

**Organization and Management  
of the  
Law Department**

**A Few Casual Observations  
on  
Structures, Policies and Style**

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**(Abbreviated Hand-Out Version)**

**..... exemplified by policies and  
standards of Shell Legal**

## First, a few words about Shell .....



Shell in the world

## Shell at a glance 2006

- Energy business (oil, gas, chemicals etc.)
- Over 50,000 service stations worldwide
- Operating in more than 140 countries
- 110,000 employees
- Net income \$25.4 billion
- Gross sales proceeds \$370 billion
- Capital investment \$23 billion

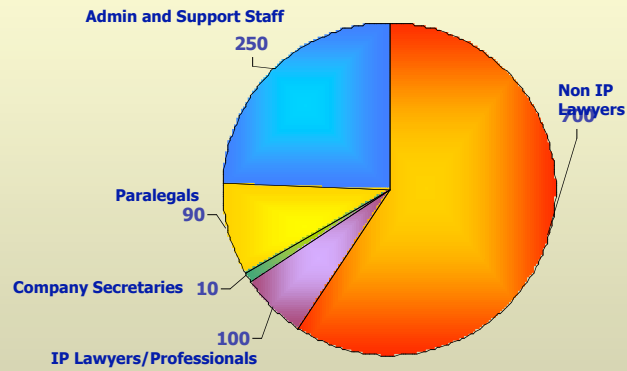


..... and, Shell Legal .....

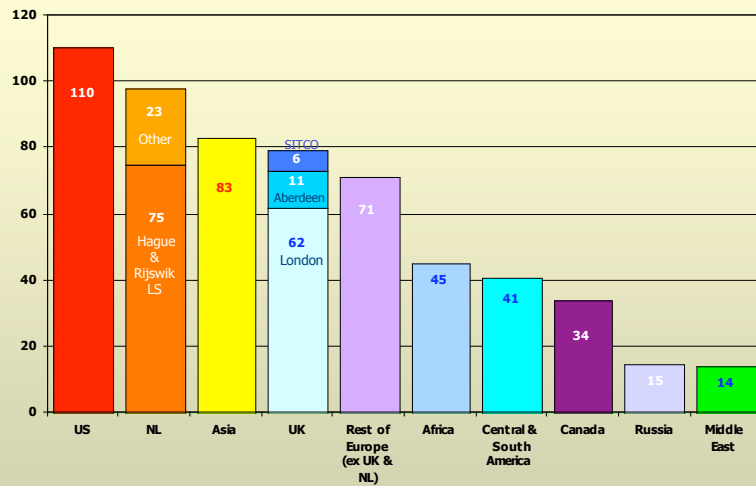


# How many are we?

Total Number of Shell Legal Staff worldwide:  
Approximately 1150



# Where we are



Excludes IPL Staff

**A large Legal Function requires a .....**

**“One Team”- Approach**



**Entire Legal Function must  
crystallize into ONE TEAM,  
with  
mutual respect and a fine work-  
place relationship**

