Embedding the Shell Supplier Principles
INTRODUCTION TO SHELL’S SUPPLIER PRINCIPLES IN PRACTICE

At Shell, we aim to provide more and cleaner energy solutions in a responsible way, we also know that we can’t do this alone. If we work with all our contractors and suppliers, we can do more together.

That is why we have the Shell Supplier Principles. These are the commitments we expect suppliers to make when we do business together. We ask that all our suppliers are clear about what is expected of them and understand how to implement the principles in their own businesses.

In this guide you can discover what each of these principles mean in practice, find helpful links, further information and see how some of our suppliers have brought the principles to life.

Behind the words in our principles are our genuine beliefs about what we stand for as a company and how we run our business in a thoughtful and socially responsible way. This is simply ‘doing the right thing’.

We want all our suppliers and contractors to be proud to work for and with Shell to provide more and cleaner energy solutions every day, and to power progress together.

Our principles break down into the following topics:

- Business integrity
- Health, Safety, Security, Environment (HSSE) & Social Performance (SP)
- Labour and human rights

Find out more about each one...

EMBEDDING THE SHELL SUPPLIER PRINCIPLES
Contractors and suppliers comply with all applicable laws and regulations.

Contractors and suppliers should not tolerate, permit or engage in bribery, corruption or unethical practices.

Contractors and suppliers support fair competition.

Conflicts of interest are avoided.

What this means:
We strive to do the right thing, even when it might be difficult. We are a global energy company operating in a challenging world. Our core values are honesty, integrity and respect for people. These are reflected in the Shell General Business Principles, these set out our responsibilities to shareholders, customers, employees, business partners and society. Together with our Code of Conduct, they govern the way we work around the world.

They encourage trust, openness, teamwork and professionalism; that is how we like to conduct business.

Business integrity is of course about compliance with applicable laws, regulations, policies and processes. Leaders at all levels play an essential role by: being uncompromising with respect to safety, ethics and compliance and by making it clear through their actions and expectations that all business plans and activities must be undertaken in a responsible, safe, ethical and compliant manner.
Our General Business Principles and Group Code of Conduct describe what we expect from anyone who works for us and with us, that means: all our employees and contractors, and those at joint ventures we operate.

Even at joint ventures that we do not operate, we expect our suppliers and contractors to apply equivalent principles into their own business and activities as well as the management of their own suppliers, contractors and sub-contractors.

Business integrity goes beyond risk mitigation, it is also about doing the right thing, in some areas doing the right thing is not always obvious or easy. Especially for global companies, with lots of business units and third parties involved it is harder to identify and mitigate Ethics & Compliance (E&C) risks. In the end E&C performance of any company depends on how they comply with relevant policies and procedures and how they do the right thing from an ethical perspective.

In the end, we are all judged by how we act and how we live up to our core values.  

Find out more about:  
[Shell General Business Principles]
Contractors and suppliers have a systematic approach to Health, Safety, Security and Environment (HSSE) and Social Performance (SP) management, designed to ensure compliance with all applicable laws and regulations and to achieve continuous performance improvement.

Contractors and suppliers:
- are committed to protect the environment in compliance with all applicable environmental laws and regulations
- use energy and natural resources efficiently
- continually look for ways to minimise waste, emissions and discharge of their operations, products and services
- respect their neighbours and contribute to the societies in which they operate
- manage the social impacts of their activities carefully and enhance the benefits to local communities
- recognise that regular dialogue and engagement with stakeholders is essential
- in interactions with employees, business partners and local communities, seek to listen and respond to them honestly and responsibly.

What this means:
Safety

Our aim is to achieve no harm to people and no leaks across all our operations, we call this ‘Goal Zero’. Everyone working for and with Shell strives to achieve this goal each day.

To achieve our Goal Zero ambition, we focus on three safety hazards which have the highest risks for our operations: personal safety, process safety and transport safety.

