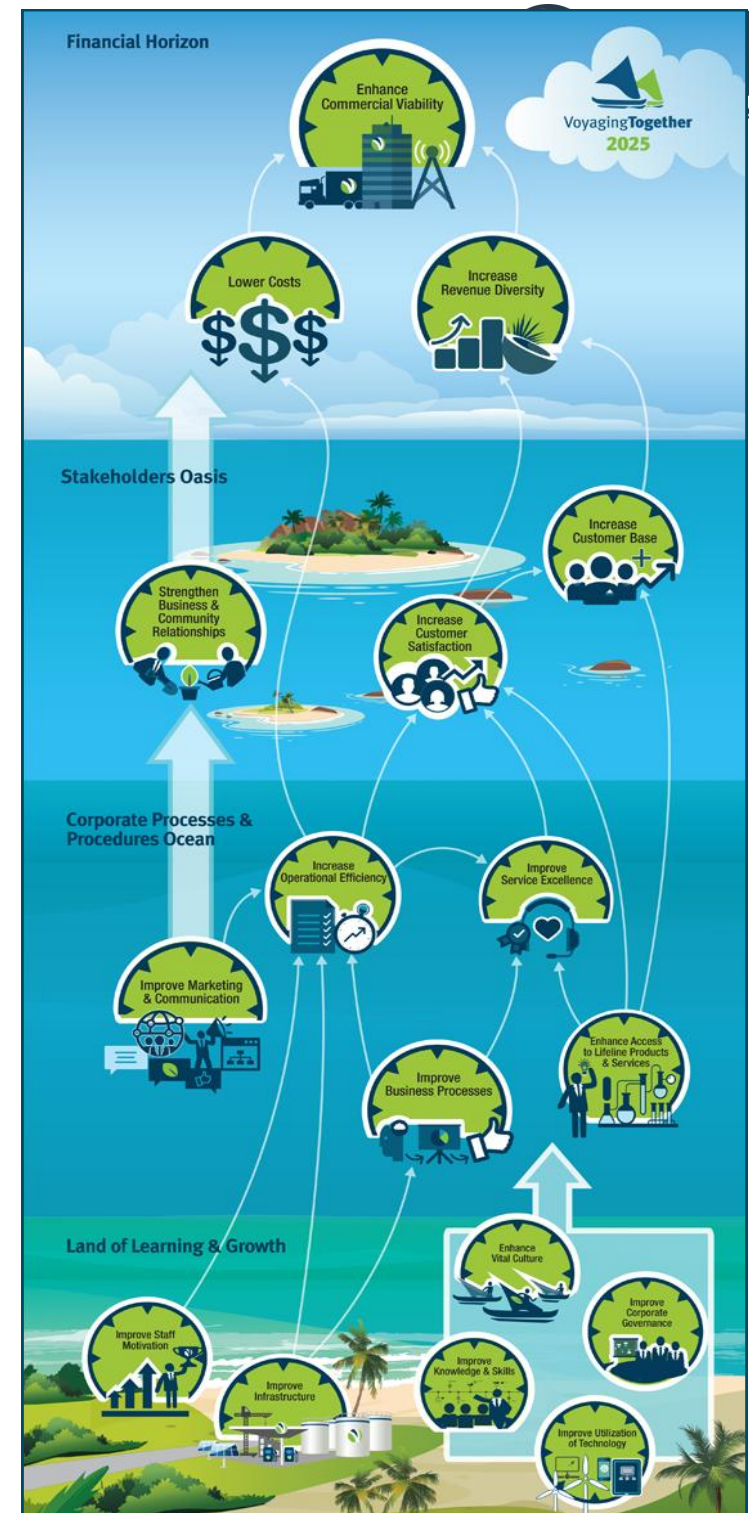


# Statement of General Business Principles





## CHAIRMAN MESSAGE: OUR ETHICAL COMMITMENT

The Vital Group – the FSM Petroleum Corporation and Vital Energy, Inc. – is embarking on a 10-year strategy that we all know as, **Voyaging Together 2025**. Our long-term vision is clear:

**The Vital Group is the largest provider of energy life-line products & services in Micronesia.**

This strategy was developed by 22 of our staff from across every location, and later reviewed and confirmed by all of you. Each of you had a voice and have committed to this 'Voyage' together. We have our 'sea map' and it will help guide us through the many challenges and threats we face and ultimately steer the company toward bigger and better achievements in the years to come.

