Contribution to society

Our contribution to society comes in many forms. It includes providing energy that millions of people rely on. We also contribute through paying taxes which support public services, creating jobs and supporting communities through our social investment programmes.

IN THIS CHAPTER
64 Working for Shell
66 Revenue transparency and tax
67 Social performance
71 Working together
### Working for Shell

**OUR PEOPLE**
Our people are essential to Shell’s success. We work to maintain a productive and healthy organisation by employing and developing talented people, continually strengthening our leadership, and enhancing employee performance by fostering strong engagement.

In 2018:
- we recruited around 460 graduates, 2,160 experienced professionals, and 3,440 people for Shell Business Operations centres;
- 46% of our graduate recruits were female; and
- we provided almost 315,000 formal training days for employees and joint-venture partners.

During 2018, we employed an average of 82,000 people in more than 70 countries, with around 43% of our people operating in countries outside Europe and North America. Dialogue between management and our people takes place directly and through employee representative bodies where appropriate. 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 and have processes in place to identify and mitigate biases.

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

**EMPLOYEE ENGAGEMENT**
The Shell People Survey is one of the principal tools used to measure employee engagement, motivation, affiliation and commitment to Shell. It provides insights into employees’ views and has had a consistently high response rate. In 2018, the response rate was 82%, which was an increase of 2% compared with 2017, and the average employee engagement score was 77 points out of 100, which was an increase of one point compared with 2017.

In 2018, we launched an initiative called "I’m Not OK" to promote open and honest conversations about mental health. The initiative is designed to help employees support each other, create awareness about how to access the professional counselling available through Shell’s employee benefits, and to empower teams to create a workplace where it is safe to say "I’m Not OK".

---

<table>
<thead>
<tr>
<th>EMPLOYEES</th>
<th>TRAINING DAYS</th>
<th>SPENDING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>82,000</strong> on average</td>
<td><strong>315,000</strong> for employees and joint venture partners</td>
<td><strong>$42.7 billion</strong> on goods and services worldwide</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SENIOR LEADERS</th>
<th>VOLUNTARY SOCIAL INVESTMENT</th>
<th>DIVIDENDS DISTRIBUTED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>24%</strong> female</td>
<td><strong>$113 million</strong></td>
<td><strong>$15.7 billion</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRADUATE RECRUITS</th>
<th>JOBS CREATED</th>
<th>PAYMENTS TO GOVERNMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>46%</strong> female</td>
<td><strong>1,374</strong> through Shell LiveWIRE</td>
<td><strong>$64.1 billion</strong></td>
</tr>
</tbody>
</table>
WORKFORCE DIVERSITY
Our diversity and inclusion approach focuses on hiring, developing and retaining the best people.

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

At the end of 2018, the percentage of women in senior leadership positions was 24%, compared with 22% at the end of 2017. We continue to measure and work to improve our gender balance by making female leaders more visible and accessible as role models, by providing leadership programmes for women and by embedding diversity and inclusiveness in our policies and processes. In 2018, Shell became the first major integrated oil and gas company to set a global minimum standard of 16 weeks’ paid maternity leave.

In 2018, our CEO joined the Catalyst CEO Champions for Change, a group of more than 50 CEOs who pledge to support women’s advancement at all levels of leadership. We also launched a global campaign on closing the gender gap in engineering and technology – joining forces with the UK’s Royal Academy of Engineering to inspire the next generation of engineers, challenge associated stereotypes and showcase how rewarding and fulfilling such careers can be.

In 2018, we introduced our workplace accessibility service, which currently serves 62 locations globally. The service is designed to ensure that all employees have access to reasonable physical workplace or other adjustments so that they can work effectively and productively.

At Shell, we support and enable remarkable people from every background, and strive to be a pioneer of lesbian, gay, bisexual, transgender and intersexed (LGBTI) inclusion in the workplace. In 2018, we were recognised as one of the top three organisations in the Workplace Pride global LGBTI inclusive workplace benchmark and earned a 100% score in the Human Rights Campaign Foundation’s Corporate Equality Index. We have also pledged support for the UN LGBTI Standards of Conduct for Business.

LIVING BY OUR PRINCIPLES
Our core values of honesty, integrity and respect for people underpin our work with employees, contractors, suppliers, non-governmental organisations and others.

The Shell General Business Principles describe the company’s core values, its responsibilities, and the principles and behaviours by which we do business. They also include Shell’s commitment to contribute to sustainable development – the need to balance short- and long-term interests, integrating economic, environmental and social considerations into business decision-making. We aim to do business fairly, ethically and in accordance with all applicable laws.

All Shell employees and contract staff must follow our Code of Conduct, which guides employees on how to apply the Shell General Business Principles in line with our core values. Employees and contract staff are also required to complete Code of Conduct training regularly and to confirm they understand their personal responsibilities under the Code of Conduct. Contractors must also follow the Code of Conduct when acting on our behalf.

Read our Code of Conduct at www.shell.com/values.

In 2018:

<table>
<thead>
<tr>
<th>Shell global helpline</th>
<th>Code of Conduct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports to the helpline</td>
<td>Substantiated allegations</td>
</tr>
<tr>
<td>Taking action</td>
<td>Taking action</td>
</tr>
<tr>
<td>Employees or contractor staff subject to disciplinary action</td>
<td>Contract terminations or dismissals</td>
</tr>
</tbody>
</table>

Shell employees in Canada proudly wear the rainbow colours, the universal symbol for equality.
Revenue transparency and tax

SPEAKING UP
Shell employees, contractors and any third party can report any potential breaches of the Code of Conduct confidentially and anonymously through several channels, including a global helpline, which is operated by an independent provider.

