



EUROPEAN COMMISSION
SECRETARIAT-GENERAL

Direction E
SG-E-3
Transparency, Relations with Stakeholders and External Organisations

**REGISTER OF INTEREST REPRESENTATIVES
COMPLAINT EXAMINATION**

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Examination of the complaint:

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Shell estimated its costs directly related to interest representation to EU institutions in the financial years 2008 and 2009 to lie between 400,000 - 450,000€.

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In the informational meeting on the 21st of October 2010 Shell provided the European Commission with its methodology of calculating its estimated costs which are directly related to representing interests to EU institutions. Shell thereby showed the logic behind their declaration.

This information given in the meeting was additionally sent per e-mail by Mr. _____ on the 25th of October 2010 and included the following:

Shell used the overall budget of Shell EU Liaison office (EUL) as a starting point which was € _____ million in 2009. This included operating costs, salaries of _____ full time professionals and _____ part time administrative

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support, travel expenses and fees paid to some of the European industry associations and think tanks Shell is member of.

According to Shell's understanding of the Commission guidance in the "Frequently Asked Questions" and in order to avoid double-counting Shell deducted from total EUL budget the fees paid to industry associations and think tanks (full list of organisations detailed in Shell's entry in the Interest Representation Register), and consultancy fees paid to consultancies for policy monitoring services:

Shell has estimated that approximately of EUL activity can be attributable to interest representation to the EU Institutions. This includes activities such as drafting and presenting position papers and letters, meetings with policy-makers, participation in workshops, etc. The declared estimation of costs associated with interest representation activity (€400,000-€450,000) results from applying to the overall EUL budget, having previously deducted the total fees paid to industry associations, think tanks and consultancies i.e.

Shell has also discounted parts of the activities conducted by the EUL office that they consider of a "non-lobbying" nature, such as:

- monitoring and analysis of EU policy issues for the purposes of understanding policy change and ensuring compliance
- dissemination of information to Shell's business and functions
- support activities to Shell's global corporate communications strategy
- response to EU institutions' requests for expert briefings
- administrative and financial matters

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In addition, Shell pointed out that their Washington Liaison office is much bigger than the Brussels Liaison office, employing approximately people (comprising separate state, federal and international units) while the Brussels office has only full-time professionals and part-time administrative employee.

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With regard to sponsoring and co-organising of events Shell stated that is no longer member of and therefore did not mention it in its memberships. Concerning the project Shell declared that its main motivation for cooperation with media such as and in the project is to facilitate and

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encourage a broader stakeholder debate and promote a better understanding of energy issues. Thus, for Shell, it does not constitute direct interest representation as such.

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Conclusions

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Shell's estimation of costs directly related to representing interests to EU institutions started from the overall budget of its EU Liaison office from which it deducted fees paid to industry associations, think tanks and consultancies whose names figure in Shell's register entry. Shell then calculated a certain percentage of the EU Liaison office's activity that can be attributable to direct interest representation to the EU institutions which it then applied to the remaining overall budget.

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Minutes of the informational meeting with Royal Dutch Shell on the 21st of October 2010 at 10.30am, Archimedes Building, 11 Rond-point Schuman, Brussels on the complaint submitted by Friends of the Earth Europe questioning Shell's compliance with Clause 4 of the Code of Conduct for interest representatives

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REMARKS ON THE COMPLAINT SUBMITTED BY FRIENDS OF THE EARTH EUROPE

- Mr. [redacted] started by presenting the **methodology lying behind Shell's calculations of their estimated costs directly related to representing interests to EU institutions in 2009.**¹
 - Following FAQ 11 (“How to disclose the required financial information”?) as a registrant with an office in Brussels, Shell used the overall budget of Shell EU Liaison office (EUL) as a starting point.

¹ The following information on the calculations of the estimated costs was given during the informational meeting and was additionally sent in written form by Mr. [redacted] (cf. last point of the minutes) on the 25th of October 2010 (cf. Annex) in order to help making the minutes on this point as precise as possible.

