



Policy & External Relations External Relations

Connecting business & human rights

Speech given by Andrew Vickers, Vice President, Policy & External Relations, Shell International to the World Legal Forum in The Hague – December 6, 2010

Andrew has spent over twenty years working for Shell operating units around the world. He started his career looking after Shell service stations in the south of London, UK and has since held operational roles in Brazil, Peru, UK and The Netherlands. Previous roles have included Communications manager for Upstream (exploration and production) in Europe, Vice President, Corporate Affairs for Southern Cone (Brazil, Argentina, Bolivia) and head of a global new business team responsible for non technical risks (sustainable development). Andrew has spent the past year as VP Policy and External Relations where he is responsible for NGO relations, public policy issues, and crisis management. His personal interests include almost anything Latin American.



Introduction

Good morning and thank you to the World Legal Forum for the opportunity to make some brief remarks this morning. My company, Shell, is delighted to be a sponsor of this important and timely conference, and I'd like to congratulate the organisers for attracting such an impressive array of speakers. It is a timing coup to have Professor Ruggie here just 2 weeks after the publication of his Guiding Principles.

Over the next 15 minutes I would like to outline the strong business case for implementing human rights practices, for business itself as an agent to improve human rights and to share with you the learning journey that we at Shell are on.

Let me start by sharing with you an issue to do with how we understand human rights in Shell. Just over a year ago we participated in a self assessment of ourselves vis a vis the emerging Protect, Respect and Remedy framework. We did so as a part our participation in the Business and Human Rights Initiative of the Global Compact Network in the Netherlands. One of the findings was that we had different interpretations about what human rights are and what they meant to us. Those in the room stared at each other and we scratched our heads wondering why this could

be so. Some thought of child labour in far away countries whilst others were thinking of diversity.

Human rights through an operational lens

I am not a lawyer. Since graduating with a degree in socio-economic geography I have held operational roles in Shell companies around the world for the past 20 years. I've worked in Latin America, the Middle East and here in Europe and it is only the last 12 months that I have held a corporate role at Shell headquarters here in the Hague. The reason I say this is that my human rights lens is an **operational** one where companies directly interact with society – principally communities living around our operations who are key in what is often called our "social licence to operate". Unlike lawyers I deal more with the "court of public opinion" and not the legal courts. My **focus today is on the operational aspects and where companies touch the community**. Putting in place human rights practises in business is the right thing to do.

Introduction to Shell

A few quick words about Shell. Shell is a global group of energy and petrochemical companies directly employing over 100,000 people in 90 countries. Shell's aim is to meet the energy needs of society in ways that are economically, environmentally and socially responsible. In 1997 Shell introduced an explicit reference to human rights in its business principles. Whilst Shell is often known as an oil company over half our production will be natural gas in a couple of years. By replacing coal in new power generation, gas offers the cheapest and fastest way to reduce CO2 emissions today. Gas is a vital ally in the search for a sustainable energy future.

Access to energy as a means to improve quality of life

Access to energy is fundamental to improving quality of life and is a key imperative for economic development. In the developing world, energy poverty is still rife. Nearly 1.6 billion people – that's around a quarter of the world's population - still have no access to electricity, according to the International Energy Agency (IEA).

Global energy demand will nearly double by 2050. Almost all of that increase will come in the world's emerging economies, and most newcomers to humanity will be in these countries. The Shell scenarios team estimates that some 800 gigawatts of electricity generating capacity will be built in Asia just in the next 10 years. That's the equivalent of Western Europe's entire installed generating capacity. Wow!

Unfortunately the new resources developing economies need don't lie next door but rather in challenging locations. Renewables will play an important role but simply can't be brought online in time to match the pace of demand.

The business / financial case for good human rights

One of the many insightful comments that Professor Ruggie made a year ago in Stockholm was that the business community has done a lousy job at making the business case for good human rights performance. I agree.

One of the pieces of work we've shared with Professor Ruggie's team relates to studies by Goldman Sachs, the global investment banking and securities firm. They

conducted a major study on the oil and gas sector in 2008. They looked at 190 oil and gas projects across a range of geographies. They found that “delays are affecting the oil & gas industry in all parts of the fields developments”. They discovered that around a decade ago it took 2 to 3 years for projects to come onstream after sanction date – that’s the granting of all permits. This figure had risen to 4 – 5 years. A drill down into the reasons for delays is in my opinion fascinating. It shows that the prime reason for delays was not, as you may have expected due to technical reasons, but rather social and environmental reasons like community opposition and other stakeholder related challenges. These project delays cost the sector an estimated tens of billions each year. These costs are direct and don’t include the plethora of other costs that companies might incur such as leadership time spent addressing problems, missed new business opportunities or reputation damage.

