Statement under the UK Modern Slavery Act for financial year 2018

This statement is published by Royal Dutch Shell plc and its relevant subsidiaries in compliance with the UK Modern Slavery Act.

Introduction

Shell is committed to respecting human rights as set out in the Universal Declaration of Human Rights and the International Labour Organization core conventions. We support the elimination of all forms of modern slavery. This is Shell’s third published UK Modern Slavery Act Statement setting out the steps we have taken against modern slavery in our business and supply chains.

Our Business and Supply Chains

Shell is a global group of energy and petrochemical companies. Our operations are divided into our businesses: Upstream, Integrated Gas and New Energies, Downstream and Projects & Technology. Each of these businesses have supply chains that provide labour, goods, and services.

We operate in over 70 countries and we directly employ some 86,000 people.

Our Upstream organisation manages the exploration for and extraction of crude oil, natural gas and natural gas liquids. It also markets and transports oil and gas and operates the infrastructure necessary to deliver them to market.

Our Integrated Gas organisation manages our liquefied natural gas (LNG) activities and the production of gas-to-liquids (GTL) fuels and other products. It includes natural gas exploration and extraction, and the operation of the upstream and midstream infrastructure necessary to deliver gas to market. It markets and trades natural gas, LNG, crude oil, electricity, carbon-emission rights and also markets and sells LNG as a fuel for heavy-duty vehicles and marine vessels.

In New Energies, we are exploring emerging opportunities and investing in those where we believe sufficient commercial value is available. We focus on new fuels for transport, such as advanced biofuels, hydrogen and charging for battery-electric vehicles. We also focus on power from low-carbon sources such as wind and solar as well as natural gas.

Our Downstream organisation manages different Oil Products and Chemicals activities as part of an integrated value chain that trades and refines crude oil and other feedstocks into a range of products which are moved and marketed around the world for domestic, industrial and transport use. The products we sell include gasoline, diesel, heating oil, aviation fuel, marine fuel, biofuel, lubricants, bitumen and sulphur. In addition, we produce and sell petrochemicals worldwide.

Our Projects & Technology organisation manages the delivery of our major projects and drives research and innovation to develop new technology solutions. It provides technical services and technology capability for our Integrated Gas, Upstream and Downstream activities. It is also responsible for providing...
functional leadership across Shell in the areas of safety and environment, contracting and procurement, wells activities and greenhouse gas management.

Shell’s procurement team numbers some 2,400 people, and in 2018 we spent USD42.7bln on goods and services from over 32,000 contractors and suppliers. Our focus, for the purpose of this declaration, is on our direct suppliers.

We aim to develop and strengthen relationships with contractors and suppliers who are committed to our Shell Supplier Principles or to equivalent standards through their own activities and the management of their own suppliers and sub-contractors. Each of Shell’s contractors and suppliers has its own supply chain and we recognise that each level in the supply chain is responsible for ensuring compliance with all applicable laws and regulations and for respecting human rights.

Our values and policies

We recognise our responsibility to respect human rights and our approach applies to all of our employees. We expect our contractors and suppliers to do the same. Our values and policies are informed by the Universal Declaration of Human Rights and the core conventions of the International Labour Organization which covers: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour, and the elimination of discrimination in respect of employment and occupation.

Our approach aligns with the United Nations Guiding Principles on Business and Human Rights. We have embedded human rights into our policies, business systems and processes. We believe this integrated approach allows us to efficiently and effectively manage human rights within our existing ways of working. We focus on four areas where respect for human rights is particularly critical to the way we operate: labour rights, communities, supply chains and security. Our Community Feedback Mechanism and Global Helpline enable us to meet our commitment to provide access to remedy.

Our Supplier Principles provide clear expectations for all our suppliers in the areas of: business integrity, health, safety, security, environment, labour conditions and human rights, and social performance.

Contractors and suppliers are expected to conduct their activities in a manner that respects human rights as set out in the UN Universal Declaration of Human Rights and the core conventions of the International Labour Organization (ILO).

Contractors and suppliers:

- should not use child labour
- should not use forced, prison or compulsory labour
- comply with all applicable laws and regulations on freedom of association and collective bargaining
- should not tolerate discrimination, harassment or retaliation and should provide a safe, secure and healthy workplace
- should provide wages and benefits that meet or exceed the national legal standards and should comply with all applicable laws and regulations on working hours

All Shell companies and Shell operated joint ventures must comply with local legislation and regulations and must conduct their activities in line with the Shell General Business Principles and our core values of honesty, integrity and respect for people. We also encourage joint ventures we do not operate to apply materially equivalent business principles.