- The overall budget of the EUL in 2009 was € million. This included operating costs; salaries of full time professionals and part time administrative support; travel expenses, and fees paid to some of the European industry associations and think tanks Shell is member of. The EUL team was reinforced in 2010 with the arrival of .
The additional costs associated with these additions to the team will be reflected in the 2010 registration.
- According to Shell's understanding of the Commission guidance in the "Frequently Asked Questions" and in order to avoid double-counting Shell deducted from this budget the fees paid to industry associations and think tanks (full list of organizations detailed in Shell's entry in the Interest Representation Register), and consultancy fees paid to consultancies for policy monitoring services:
- Shell has estimated that approximately % of EUL activity can be attributable to interest representation to the EU Institutions. This includes activities such as drafting and presenting position papers and letters, meetings with policy-makers, participation in workshops, etc. The declared estimation of costs associated with interest representation activity (€400,000-€450,000) results from applying % to the overall EUL budget, having previously deducted industry association membership and consultancy fees. i.e. % of €
- Shell has also discounted parts of the activities conducted by the EUL office that they consider of a "non-lobbying" nature, such as:
 - monitoring and analysis of EU policy issues for the purposes of understanding policy change and ensuring compliance
 - dissemination of information to Shell's business and functions
 - support activities to Shell's global corporate communications strategy
 - response to EU institutions' requests for expert briefings
 - administrative and financial matters
- Mr. and Mr. then continued by giving more information on **Shell's membership of any associations, federations, confederations or its relationships to other bodies in formal or informal networks.**
- Since the end of 2009, Shell is no longer sponsor of
- Mr. and Mr. also pointed out that in some cases membership fees are paid for by the respective Shell businesses (e.g. Exploration and Production pays

membership fees to Downstream pays membership fees to Chemicals pays membership fees to etc.) and in others by Shell EUL (above is a detailed account of the membership fees paid by EUL budget).

- Shell would be delighted to supply the Commission with precise information regarding the membership fees paid by Shell business to the rest of the industry associations named in the register.
- According to Shell, their involvement in is not a lobbying activity in the sense of the lobbying register. Shell sponsors and there are Shell adverts on the website. is not (in any of its manifestations: TV, internet, debates) intended to put forward Shell's points of view, but rather a platform to promote an open debate by many stakeholders some of whom are also critical towards Shell.
- events bring together representatives from different sectors of society and the EU institutions to debate energy issues (typically an EU Institution, an industry representative, an NGO, and an academic) and are steered by the editor of Shell executives would furthermore only intervene in order to summarise statements and points of views put forward during the debate and not in order to present Shell's views.
- Shell's main motivation for cooperation with media such as and in the project is to facilitate and encourage a broader stakeholder debate and promote a better understanding of energy issues.

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- Shell pointed out that their Washington Liaison office is much bigger than the Brussels Liaison office and employs approximately people (comprising separate state, federal and international units) while the Brussels office has only full-time professionals and part-time administrative employee. Furthermore, Shell stressed the fact that the US lobbying register is a mandatory system that provides for a different set of rules, including the disclosure of the total budget. For all those reasons, Shell believes that the expenditures are not comparable.
- Contrary to the information provided by Friends of the Earth Europe's complaint, Shell declared to have (and not two) permanent access badges for all their full-time employees at the Brussels Liaison office.

E-Mail from Shell 25th of October 2010

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Sent: Monday, October 25, 2010 10:39 AM

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Subject: RE: Commission européenne: Registre des représentants d'intérêts

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- 1) **Methodology used to establish the estimation of costs associated with interest representation as defined in the Commission Frequently Asked Questions (FQA) document of the European Transparency Initiative** (“activities carried out with the purpose of influencing the policy formulation and decision-making processes in the European Union Institutions”).
 - Following FAQ 11 (“How to disclose the required financial information”?) as a registrant with an office in Brussels, we used the overall budget of Shell EU Liaison office (EUL) as a starting point.
 - The overall budget of the EUL in 2009 was € million. This included operating costs; salaries of full time professionals and part time administrative support; travel expenses; and fees paid to some of the European industry associations and think tanks Shell is member of. The EUL team was reinforced in 2010 with the arrival of . The additional costs associated with these additions to the team will be reflected in the 2010 registration.
 - We deducted from this budget the fees paid to industry associations and think tanks (full list of organizations detailed in Shell’s entry in the Interest Representation Register), and consultancy fees paid to consultancies for policy monitoring services:
 - We have estimated that approximately % of EUL activity can be attributable to interest representation to the EU Institutions. This includes activities such as drafting and presenting position papers and letters, meetings with policy-makers, participation in workshops, etc. The declared estimation of costs

from applying % to the overall EUL budget, having previously deducted industry association membership and consultancy fees. i.e % of

