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BUSINESS NEWS   OCTOBER 11, 2018 / 11:56 AM / UPDATED 2 HOURS AGO

Shell sees Nigeria corruption trial lasting many months - memo

Ron Bousso   3 MIN READ   🐦   f

LONDON (Reuters) - Royal Dutch Shell (RDSa.AS) expects a landmark corruption trial over a Nigerian oil deal to last many months, warning staff of continued critical media coverage in the $1.3 billion case, according to an internal memo seen by Reuters.

FILE PHOTO: A logo for Royal Dutch Shell Shell is seen on a garage

forecourt, March 6, 2014. REUTERS/Neil Hall/File Photo

Shell's Legal Director Donny Ching encouraged employees to study an internal web page that the Anglo-Dutch company set up for the case before responding to questions from relatives and friends.

Shell and Italian peer Eni ENI.M are defendants in a Milan bribery trial, now in its early stages, focusing on the 2011 purchase of Nigeria's OPL 245 offshore oilfield for about $1.3 billion.
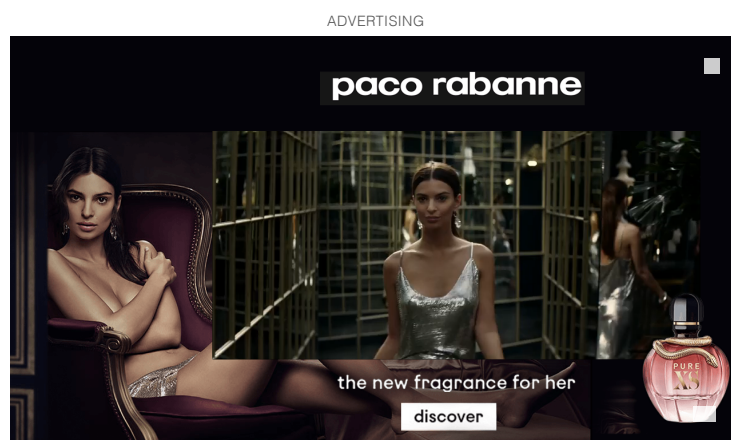
Eni CEO Claudio Descalzi and four ex-Shell managers, including former Shell Foundation Chairman Malcolm Brinded, are also on trial in one of the largest cases in the history of the oil and gas industry. All the accused have denied wrongdoing.

Milan prosecutors allege bribes were paid to win the licence to explore the field which, because of disputes, has never entered into production.

"We do not yet know how long the trial will last but expect this to be many months, continuing into next year," Ching said in the Sept. 20 memo, provided to Reuters by John Donovan, who runs the independent royaldutchshellplc.com website.

The website often serves as a forum to criticise the oil major.

A Shell spokesman confirmed the authenticity of the document.

"We expect to see continued, often critical, media coverage around this issue," the memo addressed to all Shell staff said.

"As a result, I appreciate that you may find yourself having to respond to questions from relatives and friends. You can find more information about the case, which may also help with those discussions, on the OPL 245 intranet web page."

"Based on our review of the evidence available to us, we maintain there is no basis on which to convict Shell or its former employees. We will vigorously defend our position and believe that the trial judges will conclude that there is no case for us to answer," Ching wrote.

Royal Dutch Shell PLC 28.59
RDSA.AS AMSTERDAM... -0.74 (-2.51%)

RDSa.AS

The Anglo-Dutch company also said that it was unclear if the conviction of two men over corruption in the deal in a separate case in Italy last month would have any impact on the larger case.

Shell distanced itself from the two men — Nigerian Emeka Obi and Italian Gianluca Di Nardo — who were found guilty of international corruption and each given four-year jail sentences.

"I would like to be clear that neither individual worked on behalf of Shell and Shell was not a party to their fast-track trial," Ching said.

"At this point, it is difficult to read anything into this verdict as far as the outcome of the trial in Milan involving Shell and its former employees is concerned," the memo

said.

"I would therefore ask you not to engage in speculation on this."

Reporting by Ron Bousso; Editing by Adrian Croft

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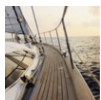### Equities slide to three-month low as tech stocks plunge

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TECHNOLOGY NEWS   OCTOBER 10, 2018 / 4:12 AM / UPDATED 15 HOURS AGO

Amazon scraps secret AI recruiting tool that showed bias against women

Jeffrey Dastin   **8 MIN READ**   🐦   f

SAN FRANCISCO (Reuters) - Amazon.com Inc's (AMZN.O) machine-learning specialists uncovered a big problem: their new recruiting engine did not like women.

The team had been building computer programs since 2014 to review job applicants' resumes with the aim of mechanizing the search for top talent, five people familiar with the effort told Reuters.

Automation has been key to Amazon's e-commerce dominance, be it inside warehouses or driving pricing

decisions. The company's experimental hiring tool used artificial intelligence to give job candidates scores ranging from one to five stars - much like shoppers rate products on Amazon, some of the people said.

"Everyone wanted this holy grail," one of the people said. "They literally wanted it to be an engine where I'm going to give you 100 resumes, it will spit out the top five, and we'll hire those."

But by 2015, the company realized its new system was not rating candidates for software developer jobs and other technical posts in a gender-neutral way.

