

Human rights

Support for fundamental human rights is in our General Business Principles and an integral part of how we operate.

We believe that companies have a role to play in upholding and promoting human rights in practical ways directly related to their business activities, and in supporting governments' efforts to improve their human rights performance.

Security and human rights

Our Group Security Standard defines how we protect our people and facilities while respecting the human rights of others, including local communities. It only permits armed security when required by law or when there is no other acceptable way to manage the risks. When we do rely on armed guards, they are required to follow our Shell guidelines in this area, which are based on United Nations guidelines and conventions on the use of force. Under our guidelines, armed guards are to be issued with pocket-sized cards describing how force may be used. They are expected to first attempt to resolve a security incident without using force. If this fails, then only the minimum force needed can be used and help offered to anyone injured as a result, including offenders. Regular checks are made on whether armed guards understand these rules.

By the end of 2006, several operations in countries with high security risks, including Nigeria and Pakistan, were also implementing the Voluntary Principles on Security and Human Rights. These Principles were developed for the energy sector by companies, governments and leading human rights NGOs.

Resettlement

In all countries, people sometimes need to be moved to make room for new facilities, including energy infrastructure. Resettlement is usually carried out by governments. On our projects, we encourage the use of international standards, including consulting communities about resettlement plans and providing compensation to at least restore previous living standards. To construct the Nanhai petrochemicals complex in China, for example, more than 2,700 households were resettled to Chinese and World Bank standards. Our joint venture supported the government's programme to provide higher-quality housing for resettled villagers, and is continuing to help to find employment, build skills and create small businesses.

Managing country risks

The search for oil and gas can take energy companies to places with poor human rights records. This clearly presents challenges and trade-offs. Refusing to operate opens the door for less-principled competitors. Staying in such countries puts a company at risk of being seen as complicit in a government's practices. We decide case by case, based on whether we are able to follow our Business Principles. We work with the Danish Institute for Human Rights to understand and address the human rights risks we face in particular countries. The Institute's Country Risk Assessments compare local laws and practices with the Universal Declaration of Human Rights and more than 80 other international treaties. It identifies the main risk areas in a country – like labour rights for foreign labourers or the behaviour of security forces. We then test our procedures and practices for respecting these rights, and work to close any gaps. In 2006, initial assessments were done for Ukraine and Kazakhstan.

Raising staff awareness and skills on human rights remains a priority for us. With the Danish Institute we reviewed our human rights training effort in Nigeria. As we committed to do in 2005, we trained another 500 field staff there in managing difficult situations, like responding to conflict in local communities.

Rights of employees

Shell employees can raise grievances through formal procedures, staff forums, confidential advisers and a global helpline available 24 hours a day. Staff are free to join a union wherever permitted by national law. According to our annual internal questionnaire of senior country representatives, an estimated 12% of staff, in countries where that information is legally available, were union members in 2006 (more on this data page 37).

We are committed not to exploit children, through direct employment or indirectly through joint ventures, contractors or suppliers. According to the same internal questionnaire, at the end of 2006, Shell companies in 95% of countries where we operate had procedures to prevent child labour. Of the 5% who didn't, nearly all were in countries with well-enforced laws on child labour. The same questionnaire indicated that Shell companies in around 90% of countries had procedures in place to prevent the use of forced labour.

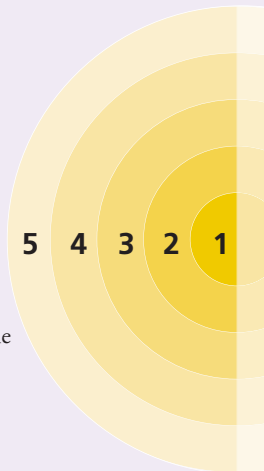
Additional web content:

- Lessons learned from using our Country Risk Assessments.
- Other Shell human rights tools, guidelines and training.
- Background on Shell's use of the Voluntary Principles on Security and Human Rights.

 www.shell.com/humanrights

SPHERES OF ACTION AND RESPONSIBILITY

Over the past 20 years, society's expectations of business in this area have grown. Companies have grown uncertain about their role and where responsibility lies when governments do not fulfil their human rights obligations. A United Nations initiative is currently underway to clarify the boundaries between public and private accountabilities. We are participating in this process.



Since 2000, we have been using this diagram to help us define our human rights role:

1. **Employees.** Direct responsibility. Issues include labour rights and working conditions, for example, providing a safe and healthy workplace (page 22) and avoiding discrimination.
2. **Suppliers, contractors (including security personnel).** Significant influence through screening, setting contract standards and providing training. Issues include: safety, respectful treatment of third-country nationals, local hiring.
3. **Communities.** Opportunity to support government efforts. Issues include: use of international standards when relocating people, creating local business opportunities through operations or social investment (page 26).
4. **National governments.** Opportunity to support government efforts by contributing to economic development, and encouraging transparency of revenues, for example through the EITI (page 28).
5. **International efforts.** Opportunity to help, for example by supporting international human rights declarations and voluntary initiatives, providing input on international codes, and developing tools to help businesses comply.