Our contribution to society

Our contribution to society includes providing people with access to energy products. The company also contributes through paying taxes, procuring local goods and services, hiring locally and supporting social investment programmes. All this is underpinned by our core values of honesty, integrity and respect for human rights.

Key contributions data

- 22% of senior leaders are women and around half of graduate recruits are also female
- $15.6 billion dividends distributed
- 424,580 training days for employees and JV partners
- $59.1 billion payments to governments
- 1,697 jobs created through LiveWire
- $42.2 billion spent on goods and services worldwide
- 86,000 people employed by Shell
- $111 million spent on social investment
- $922 million spent on research and development in 2017
- 30 million customers served every day at our retail sites

Sustainable development goals

In 2015, the UN adopted 17 sustainable development goals (SDGs), which seek to address the world’s biggest challenges, including ending poverty, improving health and education, making cities sustainable and tackling climate change.

Governments are responsible for prioritising and implementing approaches that meet the SDGs. But achieving these tasks will require collaboration between civil society, governments, the private sector, non-governmental organisations and the public.

We welcome the SDGs and we continue to develop our approach to how we can help achieve them. All the SDGs are relevant to Shell’s operations to varying degrees and we are already contributing to many of these goals. In 2017, we prioritised six of the goals that have particular significance for Shell across our global business. Through IPIECA, the global oil and gas industry association for environmental and social issues, we have collaborated...
with the UN Development Programme and the World Bank’s International Finance Corporation to develop a shared understanding of how our industry can most effectively support the goals. Together, we launched the report Mapping the Oil and Gas Industry to the Sustainable Development Goals: An Atlas.

The priority SDGs for Shell are highlighted in the graphic below.

### Ensure Access to Affordable, Reliable, Sustainable and Modern Energy

Access to reliable and safe energy enables economic and social development and improves health, education and livelihoods. We aim to enable energy access by helping develop local energy markets and supporting entrepreneurs and partners in the development and distribution of energy solutions. (See Access to Energy and Local content and skills development.)

Read more on Shell.com:
- Access to energy
- Local employment and enterprise
- Shell LiveWire

### Decent Work and Economic Growth

Employment is a critical route out of poverty and towards prosperity. We provide jobs and aim to follow labour, health and safety standards. We encourage local businesses to be part of our supply chain, and encourage our suppliers to meet Shell standards. We work with governments and others to offer training to build local skills and expertise. We support entrepreneurs through various programmes, including the Shell LiveWIRE programme, which helps young people start their own businesses. We also contribute to economic growth by paying taxes and royalties to local governments. (See Living by our principles, Local content and skills development, Contractors and suppliers and Tax and transparency.)

Read more on Shell.com:
- Revenues for governments
- Human rights
- Supporting enterprise development and entrepreneurs

### Build Resilient Infrastructure, Promote Inclusive and Sustainable Industrialisation and Foster Innovation

Shell often upgrades or builds infrastructure required for our projects, including roads and ports, and aims to minimise our impact on the local area. We support off-grid energy projects that can provide reliable, affordable energy in rural areas with little or no energy infrastructure.

Innovation is critical for sustainable growth. We spend around $1 billion each year on research and development to turn ideas into commercially viable technologies. Our innovations include fuels and lubricants that help customers use less energy, and technologies that improve the energy and water efficiency of our own operations.

Read more on Shell.com:
- Innovation through R&D
- Fresh water
- Shell engine oils and lubricants

### Responsible Consumption and Production

We aim to protect the environment and respect our neighbours. We work hard to avoid harm to people and set ourselves high environmental standards. This includes a focus on managing our greenhouse gas emissions, minimising our use of fresh water, conserving biodiversity and preventing spills and leaks. We meet and often exceed regulatory requirements.

We invest in a range of lower-carbon technologies and fuels and continue to work on improving the energy efficiency of our fuels and lubricants. Shell is taking part in several initiatives to encourage the adoption of hydrogen electric transport, and is developing a service that supports the charging of electric vehicles. We are one of the largest blenders and distributors of biofuels worldwide and are developing advanced biofuels that convert non-food plants into cellulosic ethanol.

Read more on Shell.com:
- Biofuels
- Shell engine oils and lubricants
- Our approach - environment
- Product stewardship
Tax binds governments, communities and businesses together. Revenue transparency provides citizens with important information to hold their government representatives accountable and to advance good governance.

