



# **Facing up: how Shell tackles corruption**

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Dealing with Bribery and corruption is a big challenge for Shell. We have operations in over 145 countries in the world and have been active in some of them for over 100 years.

In many of these countries corruption is a serious problem. We employ over 100,000 people worldwide with 95% of staff locally recruited. On a day-to-day basis, they are the ones who are facing difficult circumstances and attitudes towards the same age-old problem: bribery and corruption.

Furthermore, in the way we run our business we always have a certain degree of influence over others – for example, over our contractors, suppliers; host governments and customers.

Under these circumstances, Shell has no choice but to be a leading voice in the battle against corruption and Shell has developed six main steps in the fight against corruption.

In 1976, Shell took the first step by issuing the Shell General Business Principles. The principles spell out in unambiguous language exactly where Shell stands on business conduct and makes it clear that breaches of these principles by employees will not be accepted.

The section on business integrity is particularly robust: ‘The direct or indirect offer, payment, soliciting and acceptance of bribes in any form are unacceptable practices.’ The principle makes no distinction between facilitation payments and bribes.

Our second practical step involves a more tangible approach – internal communication and training.

We make sure that all our staff are well aware of the policy through employment contracts, induction programs and various communications tools. This also includes the clear guidelines on gifts, political contributions, hospitality and potential conflicts of interest.

To support the policies and guidelines, we developed a management primer to spell out exactly what dealing with bribery and corruption entails.

The primer includes real life case

studies and problem solving exercises which amply demonstrate why bribery and corruption are so much more complex than the hackneyed image of a brown envelope stuffed with money. These dilemmas are not usually simple to resolve. However, a company culture that encourages transparency, honesty and has clear guidelines on acceptable behaviour should be able to help us to deal with these dilemmas.

So the third step is to create an anti-corruption culture within the Group. Our Country Chairs are encouraged to use a common approach reflecting our policy. However they can develop their own specific guidelines to reflect local traditions and cultures - for example, in the giving and receiving of gifts.

We also try to avoid creating a blame culture: people must not be deterred from admitting mistakes and discussing possible ill-conceived actions and dilemmas they face in their working environment.

Shell ensures that these first three steps work in conjunction with the fourth step in our approach– an extensive internal and external assurance process. All our Country Chairs are required to sign an annual ‘Country Chair letter’ that describes all business principle related successes and concerns and to complete a set of comprehensive assurance statements on-line.

These inputs will then be discussed during a face-to-face meeting with a member of our Committee of Managing Directors – the highest authority with Shell.

As part of this internal assurance process, staff are invited to give an indication of how well we are doing in these areas.

In 2002, the Shell People Survey, an independently conducted poll of Shell employees that takes place once every two years, 78% of the 82,000 people who filled in the questionnaire positively agreed with the statement that ‘Shell acts with integrity in its dealings with the community in which we operate.’ And we complement these assurance processes with various ‘whistleblowing

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schemes' and external audits.

But we are more than aware that we have not succeeded completely in our quest so far. The journey is ongoing. Therefore, we log the progress of that journey every year. This is our fifth step: external reporting. We need to prove that we really are making an effort to tackle bribery and corruption and so each year we publish in the Shell Report various data, for example how many bribes have been accepted by Shell employees.

The sixth and final step in the fight

against corruption is external engagement. We co-operate closely with NGOs, industrial organizations and international bodies to tackle the problem of corruption collectively as well as taking an active role in the debate, in the development of and support for various international agreements. In the end, vigilance and transparency are key - we must continue to learn from the examples of others, to share best practice, work in conjunction with others and remember that corruption is a never-ending problem.

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For more information on this subject, please go to either [www.shell.com](http://www.shell.com) to see the Shell Report or [www.shell.com/primers](http://www.shell.com/primers) for access to the management primers discussed in the speech.

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