To help us navigate the voyage, we have established a Strategy Execution Team (SET) and the Committee on Resource Effectiveness (CoRE). Both groups create a solid foundation for all of us to execute a strategy that will open many opportunities for growth and achieve our Vision.

Underpinning all of this is the daily effort, expertise and hard work of our people - our most valuable resource - working together collaboratively within their respective communities and across our various teams.

Our continued growth and long-term viability depends on all of us embracing the ethical shared values and principles that motivate and guide our day-to-day undertakings. Put more simply, we are judged by how we act.

Our shared ethics of personal and professional **responsibility**, **exemplary behavior** in our communities, and **respect** for people underpin the internal and external credibility of our actions and initiatives. These values comprise the hull of our canoe and what will keep us afloat.

In every operating unit, management is responsible for instilling these ethical values and ensuring that the corresponding principles are applied. It is also the responsibility of management to provide employees – and the public – with safe and confidential channels to raise concerns and report instances of non-compliance.

It is only by continuing to commit to these fundamental principles that we will continue to be strong, support sustainable growth and benefit everyone.

Faustino Yangmog  
**Chairman of the Board**

## OUR CORE VALUES



## OUR BUSINESS PRINCIPLES

- ECONOMIC
- BUSINESS INTEGRITY
- POLITICAL ACTIVITIES
- HEALTH, SAFETY & ENVIRONMENT
- THE COMMUNITY
- SUPPLIERS & SERVICE PROVIDERS
- COMPETITION
- COMMUNICATION & ENGAGEMENT
- CONFIDENTIALITY, INTELLECTUAL & INDUSTRIAL PROPERTY
- CONFLICTS OF INTEREST

## OUR REPUTATION

This document reaffirms the general business principles that govern how the Company will conduct its affairs. The Company is growing within the region with widespread activities, and each business unit has wide freedom of action; however each business unit has one thing in common: the Company's reputation. **Upholding the Company 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.

## OUR VALUES

The Company has as its core values **honesty, integrity, respect and accountability** and believes in the fundamental importance of the promotion of trust, openness, teamwork and professionalism, and in pride in what we do. Our underlying corporate values determine our principles. These principles apply to all transactions, large or small, and describe the behavior expected of every employee and contractor of the Company in the conduct of our business.

## SUSTAINABLE DEVELOPMENT

As part of the Business Principles, we commit to contribute to sustainable development. This required balancing short and long-term interests, integrating economic, environmental and social considerations into business decision-making. This is in line with the FSM Strategic Development Plan (SDP), and especially consistent with our intervention into the coconut industry of FSM.

## RESPONSIBILITIES

The Company recognizes five areas of responsibility:

### Shareholders

To protect our shareholders' investment, be accountable for public funds that are used in the Corporation, and provide an acceptable return. We strive to earn the confidence of our shareholders, with the objective of providing a financially and operationally strong investment, and we regularly provide full and transparent information to all shareholders, and report our activities accurately in our financial statements. Our shareholders are the five governments of the FSM.

### 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.



### Employees

To respect the human rights of employees, to provide 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 recognized that commercial success depends on the full commitment of all employees. All employees have an annual performance review with management once a year, at which objectives are set, performance assessed and career development discussed. Career development is facilitated by appropriate training.



### 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 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.

### Society

To conduct business as responsible corporate members of society, to observe the laws of the countries in which we 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 our commitment to contribute to sustainable development.



## BUSINESS PRINCIPLE 1

### ECONOMIC

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 the Company 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 fulfill the responsibilities outlined above. The Company works in a wide variety of changing social, political and economic environments, but in general it believes 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.

## BUSINESS PRINCIPLE 2

### BUSINESS INTEGRITY

The Company operating units 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 the Company must be reflected accurately and fairly in the accounts of the company in accordance with established procedures and be subject to audit.

## BUSINESS PRINCIPLE 3

### POLITICAL ACTIVITIES

#### Of companies

The Company will act in a socially responsible manner within the laws of the countries in which we operate in pursuit of our legitimate commercial objectives. The Company does not make payments to political parties, organizations or their representatives or take any part in party politics. However, when dealing with governments, the Company has the right and the responsibility to make its position known on any matter which affects it, its employees, customers, or shareholders. It also has the right to make its position known on matters affecting the community, where it has a contribution to make.

#### Of employees and contractors

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.



## **BUSINESS PRINCIPLE 4**

### **HEALTH, SAFETY & ENVIRONMENT**

Consistent with our commitment to contribute to sustainable development, the Company has a systematic approach to health, safety, environmental management, and product quality in order to achieve continuous performance improvement. To this end the Company manages these matters as Key Activity Areas (KAAs), set targets for improvement, and measure, appraise and report performance.

