



Meet Peter Voser

CEO, Royal Dutch Shell PLC

Tackling Diversity & Inclusion on a Global Scale

Energy company Shell began to take its Diversity and Inclusion (D&I) work to a global scale in the mid-nineties. So how has it achieved this, and how does it plan to take its commitment forward in the future?

As a global company that operates in more than 90 countries worldwide, Royal Dutch Shell PLC is, by its nature, a diverse organization. It works in a huge range of different geographical locations with a workforce that incorporates many different nationalities and cultures.

Beyond the immediate workforce, Shell's other stakeholders, such as customers, joint venture partners and governments, are an equally diverse group, with many different concerns and attitudes.

For these reasons, the extensive work that Shell has done on Diversity and Inclusion (D&I) over more than a decade is seen as essential to its business success, and while progress has not always been smooth, the continued commitment of Shell's leaders to the company's D&I goals, combined with this clear sense of D&I as a business

COMPANY NAME: Royal Dutch Shell PLC

COMPANY HEADQUARTERS:
The Hague, the Netherlands

COMPANY WEBSITE: www.shell.com

PRIMARY BUSINESS: Energy and petrochemicals.

INDUSTRY RANKING: FORTUNE 1000, World's largest company by revenue in 2009.

2009 REVENUES: \$278.2 billion

imperative, have ensured that D&I stays high on the Shell agenda.

Shell's leaders, including CEO Peter Voser (see page 48), are also firmly convinced that, as Shell moves forward, the importance of the work it does on D&I will be relevant to business success long term.



Investing in diverse talent and bringing D&I values to new geographic heartlands will help Shell become the most competitive and innovative energy company. Left: Peter Voser meets Shell's employee network leaders in the U.S.; Top right: Rima Saidi and Andrew Brown (centre) are pictured with Deputy General Manager Sheikh Thani Al Thani (far left) and the HR team after receiving the award for Shell's efforts on 'Qatarization'; Bottom right: Nanhai Chemical Plant, China.

As a company in the global energy sector, Shell is a leader in working towards overcoming the huge energy challenge currently facing the world. By the middle of this century, the company estimates that the world will need twice as much energy for half the CO₂, and Shell sees its key task as helping to deliver those energy needs – safely, responsibly and profitably.

To help meet the world's future energy challenges, Shell has a clear strategy in place. It needs to increase the efficiency of its operations, invest in new geographical heartlands and innovative technologies, and continue to develop low-CO₂ energy.

To do this successfully the company also needs to recruit the most talented people, against a background of increasingly hot competition for worldwide talent. The company also needs to continue to work effectively with governments and other key stakeholders. Finally, it needs to incorporate into its strategies the changing demographics of the global working population.

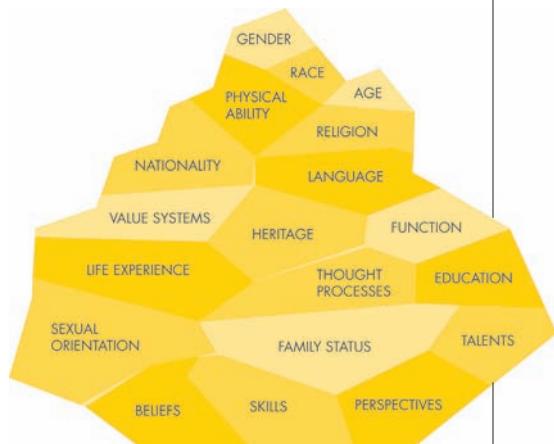
For Shell, D&I is seen as a key factor in meeting all the above challenges.

The Shell Approach

How do you bring D&I values to life for a diverse and geographically disparate global audience? This is how they do it at Shell.

SHELL defines diversity as 'all the ways we differ'. This includes visible differences, such as age, gender, ethnicity and physical appearance, as well as underlying differences such as thinking styles, religion, nationality, sexual orientation and education. It uses the metaphor of an iceberg to represent visually its definition of Diversity – an image that has been found to resonate with people worldwide.