Shell has specialists who investigate concerns or allegations about a breach of our Code of Conduct. If a violation is confirmed, the appropriate Shell company will take appropriate action up to and including a contract termination or dismissal. We maintain a stringent no retaliation policy to protect any person making a good faith allegation. In 2018, we carried out extensive sessions for managers on harassment awareness and prevention to help ensure people in their team feel comfortable speaking up.

Internal investigations confirmed 370 substantiated breaches of the Code of Conduct in 2018 compared with 261 in 2017. As a result, we dismissed or terminated the contracts of a total of 92 employees and contract staff, compared with 73 in 2017. Most Code of Conduct violations related to protection of assets, conflicts of interest and harassment.

TACKLING PRODUCT THEFT
In August 2017, after an internal investigation, we reported to the Singapore authorities a suspected substantial product theft from our Pulau Bukom manufacturing site. The authorities arrested and subsequently charged several individuals in 2018, including eight former Shell employees. We have been working closely with the Singapore police force during its investigations, which are still ongoing.

What we uncovered is unacceptable and we are taking significant steps to prevent a similar incident from happening again. We are focusing on areas including the monitoring of products moving in and out of Pulau Bukom, the vessel management process, and ethics and compliance training. We are also working with government authorities and industry associations to address the issue of oil theft more broadly in the region.

ETHICAL BEHAVIOUR
In 2018, we focused on simplifying the ethics and compliance tools and resources available to everyone at Shell. This also included giving senior leaders better insight into how well their teams are performing.

Our Ethics and Compliance Office worked to consolidate the existing internal manuals, bringing content together into a single manual, simplifying the language and redesigning the layout for digital publishing. In 2018, we launched our integrated ethics and compliance manual, at the same time making it publicly available (see Ethics and compliance manual).

Additionally, an ethics and compliance dashboard was developed for use by senior leaders, giving them easy visibility of their organisation’s compliance with selected metrics, such as overdue training.

We launched an ethical leadership expectations programme for senior executives to explore and reinforce what Shell requires of leaders at this level. It focuses on values, behaviours, business pressures and leadership practice.

Read more at www.shell.com/codeofethics.

ANTI-BRIBERY AND CORRUPTION
Shell has clear rules on anti-bribery and corruption and these are included in our Code of Conduct for all employees. There is no place for bribery or corruption at Shell. Read more about our values at www.shell.com/values.

Various national and international laws prohibit business involvement with certain individuals, entities and organisations. Our anti-bribery and corruption and anti-money laundering and trade compliance programmes set out the requirements for screening business partners. Using a risk-based approach, we screen potential business partners before and during the contractual relationship. In 2018, we carried out 7,759 enhanced pre-screenings for higher-risk contracts. Additionally, around 10 million counterparties are screened on a continuous basis against a range of trade compliance, anti-bribery and corruption and anti-money laundering watch lists.

Authorities in various countries are investigating our investment in Nigerian oil block OPL 245 and the 2011 settlement of litigation pertaining to that block (see Note 25 to the Consolidated Financial Statements in our Annual Report).

Revenue transparency provides citizens with important information to hold their government representatives accountable and to advance good governance.

In 2018:

- we paid more than $64.1 billion in taxes and royalties to governments around the world;
- we paid $10.1 billion in income taxes. Our government royalties were $5.8 billion; and
- we collected $48.2 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 UK’s 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 2018 has been published at www.shell.com/payments.

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.

EXTERNAL VOICE

The B Team seeks to catalyse a better way of doing business, for the well-being of people and the planet.

*Since 2012, Shell has been advancing its tax transparency, providing voluntary disclosures about its payments to government and economic contribution. Over time, this has enabled key stakeholders, in particular civil society, to better understand the approach it takes to responsible tax governance and management. Shell’s commitment to strengthening both its practices and leadership in tax transparency, which is reflected in the company’s commitment to The B Team Responsible Tax Principles, extends to supporting effective institutions. Shell has engaged in constructive multi-stakeholder dialogues to help grow responsible tax into a better understood and more widely practiced business norm.*

Robin Hodess
Director Governance & Transparency, The B Team

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.

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. 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

Royal Dutch Shell plc’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. Each year, 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.

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 Programme, 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.

Social performance means building strong relationships with people, understanding their priorities and concerns, and managing our impact. It is essential to being a responsible organisation and plays a crucial role in delivering Shell’s business strategy at the community level.

We assess and manage the potential social impact of all our projects as part of integrated environmental, social and health impact assessments. We also contribute to building skills in the communities where we operate by supporting education and training programmes, and by encouraging the development of local businesses.

To achieve continuous performance improvement, Shell applies a comprehensive set of standards that define how we expect Shell companies to operate socially and environmentally. These standards are set out in our Health, Safety, Security, Environment and Social Performance Control Framework (HSSE&SP Control Framework). We conduct detailed assessment reviews – jointly carried out by senior leaders and social performance teams – to provide assurance and visibility
of the risks and achievements of our activities. These reviews were piloted in 2016 and took place in 25 countries in 2018.

