

**ROYAL DUTCH SHELL  
ANNUAL GENERAL MEETING – 19 MAY 2015  
STATEMENT BY STANDARD LIFE INVESTMENTS**

My name is Guy Jubb. I am Head of Governance & Stewardship at Standard Life Investments. We are long term investors in Shell and currently manage 17million A shares and 43million B shares<sup>1</sup>.

The Audit Committee Report states 'PwC appointed a new lead partner in 2014 as his predecessor had completed five years in the role'<sup>2</sup>. We are both surprised and concerned to note that Ross Hunter is now PwC's lead partner for Royal Dutch Shell. Until last year he signed the audit reports of Bumi plc<sup>3</sup>. Also, he was Global Relationship Partner for Rio Tinto plc from 2006 to 2011<sup>4</sup>, when Guy Elliott, who is Chairman of Shell's Audit Committee, was Rio Tinto's Chief Financial Officer, and during this period we engaged with Rio Tinto regarding the exceptionally high level of non-audit fees paid to PwC. In the circumstances, we would have expected Shell's Audit Committee to provide a meaningful explanation in its Report about its evaluation of Mr Hunter's perceived independence and track record.

We have engaged both the Chairman of the Board and the Chairman of the Audit Committee for over a year about these issues but the substance of our concerns has not been addressed. Therefore, in accordance with the principles of the UK Stewardship Code, we felt it right and proper that I should come to The Hague today to escalate our engagement.

In addition, on reading the 2014 PwC audit report we are struck by the disclosure that just two-thirds of consolidated assets - 66% - and 70% of consolidated revenue are within the scope of the audit. It seems to us that this audit scope is far lower than at most other FTSE100 companies, and we are curious as to the factors that the Audit Committee took into account in agreeing it.

In closing, we note the appointment of EY as auditors for next year. We are mindful that EY are auditors to BG Group. Did the Audit Committee engage its investors during the tender process, and what has it done to ensure additional safeguards are in place to ensure that any conflicts of interest especially during the BG offer period are properly addressed, whether or not the offer is successful?

**Ends**

**For further information please contact:**

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<sup>1</sup> As at 11 May 2015.

<sup>2</sup> Royal Dutch Shell plc Annual Report and Form 20-F 2014, page 77.

<sup>3</sup> Bumi plc was renamed Asia Resource Minerals plc in December 2013.

<sup>4</sup> <http://www.pwc.com/gx/en/people/ross-hunter>

## Notes

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