July 2009. Previously, he was Chief Executive since October 2004. He was appointed President of Royal Dutch Petroleum Company in 2000, having been a Managing Director since 1997. He was a Director of Shell

Canada Limited from 2003 until 2005. He was Vice-Chairman and Senior Independent Director of Unilever (which includes Unilever N.V. and Unilever plc) to May 2011 and is Chairman of the Supervisory Boards of Koninklijke Philips Electronics N.V. and of ING Group. He also has various roles in several foundations and charities.



Hans Wijers C M
NON-EXECUTIVE DIRECTOR

Born January 11, 1951. A Dutch national, appointed a Non-executive Director of the Company with effect from January 2009. He is Chief Executive Officer and Chairman of the Board of Management of Akzo Nobel N.V. He joined Akzo Nobel N.V. in 2002 as a Board member, and was appointed Chairman in 2003. He obtained a PhD in economics from Erasmus University Rotterdam while teaching there. Later, he became Managing Partner of The Boston Consulting Group. He served as Dutch Minister for Economic Affairs from 1994 to 1998, after which he returned to The Boston Consulting Group as Senior Partner until his appointment as a Board member of Akzo Nobel N.V. He is a trustee of various charities and a member of the European Round Table of Industrialists.



Michiel Brandjes
COMPANY SECRETARY

Born December 14, 1954. A Dutch national, appointed as Company Secretary and General Counsel Corporate of the Company in February 2005. He joined Shell in 1980 as a Legal Adviser and was later appointed Head of Legal in Singapore. Following a period as Head of Legal in China, he was appointed Company Secretary of Royal Dutch Petroleum Company.

BOARD COMMITTEE MEMBERSHIP

Audit Committee	
Corporate and Social Responsibility Committee	
Nomination and Succession Committee	
Remuneration Committee	
Chairman	C
Member	M

On March 14, 2012 the Board approved the appointment of Hans Wijers as Deputy Chairman and Senior Independent Director and the appointment of Josef Ackermann as a member of the Nomination and Succession Committee. Subject to the reappointment of the respective Directors at the 2012 AGM, the new arrangements are with effect from May 23, 2012.

SUMMARY REPORT OF THE DIRECTORS

BUSINESS REVIEW

The information relating to the Business Review can be found in the “Chairman’s message” on page 3 [24], the “Chief Executive Officer’s review” on pages 4–5 [24] and also in the “Summary Business Review” on pages 6–17 [24], all of which are incorporated in this report by way of reference. Throughout this Summary Report of the Directors, the Board aims to present a balanced and understandable assessment of the Company’s position and prospects in its reporting to shareholders and other interested parties.

BOARD OF DIRECTORS

The Directors during the year were Josef Ackermann, Malcolm Brinded [A], Guy Elliott, Simon Henry, Charles O. Holliday, Lord Kerr of Kinlochard, Gerard Kleisterlee, Wim Kok (who stood down with effect from May 17, 2011), Christine Morin-Postel, Jorma Ollila, Linda G. Stuntz (appointed with effect from June 1, 2011), Jeroen van der Veer, Peter Voser and Hans Wijers.

[A] As announced on February 22, 2012, Malcolm Brinded will be standing down as an Executive Director of the Company with effect from April 1, 2012.

APPOINTMENT AND REAPPOINTMENT OF DIRECTORS

In line with the UK Corporate Governance Code, all Directors will retire at each Annual General Meeting (AGM) and, subject to the Articles of Association and their wish to continue as a Director of the Company, seek reappointment by shareholders. At the 2012 AGM, Lord Kerr will not be seeking reappointment. He will be standing down after having served nine years as a Non-executive Director. Shareholders will also be asked to vote on the appointment of Sir Nigel Sheinwald as a Director of the Company with effect from July 1, 2012.

The biographies of all Directors are given on pages 18–19 [24] and, for those seeking appointment or reappointment, also in the Notice of the AGM. Details of the Executive Directors’ contracts can be found on page 24 [24] and copies are available for inspection from the Company Secretary.

The terms and conditions of appointment of Non-executive Directors are set out in their letters of appointment with the Company

which, in accordance with the UK Corporate Governance Code, are available for inspection from the Company Secretary.

No Director is, or was, materially interested in any contract subsisting during or at the end of the year that was significant in relation to the Company’s business.

QUALIFYING THIRD-PARTY INDEMNITIES

The Company has entered into a deed of indemnity with each Director under identical terms. The deeds indemnify the Directors to the widest extent permitted by the applicable laws of England against all liability incurred as a Director or employee of the Company or of certain other entities.

DIRECTORS’ INTERESTS

There were no changes in Directors’ share interests during the period from December 31, 2011, to March 14, 2012, except in the case of Linda G. Stuntz whose interests increased by 1,400 Class B shares (held as 700 ADSs (RDS.B ADS)), and for those changes in the interests in shares or options awarded under the Long-term Incentive Plan, the Deferred Bonus Plan, the Restricted Share Plan and the share option plans.

As at March 14, 2012, the Directors and Senior Management of the Company beneficially owned individually and in aggregate (including shares under option) less than 1% of the total shares of each class of the Company shares outstanding.

REPURCHASES OF SHARES

On May 17, 2011, shareholders approved an authority, which will expire at the end of the 2012 AGM, for the Company to repurchase up to a maximum of 625 million of its shares (excluding share purchases for employee share-based compensation plans). During 2011, 34.4 million Class B shares with a nominal value of €2.4 million (\$2.9 million) (representing 0.5% of the Company’s entire issued share capital at December 31, 2011) were purchased for cancellation for a total cost of \$1,106 million, including expenses, at

DIRECTORS’ INTERESTS [A]

	January 1, 2011		December 31, 2011	
	Class A	Class B	Class A	Class B
Josef Ackermann	10,000	–	10,000	–
Malcolm Brinded	20,240	141,941	20,240	141,941
Guy Elliott	–	3,177	–	5,677
Simon Henry	4,175	49,836	9,175	50,843
Charles O. Holliday	–	20,000[B]	–	20,000[B]
Lord Kerr of Kinlochard	–	17,500	–	17,500
Gerard Kleisterlee	–	–	5,000	–
Christine Morin-Postel	8,485	–	8,485	–
Jorma Ollila	25,000	–	25,000	–
Linda G. Stuntz	–	3,000[C][D]	–	3,000[D]
Jeroen van der Veer	190,195	–	195,195	–
Peter Voser	112,091[E]	–	148,496	–
Hans Wijers	5,251	–	5,251	–

[A] Excludes interests in shares or options awarded under the Long-term Incentive Plan, the Deferred Bonus Plan, the Restricted Share Plan and the share option plans.

[B] Held as 10,000 ADSs (RDS.B ADS). Each RDS.B ADS represents two Class B shares.

[C] At the date of appointment.

[D] Held as 1,500 ADSs (RDS.B ADS). Each RDS.B ADS represents two Class B shares.

[E] Includes 1,397 Class A shares received pursuant to the Company’s Scrip Dividend Programme in respect of the third quarter interim dividend for 2010.

an average price of \$32.22 per Class B share. During the period January 1, 2012, to March 14, 2012, no share purchases have been made.

The Board continues to regard the ability to repurchase issued shares in suitable circumstances as an important part of the financial management of the Company. A resolution will be proposed at the 2012 AGM to renew the authority for the Company to purchase its own share capital up to specified limits for another year. More detail of this proposal is given in the Notice of the AGM.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No donations were made by the Company or any of its subsidiaries to political parties or organisations during the year. Shell Oil Company administers the non-partisan Shell Oil Company Employees' Political Awareness Committee (SEPAC), a political action committee registered with the US Federal Election Commission. Eligible employees may make voluntary personal contributions to the SEPAC.

Shell, through individual subsidiaries, sponsors social investment programmes in many countries throughout the world. In the UK, Shell donated \$11 million in 2011 to charitable causes and sponsorships. This included a donation to the Shell Foundation, an independent charity established in 2000 that applies business thinking to global development challenges.

ESSENTIAL CONTRACTS AND TAKEOVERS DIRECTIVE INFORMATION

Shell does not have contracts or other arrangements that individually are essential to its business, nor does it have any significant agreements that would take effect, alter or terminate upon a change of control of the Company following a takeover bid.

