

# Methodology



Shell measured its 2019 socio-economic contributions by using 12 metrics related to employment, supply chain, taxes, social investment, contribution to GDP. The 5 countries are: India, the Netherlands, Nigeria, the United Kingdom and the United States. The assessment is based on 2019 (calendar year) performance data.

The financial and employee data provided has been derived from Shell’s Annual Report, which is based on IFRS accounting standards. The data related to spend with suppliers is on a 100% basis for companies and joint ventures where we are the operator. The social investment data is not part of the economic modelling and is on a 100% basis for companies and in proportion to Shell equity share for joint ventures. The accuracy of the data may be lower than that of data obtained through our financial systems.

Oxford Economics built a bespoke Global Sustainability Model for this assessment specifically. The model has been used to develop the following datapoints: Shell’s contribution to GDP; GDP supported by Shell business activities (%); jobs supported by Shell activities, 1 in every [number of] jobs in the country; for every Shell job, the company supports [number of] jobs elsewhere in the local economy. All other data is from Shell internal sources.

## Clarification of datapoints

<b>Datapoint</b>	<b>Clarification and notes</b>
<p><b>Shell’s contribution to GDP (\$, local currency)</b></p>	<p>Gross Domestic Product (GDP) is the most common number economists and commentators use to measure the size of an economy and the rate it is growing.</p> <p>GDP is the sum of all gross value added created by all companies within an economy in a single calendar year (after minor adjustments for taxes and subsidies). Each company’s contribution to GDP is equal to the sum of compensation of employees and earnings before interest, taxes, depreciation, and amortisation (EBITDA).</p> <p>The total GDP that Shell supports is comprised of the GDP Shell creates through its own operations and the GDP Shell stimulates in other companies through its supply chain purchases and wage payments. Note, employee compensation is an input for GDP contribution and is based on average number of employees for 2019.</p> <p>The GDP Shell supports includes economic activity that occurs within the specified country’s borders only. Economic activity that is stimulated elsewhere in the world is not part of this number.</p>
<p><b>GDP supported by Shell business activities (%)</b></p>	<p>GDP supported by Shell’s own operations, its procurement, and its wage payments in 2019 divided by whole economy GDP in 2019, displayed as a percentage.</p>

<b>Datapoint</b>	<b>Clarification and notes</b>
<b>Taxes paid and collected</b>	<p>This number represents both the taxes Shell pays directly on our own behalf as well as those we collect and pay to governments on behalf of others. It includes taxes as well as other payments to governments. Taxes include corporate income tax, withholding tax, indirect taxes such as VAT or GST collected on the products we sell, duties and employment taxes. Payments to governments include the payment of production entitlements, royalties, bonuses and fees. Indirect taxes on our purchases of goods and services are not included.</p> <p>Shell discloses more information about the corporate income tax we pay in every country in which we operate in our <a href="#">Tax Contribution Report</a>. We also provide more information about other payments to governments <a href="#">on our webpage</a>.</p>
<b>Shell employees</b>	The number of Shell employees as of 31st Dec 2019.
<b>Female Shell employees</b>	<p>Percentage of female Shell employees as of 31st Dec 2019.</p> <p>We provide more information about diversity and inclusion <a href="#">on our webpage</a>.</p>
<b>Jobs supported by Shell business activities, X, one in every Y jobs in country</b>	This includes the total number of Shell employees in-country as of 31st Dec 2019 (direct jobs), the jobs supported by Shell along its value chain (indirect jobs) and an estimate of jobs that are stimulated by Shell employees, and employees in Shell's supply chain, spending their money in the consumer economy (induced jobs). Ratio of all employment in country in 2019.
<b>For every 1 job at Shell, estimated further jobs in local economy</b>	This includes an estimated number of in-country jobs (indirect and induced) for every job at one of Shell's operational sites in-country (direct) in 2019.
<b>Total spent with suppliers to support Shell's global business</b>	Total value of Shell's spends with 3rd party vendors in 2019 including direct spend via corporate credit card.
<b>Suppliers of goods and services to Shell</b>	The number of distinct vendors used by Shell to supply 3rd party goods and services.
<b>Total spent with suppliers to support Shell's country activities</b>	The value of Shell's in country spend with 3rd party vendors in the same country in 2019 including direct spend via corporate credit card.

Datapoint	Clarification and notes
<p><b>Total spent on social investment, of which % is voluntary</b></p>	<p>Shell’s total social investment spend for India and Nigeria includes voluntary social investment and social investment required by government regulations or contractual agreements. The total social investment spend in the Netherlands, the UK and the USA is voluntary social investment.</p>
<p><b>People reached through selected social investment programmes (education, community skills, entrepreneurship, community development)</b></p>	<p>The estimated number of people who participated in or directly benefited from selected Shell in-country social investment programmes which support socio-economic development: education (including Science Technology Engineering Mathematics education, scholarships), community skills, entrepreneurship and community development programmes.</p> <p>As measuring outcomes of social investment programmes is a complex process, the data reported may not always be fully comprehensive. The nature and extent of benefits of our Social Investment programmes vary significantly and are not comparable across programmes or countries.</p>

## Global Sustainability Model

Oxford Economics’ Global Sustainability Model is a bespoke input output model covering 65 countries that account for 94% of global GDP, and a “rest of the world” category. Each country’s economy is split into 36 industries that are defined by the ISIC Revision 4 classification. The model takes advantage of techniques originally developed by the Nobel Prize winning economist Wassily Leontief. These techniques allow to trace supply chain and consumer spending within countries and across their borders. Because money cycles through the economy via multiple levels of supply chain relationships, the model reveals what is commonly called a ‘multiplier effect’ for a given spend impetus.

Input Output tables, partly sourced from the OECD and partly built by Oxford Economics, inform the model by estimating how the world’s major economies and industries interact with each other in a single year.

By inputting Shell’s procurement spending by industry and country, as well as estimates of Shell employees’ spending, the Global Sustainability Model produces estimates of the gross value added contributions to GDP, employment, and tax that are stimulated. Employment estimates are further disaggregated by gender, income band, and age.

### Exchange rate

The following average annual exchange rates for 2019 were used to convert currency values where necessary:

- **India:** 1 USD - Indian Rupee 70.4264
- **The Netherlands:** 1 USD - EUR 0.8933
- **Nigeria:** 1 USD - Nigerian Naira 306.42
- **United Kingdom:** 1 USD - GBP 0.7841