- Other activities conducted by the EUL office that we consider of a “non-lobbying” nature include:
 - monitoring and analysis of EU policy issues for the purposes of understanding policy change and ensuring compliance
 - dissemination of information to Shell’s business and functions
 - support activities to Shell’s global corporate communications strategy
 - response to EU institutions’ requests for expert briefings
 - administrative and financial matters

2) Shell membership to industry associations and think tanks that may undertake interest representation activities vis-à-vis the EU Institutions.

Shell’s entry in the register includes a detailed list of the industry associations and think tanks we are members of and that may undertake interest representation activities before the EU Institutions. Shell membership fees are paid for in some cases by the respective Shell businesses (e.g. Exploration and Production pays membership fees to ; Downstream pays membership fees to ; Chemicals pays membership fees to , etc.) and in others by Shell EUL (above is a detailed account of the membership fees paid by EUL budget). We would be delighted to supply the Commission with precise information regarding the membership fees paid by Shell business to the rest of the industry associations named in the register. Following Commission guidance in FAQ 11 to avoid double counting, Shell’s entry “financial data” does not include membership fees paid to industry associations, think tanks or consultancy fees. These expenditures should be included as part of the declarations made by the industry associations, think tanks and consultancies concerned.

3) The

The are part of a broader communications initiative which “explores the personal views of thinkers, innovators and scientists about possible solutions to global warming, overpopulation and dwindling resources.” It is intended to facilitate plural debate and understanding on energy issues. It is a partnership between the global TV channel, and the Brussels-based newspaper, in association with **Shell**.

Detailed information on the initiative (including topics, contributions and live debates) is available <http://www.com/>

The events bring together representatives from different sectors of society and the EU institutions to debate energy issues (typically an EU Institution, an industry representative, an NGO, and an academic). The panel is moderated by the editor of , which has total independence in steering the debate. Shell does not participate in the panel. A Shell representative summarises the main points raised during the debate in a 5 minutes concluding address. Please find below the links to the programmes of the last and upcoming events:

Can Europe win public acceptance for low-carbon infrastructure projects? (5 October 2010)
<http://www.com/2010/10/12/other/>

(17 November 2010)

We do not think that this initiative falls under the activity “carried out with the purpose of influencing the policy formulation and decision-making processes in the European Union Institutions”. Therefore the section “financial data” under Shell’s entry to the EU interest representation register does not include the costs associated with it

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- Following FAQ 11 (“How to disclose the required financial information”?) as a registrant with an office in Brussels, we used the overall budget of Shell EU Liaison office (EUL) as a starting point.
- The overall budget of the EUL in 2009 was € million. This included operating costs; salaries of 3 full time professionals (Head of EU Liaison, Deputy Head of EU Liaison, Government Relations Advisor) and 1 part time administrative support; travel expenses; and fees paid to some of the European industry associations and think tanks Shell is member of. The EUL team was reinforced in 2010 with the arrival of a

The additional costs associated with these additions to the team will be reflected in the 2010 registration.

- We deducted from this budget the fees paid to industry associations and think tanks (full list of organizations detailed in Shell’s entry in the Interest Representation Register), and consultancy fees paid to consultancies for policy monitoring services:

- We have estimated that approximately % of EUL activity can be attributable to interest representation to the EU Institutions. This includes activities such as drafting and presenting position papers and letters, meetings with policy-makers, participation in workshops, etc. The declared estimation of costs associated with interest representation activity (€400,000-€450,000) results from applying % to the overall EUL budget, having previously deducted industry association membership and consultancy fees. i.e.
- Other activities conducted by the EUL office that we consider of a “non-lobbying” nature include:

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3) The t

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Detailed information on the t : (including topics, contributions and live debates) is available <http://www.t.com/>

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October 2010) Can Europe win public acceptance for low-carbon infrastructure projects? (5
<http://www.t.com/> /2010/10/12/other/

(17 November 2010)

We do not think that this initiative falls under the activity "carried out with the purpose of influencing the policy formulation and decision-making processes in the European Union

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