Shell currently operates three primary employee share ownership trusts: a Dutch Stichting and two US Rabbi Trusts. The shares held by the Stichting are voted by the Stichting Board and the shares in the Rabbi Trusts are voted by the Voting Trustee, Evercore Trust Company, N.A. Both the Stichting Board and the Voting Trustee are independent of the Company.

The UK Shell All Employee Share Ownership Plan (SAESOP) has a separate related share ownership trust. Shares held

for the SAESOP are voted by its trustee, EES Corporate Trustees Limited, as directed by the participants.

AUDITORS

PricewaterhouseCoopers LLP has signified its willingness to continue in office and a resolution for its reappointment will be proposed at the 2012 AGM.

CORPORATE GOVERNANCE

The Company's statement on corporate governance is included in the "Summary of corporate governance" report on pages 26–29 [\[a\]](#).

ANNUAL GENERAL MEETING

The AGM will take place on May 22, 2012, in the Circustheater, Circusstraat 4, The Hague, The Netherlands, with a satellite link to The Barbican Centre, London, UK. An audio-visual link will permit active two-way participation by persons physically present in the UK and the Netherlands. Details of the business to be put to shareholders at the AGM can be found in the Notice of the Annual General Meeting.

Signed on behalf of the Board

Michiel Brandjes
 Company Secretary
 March 14, 2012

SUMMARY DIRECTORS' REMUNERATION REPORT

In respect of Directors' remuneration, 2011 was a year of stability. Particularly in the area of performance conditions relating to variable pay, it was important to refrain from further updates. We hope this stability helps to make the reward arrangements for the Executive Directors more consistent and transparent.

In 2011, we continued our constructive engagements with major shareholders and shareholder institutions. The 2011 AGM vote resulted in 98.8% in favour of the 2010 Remuneration Report resolution. We consider this result a positive reflection on the consultations and decisions that the Remuneration Committee (REMCO) made during 2009 and 2010.

During 2011, REMCO was presented with an external perspective on our executive reward practice by Deloitte LLP. In addition, REMCO considered the operation of the annual bonus scorecard and its sensitivity to commodity price volatility as well as the use of relative earnings per share in the long-term incentive plans. REMCO concluded that the policies in place are fit for purpose and no changes are required for 2012.

EXECUTIVE DIRECTORS

The Executive Directors' remuneration package comprises a base salary, an annual bonus and long-term incentives, as well as a pension plan and other benefits.

2011 SUMMARY COMPENSATION		€ THOUSAND		
	Peter Voser	Malcolm Brinded	Simon Henry	
Earnings [A]	5,208	3,214	2,469	
Value of released 2008 LTIP awards	4,614	5,363	-	
Value of released 2008 DBP awards	450	1,192	-	
Value of released 2008 RSP awards	1,391	1,609	-	
Value of released 2008 PSP awards	-	-	1,152[B]	
Value of exercised share options	-	-	122	
Total compensation				
in euros	11,663	11,378	3,743	
in dollars	16,232	15,835	5,209	
in sterling	10,124	9,876	3,249	

[A] More details can be found on page 25.

[B] Value of shares under the Performance Share Plan (PSP) received prior to appointment as an Executive Director, released in March 2011.

The Executive Directors' compensation package is strongly linked to the achievement of stretch targets that are seen as indicators of the execution of Shell's strategy. REMCO considers this link as critical. The chart below summarises the connection.

BASE SALARY

REMCO determines remuneration levels by reference to companies of comparable size, complexity and global scope. The current comparator group consists of BP, Chevron, ExxonMobil and Total as well as a selection of top Europe-based companies.

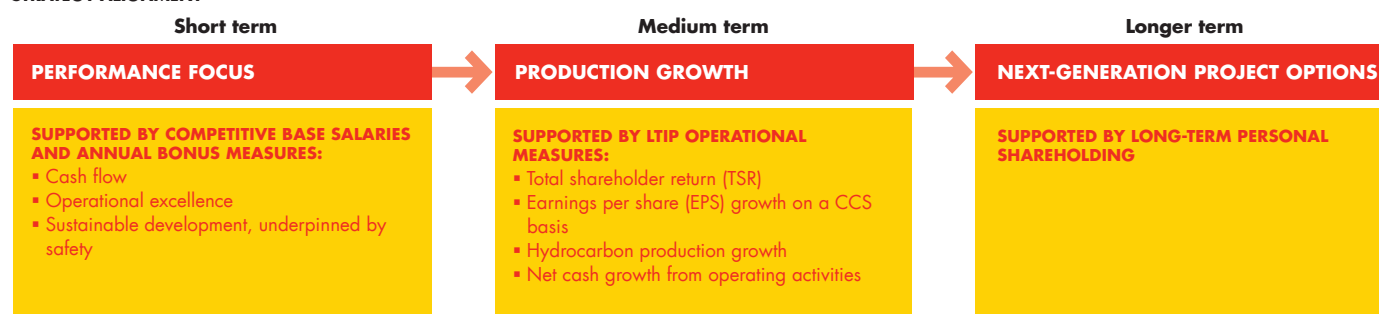
Executive Directors' base salaries were frozen from June 2009 until January 2011, except for promotional adjustments. REMCO reviewed Executive Directors' annual base salary levels and made the following

decisions regarding salary adjustments as of January 1, 2012: Chief Executive Officer Peter Voser's salary was set at €1,600,000; Executive Director Malcolm Brinded's at €1,200,000; and Chief Financial Officer Simon Henry's at €940,000.

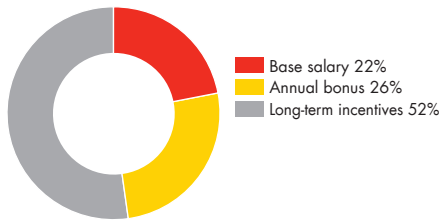
ANNUAL BONUS

REMCO uses the annual bonus to focus on short-term targets that the Board agrees each year as part of the Business Plan, and on individual performance against personal targets. A scorecard with financial, operational, project delivery and sustainable development targets represents the link to business results. The scorecard targets are stretching but realistic. The scorecard for the year is set and approved by REMCO. The outcome of the performance year is usually known in February of the following year, and REMCO

STRATEGY ALIGNMENT



TARGET PAY DISTRIBUTION



translates this into a score between zero and two. In doing so, REMCO exercises its judgement to assure that the final annual bonuses for Executive Directors are in line with Shell's current year performance.

For the 2011 Executive Directors' Scorecard, the sustainable development component was a combination of the safety measure (10% weight) and additional targeted internal measures (10% weight in total) covering operational spills, energy efficiency and use of fresh water. These measures reflect some of the most important sustainability issues faced by Shell and will also be used for 2012.

In assessing Shell's 2011 performance, REMCO noted that:

- Net cash from operating activities was outstanding at \$37 billion.
- Operational excellence was on target:
 - project delivery was above target, with selected projects being delivered on time and on budget;
 - hydrocarbon production was below target at 3,215 thousand boe/d;
 - LNG sales were outstanding at 18.8 mtpa; and
 - combined refinery and chemical plant availability was slightly below target at 91.2%.
- Shell's sustainability performance was in aggregate above target:
 - occupational safety, as measured by the total recordable case frequency, was outstanding at 1.2 cases per million working hours, in line with last year's lowest recorded score; and
 - targeted internal measures covering energy efficiency and use of fresh water were on or above target, whereas the volume of operational spills was below target.

On the basis of the wider operational performance and the reputational impact of incidents such as the Pulau Bukom refinery fire and the Bonga and Gannet spills, REMCO decided to adjust downwards the 2011 scorecard outcome from 1.44 to 1.30.

The target level of the 2011 bonuses was unchanged from 2010: 150% for the Chief Executive Officer and 110% for the other Executive Directors. REMCO took into account the 2011 Executive Directors' Scorecard result and individual performances and determined the annual bonuses payable for 2011 for Executive Directors. For the Chief Executive Officer, this outcome resulted in an annual bonus of €3,500,000 (226% of base salary), Executive Director Malcolm Brinded's annual bonus was determined as €2,000,000 (170% of base salary) and the Chief Financial Officer's annual bonus as €1,500,000 (169% of base salary).