**HIGHLIGHTS IN 2017**
- We paid more than $59.1 billion in taxes and royalties to governments around the world.
- We paid $6.3 billion in income taxes. Our government royalties were $3.7 billion.
- We collected $49.1 billion in excise duties, sales taxes and similar levies on our fuel and other products on behalf of governments.

**OUR APPROACH**
We comply with applicable tax laws wherever we operate. We are transparent about our tax payments to governments and strive for an open dialogue with them. This approach helps us to comply with both the letter and the spirit of the laws. For Shell, being transparent is also about showing how developing energy resources provides governments with an opportunity to generate revenues, support economic growth and enhance social development.

**PRINCIPLES**
In line with the Shell General Business Principles, we support several external voluntary codes, including the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the Business and Industry Advisory Committee to the OECD Statement of Tax Principles for International Business. We endorse the responsible tax principles set out by the B Team, a non-profit initiative formed by a group of global business leaders, and we work towards full implementation of these principles.

**TRANSPARENCY**
In 2012, we were one of the first energy companies to voluntarily publish revenues that our operations generate through income taxes, royalties and indirect taxes for governments around the world. As of 2016, we make mandatory disclosures under the Reports on Payments to Governments Regulations 2014, and we file our Payments to Governments Report with the UK’s Companies House.

The report covering calendar year 2017 has been published on www.shell.com/payments.

**TAX STRATEGY**
It is the right of governments to determine tax policies and tax rates and to draft tax laws accordingly. They do so under strong competition for capital and investment, which is internationally mobile. It is not the role of business to form views on what level of taxation is adequate or required. We use legitimate tax incentives and exemptions designed by governments to promote investment, employment and economic growth.

When considering the viability of investments, tax is one of the factors we examine. Income tax is just one part of the overall tax regime considered. We expect to pay tax on our income in the country where activities take place, and believe double taxation of the same activity by different jurisdictions should be avoided. Shell supports efficient, predictable and stable tax regimes that incentivise long-term investment. We expect the laws to be applied consistently, creating a level playing field for all.

**GOVERNANCE OF TAX**
Shell’s Board of Directors is responsible for maintaining a sound system of risk management and internal control, and for regularly reviewing its effectiveness. This system also covers taxation, which forms an integral part of the Shell control framework. Annually, the Board conducts a review of the effectiveness of Shell’s system of risk management and internal control, including financial, taxation, operational and compliance controls.
The quality of our people is essential to the success of the company. We work to maintain a productive and healthy organisation, employ and develop talented people, strengthen our leadership, and enhance employee performance through strong engagement.

HIGHLIGHTS IN 2017

- We employed an average of 86,000 people in more than 70 countries.
- We recruited around 400 graduates, 1,400 experienced professionals and 3,700 people for Shell Business Operations.
- Around 45% of graduate recruits came from universities outside of Europe and the Americas.
- Around half of our graduate recruits are female.
- We provided 424,580 training days for employees and joint-venture partners.

In 2017, we employed an average of 86,000 people in more than 70 countries, with more than 40% of our workforce operating in countries outside Europe and North America. We strive to maintain strong relations with our employees. Dialogue between management and employees takes place directly and through employee representative bodies. We offer multiple channels for employees to report, confidentially and anonymously, breaches of the Shell General Business Principles or our Code of Conduct, or other concerns.

We provide equal opportunity in recruitment, career development, promotion, training and reward for all employees, regardless of gender, ethnicity, sexual orientation or physical ability. We actively monitor diversity on a global level and measure the representation of women and local nationals in senior leadership positions. Shell believes that diverse teams led by inclusive leaders can improve business performance.

Shell aims to manage the impacts of business changes on people respectfully and as consistently as possible. Affected employees are supported in their search for alternative employment as appropriate by country law and policy.

EMPLOYEE ENGAGEMENT

The annual Shell People Survey is one of the main tools we use to measure employee views on a range of topics. In 2017, we started using a new methodology for this assessment. In addition to providing team leaders with improved reports, the rating scale changed from percentage favourable to an average index and the scores reflect the new methodology. Based on this new rating scale, the average employee engagement score remained stable in 2017 with 76 points, similar to 2016 (previously reported as 79%).

The survey also measures employee views on the inclusiveness of their workplace. In 2017, we achieved 81 index points for our diversity and inclusiveness index.