ENGAGING COMMUNITIES
Shell has community feedback mechanisms at all major operations and projects to receive, track and respond to questions and complaints from community members, as part of our approach to managing human rights and providing access to remedy.

Our network of around 100 community liaison officers acts as a bridge between the local community and the business. During 2018, they were offered special opportunities to meet each other and collaboratively develop their skills. Together, the officers and the business that they represent aim to continually improve the effectiveness of community engagement, impact management and how we share benefits with the community.

For example, we have worked with the Weenhayek indigenous people near our Loma Verde operations in Villa Montes, Bolivia, since 2009, to implement a strategic development plan. The plan includes capacity building and improvements to infrastructure that improve community food security and support income-generating projects. To date, Weenhayek families have increased productive land from eight hectares to 29, and 72 community members have been formally certified as technicians in agriculture and beekeeping.

We are helping community members maintain beehives and produce honey at the Jaguar Camp, Tarija, Bolivia. Ivan, pictured, is part of the beekeeping project through the compensation scheme run by Shell.

Our work with the Weenhayek has also informed how we work with remote subsistence farmers near the Huacareta exploration project in Entre Rios, Bolivia. In 2018, we began developing sustainable social investment projects with 47 families. These projects aim to improve livestock security and health, and increase the production of fruit and vegetables through improved agricultural methods, including water storage and drip irrigation. We have also introduced beekeeping to 32 families, which we hope will generate a sustainable income through the sale of honey.

COMMUNITY FEEDBACK
We have community feedback mechanisms at our operations and projects to receive, track and respond to questions and complaints from community members. This enables us to capture and resolve concerns quickly in a transparent way, and to track our performance locally and at a Shell group level.

### Types of complaints received in 2018 by category

- **Social (A)**
- **Environment**
- **BICCUS (business integrity, contractual and commercial, complaints unrelated to Shell)**

### Social complaints received in 2018 by category

- **Benefits-related (A)**
- **Cultural heritage and other impacts**
- **Stakeholders engagement**

### Environmental complaints received in 2018 by category

- **Nuisance**
- **Spill**
- **Soil or water contamination**
- **Flaring**
LOCAL CONTENT AND SKILLS DEVELOPMENT

We support job creation and buy goods and services from local suppliers that meet our standards. This is one way for us to share the benefits of oil and gas development with the wider economy. We also offer our support to governments when they are designing legislative frameworks to promote local economic growth.

To ensure we comply with legislation and contribute to people’s standard of living, our supplier principles integrate social considerations in the contracting and procurement processes.

In 2018, we spent $42.7 billion on goods and services worldwide, of which around 61% was in the USA, Canada, the UK, the Netherlands and Australia. In 2018, we estimate around $4.1 billion was spent in countries that, according to the UN Development Programme Human Development Index 2017, have a gross domestic product of less than $15,000 a year per person. In these countries, Shell companies spent 80%, or around $3.3 billion, with local companies.

In Malaysia, Sarawak Shell Berhad collaborated with the Sarawak State Oil and Gas Unit to identify 400 East Malaysian vendors offering services including drilling, inspection and maintenance. We shortlisted 30 companies and some have already been invited to participate in our ongoing tendering process.

In Trinidad and Tobago, four community contractors from the transport, catering, maintenance and facilities management sectors provide services to Shell Trinidad and Tobago Limited. In 2018, an event we hosted to encourage more companies to join our supply chain was attended by 31 local contractors, of which 10 were community suppliers.

In 2018, Shell Philippines Exploration B.V. and its contractor Helicopters New Zealand launched an initiative to increase the number of Filipinos in technical positions as part of efforts to transfer specialist skills to Filipinos and promote local talent in the energy industry. Of the 22 technical roles that were previously filled by expatriates, 10 are now filled by Filipinos – four aircraft engineers and six pilots.

COMMUNITY SKILLS AND ENTERPRISE DEVELOPMENT

Our enterprise development and skills programmes create opportunities for local people and communities, while adding value to our supply chain. We support the building of diverse new businesses that generate local employment and the Shell LiveWIRE programme helps local entrepreneurs turn their ideas into reality.

Shell LiveWIRE marked its 36th anniversary in 2018 and operates in 18 countries and 10 languages. In 2018, we launched new programmes in Trinidad and Tobago, France, Kazakhstan and China. We trained 2,686 people and supported 1,463 businesses, while 1,374 jobs were created. In addition, 43 businesses entered the Shell supply chain.

In Malaysia, Sarawak Shell Berhad collaborated with the Sarawak State Oil and Gas Unit to identify 400 East Malaysian vendors offering services including drilling, inspection and maintenance. We shortlisted 30 companies and some have already been invited to participate in our ongoing tendering process.

In Trinidad and Tobago, four community contractors from the transport, catering, maintenance and facilities management sectors provide services to Shell Trinidad and Tobago Limited. In 2018, an event we hosted to encourage more companies to join our supply chain was attended by 31 local contractors, of which 10 were community suppliers.

In 2018, Shell Philippines Exploration B.V. and its contractor Helicopters New Zealand launched an initiative to increase the number of Filipinos in technical positions as part of efforts to transfer specialist skills to Filipinos and promote local talent in the energy industry. Of the 22 technical roles that were previously filled by expatriates, 10 are now filled by Filipinos – four aircraft engineers and six pilots.