Navanethem Pillay, UN High Commissioner for Human Rights, eloquently made the case when she said that “effective incorporation of human rights considerations into business practice assists with business performance and with a business’s social licence to operate.”

Let me give some examples. When I worked in Brazil we worked with ethanol suppliers to eradicate child labour practises. Here in the Netherlands, a negative cycle was broken when a different approach to stakeholder concerns enabled energy to be extracted from under the Wadden Sea.

Social seismic is a new skill set

Seismic is what you do to find oil and gas. You place pads on the earth’s surface and inject waves of energy to learn about what’s beneath. That’s not sufficient today. Now we need to develop what I call social seismic skills and businesses need to demonstrate respect for human rights. This can require a change in mindset. Companies need to understand the communities where they work and the role they have in respecting human rights.

New business skills and practises

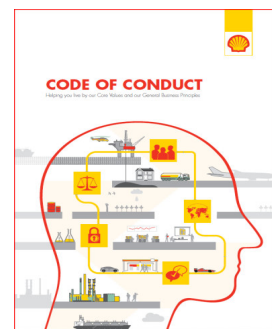


So, how can companies rise to the challenge? At Shell we are part way through a journey. Let me give some examples of what we are doing.

We have updated our Code of Conduct to reflect latest thinking on human rights.

We produce an annual sustainability report which reports on our social and environmental performance.

As part of a major transition undertaken last year we **moved our sustainable development function from the corporate centre and embedded it deeper into the business.** We think it makes sense to have it sitting in the business such that business decision-making incorporates sustainable development, including human rights, considerations from the outset.



We **have established a cross function working team to actively work human rights issues**. There are few teams I can think of in Shell that are as diverse – it comprises socio-environmental professionals as well as lawyers and engineers.

Whilst we have been working human rights issues for many years we have **established a dedicated human rights implementation manager position** to oversee delivery.

We have people in the company today that **carry job titles that I wouldn't have dreamt of a few years ago** – for example we have a conflict and grievance and indigenous peoples' specialists.

Our health, safety and environmental / social performance framework has been updated. There are requirements for engaging stakeholders and implementing grievance procedures.

Social performance skills are to be included in leadership training programmes and courses for Commercial and Project staff.

How to do business with respect to human rights

As a delegate at today's event you will have received a copy of the second print of the UN Global Compact Netherlands publication "[How to do Business with Respect for Human Rights](#)". Shell, along with 9 other Netherlands based companies contributed to the guide and I commend it to you.

It is aimed at helping companies develop policies on human rights and implement due diligence and grievance processes.

Please share it with colleagues when you go back to your office.

It was launched in New York in June and is a benchmark for companies that are relatively new to the debate.



The Guiding Principles

A word on the just published Guiding Principles. Firstly, congratulations to Professor Ruggie for the way he has undertaken his mandate. His extensive research and outreach to all sectors is impressive. I wish I could have all of his Airmiles! And I have enormous RESPECT for his wife. The Guiding Principles are a "must read" for all businesses.

Conclusions

Let me conclude.

I sense that the human rights and business agenda today is probably where the safety debate was in the oil and gas industry some 20 years ago. Over the past 20 years safety has become mainstream and I sense that human rights is on a similar path. Like safety, the focus should be on prevention. If you haven't already, engage proactively in the business and human rights debate.

Embed human rights policies and practises in day-to-day operations, building upon what you've already got in place.

It has taken Professor Ruggie more than 5 years to produce the Guiding Principles. Implementation of human rights practises requires resources, management and change. If you are doing it properly it will take several years to do so.

My sector – the oil and gas industry – can play a positive role in so many ways. For example, access to energy is fundamental to improving the quality of life and we seek to provide that energy. The human rights debate can sometimes overlook the positive benefits that businesses bring to society – don't let it.

Whilst I may have studied socio-economic geography over 20 years ago as a businessman I still consider myself a socio-economic actor. Thank you.