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24 September 2004

Dear Mr. Kedzia,

Request from the Office of the UN High Commissioner for Human Rights

Thank you for your letter of 11th June inviting input for a report of the UN High Commissioner for Human Rights concerning the “Responsibilities of transnational corporations and related business enterprises with regard to human rights.” These efforts to initiate consultation with a wide range of stakeholders are both timely and important.

Before sharing Shell’s approach to human rights, I would like to express support for the letters of input from the OECD’s Business Investment Advisory Committee and the International Chamber of Commerce. In particular the points they have raised around:

- the commitment and efforts of the business community to move forward in understanding their responsibilities,
- the adoption of instruments, codes and guidelines and
- the desire of the business community for effective enforcement by national governments of existing human rights obligations through domestic legislation.

Our journey to understanding our human rights responsibilities

As a major energy company with a presence in over 145 countries, we believe our success is intimately linked to the welfare of society. Energy companies have to make long term investments – projects can span 20, 30, even 50 years – and a lot can change over that time – for worse or better in terms of human rights. **In the countries we operate we believe good governance and rule of law provides a stable environment in which we do our business.**

We face many challenges in our day-to-day business that have been linked to the umbrella of ‘human rights’ issues, such as labour rights, security and relationships with state and private security forces, corruption, indigenous rights and HIV/AIDS to name but a few. In facing these dilemmas, local laws, customs and sensitivities mean there is no “one size fits all” solution.

In 1996, the Shell Group publicly stated its **support for the Universal Declaration of Human Rights**. The Declaration had existed since 1948. It addresses “all organs of society” which obviously includes business. But Shell was the first energy company and one of the first multinationals to take a public stand in support of it. I will say more on the value of instruments, codes and guidelines later.

It is pragmatic for us to make it clear to the host country and any partners that **we will act according to our Shell General Business Principles**, which are publicly available, regularly reviewed and binding on all parts of our business everywhere (www.shell.com/standards). In 1997 our business principles were revised to include commitments to respecting the human rights of employees and support for fundamental human rights.

We then worked to spread human rights awareness as broadly as possible inside Shell – and outside Shell through engagement with a broad range of social partners. Inside Shell **we defined areas of responsibility**, which are illustrated in our business and human rights responsibilities map below. The rights of our people are the innermost circle, the area where we have clear responsibilities and most control. The outermost is national rights where we have no control and many dilemmas (www.shell.com/human) his model was developed in dialogue with Amnesty International

Human rights and business responsibilities map

How we structure our actions in support of human rights



We also developed a series of **management primers** (www.shell.com/primers) which offer background on key commitments made in the Shell General Business Principles and guidance for Shell managers and staff on how to apply them. These includes a Business and Human primer and later a Dilemmas guide for training.

There is also the question of how we **show the external world how we are performing** around sustainable development? This is communicated through the Shell Report; the first edition was in 1998. Making sustainable development part of the way we work means learning to look at all aspects of our business through a new lens. This lens lets us see the world through the eyes of our stakeholders. Our sustainability reporting continues to evolve. In 2003, we introduced a new method for choosing issues and locations. We used feedback from stakeholders to rank further those issues and locations highlighted by our business risk and issues-management processes.

The Shell Group is committed to pursuing the goal of no harm to people and to protecting the environment. **Environmental, Social and Health impact assessments are required prior to all new projects and major facility developments**, as well as prior to the significant modification or abandonment of existing projects. Impact assessment provides a structured way of looking ahead at how both positive and negative impacts could arise throughout all stages of a project development from construction to operation and abandonment. It acts as a tool to aid design and decision-making (www.shell.com/standards - impact assessments).

Since 2001 we have had a **social performance management unit** to give expert support to Shell companies – to look at the full range of impacts – positive and negative – that our activities can have on the communities in which we work. Rather than moving straight to formal guidelines or standards we are learning in practice. We now have a hands-on tool called the framework for social performance. It offers guidance notes for managers and has run workshops in key areas to share best practice and offer support. Social performance reviews have been carried out for certain operations (our refinery in Durban, South Africa, the NORCO refinery in the US, the Athabasca oil sands project in Canada and Oman LNG.) And our businesses are now required to produce social performance plans for all major projects and operations. Overall, we aim to build skills and embed social performance into existing management systems. Just as we take an integrated and measured approach to Health Safety and the Environment, so we are working towards the same for social performance including human rights.