The Shell LiveWIRE programme helps local entrepreneurs turn their ideas into reality. In 2018, three entrepreneurs from the UK, Malaysia and Indonesia received the top prizes in the 2018 Shell LiveWIRE Top Ten Innovators Awards, a global competition which highlights and rewards entrepreneurs that demonstrate excellence in innovation.

Shell LiveWIRE entrepreneurs increasingly focus on energy solutions, such as affordable and cleaner energy for low-income communities. For example, Aceleron from the UK recycles waste batteries into low-cost energy storage and launched pilots in the Caribbean and Africa in 2018. Alternate Energy from Nigeria provides solar and wind powered community solutions.

Carlton Cummins, co-founder of Aceleron, is pioneering low-cost energy storage from waste lithium batteries.

The winner of this year’s Shell LiveWIRE Top Ten Innovators award for energy solutions was Metronome Energy from the UK. Metronome Energy has developed low-cost technology to balance demands on the national power grid during peak times by managing when electricity is delivered to farming equipment.

Read more about Shell LiveWIRE winners at www.shell.com/shell-livewire.
**Social Investment**

We invest in community projects so that local people may benefit from social and economic development. This investment is sometimes voluntary and sometimes required by governments, or part of a contractual agreement.

The intent of our social investment programmes is to benefit Shell as well as society or the environment. We have three global social investment themes:

- access to energy;
- science, technology, engineering and mathematics (STEM) education; and
- community skills and enterprise development.

Social investment programme focus areas are determined by local community needs and priorities.

In 2018, we spent almost $175 million on social investment, of which 35% was required by government regulations or contractual agreements. We spent $113 million on voluntary social investment, of which around $66 million was in line with our global themes. The remaining $47 million was spent on local programmes for community development, disaster relief, road safety, health and biodiversity.

More than $102 million of our total social investment spend in 2018 was in countries that are part of the UN Development Programme’s Human Development Index 2017. These countries have a gross domestic product of less than $15,000 a year per person. Significant support is also provided in the form of voluntary work by Shell employees and equipment donations.

### STEM Education

**We actively support science, technology, engineering and mathematics (STEM) education.** Our industry needs talented people with knowledge and skills in these areas, and through our STEM programmes we aim to inspire future generations.

NXplorers, our global STEM programme, introduces young people to the challenges of solving complex problems, equipping them with the tools and skills needed to create sustainable change. We are helping to deliver a growing, diverse and talented population of future innovators and leaders.

In 2018, we launched NXplorers in a further 12 countries, including Australia, China, Kazakhstan, India and Trinidad and Tobago. We now support STEM programmes in more than 20 countries.

Read more about NXplorers at [nxplorers.com](http://nxplorers.com) and Shell’s approach to education at [www.shell.com/education](http://www.shell.com/education).

### Australia

In Australia, students from schools in Perth and Broome were taught the NXplorers methodology to explore challenges and design their own sustainability ideas. At events, students exhibited projects aimed at improving food and energy sustainability issues in their communities.

We plan to roll out NXplorers to more schools in Western Australia in 2019.

In 2018, we also renewed our 33-year partnership with Questacon in Australia with the launch of a new and improved Shell Questacon Science Circus designed to inspire a passion and curiosity for science in people of all ages.
TRINIDAD AND TOBAGO
We hosted the first Trinidad and Tobago STEM Education National Consultation with more than 200 key stakeholders, including students, parents, teachers and government representatives. Participants discussed how to better integrate STEM into the curriculum and we provided training in NXplorers to more than 40 teachers and representatives from the Ministry of Education. We plan further training and a wider roll-out to schools in 2019. Read more at www.shell.com/stem.

KAZAKHSTAN
In Kazakhstan, we trained 100 teachers from Nazarbayev Intellectual Schools (NIS) in Astana as part of the Solar for Schools project. This helped us identify teachers who can train the NXplorers methodology as it is rolled out in schools. We also trained students and young entrepreneurs at the Astana Business Campus of Nazarbayev University.

SHELL FOUNDATION
Shell Foundation is an independent charity that applies business thinking to the global development challenges of access to energy and transport services.

Shell Foundation provides business support, grants and market connections to help pioneering social entrepreneurs prove new business models in low-income communities. The charity selects partners with the potential to benefit 10 million people within a 10-year time frame, achieve financial independence and spur international replication.

Since 2000, Shell Foundation has deployed $310 million in grants to early-stage businesses and new market builders operating in Africa, Asia and Latin America. Shell Foundation has long-term strategic partnerships with UK and US international development agencies to incubate new ideas, demonstrate the viability of market-based solutions and support the growth of new inclusive markets.

In 2018, the charity continued to support BBOXX, a UK company that designs, manufactures, distributes and finances solar energy systems to improve access to energy across the developing world. After a successful pilot in the Democratic Republic of Congo, one of the world’s least electrified countries, BBOXX signed a contract with the government to supply 2.5 million people with electricity by 2020. Currently, 77% of the country’s 62 million people are not connected to the grid. Read more at www.shellfoundation.org/learning/the-drc-this-best-payg-solar-market-in-the-world.

Shell Foundation has supported Aceleron, a start-up that aims to give used batteries a second life, by connecting the company with off-grid energy product providers in Kenya. The success of the pilot in Kenya has seen orders received for 2,000 additional battery packs. Aceleron continued to expand in developing regions during 2018. Read more about Aceleron in Shell’s Inside Energy story at www.shell.com/aceleron.