## **BUSINESS PRINCIPLE 5**

### **THE COMMUNITY**

The most important contribution that the Corporation can make to the social and material progress of the countries in which we operate IS to perform our basic activities as effectively as possible.

In addition the Company will 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 donation programs - will vary depending upon the size of the company concerned, the nature of the local society, and the scope for useful private initiatives.



## **BUSINESS PRINCIPLE 6**

### **SUPPLIERS & SERVICE PROVIDERS**

The Company policy regarding our suppliers and our service providers is to: 1) Respect each party's interests, with transparent and fairly negotiated contract terms; and, 2) Expect them to adhere to principles equivalent to those in our Code of conduct.

## **BUSINESS PRINCIPLE 7**

### **COMPETITION**

The Company supports free enterprise, and seeks to compete fairly and ethically and within the framework of applicable competition laws; we will not prevent others from competing freely with us.

## **BUSINESS PRINCIPLE 8**

### **COMMUNICATION & ENGAGEMENT**

The Company recognizes 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, the Company has comprehensive corporate information programs and provides full and relevant information about its activities to legitimately interested parties, subject to any overriding considerations of business confidentiality and cost.

The Company also will engage with those communities who provide raw materials, effort and resources for the Company's strategic initiatives.

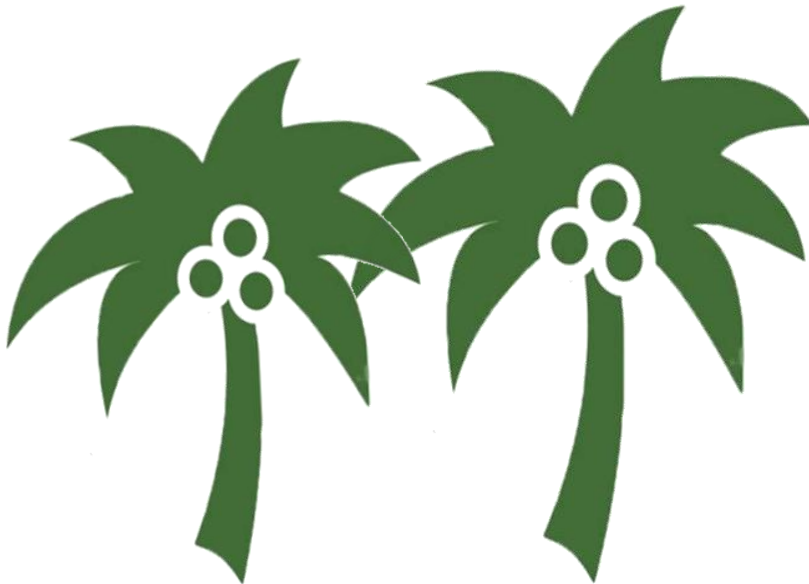
## BUSINESS PRINCIPLE 9

### CONFIDENTIALITY, INTELLECTUAL & INDUSTRIAL PROPERTY

Employees and contractors have a duty to take the necessary steps to protect the confidentiality of any information acquired in the course of their employment, of which they are merely the custodians.

Employees shall not disclose confidential information, whether verbally, in writing, or electronically, unless expressly authorized to do so by their management.

They must also observe the rules and regulations governing intellectual and industrial property. This duty remains in effect even after an employee or contractor leaves the Company.



## BUSINESS PRINCIPLE 10

### CONFLICTS OF INTEREST

Employees and Contractors may encounter situations where their own personal interest or that of persons or companies with which they have ties or links may conflict with the Company's interest.

In such cases, they shall act bearing in mind the Company's interests and the loyalty they owe to the Company. In the event of doubt, they must consult their Management.

To avoid conflicts of interest, employees and contractors should not:

- Acquire an interest in a competitor, supplier or customer without the prior written approval of their management, or, if such an interest consists of listed shares, use privileged information to acquire the interest.
- If employed on a full-time basis, exercise any outside professional activity without first obtaining the written approval of their management.

Employee relations with customers and suppliers will be fair and honest, in strict compliance with contractual undertakings and applicable laws and regulations.

The giving or receiving of gifts or entertainment will remain within acceptable limits, having regard to what is customary and the provisions of anti-corruption legislation. In case of doubt, employees shall obtain the approval of their management. Under no circumstances may employees of the Corporation solicit gifts or invitations.