



PAYMENTS TO GOVERNMENTS REVENUE TRANSPARENCY

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Simon Henry
Chief Financial Officer
Royal Dutch Shell plc

Tax binds governments, communities and businesses together. Revenue transparency provides citizens with an important tool to hold their government representatives accountable and to advance good governance. Shell is committed to transparency as it builds trust. Trust is essential for a company that operates in our line of business, reflecting our core values of honesty, integrity and respect for people.

In 2014, Shell paid over \$90 billion to governments. Our effective tax rate over the past year was 48%.

We paid \$14.3 billion in corporate taxes around the world, and \$3.9 billion in royalties. We collected \$72.6 billion in excise duties and sales taxes on our fuel and other products on behalf of governments.

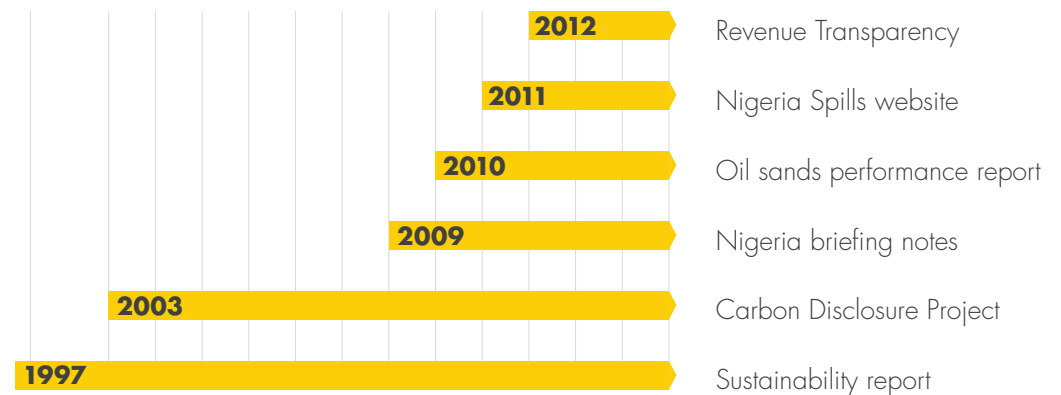
This is the fourth consecutive year that Shell is publishing the revenues that its operations generate through income taxes, royalties and indirect taxes for governments around the world. In 2014, this amounted to over \$90 billion. To put it in perspective, this equates to over half the **2014 budget of the European Union**. We have been publishing payments to governments voluntarily, because for Shell paying taxes in the countries where we operate is more than complying with the law; it is about showing that extraction of natural resources leads to the opportunity of government revenue, economic growth and social development.

We do not tolerate the direct or indirect offer, payment, solicitation or acceptance of bribes in any form.

Constructive and Responsible

At Shell, we have a zero tolerance policy on corruption and bribery. They disrupt societies, they disrupt the level playing field among companies, and they threaten the viability of the long-term investments that characterise our industry. We do not tolerate the direct or indirect offer, payment, solicitation or acceptance of bribes in any form. Facilitation payments are prohibited. Our **Code of Conduct** includes specific instructions to staff and mandatory training, especially with respect to potential conflicts of interest and the offer or acceptance of gifts and hospitality. A **Global Helpline** allows employees and business partners to seek advice and report any violations. In addition, Shell sits on **Transparency International's Steering Committee for the Business Principles for Countering Bribery**.

A CULTURE OF TRANSPARENCY



Our anti-bribery commitment is an integral part of the **Shell General Business Principles**, first published in 1976. So is our stance against political donations, which precludes Shell from making payments to political parties, organisations or their representatives.

In today's fast-changing world, where energy plays a vital role, Shell is active as a constructive and responsible partner in public policy making, from advocating the implementation of effective carbon pricing to the protection of our ships against piracy. In all these endeavours, we favour a multi-stakeholder approach, working with others inside and outside our industry to achieve practical and effective solutions, beneficial to all parties involved.

