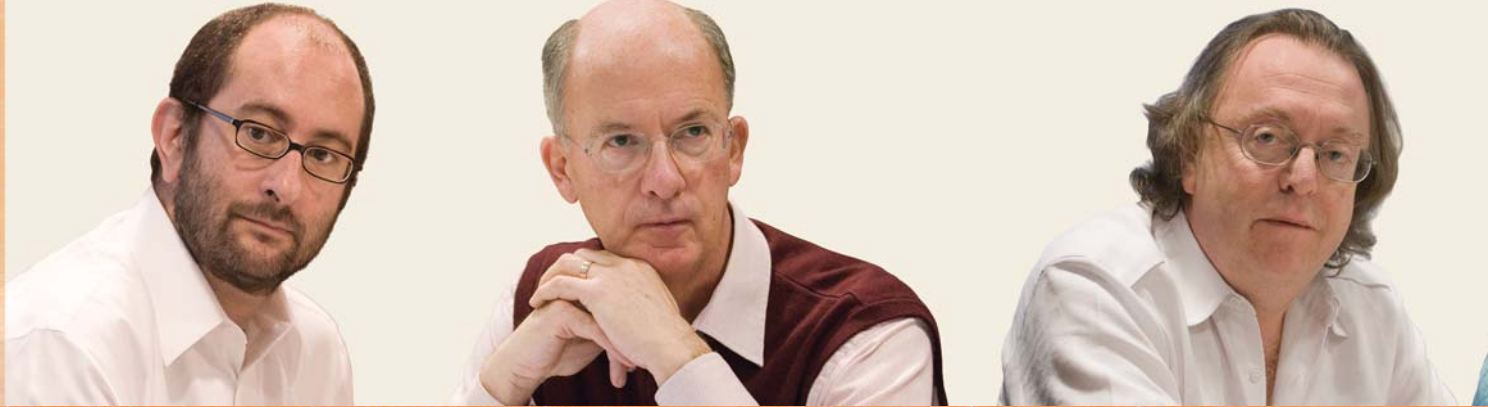


EXTERNAL REVIEW COMMITTEE



For the third successive year, Shell has invited an External Review Committee to assess the content of its Sustainability Report and the process through which it was produced.

This is our own assessment of Shell's 2007 Sustainability Report. We express our views as individuals, not on behalf of our organisations.



Aron Cramer
*President and CEO, Business for Social Responsibility
– External Review Committee Chair*

Jermyn Brooks
*Director of Private Sector Programmes,
Transparency International*

Roger Hammond
Development Director, Living Earth

WHAT WE DID

We concentrated on three main questions:

- Has the company selected the most important topics for the report?
- How well has the report dealt with these topics and responded to stakeholder interest?
- Did Shell give us sufficient information and access to do our job effectively?

HOW WE WORKED

In autumn 2007, we commented on Shell's initial choice of issues to address in the report. We reviewed and commented on the report outline in late 2007, and successive report drafts in January and March 2008. The Committee met in person twice, and held several teleconferences. Our in-person meetings involved interviews with senior management, including the Chief Executive and the Board's Social Responsibility Committee.

Our review is limited to the printed report. We welcome the report's links to supplementary information published on the web, but have not reviewed this information. We did not verify the accuracy of data underlying the report. In addition to our comments on the company's reporting, we have offered Shell our observations on its sustainability performance.

In recognition of our time and expertise, an honorarium was offered, payable to us individually or to a charitable organisation of our choosing. Shell reimbursed us for the expense of our travel and accommodation.

SHELL'S REPORTING

Shell's 2007 report reflects a new level of leadership in sustainability reporting. Specifically, Shell has made clear how its strategy addresses the most important sustainability issues facing the company. It also explains in detail its stated intention to advocate public policies that support a sustainable energy future. This reflects its strategy to contribute to concerted action to meet the energy challenge.

The 2007 report effectively prioritises the issues that are most material to the company, and of greatest interest to Shell's stakeholders, in addition to covering one of the most significant topics facing our world – climate change. In a short report, it will always be a challenge to provide sufficient depth on critical, complex issues. This year, because of the urgency of addressing climate change, we encouraged Shell to devote more space to explain its latest Strategic Energy Scenarios and advocacy efforts. Inevitably, due to space limits, other topics – such as local environmental impacts, Shell's contributions to achievement of the Millennium Development Goals (including the link between energy and poverty reduction), and social performance in difficult operating environments – received less attention as a result. We therefore encourage Shell to use other tools such as its website to reinforce the coverage of all sustainability issues of importance to its stakeholders, and provide periodic updates as circumstances warrant, in between the annual reporting cycle.

Overall, Shell has been highly responsive to our comments on its reporting, both those made in the Committee's letter last year and in the course of the process of developing this year's report. Nevertheless, we refer again this year to the need for Shell to provide greater insight into its investment levels in renewable energy sources. The credibility of Shell's advocacy efforts, on which it rightly focuses, will be greatly strengthened by providing this information.

