



Remarks on receiving the 2011 Channing Corporate Citizenship Award

Peter Voser

Chief Executive Officer
Royal Dutch Shell plc

BritishAmerican Business Channing Corporate Citizenship Award Dinner
Lancaster House, London, May 18th, 2011



Peter Voser became Chief Executive Officer on July 1, 2009. Before his appointment as CEO, Peter had been Chief Financial Officer (CFO) and an Executive Director of Royal Dutch Shell since 2004. He was CFO of the Royal Dutch/Shell Group of Companies from October 2004 to July 2005.

Peter was CFO and an Executive Committee Member of the Asea Brown Boveri (ABB) Group of Companies, based in Switzerland, from March 2002 until September 2004.

Peter joined Shell in 1982 after graduating in business administration from the University of Applied Sciences, Zürich. He went on to work in a number of finance and business roles in Switzerland, the United Kingdom, Argentina and Chile.

After moving back to London from Chile in early 1997, Peter became the Group Chief Internal Auditor. In 1999 he was appointed CFO of Shell Europe Oil Products. He became CFO of the Global Oil Products Business in early 2001 and a member of the Oil Products Executive Committee.

From 2004 until April 2006, Peter was a member of the Supervisory Board of Aegon N.V.. He served on the Board of Directors of UBS AG from April 2005 to April 2010.

In November 2006 Peter was appointed a member of the Swiss Federal Auditor Oversight Authority. Since April 2010 he has been a Director of Catalyst, a non-profit organisation working to build inclusive environments and expand opportunities for women at work.

Peter is also active in a number of international and bilateral organisations, including the European Round Table of Industrialists and the Business Council.

A Swiss citizen, Peter was born in 1958. He is married to Daniela and they have three children.

At a dinner in London in May 2011, BritishAmerican Business awarded its annual Channing Corporate Citizenship Award to Peter Voser, the Chief Executive of Royal Dutch Shell. Upon receiving the award, Peter gave this speech in which he explains Shell's approach to corporate social responsibility and emphasizes the importance of the company's General Business Principles to its work.

Introduction

Let me begin by thanking you for your kind words, Lord Green and by saying what a great honour it is for me to receive this year's Channing Corporate Citizenship Award, both personally and on behalf of all employees at Shell.

And it's especially pleasing to receive this award from British American Business – which does much good work in smoothing the path of co-operation between the two countries.

At Shell, we have much resting on our activities in both the UK and the USA. That's partly because we have strong cultural and historical roots in both with a significant proportion of our employees hailing from either side of the Atlantic.

And it's partly because the UK and USA remain critical centres of business for our company.

But there's also a broader point here: both countries are at the forefront of some of the most important developments in the energy industry. The UK is a prime mover in the global effort to address climate change. And the United States, with its abundant natural resources, is driving the technological advances in energy production needed to meet the world's growing energy needs.

All of which also means that both countries are tackling some of the most sensitive social and environmental issues in the industry.

Of course, the most prominent are the physical and environmental risks involved in extracting oil and gas in the deep waters of the Gulf of Mexico and, on a smaller scale, the North Sea.

So for Shell and the energy industry it's only by adhering to the very highest standards of corporate social responsibility in the UK and the USA that we will strengthen public and political confidence in our activities.

CSR at Shell

Of course, we would never claim to have all the answers. And we know that we have much to improve upon.

But this is an appropriate moment to reflect on the story of corporate social responsibility at Shell.

A few weeks ago, Sir Geoffrey Chandler passed away. Some of you may remember him as the founder and chair of Amnesty International's UK Business and Human Rights Group in the 1990s and early 2000s.

In this role, he pressed companies to improve their human rights records, tackling some of the most difficult issues like child labour.

And he encouraged the human rights movement and businesses like Shell to work together in a spirit of practical co-operation, and to move beyond the mutual suspicion and antagonism that can hamper progress.

So he could see it from both sides, and that's because he had seen it from both sides.

His work for Amnesty International followed a long and successful business career at Shell, which spanned more than 20 years.

At Shell he was a pioneer and architect of our approach to corporate

social responsibility. And he used his seniority to push for the formal adoption of ethical business practices throughout the company.

And - since it was the 1970s - he did so in the face of a degree of scepticism and opposition.

So if some people now regard Shell as a leader on corporate social responsibility then we owe much to the foresight and dedication of people like Geoffrey Chandler.