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Extractive Industries

Collaboration is key: without it no true transparency is possible. Shell is a founder and board member of the **Extractive Industries Transparency Initiative (EITI)**, a coalition of governments, companies and non-governmental organisations sharing **common principles** and the belief that high standards of transparency about government revenues can lead to more economic growth, safer investments, and better governance.

Consistent with the **EITI requirements**, we advocate mandatory country-by-country global reporting as most tax payments are made at the corporate level to national governments. We support unified revenue reporting rules and standards applicable to all multinationals, irrespective of their place of business. Our aim is to establish a level playing field while avoiding conflicts of laws between extraterritorial legislations and the legal frameworks of countries where Shell operates.

We advocate mandatory
country-by-country global reporting.

Co-operative Compliance

Dialogue takes many forms. Shell supports developing **co-operative compliance** relationships with tax authorities on the basis of the framework proposed by the **Forum on Tax Administration of the Organisation** for Economic Co-operation and Development (OECD). We have a co-operative compliance relationship in place in the UK, the Netherlands and Singapore, and as a pilot, in Austria and Italy. With the authorities in other countries we are exploring potential partnerships. We provide the authorities with timely and comprehensive information on potential tax issues, while we receive treatment that is open, impartial, proportionate, responsive and grounded in an understanding of our commercial environment.

Not only does this approach help us to comply with both the letter and the spirit of the laws where we have our operations, it also improves transparency about our tax affairs and allows Shell to better manage its tax-related risks throughout the life cycle of each project.

Subsidiaries

At Shell, we understand how tax binds governments, civil society and businesses together. We use legitimate tax incentives and exemptions designed by governments to promote investment, employment and economic growth. But we oppose tax fraud and tax evasion. For transparency reasons, Shell reports all its significant subsidiaries.



Significant Subsidiaries (AUDITED, taken from Shell's annual report)

Significant subsidiaries at December 31, 2014, and Shell's percentage of share capital (to the nearest whole number) are set out below. Those held directly by Royal Dutch Shell plc are marked with an asterisk (*). A complete list of investments in subsidiaries, incorporated joint arrangements and associates will be attached to Royal Dutch Shell plc's annual return made to the Registrar of Companies.

