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Public Company Accounting Oversight Board
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Via e-mail: comments@pcaobus.org or via www.pcaobus.org

Subject: PCAOB Rulemaking Docket Matter No. 37
Release No. 2011-006

December 14, 2011

We appreciate the opportunity to respond to the Public Company Accounting Oversight Board's (PCAOB) Concept Release on Auditor Independence and Audit Firm Rotation.

Royal Dutch Shell plc (RDS) is a "foreign private issuer" as defined in Rule 3b-4(c) under the Exchange Act. RDS is incorporated as a public limited company in England and Wales. RDS securities are traded on the London Stock Exchange, Euronext and the New York Stock Exchange (NYSE). RDS and its predecessors have been listed on the NYSE since the 1950s. RDS is one of the largest foreign private issuers currently registered with the Securities and Exchange Commission.

We support the efforts to promote auditor independence and to strengthen the remit of the audit committee with the objective of further improving audit quality. We also believe that proposals to achieve that objective should be reflective of the actual issues observed and relevant findings about the accounting profession and its independence to allow a measured and evidence-based approach.

The Concept Release notes that the Sarbanes-Oxley Act placed the audit committee in charge of hiring the external auditor and overseeing the engagement. Under English law, the audit committee recommends to the Board which audit firm the Board should present to shareholders for their approval at the company's annual meeting. We believe the concept of requiring mandatory rotation of audit firms would diminish the Board's authority to manage the company's affairs. The choice of which auditor to present to shareholders is one of the major decisions taken by the Board each year. The Board's consideration of the competencies and independence of an accounting firm is paramount in its decision.

As a large multinational company, we have an interest in engaging an audit firm that is able to deliver consistently high quality assurance services and external challenge in the many countries where we operate. A key aspect of that audit assignment is the ability to offer seamless service across boundaries given the global operating model applied in our company. Given this context, any mandatory requirement to change audit firms may well result in unintended consequences and ultimately lower quality audits. For example, if two major firms have independence issues and therefore were not available for consideration, then any mandatory requirement could force a Board to recommend a firm that it does not feel has the competency to conduct a robust audit. A required cooling-off period for the current audit firm would further complicate this issue. The remedy of the perceived problem would actually create more problems than offer solutions. Accordingly, we do not believe that there is sufficient evidence that audit quality will be improved by taking such a significant step in removing this authority from shareholders.

Robust auditor independence underpins the relationship between the audit firm, the company, shareholders and regulators. It contributes to investor protection and reduces the cost of capital for companies. We believe that auditors have the necessary incentives and powers to remain objective and exercise appropriate professional scepticism. Although improvements to audit methodologies, process and quality controls should continue to be considered, the regulations already in place for the conduct of audits, such as mandatory partner rotation and independence rules, are both comprehensive and appropriate, and therefore the focus should be on the consistent enforcement of existing rules to address perceived weaknesses.

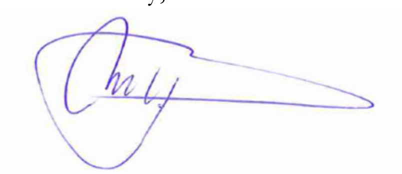
As set out above, the footprint of worldwide operations in RDS is such that having access to consistent and high quality audit services in multiple locations is paramount. We do not believe that a mandatory change of audit firm will improve audit quality; in fact there is a significant risk that it may be reduced because of the loss of knowledge and experience, both of the company and of the industry sector. Mandatory rotation is likely to increase audit costs as result of the potential cooling-off period of the current audit firm as well as other audit firms preferring to concentrate on non-audit services only, leading to a more limited choice of firms with the competencies and capabilities to audit a large multinational company. Also, in case of more frequent auditor rotation, we would face increased handover and mobilisation costs as the new firm has to gain the necessary understanding of a company and its operations in order to carry out the audit effectively.

We have not responded in the form of individual answers to the specific questions in the Concept Release as many are premised on the concept of mandatory rotation (or are addressed to audit firms).

We would also refer to the proposals to reform the audit market that have recently been published by the European Commission (EC). We would ask the PCAOB to work with the EC in order to reach a fully-converged conclusion. Without this, multi-jurisdictional companies are likely to be faced with significant practical difficulties - which in themselves could adversely affect audit quality and costs.

We would like to thank the PCAOB for giving us opportunity to provide our views and concerns regarding these important issues. If you have any questions, please contact me at +31 70 377 3120.

Sincerely,



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