

## Shell pay packages defy poor stock performance

By Ed Crooks in London

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Royal Dutch Shell's senior executives were paid sharply higher remuneration last year, although performance in terms of shareholder returns was the worst of all big western oil companies.

Jeroen van der Veer, chief executive of Europe's biggest oil group, who steps down at the end of June, was paid a total of €10.3m (\$13.4m), up 58 per cent on his remuneration in 2007.

The pay details emerged in Shell's annual report and filing to the US Securities and Exchange Commission, published as the company delivered its annual update on strategy.

Shell indicated it expected to raise its dividend for the year by 5 per cent but warned that gearing, as measured by net debt as a proportion of capital, would rise from 6 per cent to the "low 20s" by the end of the year.

It also said it planned no further investment in wind and solar power but would concentrate its efforts in alternative energy on biofuels .

Mr van der Veer's package included €1.93m salary, €3.75m bonus, €1.54m pension benefits and €2.69m from a long-term incentive plan related to performance in 2005-07. His total remuneration was more than twice that of Tony Hayward, chief executive of BP, Europe's second biggest oil company, behind Shell.

Other Shell executive directors also enjoyed steep increases. Malcolm Brinded, head of exploration and production, more than doubled his pay to €6.37m and Linda Cook, head of gas and power, had an 82 per cent rise to €6.69m. Peter Voser, to take over as chief executive in July, had a 45 per cent rise to €4.14m.

The bonuses and payments were paid although Shell's performance for total shareholder return was fourth worst among the "big five" international oil companies: Shell, ExxonMobil and Chevron of the US, BP of the UK and Total of France.

In 2008 its performance was the worst of the five. But Shell has suffered from its performance being measured in dollars. In 2008 its B shares fell by 17 per cent in sterling terms, but 40 per cent in dollar terms.

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