How does Shell communicate its Corporate Social Responsibility initiatives through the company’s website and its two latest annual sustainability reports from 2009 and 2010?
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1.1. Summary (Kitti & Martin)

The purpose of this thesis is to discuss and elaborate on the most important CSR theories and strategies and to investigate the possibilities on how companies, with special regards to the ones operating in the ‘sin’ industries, can benefit from the communication of their CSR engagements to its stakeholders. To illustrate this discussion, the thesis has been intended to investigate how the area of CSR has been used to manage the challenges concerning the communication of the fundamental conflict of Shell’s product with the environment. The thesis also includes an analysis of Shell’s corporate website and the 2009/2010 Sustainability Reports as case studies.

The first part of the thesis discusses the concept of CSR, including Caroll’s CSR Pyramid (1979) and Elkington’s Triple Bottom Line (1997). This theoretical background along with Preble’s (2005) stakeholder management model will be fundamental tools to analyse the CSR communication at Shell. In this part Morsing& Schultz (2006) CSR communication strategies will be used to determine, which strategy Shell is currently using. The findings of this analysis will be the basis for further discussion and recommendation at the end of the thesis.

The second part of the thesis is about the analysis of the selected communication materials. The purpose of this part is investigate, which persuasive and rhetorical appeals are used in order to communicate with the stakeholders. The theoretical background will include Aristotle’s Forms of Appeal and the Elaboration Likelihood Model by Petty &Cacioppo (1986). Furthermore Harold Lasswell’s formula (1948) ‘Who says what, in which channel to whom with what effect’ will be used as the main framework for planned communication in which the content analysis of the sustainability reports will fall upon.

Drawn upon the findings of the above mentioned analyses, the third part of the thesis will be containing a discussion of the findings and relevant recommendations on how to manage the communication in a more appropriate way. The thesis will be ended by summarizing the most important information in the conclusion.
2.1. Introduction (Kitti & Martin)

In today's globalized world the consumer decision making process has been changing rapidly. Earlier on, the most detrimental issues for a successful business were the tangible characteristics, such as the design, the perceived quality and price. These factors are still important, however, the changing expectations of today’s consumers made it inevitable for the business to behave ethically towards the society and public in general (Acha, Virginia & Leo Martin, 2005). This phenomenon embraces that companies invest in ‘unlikely’ foundations to support educational, environmental or health-related causes. This concept is called Corporate Social Responsibility (CSR) (Benioff & Adler, 2006).

CSR has been characterized by many authors in a variety of literature, but the concept is still broad, complex and continuously evolving. The common understanding is that companies have different responsibilities towards the society and the environment they operate in (Podnar, 2008). Other contributor within the business field defines it as: “Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development.”

There are other related terms to this concept, namely Corporate Citizenship, Business Ethics and Sustainability. These practices are used by organizations to manage their relationships with the key stakeholders (Carroll, 1991). According to Coope (2004): “Implementing CSR isn’t enough – it’s vital to communicate those activities to stakeholders”, therefore, in the recent years, it has become a common practice for companies to provide the stakeholders with relevant corporate literature in order to inform them about the company's CSR efforts and initiatives.

There is no best way on how to successfully manage the communication of CSR activities (Cornelissen, 2011). Most of the companies use their websites and product labels to

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1 Derived from (http://culturalshifts.com/archives/181), [01.02.12.]
communicate their CSR activities and benchmark it against other companies by providing the stakeholders with a separate CSR annual report.

For instance, Shell is trying to influence today’s environmental agenda and develop new solutions, since the consequences of oil production to the local and global environment are important issues for them, which can be seen on their corporate website (www.shell.com).

Therefore the following thesis will address the CSR concept by using Shell’s communicative efforts within their annual sustainability reports and this will serve as a foundation for future recommendations to all companies in different industry sectors who need to integrate CSR into their operations.

### 2.2. Problem statement (Kitti & Martin)

How does Shell communicate its Corporate Social Responsibility initiatives through the company’s website and its two latest annual sustainability reports from 2009 and 2010?

In order to answer the research question, the following sub-questions have to be solved as well:

- **What is CSR?**
- **Who are the stakeholders in order of importance that Shell impacts directly with their CSR communications?**
- **How has Shell communicated their annual Sustainability Reports in the above mentioned two years respectively by making use of the persuasive appeals?**
- **What recommendations are there to improve the CSR annual sustainable reports in future in relation to the communication strategies which should be used when engaging with stakeholders?**
Shell has been ranked as number 10 on Fortune’s Top 100 Best Socially Responsible Companies in the World in 2010\(^2\). Its website is built upon presenting the company’s CSR engagements to its stakeholders; moreover, it also publishes annually a separate Sustainability Report, which includes detailed information on what they have accomplished during the last year. We have chosen the two years respectively 2009 and 2010. The reason behind this is to compare the two years with the company operating in normal business conditions and having being affected by a crisis which has happened, namely the BP Oil spill in 2010\(^3\). According to Morsing& Beckmann (2006) the CSR efforts of the company are lost, if the stakeholders are not aware of them. In addition to that, this is done especially due to the cause by industries of tobacco, oil products, and alcohol, who are often accused of harming the general public wellbeing and the surrounding environment (Morsing & Beckmann, 2006). Consequently, it is of interest to analyse, how a

\(^2\)http://www.ranker.com/list/top-100-socially-responsible-companies/business-and-company-info
\(^3\)http://www.bp.com/sectiongenericarticle800.do?categoryId=9036575&contentId=7067541
large corporation in such a competitive ‘sin’ industry can communicate its efforts of being socially responsible.

2.4. Scientific approach (Kitti & Martin)

The goal of this thesis is to analyse and understand Shell’s CSR communication in relations to its stakeholders. Since hermeneutics “covers both the first order art and the second order theory of understanding and interpretation of linguistic and non-linguistic expressions”[4], this thesis is consequently based on this scientific approach.

The analysis will seek to gain an in-depth understanding and reveal the meaning of the chosen texts. According to Palmer (1969), understanding is based on comparing something new to something which is already known and therefore it is a “referential operation”. As a result, the theories described later on will be contrasted to the case, whereas they will be critically judged in an ongoing continuous process.

2.5. Methodology (Kitti & Martin)

As a consequence of the hermeneutics as a chosen scientific approach, the method of the hermeneutic circle will be used. It refers to the process of understanding the text as a whole is established by the reference from the individual parts, whereas the understanding of the individual parts will be based on a reference to the whole text (Heidegger, 1927).

Therefore the paper will begin with a description of CSR’s historical development, which will serve as the foundation in explaining why companies adopt this into their core business. This analysis will eventually lead to investigate the current stakeholders, who are addressed by the sustainability reports and their order of their importance will also be explained. This will be done through an interpretive textual semiotics analysis by scanning the sustainability reports and drawing on from the evidence provided with a backup in the most relevant communication theories. The impact that will be derived from Shell’s (CSR) activities concerning their

stakeholders will be analysed through the persuasive appeals that are largely rooted in communication theory and consumer psychology. In the last sub-point the overall CSR process in relation to the communicative theories will be reviewed again to see how Shell could be more successful in reaching out to their stakeholders through the initiatives that they have presented. To sum up, the purpose of this thesis will be reached by a circular character of interpretation of comparing and contrasting the known to the unknown and the parts to the whole text. Due to the subjective manner of this scientific approach, qualitative data and reception analysis along with why-questions will be used to conduct the analysis and to get access to how in this case the stakeholders create meaning and what possible effects it might have on the communication strategy.

![The Hermeneutical Circle](http://www.grassie.net/)

**Figure 1:** The Hermeneutical Circle (Retrieved from: [http://www.grassie.net/](http://www.grassie.net/) [23/03/2012])

### 2.6. Structure and Theoretical Framework (Kitti & Martin)

The first chapter will have the summary of the paper in an abstract explaining what the content is about as well as the main theories and findings that have been derived. The second chapter will include the introduction which defines the motivation, the scientific approach, the methodology,
the structure, the theoretical framework and the delimitations of the paper. Chapter 3 is going to begin by defining what CSR. The main sources of reference will be Tench & Yeomans, (2009). Exploring Public Relations, along with Carroll (1999). Corporate Social Responsibility: Evolution of a Definitional Construct that offers different perspectives regarding definition paradigms throughout its historical development. The section will be continued by describing the most important theories within this field, namely Carroll’s CSR Pyramid (1979) and the Triple Bottom Line (1997). Chapter 4 will make use of Preble, J.F, (2005). Toward a comprehensive model of stakeholder management, to identify in order of importance the stakeholders that are directly addressed and influenced by Shell’s CSR communication activities. The chapter will end off with a brief summary reflecting on the points mentioned regarding the stakeholders involved. Chapter 5 will make use of Morsing & Schultz (2006) which will describe the possible 3 kinds of communication strategies. Chapter 6 will depict Shell by stating its history, conducting a stakeholder analysis and describing its CSR communication. The major communication theory by Windahl, et al., (1992). Using Communication Theory: An Introduction to Planned Communication will serve as a basis in relation to explain the annual sustainability reports (2009, 2010) at Shell. Precisely, Harold Laswell’s formula will be the main communication model, with an extension of the model as suggested by Richard Braddock (1986). In addition to the communication model, Petty and Cacioppo (1986) ‘Elaboration Likelihood Model’ along with other persuasive elements such as ‘Aristotle’s forms of appeal’ from Gass, H., & Seiter, J. (2007) Persuasion, Social Influence and Compliance Gaining, will be used in the content analysis of both the sustainability reports (2009, 2010). The fourth chapter will end off by linking the stakeholders/ target audiences identified in the third chapter with the communication strategies identified in the current section in order to see whether Shell has been successful in their persuasive attempts in relation to their CSR messages. The fifth chapter will deal with a recommendation/suggestions section for Shell on how to improve their CSR communication strategies within their annual sustainable reports and the persuasive appeals that they should make use of when engaging with their target audiences.
2.7. Delimitations (Kitti & Martin)

As mentioned in the ‘Introduction’, the concept of CSR is very broad and complex, therefore CSR will be only understood as defined above, which will lead to elimination of several angles and viewpoints.

The paper will focus on the Shell as a group of companies, and the main source of information is the global corporate website. Due to the fact that it would lead to an extensive analysis to incorporate all the Shell companies belonging to Shell Group (Shell operates in more than 90 countries\(^5\)), the thesis will be limited to the globally aimed corporate publications.

Due to the number of pages and the focus, other communication channels, such as the annual financial reports will not be investigated. Additionally, not all of the CSR activities will be elaborated on, since not all of them are relevant considering the communication process and the main stakeholders.

When engaging in CSR activities, the brand identity and image have a decisive role, however, due to the limited number of pages and the fact, that a thoroughly analysis of the brand would take the focus away from the communication process, these concepts will not be examined.

The stakeholder analysis will be limited to the main stakeholder audiences in the communication process, including the elimination of the investigation of benchmarking against other companies and a comparison of different competitors and their CSR communication.

In relation to the annual Sustainability reports there will be an element within the textual analysis that will include the BP Oil crisis, however due to the page constraints the topic will not include crisis communication as a sub-element of the communication aspect.

Regarding Harold Lasswell’s formula to be used as main communicative framework the element of ‘to what effect’ will not be included since it is not relevant for answering the problem

\(^5\)http://www.shell.com/home/content/aboutshell/
statement. Therefore it is out of scope and it will be left out.

Lastly, culture plays a major role in the communication process, both in the receiving and the sending part, however, the space is limited, and the discussion of this topic is not included in this thesis.

3.1. Corporate Social Responsibility (Kitti)

Lately, people have started to rank companies based on their CSR performance, resulting in the tendency that not being socially responsible might harm the organization’s reputation by creating bad publicity. Du et. al (2010) argues that “the stakeholders of a company are increasingly likely to take actions to reward good corporate citizens and punish bad ones”.

Therefore, this section will build the foundation for a further discussion of CSR, by clarifying what is understood under this term, and how it has evolved and developed during its history. There are many definitions of the concept; therefore the two most relevant ones will be presented, followed by a brief description of the historical development. At the end, Archie B. Carroll’s CSR pyramid and John Elkington’s Triple Bottom Line will be proposed in order to gain an in-depth understanding of an organization’s responsibilities besides profit-making.

3.2. History and development of CSR (Kitti)

In the recent decades, CSR has been a regular topic of discussion as well as the other terms related to it, which have already been mentioned in the Introduction. However, the phenomenon is not new, but according to researchers, it is as old as business itself (BRASS Centre).

Initially, the first CSR definitions were formulated in the 1950s; therefore this can be seen as the beginning of the ‘modern era’ of CSR (Carroll, 1999). The most outstanding author of this period was Howard Bowen, who published ‘Social Responsibilities of the Businessman’ in 1953 and became the ‘father of corporate social responsibility’.

In the 1960s the definitions have been expanded. The most significant literature was published
by Keith Davis, Clarence Walton, William Frederick as well as James McGuire.

In 1973 Milton Friedman introduced his profit-maximization theory, whereas in 1979 Archie B. Carroll included the legal, ethical and discretionary responsibilities of an organization. Additionally, Harold Johnson (1971) suggested that “a socially responsible firm is one whose managerial staffs balance a multiplicity of interests. Instead of striving only for larger profits for its stakeholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities and the nation”.

In the 1980s, the focus has shifted to Corporate Social Performance Research and Edward R. Freeman (1984) has introduced his theory on the internal and external stakeholders of an organization.

Until the 1990s the CSR was a voluntary concept, however, during this period it has developed into a leading practice in the achievement indicators (Crawford, 2005).

Today, CSR is classified as “a widely spread management idea within the business community” (Windell, 2007). Nowadays, corporate social responsibility is a diverse concept, since it is related to a number of different parts of an organization relating to several corporate activities. Nevertheless, there are still many conflicting definitions and opinions about what CSR is about, and therefore the next section will clarify how it is understood within this paper.

Figure 2 presents the evolution of CSR research since 1950. Source: Kakabadse, A., Kakabadse, N., (2007).
3.3. The definition of CSR (Kitti)

As mentioned above, there is no generally agreed-upon definition considering the CSR concept. As it can be seen in the history, for many decades different theories and businessmen have tried to come up with an all-encompassing definition, which could not be formulated. Due to this reason Dahlsrud (2008) tried to study, compare and contrast the available abundance of definitions in order to find out the similarities and differences in between them. He argues that there can be categorized five different dimensions, including environmental, social, economic stakeholder and voluntaries. It has been examined, how many times these dimensions were referred to (Dahlsrud, 2008). As a result, Van Marrewijk’s definition (2003) has been identified as the one, which encompasses all the five above mentioned dimensions. According to him, “in general, corporate sustainability and CSR refer to company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders” (Van Marrewijk, 2003).

In order to further clarify the concept of CSR and to build the foundation for answering the research question, two relevant theories, Carroll’s CSR Pyramid (1979) and Elkington’s Triple Bottom Line (1997), will be elaborated on.
Before Carroll’s article (1979), the view on CSR can be illustrated by a quotation from Friedman (1970): “there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game”. Carroll (1979) has argued that this responsibility should be expanded to other types of obligations towards the society. According to him (1979) the: “social responsibility of the business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time.” He identifies four different components of CSR, including the economic, legal, ethical and philanthropic responsibilities (Figure 4). In 1991 he developed this thought into a four-level pyramid model (Figure 2) relying on the above mentioned four responsibilities. Additionally, he claims that the total CSR of an organization must include all of them. At the bottom line of this pyramid, the economic responsibilities are depicted, since being profitable is the foundation for all the other levels. Above this, the legal

3.4. Carroll’s CSR Pyramid (Kitti)
Responsibilities are placed, meaning that the society’s codification of right or wrong has to be obeyed. On the third level, the ethical responsibilities can be seen, indicating that harm has to be avoided. On the top, the philanthropic responsibilities can be found, which encompasses corporate citizenship. Carroll (1991) emphasizes the difference between the legal and the ethical, further between the philanthropic and ethical dimensions. The former refers to the fact that the legal norms are written and clearly stated, but it does not include all the society’s norms of morality. The latter means that being philanthropic is voluntary in its nature.

