

# INTRODUCTION FROM THE CHIEF EXECUTIVE

Welcome to The Shell Sustainability Report. It describes our efforts in 2007 to live up to our commitment to contribute to sustainable development. For us that means helping meet the world's growing energy needs in economically, environmentally and socially responsible ways. This includes both running our operations responsibly today and helping to build a responsible energy system for tomorrow.

This focus on responsible energy is more important than ever. Our latest Strategic Energy Scenarios make clear – and events in 2007 again confirmed – that the world faces increasingly difficult energy choices. Demand for energy grew strongly, increasing pressure on supplies and prices. Energy-producing countries continued to assert greater control over resources, reinforcing fears in many energy-consuming countries about the security of their supplies. Concerns rose further about the threat of climate change.

Against this backdrop, it is clear that sustainable development is critical to everyone's future and to our business success. Tomorrow's projects will be even more difficult, complex and capital-intensive. All will bring environmental and social challenges, with climate change foremost among them. Shell's ability to develop new technologies and to manage these projects in ways that reduce impacts and deliver local benefits in the communities where we work, will be vital to winning new business and delivering existing projects.

We are continuing from a position of strength. In 2007, we reported record income of \$31.9 billion. We are reinvesting record amounts back into the business and strengthening our capacity to manage environmental and social impacts. Our safety performance – always our first priority – improved, though it must get better still. We decided to quadruple our rate of investment in transport biofuels, particularly in those using more sustainable second-generation technologies. Work continued to meet our aim of having the capability to capture and store carbon dioxide (CO<sub>2</sub>) – a promising way to manage greenhouse gas (GHG) emissions.



Jeroen van der Veer  
CHIEF EXECUTIVE

We made good progress on our natural gas project in Corrib, Ireland and got approval for the expansion of the Motiva Port Arthur refinery in the USA. Our work on community relations remains vital to the success of both projects. With the purchase of the minority shares in Shell Canada we consolidated our position as a leader in the responsible development of oil sands – an increasingly important energy resource.

We continued our push to provide products that help our customers improve their fuel efficiency, demonstrating our determination to help consumers use less energy. Emissions of GHGs from our facilities continued to fall.

In 2007, we also had our share of disappointments. The security situation in Nigeria remained difficult. As a result, production stayed shut in and our programme to eliminate gas flaring from all our operations has been delayed. In Alaska, exploration activities were also delayed. I hope we will see progress in both these activities in the coming year.

I would like to thank the members of the report's External Review Committee for their valuable contribution. Their strong and insightful comments on early drafts of this report challenged our thinking. They encouraged us to be more open about our assumptions, and to explain why we are making the choices we are. This input was important in shaping the final text and helped us explain our efforts to encourage governments to build the international policy framework needed for change.

I hope this report – and the supporting materials that can be found on our website – will help you judge for yourself how well we are living up to our commitment to contribute to sustainable development. I also hope it encourages you to reflect on the part you play in the energy system and the changes all of us need to make to build a responsible energy future.

Jeroen van der Veer  
CHIEF EXECUTIVE