Our safety standards and requirements apply to all aspects of our activities, from designing a facility through to decommissioning a site or platform. They apply to our employees, our contractors and any joint ventures where we have operational accountability. These standards are explained clearly in our Health, Safety, Security, Environmental and Social Performance Control Framework.

Having consistently high safety standards means that there is clarity about what we expect from all our employees and contractors – whether they work in a refinery, on a drilling rig or in an office. We follow a systematic approach to HSSE & SP management, designed to ensure compliance with all applicable laws and regulations. These standards are an expression of what people mean to us; it is a demonstration of our deep care for colleagues, suppliers, contractors, sub-contractors and sub-suppliers.

Safety is one of the core values for Shell and forms a key part of our conversations with contractors. We feel it is important to share, discuss and learn from the safety experiences of others in our industry, through programmes like our Contractor Safety Leadership initiative. Click here to read more about how we improve safety by working together.

Goal Zero is about more than counting the number of days between injuries. It’s about making safety personal, changing behaviours and ensuring everyone goes home safely every day.

We strive to produce and deliver energy responsibly – in a way that respects people, their safety and their environment. Put simply, this means doing no harm.

Find out more about:

Our approach to safety
Environment

We provide products that people need and want to improve their lives – in their homes and businesses, and for transport.

As responsible stewards for these products, we adapt, innovate and play our part in the global shift to provide more and cleaner energy solutions for all in a sustainable future. This means transforming our product mix over time. We are taking action on the greenhouse gas emissions associated with our products. We aim to cut the Net Carbon Footprint of the energy products we sell by around half by 2050, in step with society’s progress to align with the goals of the Paris Agreement.

We seek to work with contractors and suppliers who are environmentally responsible and play their role to help support the energy transition to a lower-carbon future together. We do this 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, reduce our environmental impact and to help us to change how we do things – reducing waste, for example, from the packaging of our products. In our construction of new facilities, we strive to minimise the impact our operations may have on natural environments and on communities that neighbour us.

We apply stringent standards across all our projects, particularly when we operate in critical habitats that are rich in biodiversity and in areas of cultural significance or close to local communities, including indigenous people.

We carry out detailed assessments of the potential environmental, social and health impacts when we plan new projects. Throughout the lifetime of a project, from initial planning to final decommissioning, we manage and reduce impacts on the environment and on local communities’ health, safety and access to fresh water, food or income. With our joint attention on managing and reducing impact, we can make a difference. We expect all our suppliers to do the same.

Find out more about:
- Our approach to the environment
- Our net carbon footprint ambition
Social performance

Our projects and operations can affect our neighbours and communities. We seek to work with contractors and suppliers that contribute to sustainable development and are economically, environmentally and socially responsible. Through this approach we can minimise the adverse impacts of our operations and play a positive role in the communities where we operate and in wider society.

If we are to contribute to the development of local economies by creating jobs, boosting skills, sourcing from local suppliers we need strong relationships with people and deep understanding of their priorities and concerns, we must manage the impact of our supply chain activities.

Sustainability at Shell means providing more and cleaner energy solutions in a responsible way.

Societal considerations are integrated into our supplier principles and the contracting and procurement processes. We set performance expectations, assess and monitor that contractors and suppliers to have a systematic approach to social performance management, which includes policies, risk management procedures, implementation mechanisms and community feedback mechanisms.

Strong relationships with our contractors and suppliers are essential to delivering new projects and managing our operations in the most responsible and ethical way. We strive for continuous improvement in social performance together with our contractors.

Find out more about:
- How we embedded social performance on a major project
- How we engage with communities
Local content
At the outset of a project and in on-going operations we also consider how we can make the best use of local suppliers and locally-produced materials, where possible. We support job creation and buy goods and services from local suppliers that meet our standards and encourage suppliers to optimise local employment and procurement.

We expect contractors to understand the local market and explore opportunities to enhance local employment and procurement. This includes collaboration with other actors for greater impact for example through capability building programmes.