A Non-voting class of share

Company name	%	Country of incorporation	Principal activities	Class of shares held	Company name	%	Country of incorporation	Principal activities	Class of shares held
Shell Australia Pty Ltd	100	Australia	Upstream	Ordinary	Shell Eastern Trading (Pte) Limited	100	Singapore	Downstream	Ordinary, redeemable
Shell Energy Holdings Australia Limited	100	Australia	Upstream	Ordinary, redeemable A	Shell Energy Europe Limited	100	UK	Downstream	Ordinary
Qatar Shell GTL Limited	100	Bermuda	Upstream	Ordinary	Shell Trading International Limited	100	UK	Downstream	Ordinary
Tacoma Company Limited	100	Bermuda	Upstream	Ordinary	Equilon Enterprises LLC	100	USA	Downstream	Membership Interest
Shell Brasil Petroleo Ltda	100	Brazil	Upstream	Quotas (Voting)	SCOGI, G.P.	100	USA	Downstream	Equity
Shell Canada Energy	100	Canada	Upstream	Ordinary	Shell Chemical LP	100	USA	Downstream	Partnership Capital
Shell Gabon SA	75	Gabon	Upstream	Ordinary	Shell Energy North America (US), LP	100	USA	Downstream	Partnership Capital
Shell Italia E&P Spa	100	Italy	Upstream	Ordinary	Shell Trading (US) Company	100	USA	Downstream	Ordinary
Sarawak Shell Berhad	100	Malaysia	Upstream	Ordinary	SOPC Holdings East LLC	100	USA	Downstream	Membership Interest
Shell Kazakhstan Development B.V.	100	Netherlands	Upstream	Redeemable A , non-redeemable	SOPC Holdings West LLC	100	USA	Downstream	Ordinary
Shell Olie – OG Gasudvinding					TMR Company	100	USA	Downstream	Ordinary
Danmark B.V.	100	Netherlands	Upstream	Ordinary	Shell Oman Trading Limited	100	Bermuda	Corporate	Ordinary
Shell Philippines Exploration B.V.	100	Netherlands	Upstream	Redeemable A , non-redeemable	Solen Insurance Limited	100	Bermuda	Corporate	Ordinary
Shell Nigeria Exploration and Production Company Limited	100	Nigeria	Upstream	Ordinary	Shell Finance Luxembourg Sarl	100	Luxembourg	Corporate	Ordinary
The Shell Petroleum Development Company of Nigeria Limited	100	Nigeria	Upstream	Ordinary	Shell Treasury Luxembourg Sarl	100	Luxembourg	Corporate	Ordinary
A/S Norske Shell	100	Norway	Upstream	Ordinary	B.V. Dordsche Petroleum Maatschappij	100	Netherlands	Corporate	Ordinary
Enterprise Oil Limited	100	UK	Upstream	Ordinary	Shell Brazil Holding B.V.	100	Netherlands	Corporate	Ordinary
Shell U.K. Limited	100	UK	Upstream	Ordinary	Shell Finance (Netherlands) B.V.	100	Netherlands	Corporate	Ordinary
Enterprise Oil North America Inc.	100	USA	Upstream	Ordinary	Shell Gas B.V.	100	Netherlands	Corporate	Ordinary
Shell Gulf of Mexico Inc.	100	USA	Upstream	Ordinary	Shell International Finance B.V.*	100	Netherlands	Corporate	Ordinary
Shell Offshore Inc	100	USA	Upstream	Ordinary	Shell Nederland B.V.	100	Netherlands	Corporate	Ordinary
Shell US E&P Investments LLC	100	USA	Upstream	Equity (Voting)	Shell Overseas Investments B.V.	100	Netherlands	Corporate	Ordinary
SOI Finance Inc.	100	USA	Upstream	Ordinary	Shell Petroleum N.V.*	100	Netherlands	Corporate	Ordinary
SWEPI LP	100	USA	Upstream	Partnership Capital	Shell Treasury Centre East (Pte) Limited	100	Singapore	Corporate	Ordinary
Shell Compania Argentina De Petroleo S.A.	100	Argentina	Downstream	Nominative	Shell Finance Switzerland AG	100	Switzerland	Corporate	Ordinary
Shell Western Supply & Trading Limited	100	Barbados	Downstream	Ordinary	Solen Versicherungen AG	100	Switzerland	Corporate	Registered (Voting)
Shell International Trading Middle East Limited	100	Bermuda	Downstream	Ordinary	Shell Energy Investments Limited	100	UK	Corporate	Ordinary
Shell Canada Limited	100	Canada	Downstream	Ordinary, redeemable A	Shell Holdings (U.K.) Limited	100	UK	Corporate	Ordinary
Shell Canada Products	100	Canada	Downstream	Ordinary	Shell Overseas Holdings Limited	100	UK	Corporate	Ordinary
Deutsche Shell GmbH	100	Germany	Downstream	Ordinary	Shell Treasury Centre Limited	100	UK	Corporate	Ordinary
Deutsche Shell Holding GmbH	100	Germany	Downstream	Ordinary	Shell Treasury Dollar Company Limited	100	UK	Corporate	Ordinary, redeemable
Shell Deutschland Oil GmbH	100	Germany	Downstream	Ordinary	Shell Treasury U.K. Limited	100	UK	Corporate	Ordinary
Shell Luxembourgise Sarl	100	Luxembourg	Downstream	Ordinary	The Shell Petroleum Company Limited	100	UK	Corporate	Ordinary
Shell Nederland Raffinaderij B.V.	100	Netherlands	Downstream	Ordinary	The Shell Transport and Trading Company Limited	100	UK	Corporate	Ordinary, redeemable
Shell Trading Rotterdam B.V.	100	Netherlands	Downstream	Ordinary	Pecten Victoria Company	100	USA	Corporate	Ordinary
Shell Eastern Petroleum (Pte) Limited	100	Singapore	Downstream	Ordinary, redeemable	Shell Oil Company	100	USA	Corporate	Ordinary
					Shell Petroleum Inc.	100	USA	Corporate	Ordinary

Looking Forward

Shell supports predictable and stable tax regimes that incentivise long term investment. Next year, following the transposition of the 2013 EU **Accounting and Transparency Directives** into UK law, we will report our payments to governments pursuant to the UK's Reports on **Payments to Governments Regulations 2014**. These new disclosure regulations may put companies like Shell in the difficult situation of breaking the law in certain host countries by complying with the UK law, or breaking the law in the UK by not reporting on those host countries. We continue to consult several governments on this matter, including the UK. We also engage with host governments and joint venture partners to explain our new reporting obligations.