![The Pyramid of Corporate Social Responsibility](source: Carroll, B., 1979)

Besides this pyramid, Carroll (1979) also investigates in his paper the relationship between CSR and the organizational stakeholders (Figure 5). He (1979) states that “the concept of stakeholders personalizes social or societal responsibilities by delineating the specific groups or persons business should consider in its CSR orientation”. It has also been declared that these stakeholders are: “owners, customers, employees, community, competitors, suppliers, social activist groups...”
and public at large” (Carroll, 1979) and they can be managed in three styles: “morally, immorally and amorally” (Carroll, 1979).

**Stakeholder/Responsibility Matrix**

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Economic</th>
<th>Legal</th>
<th>Ethical</th>
<th>Philanthropic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Activist Groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public at Large</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Figure 5 – The Stakeholder/Responsibility Matrix by Caroll (1979)*

Critics of the pyramid state that the upper two levels are the kernel of the CSR concept and the bottom should not even be considered to be included (Lantos, 2001; Buhmann, 2006; Sriramesh, et al. 2007). Despite this and the fact that the pyramid is already more than thirty years old, this is still one of the most quoted articles within this field. In addition, Carroll (1979, 1991) has created two useful models (The Pyramid of Corporate Social Responsibility and The Stakeholder/Responsibility Matrix), which will be fundamental analytical tools in this paper.

### 3.5. Triple Bottom Line (Kitti)

According to the United Nations BruntlandCommission in 1987 sustainability can be defined as: “Meeting the needs of the present generation without compromising the ability of future
Communicating Corporate Social Responsibility at Shell
Bachelor Thesis written by Kitti Szekeres (401016) & Martin Petrov (285879)
2012

generations to meet their own needs.” In accordance with this ideal, John Elkington has introduced his model about the Triple Bottom Line (TBL) in 1997. It is one of today’s decisive CSR approach, since the United Nations has ratified the TBL standard for urban and community accounting in early 2007, additionally, this has also became the dominant approach to public sector full cost accounting\(^6\).

Similar to Carroll’s view on CSR, Elkington (1997) also suggests that organizations’ responsibilities have to go beyond the maximization of its financial returns. He (1997) portrays an expanded spectrum of values and criteria for how to measure organizational and societal success, namely economic, ecological and social performance of the organization. Furthermore, he has also come up with three categories, called as 3Ps, referring to People, Planet and Profit. Elkington (1997) claims that “society depends on the economy – and the economy depends on the global ecosystem, whose health represents the ultimate bottom line”. This indicates that the organizations’ performance should not only be measured by the financial returns, but also on the basis of the individual bottom lines, which should be given equal weight in the economic reporting practices.

According to critics, the concept of TBL can be misleading, since the measurement criteria might be imprecise, hence it is not that easy to compute as the financial gains (Normal & MacDonald, 2003). This can be understood from the following argument: “[the TBL model is a] good old-fashioned Single Bottom Line plus Vague Commitments to Social and Environmental Concerns”.

Despite these critics, the idea of conducting a business in a socially responsible way is never disagreed upon, but only in its measurement is discussed. Today, the 3Ps matter more than ever, since many companies argue that adding this concern into their corporate balance sheets makes them successful by delivering a greater efficiency leading to a competitive advantage\(^7\).


3.6 Preliminary Conclusion (Kitti)

The history of CSR has shown that there is still confusion about how to describe this concept and how to formulate an all-encompassing definition (Dahlsrud, 2006). However, as the above clarified theories indicate, there is a common agreement that organizations have other responsibilities than only the shareholder’s financial gains. Several stakeholders have growing needs for organizations to conduct their business in a socially responsible way, further, that these activities have to be communicated effectively. In order to get the most appropriate message through, the demands of the stakeholders have to be identified properly. Therefore, the next chapter will deal with stakeholder theory.

4.1 The definition of stakeholders (Kitti)

Given Carroll’s (1979) already mentioned definition above of stakeholders in relation to the CSR concept, Preble’s (2005) “Towards a comprehensive model of stakeholder management” will be used as a review in defining and describing stakeholders. The earliest available definition comes during the sixties in which the word “stockholder” was used by management in relation to an organisations main financial investors that fund the organisation (Friedman 1999). This new term “stakeholders” involves more than just the capital providers that the organisation should be responsible for, and instead include a wide variety of interested parties, as without their support organisations would cease to exist in the long run. Throughout the seventies the stakeholder concept has been developed further as organisations began to experience uncertainties in
the dynamics of the external environment they operated in (Preble 1978). As noted by Freedman (1984) these external changes were due to the “emergence of consumer, environmental and other activist groups; increase in the scope of government and their roles as ‘Ombudsman’ or ‘watchdogs’; the global market place and increased foreign competition; the media hostility and the loss of confidence in business.” In addition to more recent trends and improvements in communication technology and internet usage, the stakeholder definition will keep expanding to include many more audiences that might be impacted or have an impact on the organisation in question. Thus, the formal definition given by Freedman (1984) is that, “[a] stakeholder in an organization is any group or individual who can affect or is affected by the achievement of the organization’s objectives (p. 715)” In this sense the definition given is used in its broadest in that can include virtually anyone, since there are various other definitions. The important emphasis is on the two-way relationship and communication between the organisation and its stakeholders. Preble (2005) also notes that irrespectively of whether or not an organisation impacts a particular stakeholder group through their operations, the uninvolved stakeholders can in a way affect the organisation. This derives from Clarkson’s (1995) definition in which “stakeholders are persons or groups that have, or claim, ownership rights, or interests in a corporation and its activities, be they past, present, or future.” One important distinction should also be mentioned here by Tench, & Yeomans (2009) is that the terms of stakeholders and publics are usually used interchangeably and therefore it becomes unclear. Grunig & Hunt (1984) states that “[to] distinguish publics as stakeholders that face a problem or have an issue with the organisation.” Thus, stakeholders are seen as potential publics that are affected and are seen as part of John Elkington’s ‘People’ category in his ‘TBL’ model or the society at large. This goes to show that the interest of all stakeholders are of intrinsic value (Donaldson & Preston, 1995). This inclusive perspective of stakeholders extends beyond humanity and goes beyond future generations as well as all the plants and animals involved in the planet’s environment. All in all, it all leads down to the way organisations implement their CSR activities through their operations and the important stakeholders that are involved.
According to Coope (2004): “implementing CSR isn’t enough – it’s vital to also communicate those activities to stakeholders”. Based on this ideal, CSR communication has given a new challenge to today’s businesses. If it is employed in an inappropriate way, it might break or harm the relationship with the different stakeholder groups, however, it can also strengthen the cooperation. In accordance with this phenomenon, Pollach (2005) argues that “too much communication may be counterproductive, especially when words do not match deeds”. Consequently, the first part of this chapter will discuss three communication strategies, developed by Morsing and Shultz (2006), which emphasizes the necessity of engaging the stakeholders in a mutual dialogue.

5.2. CSR communication strategies (Kitti)

Based on Grunig and Hunt’s communication model (1984) Morsing and Schultz (2006) have developed three communication strategies drawing upon the recent development of stakeholder management and CSR communication. In order to understand the three strategies of: Stakeholder...
Information Strategy, the Stakeholder Response Strategy and the Stakeholder Involvement Strategy, it is inevitable to discuss the concepts of sensemaking and sensegiving. According to Weick (1995) sensemaking is predominantly a social process through which people “make sense of things in organizations during conversations with others, while interpreting communications from others, as well as exchanging ideas with others” (Morsing and Schultz, 2006). To sum up, it refers to the phenomenon, when people gain new information; they interpret it in their own ways by creating their own individual meaning of it.

On the other hand, sensegiving refers to the notion, when the corporate management “influence[s] the way another party understand or makes sense” (Morsing and Schultz, 2006). This idea was introduced by Gioia and Chittipeddi (1991), who suggest that management is influencing the way employees understand and perceive the given information. Additionally, Morsing and Schultz (2006) see the concepts of sensegiving and sensemaking externally, whereas Gioia and Chittipeddi (1991) see these from an internal point of view.

The above mentioned two aspects will be the foundation for the in-depth understanding of the following communication strategies.

### 5.2.1. Stakeholder Information Strategy (Kitti)

The Stakeholder Information Strategy is similar to Grunig and Hunt’s public information model (1984). The communication is one-way, meaning that it is about public information originating from top management and therefore it derives on the notion of sensegiving. The strategic communication task is to inform the stakeholders about the CSR engagements and decisions. The stakeholders have two roles, either to support or to be opposed to the communicated information. The organization provides the stakeholders with appealing information presented in the most objective way in order to endorse the stakeholders to show their loyalty and not to be against the organization and destruct it by a negative word-of-mouth campaign. In this communication tactic the stakeholders do not have an opportunity to give feedback to the company (Morsing and Schultz, 2006). This is also seen as the traditional bureaucratic form of communication patterns.
or the push down approach where information is delegated down the organization to all interested and uninvolved stakeholders.

5.2.2. Stakeholder Response Strategy (Kitti)

The Stakeholder Response Strategy differs from the above elaborated on Stakeholder Information Strategy by having a two-way asymmetric communication ideal (see figure 8 below). The communication flows from the organization to the stakeholders; however, there is a stakeholder response to corporate actions. Therefore this communication model encompasses both the concept of sensegiving and sensemaking. The organization’s purpose is to demonstrate to stakeholders how their concerns are integrated. The stakeholders’ interests are investigated by feedback via opinion polls, dialogues, networks and partnerships, therefore it is inevitable to identify the relevant stakeholders and endorse third-parties to create an integrated element of surveys and rankings. In this way the company can reassure the stakeholders that their needs are taken into account by acting ethically and engaging in relevant socially responsible activities. Additionally, the feedback from the stakeholders is not really used to change the organization’s actions, but to rather make a more appealing and suitable communication material for the target group. This is why it is pointed out that “the company has the sole intention of convincing its stakeholders of its attractiveness” (Morsing and Schultz, 2006), indicating that this communication strategy is predominantly a one-sided approach (Morsing and Schultz, 2006).
### Table I. Characteristics of the four models of public relations adapted from Grunig and Hunt (1984)

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Press agentry/publicity</th>
<th>Models Public Information</th>
<th>Two-way asymmetric</th>
<th>Two-way symmetric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>Propaganda</td>
<td>Dissemination of information</td>
<td>Scientific persuasion</td>
<td>Mutual understanding</td>
</tr>
<tr>
<td>Nature of communication</td>
<td>One-way complete, truth not essential</td>
<td>One-way truth important</td>
<td>Two-way imbalanced effects</td>
<td>Two-way balanced effects</td>
</tr>
<tr>
<td>Communications model</td>
<td>Source to rec.</td>
<td>Source to rec., with feedback to source</td>
<td>Group to group and vice versa</td>
<td></td>
</tr>
<tr>
<td>Use of research</td>
<td>Little if any</td>
<td>Little, readership, readability</td>
<td>Formative attitude evaluation</td>
<td>Formative evaluation of understanding</td>
</tr>
<tr>
<td>Examples of current practice</td>
<td>Product promotion, sponsorship theatre</td>
<td>Government, non-profitmaking associations, businesses</td>
<td>Competitive business agencies</td>
<td>Regulated business agencies</td>
</tr>
</tbody>
</table>

**5.2.3. Stakeholder Involvement Strategy (Kitti)**

The third strategy, the Stakeholder Involvement Strategy, is a two-way symmetric communication (figure 8 above) between the stakeholders and the organization. Similar to the Stakeholder Response Strategy, the communication ideal encompasses both the notion of sensegiving and sensemaking. However, it also gives an additional option for the stakeholders to have some form of influence the company in a positive or a negative way. In contrast to the above discussed theory, this strategy highlights that the stakeholders co-construct the corporate CSR efforts, since the sensemaking and sensegiving are iterative progressive processes. The focus is placed on relationship building, which endorses that the stakeholders get involved into corporate actions by suggesting different solutions. According to Morsing and Schultz (2006) it is not enough to communicate the company’s CSR efforts and then receive feedback on it, but the corporate CSR messages has to be created with the engagement of stakeholders in a continuous dialogue, where both sides are willing to negotiate and make compromises.
5.2.4. Preliminary Conclusion (Kitti)

The effective communication of CSR activities endorses that the communication strategy is appropriately chosen in relation to stakeholders and the information. Three different communication strategies were presented, the Stakeholder Information Strategy, the Stakeholder Response Strategy and the Stakeholder Involvement Strategy. These approaches differ in the communication ideal, meaning that how much they make use of the notions of sensegiving and sensemaking. It is suggested that the best way to communicate CSR engagements is to apply a two-way symmetric communication method, where the sensemaking and sensegiving are in iterative progressive relation to each other. In the analysis part, these strategies will be used in order to identify which communication ideal Shell is applying in the communication of its CSR efforts.

Table 1: Three CSR communication strategies

<table>
<thead>
<tr>
<th>Communication ideal:</th>
<th>The stakeholder information strategy</th>
<th>The stakeholder response strategy</th>
<th>The stakeholder involvement strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication ideal:</td>
<td>(Grunig &amp; Hunt 1984) Public information, one-way communication</td>
<td>Two-way asymmetric communication</td>
<td>Two-way symmetric communication</td>
</tr>
<tr>
<td>Sensegiving</td>
<td>Sensemaking</td>
<td>Sensemaking – in iterative progressive processes</td>
<td></td>
</tr>
<tr>
<td>Stakeholders:</td>
<td>Request more information on corporate CSR efforts</td>
<td>Must be measured that the company is ethical and socially responsible</td>
<td>Co-construct corporate CSR efforts</td>
</tr>
<tr>
<td>Stakeholder role:</td>
<td>Stakeholder influence: support or oppose</td>
<td>Stakeholders respond to corporate actions</td>
<td>Stakeholders are involved, participate and suggest corporate actions</td>
</tr>
<tr>
<td>Identification of CSR focus:</td>
<td>Decided by top management</td>
<td>Decided by top management, investigated in feedback via opinion polls, dialogue, networks and partnerships</td>
<td>Negotiated concurrently in interaction with stakeholders</td>
</tr>
<tr>
<td>Strategic communication task:</td>
<td>Inform stakeholders about favourable corporate CSR decisions and actions</td>
<td>Demonstrate to stakeholders how the company integrates their concerns</td>
<td>Invite and establish frequent, systematic and pro-active dialogue with stakeholders, i.e. opinion makers, corporate critics, the media, etc.</td>
</tr>
<tr>
<td>Corporate communication department's task:</td>
<td>Design appealing concept message</td>
<td>Identify relevant stakeholders</td>
<td>Build relationships</td>
</tr>
<tr>
<td>Third-party endorsement of CSR initiatives:</td>
<td>Unnecessary</td>
<td>Integrated element of surveys, rankings and opinion polls</td>
<td>Stakeholders are themselves involved in corporate CSR messages</td>
</tr>
</tbody>
</table>

Figure 9 – Morsing and Schultz (2006) - CSR communication strategies
6.1. Shell (Kitti)

In this chapter the focus will be placed on Shell. In the first part of the chapter, a brief history of the company will be presented, which is based on the information found on their corporate website under the ‘About us’ section.

In the second part of the chapter, a stakeholder analysis will be performed in order to extract, analyse and interpret the particular stakeholder audiences that are being addressed in the annual sustainable reports and on the corporate website. For this purpose, the above introduced stakeholder theory (Preble, 2005) and Caroll’s (1991) Stakeholder/Responsibility Matrix will be used in parallel, in accordance with the information found on the corporate website. This will be followed by a short introduction to the company’s most important CSR engagements and to its communication practices. It will be identified which communication strategy is used by Shell in order to make the stakeholders aware of the CSR efforts.

6.2. The history of Shell (Kitti)

Shell is a global group of petrochemical and energy companies. It operates in more than 90 countries. Its headquarters are situated in The Hague, Netherlands, whereas their Chief Executive Officer is Peter Voser.\(^8\)

The company’s main strategy is to reinforce its position as a leader in the oil and gas industry in order to provide a competitive shareholder return, further, to meet the global energy needs in a responsible way. It has more than 93000 employees worldwide and it runs more than 30 refineries and chemical plants. Its revenue exceeded $368 billion in 2010.