WORKFORCE DIVERSITY

Embedding the principles of diversity and inclusion in the way we do business gives us a better understanding of the needs of our staff, partners, suppliers and customers. A diverse workforce and an inclusive environment that respects and nurtures different people is a way to improve our safety and business performance.

Our diversity and inclusion approach focuses on hiring, developing and retaining the best.

We provide equal opportunity in recruitment, career development, promotion, training and rewards for all employees, including those with disabilities. In 2017, we introduced a workplace accessibility service at our major locations to ensure that all employees have access to reasonable adjustments to that they can perform their work effectively.

Shell also became the first major integrated oil and gas company to announce a global minimum standard of 16 weeks paid maternity leave, effective from 2018. More information on this can be found on our website. In 2017, we were ranked highly in the Workplace Pride global LGBTI (Lesbian Gay Bisexual, Transgender Intersexed) inclusive workplace benchmark and earned a 100% score in the Human Rights Campaign Corporate Equality Index.

COLLABORATING WITH OTHERS

Shell supports cooperative compliance relationships with tax authorities on the basis of the framework proposed by the OECD Forum on Tax Administration. We have these relationships in the UK, the Netherlands, Singapore and Italy, and a pilot relationship in Austria. Shell is also part of the OECD pilot International Compliance Assurance Program, which aims to facilitate open and cooperative engagements between multinational companies and tax administrations.

We provide the authorities with timely and comprehensive information on potential tax issues. In return, we receive treatment that is open, impartial, proportionate, responsive and grounded in an understanding of our commercial environment. This approach improves the transparency of our tax affairs and allows Shell to better manage its tax-related risks throughout the life cycle of each project.

Transparency is only effective if all parties in a country follow the same disclosure standards. Shell is a founder and board member of the Extractive Industries Transparency Initiative. Consistent with the Initiative’s requirements, we continue to advocate mandatory country-by-country global reporting, as most tax payments are made at the corporate level to national governments. We support unified revenue reporting rules and standards applicable to all multinationals, irrespective of their ownership or place of business.

Shell is actively involved in revenue transparency discussions and we are working to develop an approach that takes into account the views of the relevant parties involved, including industry, governments and civil society.
Local content and skills development

Shell buys goods and services from local suppliers as part of our approach to share the benefits of oil and gas development with the wider economy.

We contribute to employment creation directly and indirectly: directly through the employment of company staff and the purchase of goods and services; indirectly through the employment, subcontracting and procurement activities of our contractor and suppliers, and through the wider economic effects.

We buy goods and services from local suppliers that meet our standards as part of our approach to share the benefits of oil and gas development with the wider economy. In some cases, we support businesses in developing the skills required to meet these standards.

Our supplier principles integrate social considerations in the contracting and procurement processes. In 2017, we spent $42.2 billion on goods and services worldwide, of which around 58% was in the USA, Canada, the UK, the Netherlands, and Nigeria. In 2017, we spent around $4.9 billion in countries that, according to the UNDP Human Development Index 2016, have a gross domestic product of less than $15,000 a year per person. In these countries, Shell companies spent 80% with local companies.

In 2017, we worked with the Australian government on a development programme to support local suppliers to the Queensland Gas Company (QGCC) (Shell-operated, majority interest) coal seam gas project. We provided 12 local suppliers with a dedicated business advisor to help them develop a customised improvement plan to grow and diversify their business. The Australian government matched our funding with AUD$20,000.

At the Prelude floating liquefied natural gas facility, we awarded contracts to Australian waste management company Rusca Environmental Solutions for oil and gas cleaning services. This is a new business area for the company, which is 100% independently owned, and is expected to create further opportunities for indigenous subcontractors.

In Nigeria, we use locally manufactured goods and service companies which create jobs in the communities in which we operate. In 2017, Shell companies in Nigeria spent around $0.76 billion on contracts for Nigerian companies. Access to financing has been a challenge for suppliers to Shell companies in Nigeria. In collaboration with leading banks in the country, the SPDC Joint Venture (SPDC JV) and the Shell Nigeria Exploration and Production Company Limited continue to fund a mechanism that offers local contractors faster access to loans at cheaper interest rates.

COMMUNITY SKILLS AND ENTERPRISE DEVELOPMENT
Through our social investment programmes, we support economically viable enterprise development and skills programmes that create valuable opportunities for local people and communities, while adding value to our supply chain.

We support the building of new businesses to generate local employment and our Shell LiveWIRE programme helps young entrepreneurs turn their ideas into reality.