We developed a new **human rights compliance tool** for Shell companies, based on tools developed by the Human Rights and Business project of the Danish Centre for Human Rights. First piloted in South Africa in 2001, this was revised in 2002 to give managers a practical step-by step approach to help them avoid violating the basic human rights of employees, local communities and others directly affected by our operations. This is not a tool that we will use in every country, but are looking at certain key countries where it may bring understanding the human rights situation. It now also covers compliance aspects by contractors and aligns with our business management processes.

Putting process in place around the Shell General Business Principles

Shell has a risk-based approach to social and environmental issues. Our **issues identification and management system** identifies and addresses the social, environmental and ethical risks facing Shell's businesses across the Shell Group. The process operates on a bottom-up basis, with processes at local facilities through to a Shell group process. A seven stage process starts with monitoring of the external environment and identifying potential risks, analyses these risks and prioritises them based on a relative assessment of the impact upon Shell's licence to operate in that environment. An owner for each risk is identified and has responsibility for developing the approach to mitigating the impact of a negative risk, or maximising the potential opportunity that early identification of risks can provide. The issues process is complementary to the Risk and Internal Control Policy and is reviewed on a quarterly basis by the relevant management team. For the Shell Group, this means by the Committee of Managing Directors.

There is a **stringent assurance process** behind the Shell General Business Principles (SGBP) of two integrated, components; a 'Country Chair Letter', submitted by every Country Chair, and a 'Business Assurance Letter' sent by CEOs of all Group Businesses and service organisations. Both letters include a series of 'assurance statements' covering key aspects of Group Policies and Standards and Country Chairs provide a free-form commentary on issues and dilemmas in their country. But it's more than simply signing letters: there are also face-to-face meetings between the Regional Managing Directors and the country chair on SGBP issues and business matters. Examples of the sorts of social, environmental and ethical risks identified through the issues process are shown in the Shell Report, for example, the social performance of our refinery in South Durban (The Shell Report 2003, p.21).

In 1997 the Board of Shell Transport, jointly with the Supervisory Board of Royal Dutch, also established a **Social Responsibility Committee**. The Committee, of non-executive directors reviews the policies and conduct of the Royal Dutch/Shell Group of Companies with respect to the Group's State of General Business Principles as well as the Group's Health, Safety and Environment Commitment and Policy.

The value of instruments, codes and guidelines

The SGBP guides the day-to-day business and activities of Shell companies and these need to keep pace with external principles and codes that help shape our business environment, for example in relation to human rights these include the Universal Declaration of Human Rights (1948) as mentioned earlier, but also the ILO Declaration of Principles and Rights at Work, the Global Sullivan Principles of Social Responsibility (1999), the UN Global Compact (2000), the OECD Guidelines for Multinational Enterprises (2001), the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (2000) and the Voluntary Principles on Security and Human Rights (2001).

We believe there is an important role for voluntary codes of practice that can help create that solid foundation of good practice in the field of human rights and environmental performance and that enable business to push back the boundaries of social and environmental performance and operate at the cutting edge.

An example of the value they add is since the 1990s we have been involved in dialogue, listening as well as talking – with Amnesty International, Human Rights Watch and other human rights NGOs on a range of practical issues like rules of engagement for security guards with firearms. And we continue to be part of the extensive dialogue with governments, other companies and NGOs that resulted in the Voluntary Principles on Security and Human Rights.

Finally, I thank you for this opportunity to contribute to the report and look forward to engaging in future dialogues on this subject.

Yours sincerely
Shell International Limited

Robin Aram
Vice President External Relations, Policy and Social Responsibility

Att – ST&T and Royal Dutch Annual Reports, The Shell Report 2003, Business and Human Rights Primer, Business and Human Rights Dilemmas