

Living by our principles

The Shell General Business Principles were created 30 years ago and continue to define what we stand for and how we behave. In 2006, we launched a common, company-wide Code of Conduct to provide more detailed guidance on the behaviour our Principles require.

Behaving with integrity

Integrity is one of our three core values and a cornerstone of our Business Principles. We translate this value into action with a clear and simple policy: zero tolerance of bribes and fraud.

In some parts of the world our policy banning bribes runs counter to common practice. Getting employees to comply requires extensive training and monitoring.

According to our internal questionnaire of the most senior Shell representative in each country, in 2006, staff in over 100 countries attended sessions on the proper use of intermediaries in business transactions (more on this data page 37).

To help us follow our Business Principles, employees are provided with online and face-to-face training in key areas, including preventing bribery and corruption.

We introduced a global help line and website in 2005, and have rolled it out country by country. In a number of countries, it replaced local help lines that had been in place for many years. The new global facility is available 24 hours a day and allows employees and business partners to seek advice and report concerns (anonymously, if desired) about suspected incidents of bribery and fraud and other violations of our Code of Conduct and Business Principles. We report cases of bribery and fraud to the Audit Committee of the Board of Royal Dutch Shell plc. In 2006, 96 violations were reported. As a result we ended our relationship with 143 staff and contractors.

Every two years, the Shell People Survey (page 25) includes questions to employees about whether their part of Shell is dealing with the outside world with integrity. In the 2006 Survey, 81% of staff said it was. Four per cent said it did not. This is in line with scores since the Survey began in 1999, including in 2004, after the recategorisation of our proved oil and gas reserves.

Contractors

Contractors are expected to follow our, or equivalent, business principles when working for us. In many locations, we work with contractors to help them understand and apply

these principles. When they cannot, we are required to review the relationship up to and including cancelling the contract. In 2006, we cancelled over 40 contracts because of such concerns, according to our annual internal questionnaire of senior Shell country representatives (more on this data page 37). For example, multiple contracts were cancelled in Brazil, Canada, Nigeria, Trinidad and Tobago and the USA.

Political activities and public advocacy

Our Business Principles allow and encourage us to contribute to debates on important policy issues that affect our business, our employees or the local communities where we operate (see box). The Principles prohibit payments by Shell companies to political parties. This is to avoid Shell companies buying or being perceived to be buying favours. According to our annual internal questionnaire (see page 37), we made no payments to political parties or campaigns in 2006.

Like many other corporations in the USA, Shell Oil Company administers a political action committee (Shell Oil Company Employees' Political Awareness Committee). It is a voluntary, employee-run and employee-funded organisation, that contributes money to political parties or individual candidates for



COMPETITION LAWS

In June 2006, Shell Italia and Shell Aviation were fined more than €56 million by the Italian Competition Agency for allegedly exchanging information through airport joint ventures. These fines were reduced later in the year to a total of €37.64 million. In October 2006 in Argentina, we were accused of market sharing in Liquefied Petroleum Gas and fined approximately \$83,000. We are appealing these cases.

In 2006, we were fined €108 million for participating in a cartel in the Dutch bitumen market. The European Commission (EC) found that Shell and 13 other companies fixed prices from the mid 1990s until early 2002. The employee involved retired from Shell before the investigation began.

The EC also fined us €161 million last year for participating in a synthetic rubber cartel between 1996 and 1999. We sold the business involved in 1999. The EC investigation began in 2003.

As the head of our downstream business, Rob Routs, emphasised to all his 73,000 staff last year after the bitumen and rubber cartel decisions were announced: "Infringement of competition law will not be tolerated in Shell. My position on this is unequivocal. If you engage in illegal discussions with competitors, you will face disciplinary action up to and including dismissal".

Since the mid-1990s, we have run an extensive training programme to help employees follow competition laws and are working hard to strengthen the culture of compliance. Obeying competition laws is an essential part of our new Code of Conduct. Our Global Antitrust Compliance Programme has been strengthened. Anyone in contact with competitors, suppliers or business customers is required to take training.