In Varanasi, India, Shell Foundation supported social venture company SMV Green Solutions to supply a range of e-rickshaws that provide safe, clean and affordable mobility to commuters and help drivers improve their business, health and lifestyle in four cities in northern India. The 2018 cohort of drivers included 32 women, who were provided with training and asset finance to help them establish their businesses. Read more about the impact of Shell Foundation at www.shellfoundation.org/impact.

COLLABORATIONS
Shell is part of numerous energy-related collaborations all over the world, such as the Oil and Gas Climate Initiative. We collaborate with governments, national oil and gas companies and many other businesses. We define collaboration as all forms of working with organisations outside Shell. These collaborations range from working together on a project to sponsoring a particular group.

We have close ties with universities in numerous countries and maintain relationships with a range of non-governmental organisations. We also play an active role in many trade organisations and industry groups across the world on a wide range of topics.

Our work with organisations around the world gives us greater insight into our business. Sharing knowledge and experience with others also contributes to developing better practices.

For example, as a member of IPIECA, the global oil and gas industry association for environmental and social issues, we discuss and share industry best practice on topics, such as biodiversity, climate change and resettlement.

In 2018, we joined forces with our industry peers to create a Common Framework for Supplier Labour Rights Assessment, as a result of which all participants will use one common framework to assess their suppliers. The outcomes of the assessments will then be shared with peers.

The views of those we collaborate with may differ from our own. For example, we may not always agree with their opinions on topics such as climate change. In these cases, we make our views known within the organisation and seek to influence its position.

Shell’s Industry Associations Climate Review, released in April 2019, assesses for the first time Shell’s alignment with 19 key industry associations on climate-related policy. The report also details new governance principles to improve how Shell manages its memberships of industry associations on climate-related topics. Read the full review at www.shell.com/public-advocacy-and-political-activity.
Collaborations overview

The table shows some of the organisations that we collaborate with globally on topics such as environmental sustainability and technology. Shell also works with many community-based organisations.

<table>
<thead>
<tr>
<th>Environmental sustainability</th>
<th>Human rights and social responsibility</th>
<th>Safety and technical standards</th>
<th>Technology and innovation</th>
<th>Transparency and governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Petroleum Institute (API)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B Team Responsible Tax Principles</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonsucro</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Responsibly</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business for Social Responsibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Center for Responsible Shale Development (CRSD)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clean Cooking Alliance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Danish Institute for Human Rights (DIHR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earthwatch</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Institute (EI)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Transitions Commission (ETC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extractive Industries Transparency Initiative (EITI)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Gas Flaring Reduction Partnership (GGFR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Road Safety Partnership (GRSP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Association of Oil &amp; Gas Producers (IOGP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Audit Protocol Consortium (IAPC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Emissions Trading Association (IETA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Sustainability and Carbon Certification (ISCC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Union for Conservation of Nature (IUCN)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPIECA (industry association for environmental and social issues)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network of Employers for Traffic Safety (NETS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil and Gas Climate Initiative (OGCCI)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roundtable for Responsible Soy (RTRS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roundtable for Sustainable Biomaterials (RSB)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roundtable on Sustainable Palm Oil (RSPO)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Nature Conservancy (TNC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transparency International UK Business Integrity Forum</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UN Global Compact</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary Principles Initiative</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WBCSD/TCFD Oil and Gas Preparer Forum</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Business Council for Sustainable Development (WBCSD)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Working for solutions in Groningen

The NAM joint venture with ExxonMobil (Shell interest 50%) in partnership with the Dutch government operates the Groningen gas field in the Netherlands. Regrettably, production has caused earthquakes that damaged houses and other properties, and caused many people in Groningen to feel unsafe. We are working with our partners to help people affected by earthquakes caused by gas production.

NAM has worked hard in recent years to reduce the impact on people, taking steps such as improving the handling of damage claims, running a programme to strengthen houses and public buildings, as well as socioeconomic development programmes. Public acceptance of gas production decreased rapidly as earthquakes continued to affect the region. In 2017, this led to the realisation that a new approach was required.

HANDLING DAMAGE CLAIMS
In early 2018, the Dutch Ministry of Economic Affairs and Climate introduced a new policy to manage damage claims. This included setting up a public body to address a backlog of claims and process new claims. The ministry also required NAM to finalise 6,000 outstanding damage claims, and in July 2018 NAM sent final offers for compensation to these residents.

As part of the new policy, all claims since March 31, 2017, are now the responsibility of the Temporary Committee for Mining Damage, an independent public organisation. NAM was, and will remain, responsible for all earthquake-related costs. Shell has provided a guarantee that it will fund these costs, up to a maximum of 30% in the NAM, which equals Shell’s indirect interest in the Groningen production system.

A range of actions have been taken to improve safety, liveability and economic prospects in the Groningen region.
AGREEING A WAY FORWARD
The Dutch government has decided to phase out all production from the Groningen gas field by 2030. Shell and ExxonMobil, as shareholders of NAM, reached an agreement with the government that confirmed clear roles and responsibilities for all parties, including NAM as operator.

The Dutch government is responsible for setting production rates and balancing the risk of earth tremors with the supply of gas needed to meet energy demand from the field. The government is also responsible for all issues related to damage claims handling and the strengthening of buildings. NAM remains responsible for operating the field and paying all earthquake-related costs.

It was also agreed that NAM will contribute around $560 million to a fund to strengthen the economy and improve the quality of life of people in the Groningen region.