LONG-TERM INCENTIVES

There are two main long-term incentive programmes in use: the Long-term Incentive Plan (LTIP) and the Deferred Bonus Plan (DBP).

Whereas the annual bonus represents performance against internal targets, the long-term incentives focus on performance relative to other oil majors: BP, Chevron, ExxonMobil and Total. Consistent with the long-term nature of Shell's strategy, LTIP and DBP determine more than half of an Executive Director's remuneration. Both plans grant share-based awards which vest depending on Shell's performance against predefined measures over a three-year performance period. They reward Executive Directors if Shell outperforms its peers on a combination of total shareholder return (TSR), earnings per share (EPS) growth on the basis of current cost of supplies (CCS), hydrocarbon production growth and net cash growth from operating activities.

The LTIP and DBP vest on the basis of relative performance rankings:

RELATIVE PERFORMANCE RANKINGS	
Shell's rank against peers [A]	Number of conditional performance shares ultimately awarded [B]
1st	2 x initial LTIP award 2 x half of the deferred bonus shares
2nd	1.5 x initial LTIP award 1.5 x half of the deferred bonus shares
3rd	0.8 x initial LTIP award 0.8 x half of the deferred bonus shares
4th or 5th	Nil

[A] On each of the four performance measures.
[B] Taking into account the weightings of the four performance measures.

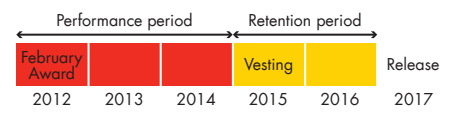
If the TSR ranking is fourth or fifth, the level of the award that can be vested on the basis of the three other measures will be capped at 50% of the maximum payout for LTIP and half of the deferred bonus shares for DBP.

Under the DBP, Executive Directors are required to invest no less than 25% and can choose to invest up to 50% of their annual bonus in deferred bonus shares. Half of these deferred bonus shares are matchable with additional performance-related shares which can be earned on the same basis as the LTIP vesting.

Vesting In 2009, Executive Directors were granted a conditional award of performance shares under the LTIP and matching shares under the DBP. This was the first award using the four relative performance measures. At the end of the performance period, which was from January 1, 2009, to December 31, 2011, Shell was ranked first among its peer group in terms of TSR, fourth in terms of EPS growth, fourth in terms of hydrocarbon production growth and fourth in terms of growth in net cash from operating activities. REMCO also considered the underlying financial performance of Shell and decided to release 60% of shares under the LTIP, using no discretion. Given that the performance condition of the DBP is the same as for the 2009 LTIP, REMCO decided to release 60% of the performance-related matching shares under the DBP.

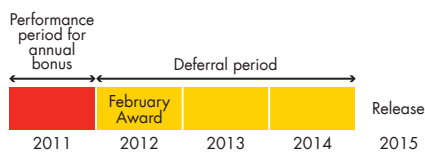
Award On February 3, 2012, a conditional award of performance shares under the LTIP was made to the Executive Directors. The award had a face value of three times base salary for the Chief Executive Officer and 2.4 times base salary for other Executive Directors.

TIMELINE FOR 2012 LTIP SHARE AWARDS



Peter Voser, Malcolm Brinded and Simon Henry elected to defer 50% of their 2011 annual bonus into the DBP which was awarded on February 3, 2012.

TIMELINE FOR 2011 DEFERRED BONUS PLAN



The aggregate expected value of shares awarded to the Executive Directors under the LTIP in 2011 was \$12,061,000.

RESTRICTED SHARE PLAN

Another long-term incentive programme – the Restricted Share Plan (RSP) – is available for retention purposes.

On August 1, 2008, Peter Voser and Malcolm Brinded were awarded restricted shares to the value of one times base salary. The restriction period was three years. In line with the provisions of the awards, REMCO released the restricted shares plus accumulated dividend shares in August 2011. Following this release, there are no outstanding RSP awards for Executive Directors. No RSP awards were made during 2011.

SHAREHOLDING

The Chief Executive Officer is expected to build up a shareholding over five years of three times his base salary. Other Executive Directors are expected to build up a shareholding to the value of two times their base salary over the same period. The current progress towards reaching the shareholding targets is: Peter Voser 114%; Malcolm Brinded 246%; and Simon Henry 93%. Bonuses invested in shares in the DBP, including accrued dividends, count towards the guideline. Unexercised share options, unvested LTIP awards and matching shares under the DBP that are subject to performance conditions do not count.

PENSION INTERESTS

During 2011, Peter Voser, Malcolm Brinded and Simon Henry accrued retirement benefits under defined benefit plans.

EXECUTIVE DIRECTORS' CONTRACTS

Executive Directors' employment contracts are governed by Dutch employment law. This choice was made because mandatory provisions of Dutch employment law apply even if a foreign law has been specified to govern the contract. This is consistent with employment terms of other Shell senior managers and staff based in the Netherlands. The contracts end by notice of either party or automatically at retirement.

Under Dutch law, termination payments are not linked to the contract's notice period.

For current Executive Directors, REMCO will offer compensation for losses resulting from termination of employment up to one times annual pay (base salary plus target bonus). For future Executive Directors, all new contracts will include a cap of one times annual pay on any payments resulting from loss of employment, with a reference to the Executive Directors' duty to seek alternative employment and thereby mitigate their loss. This level of termination payments was part of a number of policy changes supported by shareholders in 2011 following consultations.

REMCO will determine terms and conditions for any situation where a severance payment is appropriate, taking into consideration applicable law, corporate governance provisions and the best interests of shareholders at the time. REMCO will ensure that poor performance is not rewarded in such circumstances.

EXECUTIVE DIRECTOR MALCOLM BRINDED

Malcolm Brinded will step down as an Executive Director with effect from April 1, 2012. During April 2012 Malcolm Brinded will transfer to employment in the UK. His last day of employment with Shell will be April 30, 2012.

NON-EXECUTIVE DIRECTORS

REMUNERATION POLICY

The Board determines the fees payable to Non-executive Directors (NEDs) of the Company, within the limit of €4,000,000 specified by the Articles of Association and in accordance with the NEDs' responsibilities and time commitments. In 2011, the total amount of fees paid to NEDs was €2,259,000.

The Board reviews NED fees periodically to ensure that they are aligned with those of other major listed companies. The Chairman's fee is determined by REMCO. A review was undertaken during 2010 and changes implemented in January 2011. For 2012 the fee levels have not changed.

NON-EXECUTIVE DIRECTORS' FEES STRUCTURE (UNAUDITED)	€
Chairman of the Board	800,000
Non-executive Director annual fee	120,000
Senior Independent Director	55,000
Audit Committee	
Chairman [A]	45,000
Member	25,000
Corporate and Social Responsibility Committee	
Chairman [A]	35,000
Member	17,250
Nomination and Succession Committee	
Chairman [A]	25,000
Member	12,000
Remuneration Committee	
Chairman [A]	35,000
Member	17,250
Intercontinental travel fee	5,000

[A] The chairman of a committee does not receive an additional fee for membership of that committee.

The Chairman and the other NEDs cannot receive awards under any incentive or performance-based remuneration plans and personal loans or guarantees are not granted to them. NEDs receive an additional fee of €5,000 for any Board meeting involving intercontinental travel – except for one meeting per year held in a location other than The Hague.

NEDs do not accrue any retirement benefits as a result of their Non-executive Directorships with the Company. During his service as an employee, Jeroen van der Veer accrued retirement benefits and was awarded share options as well as conditional shares under the LTIP and DBP.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Shell paid and/or accrued a total amount of compensation of \$85,692,000 [A] (2010: \$42,291,000) for services in all capacities that Directors and Senior Management at Shell provided during the year ended December 31, 2011. In addition, Shell accrued a total amount of \$9,236,000 (excluding inflation), to provide pension, retirement and similar benefits for Directors and Senior Management during the year ended December 31, 2011.

[A] Compensation includes gains realised from long-term incentive awards released and share options exercised during the year.

