

## **SHELL NIGERIA EXPLORATION AND PRODUCTION COMPANY PUBLIC AFFIRMATION OF CORPORATE GOVERNANCE**

On 3<sup>rd</sup> December, 2010, Shell Nigeria Exploration and Production Company (SNEPCO) entered into agreement with the Federal Government of Nigeria pursuant to criminal charges instituted by the Economic and Financial Crimes Commission (EFCC). The charges related to illegal payments made to officials of the Nigerian Customs Service by the freight forwarding agent of a subcontractor on SNEPCO's Bonga Project in order to expedite delivery of material to the project.

### **Pursuant to the terms of the agreement:**

1. SNEPCO has paid fines (including costs/expenses) totaling the sum of USD 10 million
2. SNEPCO issues this public statement as follows:
  - SNEPCO regrets the lapses that resulted in the charges.
  - As a matter of policy, SNEPCO prohibits the direct or indirect offer, payment, soliciting or acceptance of bribes in any form.
  - SNEPCO has conducted its own internal investigation, as a result of which, staff found to have been in violation of policy were either disciplined or dismissed.
  - SNEPCO has done the following to prevent a recurrence in the future:
    - Disciplined those employees, who knew, or should have known, of the improper payments, and where appropriate, dismissed them.
    - Enhanced its compliance program and internal control to better ensure employees and contractors strictly adhere to Shell's General Business Principles (SGBP) and applicable laws.
  - Introduced stricter Anti-Bribery and Corruption standards comprising of the following:
    - a New Anti-Bribery and Corruption Manual, requiring more detailed due diligence of suppliers, contractors and in particular, government officials
    - an oversight body in the form of the Anti-Bribery and Corruption (ABC) Committee, with the responsibility of reviewing existing and emerging risks of bribery and corruption, overseeing the implementation of the new manual, the training program and the mandatory annual anti-bribery and corruption reviews in high-risk areas. This helps to identify risks in our projects and operations and put processes in place to mitigate.
    - extensive training of all "at risk" staff who are in roles or doing business with external parties, including Government officials.

**Dated 17<sup>th</sup> December, 2010**