Transparency helps us improve our economic, social and environmental performance. Revenue transparency can help advance good governance, and provides Shell the opportunity to build the essential trust with society.



Details of Payments we Made in 2014

The table reflects income taxes and royalties paid in 2014 by our subsidiaries to their host governments, indirect taxes collected on behalf of these governments, and these governments' share of production through activities involving our subsidiaries.

The countries shown (including the Netherlands in footnote F) have been consistently published in 2012, 2013 and 2014, and were the top 15 in terms of income tax and royalties paid by Shell and the indirect taxes collected on behalf of these governments, excluding countries whose governments have prohibited or have otherwise indicated that we should not make such disclosure. For easy comparison over the years, we have maintained the same list of countries.

We also undertake activities through companies in which we do not have financial control, and for which we do not generally have access to detailed information. Our share of the income tax charges incurred by these companies in 2014 was around \$3.1 billion, mainly arising in Brunei, the Netherlands and Russia.

	\$ Million				Million BOE		Volumes D
	Income taxes A	Royalties B	Indirect taxes C	Total	By Segment		
					Upstream	Downstream/ Corporate E	
Total	14,299	3,923	72,651	90,873	23,163	67,710	482
Largest amounts by country F G							
Australia	78	211	2,637	2,926	377	2,549	-
Brazil	88	157	83	328	246	82	2
Canada	(30)	540	5,732	6,241	1,487	4,754	-
Denmark	1,093	-	1,379	2,471	1,093	1,378	-
Gabon	175	109	-	284	284	-	1
Germany	236	120	21,262	21,618	422	21,196	-
Italy	320	125	1,704	2,149	775	1,374	-
Malaysia	510	391	100	1,001	815	186	168
Nigeria	2,290	727	-	3,017	3,017	-	118
Norway	2,056	-	2,022	4,078	2,132	1,946	-
Philippines	137	-	584	721	133	588	9
Turkey	13	-	6,132	6,145	-	6,145	-
United Kingdom	(334)	-	13,108	12,775	1,456	11,319	-
USA	(156)	985	2,922	3,751	953	2,798	-

This table has not been subject to external assurance or audit. The financial information it contains is consistent with that used to prepare our 2014 Consolidated Financial Statements, which were presented in US dollars.

A Paid on the profits of our activities in compliance with the relevant laws and contracts in the countries reported. Includes corporate income tax and governments' share of production paid in cash, where applicable.

B Based on hydrocarbons produced or sold from areas under the relevant government's jurisdiction. Unless materially different from a cash basis, this is generally provided on an accruals basis which means it is based on the amounts produced or sold in the period, which may be different from the period in which the related cash payments are made. It excludes royalties paid in kind (oil and gas), and royalties paid to private parties.

C Sales taxes, excise duties and similar levies collected on behalf of governments or local authorities. This is provided on an accruals basis, which we estimate is not materially different from a cash basis.

D The share in millions of barrels of oil equivalent (BOE) that governments or national state-owned companies receive through production entitlement contracts, royalty in kind arrangements and service contracts involving our subsidiaries, irrespective of our percentage interest in the venture.

E The total for the Corporate segment (our key support functions) was \$71 million.

F The Netherlands has been excluded from the above table because, to a significant extent, operations occur in joint ventures and associates rather than subsidiaries. The 2014 total amount of income taxes and royalties paid and accrued indirect tax collected on behalf of the government amounts to \$ 8.6 billion (Shell share).

G The above table excludes countries whose governments have prohibited or have otherwise indicated that we should not make such disclosure.