THE ENERGY CHALLENGE

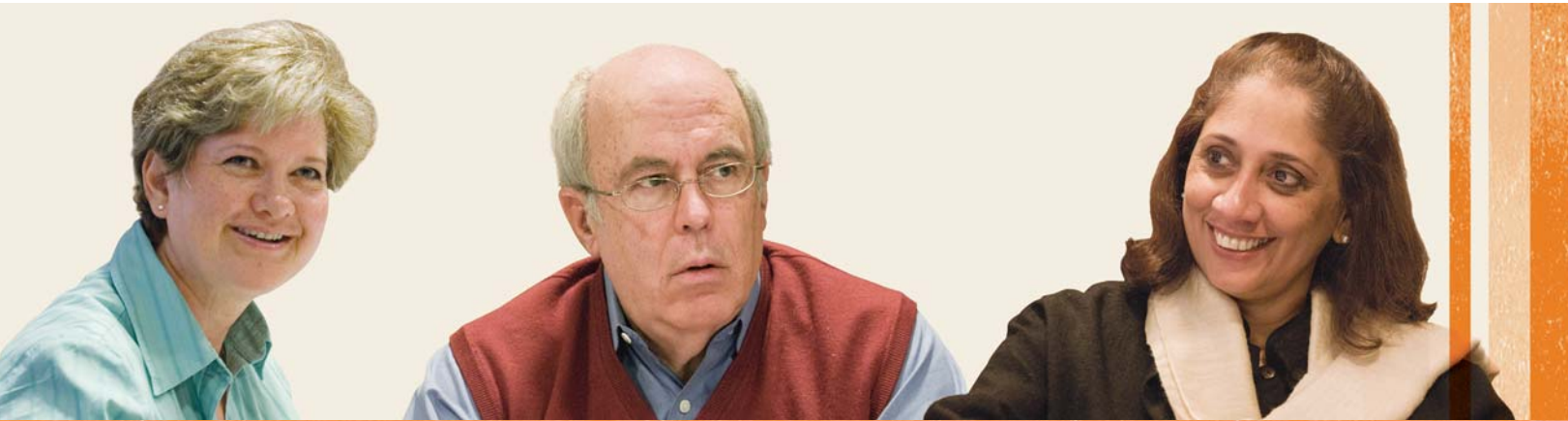
The 2007 report makes great strides in explaining Shell's view of a sustainable energy future and its role in achieving it. We commend Shell for the description of its Strategic Energy Scenarios and their use to frame the dialogue on energy and climate change in the report. We welcome in particular Shell's clear statement that it is now advocating the kind of policies and changes to the energy system described in the "Blueprints" scenario. We look forward to further reporting on these efforts in future years.



ADDITIONAL WEB CONTENT

- More about Committee members
- Committee terms of reference

www.shell.com/reviewcommittee



Karin Ireton

Head of Sustainable Development: Markets and Economics,
Anglo American plc

David Runnalls **NEW MEMBER**

President, International Institute for
Sustainable Development (IISD)

Dr. Ligia Noronha **NEW MEMBER**

Senior Fellow, The Energy Research Institute (TERI)

We also welcome the increased attention Shell pays in the Sustainable Transport section to managing energy demand. In particular, Shell takes a courageous step in highlighting its efforts to encourage customers to use less energy and its willingness to support stringent fuel economy standards.

We believe Shell can further strengthen its reporting on the energy challenge by providing additional information on:

- How its stated goal of achieving “top quartile performance” across the company will be measured and reported on in future.
- How the company’s performance on carbon emissions will be measured using the concept of top quartile performance once the company’s last absolute emission target expires in 2010. Without more detail about how it will be applied, it is not clear to us that this is a sufficiently ambitious target for an industry leader and whether this new benchmark will let readers see whether the company’s overall emissions are going up or down.
- The expected increase in CO₂ emissions resulting from the company’s operations over the coming decade. This is especially critical in light of growing reliance on unconventional energy sources, such as oil sands, before carbon capture and storage technology is widely deployed.
- The extensive energy and water needed to develop Shell’s growing investment in its oil sands business.
- Its progress towards developing a significant capacity to capture and store CO₂.
- Its progress towards developing a material commercial-scale alternative energy business, particularly in next generation biofuels.
- How and when reductions in gas flaring in Nigeria will be achieved, given that Shell successfully ended continuous gas flaring in the rest of its operations in 2007.

WORKING IN DIFFICULT CONDITIONS

Shell’s 2007 report again acknowledges that Shell’s operations will occur increasingly in complex locations, where environmental and social conditions are often extremely challenging. We welcome Shell’s recognition that integrating sustainable development early in projects will be critical to operating successfully at these locations. In future, we would like to see Shell include more case studies from developing economies and provide additional information on how effectively it is integrating social and environmental considerations across all its operations.

LOCAL DEVELOPMENT

Shell’s contributions to local development and procurement and its tax contributions indicate positive impacts but could be more comprehensively reported. The section on Local Development would be strengthened by including a discussion on the *impact* of Shell’s social investment spend.

WORKING IN JOINT VENTURES

Shell describes well the distinction between joint ventures it does and does not control. We believe that Shell should not take an overly mechanical view of which projects it should report on. We would like Shell to report on operations, including those it may not fully control, that are significant for its reputation and raise substantive questions about how Shell’s Business Principles and social and environmental expectations are being upheld.