**➡ Requires willingness to contribute to consensus ...**

**➡ ... although consensus-based work style will not substitute for guidance by functional leader**

**The concept of teamwork  
needs to be elevated from  
departmental or regional  
to global level...**


**....and requires flawless coordination  
between Heads of Legal and the  
Legal Director**

**Including, common approach to  
certain minimum standards,  
such as ...**

**➡ Common approach to organization**



 **Common approach to core competencies**

 **Common approach to performance standards and appraisal**

➡ **Common approach to risk –  
current and future**

➡ **Common approach to compliance  
issues**

**➡ Common approach to cost control**

**➡ Common approach to what to do in-house / what to give to outside counsel**

**And a large Legal Function also  
requires a clear .....**

### **Value Proposition**

**In Shell Legal, we strive to add value by:**

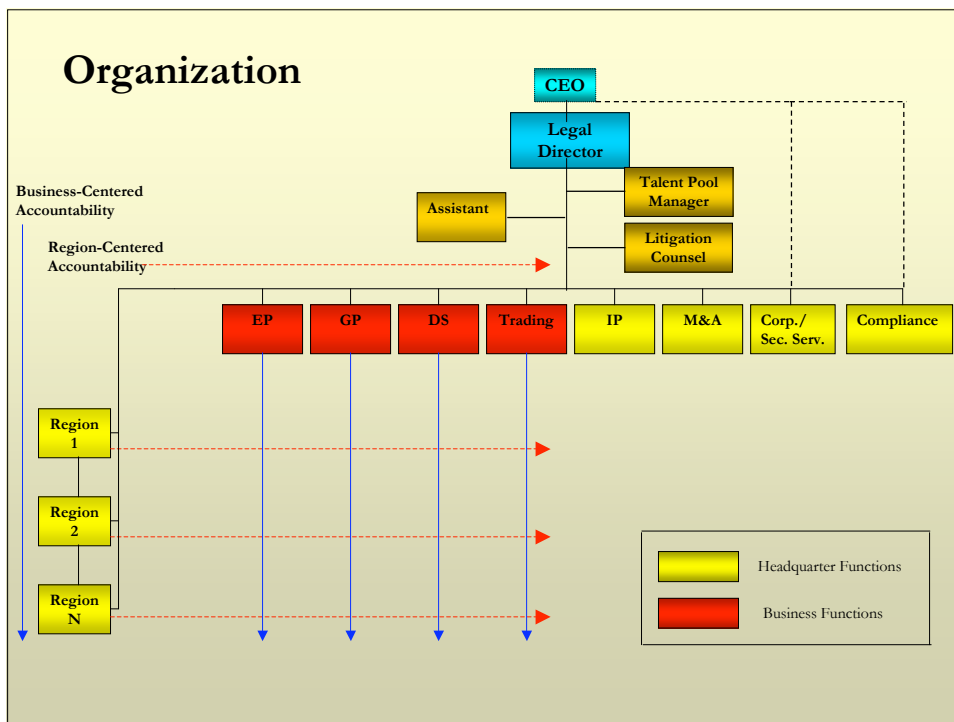
- \* Providing high quality, comprehensive, proactive & creative legal & IP advice, with a strong focus on business objectives & related risks & opportunities.**
- \* Optimizing an effective global structure for the Function.**
- \* Tracking performance metrics, talent & cost.**

- ✿ It is expected that all Shell lawyers & IP professionals act globally:
  - with integrity & respect for people,
  - as facilitators for the businesses, &
  - with a high degree of responsibility & accountability.
  
- ✿ Obtaining legal advice is not optional in Shell.
  - The cost for effective legal & IP services is part of the “cost of doing business”, ultimately for the protection of the corporation & its shareholders.
  - Cost efficiencies are developed & maintained on a global basis.
  - Cost allocation is fair & transparent.

**So,**

- ✿ **One Team**
  
- ✿ **Clear Value Proposition .....**

..... under the roof of a fit-for-purpose .....



**..... and unambiguous .....**

### **Reporting Principles**

- \* All Shell lawyers & IP professionals & related staff report within Shell Legal.**
- \* Shell Legal consists of:**
  - Legal Services**
  - IP Services**
  - Corporate Secretariat Services**
  - Compliance Unit**

- ✿ **The General Counsel of the Businesses, IP, M&A, US and Corporate and the Chief Compliance Officer report to the Legal Director.**
- ✿ **The General Counsel Corporate & the Chief Compliance Officer have additional accountabilities in their respective roles as Secretary of the Board and head of Group Compliance.**
- ✿ **The Group Counsel Litigation, in this capacity, reports to the Legal Director.**
- ✿ **Skill pool, functional development management & the UK head of legal report to the Legal Director.**

- ✿ **The Heads of Local Operating Company (OpCo) Legal Departments functionally report to the General Counsel of the Business which is predominantly conducted in the country concerned (e.g. to the General Counsel of the Downstream Business in a country where Shell predominantly conducts Downstream activities).**
- ✿ **All lawyers of Local OpCo Legal Departments, when working on issues related to a particular Business other than the “predominant Business”, are accountable for their work to the General Counsel of that Business in accordance with separate accountability principles.**



**\* Heads of OpCo Legal Departments also have a local reporting line to their respective Country Chair, which includes accountability for:**

**➤ compliance with local terms & conditions of employment**

**➤ professional behavior, such as:**

- responsiveness,**
- timeliness,**
- creativity,**
- motivation,**
- leadership,**
- business orientation**
- integrity &**
- other personal qualities .....**

**..... but not for the quality & substance of the legal or IP advice provided, for which accountability rests within Shell Legal.**

- ✿ **Shell Legal (with input from business colleagues & support from the HR Function) shall be responsible for:**
  - **assessment of individual performance,**
  - **ranking,**
  - **talent and current estimated potential review,**
  - **succession planning, &**
  - **other appraisal & planning processes regarding Shell Legal staff.**
  
- ✿ **The assessment of & planning for the most senior lawyers in Shell Legal (Senior Executive level) is subject to Group Executive Committee review & approval.**

- ✿ **All General Counsel and the Chief Compliance Officer have discretion on how business accountability operates within their respective global teams.**
  
- ✿ **They co-ordinate on staff appraisal, ranking , development , job evaluations, current estimated potential & other people issues in a way that ensures consistent and fair treatment across businesses and between OpCo and central Legal Departments.**

