



Royal Dutch/Shell Group of Companies

Statement of General Business Principles


Introduction

This document reaffirms the general business principles on which the conduct of the affairs of the Royal Dutch/Shell Group of Companies is predicated. They apply equally to corporate decision-making as to the individual behaviour expected of employees in conducting Shell business.

The Group is typified by decentralised, diversified and widespread operations, within which operating companies have wide freedom of action. However the upholding of the Shell reputation is a common bond which can be maintained only by honesty and integrity in all activities. This reputation is a vital resource, the protection of which is of fundamental importance. A single failure, whether it be wilful or due to misplaced zeal or short term expediency, can have very serious effects on the Group as a whole.

The reputation depends on the existence and knowledge of clearly understood principles and responsibilities and on their observance in day to day practice in widely different environments. Individual operating companies may have their own statements to meet national situations based on these general business principles.

These principles have served Shell companies well for many years and will continue to do so in the future. It is the responsibility of management to ensure that their staff are aware of the principles on which their activities are based and that they comply with them.



C A J Herkströter
Chairman of the Committee
of Managing Directors of the Service Companies
July 1994

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

Four areas of responsibility are recognised:

a. To shareholders

To protect shareholders' investment and provide an acceptable return.

b. To employees

To provide all 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.

c. To customers

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

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

d. To society

To conduct business as responsible corporate members of society, observing applicable laws of the countries in which they operate and giving proper regard to health, safety and environmental standards.

These four 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 ultimate value that people place on Shell products and services. It is essential to the proper allocation of corporate resources and necessary 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 social, political and economic environments over the nature of which they have little influence, 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 essentially economic 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 their contractors and suppliers. The direct or indirect offer, payment, soliciting and acceptance of bribes in any form are unacceptable practices. All employees are required to avoid conflicts of interest between their private financial activities and their part in the conduct of company business. All transactions on behalf of a Shell company must be appropriately described in the accounts of the company in accordance with established procedures and be subject to audit.

5. Political Activities

a. Companies

Shell companies endeavour always to act commercially, operating within existing national laws in a socially responsible manner, abstaining from participation in party politics and interference in political matters. It is however their legitimate right and responsibility to speak out on matters which affect the interests of their employees, customers and shareholders, and on matters of general interest where they have a contribution to make based on particular knowledge.

b. Political payments

Shell companies do not make payments to political parties, organisations or their representatives.

c. Employees

Where employees, in their capacity as citizens, wish to engage in activities in the community, including standing for election to public office, favourable consideration is given to their being enabled to do so where this is appropriate in the light of local circumstances.

6. Health, Safety and the Environment

It is the policy of Shell companies to conduct their activities in such a way as to take foremost account of the health and safety of their employees and of other persons, and to give proper regard to the conservation of the environment. Shell companies pursue a policy of continuous improvement in the measures taken to protect the health, safety and environment of those who may be affected by their activities.

Shell companies establish health, safety and environmental policies, programmes and practices and integrate them in a commercially sound manner into each business as an essential element of management.

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 efficiently as possible.

In addition the need is recognised to 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, there is a need for open communication. 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.

10. Joint Ventures

Shell companies participating in joint ventures will promote the application of these principles in the management of the joint venture operation. The ability to do this effectively will be an important factor in the decision to enter into or remain in any joint venture.

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