EARNINGS OF EXECUTIVE DIRECTORS IN OFFICE DURING 2011 (AUDITED)
€ THOUSAND

	Peter Voser		Malcolm Brinded		Simon Henry	
	2011	2010	2011	2010	2011	2010
Salary	1,550	1,500	1,175	1,175	890	850
Bonus [A]	3,500	3,750	2,000	2,302	1,500	1,537
Cash benefits [B]	155	107	1	1	50	29
Non-cash benefits [C]	3	4	38	45	29	40
Total earnings						
in euros	5,208	5,361	3,214	3,523	2,469	2,456
in dollars	7,249	7,100	4,473	4,666	3,436	3,253
in sterling	4,521	4,596	2,790	3,020	2,143	2,106

[A] The annual bonus figures are shown in the table in their related performance year and not in the year in which they are paid.

[B] Includes employer contributions to insurance plans, school fees, car allowances and tax compensation.

[C] Comprise life and medical insurance, company-provided transport for home-to-office commuting and lease cars.

The aggregate amount paid to or receivable by Executive Directors from Royal Dutch Shell plc and its subsidiaries for services in all capacities during the fiscal year ended December 31, 2011, was €10,891,000 (2010: €11,340,000).

EARNINGS OF NON-EXECUTIVE DIRECTORS IN OFFICE DURING 2011 (AUDITED)
THOUSAND

Non-executive Directors	2011		2010	
	€	\$	€	\$
Josef Ackermann	137	191	132	175
Guy Elliott	157	219	47	62
Charles O. Holliday	196	272	47	63
Lord Kerr of Kinlochard	214	297	224	297
Gerard Kleisterlee	145	202	23	31
Wim Kok [A]	63	88	162	215
Christine Morin-Postel	153	212	160	212
Jorma Ollila [B]	800	1,112	750	993
Linda G. Stuntz [C]	95	131	-	-
Jeroen van der Veer [D]	137	191	132	175
Hans Wijers	162	226	150	199

[A] Wim Kok stood down with effect from May 17, 2011.

[B] Jorma Ollila receives no additional payments for chairing the Nomination and Succession Committee. He does have the use of an apartment when on business in The Hague.

[C] Linda G. Stuntz was appointed with effect from June 1, 2011.

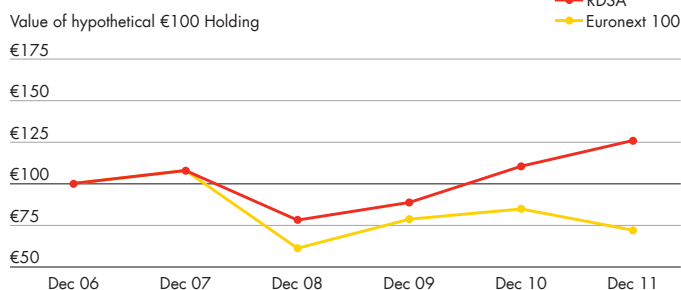
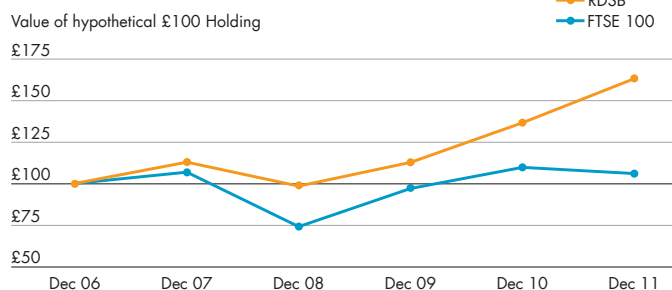
[D] In 2011, Jeroen van der Veer also realised gains of €9,017,000 from LTIP and €1,843,000 from DBP, both of which relate to awards granted while an Executive Director.

PERFORMANCE GRAPHS

The graphs below compare the TSR performance of Royal Dutch Shell plc over the past five financial years with that of the companies comprising the Euronext 100 share index and the FTSE 100 share index. The Board regards the Euronext 100 and the FTSE 100 share indices as appropriate broad market equity indices for comparison, as they are the leading market indices in Royal Dutch Shell plc home markets.

HISTORICAL TSR PERFORMANCE OF ROYAL DUTCH SHELL PLC

Growth in the value of a hypothetical €100 holding and £100 holding over five years. Euronext 100 and FTSE 100 comparison based on 30 trading day average values.

RDSA VERSUS EURONEXT 100

RDSB VERSUS FTSE 100


SUMMARY OF CORPORATE GOVERNANCE

This Summary briefly lays out the Company's corporate governance policies. It also describes how the Board followed the principles of the UK Corporate Governance Code.

STATEMENT OF COMPLIANCE

The Board confirms that throughout the year the Company has applied the main principles and complied with the relevant provisions set out in the UK Corporate Governance Code (the Code). In addition to complying with applicable corporate governance requirements in the UK, the Company must follow the rules of Euronext Amsterdam as well as the Dutch securities laws because of its listing on this exchange. The Company must likewise follow US securities laws and the New York Stock Exchange (NYSE) rules and regulations because its securities are registered in the USA and listed on the NYSE.

NYSE GOVERNANCE STANDARDS

In accordance with the NYSE rules for foreign private issuers, the Company follows home-country practice in relation to corporate governance. However, foreign private issuers are required to have an audit committee that satisfies the requirements of the U.S. Securities and Exchange Commission's Rule 10A-3. The Company's Audit Committee satisfies such requirements. The NYSE also requires a foreign private issuer to provide certain written affirmations and notices to the NYSE as well as a summary of the ways in which its corporate governance practices differ significantly from those followed by domestic US companies under NYSE listing standards.

SHELL GENERAL BUSINESS PRINCIPLES

The Shell General Business Principles define how Shell subsidiaries are expected to conduct their affairs. These principles include, among other things, Shell's commitment to support fundamental human rights in line with the legitimate role of business and to contribute to sustainable development.

SHELL CODE OF CONDUCT

Directors and employees are required to comply with the Shell Code of Conduct, which is intended to help them put Shell's business principles into practice. This code clarifies the basic rules and standards they are expected to follow and the behaviour expected of them.

CODE OF ETHICS

Executive Directors and Senior Financial Officers of Shell must also comply with a Code of Ethics. This code is specifically intended to meet the requirements of Section 406 of the Sarbanes-Oxley Act and the listing requirements of the NYSE (see above).

SHELL GLOBAL HELPLINE

Employees, contract staff and third parties with whom Shell has a business relationship (such as customers, suppliers and agents) may raise ethics and compliance concerns through the Shell Global Helpline. This is a worldwide confidential reporting mechanism, operated by an external third party, which is open 24 hours a day, seven days a week through local telephone numbers and through the internet.

BOARD STRUCTURE AND COMPOSITION

During 2011, the Board comprised the Chairman, Jorma Ollila; three Executive Directors including the Chief Executive Officer; and nine Non-executive Directors, including the Deputy Chairman and Senior Independent Director, Lord Kerr of Kinlochard, except for the period from May 18 to May 31 when there were eight Non-executive Directors.

At the 2011 Annual General Meeting (AGM) on May 17, 2011, Wim Kok stood down as a Non-executive Director and Linda G. Stuntz was appointed a Non-executive Director with effect from June 1, 2011. A list of current Directors, including their biographies, is given on pages 18–19.

The Board recognises its collective responsibility for the long-term success of the Company. It meets eight times a year

and has a formal schedule of matters reserved to it. This includes: overall strategy and management; corporate structure and capital structure; financial reporting and controls; internal controls; approval of the Annual Report and Form 20-F; approval of interim dividends; significant contracts; and succession planning and new Board appointments.

ROLE OF DIRECTORS

The roles of the Chairman, a non-executive role, and the Chief Executive Officer are separate, and the Board has agreed their respective responsibilities. The Chairman, Jorma Ollila, is responsible for the leadership and management of the Board and for ensuring that the Board and its committees function effectively. One way in which this is achieved is by ensuring Directors receive accurate, timely and clear information. He is also responsible for agreeing and regularly reviewing the training and development needs of each Director (see "Induction and training" on page 27) which he does with the assistance of the Company Secretary. The Chief Executive Officer, Peter Voser, bears overall responsibility for the implementation of the strategy agreed by the Board, the operational management of the Company and the business enterprises connected with it. He is supported in this by the Executive Committee, which he chairs (see page 27).

