



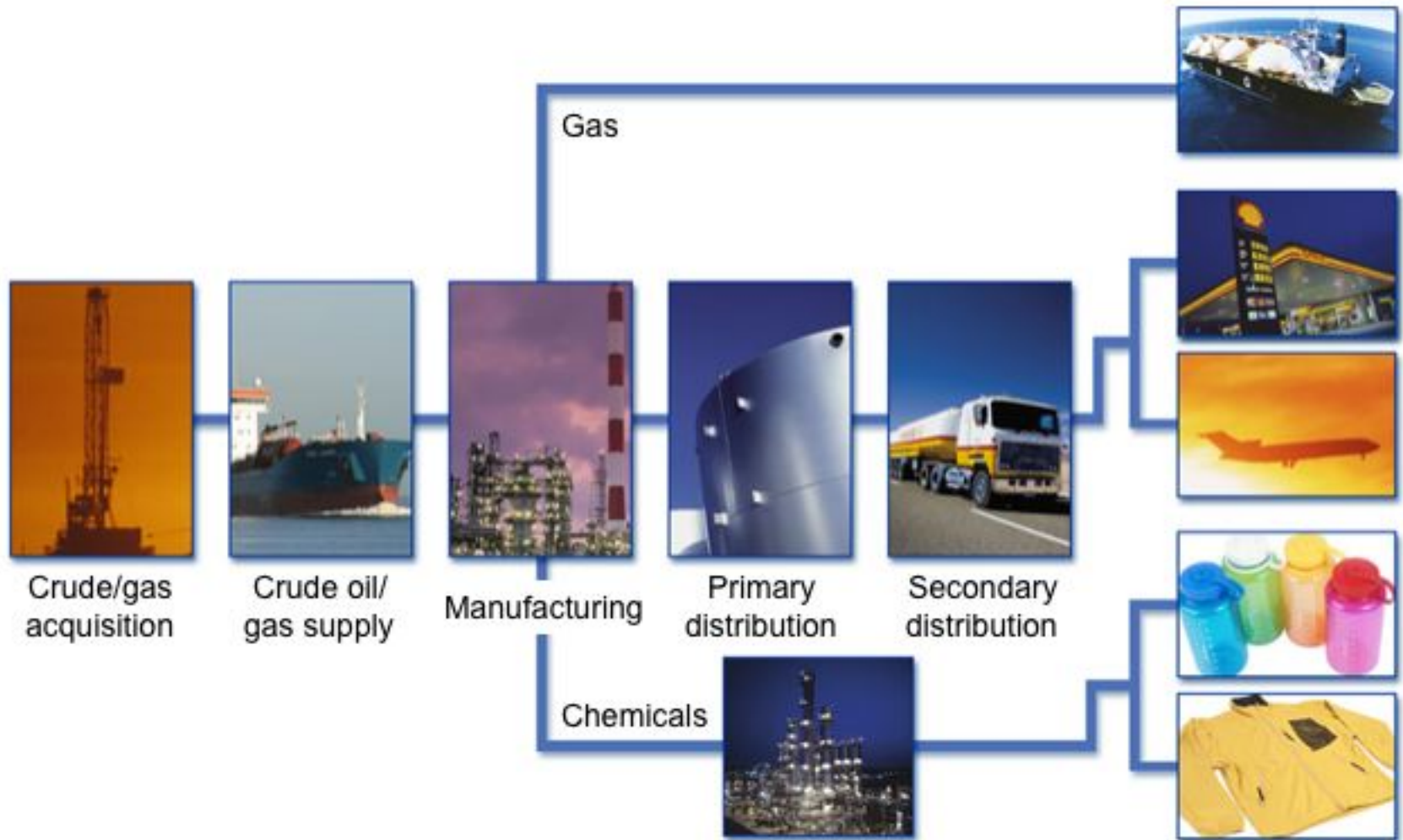
Shell Global Solutions

Solutions for the Future

Security and Sustainability



Where We Work



Importance of Energy Security

- Life
 - Gasoline, electricity – common everyday uses
 - 9 billion people in 2050
- Economic
 - Affordability
 - Availability



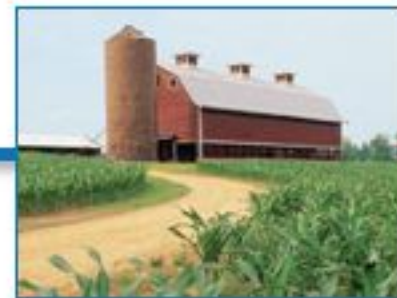
Factors Impacting Energy Security

- Supply-Demand Balance
 - Increased global demand
 - World will use 84+ billion barrels a day
 - U.S. is importing 60% of its supply of oil and gas
 - Supply disruptions
 - Weather events
 - Geopolitical tensions