Inclusion at Shell means creating a working culture where differences are valued; where everyone has the opportunity to develop skills and talents consistent with the company's values and business objectives. The aim is to make Shell an organization where people feel involved,



The iceberg image resonates with people from every culture.



Shell sees diversity and inclusion as closely interrelated.

respected and connected – where the richness of ideas, backgrounds and perspectives are leveraged to create business value.

Shell sees diversity and inclusion as interrelated, and believes that, to achieve its aspirations, it needs to focus on both.

The D&I framework

The framework upon which Shell does its D&I work focuses on three areas – Talent, Leadership and Competitiveness. These are represented at the ‘Top of the House’.



Shell's D&I Framework focuses on talent, leadership and competitiveness.

Shell's need for talent now and a sustainable future supply makes it essential for the organization to broaden how and where it looks for talent, especially in growth markets and regions.

Diversity in its talent base and leadership increases creativity, improves decision-making and helps the company to better understand the needs of all of its stakeholders, including customers, suppliers, partners and governments.

Global targets

Having a clear set of measurable targets, backed by the commitment of its senior leaders, is a key factor in Shell's D&I progress to date.

The three key global targets for Shell's work on D&I are:

- Increasing the proportion of women in senior management to

at least 20% in the long term;

- Having local people fill more than half the senior management positions in every country in which it operates;
- Continuously improving the Diversity and Inclusion Indicator (DII) as measured by its annual internal Shell People Survey.

So how does the company assess its progress towards those targets so far?

The gender target focuses on the progress of senior women within the organization, and here the numbers are fairly encouraging. As of year-end 2009, women represented 14% of Shell senior management globally, compared with 9.9% in 2005. However, the company concedes that things have not moved as quickly as it would have liked – economic conditions and a fragile pipeline in terms of market availability have tended to hold back progress.

Through its most recent reorganization the representation of women in senior leadership increased slightly from what it was as of year-end 2008, even though there are no women currently on the Executive Committee. Shell stresses that the longer-term outlook is encouraging.

Shell's progress towards its target on the employment of local nationals in senior roles has been encouraging. 2009 data showed that the proportion of countries where local nationals hold the majority of senior roles now stands at 37% of all countries where Shell operates.

Shell's third target, continuous improvement of its DII score, draws on information from five Shell People Survey (SPS) questions that measure employees' perceptions on

inclusion and fairness issues in the workplace.

The survey, now conducted annually among all employees, asks respondents to rate their agreement or disagreement with the following five statements:

- Where I work I am treated with respect;
- I am free to speak my mind without fear of negative consequences;
- My organization has a working environment in which different views and perspectives are valued;
- My organization has a working environment that is free from harassment and discrimination;
- The decisions leaders in my organization make concerning employees are fair.

Survey data is analyzed across multiple variables, including business segment, function, job level, gender, base country, and, in a few select countries such as the U.S., race/ethnicity. The DII is a very good way for Shell to measure progress on inclusion, as it assesses potential disparities among sub-groups as to how they perceive the inclusiveness of the culture.

Embedding D&I at Shell

The reorganization carried out in 2009 across the whole of Shell brought major changes to the way the company's HR services are delivered, and, consequently, to the way the organization developed its D&I strategy. In particular it widened responsibility for delivering against D&I targets to more people across the organization and brought D&I closer to the everyday activities of Shell's businesses.

While key elements of the Global D&I strategy remained – such as

the three global D&I targets – others changed. These included broader accountability for D&I, and the introduction of new HR measures to support these.

D&I in the Business

How do Shell's D&I principles affect the way it does business across the globe? Here we look at a few examples of how Shell puts its global D&I values into action.

TO Shell, D&I is not just a ‘nice thing to do’ – it is essential to the way it does its global business. One of its key targets, for instance, the development of local nationals into senior roles, not only makes excellent economic sense, but also helps Shell build relationships with customers and other stakeholders – including governments – in many parts of the world.

One example of how this can work is Shell’s long-term involvement in Qatar. Here all companies are required to have plans in place for ‘Qatarization’ – supporting the recruitment and development of local nationals for projects within the country – which aligns well with Shell’s global commitment to tap into local talent.

