

Shell Information Technology International Limited

Strategic report for the year ended 31 December 2019 (continued)

Key Performance Indicators

Companies of the Shell Group comprise the Upstream businesses of Exploration and Production, Integrated Gas and New Energies, Oil Sands and the Downstream businesses of Oil Products and Chemicals. The Company's key performance indicators, that give an understanding of the development, performance and position of the business, are aligned with those of the Shell Group. The development, performance and position of the various businesses is discussed on pages 45 to 79 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 42 to 44 of the Group Report.

Strategic report - Section 172(1) statement

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company.

This Section 172 Statement, explains how the Directors have acted in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

- the likely consequences of any decision in the long term and the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- employee interests, the need to foster the Company's business relationships with suppliers, customers, and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year.

Ahead of matters being put to the Company Board for consideration, significant levels of engagement are often undertaken by the broader business ahead of many of Shell projects or activities. This engagement is often governed by formulated policies, control frameworks, regulation, legislation and may differ by region. Dependent on the project or activity, Board members may participate in this engagement.

The Company is a member of the Shell Group, an organisation which follows a highly developed and formalised governance and oversight framework, which includes but is not limited to Group policies such as the Shell General Business Principles (which sets out the Shell Group's responsibilities to shareholders, customers, employees, business partners and society) and the Shell Code of Conduct.

The strategic aims of the Company are considered to be derived from those of the Shell Group, which are discussed on pages 20 - 21 of the Royal Dutch Shell plc 2019 Annual Report. The Shell Group internally organises its activities principally along business and function lines but transacts its business through legal entities. This organisation structure is designed to achieve Shell's overall business objectives, whilst respecting the separate legal identity of the individual Shell companies through which it is implemented and the independence of each Board of Directors.

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Principal Decisions

We define Principal decisions taken by the Board as those decisions in 2019, that are of a strategic nature and/or that are significant to any of our key stakeholder groups.

To remain concise, we have categorised our key stakeholders into six groups. Where appropriate, each group is considered to include both current and potential stakeholders.

Key stakeholder groups

- A. Shareholders
- B. Employees/Workforce/Pensioners
- C. Regulators/Governments/NGOs
- D. Communities
- E. Customers
- F. Suppliers /Strategic Partners

Principal Decisions in 2019

Upon review of the Board activity in 2019 we have determined that no principal decisions were taken by the Board during the year under review. All matters considered by the Board were either standing board updates or the approval of administrative matters.

Employee engagement

The principal route by which the Directors of the Company effect engagement with employees of the Company are the processes and practices of the Shell Group.

The Shell Group, of which the Company is a member, transacts its business through legal entities whilst internally organising its activities along business and function lines. This extends to Shell's engagement with its employees, where this is aligned to the businesses and functions of the Shell Group where those employees are engaged.

On a regular basis, Shell Group management engages with employees on a global, country, region, business or function basis through a range of formal and informal channels, including: emails from the Shell Group Chief Executive Officer, Country Chair and Senior Leader communications and blogs, webcasts, townhalls, team meetings, Intranet articles, online publications and social media.

Employee Forums (organised by business and function line) are well established and meet on a quarterly basis. This is an additional mechanism through which management engages with employees on business decisions for provision of information, staff consultation purposes and for employees' views.

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In addition, the annual Shell People Survey, which measures employee engagement, is an opportunity for employees to give their opinion on a series of topics ranging from leadership, business direction, communication, inclusion, and pride in the company. The purpose of the survey is to enable an ongoing, constructive dialogue between management and employees, enabling trends to be identified and areas for focus to deliver business outcomes.


The Shell Group operates a number of share plans designed to align employees' interests with performance through share ownership. These are discussed further within the Royal Dutch Shell plc (RDS) Annual Report.

Human Rights

Respect for human rights is embedded in the Shell Group's Business Principles and Code of Conduct. This approach is informed by the Universal Declaration of Human Rights, the core conventions of the International Labour Organization and the United Nations' Guiding Principles on Business and Human Rights.

The Shell Group works closely with other companies and non-governmental organisations to continuously improve the way it applies these principles, with a focus on four key areas: communities, security, labour rights, and supply chain. The Shell Group has systems and processes in place for managing projects, contracting and procurement, recruitment and employment, security and social performance and requires all Group companies and contractors to respect the human rights of their workforce and neighbouring communities. The Shell Group's Modern Slavery Statement provides more details about the process applied. It can be found at www.shell.com/uk-modern-slavery-act.html.

Approved by the Board on28 September 2020..... and signed on its behalf by:

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H Day
Authorised signatory for
Shell Corporate Secretary Limited
Company secretary