NON-EXECUTIVE DIRECTORS

Non-executive Directors are appointed for specified terms of office, subject to the provisions of the Company's Articles of Association regarding their appointment and reappointment at the AGM. Upon appointment, Non-executive Directors confirm they are able to allocate sufficient time to meet the expectations of the role. Appointments are subject to three months' notice and there is no compensation provision for early termination.

The Non-executive Directors bring a wide range and balance of skills and international business experience to Shell. Through their contribution to Board

meetings and to the Board's committee meetings, they are expected to challenge constructively and help develop proposals on strategy and bring independent judgement on issues of performance and risk. The Chairman and the Non-executive Directors meet routinely without the Executive Directors to discuss, among other things, the performance of individual Directors. A number of Non-executive Directors also meet major shareholders from time to time.

The role of the Senior Independent Director is to provide a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary. The Senior Independent Director is available to shareholders if they have concerns that contact through the normal channels of Chairman, Chief Executive Officer or other Executive Directors has failed to resolve or for which such contact is inappropriate.

All the Non-executive Directors as at the end of 2011 are considered by the Board to be wholly independent, with the exception of Jeroen van der Veer, who served as Chief Executive until his retirement from that role on June 30, 2009. The standard by which Directors' independence is determined can be found at www.shell.com/investor within the terms of reference of the Nomination and Succession Committee.

SIGNIFICANT COMMITMENTS OF THE CHAIRMAN

The Chairman's other significant commitments are given in his biography on page 18.

BOARD ACTIVITIES DURING THE YEAR

The Board met eight times during the year. Seven of the meetings were held in The Hague, the Netherlands, and one meeting was held in Beijing, China. The agenda for each meeting comprised a number of regular items, including reports from each of the Board committees and from the Chief Executive Officer, the Chief Financial Officer and the other members of the Executive Committee. At most meetings the Board also considered a number of investment, divestment and financing proposals. During the year, the Board considered numerous strategic issues and approved each of the quarterly and full-year financial results and dividend announcements. The Board received regular reports from the various functions, including Corporate (which includes Human Resources, Health and Security), Legal and Finance (which includes Investor Relations).

INDUCTION AND TRAINING

Following appointment to the Board, Directors receive a comprehensive induction tailored to their individual needs. This includes meetings with senior management to enable them to build up a detailed understanding of Shell's business

and strategy, and the key risks and issues with which they are faced. Throughout the year, regular updates on developments in legal matters, governance and accounting are provided to Directors. The Board regards site visits as an integral part of ongoing Director training. Additional training is available so that Directors can update their skills and knowledge as appropriate.

EXECUTIVE COMMITTEE

The Executive Committee operates under the direction of the Chief Executive Officer in support of his responsibility for the overall management of the Company's business and affairs. The Chief Executive Officer has final authority in all matters of management that are not within the duties and authorities of the Board or of the shareholders' general meeting.

EXECUTIVE COMMITTEE	
Peter Voser	Chief Executive Officer [A][B]
Matthias Bichsel	Projects & Technology Director [B]
Malcolm Brinded	Executive Director, Upstream International [A][B][C]
Simon Henry	Chief Financial Officer [A][B]
Hugh Mitchell	Chief Human Resources & Corporate Officer [B]
Marvin Odum	Upstream Americas Director [B]
Peter Rees	Legal Director [B]
Mark Williams	Downstream Director [B]

[A] Director of the Company.

[B] Designated an Executive Officer pursuant to US Exchange Act Rule 3b-7. Beneficially owns less than 1% of outstanding classes of securities.

[C] As announced on February 22, 2012, Malcolm Brinded will be standing down as an Executive Director of the Company with effect from April 1, 2012. Andrew Brown will take over the responsibilities for the Upstream International business as a member of the Executive Committee of the Company with effect from this date.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS [A]

	Board	Audit Committee	Corporate and Social Responsibility Committee	Nomination and Succession Committee	Remuneration Committee
Josef Ackermann	7/8				4/5
Malcolm Brinded	8/8				
Guy Elliott	8/8	5/5			
Simon Henry	8/8				
Charles O. Holliday	8/8		5/5		5/5
Lord Kerr of Kinlochard	8/8	3/3	5/5	5/5	
Gerard Kleisterlee	7/8	4/5			
Wim Kok	2/2		2/2	2/2	
Christine Morin-Postel	8/8	5/5			
Jorma Ollila	8/8			4/5	
Linda G. Stuntz	4/5	1/2			
Jeroen van der Veer	8/8		5/5		
Peter Voser	8/8				
Hans Wijers	8/8			3/3	5/5

[A] The first figure represents attendance and the second figure the possible number of meetings. For example, 7/8 signifies attendance at seven out of eight possible meetings. Where a Director stood down from the Board or a Board committee during the year, or was appointed during the year, only meetings before standing down or after the date of appointment are shown.

BOARD COMMITTEES

There are four Board committees made up of Non-executive Directors.

Audit Committee

The current members of the Audit Committee are Guy Elliott (Chairman of the Committee with effect from May 18, 2011), Gerard Kleisterlee, Christine Morin-Postel (Chairman of the Committee until May 17, 2011) and Linda G. Stuntz (with effect from June 1, 2011), all of whom are financially literate, independent, Non-executive Directors. Lord Kerr of Kinlochard stood down as a member of the Committee with effect from May 17, 2011. For the purposes of the Code, Guy Elliott qualifies

as a person with “recent and relevant financial experience” and for the purposes of US securities laws is an “audit committee financial expert”. The Committee met five times during the year; the Committee members’ attendances are shown on page 27 [\[27\]](#).

The key responsibilities of the Committee are to assist the Board in fulfilling its oversight responsibilities in relation to: internal control and financial reporting; the effectiveness of the risk management and internal control system; compliance with applicable external legal and regulatory requirements; monitoring the qualifications, expertise, resources and independence of both the internal and external auditors; and assessing each year the auditors’ performance and effectiveness. The Committee keeps the Board informed of the Committee’s activities and recommendations. Where the Committee is not satisfied with, or wherever it considers action or improvement is required concerning any aspect of risk management and internal control, financial reporting or audit-related activities, it promptly reports these concerns to the Board.

The Committee in its meetings covers a variety of topics, both standing items that the Committee considers as a matter of course (typically in relation to the quarterly results announcements, control and accounting matters) as well as a range of specific topics relevant to the overall control framework of the Company. The Committee invites the Chief Financial Officer, the Chief Internal Auditor, the Executive Vice President Controlling, the Vice President Accounting and Reporting and the external auditors to attend each meeting. Other members of management attend as and when requested. The Committee also holds private sessions with the external auditors and the Chief Internal Auditor without members of management being present.

Corporate and Social Responsibility Committee

The members of the Corporate and Social Responsibility Committee are Charles O. Holliday (Chairman of the Committee with effect from May 18, 2011), Lord Kerr of Kinlochard and Jeroen van der Veer. Wim Kok stood down as a Director of the Company and Chairman of the Committee with effect from the close of business of the 2011 AGM. The Committee met five times during the year; the Committee members’ attendances are shown on page 27 [\[27\]](#).

The Committee has a mandate to maintain a comprehensive overview of the policies and performance of the subsidiaries of the Company with respect to the Shell General Business Principles and the Code of Conduct as well as major issues of public concern. Conclusions and recommendations made by the Committee are reported directly to executive management and the Board.

The Committee fulfils its responsibilities by reviewing the management of health, safety, security, environmental and social impacts of projects and operations. It also monitors emerging environmental and social issues. It additionally provides input into the Shell Sustainability Report through a face-to-face meeting with the report’s External Review Committee and reviews a draft of the report before publication.

In addition to holding regular formal meetings, the Committee also visits Shell locations and meets with local staff and external stakeholders in order to observe how Shell’s standards regarding health, safety, security, the environment and social performance are being implemented in practice. During 2011, the Committee visited oil sands assets in Alberta, Canada, and tight-gas assets in Pennsylvania, USA. The Committee, along with other members of the Board, also visited the Changbei production facility in Shaanxi Province, China.