Shell’s main aim is to “engage efficiently, responsibly and profitably in oil, oil products, gas, chemicals and other selected businesses and to participate in the search for and development of other sources of energy to meet evolving customer needs and the world’s growing demand for

\[^8\]http://www.shell.com/home/content/aboutshell/
energy”\(^9\). Its values are formulated in the General Business Principles, Code of Conduct, Code of Ethics\(^10\).

In the early beginnings, in 1833, Marcus Samuel, a shopkeeper in London decided to expand his business from antiques to oriental shells and to lay the foundation for his import/export business. In 1886, Karl Benz invented the internal combustion engine, which has created a demand for gasoline. Therefore the Samuel business started to export oil from Russia. It was the first timewhen the Suez Canal was used to carry oil in bulk, and since then the business has achieved a revolution in oil transportation. Afterwards a company was initiated, called ‘The Tank Syndicate’, but in 1897 it was renamed to Shell Transport and Trading Company. Later on petroleum was also exported from the East Indies; the name of the company was the Royal Dutch Petroleum Company. These two companies merged into the Royal Dutch Shell Group in 1907. The group rapidly expanded across the world by forming companies throughout Europe and many parts of Asia, whereas the oil exploration and production began in Russia, Romania, Venezuela, Mexico and the United States.

During the World War I Shell became the main fuel supplier of the British Expeditionary Force. After the war it profited from the motor car use. By the end of the 1920s Shell became the leading oil company and founded Shell Chemicals. Because of the economic depression in the 1930s the company had to reduce its staff, whereas a lot of its properties became destructed in the World War II era.

In the post-war years the company was reconstructed and due to the exploding oil demand created by the growing number of cars in the US, an expansion programme began. Shell contributed to the invention of the jet engine and a partnership with Ferrari was also formed in 1950.

\(^9\)http://www.shell.com/home/content/aboutshell/who_we_are/our_purpose/
\(^10\)http://www.shell.com/home/content/aboutshell/who_we_are/our_purpose/
Ten years later, the company’s presence was strengthened in the Middle East. The oil crisis of 1973 the energy prices boomed and Shell adopted a policy of diversification. In 1976 the General Business Principles were formulated.

From 1980s, the offshore exploration projects began. In 2005, Royal Dutch and Shell Transport were unified under Royal Dutch Shell.

According to Freeman and Velamuri (2006), “a business model that simultaneously satisfies the different stakeholders is a prerequisite for any company to start doing business profitably” (Freeman and Velamuri, 2006). This also points out the necessity of the correct identification of stakeholders, which is the purpose of the following part of the paper. Section 4.1 has already clarified the definition of the stakeholder concept; and therefore this knowledge will be taken for granted.
Practitioners and researchers have identified Shell as a leader among the international oil companies for its efforts to integrate stakeholder management principles into the business practice (Wei-Skillern, 2004).

Preble (2005) provides the Comprehensive Stakeholder Management Process Model, whose first step will be utilized in order to identify the relevant stakeholder in relation to Shell’s CSR communication. The model is a systematic step-by-step model, where the first step is the identification of the primary, public and secondary stakeholders. According to Preble (2005), primary stakeholders are inevitable in the surveillance of the organization. With relation to Shell, these stakeholders include shareholders, investors, employees, customers, customer advocates, suppliers and owners\(^\text{11}\). Public stakeholders supply the organization with infrastructure and a legal environment (Preble, 2005). This includes the governments of more than 90 countries; Shell is currently operating at, further, the specific local communities in these countries\(^\text{12}\). Secondary stakeholders are considered to be the ones, who affect or are affected by the operations of the organization, however, they are not vital for the surveillance, such as media, competitors, special interest groups and environmentalists in this case\(^\text{13}\).

\(^{11}\text{http://businesscasestudies.co.uk/shell/balancing-stakeholder-needs/internal-stakeholders.html}\

\(^{12}\text{http://businesscasestudies.co.uk/shell/balancing-stakeholder-needs/internal-stakeholders.html}\

\(^{13}\text{http://businesscasestudies.co.uk/shell/balancing-stakeholder-needs/internal-stakeholders.html}\)
Figure 11 – Stakeholder Map of Shell

In order to further investigate the stakeholders, the Stakeholder/Responsibility Matrix (Carroll, 1991) will be utilized. This analytical tool helps to determine, which stakeholder in which type of CSR engages, which is important when it comes to planning the specific communication strategy.

The owners will have their attention on all four types of CSR, namely in the economic, legal, ethical and philanthropic. The customers are more likely to interested in the legal and ethical CSR, whereas the employees will care about all the four types as well. Since the community can at first place benefit from the taxes and the specific programs, they are most likely to engage in the economic CSR, however, since the employees are from the community, all the four types of CSR are significant. The social activist groups and the public at large will investigate the economic, legal, ethical and philanthropic responsibilities, whereas the suppliers and competitors will have an economical responsibility. To sum up, economic responsibility matters for all the stakeholders, therefore it is important that Shell has the maximum revenue possible. Furthermore, the primary and public stakeholders are likely to be interested in the company’s
engagements in all four types of responsibilities, whereas the secondary and tertiary stakeholders most probably have a stake in the economic responsibilities.

![Shell's Stakeholder/Responsibility Matrix](image)

6.4. CSR at Shell (Kitti)

The corporate website (www.shell.com), where the information for the historical background was derived from, is the most important medium for Shell to communicate its CSR efforts and corporate philanthropic initiatives. Looking at the mission statement it can be concluded that the company strives to satisfy the customers’ needs in socially, economically and environmentally responsible ways. Currently up to date, sustainable development is especially highlighted as a main focus area of the business operation. This can be seen from the corporate website, where there is 1 section out of 4 dedicated to ‘Environment and Society’. It can be seen that the company is focusing on reducing the impact of their operation on nature, CO2 mitigation, energy efficiency, climate protection and a safe workplace. An HIV/AIDS programme was also established to support the local communities, further, company-wide health management
standards and environmental standards have been introduced. In 2006, Shell was ranked as best in class on Dow Jones Sustainability Index for environmental management, policy and biodiversity as well as for corporate governance, codes of conduct and transparency\textsuperscript{14}. The discussion of the CSR concept in the previous chapter made it clear and evident that companies have to shift their focus from being only interested in financial gain to other responsibilities. It was discussed previously, that Dahlsrud (2006) has categorized the definitions of CSR into five dimensions: environmental, social, economic, stakeholder and voluntary dimensions. Despite the fact that Shell does not provide its stakeholders with a clear definition of how CSR should be understood, it is comprehensible from their CSR initiatives that they integrate all five dimensions proposed by Dahlsrud (2006).

Numerous CSR efforts prove that the company is truly engaged in the environmental dimension of CSR. This includes CO\textsubscript{2} mitigation, water protection for wells and new technological inventions, which make the drilling process more environmentally friendly. The social dimension can be seen in the Code of Conduct and the close work with the local communities, including the protection of human rights and the HIV/AIDS programme. The third dimension of being economical can be seen in the recently set new growth agenda, which insures the shareholders on a newly set strategic plan to generate profitable growth\textsuperscript{15}. This is an example for being responsible towards the stakeholders as well. However, this dimension will be elaborated in the next sub chapter. The statement about the company’s values (“As a global energy company we set high standards of performance and ethical behaviours. We are judged by how we act - our reputation is upheld by how we live up to our core values honesty, integrity and respect for people. The Shell General Business Principles, Code of Conduct and Code of Ethics help everyone at Shell acts in line with these values and comply with all relevant legislation and

\textsuperscript{14}http://www.shell.com/home/content/environment_society/s_development/journey/
\textsuperscript{15}http://www.shell.com/home/content/aboutshell/our_strategy/
regulations." Goes to show that the CSR concept is applied on a voluntary basis and it is a fundamental part of the company.

According to Morsing and Schultz (2006), industries producing ‘sin stocks’, such as alcohol, tobacco, weapons, etc., are attributed negatively by the stakeholders. However, it can be seen from the analysis above, that Shell is truly engaged in various CSR activities, and therefore these negative attributes are rather irrelevant.

6.5. CSR communication of Shell (Kitti)

The Shell’s main vehicles of CSR communication are the corporate website (www.shell.com) and the annually published Sustainability Report.

According to Newsom & Haynes (2005) the structure of the website is one of the most important tools in order to get the message across. The website of Shell is well structured and the colours used are in correspondence with the colours used in the logo, namely red and yellow. Additionally, the site looks serious and informative at the same time, indicating that the business is taken seriously. The first piece of information, one immediately sees when opening the website, is the CSR related news, which are placed in the middle and the colourful dynamic pictures draw the attention to them. The navigation on the website is quite easy due to the fact that the information can be found under different headings, which makes it more convenient for the different stakeholder groups to find what they are looking for.

The company is updating the website regularly with the latest information and has devoted the main part to provide its stakeholders with the most important up-to-date CSR efforts. This can be found under the menu: ‘Environment & Society’, which is the first point in the menu, and therefore primarily drawing the audiences’ attention to the section. There is yet another important part of the website, namely ‘About Shell’. This section provides relevant data about the company’s policies and ensures that people are truly concerned with the society and
environment by stating that this is a core value within the company integrated into both the General Business Principles and the Code of Conduct.

Looking through the page, it becomes clear that even though the information provided is structured in a user-friendly way, the contact details are little bit hidden, since the menu is written with small letters and placed in the upper right hand corner.

When discussing Morsing and Schultz (2006) three communication strategies, the analysis above indicates that there is no option for a two-way symmetric communication, since stakeholder audiences are provided with the opportunity of engaging into a blog dialogue, moreover, the social media sharing is also not possible with just one simple click. According to Morsing and Beckmann: “The stakeholder relationship is assumed to be consistent of interactive, mutually engaged and responsive relationships that create the groundwork for transparency and accountability” (Morsing & Beckmann, 2006). This is not the case at Shell’s example, therefore not the communication strategy, which is highly recommended and categorized as the best possible by Morsing and Schultz (2006) is adopted.

However, the first Sustainability Report, which was published in 1998 states, that: “We care about what you think of us. We want you to know more about how we work and how we strive to live up to our principles”\(^\text{17}\). This is a sign of a two-way communication. Additionally, looking at the social media field, which would create the opportunity for engaging in a mutual dialogue, it can be seen that the comment field on Shell’s Facebook page is not used as a mutual dialogue tool, since there are hardly any comments on the company’s updates\(^\text{18}\). Therefore it can be concluded that Shell’s communication strategy is Stakeholder Response Strategy, where the two-way communication is present, however, the feedback is used to create better communication material (as seen in the above mentioned example), therefore it does not have a changing effect on the company’s policies, attitudes and behaviour (Morsing and Schultz, 2006).


\(^{18}\) [http://www.facebook.com/Shell](http://www.facebook.com/Shell)
Another aspect of the stakeholder response strategy is to utilize the concepts of sensegiving and sensemaking. Within Shell both processes take place, since the company repeatedly emphasises that it understands how important the stakeholders are, furthermore, how their demands need to be satisfied. This can be seen in the latest Sustainability Review (2010), where it is stated: “Building strong relationships with communities, customers, governments and non-governmental organizations is fundamental to how we approach our business”\(^\text{19}\). Nevertheless, a mutual communication, which is an iterative progressive process, is still not realized.

6.6. Preliminary conclusion (Kitti)

From a brief history of Shell is becomes evident that the company has started it CSR activities, when the first Sustainability Report was published, namely in 1998. Since then the company has been engaged in a number of different socially responsible activities, moreover, diverse programmes have been created, such as the HIV/AIDS programme in order to make the lives of the locals better. It has also been concluded that the company’s communication strategy is Stakeholder Response Strategy, where the communication is two-way asymmetric, which incorporates both the notions of sensemaking and sensegiving, this however, the feedback is mostly aimed at creating better communication tactics and not at engaging in mutual dialogue, which would lead to the direction of the company’s act together with the stakeholders.

7. Persuasion in Communication (Martin)

The previous section discussed the CSR communication strategies used at Shell and how the main stakeholders were targeted in the corporate website and similarly in the sustainability reports. This section will address persuasion as a communicative tool and the method in which organisations use it to achieve their corporate communicative objectives in relation to their stakeholder audiences. Furthermore, Persuasion will be defined and described within the framework of communication along with the different elements that constitute it as a whole. The

purpose will be to simply describe Aristotle’s forms of appeal that are used as elements in persuasion. In addition to that, Source credibility and the Elaboration likelihood model of persuasion by Petty and Cacioppo (1986) will also be included and used to set up the foundation for the analysis of the sustainability reports in the analysis section that follows later on. A discussion of the ethical considerations and implications of persuasion will be given to end off the section and why it is important for organisations to engage in persuasion ethically.

7.1 Definition of Persuasion (Martin)

Communication alone does not constitute or guarantee that the stakeholders will accept the information or message provided to them fully. Rather, the communicative process goes at a deeper level and involves an element in persuasion which is that form of sensegiving and sensemaking created at the top of the organisation that is aimed at changing the attitudes, perceptions and behaviour of the stakeholder target audiences. Persuasion in nature is pervasive in any communicative situation whether it is advertising, social marketing, peace talks and many other instances where communication can occur either through the mass media, social media or in interpersonal contexts. It is precisely as according to Gass & Seiter(2007) that “persuasion forms the backbone of many of our communicative endeavours(p.98)” and we cannot avoid it. There are many definitions available that can describe persuasion and the way it is used in a given communicative context, however for this purpose we will stick to a simple definitional construct. The focus will only be on the pure cases of persuasion and exclude the borderline cases such as coercion, torture, manipulation, propaganda, deception, compliance gaining and group conformity (Gass & Seiter, 2007). A working definition can be given by Gass & Seiter(2007) in which “persuasion involves one or more persons [organisations] who are engaged in the activity of creating, reinforcing, modifying or extinguishing beliefs, attitudes, intentions, motivations and behaviours within the constraints of a given communicative context.” This definition runs parallel to the findings already discussed in chapter 5 and 6 it is taken for granted within this section as well. There are of course other perspectives offered in regards to the definition. O’Keefe (2002) describes persuasion “as an intentional effort at influencing another’s
mental state through communication in a circumstance in which the persuadee has some measure of freedom” (Tench & Yeomans, 2009 p.256). Similar to that Perloff (2006) also states that persuasion is “a symbolic process in which communicators try to convince other people in to change their attitudes or behaviour regarding an issue through the transmission of a message in an atmosphere of free choice” (Tench & Yeomans, 2009 p.256). In essence these last two definition from O’Keefe (2002) and Perloff (2006) respectively show the measure of freedom and the free choice audiences have when they are being persuaded in a communicative situation. Having mentioned this we take the anchor point of audience awareness as a receiver based construct.