EXTERNAL VOICE
The Klim-op school is in the Groningen area affected by earthquakes.

“In our case, making the school earthquake-proof and improving quality of life, were done simultaneously by NAM. There were a few cracks in the walls of our Klim-op elementary school in Middelstum, a small village in Groningen. With this occurrence and the fact that other buildings nearby were in danger of collapse, the 75 children and their parents no longer felt safe in the school. Obviously, we took this feeling seriously. The school, local government and the NAM agreed a new building was the only way to restore trust. With the new building, the parents and children feel safe again and the teachers have a state-of-the-art school that is powered by renewables. Also, NAM could use our school as a test case. And they should, because I manage eight other schools that have been affected by earthquakes. For us, Klim-op is a good starting point.”

Roelof van den Berg
Director of 33 elementary schools in Groningen
SOCIAL PARTNERS
Our partners help us respond to a range of community or human rights topics and address specific priorities such as boosting local employment and improving access to energy.

We work with local and global organisations, including the Danish Institute of Human Rights, humanitarian organisations such as Mercy Corps and non-governmental organisations such as Pact, which help us understand and address the needs of the communities where we operate. With some of them, like the Clean Cooking Alliance, we build long-standing relationships that can adapt to changing priorities and benefit both sides.

IMPROVING LIVING STANDARDS
Our work with Pact in Myanmar aims to increase access to cleaner and reliable energy, establish local governance systems and implement savings and livelihood programmes. These efforts have helped to improve the living standards of around 35,000 people in the central dry zone and Thanintharyi Region. By September 2018, more than 8,000 households had purchased solar systems for their homes and community areas, giving around 20,000 people access to renewable energy.

Pact set up three funds with a total starting capital of around $310,000 that communities can use to help meet local development needs such as health emergencies, public infrastructure and education. Around 2,100 women in Myanmar have benefited from Pact’s micro-banking programme WORTH, which brings women and older girls together in small groups to save money, access credit and start small businesses. Around 85 WORTH savings groups have been set up so far and they manage in total about $138,000 in funds, which the women can use to finance their own businesses.

CLEAN COOKING
With our partners from the Clean Cooking Alliance, we co-funded the launch of a campaign to educate rural populations in India about the health benefits of cleaner cooking solutions. The campaign, which focuses on Gujarat and Uttar Pradesh provinces, employs innovative communication channels and technologies, and aims to reach up to 70,000 people.

In China, Shell and the Clean Cooking Alliance have worked together to implement a market-based clean cooking programme in Liaoning, Henan, Hebei, Hubei, Sichuan, Chongqing and Gansu provinces. A new programme in Zhejiang province aims to help small businesses and households make the switch to cleaner and more efficient cookstoves and fuels.

We continue to fund the Alliance’s advisory and financial support to clean cooking enterprises around the world to unlock the commercial opportunities of this market for social entrepreneurs, whose start-up businesses focus on solving social, cultural, or environmental problems.

BUSINESS MENTORING
In 2018, we worked with Mercy Corps to launch the Shell MicroMentor platform, which facilitates business mentoring for entrepreneurs in Brazil, Italy, Nigeria, Pakistan, South Africa, the UK and Trinidad and Tobago. We aim to develop local business skills in the communities where we operate through volunteer support from Shell employees. Through the collaboration, around 20 entrepreneurs were supported with accounting, finance, management and human resource training.

BETTER ACCESS TO JOBS AND TRAINING
In Tanzania and Kenya, we support a programme called Employment and Skills for Eastern Africa (or E4D/SOGA) in partnership 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 through supplier development, vocational skills development, matching and career guidance, and upskilling training institutions and qualifications.

By the end of 2018, 12,887 people participated in E4D/SOGA-supported training courses, of whom 40% were women. So far, 2,719 people found employment and a further 3,658 have increased their income by an average of 48.3%. In addition, 314 small- and medium-sized enterprises and 6,899 small-scale farmers were supported through E4D/SOGA’s enterprise development measures.

EXTERNAL VOICE
Shell is working with the Clean Cooking Alliance to achieve universal access to clean cooking solutions by 2030, in line with the UN Sustainable Development Goals.

“We are working with partners to build an industry that makes clean cooking accessible to families around the world. Shell is one of our founding partners and has supported important Alliance initiatives to strengthen clean cooking markets in China, Ghana, India, Kenya and Nigeria. Shell has also supported the development of a new international laboratory standard for cookstove testing, a critical benchmark for countries looking to implement clean cooking policies. Through this partnership, we are supporting businesses to grow, attract private sector investment and reach women and their families everywhere with affordable, high-quality and appropriate clean cooking products.”

Dymphna van der Lans
CEO, Clean Cooking Alliance
HUMAN RIGHTS
We consult with international organisations, companies and civil society to understand and respond to current and emerging human rights issues relevant to our business. We have collaborated closely with the Danish Institute for Human Rights since 1999 to assess and improve our approach. In 2018, the institute provided insight into emerging human rights issues and advice on employee communications material, along with critical thinking and constructive challenge in discussions at our annual human rights meeting.

ENVIRONMENTAL PARTNERS
Shell works with environmental organisations to understand how to protect areas that are rich in biodiversity and contribute to the well-being of communities where we operate.

These organisations bring specialist expertise to our projects, while at the same time advancing their own knowledge by working with us. Together, we share our scientific and conservation knowledge with industry and environmental stakeholders.