Andrew Brown, Executive Vice-President, Shell Qatar, commented: “We have a significant challenge in Qatar to create an environment where we are truly all one team.

“We have around 1,400 staff here, of whom around 150 are Qataris, 450 are Western expats and the rest are locally employed staff – and all these groups come with different perspectives.

“As a new company we have had to evolve quickly and try to create an environment where everyone is able to understand and respect each



Shell Nigeria's involvement in community-based healthcare helps improve lives in the Niger Delta region.

other’s cultures and avoid stereotyping, so the inclusion angle is really important for us.

“This is not straightforward, because at the same time, we are on the largest Oil and Gas construction site in the world, and of course we are busy and focused on that. However, I believe that we forget the ‘softer’ elements at our peril. Building something in steel is one thing – building a culture is quite another. That’s the challenge we face and that’s why D&I is of long-term importance to us.

“We also need to keep in mind that we are working to create a Qatari company. Although the leadership now consists predominantly of expats, we ultimately need to become Qatari-led. We need to make Qataris feel that this is their home, somewhere they are respected as they are in their own community, and Shell’s long-term commitment to D&I will help us do that.”

At the first Annual Qatarization Awards ceremony this year, Shell’s long-term efforts were recognized, making Shell the only international oil company to receive this prestigious award. The awards recognize the different methods being

used for the successful attraction, development and progression of Qatari staff.

Rima Saidi, Shell Qatar’s Talent Manager, commented: “We have a real strength in bringing all of Shell’s global people processes to bear on this issue. We can focus on using our processes, while others are still trying to build them. Qataris expect well developed, world-class people processes and we are joined up to deliver them here.”

Carol Cameron, Shell’s EVP Human Resources & Global Functions, added: “Given the importance of Qatar to Shell, this is key and we have to get it right. I think we are making good progress and look forward to building on it.”

Shell also operates in Kazakhstan, and is particularly involved in the extraction of resources from the large Kashagan fields. Shell is a member of the Joint Venture Consortium undertaking the development of the Kashagan Field under the North Caspian Production Sharing Agreement (other members of the JV Consortium are KMG, Total, ExxonMobil, ENI, ConocoPhilips and Inpex). Additionally, its subsidiary Shell Development Kashagan,

What's next for Diversity & Inclusion ?

Since the mid-nineties, Shell's work on Diversity and Inclusion has achieved a great deal. Many of the initiatives designed to develop the careers of women and under-represented groups across the organization have now become embedded in the company's everyday systems and processes.

D&I has remained a priority through the recent major organizational change, and with responsibility for delivery widened out to more people within the HR organization, achieving the Diversity objectives becomes the primary responsibility of the talent community.

However, Shell also acknowledges that to effect lasting cultural change, there is also a need to focus on the 'Inclusion' element of D&I, and for the past two or three years, this has increasingly become an area of emphasis for the group.

Josefine van Zanten, vice president Diversity and Inclusion, commented: "As we move forward, we are placing increased emphasis on driving forward our inclusion agenda. To build on existing levels of satisfaction, more work needs to be done to ensure our corporate systems, processes, culture and behaviors are supportive and inclusive."

So how is Shell working to build a truly inclusive culture? One key way is through the DII indicator, the metric derived from the company's annual People Survey. As described above, the DII helps Shell monitor how various groups of employees (including those from under-represented groups) perceive their treatment and that of their colleagues.

At the same time, Shell is also continuing with its key education efforts on Inclusion, and offers its people a range of learning materials and online tools related to inclusion, accessed via a dedicated intranet website.

In working to embed inclusion, Shell has also set out a clear statement of what success looks like – an ideal future state where:

- All individuals, including those from under-represented groups, are motivated and fully engaged because their opinions are valued.

Every individual feels welcome and part of the team, and helps others to feel the same way. As a result, everyone focuses his or her energy on winning for the organization.

- Managers recognize inclusion as a business imperative and can articulate a clear business case for inclusion in a global and diverse environment. They actively discuss with their teams how to nurture and sustain inclusion.

- Business partners find great value in working with us because we seek first to understand their needs and challenges. We are actively sought out as a partner of first choice in markets that we operate in, based on our ability to uniquely include all differences and formulate a win/win approach in our business endeavors.