7.2 Rhetorical Proofs – Aristotle’s Forms of Appeal (Martin)

Persuasion has evolved throughout history in its rhetorical appeals and keeps shifting its paradigm even today. One of the most ancient philosophers was Aristotle who lived in Greece in the fourth century B.C. (Seiter and Gass, 2004). Aristotle developed three different forms of appeal (Rhetorical Triangle see below figure 12.a & 12.b) that senders (individuals and organisations) can use on a given communicative situation in order to persuade or move an audience to a desired state or act. Aristotle’s forms of appeal are Ethos (Ethical Appeal), Pathos (Emotional Appeal) and Logos (Logical Appeal or reasoning). These three elements will guide the discussion and analysis of Shell’s credibility as a sender/communicator and the way Shell engages with its stakeholder audiences in their emotional and logical appeal of ‘the letters from the CEO’ section within their sustainability reports. Figure 12.a below summarizes in keywords Aristotle’s forms of appeal, whereas Figure 12.b shows the Rhetorical Triangle.
7.2.1 Ethos (Martin)

Ethos can be described as “the degree of credibility or trustworthiness that an author or a sender can establish with their target audience through their writing” (Kasch, H. 2005 p.19). Aristotle distinguishes between two kinds of Ethos: Invented and Situational. Invented ethos develops when the sender uses a specific tone when addressing his/her audience, the attitude towards the subject and by also displaying expertise of the field in discussion which gains the sender credibility (Kasch, H. 2005 p.19). It is imperative here to mention that the paratone as well as the emotion that is taken towards the audience and the subject by the sender is demonstrated with the level of formality and the choice of words is in good faith and respect. As a consequence, the sender/communicator has to take his audience characteristics and preference into account, so that he/she/it can be able to communicate in a language that is suitable and understandable for the given subject and contextual situation surrounding it. Situated ethos is the second kind which refers to “the relative social standing between the participants in the rhetorical situation (rhetor,
In here there are three interpersonal dimensions that determine situated ethos and they are liking, power and distance. Liking refers to how well the different groups of people get along with each other, whereas power refers to the capacity of how much influence a person or a group can have on another person or group. Distance subsequently refers to how far apart people are socially in relation to a situation (Crowley & Hawee, 1999, p. 133-5). Keeping in mind both invented and situated ethos a sender/communicator should at all times remain in control of the situation when presenting facts and opinion on a certain topic and always adapt it to the target audiences when necessary. This is usually done by using common sense that is backed up by evidence or logical arguments that are in favour of the position taken in relation to the different points of view of a given subject audiences may have (Kasch, H. 2005 p.19).

Figure 13 below shows the three elements that constitute Ethos in the sender/communicator of a message. The way to establish intelligence and credibility with an audience is for the sender/communicator to thus appear honest, unbiased and critically objective by acknowledging both sides and perspectives of the topic. This means that the communicator, besides having ‘expert’ knowledge in the field, should make it clear and acknowledge in his communication efforts that there are contradictory positions and discuss them both to the audience. In this way the communicator gains credibility in that he is not subjective when it comes to a matter that has ethical implications. A simple example of this is if we take a look at the BP Oil spill accident, which happened on April 20th 2010 at the Gulf of Mexico. Since the spills has happened a highly credible person from the company (CEO of BP) or a highly trained technician can address the crisis that occurred in front of interested stakeholders who are affected by this. The first thing that the sender/speaker will have to do is to communicate his/her vantage point of view and principles surrounding the subject. In the case where the audiences will tend to be more hostile and less receptive to adapt to the sender’s position and perspective, the sender then has to have ‘trustworthiness’ that can be achieved through genuine consideration of their beliefs and express them.

20 http://www.mesacc.edu/~rocmd94961/lessons/ethos/situated.htm (retrieved on 31/03.2012)
21 http://www.bp.com/sectiongenericarticle800.do?categoryId=9036575&contentId=7067541
Pathos is the second appeal and it is the “emotional appeal whereby the sender persuades audiences by arousing their emotions” (Kasch, H. 2005 p. 23). One of the emotional appeals is known as “enargeia” in which the sender’s objective is to stimulate inner passion of the audience in order to persuade them to act. An example of this is when the ‘Salvation Army’ uses pictures of malnourished children in Africa on a campaign advertisement where the goal is to make people donate money to these starving children. In essence pathos forces the reader to feel sympathy in the given case and carries the conviction of them to take action or to change their attitude and behaviour to suit the situation at hand.

7.2.3 Logos (Martin)

The last appeal is Logos and that “refers to different systems of reasoning working together in order to persuade the audience to act” (Kasch, H. 2005 p. 26). There are two types of logical reasoning. One is deductive, whereby “the conclusion of ‘something or some issue’ is a necessary consequence of the premises, based on rules pertaining to valid arguments” (Kasch, H. 2005 p.27). This logical process is also known as Syllogisms which was used by Aristotle.
himself “as the main instrument for reaching scientific conclusions” (Kasch, H. 2005 p. 28). Once again we can use the BP Oil spill example to show the logical reasoning. Here Premise 1 is that deep water underground drilling is much harder and riskier. This statement will serve as a basis for further logical reasoning. The second thing would be to take all the accident that have occurred in water in different parts of the world like the Chevron oil spills of the coast of Brazil and many more other terrestrial spills. If the results show that there are more spills statistically that occur in underwater drilling, premise two would then be that underwater oil drilling causes accidents. Given that the second premise follows the first, then the logical conclusion will be that oil drilling is the most dangerous and pollutant method of extracting oil.

The second logical reasoning is known as ‘enthymemes’. ‘Enthymemes’ can be described as the “rhetorical equivalent of the syllogism … it attempts to use the audience’s common sense belief to persuade them, but unlike syllogism, the enthymeme gives us only tentative conclusions based on probable premises” (Kasch, H. 2005 p. 28). Using the same example from the oil spill premises, enthymeme as a logical reasoning goes to say that, in the event which oil drilling activities are being performed and are known to have a higher risk of accident, it is not necessary or certain that an oil spill will occur as the drilling can be completed successfully, even under such difficult conditions. Given all three rhetorical appeals Figure 14 will summarise the already mentioned description below:

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Different Communicative Situations Require Different Combinations of Logos, Ethos and Pathos to obtain Acceptance by the Recipient

![Diagram showing the function of persuasion]

**7.4 The function of persuasion – Elaboration Likelihood Model (Martin)**

Having elaborated on source credibility as one of the elements that aide persuasion, there is yet a bigger component in which source credibility and the rhetorical appeals fit in. A communicator has the ability to influence, change an existing attitude or create a new one in the audience by adapting the message to the elaboration likelihood model as presented by Petty and Cacioppo’s (1986) Elaboration likelihood model (Seiter & Gass, 2004). Figure 16 below shows that there are two routes in which audiences engage in when being exposed to a persuasive message. The first route is central processing which is a cognitive route and the second a less cognitive route known as peripheral processing.
According to this model audiences here are seen as active participants in the persuasion process and receivers of a message produce thoughts in response to a stimulus of a persuasive message. (Seiter & Gass, 2004) The attitude change does not result directly from the persuasive message but rather from the thoughts produced by the audience in relation to the content of the message (p.96). Thus, it is important for the communicator to be able to assess the audiences’ elaboration likelihood carefully in order to determine which persuasive elements to involve in the specific communicative context. There are two conditions that determine the way audiences will elaborate on a message. The two conditions are the motivation of the audience and their ability to comprehend the message. The degree of involvement, which is either high or low, also determines whether the central or peripheral route will be chosen. The central route is based on the audience’s thought and reflection and involves thoughtful consideration of the arguments or ideas presented in the message. It is adopted precisely when the receiver has both the ability and motivation to think about the message and its topic (Seiter & Gass, 2004, p. 96). Furthermore,
the stakeholder audience have a high level of involvement with the topic or issue since this affects them personally to a certain degree (Gass & Seiter 2007 p. 35). Through this way the communicator will be able to change the receiver’s attitudes in the central content of the message. The peripheral route is used when the audience lack the ability to process the message which may be due to illiteracy, lack of understanding or lack the motivation to process the message fully. Receivers react to the communication on the basis of ‘cues’ or so called mental shortcuts which the sender/communicator includes in the message content. This is done after the sender/communicator has evaluated his/her target audience or receivers of the message carefully and includes these ‘cues’ that do not promote active thinking about the message content. “These ‘cues’ other than the message content can be, the attractiveness of the source (the already mentioned source credibility), the number of arguments presented in the message, the length of the message” (Seiter & Gass 2004 p. 96) and any visual materials that can facilitate ease of interpretation. By taking into account the differences in the degree of involvement between the two cognitive routes and the different effects it has on the receivers, the central route is the more persistent route in relation to the attitude change within the audience, while the peripheral route is less temporal persistence (Seiter & Gass 2004 p. 96). Depending on the specific communicative context surrounding the communicator/sender of a message, the decision to choose the peripheral over the central route would come out of a careful consideration in terms of how long and strong persuasion should be in order to make an attitude change in receivers of a message. When analysing Shell’s sustainability reports in part two, we will assess the route employed as well as the ‘cues’ embedded within the text and discuss it in relation to the stakeholders addressed in the reports.

7.5 Preliminary Conclusion (Martin)

Persuasion was defined and described to a very useful tool when used in any communicative context. It was used specifically in situations when the communicator wanted to engage receivers in the activity of creating, reinforcing, modifying or extinguishing beliefs, attitudes, intentions, motivations and behaviours within the constraints of a given communicative contexts. It was
described as the sensegiving and sensemaking notion that was created at the top of the organisation and transmitted through to the stakeholder audience. This ran parallel to Morsing and Schultz’s (2006) stakeholder response strategy in which described the communication as a two-way asymmetrical flow with feedback being delayed from the receivers. The different elements in persuasion were also described and taken into account which included the earliest forms of elements Aristotle’s forms of appeal as well as source credibility and the elaboration likelihood model by Petty & Cacioppo (1986) in which it described the two cognitive routes receivers of a persuasive attempt could take being either the central or peripheral routes. The analysis section of the sustainability reports will use these persuasive tools in interpreting Shell’s motives in communication with their stakeholders in their CEO letter section and CSR section.

8. Framework Tactic for Shell: CSR Communication Framework (Martin)

The purpose of this section will be to briefly introduce Harold Lasswell as a contributor in the field of communications and then to describe his communication model with all its parts precisely “Who says what in which Channel to Whom with what Effect?” Each part will be described separately and linked to the already mentioned theories and elements from the previous section as to how they are interrelated. Furthermore, the formula itself has the purpose to demonstrate that in the execution of planned communication all the following aspects are crucial for its success: the Sender, Message, Receiver, the Channel and its Effects. In addition to this, two new elements as reviewed by Richard Braddock (1986) in his report: “An Extension of Laswell’s formula” will be included in the formula in order to show the latest development and shift in paradigm. In part three of the paper this structure will eventually be applied as the communicative frame in which it will seek to demonstrate how the prominent theories on CSR and persuasion can contribute to the most important aspects in planned communications.

8.1 Harold Lasswell’s Formula (Martin)

The purpose of this section is to describe the historical development and the use of the model in this Shell’s sustainability reports. The historical development of this model will be taken into
account to stress the initial purpose of using it back in the twentieth century and contrast it to how it is used nowadays.

During World War II there had been a tremendous amount of propaganda use by Germany which caused America to create a similar version of propaganda in order to keep the American nation informed about its wartime goals (Everett, Rogers, 1997). President Franklin Roosevelt had gathered a few of the best men within the communications industry of which some of them included Wilbur Schramm, Paul Lazarsfeld along with Harold Lasswell. It was precisely Harold Lasswell who created this formula and was initially considered to be “Top Secret” by the U.S. military. Lasswell graduated with his bachelor’s degree in philosophy in 1922 and his PhD in 1926 from the University of Chicago. In 1927 he had written the “propaganda technique” and was named director of war communications research.23 His explanation to the rest of the communication experts was that this communication model comprised of five key elements in which he turned it into a question formula (figure 17 below).

![Lasswell’s Model](image1)

Figure 17 - Lasswell’s (1948) Communication Model

Lasswell explain that: “If you found the right answers to each of the five elements of the question, then you could create effective propaganda – unless, of course, too much “noise” – unplanned static or distortion during the communication process – resulted in the receiver receiving a different message than the sender had intended.”24 The argument for the use of this specific information model over other communicative models is the fact that even though this

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model is considered old it still has its uses in planned communications that seek to promote a two way communication flow. The feedback from the audience was collected in forms of voting polls, surveys and public interviews. The use of this model formula will run parallel with an example which Lasswell used himself when reaching his target audiences. The model formula’s purpose in those days was to help boost the public’s morale and motivation to help in the war. This involved what information was to be included when communicating to the intended target audience and the channels of communication in order to reach them effectively (Everett, Rogers, 1997). The U.S. federal agencies thus used Lasswell’s secret formula to test a variety of propaganda techniques and in turn create some very powerful propaganda posters, films and radio broadcasts.\textsuperscript{25} In their attempt it was discovered that their initial slogan “help win the war” was ineffective for persuading the majority as this message appealed to men only and not woman. This slogan was then restructured and stated “help win the war and bring our boys home”.\textsuperscript{26} The U.S. army along with other scholars had “conducted evaluations of military training films, out of which the tradition of persuasion research was to develop.” (Everett, Rogers, 1997, p.7). Lasswell has since then conducted content analysis of Allied and Axis propaganda messages.

In a brief conclusion, Lasswell’s formula encompasses that “scientific persuasion is the purpose, and communication is a two way concept with an imbalanced effect. The model has a feedback loop but the primary purpose of the model is to help the communicator to better understand the audience while also persuading it” (Matthee, Christelle (2011) p. 36). This connection ties back to Morsing and Shultz (2006) stakeholder response strategy in which the scientific notion was on sensemaking at the top of the organisation and sensegiving pushes it down to the target audience. The purpose here was to reassure the stakeholders that the company is ethical and socially responsible. Once again it should be emphasised that, Lasswell’s use of the formula at that time was to structure propaganda material during the war, when his objective was “to engineer

\textsuperscript{25} Ibid.
\textsuperscript{26} Ibid.
"Consent" in his target audiences to act without them having too much of a degree of choice. In Shell’s case however, in the analysis part of the formula’s use will clearly stress its pure case persuasive use when communicating about the effectiveness of their CSR activities and objectives. The difference lies in the means behind the communicator’s purposes, and thus this is what makes the Lasswell’s formula still useful even though it is considered to be outdated. In an essence to reiterate from Perloff (2006) earlier that persuasion is “a symbolic process in which communicators try to convince other people in to change their attitudes or behaviour regarding an issue through the transmission of a message in an atmosphere of free choice” (Tench & Yeomans, 2009 p.256). This freedom of choice is what differentiates the propaganda element as a border case of persuasion from ethical persuasion as a pure case in itself. Lasswell’s model thus takes this ethical persuasive stance in relation to the stakeholders freedom of choice when Shell’s content of the sustainability reports is analysed.

8.1.1 Who (Martin)

As Harold Lasswell’s formula shows, the first thing to look at, when considering planned communication is the sender or “who” (Windahl, et al., 1992, p.151 -152). According to Barlow & Mills (2009) “scholars who study the “who”, the communicator, look into the factors that initiate and guide the act of communication [...] This subdivision of the field of research is known as control analysis (p. 204)”. The sender in this case is also an essential part of Morsing and Schultz (2006) response strategy in which Shell as the sender needs to ensure that, stakeholders are not only informed but also convinced of its attractiveness in relation to its CSR initiatives (p. 327). Thus, the reason for the use of the stakeholder response strategy is that it is sender orientated, however, with the intention of receiving this feedback from the stakeholders in order to make adjustments to their CSR communication and make better relationships with the audience. This can only takes place through coherent structuring of the messages and timely transmission of them, enabling Shell to achieve efficient communication. Taking into account the previous section of persuasion, the “source credibility” aspect will be included as well as Aristotle’s “ethos” when analysing Shell as the sender in the section “Introduction from the CEO.
letter‖. Furthermore, Richard Braddock’s (1986) extension of the Lasswell’s formula will provide the critical points when analysing the “who” part of the formula. Some of these points will be a mixture of points from both from the ‘communicator as an individual’ and the ‘communicator as a group.’ Here is a list of these points to be used in the analysis of “who”:

1. Who – the Communicator
   a. as an individual
      • What is his intellectual background? Wide or narrow, academic or shallow?
      • What is his attitude towards those present or absent: defending, attacking, humorous, assuming or critical?
      • What is his personal power, wealth position?
      • What is his personal stake in all this?
   b. as a representative of a group
      • What purpose does his group have? Stated or implied?
      • What experiential (including emotional) background does this group have? Has it been criticized before?