Since 1999, we have worked with the International Union for Conservation of Nature (IUCN) on biodiversity policy and projects, including in Nigeria, Russia and Iraq. IUCN has also facilitated two independent scientific and technical advisory panels to help us mitigate environmental impacts.

NIGER DELTA
In 2018, the IUCN published the report IUCN Niger Delta Panel: Stories of Influence. The report documents the achievements of the independent panel, which was set up at the request of Shell Petroleum Development Company of Nigeria Limited (SPDC) to enhance remediation techniques and protect biodiversity at sites affected by oil spills in its areas of operation in the Niger Delta. IUCN also published a panel report, Developing a biodiversity conservation strategy for the Niger Delta: Integrating biodiversity considerations into SPDC’s operation, in 2018. While the panel’s formal work ended in 2016, their recommendations continue to inform the current work of SPDC.

SPDC and IUCN have continued to collaborate and in 2018, the Niger Delta Biodiversity Technical Advisory Group was formed, consisting of representatives from the Nigerian Conservation Foundation, IUCN and Wetlands International, to assess the efficacy of SPDC’s revised remediation standard and to monitor biodiversity recovery at remediated sites.

BRUNEI
Together with Wetlands International, Brunei Shell Petroleum Sendirian Berhad, a joint venture (Shell interest 50%) with the Brunei government, delivered a project in Brunei in May 2018 to restore local habitats and prevent erosion. In the peat swamp forest of Jalan Badas, an area of around 300 square kilometres, we constructed peat blocks at intervals along a seven-kilometre canal and planted vegetation to prevent erosion. The aim is to raise the water table to protect the peat from decomposing, and as a result, conserve the habitat for a diversity of species. We continue to monitor the restoration and the water table in the area.

OMAN
Shell Development Oman worked with Wetlands International to support the first full spring bird migration count of the Wetlands Reserve in Al Wusta Governorate, which includes the Barr Al Hikman peninsula. The survey was carried out in partnership with the Ministry of Environment and Climate Affairs. Results showed that more than 300,000 birds of about 80 different species made the intertidal wetland on the coast of Oman their home for resting and feeding during their annual migration.

The spring migration bird count at the Wetlands Reserve in Oman.

ENGAGING EMPLOYEES
We continue to partner with Earthwatch through Project Better World, an employee volunteer scheme that enables Shell employees to make a meaningful contribution to global science and conservation. The programme, which gives employees a more strategic and informed understanding of sustainability, celebrated its 20th anniversary in 2018.

In 2018, 84 Shell employees from 20 countries took part in Earthwatch expeditions to South Africa, Canada, the UK and the USA, which included a learning programme to hone their sustainability leadership skills. Over the past 20 years, more than 1,000 programme participants have contributed more than 53,000 work hours to environmental research.

Through the Earth Skills Network programme, Earthwatch continues to help Shell employees build leadership skills by enabling them to take on a mentoring role in IUCN or UNESCO protected areas. We supported an additional six protected areas in 2018, bringing the total to 57 since 2009. In 2018, we included Batiyura National Park, our first park in Nigeria.

Read more about our partnership with Earthwatch at www.shell.com/earthwatch.

NATURE-BASED SOLUTIONS
We work with The Nature Conservancy to better understand how investing in natural climate solutions can help address the global climate challenge. This includes exploring how nature-based projects, such as large-scale reforestation, can reduce CO2 levels in the atmosphere while improving the livelihoods of local communities and preserving biodiversity and wildlife (see Nature-based solutions).
SUPPLY CHAIN
Shell aims to work with contractors and suppliers that behave in an economically, environmentally and socially-responsible manner.

Our approach to suppliers and contractors is clearly set out in our Shell General Business Principles and Shell Supplier Principles. These principles cover requirements such as business integrity, health and safety, and human rights. Working with suppliers and contractors in this way is central to maintaining a strong societal licence to operate.

In 2018, Shell spent $42.7 billion on goods and services from around 32,000 suppliers globally.

Our suppliers and contractors are critical to our ability to run our business. They are involved in almost every step of our operations – and are often key to achieving successful outcomes and having a positive impact on the community.

Ensuring we have robust and healthy supply chains is essential to our financial strength and resilience. Our supply chains also represent important commercial and employment opportunities for the countries and communities in which we operate. At the same time, suppliers and contractors have a key contribution to make to Shell’s response to the energy transition. Their skills and innovation are part of what can make it possible for us to adapt for a lower-carbon future.

We strive to simplify and clarify what we expect from our suppliers and contractors. We work hard to help them comply with our requirements, improve their practices and together raise industry standards.

We closely monitor risks and are clear in our expectations of suppliers when it comes to managing them. We use technology and digital tools to help us monitor compliance and improve our joint and own processes.

Certain areas of our supply chain may pose a higher risk to labour rights due to their location and the nature of the goods and services we procure. We use a defined set of criteria to identify potential supply chain risks and, where we see risk, we ask suppliers and contractors to respond to our due diligence assessments before awarding a contract.

This assessment requires our suppliers and contractors to declare whether they have a process in place to assess and manage social risks with their own suppliers. If gaps are identified, we may work with suppliers and contractors to help them understand how to close these gaps, implement corrective action – which may include on-site audits from Shell – or we may consider terminating the contract.