Josefine van Zanten concluded: "Diversity and Inclusion is a business enabler, focusing on talents from all under-represented groups. Embedding D&I values and behaviors across the Shell Group is essential for the long-term health of our business. Shell's leaders understand this, and thanks to their commitment and support, we continue to make progress.

"This is a long-term journey, and to reach our goals, we need to constantly review progress and work to embed D&I values across the whole organization. We will continue to drive our D&I targets to increase women and local nationals in senior positions, and continuously improve the inclusion of our work culture."

has been appointed by the operator, the North Caspian Operating Company, as an Agent Company responsible for the planning and development of Phase II of the Kashagan project. Shell is also a partner in the NC Production Operations Company (NCPOC) BV, a joint venture with the Republic's state-owned oil and gas company, KazMunayGas.

The project entails technical teams from many parts of the world working closely with local nationals. Bernard Plaitin, Talent & Learning Manager, said: "We already knew

from our experience in Shell Qatar that a cultural awareness program would help this diverse team work together more effectively. We also knew that the earlier it was done, the better for everyone.

"We therefore built on the content from the Qatar workshop to create a program tailored to Kazakhstan. As well as learning the basics of cross-cultural team working, participants had the opportunity to talk and learn about the Kazakh way of life, food and history. We also ensured that we involved Kazakh nationals in the workshop."



Josefine van Zanten, vice president Diversity and Inclusion.

The pilot workshop took place in March 2010, and was well received by participants. Since then, the D&I team has extended the program with a special workshop designed to train facilitators – including Kazakh nationals – who will be able to take the program to a wider audience.

Shell's D&I work also contributed to its progress in the newly reopened market of Iraq. Following the lifting of international sanctions, Shell was one of the first foreign contractors to return to Iraq after winning the contract to develop the Majnoon oil field.

This oil field is located 60km north-east of Basra city. Shell won the contract to develop the field in December 2009 and is now working there in a joint venture with Malaysia's Petronas Oil Company and the Iraqi state partner, South Oil Company (SOC).

The project currently involves 150 Shell personnel with numbers set to increase in 2011 – a mix of operational managers, trainers and supervisors – who work alongside their Iraqi colleagues at the oilfield to improve capability, increase production and raise standards, as well as support staff based in Dubai. The short-term goal is to take full operational control of the staff on site, including contractual agreements and HSE standards. Going forward, the hope is that Shell practices will be commonplace throughout the project organization over the next 20 years.

In introducing these changes to people's ways of working, as well as the obvious difficulties that stem from the security situation, Shell faces major cultural challenges. However, Shell's D&I awareness and experience have proved a great help.

As one of Shell's D&I consultants explained: "Shortly after the contract was signed, we began discussions with our partners on how we would work together. SOC made it clear that they wanted us to take steps to ensure that our people understood their culture. Because of our experiences in other markets – such as Qatar – we already had written plans on how to do that."

Building on previous programs on working across cultures, Shell's D&I team devised and piloted a one-day workshop. It covered both general advice on working effectively with

other cultures, and particular information about Iraqi culture.

The workshops are now progressing beyond the pilot stage and are planned to eventually become part of the onboarding process for everyone joining the project.

As well as helping build relationships with local governments and other stakeholders, Shell's D&I values align closely with its corporate responsibility and sustainability goals. A good example of this is Shell's partnership with the Nigerian government and the healthcare organization, Family Health International (FHI) formed to help prevent the spread of AIDS in the Niger Delta.

Since it was set up in 2007, the partnership, known as Niger Delta AIDS Response (NiDAR), has been delivering comprehensive community-based care and treatment services at cottage hospitals in five states in the Niger Delta. Its work has included extensive counseling and testing of individuals for HIV/AIDS, with those who tested positive enrolled into comprehensive HIV services.

In 2009 Shell's work with the partnership was recognized when Nigeria's Shell Petroleum Development Company (SPDC) was named as the first winner of an annual award for Partnership in Collective Action. The award came from the Global Business Coalition, a group of major companies that works to fight HIV/AIDS, tuberculosis and malaria.