Nomination and Succession Committee

The members of the Nomination and Succession Committee are Jorma Ollila (Chairman of the Committee), Lord Kerr of Kinlochard and Hans Wijers (with effect from May 18, 2011). Wim Kok stood down as a Director of the Company and member of the Committee with effect from the close of business of the 2011 AGM. The Committee met five times during the year; the Committee members’ attendances are shown on page 27 [\[27\]](#).

The Committee keeps under review the leadership needs of the Company and identifies and nominates suitable candidates for the Board’s approval to fill vacancies as and when they arise. For this purpose the Committee has on occasion engaged the services of an external search consultancy, particularly to help with the issue of diversity.

The Committee also makes recommendations on who should be appointed Chairman of the Audit

Committee, the Corporate and Social Responsibility Committee and the Remuneration Committee. In consultation with the relevant chairman, it also recommends who should sit on the Board committees. It makes recommendations on corporate governance guidelines, monitors compliance with corporate governance requirements and makes recommendations on disclosures connected to corporate governance and its appointment processes.

During the year, the Committee dealt with issues related to: director search, succession and nomination; Board committee membership rotation; the executive management structure; induction arrangements for new Non-executive Directors; and the Terms of Reference of the Board committees. It also considered the Dodd-Frank Wall Street Reform and Consumer Protection Act and the report by Lord Davies of Abersoch entitled “Women on Boards” (Davies Report). Following consideration of the Davies Report, the Board issued a statement welcoming its recommendations. The statement also pointed out that the Board and the senior succession planning of the Company in general took into consideration a number of factors including gender and other diversity criteria. It added that by 2015 at least 25% of the Directors would be expected to be women, as recommended by the report.

Remuneration Committee

The members of the Remuneration Committee are Hans Wijers (Chairman of the Committee), Josef Ackermann and Charles O. Holliday. The Committee met five times during the year; the Committee members’ attendances are shown on page 27 [\[27\]](#).

The Committee determines and agrees with the Board the remuneration policy for the Chairman, Chief Executive Officer and Executive Directors and, within the terms of this policy, determines their individual remuneration. The Committee also considers and advises on the terms of any contract to be offered to an Executive Director. It monitors the remuneration for other senior executives and makes recommendations. The Committee’s Terms of Reference were amended in 2010 to align with developments in UK corporate governance concerning remuneration.

In 2011, the Committee continued its constructive engagements with major shareholders and shareholder bodies. This

dialogue will continue in 2012; after publication of the 2011 Annual Report and Form 20-F, further meetings with major shareholders are planned. There are various developments in respect of executive remuneration governance which the Committee will monitor with interest and, where appropriate, may comment on.

BOARD EVALUATION

The Board carried out a performance evaluation of itself, its Committees, the Chairman and each of the Directors. This was led by the Nomination and Succession Committee and, unlike the process in 2010, was conducted without the assistance of an external facilitator. In accordance with the Code, it is the intention that the evaluation process will be externally facilitated every three years.

The evaluation of the Board and Board Committees was discussed by the full Board. The evaluation of the Chairman was discussed by the full Board in the Chairman's absence.

RESULTS PRESENTATIONS AND ANALYSTS' MEETINGS

The quarterly, half-yearly and annual results presentations as well as all major analysts' meetings are announced in advance on the Shell website and through a regulatory release. These presentations are broadcast live via webcast and teleconferences. Other meetings with analysts or investors are not normally announced in advance, nor can they be followed remotely by webcast or any other means. Procedures are in place to ensure that discussions in such meetings are always limited to non-material information or information already in the public domain.

Results and meeting presentations can be found at www.shell.com. This is in line with the requirement to ensure that all shareholders and other parties in the financial market have equal and simultaneous access to information that may influence the price of the Company's securities. The Chairman, the Deputy Chairman and Senior Independent Director, the Chief Executive Officer, the Chief Financial Officer and the Executive Vice President Investor Relations meet regularly with major shareholders and report the views of such shareholders to the Board.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational

existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the financial statements contained in this Review.

CONTROLS AND PROCEDURES

The Board is responsible for maintaining a sound system of risk management and internal control and for reviewing its effectiveness. It has delegated authority to the Audit Committee to assist it in fulfilling its responsibilities in relation to internal control and financial reporting.

A single overall control framework is in place for the Company and its subsidiaries that is designed to manage rather than eliminate the risk of failure to achieve business objectives. It therefore only provides a reasonable and not an absolute assurance against material misstatement or loss.

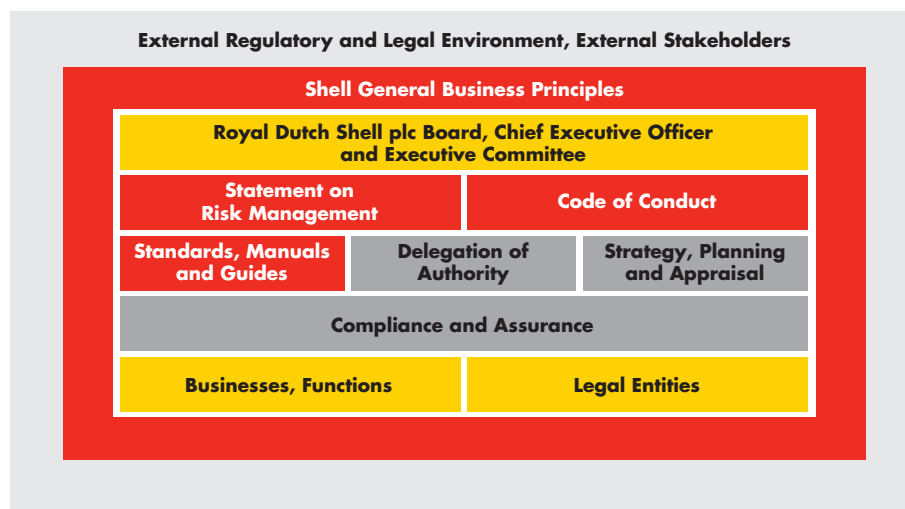
The following diagram illustrates the Control Framework's key components, Foundations, Organisation and Processes. "Foundations" comprise the objectives, principles and rules that underpin and establish boundaries for Shell's activities. "Organisation" sets out how the various legal entities relate to each other and how their business activities are organised and managed. "Processes" refer to the more material processes, including how authority is delegated, how strategy, planning and appraisal are used to improve performance, how compliance is managed and how assurance is provided. All control activities relate to one or more of these components.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks to the achievement of Shell's objectives. This has been in place throughout the year and, up to the date of this Report, is regularly reviewed by the Board and accords with the guidance for directors, known as the Turnbull Guidance. Shell has a variety of processes for obtaining assurance on the adequacy of risk management and internal control. The Executive Committee and the Audit Committee regularly consider group-level risks and associated control mechanisms. The Board has conducted its annual review of the effectiveness of Shell's system of risk management and internal control, including financial, operational and compliance controls.

More corporate governance information can be found at www.shell.com/investor

- a summary of the ways in which our practices differ from NYSE standards for US companies;
- the terms of reference that explain the roles and responsibilities of the four Board committees;
- the full list of matters reserved for the Board for decision;
- the Shell General Business Principles;
- the Code of Conduct;
- the Code of Ethics for Executive Directors and Senior Financial Officers; and
- the Articles of Association.

CONTROL FRAMEWORK



■ Foundations ■ Organisation ■ Processes

INDEPENDENT AUDITORS' STATEMENT TO THE MEMBERS OF ROYAL DUTCH SHELL PLC

We have examined the Summary Consolidated Financial statements, which comprise the Summary Consolidated Statement of Income, the Summary Consolidated Balance Sheet, the Summary Consolidated Statement of Cash Flows and the Notes to the Summary Consolidated Financial Statements together with the Summary Report of the Directors and the Summary Directors' Remuneration Report.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Annual Review and Summary Financial Statements in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Consolidated Financial Statements within the Annual Review and Summary Financial Statements with the full annual Consolidated Financial Statements, the Report of the Directors and the Directors' Remuneration Report, and their compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the Annual Review and Summary Financial Statements and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary Consolidated Financial Statements. The other information comprises the other items listed in the contents on page 1.