8.1.2 Says What (Martin)

The second part of Lasswell’s formula falls on the content of the message itself and looks at the style of communication, what is addressed and how it is addressed. The “says what” part is precisely this content analysis which Barlow & Mills (2006) describe, and “in essence Lasswell’s formulation simply provides the mechanism to indicate that the intention is not to dissect the communication act, but to rather analyse it as a whole and to do so in relation to the entire social process presented within the message” (p. 205). The written message of the communication initiative within the sustainability reports serves as the explicit proof of Shell’s applied CSR communication strategies. Furthermore, the message content is what makes the connection between the sender (Shell) and the receiver (its stakeholders) and where the company implements its stakeholder response strategy as it was previously mentioned. In essence, the
message occupies a central position. Windahl, et al., (1992) provide a model with five different meanings of a message (see figure 18) along with an explanation that, “intended messages of the sender and the messages that are actually sent are usually identical, but need not be so. Likewise the message received and how the message is actually perceived by the receiver may differ. (p.171)” Additionally, the message in-between can also be seen in its own right, which may also be open to analysis without any connection to either sender or receiver. The problem stems from these five different versions, in which the communicator can be criticized for the attitudes and values that are presented in the message that he/she never originally intended. The result from this is that the receivers have to derive their own interpretation on the message. Similarly the sender may misjudge the meaning of a message for the receivers. This is rather risky for the sender as that may lead to credibility loss for the company that he/she represents. The problems that arise for the communication researcher and planner are the failure to differentiate the messages that they send and the messages they receive, due to the assumption that their perception of the message will be identical to those of the receivers (p.172).

![Figure 18 - Five meanings of message](Windahl, et al., (1992) p.172)

In relation to Morsing & Schultz (2006) recommendation, the goal for Shell should be to deliver their stakeholder audiences with a clear, coherent and authentic message that builds on the right content and rhetorical appeals in order to support the stakeholder response strategy. The list of points to consider when analysing the content of the sustainability reports are as follows:

2. What – the message (content and presentation)
   a. Content
What is the level of formality in the text? Does the sender take a social stance within the text and to what degree?

What does it say by implications? Are the implications logical?

To what extent is it informative, directive or emotive?

b. Presentation

Is the communicator trying to present all of the facts and interpretations which the audience needs to make up its own judgments?

If the communicator is presenting his interpretations and evaluations, does he draw these from the facts, or does he present his generalizations first and then present the facts which fit the generalization.

8.1.3 under What Circumstances (Martin)

The “under what circumstances” that have been included as an extension to the original formula go on to stress the external environmental surroundings that have occurred or occur in which the organisation has no control over. Tench & Yeomans (2009) describe the external surroundings as the macro environment or the big picture issue that cannot be controlled. “These are issues that emerge from the actions of governments, economic, from scientific and societal trends” (p.20-21). There are a series of headings that acts as an acronym for the external environment. The Acronym is EPISTLE which includes the Economic, Political, Social, Technological, Information, Legal and green Environment. The points for this section are split also into two dimension namely ‘time’ and ‘setting’ below:

3. What circumstances
   a. Time

   • Are the facts, inferences and judgements of the message applicable to the present, or are they inextricably a part of the past or future?
   
   • Was the message or a quotation in it, affected at the time by circumstances which do not exist or have been enlarged?
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b. Setting

- Did the communicator select the circumstances to achieve some purpose?
- Was the communicator in a position in which he was forced or expected to say something?

8.1.4 in Which Channel (Martin)

“In which channel” part of the formula refers to the medium that transmits or delivers the message from the sender to receiver. Most companies nowadays use their websites and sustainability reports in their CSR communication with the purpose of mass communication to a large amount of audiences/stakeholders. In Shells CSR communications both of these channels are used as already mentioned in earlier sections. The lists of points in relation to the channel used when communicating are with the audience/stakeholders:

4. Which Channel
- Does it imply mass or selected audience? If selected who has been selected and for what purpose
- Does the use of the medium permit the audience to:
  - Reflect upon portions of the message before it sweeps on to a new portion
  - Ask questions on or dispute one phase of the message before going on?
- Is this message being accepted or rejected more because of its presentation through this medium than because of its content? Would the content or effect of the communication be significantly altered if a different medium were used? How?

8.1.5 for What Purpose (Martin)

“For what purpose” is the second addition here from the extension of the Lasswell’s formula by Richard Braddock (1986). This addition somewhat ties back to the sender or the “who” part of the formula, however, this goes more explicit behind the true purpose for communication with the sender. Since communication is pervasive it is not without its means and objectives. Part of
the planned CSR communication stems from Morsing and Schultz (2006) response strategy in which Shell as the sender needs to ensure that, stakeholders are not only informed but also convinced of its attractiveness in relation to its CSR initiatives (p. 327). The purpose can be one or many, all depending on the circumstances that were discussed the section earlier on. Thus, Shell’s purpose can be either to inform, persuade or educate, all within the frame of the context, the content and presentation of their message. The points to look at when analysing the purposes part of the formula in relation to their CSR communication is as follows:

5. What Purpose

- Are the communicator’s motives deliberate or unconscious?
- Is the sender’s purpose to pass on information, express feelings and attitudes, excite feelings and attitudes, or get the audience to do something or consent?
- How are other factors of the communicative process affecting the sender’s purpose?

8.1.6 To Whom (Martin)

Any form of communication is usually defined by describing the audiences that attend to the messages. There is a difference in audience segmentation when looking at planned mass communication, selected and interpersonal. Up till this point we have used the term audience as it was described in earlier sections of this report in relation to the stakeholders who are targeted in Shell’s website and sustainability reports. Since the focus is on “mass communication it typically has an audience that is heterogeneous and geographically dispersed, and have an anonymous relationship to the sender, and lacks social cohesion and organisation.” (Windahl, et al., (1992) p.196) There are in fact several different distinctions of an audience. Within mass communication “researchers tend to define audience in terms of the people who have chosen voluntarily to attend to a certain content or medium (p.204).” Thus the sender/communication planner has in mind the audience in terms of an aggregate amount of people he/she intends to reach. Nevertheless, as it was mention in the stakeholder section earlier in this report by Tench, & Yeomans (2009) is that the terms of stakeholders, publics, receivers of a message or audiences
are usually used interchangeably. The points below used will analyse in more depth the specific stakeholder audience and take into account other possible volunteer audience that have an interest or are affected by Shell’s CSR communication.

6. To Whom – the audience/stakeholders
   - What knowledge and interest groups are represented? Which significant groups are not present?
   - Did the audience come with a certain expectation?
   - Is the audience a public, an aggregate or a mob?

8.1.7 with What Effect (Martin)

The last part of the formula is the effect it has on the end receivers/audience which is considered the end result from this whole communicative process when sender transmits message down to them. However, due to the limited number of pages and the fact, that the effect measurement would require a thoroughly analysis, this part of the theory will not be used.

8.2 Preliminary conclusion (Martin)

The purpose of this section was to describe and discuss the main communication framework that is to be used in the analysis part of Shell’s sustainability reports when evaluating the CSR communication and the effect it has on the stakeholders/audience. Harold Lasswell’s question formula is the main communication model which combines and integrates all the other elements that were previously discussed in persuasion. The historical development was presented to show how the formula had its use back then in World War II with an emphasis on propaganda, and it was contrasted in Shell’s use with the objective to persuade rather than to manipulate the audiences/stakeholders. The formula was then dissected into its separate components and they were discussed further in relation to Richard Braddock’s (1986) points which are to be looked at when analysing the content and the CSR communication in the different sections of the sustainability reports. The section below that is to follow is the final part of the thesis report that
implement everything discussed so far into one where the whole is equal than the sum of all its parts and will end off with a recommendation part and a conclusion.

### 9. Rhetorical Analysis of the selected material from Shell

The purpose of this part of the thesis is to find out how Shell communicates its CSR initiatives in their annual reports from 2009 and 2010. As stated in the delimitation section, the sustainability report from 2011 was only available as of April 2012; therefore the communication analysis will only be based on the progress between the years 2009 and 2010 respectively. The reason for the choice of both the 2009 and 2010 report is that they will provide us with the concrete evidence to see whether or not their CSR communication is effective and to what degree it succeeds in persuading its stakeholder/audiences. Furthermore, we will compare and contrast them in order to see how the company has progressed from the one year to the next in their CSR communications and see what new strategies they have included. The main sections of the reports to be analysed will be the ‘CEO introduction letter’, their ‘performance description’ and their ‘operations in focus.’ It is important to stress at this point that the contents from both sustainability reports are different in their headings to a certain extent, however, cover similar topics that have to be present. The different elements of Lasswell’s formula will be interrelated throughout the analysis in terms of the results and findings that are derived from the content.

### 9.1 Material 1: Report 2009 (Martin)

#### 9.1.1. Who

The purpose of the section is to critically analyse and describe Peter Voser’s credibility as a person in relation to his readers both as an individual and as a representative of a group. CEO introduction letter as can be seen on page 1 of the report (see appendix 5) right at the top has a picture that shows the CEO in person and this creates an atmosphere of trust when a real person is depicted. The letter opens up with the personal pronoun ‘I am honoured’ which shows a very personal and welcoming statement coming from him as a person in a position with power. The
stance that he takes is in the first person and his speech throughout the text is rather informal as it contains a few adjectives and adverbs ("landmark", "positive", and "excellent") that create a close social distance of an interpersonal relationship with his audiences. As according to Aristotle’s already mentioned “Ethos” in which it develops when the sender uses a specific tone when addressing his/her audience (Kasch, H. 2005 p.19). The tone coming from Peter Voser seems quite friendly and warm, and in his attitude towards the subject in question is taken positively in his statement “my view is that the outcome offered a good starting point for greater action.” This statement comes in relation to the reference of the UN climate change conference that took place in Copenhagen. His credentials that give him expertise and authority are in his initial CEO (Chief Executive Officer). Taking this into account, however, may not guarantee the perception of his ‘ethos’ as it shows from the Corporate Website27 and is also stated in the letter that he became CEO in July 2009, when Shell underwent a reorganisation. As it shows on the website he has been a CFO (Chief Financial Officer) and an executive director of Royal Dutch Shell since 2004. This show that he has already established some credibility and that he can speak on behalf of the whole of Shell and its associative groups. Another aspect of his credibility and trustworthiness is the fact that he invites and includes other opinions and perspectives from the ‘External Review Committee’ that acts as a third party in assessing his trustworthiness in an interview section of the report (see appendix 6), where the Chair of the External Committee, Aron Cramer poses challenging question with the purpose of showing that Peter Voser as a CEO is transparent in his communication and has nothing to hide. So as to place this in the points of analysis proposed as an individual:

His intellectual background is quite academic and wide as it is shown on the website28 that he “graduated in business administration from the University of Applied Sciences, Zürich. He went on to work in a number of finance and business roles in Switzerland, the United Kingdom, Argentina and Chile.” These different roles and positions show a great wealth of knowledge and expertise for him in the Shell Company.

27 http://www.shell.com/home/content/aboutshell/who_we_are/leadership/executive_committee/peter_voser/
28 Ibid.
His attitude as it was already mentioned is very positive in his words which included a lot of personal pronouns and positively charged adjectives. His use of the personal pronoun (I, my, our, we) throughout the letter creates a close social stance with the audiences. His attitude does not appear hostile but rather assuming when he takes into account all the key players in contributing together to a better sustainable development. This assumption is shown in his statement “I expect everyone who works for Shell, employees and contractors alike, to keep building on this excellent progress.” This statement carries conviction towards the employees and internal stakeholders to keep up their work and in a way persuades them to do so.

His personal power and position in the company lies at the already mentioned acronym (CEO) this gives his title and gives him authority.

His personal stake in Shell is to maintain the credibility of the whole organization and its associative groups while also maintaining personal respect from all the internal employees as well as the external third party representatives and the public at large.

The purpose Shell has as a group is to show transparency through their operations by appearing honest. In the statement: “The business challenges we face are clear in our reduced earnings for the year”. This is a stated purpose in showing the truth to the investors who may have shares and interest within the company, while also implying that there are “positive achievements” associated with the reduction in the earnings that are mainly in investment and “applying the technology and innovation in the right way.”

Some of the experiences that the group has have been very challenging and circle on environmental issues. In the statement: “Iraq poses many challenges including safety ... and the experience in operating in other difficult environments.”

The purpose of the “who” part was to identify the sender/communicator part of the message. It was seen that the CEO of Shell Peter Voser has established his credibility throughout the years while he was working for Shell in different divisions. The tone and attitude that he takes towards his audience in the CEO letter is very social, friendly and inviting, and he addresses his readers
in a very informal way that makes a closer social stance towards them. It was also identified that he acknowledged the drawbacks and support and challenges that affected the company and everyone involved in it in a clear and transparent manner. The letter serves as a guiding theme towards the rest of the sections.

9.1.2. Says What

The purpose of this section is to extract and analyse the most relevant parts of the message under the section heading “Our Approach to Sustainable Development” (Appendix 7) and “Our Operations in Focus” (Appendix 8 & 9). The focus will be on critically analysing and interpreting the messages which state their CSR activities and the style they are conveyed in. As explained the elements involved will be the way emotional and logical appeals are expressed. Along with that Morsing & Schultz (2006) stakeholder response strategy’s guidelines will be identified and backed up by the statements inferred from the appendix.

The starting point for the analysis begins with the summary statement: “We have a comprehensive set of business principles and rigorous standards to cover health, safety, security, environment and social performance.” (See appendix 7). This comprehensive set of business principles and standards serve as the sensemaking ideal that are created by top management at Shell and the pushed down to the primary stakeholders in sensegiving. From this statement it can be derived that Shell falls within the limits of the ‘Legal Responsibilities’, where they obey the law and also the ‘Ethical Responsibilities’ with the obligation of doing what is right just and fair (see figure 4. Section 3.4 Carrol’s CSR Pyramid). Another interesting aspect that follows is as stated in the second paragraph: “Shell’s General business principles set the standards for the way every employee is expected to behave when conducting company business since they were first published in 1976.” This is in a sense a message which compels and praises the employees who are being part of the primary stakeholders as it was identified earlier by Preble (2005) stakeholder analysis.
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An interesting point is stressed in the third paragraph in which: “Over the years the Business Practices have evolved to include contributing to sustainable development” in which from Shell’s perspective “this means helping to meet the world’s needs economically, environmentally and socially responsible ways.” From this statement it can be inferred that Shell is showing their interested audience their progress into the top level of the pyramid with ‘Philanthropic Responsibilities’ and go on to give their perspective of sensegiving that they are operating in all three pillars of the triple bottom line composed by Elkington (1997). This addition and move towards the three pillars is an attempt of gaining competitive advantage and overall appraisal from the stakeholders involved. This statement, however, seems too ambiguous and abstract for the audience to rather take and accept and a logical reasoning follows in which “in practice Shell aims to share benefits and reduce impacts through the projects they choose to invest it.” This shows that Shell is taking a pragmatic approach in their sustainable development. Furthermore, their logical appeal ‘logos’ is that in order for them to achieve this sustainable development on all three levels of economic, environmental and social, there has to be a balance or trade-off between short and long term interest, which take place through business decision making. They include in their argument the question, which might be in the audiences mind of whether this includes better stakeholder relationship and that is exactly what is given to them in a short answer. Hence, sensemaking has been created by Shell and communicated to the audience stakeholders by getting them around to the message through such a pragmatic example. By giving them this sense the audience will be in a way convinced of the reliability and honesty of Shell in their CSR implementation.

The ‘standards and requirements’ section has an interesting part of the text that contains an element of the five different meanings as proposed by Windahl (1999) (refer back to figure 17). In the sentence “the framework clarifies our requirements for the way we operate, including how we work with communities close to our operations ... when we complete a project we assess the lesson that we have learned and can apply to future projects.” The section that is described points out these standards and requirements framework as an intended message which carries
only one single meaning with the purpose of clarifying to the audience the way Shell’s business principles are approached. This message per se in isolation only provides a sort of protocol to be followed in the daily operations that Shell engages in and it is purely structural. The message that tends to be received is only to be interpreted in the way Shells as the sender intended, to inform and clarify the guidelines that are followed. Similarly the health, safety, security, environment (HSSE), social performance (SP) and the ‘Code of Conduct’ provide the employees at Shell with detailed instructions that they have obey, and perceive the way Shell has intended it to be perceived. It is stressed as a prerequisite “that all the staff have to complete training within this code of conduct.” The ‘Code of Conduct’ is summarized and reported for an evaluation of violations of bribery and corruption to the audit committee and the Corporate Social Responsibility Committee (CSRC). This follows a logical appeal with an effect that also contains an emotional appeal to the audiences in order to prove that Shell is sticking to the CSR principles when in “2009, 165 violations of the Code of Conduct were reported and as an end result, Shell has ended relationships with 126 members of their staff and external contractors.” This clearly shows the degree of seriousness if the given guidelines are not followed or are misinterpreted and so this is the message to be interpreted from Shells intended perspective.