Security Through Diversity

Diversity is critical for protecting the world from interruptions to energy supplies



Meeting the Energy Challenge

- Stepping up efforts to find and develop more oil and natural gas
 - Exploring conventional reserves
 - Developing unconventional reserves
 - Oil sands and shales
 - Building and expanding refineries
- Helping maintain a wide range of oil and natural gas sources from different regions



Meeting the Energy Challenge

- Developing substitutes for oil in the transport sector
 - Biofuels
 - Hydrogen
- Developing alternative sources
 - Wind and solar power
 - Coal gasification
 - LNG (liquefied natural gas)
- Managing the environmental impacts from fossil fuel production and use



Sustainability and Shell's Business Strategy



Sustainability and Shell's Business Strategy

- Provide the massive amount of extra energy needed to fuel development and reduce poverty
- Keep supplies secure from disruption
- Conduct business in socially and environmentally responsible ways



What is Sustainable Development?

SD is development activities that require the balancing of short- and long-term interests, and the integration of economic, environmental and social considerations into business decision making.



SD Principles

1. Generate Robust Profitability
2. Deliver Value to the Customers
3. Protect the Environment
4. Use Natural Resources Efficiently
5. Respect and Safeguard People
6. Work with Stakeholders
7. Benefit Communities

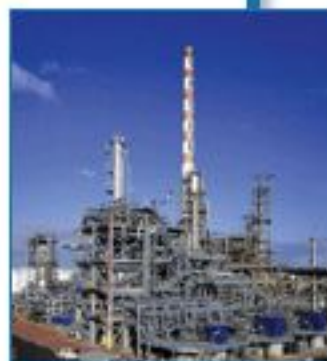


Relevant Examples



Shell's Diversified Gas Overview

- Supplies more than 35% of the world's LNG
- Facilities:
 - Australia
 - Nigeria
 - Qatar
 - Sakhalin Island, Russia
- Goal is to double LNG capacity by 2010



Case Study: Sakhalin II

- Joint venture operated by Sakhalin Energy Investment Company LTD
- Will add 6% to the world's LNG capacity
- Largest and most complex oil and LNG project
 - \$20 billion project
 - Environmentally sensitive location
 - Resourceful approach to protect wild salmon
 - Minimal disturbance to gray whales



Case Study: Sakhalin II

- Sustainable benefits for local residents
 - Contributed to the regional government's development fund
 - \$390 million spent upgrading and building new infrastructure
 - Employment
 - 17,000 working on construction project
 - More than 9,000 jobs for staff, contractors and suppliers once completed
 - Mitigate impact on 3,500 indigenous residents



Case Study: Nigeria

- Shell Petroleum Development Company of Nigeria – operator of Nigeria's largest oil and gas joint venture
- Shell Nigeria Exploration and Production Company – operator and shareholder in the offshore Bonga oil field, Nigeria's first deepwater project



Case Study: Nigeria

- Nigeria Liquefied Natural Gas Company – Joint venture, producing 8% of the world's LNG
- Shell-run operations in Nigeria paid \$3.5 billion in taxes and royalties to the Government in 2006



Case Study: Nigeria

- Extremely challenging time for Nigerians
 - Pervasive poverty
 - The Delta's lack of representation in national politics
 - Organized crime problem
- Violence resulted in shut downs
- Sabotaged flow stations and pipelines
- Staff and contractors at risk



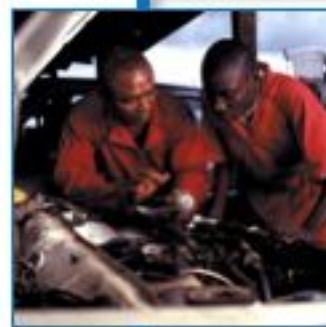
Case Study: Nigeria Solutions

- Encourage Government to respect human rights
 - Providing security in the Delta
 - Conducting human rights training
- Help the Government strengthen public institutions
 - Extractive Industries Transparency Initiative
 - Relationships with international development experts



Case Study: Nigeria Solutions

- Coordinate Shell-run development programs
- Contribute to the Government's Niger Delta Development Commission
- Work with the Government to promote peace and security
- Continue to generate oil and gas revenues for the Government



Conclusion

- Energy security is a complex subject
- Diversity is the key
- Sustainable Development is a key principle in how we conduct business, including projects