**Also important for effective management and organization:**

### **Cost Management and Allocation**

- ✿ Internal legal spending of Shell Legal should be approved by the Group Executive Committee within a global budget approval process.
- ✿ The Legal Director should be accountable for Shell Legal global budgeting & financial management.
- ✿ External legal spending & unforeseeable, extraordinary internal spending should be subject to a separate approval process.
- ✿ The cost of Regional & Opcp Legal Departments is charged out:
  - according to local applicable cost allocation schemes,
  - in proportion to services obtained,
  - set yearly as a lump-sum,
  - calculated primarily on the basis of the preceding year's proportion, &
  - adjusted on the basis of actual proportion, if significantly different.

- ✿ **The cost of Shell Legal Business Functions is charged to the Businesses:**
  - in proportion to services obtained,
  - set yearly as a lump-sum,
  - calculated primarily on the basis of the preceding year's proportion, &
  - adjusted on the basis of actual proportion, if significantly different.
  
- ✿ **The cost for Shell Legal Headquarter Functions is absorbed by Royal Dutch Shell plc &, if applicable, charged out under a Group Headquarter services charging scheme.**

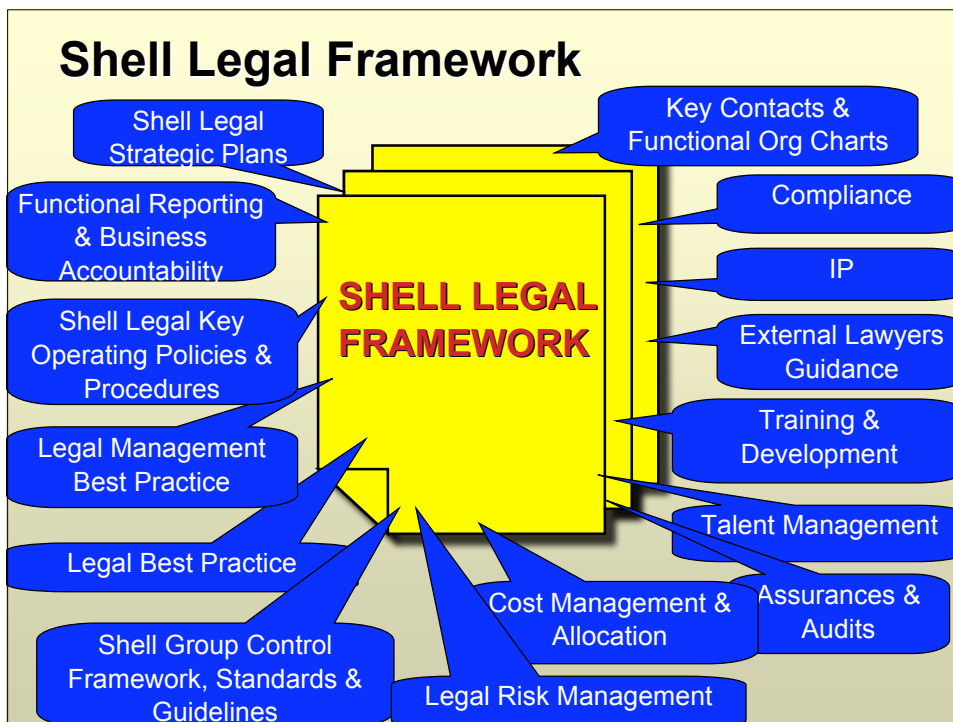
## **Implementation**

**Our value proposition, policies and organization are embedded in the .....**

## Shell Legal Framework

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- ❖ “1-stop” access for all current Sell Legal documents on Policies and Standards
- ❖ All web-based with hard copy indexes
- ❖ Indication which documents are mandatory to know vs. recommended



***PROCESSES, PROCESSES, PROCESSES...***

- ❖ **Shell Legal's primary purpose remains:  
to provide top quality & fit-for-purpose legal services (i.e., providing sound legal judgment translated into practical, business-oriented solutions)**
- ❖ **Although framework includes more processes, the quality & substance of our advice & services remains the paramount objective**

**..... And last, but not least .....**

**Style .....**

**..... simply style .....**

**..... An occasional smile –  
or a “thank you” .....**

**..... doesn't cost much .....**

- **Lead by example**
- **With clear expectations**
- **Connect daily work to larger picture**
- **Confidence in staff**
- **With ample delegation**



- **Mindful of opportunities for staff to achieve excellence**
- **Open to differing viewpoints – encourage creativity/ingenuity**
- **Balance consensus-building & final decision-making**

**Many thanks for your attention !**