Due Diligence

We recognise, as outlined in the United Nations Guiding Principles on Business and Human Rights, the role of due diligence in supporting how we bring our commitments to life.

In Shell contracts, suppliers agree to provide and maintain safe and healthy working conditions for all supplier personnel.
In conjunction with the Shell Supplier Principles, Shell companies have a Supplier Qualification System (SQS). Suppliers accept registration in SQS and, as a part of registration, are required to certify that they follow the Shell Supplier Principles or similar standards and their company complies with all applicable laws and regulations of the country or countries in which they do business. Under the standard procurement terms generally used by Shell, contractors and suppliers agree to adhere to the Shell General Business Principles and the Shell Supplier Principles.

Contractors and suppliers identified as being at higher risk for labour rights issues are engaged to undertake a detailed assessment in SQS, developed in consultation with the Danish Institute of Human Rights, of their management system, prior to the award of a contract. This assessment includes requiring suppliers to declare whether they have in place a process to assess and manage social risks with their own suppliers. The results of these supplier assessments are summarised in a green/amber/red rating depending on the number and significance of any gaps between our requirements and the supplier’s policies or performance. We engage with each supplier that has material gaps to ensure they have a correction plan. The most common gaps found during our supplier assessments, which typically relate to policy rather than performance gaps, are:

- freely chosen employment
- child labour avoidance
- working hours, wages and benefits
- dormitory, housing and working conditions
- humane treatment, equal opportunities and freedom of association
- supply chain and performance management.

The assessments follow our risk-based approach and are dependent on the level of project activity and the number of new contracts awarded throughout the year.

For certain contracted services in higher risk locations, we have a contractual obligation requiring contractors to develop a worker welfare plan that includes, among others, ethical recruitment practices and no use of forced labour. In addition, we have detailed guidance for our own project management teams that support the design of worker camps. The guidance establishes minimum global standards with emphasis on the elements of worker welfare and respect for people. We aim to provide a home away from home for people by delivering a standard of accommodation and facilities that improves their quality of life and well-being, and as a result promotes safe and productive work.

On an annual basis, we collect performance data against internal mandatory requirements such as the Shell General Business Principles and our Code of Conduct. Senior Shell representatives are required to confirm such performance data where Shell is the operator or has a controlling interest. We report annually through our Sustainability Report the percentage of countries in which we operate where we have procedures in place to prevent child labour and forced labour, and for 2018 we reported 100 %.

We have a Global Helpline in place for all employees and contract staff in Shell and for third parties with whom Shell has a business relationship (such as customers, suppliers, agents) to raise concerns and report instances of potential non-compliance with our values and principles, in full confidence and without fear of retaliation. This is further emphasized in our Supplier Principles that specifies that contractors and suppliers should provide workers with a dedicated whistle-blowing mechanism where grievances can be logged confidentially. Respect for human rights and provision of remedy for potential non-compliance are ways in which we uphold the Shell General Business Principles and Supplier Principles. Shell has specialists who investigate concerns or allegations about a breach of our Code of Conduct. If a violation is confirmed, we take appropriate action up to and including contract termination or dismissal. We maintain a stringent no retaliation policy to protect any person making a good faith allegation.

Risk Assessment

Certain areas of our supply chain may pose a higher labour rights risk due to their location and the nature of the goods and services procured. Our risk assessment is a combination of both country and category risk. Country risk is derived from external indices provided by Verisk Maplecroft that indicate the potential for modern slavery risks to people in a given country. Category risk has been determined by an expert analysis of typical contract work-scopes, identifying those such as
construction or maintenance services where there may be higher risks of unethical labour practices in the recruitment of migrant workers and in our supply chains for branded merchandise.

In those areas of our supply chain which 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 to undertake due diligence assessments prior to the award of a contract. We require our suppliers to declare whether they have a process in place to assess and manage modern slavery 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.

**Effectiveness and performance management**

Through our supplier qualification process, contractors or suppliers may be subject to onsite audits, which may be announced or unannounced, and which may be performed by either Shell personnel or third-party auditors.

Allegations of practices running contrary to our Supplier Principles that are raised to us will be investigated and may result in suppliers being required to develop corrective action plans backed up by onsite audits. In addition, contracts may be terminated with immediate effect if suppliers breach Business Principles.

In 2018 we conducted a review of our Shell Supplier Principles. The review included labour and human rights with the goal of strengthening our commitment, and expectations of our suppliers to manage modern slavery risks and impacts on communities. The Supplier Principles will be updated in 2019 to include the outcome of this review.

