

# Shell General Business Principles

## INTRODUCTION

The Shell General Business Principles govern how each of the Shell companies which make up the Shell Group\* conducts its affairs.

The objectives of the Shell Group are to engage efficiently, responsibly and profitably in oil, 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 energy.

We believe that oil and gas will be integral to the global energy needs for economic development for many decades to come. Our role is to ensure that we extract and deliver them profitably and in environmentally and socially responsible ways.

We seek a high standard of performance, maintaining a strong long-term and growing position in the competitive environments in which we choose to operate.

We aim to work closely with our customers, partners and policy-makers to advance more efficient and sustainable use of energy and natural resources.

*\* Royal Dutch Shell plc and the companies in which it directly or indirectly owns. But in this publication, the collective expressions of 'Shell' and 'Shell Group' may be used for convenience where reference is made in general to those companies. Likewise, the words 'we', 'us', 'our', and 'ourselves' are used in some places to refer to the companies of the Shell Group in general. These expressions are also used where no useful purpose is served by identifying any particular company or companies.*

## OUR VALUES

Shell employees share a set of core values – honesty, integrity and respect for people. We also firmly believe in the fundamental importance of trust, openness, teamwork and professionalism, and pride in what we do.

## SUSTAINABLE DEVELOPMENT

As part of the Shell General Business Principles, we commit to contribute of sustainable development. This requires balancing short and long term interests, integrating economic, environmental and social considerations into business decision-making.

## RESPONSIBILITIES

Shell companies recognise five areas of responsibility. It is the duty of management to continuously assess the priorities and discharge these inseparable responsibilities on the basis of that assessment.

### a. To shareholders

To protect shareholders' investment, and provide a long-term return competitive with those of other leading companies in the industry.

### 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 environment impact, which are supported by the requisite technological, environment and commercial expertise.

### c. To employees

To respect the human rights of our employees and to provide them with good and safe working conditions, and competitive terms and conditions of employment.

To promote the development and best use of the talents of our employees; to create an inclusive work environment where every employee has an equal opportunity to develop his or her skills and talents.

To encourage the involvement of employees in the planning and direction of their work; to provide them with channels to report concerns.

We recognise that commercial success depends on the full commitment of all employees.

### d. To those with whom we do business

To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of these Shell General Business Principles or equivalent principles in such relationships. 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 comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

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### PRINCIPLE 1: ECONOMIC

Long-term profitability is essential to achieving our business goals and to our continued growth. It is a measure both of efficiency and of the value that customers place on Shell products and services. It supplies the necessary corporate resources for the continuing investment that is required to develop and produce future energy supplies to meet customer needs. Without profits and a strong financial foundation, it would not be possible to fulfil our responsibilities.

Criteria for investment and divestment decisions include sustainable development considerations (economic, social and environmental) and an appraisal of the risks of the investment.

### PRINCIPLE 2: COMPETITION

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

### PRINCIPLE 3: BUSINESS INTEGRITY

Shell companies insist on honesty, integrity and fairness in all aspects of our business and expect the same in our relationships with all those with whom we do business. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable. Facilitation payments are also bribes and should not be made. Employees must avoid conflicts of interest between their private activities and their part in the conduct of company business. Employees must also declare to their employing company potential conflicts of interest. 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 are subject to audit and disclosure.

### PRINCIPLE 4: POLITICAL ACTIVITIES

#### a. Of companies

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

Shell companies do not make payments to political parties, organisations or their representatives. Shell companies do not take part in party politics. However, when dealing with governments, Shell companies have the right and the responsibility to make our position known on any matters which affect us, our employees, our customers, our shareholders or local communities in a manner which is in accordance with our values and the Business Principles.

#### 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.

### PRINCIPLE 5: HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT

Shell companies have a systematic approach to health, safety, security and environmental management in order to achieve continuous performance improvement.

To this end, Shell companies manage these matters as critical business activities, set standards and targets for improvement, and measure, appraise and report performance externally.

We continually look for ways to reduce the environmental impact of our operations, product and services.

### PRINCIPLE 6: LOCAL COMMUNITIES

Shell companies aim to be good neighbours by continuously improving the ways in which we contribute directly or indirectly to the general well-being of the communities within which we work.

