



Walking in step with society

Intercompany Social Sustainability Forum
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John Abbott

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John Abbott was appointed Downstream Director and a member of the Executive Committee of Royal Dutch Shell plc on October 1, 2013. He joined Shell in 1981 after graduating from Birmingham University, UK, with a first-class honours degree in Chemical Engineering.

John has since worked in the UK, Singapore, Thailand, the Netherlands, Canada, and the USA, predominantly in the areas of Global Manufacturing and Supply, Trading and Distribution. In 1994, he was seconded to the British Government on a brief assignment to work in the Central Policy and Planning Unit of what was then the Department of the Environment.

In 2006, John became Vice President Manufacturing Excellence and Support, based in Houston, USA. Two years later, he became Executive Vice President of Shell's Upstream Americas Heavy Oil business, based in Calgary, Canada.

In 2012, John was appointed Executive Vice President of Global Manufacturing and led a team of 30,000 employees and contractors based at around 30 refineries and chemical sites worldwide.

John is a Fellow of the Institution of Chemical Engineers, as well as a chartered engineer and chartered scientist.

A British national, John is married with two adult children and enjoys cycling, astronomy and photography.

Just like individuals, companies have an important role to play in society. In this speech, John Abbott says that companies can give themselves a good template by starting with a purpose which is firmly founded in what the business does and how that activity can help society. If a company and its staff follow such a purpose and keep to strong business principles then the right decisions and the right behaviours, both for the business and for society, can emerge.

Ladies and gentlemen,

Thank you all for being here today. It is a real pleasure for me to be among so many bright young minds, and not just from Shell, but from ABN Amro and Unilever too.

And a pleasure as well, to be able to share with you such a fantastic space, which is so light and beautifully designed, and which is so in tune with what we are talking about today – being based on the concept of the circular economy. I am sure it will bring light into our thinking today on social sustainability, and I am really looking forward to hearing your thoughts and answering your questions.

Because I think all of us here today are very interested in the role we have in society.

Society

We are all part of society. We all have a role.

The companies we work for are part of society too. So all three companies have a role to play, locally, nationally and internationally.

And I think each of us, and each of our companies, wants to be part of a sustainable society.

How can we do this?

I believe that, whether on an individual level or a corporate level, social sustainability is about behaving the right way, a way that is in tune with society's needs.

Shell tries to do this. It doesn't always succeed and, like everybody, we can always improve.

But I am going to tell you a little bit today about how Shell tries to do this. How it sets

up the company to do the right sort of business. How it seeks to do that business in the right way. And how it works to improve lives in the communities in which it operates.

The bottom line

The bottom line is, of course, the bottom line.

Shell, like ABN Amro, like Unilever, is a business that must make money if it is to survive. Shell aims to be a world-class investment case. It needs a strong financial foundation. It can do little good to anybody without that.

So if Shell is to be a socially sustainable business it is essential that the company makes its money by doing the right sort of business: business that is in step with society.

On a corporate level this drive to behave in the right way can be encapsulated within the company purpose. This should be honest about the business, about what the business wants to achieve and about how it can help society.

A company purpose that is honest about its commitment to society has substance, it is something that the business can follow and is a purpose that staff can believe in, get behind and work towards. A good company purpose should help drive the company towards the right sort of business decisions.

Purpose

A third of you, I hope, already know Shell's purpose. For those who do not, it is this: "We power progress together by providing more and cleaner energy solutions."

I will split it in half.

"I believe that, whether on an individual level or a corporate level, social sustainability is about behaving the right way, a way that is in tune with society's needs."

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First: "We power progress together".

By this we mean we look to advance together as members of the company, but also together in collaboration with others. It is not within the power of the business to simply "power progress" – we need each other and we need our partners.

The second half: "By providing more and cleaner energy solutions".

Shell is an oil and gas company, and we produce a lot of oil and gas. And this is a good thing – the world needs energy. There are currently more than 7.5 billion people on the planet and over a billion of them have no access to modern energy, and another billion have access to electricity for only a few hours a day.

The importance of energy can be glimpsed in the 17 UN Sustainability goals that were agreed by 193 nation states. They are designed to deliver a world in 2030 which has addressed poverty, hunger and basic sanitation as well as other crucial areas like education. All that progress needs energy.

The UN expects the world population to be more than 11 billion by the end of the century – 3.5 million more people than today. All those people will also need energy, especially as living standards rise. Total energy demand is going up and will continue to go up.

But it is essential that growing demand is met at the same time as the world tackles greenhouse gas emissions, so it is not just more energy that is needed, but also cleaner energy.

That can mean helping to make vehicles more efficient by working with car manufacturers, or improving fuels and lubricants. It can mean working on new technologies like renewables, hydrogen as a fuel and the next generation of biofuels. It can mean cutting the company's own greenhouse gas emissions. And Shell is doing all of that and more.

The biggest contribution Shell can make right now, by the way, is encouraging and enabling a switch from coal to gas. Around half of Shell's portfolio is now gas, none of

it is coal. Gas emits half the CO₂ and less than a tenth of the particulates of coal when burnt for power.