Developing Diverse Talent

One of the key motivators for Shell's work on D&I is to enable the company to attract, recruit and develop the best possible talent from the widest possible talent base. So how does this work in practice?

SHELL has global recruitment targets of 50% women for commercial positions and 28% for technical positions. These targets may vary in specific countries where local legislation would have different requirements and availability.

These targets are designed both to meet current and future recruitment needs and maintain an ongoing feeder pool of female talent. Recruitment, along with other development activities that support the progression and retention of women, assures Shell is positioned to make sustainable progress against its global target of 20% women in senior leadership positions.

Behind all Shell's recruitment targets is the key principle of equal opportunity at all levels, while taking into account national norms and government policies.

Learning

Helping Shell become a truly diverse and inclusive organization is about ensuring that all its people understand and support the principles of D&I. To make this happen, the organization has a series of learning offerings, designed both to raise general awareness of D&I and to develop potential leaders from

"Visibility of role models for all under-represented groups is key, and the more we can progressively reflect all aspects of the demographics in the societies and countries where we operate, the more we will create an inclusive environment."

James Dorrian, EVP Learning, Organization Effectiveness and Diversity & Inclusion, the Netherlands

under-represented groups from within the organization.

The Women's Career Development Program (WCDP) is a three-day course offered worldwide. To date, more than 2,000 Shell women have attended. It aims to help women to realize their full potential through self-knowledge and a better understanding of the career prospects open to them.

Another important learning tool for Shell's work on D&I is a series of seven 'Lunch and Learn' sessions that offer participants the opportunity to deepen their knowledge of a variety of D&I topics. Each session runs for around 90 minutes, during which time participants actively engage in a variety of small and large group activities. The seven topics are an introduction to D&I, plus specific sessions on gender, micro-inequities, generations, disability, cultural thinking and sexual orientation. Currently, over 200 Shell staff globally have been trained to facilitate these programs.

Further education for line managers and supervisors takes the form of Shell's Managing Inclusion course. This one-day, instructor-led class is designed to help managers maximize their teams' effectiveness, and provides tools to enable participants to create the kind of inclusive environment in which all employees can perform their best work.

Finally, Shell recognizes the key role played in talent development by the HR organization, and runs two



"To accelerate progress in this area, I think there are two things we can do. One is to be careful whom we appoint into senior positions, because, ultimately, they have great influence over this subject. Second is the general pipeline. I think we have to look into the future and develop the type of talent pool that we need and start to adjust the balance way ahead."

Tan Chong-Meng, Senior Business Leader, Singapore

courses on D&I specifically for people working within HR: Knowledge of D&I (KODI) and Skill in D&I (SIDI).

Supporting the career development of diverse groups

Over the years, Shell has fostered a number of initiatives to support people from under-represented groups in reaching their full potential. One of these was a major project on the Progression and Retention of Women in Shell, which began in 2005 with a survey conducted among employees that looked at barriers to women's advancement.

The research took place in the Netherlands and the U.K. However, its findings were combined with those from other Shell studies, including one from the company's global IT organization, in order to produce a Shell-wide picture of the current situation.

Recommendations for actions were then made and rolled out first in the U.S., U.K., and the Netherlands, only to be adopted eagerly by the global businesses, which made many of the activities part of their D&I plans. Ultimately, the activities were applied across most of the 90+ countries worldwide in which Shell operates today with a very consistent approach.

The various initiatives targeted diverse audiences, ranging from current senior leadership team members to all employees, and together they represented a holistic approach to overcoming barriers to women's progress.

One of the 2006 interventions involved a focused effort to have at least one qualified woman on the short list for 70% of managerial positions in the U.S., U.K., and the Netherlands.

In addition, a series of programs were initiated to strengthen or widen the scope of Shell's best talent management practices. Key activities included encouraging more high-potential women to attend the WCDP, reviewing and adjusting female representation in attraction and recruitment activities for Graduates and Experienced hires, and developing a standard exit interview template/process with specific D&I related questions.

Another major initiative aimed at helping under-represented groups reach their full potential was the development of Shell's Asian Talent Council (ATC).

