



## Statement under the UK Modern Slavery Act for financial year ending 31 December 2019

This statement is published by Royal Dutch Shell plc and its relevant subsidiaries<sup>i</sup> in compliance with the UK Modern Slavery Act 2015.

### Introduction

Shell is opposed to all forms of modern slavery. Such exploitation is against Shell's commitment to respect human rights as set out in the Universal Declaration of Human Rights and the International Labour Organization core conventions. This is Shell's fourth 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 that aims to meet the world's growing need for more and cleaner energy solutions in ways that are economically, environmentally and socially responsible. Our operations are divided into: Upstream, Integrated Gas and New Energies, Downstream and Projects & Technology. Each of these organisations have supply chains that provide labour, goods, and services. We operate in more than 70 countries and employ around 83,000 staff.

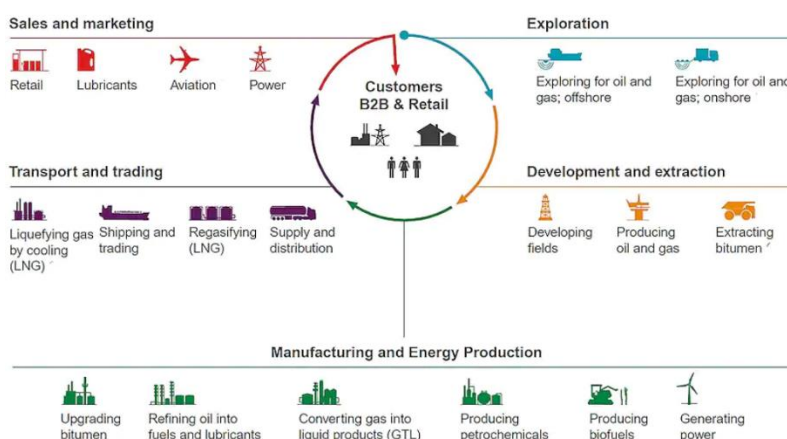
Our Upstream organisation manages the exploration for and extraction of crude oil, natural gas and natural gas liquids. It also markets and transports oil and gas and operates the infrastructure necessary to deliver them to market.

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

Our Downstream organisation manages different Oil Products and Chemicals activities and 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, asset support 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.



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Shell's procurement team comprises some 2,400 people, and in 2019 we spent USD44.3bln on goods and services from over 30,000 contractors and suppliers globally. This statement predominantly describes how our procurement team approaches modern slavery risk in the supply of goods and services as we believe this to be an area that poses higher labour rights risk, and our focus, for the purpose of this statement, is on our direct suppliers.

Our procurement team aims to develop and strengthen relationships with contractors and suppliers who are committed to the [Shell Supplier Principles](#) or to equivalent standards through their own activities and the management of their own suppliers and subcontractors. 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 in all aspects of doing business and have embedded human rights in the Shell General Business Principles, Shell Code of Conduct, and the Shell Supplier Principles.

Our approach is informed by the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights and the core conventions of the International Labour Organization (ILO), 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.

We believe that an integrated approach to human rights, by embedding it into our policies, business systems and processes, allows us to efficiently and effectively manage human rights within our existing ways of working. Our approach applies to all our employees and contractors. 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. We have community feedback mechanisms at all our major facilities. These mechanisms, along with our Shell 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, enabling us to meet our commitment to provide access to remedy.

Our 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 ILO. In 2019 we updated the Shell Supplier Principles to further clarify the expectations we have from our suppliers and contractors on labour and human rights, including (but not limited to):

- 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.

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. Joint ventures that we do not operate are encouraged to apply materially equivalent business principles in their operations.

### 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. Supply chain country risk is derived from external indices provided by Verisk Maplecroft that indicate the potential for modern

slavery risks. Supply chain category risk has been determined by analysis of typical contract work-scopes, identifying those such as branded merchandise and construction or maintenance services where there may be higher risks of unethical labour practices in the recruitment of migrant workers. We review our approach to improving our labour rights risk assessment in our supply chains.