That is because Amazon's computer models were trained to vet applicants by observing patterns in resumes submitted to the company over a 10-year period. Most came from men, a reflection of male dominance across the tech industry. (For a graphic on gender breakdowns in tech, see: tmsnrt.rs/2OfPWoD)

In effect, Amazon's system taught itself that male candidates were preferable. It penalized resumes that included the word "women's," as in "women's chess club captain." And it downgraded graduates of two all-women's colleges, according to people familiar with the matter. They did not specify the names of the schools.

Amazon edited the programs to make them neutral to these particular terms. But that was no guarantee that the machines would not devise other ways of sorting candidates that could prove discriminatory, the people said.

The Seattle company ultimately disbanded the team by the start of last year because executives lost hope for the project, according to the people, who spoke on condition of anonymity. Amazon's recruiters looked at the recommendations generated by the tool when searching for new hires, but never relied solely on those rankings, they said.

Amazon declined to comment on the technology's challenges, but said the tool "was never used by Amazon

recruiters to evaluate candidates." The company did not elaborate further. It did not dispute that recruiters looked at the recommendations generated by the recruiting engine.

The company's experiment, which Reuters is first to report, offers a case study in the limitations of machine learning. It also serves as a lesson to the growing list of large companies including Hilton Worldwide Holdings Inc (HLT.N) and Goldman Sachs Group Inc (GS.N) that are looking to automate portions of the hiring process.

Some 55 percent of U.S. human resources managers said artificial intelligence, or AI, would be a regular part of their work within the next five years, according to a 2017 survey by talent software firm CareerBuilder.

Employers have long dreamed of harnessing technology to widen the hiring net and reduce reliance on subjective opinions of human recruiters. But computer scientists such as Nihar Shah, who teaches machine learning at Carnegie Mellon University, say there is still much work to do.

"How to ensure that the algorithm is fair, how to make sure the algorithm is really interpretable and explainable - that's still quite far off," he said.

MASCULINE LANGUAGE

Amazon's experiment began at a pivotal moment for the world's largest online retailer. Machine learning was gaining traction in the technology world, thanks to a surge in low-cost computing power. And Amazon's Human Resources department was about to embark on a hiring spree: Since June 2015, the company's global headcount has more than tripled to 575,700 workers, regulatory filings show.

So it set up a team in Amazon's Edinburgh engineering hub that grew to around a dozen people. Their goal was to develop AI that could rapidly crawl the web and spot candidates worth recruiting, the people familiar with the matter said.

The group created 500 computer models focused on specific job functions and locations. They taught each to recognize some 50,000 terms that showed up on past candidates' resumes. The algorithms learned to assign little significance to skills that were common across IT applicants, such as the ability to write various computer codes, the people said.

Slideshow (6 Images)

Instead, the technology favored candidates who described themselves using verbs more commonly found on male engineers' resumes, such as "executed" and "captured," one person said.

Gender bias was not the only issue. Problems with the data that underpinned the models' judgments meant that unqualified candidates were often recommended for all manner of jobs, the people said. With the technology returning results almost at random, Amazon shut down the project, they said.

THE PROBLEM, OR THE CURE?

Other companies are forging ahead, underscoring the eagerness of employers to harness AI for hiring.

Kevin Parker, chief executive of HireVue, a startup near Salt Lake City, said automation is helping firms look beyond the same recruiting networks upon which they have long relied. His firm analyzes candidates' speech and facial expressions in video interviews to reduce reliance on resumes.

Amazon.com Inc   1755.25
AMZN.O NASDAQ   +0.00 (+0.00%)

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20 M

AMZN.O   HLT.N   GS.N   ULVR.L

"You weren't going back to the same old places; you weren't going back to just Ivy League schools," Parker said. His company's customers include Unilever PLC (ULVR.L) and Hilton.

MSFT.O

Goldman Sachs has created its own resume analysis tool that tries to match candidates with the division where they would be the "best fit," the company said.

Microsoft Corp's (MSFT.O) LinkedIn, the world's largest professional network, has gone further. It offers employers algorithmic rankings of candidates based on their fit for job postings on its site.

Still, John Jersin, vice president of LinkedIn Talent Solutions, said the service is not a replacement for traditional recruiters.

"I certainly would not trust any AI system today to make a hiring decision on its own," he said. "The technology is just not ready yet."

Some activists say they are concerned about transparency in AI. The American Civil Liberties Union is currently challenging a law that allows criminal prosecution of researchers and journalists who test hiring websites' algorithms for discrimination.

"We are increasingly focusing on algorithmic fairness as an issue," said Rachel Goodman, a staff attorney with the Racial Justice Program at the ACLU.

Still, Goodman and other critics of AI acknowledged it could be exceedingly difficult to sue an employer over automated hiring: Job candidates might never know it was being used.

As for Amazon, the company managed to salvage some of what it learned from its failed AI experiment. It now uses a "much-watered down version" of the recruiting engine to help with some rudimentary chores, including culling duplicate candidate profiles from databases, one of the people familiar with the project said.

Another said a new team in Edinburgh has been formed to give automated employment screening another try, this time with a focus on diversity.

Reporting By Jeffrey Dastin in San Francisco; Editing by Jonathan Weber and
Marla Dickerson

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