Moving onto the points proposed for an analysis by Richard Braddock (1986) the content shows the following points of interest:

The level of formality taken in first four paragraphs up till the ‘standards and requirements section’ seems to be semi-formal and the social stance that is taken seems to be quite social at first by describing in a friendly manner throughout about the way the business principles are implemented. Following the section onwards from the ‘standards and requirements’, the text becomes more formal and the stance taken seems to be in a more professional manner since the framework and governance has to be interpreted in a business sense. These protocols and procedures to follow in the framework requirements cannot be informal since if it is, then it would not be taken seriously into account by the primary stakeholders like the employees in their daily operations.
The implications are that if these framework requirements are not followed thoroughly and the code of conduct is not respected and obeyed, then there would be the logical consequence of the business practices being violated and thus leading to dismissal of staff employees and contractors with which Shell has close ties with. The obligation to follow protocol is strictly stressed and the only interpretation that is allowed is to follow the message per se. In the sentence: “All staff must complete training in our code of conduct, relevant staff must undergo a specific training in areas such as combating bribery and corruption...” goes to show that no other mean of interpretation is allowed than the one that is given from the sender. The action verb ‘must’ is in a way not just informative but directive and obligatory.

Regarding the way the text has been presented and laid out, Shell presents only the relevant facts that it deems are necessary. The section ‘our operations in focus’ (see appendix 8 & 9) Shell presents the facts and figures of their performance in 2009. The section is laid out in a logical bullet point form with the ‘economic’, ‘environmental’ and ‘social’ aspects of Elkington’s (1997) triple bottom line. The sentences are short and precise with the exact level of detail needed by the audience/stakeholders to make their own interpretation in an easy and logical way without placing too much effort. As an example given the first bullet point under ‘economy’ states: “Our income was $12.7 billion and we returned $10.5 billion to our shareholders...”. Shell presents these facts from evaluations and audits that have been done throughout the year by measuring their actual and final progress up until the point they issue their annual sustainable report and their financial records in 2009.

9.1.3. Under What Circumstances

The purpose of this section is to analyse and see the series of events that occur in the external environment in which Shell has no control over. The ‘CEO introduction letter” (refer back to appendix 5) will be looked at again in order to see what the CEO explains in relation to Shell as the circumstances which force them to shift towards a more CSR oriented perspective in their business operations.
As it was mentioned earlier in the “who” section part of the analysis, the CEO Peter Voser started his letter “with the UN climate change conference taking place in Copenhagen in 2009” This refers to the time aspect in which the message is conveyed and is applicable to the present and future. This event is part of the external environment that has been brought by society as a very important issue that affects businesses and communities internationally and it has been made into a prerequisite by governments to companies, to address these issues and tackle them. In essence, Shell speaks of reducing their (C02) gas emissions which are seen negatively to contributing to global warming and climate change. Shell stresses that “they will continue to work with governments to help develop regulatory frameworks that put a price on (CO2)...we must focus sharply on what we can deliver now.” This shows the political and economic trends that go hand in hand, and so in essence there is the pattern shift can be seen to move from the purely economic factor of making profit towards environmental issues that affect the planet and its eco system. The so called green environment trend is also present where it is stated that Shell “is investing to develop more advances bio fuels for the future” and aim for lower (CO2) emission which will lead to lower taxation being paid on behalf of them for pollution. The circumstances that have been selected by the CEO come out with the sole purpose of showing how Shell is to tackle the future challenges that may lie ahead and are certain to come forward in their agenda. Within the sentence: “We know there is still room for improvement, we take to heart all the lessons we learn and will apply them as we move forward.” Clearly shows that Peter Voser is in the position to and is expected to say that in order for the major stakeholder audience to acknowledge that the company is working within this context of trying to become better in their sustainable development and CSR approach to tackling problems. It is emphasized at the end of the letter as a final though that “the safety, environmental and social performance is now closer to the core of their business plans and decisions.” This shows that their CSR approach takes into consideration all the three spheres of the triple bottom line in which the economy, environment and the wellbeing of society form the circumstances for their CSR communication.
9.1.4. In Which Channel

The purpose of this section is to state the channel used and the audiences’ targeted. The channels used are the report as a physical version such as a newspaper and an online version such a downloadable PDF. The report targets the mass audience per se, however, there can be groups identified.

The audiences that were identified were the primary stakeholder (employees, staff, joint business partners) and secondary stakeholders, (External Review Committee Corporate Social Responsibility Committee, the government etc.) and the medium permits them to reflect on the different sections that interests them. The different sections are all significant to the audience at large; however, individually they may appeal to different stakeholder audience for different reasons. For example, investors may look at section ‘our operations in focus’ or the financial report to determine whether or not to invest. The External Review Committee may look at the way Shell’s CSR activities have been communicated and the impact it has on the industry. The question of whether or not the message is accepted or rejected by the different audience stakeholders all depends to the degree of transparency by Shell and how truthful they are about enclosing such information.

The report follows a chronological order of sections that address different topics which can be of interest to different stakeholder audiences. The audiences are able to analyse the content under each section thoroughly without any interruption from other sections included at the same time. The interactivity of the website makes it possible for the audience to be able to share portions of messages or the whole message which enables them to share their perspectives.

The medium satisfies the needs of the audience; therefore it should not be rejected since it provides them with the information needed. In regards to the content it can be questionable.

9.1.5. For what purpose
The purpose of this section is to describe in details the motives of Shell as the sender of this communicative message and to see how it relates to their CSR activities. As it was noted earlier, the content of the message goes to show that Morsing & Schultz (2006) stakeholder response strategy is the CSR strategy used when communicating with the audience, not only to inform them, but to convince them to accept that position and change their attitudes, behaviour or perspectives.

Up until now the sender, message, circumstances have been taken into account and discussed in relation to the CSR approach that is considered a prerequisite in order to achieve sustainable development. Some of the aspects discussed was reducing the (CO2) emissions and improving relationships with investors and third party critics like the CSRC and the External Review Committee.

When looking at the communicator’s motives the reference will be once again fall on Peter Voser’s Letter in appendix 5. When looking at the communicator’s motives and trying to establish whether they are deliberate or unconscious it is quite difficult to depict. One of the reasons can be the complexity in the industry involved and the introduction or implementation of CSR itself as a concept. The messages usually can uncover to a certain extent the purpose to pass on the information to the readers. As mentioned in earlier in the ‘who’ part analysis the letter opened with the “UN climate conference that took place in Copenhagen as a major event”. The personal view was also given in relation to the event in that it was seen as a good outcome with a great initiative to invest in energy efficiency in order to reduce (CO2) and to concentrate on natural gas as an alternative. Likewise the subheadings in the letter ‘time to act’ and ‘challenges ahead’ tries to persuade the stakeholders to participate and contribute together in this sustainable development and at the same time satisfy their need to be addressed and acknowledged. In the sentence that relates to the external review committee it is stated that “providing critical comments on early drafts has somewhat urged Shell as a company to think harder about their performance in sustainable and how the report their progress.” From this it can be seen how Morsing & Schultz (2006) stakeholder response strategy is fitted in. Peter Voser’s statement
shows that it is of importance to receive this critical feedback from the CSRC and the external review committee in relation to the sustainable development that Shell is trying to achieve. In this way this communication ideal ‘gives sense’ to other stakeholders about the transparency of the company and it reassures them that the company is ethical and socially responsible. This clearly demonstrates how Shell integrates the stakeholder audiences’ concerns together in order of priority and in relation to the circumstances that are surrounding it within the given time and space. Moreover, these important stakeholders have been identified and acknowledged right at the beginning and thus reassuring that their needs are met.

9.1.6. To Whom

The purpose of this section is to discuss the stakeholders already identified and to describe how each one of them processes messages and to what extent. For this purpose, the already mention Elaboration Likelihood Model by Petty & Cacioppo(1986) will be looked at when the stakeholders either choose the central or peripheral route. In this section (appendix 5, 7, 8 & 9) will be referred to in order to emphasize with concrete examples the paths chosen.

The primary and secondary stakeholders identified so far in the paper all have different interest and priorities. Looking at “Our approach to sustainable development” it can be said that the stakeholders identified in these sections are mainly the internal employees, third party critics like the external review committee and CSRC and external stakeholders that can range from investors to competitors within the industry. It can be seen, that both routes of cognitive processing are used in relation to persuasion. As was previously mention central processing occurs when the audience has the ability and motivation to process a message in great detail by focusing on the quality of arguments presented (Seiter & Gass, 2004 p. 96) (Refer back to figure 16). The stakeholders that are bound to have the ability and motivation to read deeper at Shell’s messages about sustainable development can be the third party industry critics, primary shareholders and competitors since their interest might be to gain a deeper understanding of Shell’s true operations. The persuasive outcome that derives out of this is with the intention to have a long
term lasting effect in persuading these interested stakeholders of Shell’s credibility. Likewise, it can be said that there may be stakeholders that lack the motivation to process all that irrelevant information and might engage in peripheral processing. These stakeholders are said to have a low involvement and therefore focus on “cues” within the text like the CEO’s ‘ethos’ or any visual aid that can summarize the content given (Gass & Seiter, 2007 p. 35). In appendix 8 & 9 “Our operations in focus” section contains the ‘economic’, ‘environmental’ and ‘social’ facts and figures’ in relation to the triple bottom line proposed by Elkington (1997). The information is laid out in bullet point form with the precise level of detail that is needed in order for the message to be understood and accepted. Furthermore, there is a graphical summary of the figures in different colours that further summarize the numbers and can be said to act as a mental shortcut or ‘cues’ and describes the “percentage of oil that has been produced” to the ‘number of new employees being employed.’

9.2 Preliminary Conclusion (Martin)

The purpose of this section was to use the communicative framework and Harold Lasswell’s formula in identifying Shell’s CSR communication strategies in Shell’s 2009 sustainability report. It was identified that the sender ‘who’ was the CEO Peter Voser, who represented Shell. He was identified as having the authority and power in relation to the ‘ethos’ appeal. The message content was then analysed to interpret and gain an understanding in the sender’s intended message which was sent and how that differed in relation to the actual message received by the stakeholders. The emotional and logical appeals made in the text were critical points that were looked at in the backing of the arguments chosen. The circumstances surrounding the company in the external environment included the latest new trend of climate change and reduction of the (CO2) gas emissions along with the sustainable development movement in including all three pillars of the triple bottom line in CSR. The medium discussed shows that the sustainability reports seemed to be the ideal channel for planned communication in reaching the mass audience and informing and persuading them about the CSR activities. The purpose section showed that informing and convincing was the main objective in relation to
Morsing & Schultz (2006) is to get the stakeholders around to Shells position and perspective, and to agree with them in their CSR efforts. The ‘who’ section described mental processing routes that were adapted by the different stakeholders. The two routes identified were the central processing route and the peripheral processing route and the different in their persuasive strength which was either long termed or short termed.

9.3 Material 2: Report 2010 (Martin)

The purpose of the following section is to now look at the 2010 sustainability report. Section 9.5 will compare and contrast the two sustainability reports in how they differ. The difference will be emphasized on the content and presentation. The sender, medium, purpose and audience seem to be relatively the same from the one year to the next and so to keep the report within limits only the crucial details that are different in 2010 will be elaborated upon.

9.3.1. Who (Martin)

Appendix 12 shows the CEO’s letter in 2010 but the point of interest is in the content to be analysed. Seeing that Peter Voser is the same CEO in charge means that it is the same sender and that hasn’t changed. However due to the circumstances described below, his credibility might have changed.

Using this opportunity as an advantage to stress the safety measure that Shell has is in a way trying to uphold credibility. The problem as mentioned by Peter Voser himself is that “it will take time for our industry to recover credibility” creates pathos in the text that show that Shell and BP are both affected by this outcome and that Shell takes its competitors into account through this sympathy. The next sentence coming directly as a personal opinion follows the logic of enthymemes. As it was mentioned earlier “enthymemes uses audiences’ common sense belief to persuade them, and gives only tentative conclusions based on probable premises (Kasch, H. 2005 p. 28). What this means is that safety measure are up to the best standards but it does not fully guarantee that an accident is inevitable.
Appendix 13 and 14 show the two most important and interrelated topics in relation to the oil crisis, namely the 'safety' and 'environment'. The safety section is dedicated to all the stakeholders who want to be assured with the detail that is important on how Shell is tackling such issues in a responsible manner.

The 'environment' section begins with reference to “BP Deep-water, horizon explosion in April 2010. This unfortunate event left “11 industry colleagues dead and a number of them being seriously injured.” This sentence shows the magnitude of the accident that has affected BP with the loss of some of their employee’s lives. Its goes on to mention that in such a dire event like this, the environment and the people’s lives have been damaged, Shell still managed to help out their competitor BP with help and support on a humanitarian level by supplying them with the equipment, technical expertise and facilities to BP. Additionally, the inclusion of Shell’s own safety precautions of their offshore operations and oil sites show the responsiveness of Shell to minimise such catastrophes themselves.

Shell also shows the initiative to get involved in helping to solve the problem by learning and reviewing recommendations from the investigations that have come forth from the Deep-water Horizon accidents which Shell then considers to use it to benchmark it against their standards and operating practices.

The inclusion of this section has been made to emphasize Shell’s safety systems. Shell stresses on the prerequisites that “everyone who is working for them is obliged to comply with the rules, intervene in unsafe situations and respect people and the environment.” This message serves as a signal for all of the people working for or with Shell to practice caution in order to prevent accident from occurring like the BP Deepwater Horizon case. The stakeholders that are addressed are explicitly mentioned in the text and they are: All the Shell companies, Shell – operated joint ventures and their contractors are to at all times manage safety risks in relation to the CSR activities proposed.
The ‘environment section’ runs parallel to the ‘safety section’ in which Shell states the challenges and difficulties of searching of oil and gas in environmentally sensitive areas. The only workable solution that is provided by them is drawing on their experience and improving their safety performance through rigid rules and a more cautious behaviour. One aspect that still seems to be of concern and it is addressed by Shell is the progress that is made in reducing the continuous gas flaring in Nigeria.

Looking at the content of the message the point to stress in relation to the level of formality in the text taken, it can be said that the text is quite formal. The social stance that is taken in the ‘safety’ and ‘environment’ section is more professional and distant since the topic is of a serious nature with serious consequences that have to be addressed. The implications here are that all of the people who work for or with Shell have to take a more serious approach when working in their daily operations with the intention of avoiding such unpleasant environmental catastrophes. The implications seem to be rather logical since looking at the loss in human lives and the financial loss BP endured in the accident is very unpleasant and so Shell aims to avoid such losses.

The text here is also quite directive in its message as it stressed continuously the safety procedures that are to be continuously followed. In the sentence “We continue to enforce our mandatory 12 lifesaving rules with our employees and contractors to prevent serious injuries and fatalities” goes to show the extend that these rules are to be obeyed at all times in order to prevent unpleasant situations at any point in time.

Regarding the presentation of the facts and interpretations, Shell presents the most crucial facts that have to be taken as they are when it comes to safety standards and protecting the environment, without anyone making their own judgements or interpreting the information in their own way. Shell is presenting all of these interpretations and evaluations by drawing them from BP’s crisis and makes generalizations about these safety issues that have to be obeyed.
**9.3.3 Under What Circumstances (Martin)**

The circumstances here involve the external environment in which BP as the competitor company to Shell had no control over. The circumstances that have dominated 2010 is the “BP’s Deepwater Horizon incident in the Gulf of Mexico and the oil spill that followed will have repercussions for many years to come.” From this statement Peter Voser angles his message to all his stakeholders that “safety has always been priority at Shell.” Given the time frame the facts and the inferences of the message are applicable to the present situation namely in 2010 but are inextricably part of the near future until the crisis is fully brought under control.