We manage the social impacts of our business activities carefully and work with others to enhance the benefits to local communities, and to mitigate any negative impacts from our activities.

In addition, Shell companies take a constructive interest in societal matters, directly or indirectly related to our business.

### PRINCIPLE 7: COMMUNICATION AND ENGAGEMENT

Shell companies recognise that regular dialogue and engagement with our stakeholders is essential. We are committed to reporting of our performance by providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality.

In our interactions with employees, business partners and local communities, we seek to listen and respond to them honestly and responsibly.

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### PRINCIPLE 8: COMPLIANCE

We comply with all applicable laws and regulations of the countries in which we operate.

### LIVING BY OUR PRINCIPLES

Our shared core values of honesty, integrity and respect for people, underpin all the work we do and are the foundation of our Business Principles.

The Business Principles apply to all transactions, large or small, and drive the behaviour expected of every employee in every Shell company in the conduct of its business at all times.

We are judged by how we act. Our reputation will be upheld if we act in accordance with the law and the Business Principles. We encourage our business partners to live by them or by equivalent principles.

We encourage our employees to demonstrate leadership, accountability and teamwork, and through these behaviours, to contribute to the overall success of Shell.

It is the responsibility of the management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit as well as with the letter of this statement.

The application of these principles is underpinned by a comprehensive set of assurance procedures which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them.

As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In-turn, it is the responsibility of Shell employees to report suspected breaches of the Business Principles to Shell.

The Business Principles have for many years been fundamental to how we conduct our business and living by them is crucial to our continued success.

### Jeroen van der Veer

Chief Executive  
Royal Dutch Shell plc  
August 2005

## Awards and Recognition



### EXTERNAL AWARDS

Your Company remains at the forefront of quality, accounting practices, occupational safety and health, and environmental management, winning awards in these areas, not only from within the Shell Group but also from governmental and non-governmental agencies in Malaysia. We are proud to report that our commitment in occupational safety and health, and environmental management standard has won us the following awards:

- **NACRA Awards 2006**

Your Company won double awards during the National Annual Corporate Report Awards (NACRA) 2006 ceremony.

- Awarded to your Company for the **Industry Excellence Award** for companies listed on Bursa Malaysia's Main Board under the Industrial Products and Technology sector. This is the second consecutive year that we clinched this award.
- Awarded to your Company for the **Platinum Award - Best Annual Report in Environmental Reporting** category among public listed companies in Malaysia. This is the fifth consecutive year that we received this award.

- **ACCA Malaysia Environmental & Social Reporting Awards (MESRA) 2005**

Awarded to your Company for the ACCA Malaysia Environmental & Social Reporting Awards (MESRA) 2005 - **Best Environmental Reporting in an Annual Report** to recognise excellence in environmental, social and sustainability reporting. The ACCA Awards aims to identify and reward innovative attempts to communicate corporate performance, to raise awareness in corporate transparency issues and to encourage the uptake of environmental and social reporting. This is the first time that we received this award.

- **Laboratory Excellence Award 2006**

Awarded to your Company's Laboratory by the Malaysian Institute of Chemistry for demonstrating quality, safety, technical competency and a high standard of analytical services and integrity. This is also the fifth consecutive year that we clinched this award.

- **MSOSH Gold Merit Award 2005**

Awarded to your Company by the Malaysian Society for Occupational Safety and Health (MSOSH) for demonstrating that Occupational Safety and Health excellence is consistently applied in our business activities. This achievement is the result of the sustained effort and commitment of all Company staff, our business partners and our contractors.

- **NAfMA Best Practice Award 2006**

Awarded to your Company by the Malaysian Institute of Accountants and the Chartered Institute of Management Accountants, which aims to support the Government's call for corporate excellence and good corporate governance by recognising organisations that adopt best practices in management accounting in the pursuit of world class business performance. This is the third consecutive year that we received this award.

- **KPMG/The Edge Annual Shareholder Value Award 2005**

Awarded to your Company as your company was judged Number 1 in the Energy and Natural Resources category of the 2005 KPMG/ The Edge Annual Shareholder Value Awards. The KPMG/ The Edge Annual Shareholder Value Awards recognise publicly listed companies in Malaysia that have generated exemplary value for their shareholders in the financial year in review.