For Shell, Asia represents a significant part of the portfolio in terms of both current contribution and growth potential. For this reason, Shell has been placing increasing emphasis on developing its pipeline of Asian talent. The ATC is the primary regional body that supports and directs these efforts, working across functions and businesses to facilitate the development of an integrated virtual market-



"My sense is that it is too easy for people to lose perspective – they get caught up in their daily work and put D&I to the back of their minds. So we need to strengthen our focus in this area. This is difficult because the results we want won't be achieved in a day or a week – we need a continued effort over a long period, and must make this an important part of what we do."

Peggy Montana, Senior Business Leader, United States

Peter Voser, Shell's CEO, has been in his role for almost a year and a half. During that time he has instituted major structural and cultural change. So how have these changes affected Shell's long-standing commitment to D&I?

In July 2009, former Chief Financial Officer Peter Voser took on the role of CEO. When he first came to the job, he emphasized his continued commitment to the organization's D&I values: "Diversity and Inclusion will create a stronger Shell for the future. I'm committed to broadening our diversity and deepening the inclusion of our workforce through dedicated leadership and accountability. Embedding D&I within our structure, people, processes and culture will result in more customers, employees, stakeholders and partners choosing Shell more often.

"We will continue to attract and develop the best and most innovative women and men who will contribute to Shell's future as a leader in delivering the best energy products and solutions to our customers. D&I is an advantage that will enable a competi-

tive performance culture."

But how has Voser's accession to CEO changed the way Shell works? Well, since taking on the top role, Voser has certainly made his mark, presiding over major structural changes at Shell, and initiating a far-reaching cultural change program. The restructuring process (Transition 2009) was completed by the end of last year; although the cultural change process naturally takes a little longer. Both, Voser argued, were a necessary response to the current realities of the market and the world's future energy needs.

Voser's cultural change program was designed to encourage a new mindset for all of Shell's people. Summed up as 'powering progress together', it introduced five 'must-do behaviors' (or Behavioral Imperatives) for everyone in Shell to follow – External focus, Commercial

mindset, Delivery, Simplicity and Speed.

However, as these new behaviors were introduced, he has continued to emphasize how the new behavioral imperatives should link with and complement existing culture change efforts within Shell, in particular D&I. Speaking in mid-2010, he commented: "D&I remains an important enabler for our business and an important part of the Shell people strategy."

His personal commitment has been underlined by recent engagements, including meetings with D&I employee network leaders in the U.S. and United Kingdom this year to discuss the challenges they face, to highlight the contributions made by the networks, and find out how they perceive the impact of recent organizational changes.



Peter Voser, CEO.

During one session, Voser acknowledged that Transition 2009 had been an emotional journey and emphasized the need to maintain focus on D&I as the organization moved forward, in terms of both diverse representation and behaviors that support inclusive work environments.

There was further evidence of Voser's continued commitment to D&I when he joined the board of Catalyst, the leading non-profit corporate membership research and advisory organization working globally to build inclusive environments and expand opportunities for women and business.

place for Asian talent.

ATC activities include regular reviews of the demand inventory of upcoming jobs, and active 'brokering' to facilitate cross-business/functional moves. The ATC also works with Shell's Global Recruitment team to help resource external Asian talent, and supports Asian talent

development by helping to identify and address key coaching and development themes.

Alongside these major initiatives, Shell has also encouraged the development of diverse talent by its strong support for employee networks. These are voluntary groups of employees that come together

in support of common goals and interests that are aligned with business objectives. At present, more than 40 such networks are active across the Shell world. Importantly, as well as helping the company work towards its D&I goals, these networks also provide a valuable channel for communicating with many different employees. As mentioned above, when he took on the CEO role, Peter Voser made engaging with employee network leaders a component of his information gathering, and their support proved valuable to the Transition 2009 change program. **PDJ**



"Over the years, I've learned that smart people who are good leaders attract smart people.

They're not threatened by intelligence or diversity – they harness it. So, surround yourself with people who are different from you, and smarter than you. And nurture them."

Ann Pickard, Senior Business Leader, Australia