



شركة تنمية نفط عُمان
Petroleum Development Oman

PDO - Statement of General Business Principles



PDO Legal Department

Petroleum Development Oman

Version 2007



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1. Introduction

A Statement of General Business Principles for Petroleum Development Oman LLC (referred to herein as the "Company") was first issued in 1984, with the last revision issued in January 1998.

The principles are not new to the Company and they were also prior to 1984 embodied, directly or indirectly, in the Company's management philosophy, in personnel policies, in safety codes, manpower development programs, and other management systems.

The Statement of General Business Principles incorporates the principles upon which the Omani society is founded, as expressed in the Basic Law, promulgated in 1996.

2. Objectives

The objective of the Company is to engage efficiently, responsibly and safely in the exploration, production, development, storage and transportation of hydrocarbons in the Sultanate of Oman. The Company seeks a high standard of performance with the aim to further the long term benefits of its Shareholders, its Employees and the society of the Sultanate of Oman at large.

3. Responsibilities

Various inter-related responsibilities of the Company are recognised:-

a) To Shareholders

To develop and protect the investment and interest of the Shareholders in accordance with their objectives and guidelines, and to operate at all times in a cost efficient and profitable manner, bearing in mind that the Company has a clear and important duty of care in its dealings with the Shareholders' investments and interests. The Company shall keep all Shareholders at all reasonable times fully informed about Petroleum Operations.

b) To Employees

To provide all Employees with safe and healthy conditions of work and adequate and competitive conditions of service. It will respect the Rights of all Employees as provided for in the Basic Law.

On an equal opportunity basis, to develop in an optimal manner the skills, talents and potential of its Employees. The Company will pay particular attention to the recruitment, training and development of Omani Employees.

To provide the Employees with safe and confidential channels to report any concerns.

c) To those with whom we do business

To seek mutually beneficial relationships with contractors, vendors and other companies engaged in the exploration and production of oil and gas in the Sultanate of Oman and to promote the conduct of business in accordance with these principles.

d) To Society

Appreciative of the guidance of His Majesty the Sultan, to conduct its business as a good and responsible corporate citizen of the Sultanate of Oman, observing the Laws applicable to its conduct and the principles embedded in the Basic Law, and paying proper regard to health, safety and the environment consistent with its commitment to contribute to sustainable development.

These four areas of responsibility are seen as inseparable. It is the duty of the Management of the Company to continuously assess priorities and to discharge the various responsibilities as best it can under the prevailing circumstances on the basis of that assessment.

4. Business Integrity

The Company insists on honesty, integrity and fairness in all aspects of its business and expects the same in its relationship with its contractors and suppliers. Its contracting-out policy will be on the basis of open and competitive bidding, where possible, with transparent procedures, providing equal opportunities to qualified contractors and suppliers. It will not, directly nor indirectly, offer, solicit, accept or pay bribes, including facilitation payments, in any shape or form, and requires its Employees, and its contractors and suppliers and their employees, to act likewise. Employees will exercise the utmost care to avoid putting



themselves into a position where they may be called on to repay favours in a manner detrimental to the Company's interests.

Employees shall not take advantage, for their own or for the profit of others, of their position in the Company or of information gained in the course of their employment. They have a duty to notify the Company of any outside interest which could, either directly or indirectly, present them with a conflict of interest, or which involve them in a commercial relationship with the Company.

All transactions on behalf of the Company must be transparent and appropriately described in the accounts of the Company, in accordance with established and recognised procedures and standards, and be subject to audit. The strictest principles will be applied in maintaining the integrity of the accounting records.

5. The Company and the Community

a) The Company

The Company accepts and endeavours always to act through the Laws of the Sultanate of Oman in a socially responsible manner. The Company does not have, and therefore does not state, views on either national or international political matters, and it will abstain from participation in politics and interference in political matters. It will not make payments which are, or could be construed to be, of a political nature either in a national or an international context. The Company has, however, a legitimate right and responsibility to make its views known on matters that affect the interests of the Company, its Employees or its Shareholders and on matters which affect the general interest, where the Company has a contribution to make which is based on its particular knowledge.

The Company is mindful that the utmost co-operation with the Government of the Sultanate of Oman enables the Company to maximise its ability to contribute to the exploration for and development of the Sultanate's hydrocarbon resources and to pursue its objectives.

b) The Community

The Company considers that the most important contribution it can make to the social and material progress of the Sultanate of Oman is in performing its primary activities as efficiently and effectively as possible. It will thereby endeavour to promote the economy of the Sultanate by engaging local enterprise in the course of its business, where appropriate and feasible. In addition, the Company recognises its responsibility to take a constructive interest in societal matters, which may not be strictly related to its business. The Company must not and cannot pre-empt the activities of the Government of the Sultanate of Oman in providing and maintaining social infrastructure, facilities and services. However, in consultation with the Board of Directors and the Government, the Company will make use of opportunities which arise through community, educational or donation programmes and appropriate societal development projects within the area of its operations, to enhance the well-being of the citizens of the Sultanate at large.

6. Health Safety and the Environment

The Company will endeavour to conduct its business in such a way as to protect the health and safety of its Employees, its contractors' employees and other persons affected by its activities, as well as to protect the environment, minimise pollution and seek improvement in the efficient use of natural resources. In full compliance with the Laws of the Sultanate of Oman, it will pursue a policy of systematic and continuous improvement in the measures taken to protect the health, safety and environment of those who may be affected by its activities and it will apply more stringent standards and procedures where the Company considers it appropriate to do so. It expects, and where appropriate will encourage its contractors to adopt the same objectives in the conduct of their business.

The Company has established a Health, Safety and Environmental Protection Policy and is guided in the conduct of its business by the principle that Health, Safety and Environmental Protection forms an integral part of, and are as important as, all other primary business objectives.



7. Communication

The importance of the Company's activities for the Sultanate of Oman as a whole and for individuals, both Employees and others, and the subsequent need for open communications is fully recognised. The Company therefore endeavours to disclose as much information as possible about its activities to legitimately interested parties, subject to any over-riding consideration of confidentiality proper to the protection of the Company's interest and the interests of third parties.

8. Living by our Principles

The Business Principles apply to all transactions of the Company, large or small. They apply equally to corporate decision making and individual behaviour expected of Employees in conducting the business of the Company.

The Company is judged by its actions. Its reputation will be upheld if it acts in accordance with Omani Law and the Business Principles. The Company also encourage its business partners to live by them.

The Company encourage the Employees to demonstrate leadership, accountability and teamwork, and through these behaviours, to contribute to the overall success of the Company.

It is the responsibility of 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.

It is also the responsibility of management to provide the Employees with safe and confidential channels to raise concerns and report instances of non-compliance. In turn, it is the responsibility of the Employees to report suspected breaches of the Business Principles to the Company.

The Business Principles have for many years been fundamental to how the Company conduct its business. It is a crucial that we all adhere to these principles, and by so doing, uphold the high reputation of our Company for fairness, professionalism, integrity and transparency.

For: PETROLEUM DEVELOPMENT OMAN

Raoul Restucci
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