Shell Business Principles

Back in 1976, it was he who introduced our statement of General Business Principles. They have since become part of our DNA.

They set out the core values which underpin all our work: honesty, integrity, and respect for people. And they also commit us to contribute to sustainable development.

In formal terms, that means balancing short-term interests with longer-term considerations. And it means integrating economic, environmental and social considerations into our business decision-making.

Now, this may sound somewhat abstract and detached from concrete business reality. Yet nothing could be further from the truth: our Business Principles apply to all our transactions, large or small. And drive the behaviour expected of every employee in every Shell company in the conduct of business at all times.

Here again, of course, we do not get everything right. And it takes constant vigilance to ensure that the very highest standards are maintained.

And that's why we have a global helpline and an investigations unit to follow up on allegations, which can and has resulted in staff dismissals.

Safety

What are some of our current priorities on corporate social responsibility?

Our top priority is safety and achieving the very highest operational standards. One year on from the Deepwater Horizon incident our operations are subject to intense scrutiny.

At Shell our goal is to have zero fatalities and no incidents that harm our employees, contractors or neighbours. Or that put our facilities or the environment at risk.

To-date, we continue to make progress in certain critical areas, including our fatal accident rate, and 2010 saw our best safety performance so far.

But a major incident like Deepwater Horizon serves as a warning to all to guard against complacency.

And we're working hard with regulators and industry partners in the US, the UK, and elsewhere to learn from what happened to prevent something similar occurring again.

At Shell, we think that the UK regulatory framework for the North Sea is among the most effective in the world.

Here, we use what is known as a "safety case" approach. It requires our staff and contractors to clarify accountabilities and to assess and document potential risks. And then decide on ways to mitigate them before drilling begins. In fact, we apply this approach throughout our worldwide operations.

It was pleasing to see the US National Commission recognize the advantages of the UK's regulatory framework in its report.

All these efforts have reinforced the value of close co-operation between the UK and the USA in addressing these shared challenges

"...if some people now regard Shell as a leader on corporate social responsibility then we owe much to the foresight and dedication of people like Geoffrey Chandler."

Transparency: EITI, human rights and Nigeria

It's not only our safety record that is the subject of more intense public scrutiny. And we are taking practical steps to open up in many different areas.

We are a founder and board member of the Extractive Industries Transparency Initiative, a coalition of NGOs, companies and governments that seeks to promote revenue transparency in our industry.

We are also active in efforts to improve understanding of the relationship between business and human rights. In fact, respect for human rights is embedded in our General Business Principles.

We've contributed to the work of Professor John Ruggie, the UN special representative for business and human rights, whose guiding principles were published earlier this year.

For example, the grievance mechanism at the Sakhalin 2 liquefied natural gas project in Russia formed part of Professor Ruggie's pilot work on grievance procedures. And we plan to introduce similar approaches for communities near other major projects and facilities in the coming years.

In Nigeria, the Shell Petroleum Development Company of Nigeria (SPDC) took a significant step at the end of last year by making their Environmental, Social and Health Impact Assessments available on a public website.

This year, they also launched an external oil spills website. There, anybody who's interested can access the details of oil spills, joint investigations with communities and regulators as well as the clean-up and remediation efforts.

I should explain here that the majority of spills in Nigeria over the past five years have been the result of theft and sabotage.

We believe the SPDC spills website is an unparalleled example of corporate and industry transparency to respond to stakeholders and build trust.

It took tremendous efforts and discussions with government stakeholders to make this possible. And we will continue to take these sorts of efforts wherever we can.

Sustainable energy system

Now, you will forgive me if I also say a few words about Shell's core business. After all, meeting the world's growing energy needs will be one of the major challenges of the coming decades. Billions of people continue to live in energy poverty, with 1.4 billion people still without electricity.

And by mid-century, global energy demand could double on its level in 2000 on the back of a rising global population and strong growth in the developing economies.

At the same time, we must safeguard the environment for future generations. In the United States, for example, we're raising our production of natural gas, by far the cleanest burning fossil fuel. And we also operate a modest wind business there.

Here in the UK, we're pursuing carbon capture and storage technology projects. This technology would capture CO₂ from power stations and other industrial installations, and store them safely underground.

In the field of renewable energy our main effort is in biofuels. Of all the low-carbon transport fuels, biofuels can make the biggest contribution to reducing CO₂ emissions from cars and trucks over the next 20 years.

