

# The W. Howard Chase Award — 1999

## Organization Nominated: Shell International Limited

### The Issue: Corporate Social Responsibility — Living up to values.

#### 1. Description of The Issue:

Multinationals have been criticized as being overly concerned with profit and failing to take their broader responsibilities seriously: to defend human rights, to protect the environment, to be good corporate citizens. Such accusations reflect a shift in what society expects of both business and government.

This debate is taking place in a fast-changing world characterized by global communications, diminishing respect for established authority, professions and social frameworks.

So what is – and what is not – expected of business? How does a company live up to its commitment to sustainable development? And how can business adequately reflect its impact on society in a transparent and measurable fashion?

#### 2. Why is the Issue important to the organization?

The issue is fundamental to the Shell Group as it is committed to sustainable development, a commitment recently included in the organization's Statement of General Business Principles. Corporate social responsibility is key for the company as it is about living up to publicly stated values and responsibilities – financial, social and environmental – and embodying sustainable development in the strategic planning and the daily conduct of business.

#### 3. At what levels do members of the organization address the issue?

The issue is led by the Chairman of the Committee of Managing Directors and through the evolution of frameworks and processes will engage staff in all businesses and operating companies. The Chairman has made a commitment to communicate annually to society on progress, through an audited report. A graphic example at an operational level is the company's approach to the appraisal of a gas field called Camisea, in the Peruvian Amazon, reported to the Issue Management Council Conference in November, 1997

#### 4. Which Constituent groups are affected?

All stakeholders from shareholders, customers, employees, to those with whom we do business and to society. And because of the impact Shell operations have on local communities, the company is highly aware of its responsibility here (as highlighted in the Camisea case).

#### 5. How are constituent concerns considered and acted upon?

Concerns are addressed through policy formation and compliance, for example human rights: Shell clearly stated support for the Declaration of Human Rights in the Business Principles following widespread consultation with many interest groups, including those

defending human rights. We engage in discussion on human rights issues when making business decisions. We are developing awareness training and management procedures to help resolve human rights dilemmas when they arise. This includes a guide to human rights for managers. Also, country managers have to submit an annual letter to the Managing Directors stating which human rights issues they face, if any, and how they are raising awareness of staff in their companies.

**Example — Camisea gas project ([www.camisea.com](http://www.camisea.com)):** Up to 150 interested NGOs, academics, and individuals were consulted regarding the project (50 or so before the license agreement was even signed) and their concerns and views used in project design. Community liaison officers consulted the communities to gather their inputs too. There is demonstrable evidence that stakeholder concerns influenced the project and led to the development of policy and commitments, e.g. health and education programs, a mutually agreed (communities and company) logistics plan.

## **6. What is the key objective of the issue management program?**

The program aims for early identification of short, medium and long term issues to allow proactive issue management to be effective. Perhaps more than ever, issue identification is leading to stakeholder involvement, an inclusive process with clear benefits. In the oil and gas business it amounts to obtaining and maintaining a “license to operate”. More and more we use issue management not only to manage risk, but to develop opportunities for the business.

The recently formed Social Accountability Team is currently developing a Sustainable Development Management Framework for the businesses relating to the three legs of sustainable development — economic, environmental and social. There is much synergy between this and an issue management approach, especially regarding stakeholder involvement.

## **7. Does issues management make a direct contribution to the organization’s profitability?**

Crises are expensive and a high profile company like Shell is always going to be under extreme scrutiny by society. So from this perspective alone, an open and transparent approach will have a positive affect on the bottom-line and the company’s reputation.

## **8. What are the results?**

At a Group level, the process is developing and the indicators for measurement, for example regarding contribution to society, have to be fully developed. In the example of the Camisea gas field, the results of a proactive approach to issue management and sustainable development initiatives are measurable: no project delays, stakeholders participation in social capital projects and biodiversity monitoring (undertaken by the Smithsonian Institution). When the company announced a withdrawal from the region, the communities sent a letter to the President of Peru expressing concern that another company developing the project would not implement an inclusive consultation process or adopt the same high standards.

### **Nomination submitted by:**

Martin Christie  
Shell International Limited

Issue Management Council (IMC)  
207 Loudoun Street S.E., Leesburg, Virginia 20175-3115  
United States of America  
Telephone: (703) 777-8450 • E-mail: [Info@issuemanagement.org](mailto:Info@issuemanagement.org)

**Nomination for the Chase Award for Excellence in Issue Management**  
**More information: [www.issuemanagement.org](http://www.issuemanagement.org)**