This statement, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 428 of the Companies Act 2006 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the

Company's full annual Consolidated Financial Statements describes the basis of our audit opinion on those Consolidated Financial Statements, the Report of the Directors and the Directors' Remuneration Report.

OPINION

In our opinion the Summary Consolidated Financial Statements are consistent with the full annual Consolidated Financial Statements, the Report of the Directors and the Directors' Remuneration Report of Royal Dutch Shell plc for the year ended December 31, 2011, and comply with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
March 14, 2012

Notes:

- *The maintenance and integrity of the Royal Dutch Shell plc website (www.shell.com) are the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the full annual Consolidated Financial Statements or the Summary Consolidated Financial Statement since they were initially presented on the website.*
- *Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

These Summary Consolidated Financial Statements are an abridged version of the Consolidated Financial Statements of Shell and of the Directors' Remuneration Report for 2011. They do not contain sufficient

information to allow for a full understanding of the results and the state of affairs of Shell, and of its policies and of arrangements concerning Directors' remuneration. The auditors' report on the Consolidated

Financial Statements and the auditable part of the Directors' Remuneration Report was unqualified.

SUMMARY CONSOLIDATED STATEMENT OF INCOME	\$ MILLION	
	2011	2010
Total revenue and other income	484,489	378,152
Income before taxation	55,660	35,344
Taxation	24,475	14,870
Income for the period	31,185	20,474
Income attributable to non-controlling interest	267	347
Income attributable to Royal Dutch Shell plc shareholders	30,918	20,127

SUMMARY CONSOLIDATED BALANCE SHEET (AT DECEMBER 31)	\$ MILLION	
	2011	2010
Assets		
Non-current assets	225,480	209,666
Current assets	119,777	112,894
Total assets	345,257	322,560
Liabilities		
Non-current liabilities	71,595	72,228
Current liabilities	102,659	100,552
Total liabilities	174,254	172,780
Equity attributable to Royal Dutch Shell plc shareholders	169,517	148,013
Non-controlling interest	1,486	1,767
Total equity	171,003	149,780
Total liabilities and equity	345,257	322,560

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS	\$ MILLION	
	2011	2010
Net cash from operating activities (pre-tax)	59,393	42,712
Taxation paid	(22,622)	(15,362)
Net cash from operating activities	36,771	27,350
Net cash used in investing activities	(20,443)	(21,972)
Net cash used in financing activities	(18,131)	(1,467)
(Decrease)/increase in cash and cash equivalents before currency translation	(1,803)	3,911
Currency translation differences relating to cash and cash equivalents	(349)	(186)
(Decrease)/increase in cash and cash equivalents	(2,152)	3,725
Cash and cash equivalents at January 1	13,444	9,719
Cash and cash equivalents at December 31	11,292	13,444

EARNINGS PER SHARE		\$	
	2011	2010	
Basic earnings per share	4.98	3.28	
Diluted earnings per share	4.97	3.28	

SHARES		NUMBER	
	2011	2010	
Basic weighted average number of Class A and B shares	6,212,532,421	6,132,640,190	
Diluted weighted average number of Class A and B shares	6,221,655,088	6,139,300,098	

SUMMARY RECONCILIATION OF NET DEBT [A]		\$ MILLION	
	2011	2010	
At January 1	(30,888)	(25,314)	
Cash flow			
Borrowings	7,124	(9,237)	
Cash and cash equivalents	(1,803)	3,911	
Other movements	(149)	(43)	
Currency translation differences	(167)	(205)	
At December 31	(25,883)	(30,888)	

[A] The Summary Reconciliation of Net Debt is not a primary statement and does not form part of the Summary Consolidated Statement of Cash Flows.

/s/ Simon Henry

Simon Henry

Chief Financial Officer, for and on behalf of the Board of Directors
March 14, 2012

For further information consult the full 2011 Annual Report and Form 20-F at <http://reports.shell.com/annual-report/2011>

Our INVESTOR & MEDIA app for iPhone, iPad and Android gives you our latest news. You'll be able to access our most recent quarterly results, read annual publications including our sustainability report and investor fact sheet, watch videos and also download photographs of our activities around the world.

▶ shell.com/app_irmedia



NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

1 NATURE OF THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The Summary Consolidated Financial Statements have been derived from the Consolidated Financial Statements of Royal Dutch Shell plc ("the Company") and its subsidiaries (collectively known as "Shell").

Under the provisions of the Companies Act 2006 and Article 4 of the International Accounting Standards (IAS) Regulation, the Consolidated Financial Statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. As applied to Shell, there are no material differences from IFRS as issued by the International Accounting Standards Board (IASB); therefore, the Consolidated Financial Statements have been prepared in accordance with IFRS as issued by the IASB.

The Consolidated Financial Statements are presented in US dollars and include the financial statements of the Company and its subsidiaries, being those companies over which the Company, either directly or indirectly, has control through a majority of the voting rights or the right to exercise control or to obtain the majority of the benefits and be exposed to the majority of the risks. Investments in entities over which Shell has the right to exercise significant influence but not control are classified as associates. Arrangements under which Shell has contractually agreed to share control with another party or parties are joint ventures, which may be incorporated (jointly controlled entities) or unincorporated (jointly controlled assets). Interests in associates and jointly controlled entities are accounted for using the equity method; interests in jointly controlled assets are recognised by including the Shell share of assets, liabilities, income and expenses on a line-by-line basis.

2 DIVIDENDS

	\$ MILLION	
	2011	2010
Interim dividends – Class A shares		
Cash: \$1.68 per share (2010: \$1.68)	3,440	5,239
Scrip: \$1.68 per share (2010: \$0.42)	2,556	549
Total – Class A shares	5,996	5,788
Interim dividends – Class B shares		
Cash: \$1.68 per share (2010: \$1.68)	3,437	4,345
Scrip: \$1.68 per share (2010: \$0.42)	1,024	63
Total – Class B shares	4,461	4,408
Total	10,457	10,196

In addition, on February 2, 2012, the Directors announced a further interim dividend in respect of 2011 of \$0.42 per Class A share and \$0.42 per Class B share. The total dividend amounts to approximately \$2,659 million and is payable on March 22, 2012. Under the Scrip Dividend Programme, shareholders can elect to receive dividends in the form of Class A shares.

ADDITIONAL SHAREHOLDER INFORMATION


SHARES

The Company has two classes of ordinary shares, Class A and Class B. The principal trading market for the Class A shares is Euronext Amsterdam and the principal trading market for the Class B shares is the London Stock Exchange. Ordinary shares are traded in registered form.

Class A and Class B American Depositary Shares (ADSs) are listed on the New York Stock Exchange. Each ADS represents two €0.07 shares of Royal Dutch Shell plc.

The following table shows the high, low and year-end prices of the Company's registered ordinary shares:

- of €0.07 nominal value on the London Stock Exchange;
- of €0.07 nominal value on Euronext Amsterdam; and
- in the form of ADSs on the New York Stock Exchange (ADSs do not have a nominal value).


Charts showing our historical performance on Total Shareholder Return (TSR) can be found on page 25 .

SCRIP DIVIDEND PROGRAMME

In September 2010 the Company introduced a Scrip Dividend Programme which enables shareholders to increase their shareholding by choosing to receive new shares instead of cash dividends, if approved by the Board. Only new Class A shares are issued under the programme, including to shareholders who hold Class B shares.

When the programme was introduced, the Dividend Reinvestment Plans (DRIPs) provided by Equiniti and Royal Bank of Scotland N.V. were withdrawn; the dividend reinvestment feature of the plan provided by The Bank of New York Mellon was likewise withdrawn. If shareholders had been participating in one of these plans, they were not necessarily enrolled automatically in the Scrip Dividend Programme; in most cases, they had to elect to join the programme.

The tax consequences of electing to receive new Class A shares in place of a cash dividend will depend on individual circumstances.