Now, I recognise that biofuels also bring substantial social and environmental challenges. One way we're addressing these is by working with NGOs to push for international

"We believe the SPDC spills website is an unparalleled example of corporate and industry transparency to respond to stakeholders and build trust."

standards for the sustainable sourcing of biofuels. But of course, many energy projects around the world face significant social and environmental challenges, including the Canadian oil sands and deep-water drilling.

That's because finding the right balance between supplying affordable energy on one hand and managing the broader social and environmental challenges on the other is never straightforward - and rarely free from controversy. That's why I press for continuous improvements in all our activities and operations at Shell, including sustainable development.

And it's why we, like the rest of the industry, must maintain an open and transparent dialogue with governments, NGOs, and other critical stakeholders about what we can do better.

In this spirit, I'd like to finish with a word about the future.

As global corporate citizens, we must look ahead, and identify and take action on the challenges that will define the coming decades.

For example, it's clear that a sustainable energy system will not just be one that tackles its CO₂ emissions. It must also cushion its impact on the world's water and food resources. That's because the production and consumption of energy, water and food are inextricably linked.

The World Bank has estimated that global food prices have risen by more than one third in the past year, tipping more than 40 million people into poverty. And that is partly attributable to higher fossil fuel prices, which push up the cost of fertilisers needed to grow food, and the petrol and diesel to transport it.

But that is only one piece of the resource consumption puzzle. Another is the growing pressure on the world's water resources.

If current water consumption trends continue, the world could face a 40% shortfall between global water demand and freshwater supply by 2030.

Like many industrial processes, producing energy requires large amounts of water, for drilling, flooding wells and refining crude. Conversely large amounts of energy are required to process, transport, desalinate or recycle water for consumption.

So it's clear that governments and industry will have to take a more rounded view of these issues, as demand for energy, water and food rises in concert.

And that is already starting to happen. For example, at Shell we have recently started work on a project to explore the growing stresses on the world's energy, water, food and climate systems.

Our partners include the Nature Conservancy, the World Resources Institute, and the International Energy Agency.

And I look forward to hearing your ideas about how we can work together to address these issues in the years ahead.

Conclusion

I'll finish by once again thanking British American Business for this award. For me and my colleagues, it's a source of tremendous pride and satisfaction.

And to reinforce why we will continue to take every effort on corporate social responsibility, I'll leave the final word to Geoffrey Chandler.

He once said: "I don't believe ethical behaviour should depend on its paying. To suggest that doing right needs to be justified by its economic reward is amoral, a self-inflicted wound hugely damaging to corporate reputation. Doing right because it is right needs to be the foundation of business." *Thank you.*

"As global corporate citizens, we must look ahead, and identify and take action on the challenges that will define the coming decades."

Recent speeches by Executive Directors

The future of energy: tackling the business challenge

Peter Voser

Leadership challenges for a complex world

Simon Henry

Profits and corporate social responsibility

Peter Voser

Opportunities for the North Sea

Simon Henry

Energy, technology and climate change: a new world

Malcolm Brinded and Simon Henry

The natural gas revolution is changing the energy landscape

Peter Voser

The global energy challenge: the importance of human capital

Hugh Mitchell

Meeting the energy challenge through innovation

Peter Voser

Technology and sustainable development

Simon Henry

The global context: the importance of innovation

Jorma Ollila

Natural gas: a vital part of Europe's energy future

Malcolm Brinded

This publication is one of a range published by Shell International BV, Carel van Bylandtlaan 30, 2596 HR The Hague, The Netherlands. For further copies, and for details of other titles available in English or as translations, please write to the above address, or contact the External Affairs department of your local Shell company.

Information about the Royal Dutch Shell plc, including downloadable versions of various publications, can be accessed at:

www.shell.com/speeches

© Shell International Limited (SI), 2011. Permission should be sought from SI before any part of this publication is reproduced, stored in a retrieval system, or transmitted by any other means. Agreement will normally be given, provided that the source is acknowledged.

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate entities. In this publication the expressions "Shell", "Group" and "Shell Group" are sometimes used for convenience where references are made to Group companies in general. Likewise, the words "we", "us" and "our" are also used to refer to Group companies in general or those who work for them. These expressions are also used where there is no purpose in identifying specific companies.