We have made several external regulatory declarations that describe how we manage human rights risks in our supply chains, including our response to the UK Modern Slavery Act 2015. Shell companies expect contractors and suppliers to obey the national laws and international standards that require them to treat workers fairly, and to provide a safe and healthy work environment. Read more at www.shell.com/humanrights.

In 2018, we joined forces with our industry peers to create a Common Framework for Supplier Labour Rights Assessment. This means that all the industry participants will use one common assessment for all suppliers. The outcomes of the assessments will then be shared with the other initiative participants, who will use this information to take their own procurement decisions.

A major cause of forced labour in global supply chains is the charging of recruitment fees and related costs from migrant workers. In 2018, we reviewed our supplier principles statements and found there was an opportunity to include the explicit prohibition of such fees, sending an unequivocal message about our expectation to suppliers.

Recognising the impact suppliers can have on local communities where we operate, we have also expanded our social performance requirements. The updated supplier principles include the requirements for contractors to respect their neighbours, to manage the social impacts of their activities, to enhance local benefits, and to listen and respond honestly and responsibly to local communities – including responding to community feedback as a means of providing access to remedy.

Good working and living conditions help to bring about a safer and more productive working environment. Our approach to worker welfare means supporting the needs of the individual worker, many of whom are contractors, their relationship with their family and connections with colleagues. We aim to provide a home away from home for people by delivering a standard of accommodation and facilities that supports their quality of life and well-being.
Our Contractor Safety Leadership programme pairs senior executives from 19 of our major contractors with a Shell leader. In 2018, Shell and all 19 signed up to a set of worker welfare principles developed by Building Responsibly, a Business for Social Responsibility collaboration with a group of leading engineering and construction companies promoting the rights and welfare of workers. The principles aim to establish a global baseline in areas such as labour practices, living and working conditions and grievances. We plan to assess the principles against our practices and integrate them into our engagement with contractors.

We are also aiming to work with our contractors in many areas to help transition to a lower-carbon future. We can support the energy transition through the procurement choices we make and by helping to facilitate technology solutions in partnership with others. We work with our logistics suppliers and contractors to improve how we track and measure our Net Carbon Footprint. We also partner with suppliers and contractors to reduce our environmental impact and to help us to change how we do things - reducing waste, for example, from the packaging of our products.

**NON-OPERATED VENTURES**
Shell often works in joint ventures with national and other international energy companies. These organisations bring important skills and experience to a joint venture.

More than half of Shell’s joint ventures are not operated by Shell. We do not have direct control over how these ventures embed sustainability in their operations but seek instead to exert a positive influence on their operations and offer our support. For instance, our Shell joint venture representatives and the Shell-appointed member[s] of the joint venture’s board expect our partners to adopt the Shell commitment and policy on health, safety, security, environment and social performance (HSSE&SP) or one materially equivalent to our own. They are also expected to put in place standards to adequately address HSSE&SP risks.

When these joint ventures implement our control framework, or a similar approach, Shell teams carry out independent audits or participate in the joint venture’s own auditing programmes, which helps to assure the joint venture’s compliance. We also offer to review the effectiveness of the framework’s implementation, overseen by the joint venture’s board of directors.

We periodically evaluate the health, safety, environment and community risks of the joint venture. If the joint venture is falling below expectations, plans will be put in place, in agreement with the other partners, to improve performance.

In 2018, we continued to work with our partners on adoption of our greenhouse gas and energy management processes. For example, we supported Badr Petroleum Company in Egypt (Bapetco, Shell interest 50%) to assess its greenhouse gas emissions to a reasonable level of assurance as well as to identify several solar and gas-saving opportunities.

Petroleum Development Oman (PDO, Shell interest 34%) has just awarded a contract to build a 100 megawatt solar photovoltaic independent power producer project. The plant will provide power for PDO’s own operations and be the first of its kind in Oman.

We also helped build capability within PDO to conduct carbon and energy benchmarking of their assets and collaborated on the implementation of the energy efficiency surveillance software, resulting in annual energy and cost savings to their processes. A deployment of the software has also recently been initiated in Karachaganak Petroleum Operating B.V. (KPO, Shell interest 29.25%).

In 2018, we trained around 875 people on four large-scale oil spill exercises – one of them in Kazakhstan with the Kashagan joint venture (NCOC, Shell interest 16.81%). Read more in Preparing for emergencies.

**DIVESTED VENTURES**
In 2018, we successfully completed our three-year $30 billion divestment programme, a key part of our strategy to strengthen our financial framework and reshape Shell into a world-class investment case. Our efforts to refresh and upgrade our assets will continue. We expect to sell at least $5 billion of assets in 2019 and 2020 to contribute to our ongoing portfolio optimisation programme.

In 2018, completed divestments meant that we exited Downstream in Argentina, Upstream in Ireland, and Integrated Gas in Thailand and New Zealand. We also completed sales of our interest in Canadian Natural Resources Limited, LNG Tiga in Malaysia, the West Qurna 1 field in Iraq, the Draugen and Gjoa fields in Norway and our liquefied petroleum gas marketing business in Hong Kong and Macau.

We also announced sales of our upstream subsidiary in Denmark and the Greater Sunrise fields in Timor Leste.

While we carry out extensive due diligence in each transaction to ensure that buyers have the capabilities to maintain standards in respect of safety, security, the environment and responsibilities to neighbouring communities, we may be held liable for past acts, failures to act or liabilities that are different from those foreseen.