



Royal Dutch/Shell Group of Companies

Statement of General Business Principles

Introduction

This document reaffirms the general business principles that govern how each of the Shell companies which make up the Royal Dutch/Shell Group of Companies conducts its affairs.

The Group is a decentralised, diversified group of companies with widespread activities, and each Shell company has wide freedom of action. However what we have in common is the Shell reputation.

Upholding the Shell reputation is paramount. We are judged by how we act. Our reputation will be upheld if we act with honesty and integrity in all our dealings and we do what we think is right at all times within the legitimate role of business.

Shell companies have as their core values honesty, integrity and respect for people. Shell companies also firmly believe in the fundamental importance of the promotion of trust, openness, teamwork and professionalism, and in pride in what they do.

Our underlying corporate values determine our principles. These principles apply to all transactions, large or small, and describe the behaviour expected of every employee in every Shell company in the conduct of its business.

In turn, the application of these principles is underpinned by procedures within each Shell company which are designed to make sure that its employees understand the principles and that they act in accordance with them. We recognise that it is vital that our behaviour matches our intentions.

All the elements of this structure – values, principles and the accompanying procedures – are necessary.

Shell companies recognise that maintaining the trust and confidence of shareholders, employees, customers and other people with whom they do business, as well as the communities in which they work, is crucial to the Group's continued growth and success.

We intend to merit this trust by conducting ourselves according to the standards set out in our principles. These principles have served Shell companies well for many years. It is the responsibility of management to ensure that all employees are aware of these principles, and behave in accordance with the spirit as well as the letter of this statement.

A handwritten signature in black ink, appearing to read 'C A J Herkstöter', is written over a horizontal line.

C A J Herkstöter
Chairman of the Committee
of Managing Directors
March 1997

1. Objectives

The objectives of Shell companies are to engage efficiently, responsibly and profitably in the oil, gas, chemicals and other selected businesses and to participate in the search for and development of other sources of energy. Shell companies seek a high standard of performance and aim to maintain a long-term position in their respective competitive environments.

2. Responsibilities

Shell companies recognise five areas of responsibility:

a. To shareholders

To protect shareholders' investment, and provide an acceptable return.

b. To customers

To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental impact, which are supported by the requisite technological, environmental and commercial expertise.

c. To employees

To respect the human rights of their employees, to provide their employees with good and safe conditions of work, and good and competitive terms and conditions of service, to promote the development and best use of human talent and equal opportunity employment, and to encourage the involvement of employees in the planning and direction of their work, and in the application of these principles within their company. It is recognised that commercial success depends on the full commitment of all employees.

d. To those with whom they do business

To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of these principles in so doing. The ability to promote these principles

effectively will be an important factor in the decision to enter into or remain in such relationships.

e. To society

To conduct business as responsible corporate members of society, to observe the laws of the countries in which they operate, to express support for fundamental human rights in line with the legitimate role of business and to give proper regard to health, safety and the environment consistent with their commitment to contribute to sustainable development.

These five areas of responsibility are seen as inseparable. Therefore it is the duty of management continuously to assess the priorities and discharge its responsibilities as best it can on the basis of that assessment.

3. Economic Principles

Profitability is essential to discharging these responsibilities and staying in business. It is a measure both of efficiency and of the value that customers place on Shell products and services. It is essential to the allocation of the necessary corporate resources and to support the continuing investment required to develop and produce future energy supplies to meet consumer needs. Without profits and a strong financial foundation it would not be possible to fulfil the responsibilities outlined above.

Shell companies work in a wide variety of changing social, political and economic environments, but in general they believe that the interests of the community can be served most efficiently by a market economy.

Criteria for investment decisions are not exclusively economic in nature but also take into account social and environmental considerations and an appraisal of the security of the investment.

4. Business Integrity

Shell companies insist on honesty, integrity and fairness in all aspects of their business and expect the same in their relationships with all those with whom they do business. The direct or indirect offer, payment, soliciting and acceptance of bribes in any form are unacceptable practices. Employees must avoid conflicts of interest between their private financial activities and their part in the conduct of company business. All business transactions on behalf of a Shell company must be reflected accurately and fairly in the accounts of the company in accordance with established procedures and be subject to audit.

5. Political Activities

a. Of companies

Shell companies act in a socially responsible manner within the laws of the countries in which they operate in pursuit of their legitimate commercial objectives.

Shell companies do not make payments to political parties, organisations or their representatives or take any part in party politics. However, when dealing with governments, Shell companies have the right and the responsibility to make their position known on any matter which affects themselves, their employees, their customers, or their shareholders. They also have the right to make their position known on matters affecting the community, where they have a contribution to make.

b. Of employees

Where individuals wish to engage in activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate in the light of local circumstances.

6. Health, Safety and the Environment

Consistent with their commitment to contribute to sustainable development, Shell companies have a systematic approach to health, safety and environmental management in order to achieve continuous performance improvement.

To this end, Shell companies manage these matters as any other critical business activity, set targets for improvement, and measure, appraise and report performance.

7. The Community

The most important contribution that companies can make to the social and material progress of the countries in which they operate is in performing their basic activities as effectively as possible. In addition Shell companies take a constructive interest in societal matters which may not be directly related to the business. Opportunities for involvement – for example through community, educational or donations programmes – will vary depending upon the size of the company concerned, the nature of the local society, and the scope for useful private initiatives.

8. Competition

Shell companies support free enterprise. They seek to compete fairly and ethically and within the framework of applicable competition laws; they will not prevent others from competing freely with them.

9. Communication

Shell companies recognise that in view of the importance of the activities in which they are engaged and their impact on national economies and individuals, open communication is essential. To this end, Shell companies have comprehensive corporate information programmes and provide full relevant information about their activities to legitimately interested parties, subject to any overriding considerations of business confidentiality and cost.



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