The message concern for safety is affected at the time by the circumstances of the oil spill and has been enlarged to stress its importance. Shell has selected these circumstances to enforce and persuade positive behaviour in employees to practice safety standards when working under such dangerous conditions. Considering the impact the oil crisis had on the oil industry it was inevitable for Shell to ignore such an important event without addressing it to their stakeholders.

**9.3.4 In Which Channel (Martin)**

The channel served as the carrier of the message and it ranged from newspaper to online PDF version of the annual sustainability report of 2010. The purpose of the channel is to see if there are any new changes that have happened in the current format of the 2010 report.

The change that can be seen in the channel is the email address that allows stakeholder audience to send in their comments and feedback to the section they are reading. In the introduction from the CEO letter it can be seen at the bottom of the page the email where feedback can be sent: sustainabilityreport@shell.com

The channel still implies to the mass audience, and the portions still allow the audience to assimilate the messages before they move onto the next. The only difference is that the portions are now a little bit more related and are more or less built around the common theme of the oil crisis.
9.3.5. For what purpose (Martin)

The purpose that stems out from the circumstances is not only to inform but also to persuade to the extent where attitude and behaviour towards safety have been met. The content from the “introduction from the CEO” section demonstrates the persuasive nature in establishing the guidelines for following the safety rules strictly in order to prevent injury or loss of lives.

The focus, however, still remains on emphasizing sustainable development event in times of crisis, and therefore even under such “complex sustainability challenges securing and delivering cleaner and diverse energy is of utmost importance. Keeping up with the CSR trend their messages need to continuously reinforce the stakeholders’ attitudes and perspective about taking more positive action and convincing all of them to contributing together in sustainable development. The stakeholder response strategy by Morsing & Schultz (2006) ensures that the audience accept the message as much as possible without the company having to necessarily change their position of operation.

It is made clear right in the beginning of the opening letter in the introduction of the CEO that his motives are deliberate in the extent of taking a reputational management perspective in order to protect the credibility of the company as well as the industry.

Peter Voser and Shells purpose collectively have it to not only pass on information about safety, but to also get consent from the audience to do something about taking safety measures. Additionally express feeling can be seen by expressing condolences to the families of loved ones who lost their lives in the tragedy. “The incident was described as an environmental disaster that affected communities which this tragic accident took the lives of 11 people and others who were seriously injured.” Other factors that affect the communicative process stem from the hostile perception that may be held by a large number of publics which can view Shell and BP alike as being negligent companies and in polluting the environment.

9.3.6. To Whom (Martin)
In this section appendix 13 and 14 will be used to identify the relevant stakeholders in the 2010 report with the purpose of explaining the peripheral and cognitive route that are chosen when these audiences analyse the message content in relation to Petty & Cacioppo’s Elaboration likelihood model.

The ‘safety section’ text is laid out in a chronological way as to help with the assimilation of the message. Since the BP Oils spill occurred there would be many stakeholders who have been affected by this event and who are highly involved with the event. In this case the primary stakeholders which include the employees, contractors, and Shell operated joint ventures will have the motivation and ability to engage in the message content through central processing. The attention will be focused on deep processing that looks at the quality of the messages and arguments presented. In the ‘safety section’ an extensive argument is given as to why safety standards have to be obeyed so that accident can be avoided. The persuasive outcome of these messages will have a lasting change and should be resistant to counter arguments to safety since the loss of employees’ lives and safety is not the ideal.

There are of course audiences that may choose to take mental shortcuts through cues in the content of the report. These can include secondary stakeholders like activists or shareholders who are not involved in the daily operations of extracting oil and therefore do not have the ability or motivation to think about the message. The peripheral route in this case will be chosen and the stakeholders focus will be on the surface features that are presented such, as the number of arguments given or any visuals that can substitute the extensive text for ease of comprehension.

The figure given in the safety section summarises the ‘deep-water safety’ procedure in a visual way thus having a short term change on the stakeholders which makes them vulnerable to fading or counter messages. Attitude change and behaviour does not last longer.

The ideal path to be chosen is obviously the central route since that aide’s persuasion better. The ‘environment section’ is similar in terms of the type of stakeholder audiences it attracts. The
stakeholders that have a high involvement with the topic can be environmentalists that may choose to boycott the industry and so this section has been included for the to try and destabilise and change their hostile attitudes and behaviours into a neutral or positive one. Once again surface features have been included for stakeholders with a low motivation to engage in central processing. Such stakeholders could be shareholders for example who are more interested in the financial profit.

The audiences represented here are a mess and they have come to read the report with certain expectations.

9.4. Comparison & Preliminary Conclusion (Martin)

The analysis above for 2010 shows a contrast in their content and presentation regarding the theme of their message. The 2009 showed Peter Voser as the sender with the ‘ethos’ or credibility to represent Shell and all the associated Shell groups. In 2010 he is still the same CEO Representative and so there were no major changes in the ‘who’ part of the formula. The difference between the two sustainable reports lied in the way they presented their message regarding sustainability. While in the 2009 report the focus was on the triple bottom line regarding the people (communities), planet (C02 emission reductions) and profit (Joint-venture investments in different geographical locations), the 2010 report concentrated the sustainability development and safety regulations and standards that are being implemented when operating in unstable environmental conditions.

The circumstances that were dominating 2009 and Shell respectively was the climate change event that took place in Copenhagen. It was stressed throughout the report that new price will be paid by companies not being able to reduce their (CO2) emissions and that working towards sustainable development in the region of CSR was a top priority. In 2010, however, the circumstances brought attention to the whole world was the BP Deepwater Horizon oil spill which was seen as the worst crisis reorder in history. This circumstance has major effects not only on the competitor BP Company but also affected the oil industry in general. This event was
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one of the top priorities needed to be stressed throughout the 2010 report in connection to safety standards and regulation that are taken by Shell in their own operations. These safety standard and regulations were also emphasized as being part of their CSR initiatives in the health, safety security, environment and social performance (HSSE).

The channel used in the transmission of both 2009 and 2010 sustainable reports is Shell’s corporate website. This is where all of the interested stakeholder audience can download the sustainability reports in a PDF format and either view it online or print it. The only visible difference in the sustainability reports between the two years was the email under the different section in the 2010 report that could be used by the readers as a feedback mechanism to reply with their opinion back to Shell’s corporate department. The purpose of both 2009, 2010 reports was to inform, educate in certain instances but most of all persuade the stakeholder audiences of Shell’s credibility as a company and reinforce positive attitude and behaviours of publics or change negative hostile attitudes who view the company negatively. The purpose of the reports in essence was to stress the CSR initiatives that are undertaken by Shell and show their relevance of it through their operations. Regarding the stakeholder audiences, it was concluded that the mass public was considered, with different segments having a priority of interest and stakes more than other segments of audiences. Primary stakeholders were seen as the most important to address in both the reports as they are the ones needed to be more persuaded to practice safety standards in order to prevent accidents from occurring while at the same time showing other stakeholders as the public aggregate that their needs are also taken into account.

10. Discussion and Recommendations (Kitti)

The following section has the purpose to how Shell can improve their CSR communication strategies towards their stakeholders and gain competitive advantage.

The analysis of the communication strategy has shown that Shell is using a two-way asymmetric communication model. This is in accordance with the conclusion of channels of the Sustainability Reports. According to Morsing & Schultz (2006), the best communication strategy
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is to use a two-way symmetric model. In order to use that strategy, Shell is recommended to make use of more tools, which make more feedback possible. In the textual analysis it has been found out, that the Sustainability Report from 2010 has a slightly change in its channel, by providing a better tool for the audience to give feedback. This shows that Shell is about to change its communication strategy to two-way symmetric communication. After conducting these analyses, the most important recommendation is to offer more tools and gather more feedback with the use of various social media platforms.

11. Conclusion

Shell originated in the 19th century and since then it has become one of the world’s leading companies in the oil industry, moreover, it has also been ranked in top positions concerning its CSR efforts and engagements. This is the way how it became one of the most powerful companies in the world.

The main purpose of this thesis was to describe and elaborate on the CSR concept and CSR communication and to investigate, how a leading company in a ‘sin’ industry communicates its CSR engagements through its corporate website and the Annual Sustainability Reports. A textual analysis of the selected parts of the above mentioned sources has been conducted in order to determine and illustrate the communication strategies and persuasive rhetoric used by the company. It has also been examined, if there are changes taking place from 2009 to 2010 in the use of these persuasive appeals and communication strategies.

Caroll’s CSR Pyramid, Elkington’s Triple Bottom Line and Morsing and Schultz Communication strategies were used as the main analytical tools in order to understand the different responsibilities, which companies have today and in order to explore, how Shell communicates to fulfilment of his duties. It has been found out, that the company’s communication is strategically structured according to the Stakeholder Response Strategy, which means that Shell is engaging in a two-way communication. However, this is not a mutual dialogue, since the feedback from the receivers is delayed and concerns mostly the way they are
communicated to, whereas it does not discuss the message itself. In the recommendation part it has been discussed that the best strategy to use is the Stakeholder Involvement Strategy, which refers to a mutual dialogue. Shell has to make more efforts in order to foster the communication and make it easier for the stakeholders to engage in an iterative mutual dialogue.

A stakeholder analysis has also been conducted, where the most important stakeholders, such as the owners, customers, employees, community, competitors, suppliers, social activist groups and public large. It has been found out that the shareholders, owners, investors, employees, and customers belong to the primary stakeholders, whereas the secondary stakeholders are the media, competitors, and special interest groups. As public, the governments and local communities have been identified. With the help of these findings a Stakeholder/Responsibility Matrix was drawn, which can be seen in Figure 11.

The nature of persuasion in communication was seen as pervasive and a given prerequisite for Shell in order to change the negative attitudes, behaviours and perception of the stakeholder audience and to convince its readers (mass audience) of their CSR activities and goodwill. The Elaboration Likelihood Model by Petty & Cacioppo as seen in figure 16 showed the different cognitive routes that the different stakeholder audiences can take depending on the degree of their involvement with the messages presented in the reports. Considering the rhetorical appeals of Aristotle ‘ethos’, ‘pathos’ and ‘logos’, they served to gain a deeper understanding of the analysis of the text.

Harrold Laswell’s formula: ‘Who says what under what circumstances in which channel for what purpose to whom with what effect’ was described as one of the most important framework models of communication and it was also used in the textual analysis of both the reports. The formula dissected the reports in the different elements for the analysis with the aim of finding out how the reports differed from one another in their content and presentation of their CSR activities and how they targeted their stakeholder audiences and to what extent. Figure 17 summarised the formula from sender to receiver.
Based on the findings from the conducted analyses, it can be concluded, that Shell is balancing successfully the rhetorical proofs in the company’s 2009/2010 Sustainability Reports, which once again indicates that even though there some changes to be made in order to reach the ideal two-way symmetric communication strategy, Shell has longstanding experience tied up with professionalism.
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Appendix

Appendix 1 – The homepage of Shell

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Appendix 2 – Environment & Society section of www.shell.com
### Appendix 3 – About Us section of www.shell.com

<table>
<thead>
<tr>
<th>About our website</th>
<th>Main areas</th>
<th>About Shell</th>
<th>Tools</th>
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<td>Accessibility</td>
<td>Environment &amp; Society</td>
<td>Shell at a glance</td>
<td>Shell website</td>
</tr>
<tr>
<td>Help</td>
<td>Innovation</td>
<td>Future energy</td>
<td>Shell station locator and multiplexer</td>
</tr>
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<td>Terms and Conditions</td>
<td>Products &amp; Services</td>
<td>Let's go</td>
<td>Apply or manage your credit card account</td>
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<td>About Shell</td>
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<td>Jobs and careers</td>
<td>Media Centre</td>
<td>Shell on Twitter</td>
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Appendix 4 – The Official Facebook Page of Shell

Students from Mater Dei High School in Evansville, Indiana achieved an impressive best run of 2,188 miles per gallon in the sixth annual Shell Eco-marathon Americas. Congrats to all the teams for stretching the boundaries of fuel efficiency!
Appendix 5 – Introduction from the CEO letter
Interview with the CEO

Aron Cramer, Chair of the External Review Committee, puts some challenging questions to Shell Chief Executive Officer Peter Voser.

AC: What is your vision for sustainable development at Shell and why is it critical to the company's business strategy?

PV: Sustainability is central to the way we do business, our business principles and our long-term strategy, as we take a very far-reaching view, not a short-term view. It means for me that we help to meet the growing energy needs of the world in economically, environmentally and socially responsible ways. You can’t have one without the other two.

Finding the right ways to provide more energy with less CO2 poses technological, environmental and social challenges. We haven’t always got our approach to all of these right in the past. But we’ve learnt, and we’re building on those lessons. For new projects we need to get it right first time by engaging early with stakeholders.

You’ve been vocal in advocating a global framework that establishes a price for CO2. What is Shell prepared to do to help realise that vision?

Effective advocacy is essential. A global framework would enable countries and regions to deliver the required emission reductions by setting achievable targets which will stimulate investments. It would create conditions for industry investments in both low-carbon technologies and cleaner energy solutions. At the same time, continued investments in more oil and chemical products and natural gas supplies will be essential to satisfy the needs of global energy consumers.

In countries where we operate, both developed and developing countries, we make sure that our voice is heard and we are actively engaged either as Shell or as part of industry bodies. But we have seen how difficult it is to get a range of countries to agree even on a broad approach to CO2 and climate change. Getting them to agree on the fine detail of global policy frameworks will be even tougher, and take considerably longer.

For that reason, Shell is very much focused on what we can do today: increase production of cleaner-burning natural gas, invest in low-carbon biofuels, and develop CO2 capture, transport and storage technologies including participating in demonstration projects. Then there’s energy efficiency - we will continue to work both to improve the energy efficiency of our operations and to reduce the flaring of natural gas.

How did sustainable development fit into the reorganisation of the company?

We wanted to embed sustainable development (SD) as deeply into the businesses as possible. I believe that’s where the ownership has to sit. Having said that, there is a great accountability for SD and this sits with me, the CEO. But the businesses are where it will develop. That’s where it will be used, improved, and the learning truly embedded.

In 2009, many questioned Shell’s commitment to renewables: what is the company’s current strategy?

The energy mix of the future clearly includes alternative energies, but they can’t be developed overnight. Our main contribution in reducing CO2 emissions in transportation will be to supply lower carbon fuels. We are the world’s largest supplier of fuels containing renewable components. We are developing capabilities to produce sustainable biofuels using current processes and developing technologies for advanced biofuels that do not compete with resources for food. We are also asking our biofuels suppliers to commit to signing up to sustainability clauses in our contracts.

Natural gas may not be a renewable energy, but it is a lower CO2 source than other fossil fuels. It will be very important as a bridge to a low-carbon energy future, and remain a vital part of that future. By around 2012 we will be producing more gas than oil. Gas can play an important role in cleaner power generation. With Shell’s leading position in LNG and new technologies in recovering natural gas from tight formations, we can supply natural gas to replace coal in power generation, which for many countries is the least costly solution to achieving longer-term CO2 reduction targets.

What steps are you taking to mitigate CO2 emissions that come from developing oil sands? Oil sands will continue to play a part in the global energy mix. I’m sure of that. But they pose environmental challenges, and we have to listen to people’s concerns. We’re taking steps to tackle CO2 emissions, for example. We have not yet taken the final investment decision, but our proposed Quest CCS project could store over 1 million tonnes of CO2 a year from our bitumen upgrader in Scotford, Canada. Of course, there’s always more to be done, but we are making progress through continuous improvements in our operational performance.

Are there reasons for optimism in Nigeria? Nigeria, especially the Niger Delta, remains a very challenging place in which to operate. Security issues and sabotage are constant threats to our people, assets and the environment. But we are cautiously optimistic that conditions there are improving and that our initiatives to help community development and build on our partnerships with the government will produce good results.

We’ve seen positive achievements, such as the progress of several of our major energy projects including the commissioning of the AFAM power generation project that supplies around 20% of Nigeria’s electricity.