CONCLUSION

We applaud Shell for its serious approach to sustainability reporting and its commitment to contributing to a sustainable energy future. Shell’s serious and forthright report provides a strong basis for readers to assess its efforts to address issues of critical importance and makes an important contribution to the debate over energy and climate.

OUR APPROACH TO REPORTING

We have voluntarily reported on our environmental and social performance since 1997 because it matters to our stakeholders and to our business success.

MEETING DIFFERENT AUDIENCES' NEEDS

Our Sustainability Report is targeted at external stakeholders. For those with specialist interests in environmental and social issues, our Responsible Energy website provides more in-depth information on our thinking, our policies and our performance. In addition, we describe our approach to managing environmental and social risks and opportunities in our Annual Report and Form 20-F. Throughout the year, we co-operate with many groups that provide investors with information and analysis about the environmental and social performance of companies. These groups include the producers of the Dow Jones Sustainability Indexes, FTSE4Good, Goldman Sachs Global Energy Environmental, Social and Governance Index, and the Carbon Disclosure Project. We provide a separate Sustainability Review for our customers and suppliers, summarising the areas of our performance most relevant to them. The review is also distributed to our staff as part of a wider internal communication effort to illustrate what our commitment to sustainability means for their day-to-day work.

WHAT ASSURES?

We continue with the approach to assurance we launched in 2005 – using an External Review Committee of experts to check that our reporting is balanced, relevant and responsive to stakeholders. The Committee's wide-ranging challenges and advice on our report are based on their deep knowledge of the issues and their first-hand experience of working with us. We continue to benefit from these insights and our readers remain strongly positive about the Committee's role. We intend to rotate two members out of the six-person Committee each year, so



ADDITIONAL WEB CONTENT

- Reporting in line with the Global Reporting Initiative
- How we select the topics that matter most
- Assuring our sustainability reporting

www.shell.com/sdreporting

that we manage our demands on Committee members' time, and balance the need for continuity and fresh perspectives. We did this for the first time in 2007.

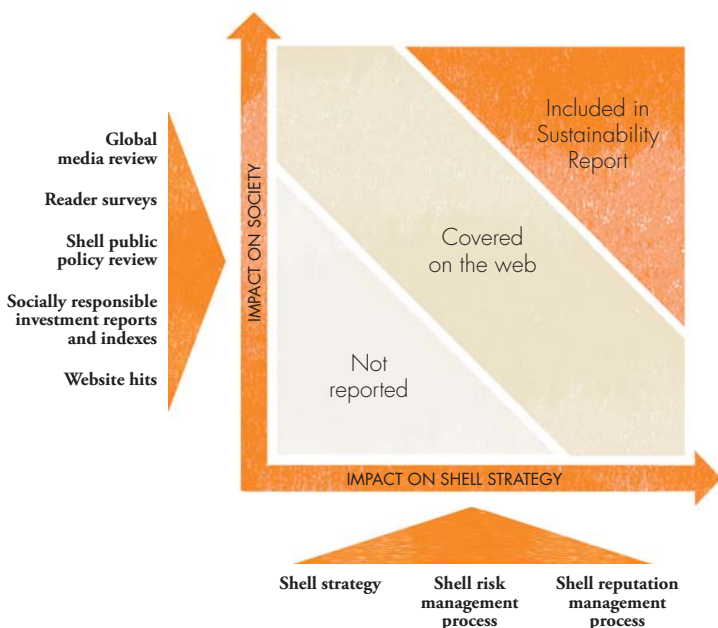
Between 1998 and 2004, with the advice of external auditors, we developed a range of internal controls to help assure accuracy of the facts in our Sustainability Report. These controls include audit trails for all the data and statements included in the report, approved by senior managers and available for inspection. Senior business leaders sign off on the quality of their HSSE data and we have extensive statistical checks in place to detect errors. In 2007, we strengthened controls on the information received from the internal questionnaire we send to our senior representatives in each country where we operate. We incorporated more of the information we require in our system for collecting financial information, so improving the reliability of that data.

ALIGNMENT WITH EXTERNAL GUIDELINES

We use the Global Reporting Initiative's G3 guidelines for sustainability reports. According to our own assessment, we achieved an A+ level of application of the guidelines in 2007. We also report in line with the guidelines of the International Petroleum Industry Environmental Conservation Association and describe on the Shell website our contribution to the UN Global Compact and to the Millennium Development Goals.

REPORTING ON WHAT MATTERS MOST

To ensure we address the environmental and social issues that matter most not just to us, but also to our stakeholders, we use a well-established and auditable content selection process.



- STEP 1** Ask readers what matters most to them, using surveys, interviews and media reviews. Also take account of topics that are important for society but attract less media attention.
- STEP 2** Use our internal risk management systems to determine which environmental and social issues most affect our business strategy.
- STEP 3** Combine the results. Allowing for legal restrictions, we include all the highest-priority topics in our report. Those at the next level of importance are covered on our website.
- STEP 4** Check with stakeholders, and our External Review Committee, that our coverage of these topics is balanced and complete.