 Further details regarding the taxation consequences of the Scrip Dividend Programme can be found at www.shell.com/dividend

SHARE PRICES

	Euronext Amsterdam Class A shares			New York Stock Exchange Class A ADSs		
	High €	Low €	Year-end €	High \$	Low \$	Year-end \$
2007	31.35	23.72	28.75	88.31	62.71	84.20
2008	29.63	16.25	18.75	88.73	41.62	52.94
2009	21.46	15.27	21.10	63.75	38.29	60.11
2010	25.28	19.53	24.73	68.54	49.16	66.78
2011	28.40	20.12	28.15	77.96	57.97	73.09
	London Stock Exchange Class B shares			New York Stock Exchange Class B ADSs		
	High pence	Low pence	Year-end pence	High \$	Low \$	Year-end \$
2007	2,173	1,600	2,090	87.94	62.20	83.00
2008	2,245	1,223	1,726	87.54	41.41	51.43
2009	1,897	1,315	1,812	62.26	37.16	58.13
2010	2,149	1,550	2,115	68.32	47.12	66.67
2011	2,476	1,768	2,454	78.75	58.42	76.01

DIVIDENDS

CLASS A AND B SHARES					\$
	2011	2010	2009	2008	2007
Q1	0.42	0.42	0.42	0.40	0.36
Q2	0.42	0.42	0.42	0.40	0.36
Q3	0.42	0.42	0.42	0.40	0.36
Q4	0.42	0.42	0.42	0.40	0.36
Total	1.68	1.68	1.68	1.60	1.44

CLASS A SHARES					€ [A]
	2011	2010	2009	2008	2007
Q1	0.29	0.32	0.32	0.26	0.26
Q2	0.29	0.32	0.30	0.26	0.26
Q3	0.32	0.31	0.28	0.31	0.25
Q4	0.32	0.30	0.30	0.30	0.24
Total announced in respect of the year	1.22	1.25	1.21	1.13	1.02
Amount paid during the year	1.20	1.25	1.21	1.07	1.03

[A] Euro equivalent, rounded to the nearest euro cent.

CLASS B SHARES					PENCE [A]
	2011	2010	2009	2008	2007
Q1	25.71	27.37	28.65	20.05	18.09
Q2	25.77	26.89	25.59	20.21	17.56
Q3	27.11	26.72	25.65	24.54	17.59
Q4	26.74	25.82	26.36	27.97	18.11
Total announced in respect of the year	105.33	106.80	106.25	92.77	71.35
Amount paid during the year	104.41	107.34	107.86	82.91	69.84

[A] Sterling equivalent.

CLASS A AND B ADSs					\$
	2011	2010	2009	2008	2007
Q1	0.84	0.84	0.84	0.80	0.72
Q2	0.84	0.84	0.84	0.80	0.72
Q3	0.84	0.84	0.84	0.80	0.72
Q4	0.84	0.84	0.84	0.80	0.72
Total announced in respect of the year	3.36	3.36	3.36	3.20	2.88
Amount paid during the year	3.36	3.36	3.32	3.12	2.81

FINANCIAL CALENDAR

Financial year ends December 31, 2011

Announcements

Full year results for 2011	February 2, 2012
First quarter results for 2012	April 26, 2012
Second quarter results for 2012	July 26, 2012
Third quarter results for 2012	November 1, 2012

Dividend timetable [A]

2011 Fourth quarter interim [B]	
Announced	February 2, 2012
Ex-dividend date	February 15, 2012
Record date	February 17, 2012
Scrip reference share price announcement date	February 22, 2012
Closing date for scrip election and currency election [C]	March 2, 2012
Euro and sterling equivalents announcement date	March 9, 2012
Payment date	March 22, 2012

2012 First quarter interim

Announced	April 26, 2012
Ex-dividend date	May 9, 2012
Record date	May 11, 2012
Scrip reference share price announcement date	May 16, 2012
Closing date for scrip election and currency election [C]	May 25, 2012
Euro and sterling equivalents announcement date	June 1, 2012
Payment date	June 21, 2012

2012 Second quarter interim

Announced	July 26, 2012
Ex-dividend date	August 8, 2012
Record date	August 10, 2012
Scrip reference share price announcement date	August 15, 2012
Closing date for scrip election and currency election [C]	August 24, 2012
Euro and sterling equivalents announcement date	September 3, 2012
Payment date	September 20, 2012

2012 Third quarter interim

Announced	November 1, 2012
Ex-dividend date	November 14, 2012
Record date	November 16, 2012
Scrip reference share price announcement date	November 21, 2012
Closing date for scrip election and currency election [C]	November 30, 2012
Euro and sterling equivalents announcement date	December 7, 2012
Payment date	December 20, 2012

Annual General Meeting

May 22, 2012

[A] This timetable is the intended timetable as announced on October 27, 2011.

[B] The Directors do not propose to recommend any further distribution in respect of 2011.

[C] Different scrip and dividend currency election dates may apply to shareholders holding shares in a securities account with a bank or financial institution ultimately holding through Euroclear Nederland. Such shareholders can obtain the applicable deadlines from their broker, financial intermediary, bank or other financial institution where they hold their securities account. A different scrip election date may also apply to registered and non-registered ADS holders. Registered ADS holders can contact The Bank of New York Mellon for the applicable deadline. Non-registered ADS holders can contact their broker, financial intermediary, bank or other financial institution for the applicable election deadline.



About this Review

In this Review "Shell" is sometimes used for convenience where references are made to the Company 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" and "Shell subsidiaries" as used in this Review refer to companies over which the Company, either directly or indirectly, has control through a majority of the voting rights or the right to exercise control or to obtain the majority of the benefits and be exposed to the majority of the risks. The companies in which Shell has significant influence but not control are referred to as "associates" and companies in which Shell has joint control are referred to as "jointly controlled entities". Joint ventures are comprised of jointly controlled entities and jointly controlled assets. In this Review, associates and jointly controlled entities are also referred to as "equity-accounted investments". The term "Shell interest" is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in a venture, partnership or company, after exclusion of all third-party interests.

Except as otherwise specified, the figures shown in the tables in this Review represent those in respect of subsidiaries only, without deduction of the non-controlling interest. However, the term "Shell share" is used for convenience to refer to the volumes of hydrocarbons that are produced, processed or sold through both subsidiaries and equity-accounted investments. All of a subsidiary's share of production, processing or sales volumes are included in the Shell share, even if Shell owns less than 100% of the subsidiary. In the case of equity-accounted investments, however, Shell-share figures are limited only to Shell's entitlement. In all cases, royalty payments in kind are deducted from the Shell share.

The Summary Financial Statements contained in this Review are an abridged version of the Consolidated Financial Statements prepared in accordance with

the provisions of the Companies Act 2006 and with International Financial Reporting Standards (IFRS) as adopted by the European Union. As applied to the Consolidated Financial Statements, there are no material differences from IFRS as issued by the International Accounting Standards Board (IASB); therefore, the Summary Financial Statements have been prepared in accordance with IFRS as issued by the IASB. IFRS as defined above includes interpretations issued by the IFRS Interpretations Committee.

Except as otherwise noted, the figures shown in this Review are stated in US dollars. As used herein all references to "dollars" or "\$" are to the US currency.

The Summary Business Review (BR), an extract of the "full BR", and other sections of this Review contain forward-looking statements concerning the financial condition, results of operations and businesses of Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Shell to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "scheduled", "seek", "should", "target", "will" and similar terms and phrases. There are a number of factors that could affect the future operations of Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this Review, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell's products; (c) currency fluctuations; (d) drilling and production results; (e)

proved reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal and regulatory developments including regulatory measures as a result of climate changes; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with government entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; and (m) changes in trading conditions. Also see "Risk factors" for additional risks and further discussion. All forward-looking statements contained in this Review are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of this Review. Neither the Company nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this Review.

This Review contains references to Shell's website and to the Shell Sustainability Report. These references are for the readers' convenience only. Shell is not incorporating by reference any information posted on www.shell.com and in the Shell Sustainability Report.

This Review, as well as a Dutch language version of it, and the Annual Report and Form 20-F are available, free of charge, at www.shell.com/annualreport or at the offices of Shell in The Hague, the Netherlands and London, UK. Copies of this Review also may be obtained, free of charge, by mail.

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A comprehensive operational and financial report on our activities throughout 2011.

▶ **Investors' Handbook 2007-2011**

Five years' detailed financial and operational information, including maps.

▶ **Sustainability Report 2011**

Report on our progress in contributing to sustainable development.