We also review our approach to improving our labour rights risk assessment in our businesses. Following our assessment activities in 2019, we have started work to identify where labour rights controls or mitigations may be needed in our trading activities and our New Energies organisation.

Our risk assessments are one of the tools we use to implement or improve risk-based controls if we identify any areas for improvement.

### **Due diligence**

We recognize the role of due diligence in bringing our commitments to life.

Contractors and suppliers deemed to be at higher risk for labour rights issues are engaged to undertake a detailed assessment of their management system prior to the award of a contract. This assessment includes a declaration of their own process to assess and manage labour rights risks with their own suppliers. The results of these supplier assessments are summarised in a rating depending on the number and significance of any gaps between our requirements and the supplier's policies or performance. Where gaps are found, we may work with suppliers and contractors to help them implement corrective action. We may carry out on-site audits or we may also consider potentially terminating the contract if serious or persistent shortcomings are found. The most common shortcomings found during our supplier assessments typically relate to policy rather than performance gaps in the following areas:

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

The number of suppliers assessed is dependent on the level of project activity and the number of new contracts awarded throughout the year.

In conjunction with the Shell Supplier Principles, Shell companies use a service to undertake risk-based labour rights due diligence of suppliers. For the first part of 2019 this was the Supplier Qualification System (SQS), and later in the year we in-sourced this process, using a joint industry supplier capability assessment delivered in collaboration with other operators (see the Collaboration With Others section).

In our model procurement contracts, contractors and suppliers agree to adhere to the Shell General Business Principles and the Shell Supplier Principles. Suppliers are required to comply with all applicable laws and regulations of the country or countries in which they do business and agree to provide and maintain safe and healthy working conditions for all supplier personnel.

### **Effectiveness and performance management**

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

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

For certain contracted services in higher risk locations, we include 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 continuously aim to deliver 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 2019 we reported 100 %.

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.

In 2019, we undertook a review of our human rights approach. We are in the process of reviewing the recommendations from this review and implementing actions, with the aim of continuously improving our approach.

We also worked in 2019 to develop a new chapter on worker welfare for our management system, what we call our current HSSE&SP Control Framework, that we expect to begin using in 2020. This new control will require an assessment of worker welfare risk and, where necessary, the creation of a worker welfare plan for the site and require that contractors and suppliers also make a worker welfare plan for their staff. We expect the content of worker welfare plans to cover the areas addressed by the [Building Responsibly Worker Welfare Principles](#).

### 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. 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 assessments on their suppliers, our staff who manage contracts with a higher labour rights risk may be given individual coaching and support on how to manage supplier corrective action plans.

In 2019 we continued to deliver a rolling programme of training for Shell staff on our global procurement process, including guidance on when and how to undertake assessments of suppliers. There is also an e-learning tool on human rights which is available to all employees and contractors that includes a specific supply chain case study.

### Collaboration with others

We acknowledge and welcome the [Building Responsibly Worker Welfare Principles](#), <https://www.building-responsibly.org/worker-welfare-principles/> and in 2019 supported the further development of the Building Responsibly coalition by providing input to the guidance notes published to support bringing the Principles to life. As part of our ongoing safety leadership journey we have continued to engage 19 of our key contracting partners, representing a workforce of over 500,000 people, to share good practice in the implementation of the Principles as a commitment to strengthening care for people in our major projects.

The work we began with our industry peers in 2018 to create a common framework for supplier labour rights assessments has continued in 2019. In the third quarter of 2019 we began using the common framework for all risk-based labour rights assessments of suppliers. Through the collaboration we have worked with the Norwegian Oil and Gas Operators Association, NOROG, to include an addition to their Joint Qualification System that allows the sharing of completed supplier assessments. The sharing mechanism across the participating parties aims to support the improvement of working conditions in our companies' respective supply chains. 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.

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. In addition, BSR is a member of Shell's Human Rights Working Group, providing 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 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: 17/03/2020

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 17/03/2020

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<sup>1</sup>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.

## Annex 1

BG Delta Limited  
Shell Gas Marketing U.K. Limited  
Shell Global LNG Limited  
BG International Limited  
BG Karachaganak Limited  
BG Norge Limited  
Shell 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 Clair U.K 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