So, "We power progress together by providing more and cleaner energy solutions."

It is a purpose that is built upon what the company truly is and on what it can do to make society better. It helps drive the business in a way that is socially sustainable.

Principles

But this is not enough on its own. You also need to do business the right way. I promised I would explain a little about how Shell seeks to do that. It is captured in the Shell business principles: honesty, integrity and respect for people.

All Shell employees and contractors, and those at joint ventures we operate, are expected to understand and always to behave in line with our business principles. We expect suppliers, and joint ventures that we do not operate, to apply equivalent principles.

How we live up to those principles is the key test and, as I said at the start, Shell isn't perfect. Sometimes we stumble. But when we do, we have to get up and keep trying.

As part of these principles, we aim to contribute to sustainable development, balancing short and long-term interests. We seek to integrate economic, environmental and social considerations into our decision-making.

If we live up to them, these values promote trust, teamwork and professionalism, as well as pride in what we do.

These principles are not just good for society, they are good for the business.

Having respect for people, for example, means a diverse and inclusive workforce. A recent study by the Corporate Executive Board Company concluded that a diverse and inclusive workforce resulted in 12% higher productivity and a 19% boost in employee retention. At Shell, we know that

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diverse teams headed by inclusive leaders are more engaged. The company also has hard evidence that the more engaged our workforce is, the fewer safety incidents we encounter.

Let me tell you about Kim Baker, who works at a Shell retail site in the UK.

Kim joined Shell five years ago after having been unemployed for a long time. He wanted to work but other companies simply did not want to employ him: they could not see beyond his tattoos and his piercing.

Shell hired him to work at a retail station and he has been brilliant. The customers love him and he now manages a team. One particular day, he really proved his worth.

That day Kim looked up and saw a car had stopped on the road near his site. It was on fire. But what shocked Kim most was that the driver was trying to get back inside his car.

Kim ran over and persuaded the driver to come away to the safety of the forecourt. But still the driver wanted to get back to his car. He explained to Kim that he wanted to recover his satnav device.

Kim made a deal with the man. He gave him his own satnav device to keep as long as the driver agreed to stay safe. The driver agreed.

I am proud of the fact that Shell behaved in line with its values the day it hired Kim. And I am delighted it has worked out so well: for Kim, for Shell, for our customers and, of course, that driver.

Communities

I have now told you a bit about how Shell sets itself up to do the right sort of business and how it seeks to do business in the right way. I also said I would mention how Shell works to improve lives in the communities in which it operates – much as this ABN Amro building will improve the lives of the people who live and work around it.

Shell is highly engaged in the communities in which it operates, managing both positive

and negative impacts. The company partners with universities, schools and governments to help people understand the importance of a career in the STEM subjects of science, technology, engineering and mathematics, the opportunities that come with it and the fun that can be had.

It runs the Shell Eco Marathon, a competition for students to design highly energy-efficient vehicles. Alongside, it runs the "Make the Future" festival of innovation and ideas to help the young understand the energy system, with events in the Americas, Europe and Asia.

It has programmes such as LiveWIRE, which offers mentoring and support to young entrepreneurs from all over the world. Last year almost 8,000 people took part and over 350 businesses were established.

And Shell is involved with helping to provide access to energy. I mentioned that over a billion people in the world have no access to energy. As just one small example, Shell became aware of the energy needs of a community near to the Malampaya deep water project. This is one of the largest industrial undertakings in Philippine history, providing around 20% of the country's energy needs.

The Batak people, one of the oldest indigenous tribes in the Philippines, had no electricity at all and instead burnt wood sap to get what light they could at night. Shell's Access to Energy initiative installed a hybrid power system using solar panels and a nearby river for hydro energy, with backup from a generator. Now, when it gets dark, the children can still study and the adults can choose to work and earn more money to improve their lives.

Some of you may have noticed that this progress was achieved through more energy, and energy that was cleaner than what they had before: more and cleaner energy.

Which brings me back to where I started which, in a building based on the circular economy, seems somehow appropriate. And, being back at the beginning, it feels right to remind you of a few of my opening words.

Because I have talked to you about how Shell seeks to do the right sort of business, in the right way and in partnership with the communities it operates within. I have spoken to you about the importance of behaving in the right way. And I have mentioned how the scale of the businesses we have chosen to work for, mean they have the potential to play a role locally, nationally... and internationally.

And so do you.

Decisions

Businesses can achieve many great things for society. But the decisions they make and the way they behave comes down to individuals like you: the decisions you make and how you behave. Nobody always makes the right decisions, no company always takes the right course. But by trying to do so, we can achieve a lot.

I have just told you about Malampaya. That was the result of a small number of Shell employees identifying the chance to make a difference and behaving the right way.

I mentioned some of the things Shell is doing to work towards a lower-emissions world. Each of these needs staff doing the right things.

And I have told you about Kim. He was employed because a hiring manager at Shell behaved the right way. He saw past Kim's tattoos.

Working for Shell, ABN Amro, Unilever – these are companies that give you the opportunity to make an impact.

I hope, when I look back on my career, I can say to myself that I took my chance. I wish the same for all of you.

Thank you.

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