Shell LiveWIRE marked its 35th anniversary in 2017 and now operates in 15 countries in eight languages. In 2017, through the programme, 4,159 people were supported, 1,697 jobs were created and 10 businesses entered the Shell supply chain.

Shell LiveWIRE entrepreneurs increasingly focus on energy solutions such as affordable and clean energy for low-income communities. For example, Innovate Energy, is a company that offers an external phone battery rental service powered by renewable energy.

Nigeria has one of our most successful Shell LiveWIRE programmes, with a total of $66,200 awarded to 60 young entrepreneurs from Ogoniland, all of whom completed its enterprise development programme. In the Middle East and North Africa, where Shell LiveWIRE is called Intilaqqah, we trained 1,920 participants in 2017.

The representation of senior local nationals is monitored in 20 principal countries. We measure the percentage of senior nationals employed in Shell compared with the number of senior positions in their home country. The reporting shows two categories: local national coverage greater than 80% (10 countries in 2017) and less than 80% (10 countries in 2017). There was no change from the 2016 numbers.
In the Philippines, we have a community-based enterprise development and biodiversity programme called Turismo at Negosyo Dulot ng Ingit Kalikasan (Tourism and Business Through Protecting Nature). The programme supports sustainable tourism by mobilising community involvement and creating alternative income opportunities, all while protecting and conserving Palawan’s biodiversity. In 2017, the programme provided 67 local jobs and generated more than $90,000 in revenues from supported enterprises.

In Tanzania and Kenya, we are supporting a programme called E4D/Employment and Skills for Eastern Africa with the German, British and Norwegian governments. This programme aims to improve access to jobs and economic opportunities for local people in natural resource-based industries and related sectors. By the end of 2017, the partnership had raised more than 35 training programmes to industry standards and provided training for around 13,000 people. So far, 73% of the graduates have found employment.

The programme helped me build the company from the initial concept to planning and final execution so was crucial to our success. One of the biggest benefits was the support I received in developing my business plan. This guides me to this day whenever I am faced with hard decisions.

Shell also connected me to a network of entrepreneurs, specialists and mentors. It was a wonderful experience and I am grateful for all the support I received from Shell.

External voice: “Shell’s support was crucial to my start-up’s success”

Lucas Chiabi
Entrepreneur, Ciclo Orgânico, Brazil

THE ENERGY OF COFFEE

We are working with a startup called bio-bean, which turns coffee waste into fuel. The company won Shell LiveWIRE’s Innovation Award in 2013 and has since gone on to produce biomass pellets and briquettes called Coffee Logs. These are now sold at Shell retail sites across the UK.

In 2017, bio-bean helped power some of London’s buses using biofuel made partly from its waste coffee grounds. The company collects and processes 50,000 tonnes of waste grounds a year. Every tonne of waste coffee grounds recycled using bio-bean’s technology saves 6.8 tonnes of CO2 emissions.

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The collaboration forms part of our #makethefuture campaign, which demonstrates how we are providing access to cleaner energy to improves lives.
Access to energy

Globally, around 1.1 billion people have no electricity and a billion more only have access to unreliable and unsafe power networks. Nearly 3 billion people rely on solid fuels for cooking.

Reliable and safe energy enables economic and social development, and improves the health, education and livelihoods of people around the world. Energy access plays an important role in achieving the UN’s sustainable development goals, in particular goal 7 “Ensure access to affordable, reliable, sustainable and modern energy.”

Our New Energies business is pursuing commercial opportunities to provide energy to those who have insufficient access to it. Access to energy is also one of our three global social investment themes through which we aim to provide access to reliable, affordable and cleaner energy, to spur socio-economic progress in local communities.

In Myanmar, we worked with PACT, a nonprofit organisation, to provide access to sustainable energy for around 20,000 people in 2017. We have improved the livelihoods of around 35,000 people since the start of the programme in 2015.

Renewable energy committees were set up in 76 villages to train people to install and maintain solar power systems in their homes, and to manage renewable energy funds that provide initial capital to purchase the solar power systems.

In 2017, we piloted a fund to encourage our teams to work with local partners to design and implement small local energy access projects using a sustainable community business model. The fund has so far supported four projects and will monitor their success during 2018.