We joined forces with our industry peers in 2018 to create a common framework for supplier labour rights assessments. Results of assessments conducted against this framework will be shared with the participating companies through an independent third party. The desired outcome is to make it easier and more efficient for suppliers to demonstrate how they respect human rights and care for their people. The sharing mechanism across the participating parties aims to support the improvement of working conditions in our companies’ respective supply chains. This was announced at the UN Global Compact meeting in New York on September 24, 2018 and we continue to invite all companies in the energy industry to join the initiative, including promoting the initiative through our membership of IPIECA, the global oil and gas industry association for environmental and social issues.

**Training**

All Shell staff undertake regular refresher training on our Code of Conduct and associated Ethics and Compliance policies. Training participation is documented, repetition cycles are clearly defined and follow-up is automated. Also both the Code of Conduct and Shell General Business Principles are available on our website in a number of languages.

As described above, attention to modern slavery and related human rights issues are an integral part of our contracting and procurement process. There is training provided for contract personnel to gain visibility on up to date accurate supplier information. Following the completion of human rights assessments on their suppliers, our staff who manage contracts with a higher labour rights risk are given individual coaching and support on how to manage supplier corrective action plans.

In 2018 we updated our global procurement process by clarifying and simplifying our guidance on when and how to undertake human rights assessments of suppliers and we have a rolling programme of training on the updated process for Shell staff.

There is an e-learning tool on human rights which is available to all employees and contractors. It includes a specific supply chain case study.
Working with Others

We acknowledge and welcome the Building Responsibly Worker Welfare Principles. As part of our ongoing safety leadership journey in 2018 we invited 19 of our key contracting partners, representing a direct workforce of over 500,000 people, to similarly acknowledge the principles as a commitment to strengthening care for people in our major projects.

We are a member of the Business for Social Responsibility (BSR) human rights working group which provides an opportunity for a cross sector group of companies to openly share best practices, challenges, questions, and experiences implementing the Guiding Principles on Business and Human Rights across a diverse range of operational environments.

We continue to work closely with Danish Institute for Human Rights to provide advice and challenge to our approach on human rights across Shell, including in our supply chains.

We use our memberships of bodies including IPIECA, the IOE (International Organisation of Employers), The Conference Board, and our attendance and participation at the UN Annual Forum on Business and Human Rights, to test our approach, learn from others and contribute to the development of good practice development that may be used both in our own business and with our suppliers.

For more information, please visit our webpages:

Shell General Business Principles
Shell Code of Conduct
Shell Supplier Principles
The Shell Sustainability Report
Human rights in Shell
The Shell Global Helpline

Ben van Beurden Chief Executive Officer
For and on behalf of Royal Dutch Shell plc
Date: 22/05/2019

This statement has been approved by the Board of Royal Dutch Shell plc and of each of its relevant subsidiaries, as listed in Annex 1, in compliance with the UK Modern Slavery Act. It was approved by the Board of Royal Dutch Shell plc on 22/05/2019

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The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this Statement “Shell”, “Shell Group” and “Royal Dutch Shell” are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to Royal Dutch Shell plc and its subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. “Subsidiaries”, “Shell subsidiaries” and “Shell companies” as used in this Statement refer to entities over which Royal Dutch Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as “joint ventures” and “joint operations”, respectively. Entities over which Shell has significant influence but neither control nor joint control are referred to as “associates”. The term “Shell interest” is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in an entity or unincorporated joint arrangement, after exclusion of all third-party interest.

For the full cautionary note, please visit: Cautionary Note
Annex 1

BG Delta Limited
BG Energy Trading Limited
BG Gas Marketing Limited
BG Global Energy Limited
BG International Limited
BG Karachaganak Limited
BG Norge Limited
BG South Asia LNG Limited
Brazil Shipping I Limited
Enterprise Oil Limited
Methane Services Limited
Private Oil Holdings Oman Limited
Sabah Shell Petroleum Company Limited
Shell Aircraft Limited
Shell Catalysts & Technologies Limited
Shell Chemicals U.K. Limited
Shell China Exploration and Production Company Limited
Shell Energy Europe Limited
Shell EP Offshore Ventures Limited
Shell Hasdrubal Limited
Shell Information Technology International Limited
Shell International Limited
Shell International Petroleum Company Limited
Shell International Trading and Shipping Company Limited
Shell Pension Reserve Company (UK) Limited
Shell Research Limited
Shell Shared Service Centre – Glasgow Limited
Shell Trading International Limited
Shell Trinidad and Tobago Limited
Shell Tunisia Upstream Limited
Shell U.K. Limited
The Shell Company of Thailand Limited
The Shell Company of Turkey Limited