Find out more about:
Our approach to local employment and enterprise
Contractors and suppliers conduct their activities in a manner that respects human rights as set out in the United Nations Universal Declaration of Human Rights and the core conventions of the International Labour Organization (ILO) including ensuring:

- no use of child labour
- no use of forced, prison or compulsory labour
- no payment of recruitment fees by workers
- compliance with all applicable laws and regulations on freedom of association and collective bargaining
- a safe, secure and healthy workplace and not tolerating discrimination, harassment or retaliation
- compliance with all applicable laws and regulations on working hours
- providing wages and benefits that meet or exceed the national legal standards.

What this means:

**Human Rights**
We recognise our responsibility to respect human rights in all aspects of doing business. Human rights are fundamental to Shell’s core values of honesty, integrity and respect for people and critical to maintaining our licence to operate.
Our human rights approach is informed by the United Nations Guiding Principles on Business and Human Rights. Our commitment is embedded into our existing frameworks and processes, applicable to all employees and contractors, such as our Shell General Business Principles, our Code of Conduct, as well as our Health, Safety, Security, Environment and Social Performance (HSSE & SP) Control Framework.

The Shell Supplier Principles also include specific labour and human rights expectations for contractors and suppliers. Our joint venture partners are expected to implement our control framework or an equivalent.

We focus our efforts through four areas where human rights are critical to the way we operate and where we have identified the risks are highest for potential impact on human rights; labour rights, communities, supply chain and security.

The Shell Supplier Principles include expectations for contractors and suppliers concerning human rights, which includes ensuring – among other things – no use of forced, prison or compulsory labour, no payment of recruitment fees by workers, regulations on freedom of association and collective bargaining, a safe, secure and healthy workplace, and the provision of wages and benefits that meet or exceed the national legal standards.

We will develop and strengthen relationships with contractors and suppliers who are committed to the principles set out or to similar standards through their own activities and the management of their own suppliers and sub-contractors.

Contractors and suppliers should provide workers with a dedicated whistle-blowing mechanism where grievances related above topics can be logged confidentially.

Shell is committed to respecting human rights as set out in the Universal Declaration of Human Rights and the International Labour Organization core conventions.

Our approach to implementing our responsibility is informed by the United Nations Guiding Principles on Business and Human Rights.

We expect our contractors and suppliers to obey national laws and international standards. We also expect our contractors and suppliers to conduct their activities in a manner that respects human rights as set out in the United Nations Universal Declaration of Human Rights and the core conventions of the International Labour Organization.

We use a defined set of criteria to identify potential supply chain risks. Where we see risks, 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.
Shell aims to keep staff and facilities safe, while respecting the human rights and security of local communities. We work with communities to understand their priorities and concerns.

We have community feedback mechanisms at all our major facilities. These mechanisms, along with a global helpline operated by an independent provider, enable employees, people in the communities where we operate, contractors and any third party to raise concerns, so they can be resolved. In 2018, we joined forces with our industry peers to create a common framework for supplier labour rights assessment. The initiative is designed to make it easier for suppliers to demonstrate how they respect human rights and care for people; this transparency is intended to improve working conditions in our supply chains.

We also consult with international organisations, companies and civil society to understand and respond to current and emerging human rights issues relevant to our business. These include the global oil and gas industry association for environmental and social issues IPIECA, and the human rights working group of Business for Social Responsibility.

Find out more about:
- Our approach to human rights
- Our external regulatory declarations
- Our global helpline and internal channels
- How we are working with contractors and suppliers across the supply chain
- How we are working together with non-operated ventures
We seek to work with contractors and suppliers who contribute to sustainable development and are economically, environmentally and socially responsible. Our Supplier Principles are in accordance with our Shell General Business Principles and Group Code of Conduct.

We will develop and strengthen relationships with contractors and suppliers who are committed to the principles set out below or to similar standards through their own activities and the management of their own suppliers and sub-contractors.

Contractors and suppliers should provide workers with a dedicated whistle-blowing mechanism where grievances related to the topics below can be logged confidentially.

Find out more about:
- Shell Supplier Principles
- Shell for suppliers
- Shell sustainability report
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