We continued to support our partner The Global Alliance for Clean Cookstoves with its activities in India, China and Nigeria. In China, we sponsored activities to help cookstove manufacturers expand into international markets and share best practices with partners abroad. We also supported the Alliance in Nigeria, where we sponsored a workshop in Lagos in 2017, to help clean cooking enterprises improve their business plans and attract more funding. Thirty-four participants from 11 states in Nigeria attended the workshop. We continued to support the Alliance’s Spark Fund, which provides growth capital and capacity development to help cookstove enterprises reach commercial viability. By the end of 2017, the Alliance and its partners had distributed an estimated 80.9 million clean or efficient stoves and fuels, and are on track to exceed their goal of reaching 100 million households by 2020.

In addition, we support access to energy through the All On programme and initiatives of Shell Foundation globally.

STEM education

Shell is working with schools and academia to excite young people about the wealth of career opportunities available to them in science, technology, engineering and mathematics (STEM).

We support STEM education programmes in 16 countries where we operate. We are helping to deliver a growing, diverse and talented population of future innovators and leaders who can find solutions to help meet greater energy demand while reducing carbon emissions. NXplorers is our global STEM programme which seeks to enthuse and empower young people and equip them with the tools and skills to solve some of the world’s biggest challenges.

In 2017, we launched NXplorers in Brazil, Nigeria and Egypt, with plans to launch in other countries including India, Australia, the United Arab Emirates and Oman in 2018. Our goal is that more than 1 million young people participate in the programme worldwide by 2020.

Our STEM programmes also focus on teachers. In Brazil, where a lack of qualified science and technical professionals is hampering the country’s overall development, we launched a project in 2012 that continues to provide teacher training, teaching aids and resources. This includes an award for teachers that recognises the role they play in influencing others and changing their students’ perspective on life. The winning teachers travelled to London on an education trip in 2017.

In 2017, Shell made a second investment of more than £1 million in Tomorrow’s Engineers, a UK STEM programme. Through our investment, we aim to give hands-on engineering experience and career information to more than 160,000 children by 2020.

We held festivals in the Netherlands, Singapore, the UK and the USA in 2017 to support our efforts to promote STEM careers. Around 30,000 visitors, including 10,000 schoolchildren, attended the five-day Generation Discovery festival in the Netherlands.

In 2017, our social investment programmes are exciting young people about careers in science, technology, engineering and maths.

42 OUR CONTRIBUTION TO SOCIETY SHELL SUSTAINABILITY REPORT 2017
Shell Foundation is an independent charity that applies a business approach to the global development challenges of access to energy and sustainable mobility.

Shell Foundation (SF) provides business support, grants and market connections to help pioneering social entrepreneurs prove new business models in low-income communities.

SF selects partners with the potential to benefit 10 million people within a 10-year timeframe, achieve financial independence and spur international replication.

Since 2000, SF has deployed $279 million in grants to early-stage businesses and new market builders operating in Africa, Asia and Latin America.

2017 SOCIAL ENTERPRISE PARTNER HIGHLIGHTS

Sistema.bio makes biodigester equipment that converts farm waste into renewable energy. This can be used for cooking, heating or electricity. The process also reduces greenhouse gas emissions from livestock farming. So far, more than 4,100 units have been installed across Mexico and Latin America, improving the lives of 24,600 people.

In 2017, SF supported Sistema.bio to expand their operations into Kenya and India, where 800 units have been sold to date.

M-KOPA provides low-income consumers in East Africa with financing to purchase solar energy products on a pay-as-you-go basis. M-KOPA acquired over 600,000 products to date, benefiting more than 3 million people. In 2017, it raised a new working capital facility of $55 million with a consortium of commercial lenders that will help the company to reach 1 million more homes by 2020.

Tugende offers affordable finance to motorcycle taxi drivers in Uganda, most of whom have limited access to banking products and services. Tugende enables these drivers to buy vehicles and increase their earnings. The company also offers road safety training, safety equipment and insurance. In 2017, Tugende doubled its loan portfolio and revenue and has served more than 10,000 customers in seven locations. In total, Tugende has transferred $2.6 million in funds to customers and improved their credit. Around a third of customers used their improved financial status to start new ventures or invest in existing businesses.

Shell Foundation’s six-step theory of change

- Market resources
- SF resources

Shell Foundation’s impact to date

- 294,184 jobs created
- 19.30 million tonnes of carbon reduction
- $6.69 billion funding leveraged
- 119.64 million livelihoods improved

Since 2000, SF has deployed $279 million in grants to early-stage businesses and new market builders operating in Africa, Asia and Latin America.