In other ways, we undoubtedly had a difficult year in Nigeria in 2009. But we are looking to the future and working to build on our relationship with the communities. We have good-quality, committed staff in Nigeria – that’s another reason for optimism.

Appendix 6 – Interview with CEO

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Our Approach to Sustainable Development

We have a comprehensive set of business principles and rigorous standards to cover health, safety, security, environment and social performance.

The Shell General Business Principles have set the standards for the way every employee is expected to behave when conducting company business since they were first published in 1976.

Over the years the Business Principles have evolved to include contributing to sustainable development. For us this means helping to meet the world’s growing energy needs in economically, environmentally and socially responsible ways.

In practice, we aim to share benefits and reduce impacts through the choice of projects we invest in, improving the way we run our operations and making better products. This requires balancing short- and long-term interests and integrating economic, environmental and social considerations into business decision-making. This includes working to reduce our CO₂ emissions and continuing to build on our relationships with our stakeholders.

STANDARDS AND REQUIREMENTS
Our Business Principles provide high-level guidance and we have a set of more detailed mandatory standards that support them. Many of these relate to sustainable development including health, safety, security, environment (HSSE) and social performance (SP). In 2009, we included social performance in our updated Commitment and Policy on HSSE and launched our HSSE & SP Control Framework. The framework clarifies our requirements for the way we operate, including how we work with communities close to our operations. Our standards are now supported by manuals covering areas such as managing our greenhouse gas emissions, impacts on biodiversity, road safety and security.

We include requirements for integrating environmental and social factors into the way we plan, design and take investment decisions on new projects. Since 2002, we have incorporated the potential impact on costs of a project’s CO₂ emissions when making all major investment decisions. An environmental, health and social impact assessment is done before we begin substantial work on major projects or existing facilities. This includes new projects through to the decommissioning of existing facilities. We review the progress of a project to check that the recommendations of the impact assessment have been adopted early and effectively. When we complete a project, we assess the lessons that we have learned and can apply to future projects.

As with our HSSE & SP manuals, our Code of Conduct gives staff more detailed instructions on the behaviour our Business Principles require. All staff must complete training in our Code of Conduct. Relevant staff must undergo specific training in areas such as combating bribery and corruption, and complying with competition laws. Our global helpline and supporting website allow staff and business partners to report concerns confidentially. They also offer advice on suspected infringements of the law, our Code of Conduct or our Business Principles. We report a summary of all helpline allegations and significant Code of Conduct violations to the Audit Committee and to the Corporate and Social Responsibility Committee (CSRC) of the Board of Royal Dutch Shell plc. In 2009, 165 violations of the Code of Conduct were reported (204 in 2008). As a result, we ended our relationships with 126 staff and contractors (138 in 2008).

GOVERNANCE
The CSRC assesses our policies and performance with respect to our Business Principles, Code of Conduct, HSSE & SP standards and major issues of public concern on behalf of the Board of Royal Dutch Shell plc. The committee of four Non-executive Directors meets four times a year. It also visits Shell facilities.

Management accountability for sustainable development rests with our Chief Executive Officer and the Executive Committee. The CEO chairs Shell’s HSSE & SP Executive, which reviews performance and sets priorities, key performance indicators and targets. Each business and facility is responsible for complying with Shell’s safety, environmental and social requirements. They must also set out to achieve targets measured against their industry peers.

In the reorganisation of our company in 2009 we embedded more sustainability-related roles at the core of our operations. As a result we expect to improve our sustainable development performance and engage earlier and more effectively with our stakeholders. Sustainable development is also part of how we assess our overall business performance and reward our people (see page 9).
Our Operations in Focus

Our Performance in 2009

In 2009, Shell started production from major oil and gas projects that will deliver energy for decades to come. We also made good progress on others that will start production in the coming years, beginning in 2010. Our safety record was our best to date and we continued work to improve our environmental and social performance.

Economic

- Our income was $12.7 billion and we returned $10.5 billion to our shareholders. Our net capital investment of $28.9 billion will help sustain our business for the future. We also spent $1.1 billion on research and development.
- Our exploration efforts added 2.4 billion barrels of oil equivalent in new resources, making it our best year for exploration in a decade.
- Production of liquefied natural gas started from Sakhalin II in Russia’s far east, one of the world’s largest integrated oil and gas projects (Shell interest 27.5%). Full capacity of 9.6 million tonnes a year, equal to 5% of the world’s LNG, is expected to be reached in 2011.
- By December, production had surpassed a total of 1 million barrels of oil from the Parque das Conchas project in ultra-deep water 120 kilometres off the coast of Brazil. Several technology firsts helped bring the project on-stream, including separating oil from gas on the seabed before pumping it nearly two kilometres up to a production vessel on the surface. Shell is the operator with a 50% interest.
- Another major deep-water development, Perdido in the Gulf of Mexico, made good progress leading to the start of production in early 2010. At peak, Perdido will produce up to 100,000 barrels of oil equivalent a day from the world’s deepest offshore drilling and production platform. The development is a further step in our strategy to increase oil and gas production by 11% from 2009 to 2012. Shell is the operator with a 35% interest.
- A new mono-ethylene glycol (MEG) unit started production in Singapore, a key milestone for the Shell Eastern Petrochemicals Complex (SEPC – Shell interest 100%) that will become fully operational around mid-2010. The unit has the capacity to supply 750,000 tonnes of MEG a year to Asian markets. The SEPC project also includes a new 800,000 tonnes-a-year ethylene cracker, a butadiene plant and modifications to the Bukom refinery.
- On-track construction continued of Pearl GTL (Shell interest 100%), the world’s largest gas-to-liquids plant, and of Qatargas 4 (Shell interest 30%), a major LNG project. Shell and Qatar Petroleum are partners in both. Pearl GTL will supply 140,000 barrels a day of cleaner-burning diesel and kerosene, oils for lubricants and chemical feedstocks, as well as 120,000 barrels a day of natural gas liquids and ethane. Qatargas 4 will convert 1.4 billion cubic feet of gas a day into LNG. Major construction on both projects is expected to be completed around the end of 2010.

Facts and Figures

- Producing 2% of the world’s oil...
- Producing 3% of the world’s gas...
- 1.1 million barrels oil equivalent produced a day...
- Around 47% of which is natural gas.
- $12.7 billion income...
- $28.9 billion capital investment...
- More than $1.1 billion spent on R&D...
- Selling 11,000 tonnes of bitumen products every day...
- Selling 7.5% of the world’s fuel
- Employing 101,000 people...
- Operating in 90+ countries...
Communicating Corporate Social Responsibility at Shell
Bachelor Thesis written by Kitti Szekeres (401016) & Martin Petrov (285879)
2012

Appendix 9 – Cont. Our Operations in Focus

<table>
<thead>
<tr>
<th>SHELL SCORECARD</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Total shareholder return [A]</td>
<td>22.6%</td>
<td>(33.3)%</td>
</tr>
<tr>
<td>2 Operational cash flow ($ billion)</td>
<td>21</td>
<td>44</td>
</tr>
<tr>
<td>3 Operational excellence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil and gas production (thousands bbl/d) [B]</td>
<td>3,142</td>
<td>3,248</td>
</tr>
<tr>
<td>LNG sales (million tonnes)</td>
<td>13.4</td>
<td>13.1</td>
</tr>
<tr>
<td>Refinery and chemical plant availability</td>
<td>93.3%</td>
<td>92.5%</td>
</tr>
<tr>
<td>Sustainable development [C]</td>
<td>1.4</td>
<td>1.8</td>
</tr>
</tbody>
</table>

[A] The calculation of total shareholder return is based on dividends and share prices in US dollars.
[B] Combined upstream production, including oil sands.
[C] Sustainable development performance is assessed on a basis of total recordable case frequency (TRCF) and consideration of a broad range of sustainability factors including additional safety parameters, environmental measures and social performance. A lower score reflects better performance.
Getting the Safety Message Across

The Shell Eastern Petrochemicals Complex (SEPC) in Singapore – Shell's largest-ever petrochemicals investment – recorded 38 million working hours without an injury leading to time-off work up to November 2007. More than 15,000 workers from a range of countries and cultures were involved at the peak of building two new plants and modifications to Bukom refinery. The complex will supply petrochemicals to the Asia-Pacific region.

Each worker attended a series of safety training sessions. SEPC's imaginative approach included multilingual campaigns featuring posters and theatre using a mix of music, mime, movement and audience participation. With many in the workforce far from their families, the theme of returning home safely helped encourage personal responsibility for working safely. We also launched a programme to train safety auditors using on-site experience and classroom learning.

SEPC will produce petrochemicals such as ethylene, butadiene and monoethylene glycol (MEG), key raw materials for the textile and packaging industries. The MEG plant successfully started production in late 2009. The rest of the complex is due to start operations in 2010.

www.shell.com/sepc

Appendix 10 – Getting the safety message across
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Welcome to the Shell Sustainability Report for 2010. In this report we show how considerate for safety, the environment and communities lies at the core of our operations and the development of our future energy projects.

The event that dominated the year for our industry showed the critical importance of getting our approach to safety right. The BP Deepwater Horizon incident in the Gulf of Mexico and the oil spill that followed will have repercussions for many years to come.

The incident became an environmental disaster that affected communities, but it began as a tragic accident: 11 people died, and others were seriously injured. Safety has always been the first priority at Shell. A major incident like this serves as a warning to all to guard against complacency.

It will take time for our industry to recover credibility. But I believe Shell's technical expertise, safety culture and commitment to high standards demonstrate that we are capable of operating responsibly, however challenging the conditions.

**SECURING CLEANER, DIVERSE ENERGY**
With the world now out of recession, energy demand is again increasing. All energy sources will be needed to meet this demand, but in the decades ahead the bulk of the world's energy is expected to continue to come from fossil fuels. Producing oil and gas from deep waters will remain crucial. These resources are a vital part of the secure and diverse supplies of energy the world will need, as are energy resources from other technically challenging environments. Shell's approach and continued investment in technology and innovation will help us to deliver this energy.

As an energy company, we must meet our customers' needs, and our ability to work with joint-venture partners helps us to do this. In 2010 a number of our major projects came on-stream or continued to perform well. Others approached completion for start-up in 2011. We continued to raise our production of natural gas — by far the cleanest-burning fossil fuel — that will account for over half our energy output in 2012. We believe natural gas will play an essential role in managing the carbon dioxide (CO₂) emissions caused by the world's rising energy demand.

Tackling climate change remains urgent and requires action by governments, industry and consumers. The UN climate change conference in Cancun, Mexico, produced a more encouraging outcome than expected. But with so many countries involved, the process of addressing climate change through international agreements is inevitably slow.

At Shell we believe that in making our contribution, there is no time to waste. We are working on what we can do today to contribute to a sustainable energy future: producing more natural gas for power generation; focusing on sustainable biofuels; helping to develop carbon capture and storage technology; and making our own operations more energy efficient. Our advanced fuels and lubricants are helping our customers save energy.

**SUSTAINABLE PRINCIPLES**
Delivering energy involves meeting other complex sustainability challenges. Strong principles and building trust underpin our approach. Respect for human rights, for example, is embedded in the Shell General Business Principles. Shell contributed to the work of Professor John Ruggie, the UN special representative for business and human rights, whose guiding principles were published in early 2011. The grievance mechanism at the Sakhalin 2 liquefied natural gas project in Russia formed part of Professor Ruggie's pilot work on grievance procedures. We plan to introduce similar approaches for communities near other major projects and facilities in the coming years.

In Nigeria, Shell Petroleum Development Company (SPDC) took a significant step forward in transparency for our industry. SPDC has set up a publicly accessible website to report on oil spills from the facilities it operates. This allows the tracking of the response to every spill, whether it is operational or the result of sabotage or theft.

I am proud to have signed up to the UN Global Compact LEAD, an initiative which reinforces the commitment of business to the principles of the Global Compact. Shell was a founding member of the Global Compact in 2000 and we support its principles in human rights, labour, environment and anti-corruption. The Sustainability Report 2010 reports on our progress in these areas.

I would like to thank the members of the External Review Committee for their important contributions in producing the Sustainability Report 2010. Once more their valuable insights have helped shape this report.

Finally, I invite you to send your comments on the report to: sustainabiltyreport@shell.com

Peter Voser
Chief Executive Officer

Appendix 12 – CEO letter 2010
SAFETY

Events in the Gulf of Mexico in 2010 served as a stark reminder of why we invest so much time and effort to plan and execute our operations responsibly. This means preventing incidents that harm people and the environment, and preparing to deal effectively with any that may occur.

In the BP Deepwater Horizon explosion in April 2010, 11 industry colleagues died and a number were seriously injured. The incident led to the largest offshore oil spill in US history. The environment was damaged and people's livelihoods suffered. Following the accident, Shell supported the response effort by providing equipment, technical expertise and facilities to BP. We also took immediate steps to confirm and reinforce the safety of our offshore operations around the world. Our review of deep-water drilling and safety procedures confirmed that Shell's approach is robust.

Our industry is determined to learn from what happened to prevent something similar occurring again. We are reviewing what happened to prevent something similar occurring again. We are reviewing recommendations coming forward from investigations into the Deepwater Horizon incident and considering them against our standards and operating practices.

Safety continues to be our top priority. Our goal is to have zero fatalities and no incidents that harm our employees, contractors or neighbours, or put our facilities at risk. We continue to make progress towards that aim in 2010 with our best safety performance to date (page 30).

We manage safety across our business through a combination of rigorous systems and culture. This requires three behaviours from everyone working for us: complying with the rules; intervening in unsafe situations; and respecting people and the environment. Our global standards and operating procedures define the controls and physical barriers we require to prevent incidents. All Shell companies, Shell-operated joint ventures and our contractors must manage safety risks in line with the Shell Commitment and Policy on HSE & SP.

local laws and the terms of relevant permits and approvals.

We are reinforcing a culture where safety is a core value, and each person understands their role in making Shell a safer place to work. Everyone responsible for tasks that may carry safety risks is assessed for the necessary training and skills. On our annual global Safety Day for all employees and contractors around the world, we ask staff to make personal pledges to work in a safer way. We continue to enforce our mandatory 12 Life-Saving Rules with our employees and contractors to prevent serious injuries and fatalities. We have started to see improvement in areas such as road safety (page 24).

We continue to invest in maintaining process safety. For example, since 2006 we have been engaged in a $6 billion programme to improve the safety of our wells, pipelines and other Upstream facilities. In our downstream business, we continue to improve the safety and reliability of our refineries, chemical plants and distribution facilities, investing some $1 billion alone in 2010.

DEEP-WATER SAFETY

Deep-water safety starts with ensuring people are trained and competent. Shell drilling engineers undergo a rigorous programme that includes field training, course work and mandatory examinations. We have continually updated this internationally recognised programme over the past three decades.

Preventing incidents is critical to deep-water safety. Before work begins on drilling a well, we undertake a detailed and lengthy planning process to be sure that the right equipment and the most robust procedures are in place. We use what is known as a “safety case” approach. It requires us and our drilling contractors to clarify the responsibilities and to thoroughly assess, document and decide on ways to mitigate risks before drilling begins.

We have strict standards for designing and drilling deep-water wells. They require wells to have at least two independent physical barriers to minimise the risk of a “blowout”, which could cause an explosion or spill. We have a series of safeguards in place to minimise the likelihood of a safety or environmental incident (see diagram). We also use sophisticated sensors so that our wells can be monitored in real time by specialists at our global operations centres 24 hours a day.

All our installations have detailed plans to respond to a spill in an effective and timely manner in the unlikely event that multiple barriers fail and a spill occurs. We are able to call upon significant resources such as containment booms, collection vessels and aircraft. We conduct emergency response exercises throughout the year to ensure these plans remain effective.

Shell is part of an industry consortium building new undersea containment equipment for use in the Gulf of Mexico. We are also involved in work with the International Association of Oil and Gas Producers (OGP) on improvements to the industry’s global spill response capability.

Appendix 13 – Deep Water Safety
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2012

Appendix 14 - Environment