

Annex 7

Model Ethics Code¹⁵⁷

Preamble

The purpose of this code of ethics is to:

- Demonstrate the company's commitment to the highest standards of ethical behavior;
- Encourage proper ethical conduct and sanction misconduct within the company; and
- Develop an ethical culture based on such standards and conduct, led by the company's shareholders, directors and management, and followed by all employees.

By adopting and, following this code of ethics, together with the other guidance in this Manual, the company confirms its desire to demonstrably lead and promote good ethical behavior and corporate governance. In order to foster the confidence of its shareholders, employees, investors and the general public, this code of ethics goes beyond the legal and regulatory framework prevalent in Romania today, and embraces both national and internationally recognized principles and practices.

The company's governing bodies and employees understand this code of ethics as their obligation and set forth to ensure that its spirit and provisions are respected and acted upon throughout the company [and its subsidiaries and dependent companies] and its business partners.

This code of ethics is reviewed and updated on an annual basis and published internally in booklet form and via the company's intranet site, as well as on the company's internet site.

A. The Company's Values

In all internal and external relationships, the company demonstrates its commitment to [insert company's values¹⁵⁸]:

- _____;
- _____; and

¹⁵⁷ From IFC Guidelines for Directors on Strengthening Corporate Governance, November 2006.

¹⁵⁸ Company values often focus on delivering quality products and services; leadership (in terms of innovation, and research and development); promoting shareholder value; protecting the environment; satisfying customer satisfaction; acting with honesty, integrity and respect for people; etc.

- _____.

B. The Company's Ethical Principles

The company is committed to act ethically in all aspects of its business.

The company's ethical standards are based on the following principles:

- Honesty;
- Integrity;
- Fairness; and
- Transparency.

Similarly, the company expects the same in its relationships with all those with whom it does business.

The company's ethical standards focus on the following areas: employees, customers, relations with its business partners, government, society and the wider community¹⁵⁹. These ethical standards shall also apply to all business areas [for all subsidiaries and dependent companies both within and outside of Romania].

All of the company's ethical standards are based on:

- Respecting the rule of law, Romania laws and regulations, and showing respect for human rights;
- Managing the company's financial and operational performance to maximize the long-term value for its shareholders;
- Conducting business with integrity and fairness, renouncing bribery and corruption or similar unacceptable business practices, and not giving or accepting gifts and entertainment unless they fall under business custom, are immaterial and infrequent;
- Creating mutual advantage in all the company's relationships to build and foster trust; and
- Demonstrating respect for the community the company operates in, as well as for the natural environment.

The company's business plan will include specific, measurable targets for improving ethical behavior.

¹⁵⁹ The Company's areas of focus will depend largely on the industry and its business sector. Thus, a company in the banking sector may wish to focus on issues different than those of a company in the oil sector (e.g. financial control, insider trading and/or money laundering vs. environmental protection). Areas of focus can be structured around topics and/or relationships. Topics include health, safety and environmental concerns; bribery and corruption; legality; conflicts of interest; human rights; gifts and entertainment; control and finance; etc. Relationships can include relations with employees; customers; business partners; suppliers; joint-venture partners; etc.

C. Ethical Standards for the Company's Relationship with its Stakeholders

1. Employees and Officers

The company values its employees as the keystone to success. The company is thus committed to treating all employees with dignity, trust and respect, and to building a long-term relationship based on Romania labor law and the respect of human rights. The company will not employ child labor.

The company fosters teamwork, believing that diversity in talent, perspectives and opinions stimulate new and creative business opportunities and innovation. Similarly, the company renounces all forms of bureaucracy and excessive hierarchical structures that impede operational efficiency.

It is the company's policy to provide for and regularly improve upon a healthy, safe and secure working environment for its employees.

Conflicts of interests can, or appear to, compromise the judgment or objectivity of the company's employees and officers. Appropriate guidelines and disclosure thereof have been developed to this extent.

The company is an equal opportunity employer. Its recruitment, promotion and compensation policy is based on merit and free of discrimination. Clear and transparent policies to this extent have been developed and put into practice.

Any kind of discrimination or harassment at the workplace will not be tolerated and contrary behavior properly investigated and dealt with through the company's ethics officer [and/or the human relations manager].

Employees are recognized and rewarded for their performance, based on performance objectives, and constructive and regular feedback through face-to-face meetings. Rewards are given both at the team and individual level. The company has in place a training program, accessible to all employees, which encourages individuals to formulate personal development plans and provides for coaching, mentoring and formal skill-enhancing trainings.

The company sanctions the illegal use of confidential and insider information by all officers and employees, and has developed a detailed procedure to effectively deal with this matter.

A regular consultation process between the company's employees and managers has been put in place to effectively deal with employment conditions and other issues that affect the employees work environment.

These principles do not limit the right of the company to enforce discipline or to terminate workers in accordance with Romania legislation.

II. Customers

Customer satisfaction is tantamount to the company. Safe and quality products and services, fair pricing and appropriate after-sales service shall define the company's relations with its customers.

The company always seeks to deliver what it promises.

III. Relations with its Business Partners

The company believes that a long-term relationship with its business partners (suppliers, contractors, participants in joint ventures and _____) founded on respect, trust, honesty and fairness is vital to its success.

The company will put forth its best effort to only cooperate with those business partners that share the company's ethical standards.

The company will respect the sanctity of contracts and business relations.

- Contractual negotiations shall be conducted on the basis of mutual advantage.
- Business relations shall be based on high performance standards, delivering in a timely and qualitative manner, prompt settling of bills and _____.
- In case of a commercial dispute, the company will strive to negotiate and compromise in good faith in order to reach an amicable solution.

The company is committed to complying fully with the Romania law on anti-money laundering and only conducts business with reputable suppliers, business customers and other partners who are involved in legitimate business activities and whose funds are derived from legitimate sources.

IV. Government

The company will pay all taxes that are owed and due, fully and in a timely manner. The company abides by all federal and local regulations, including voluntary codes and guidelines, in both spirit as well as letter.

The company has also legally obtained all licenses required to do business.

The company seeks to build and manage a sound relationship with governmental authorities on an arm's length basis. No attempts to improperly influence governmental decisions shall be made, and the company will not offer, pay, solicit or accept bribes in any form or shape, either directly or indirectly, in its dealings with the government, administration or courts. Transparent procedures regarding transactions engaged in by the company with any government agency or official, or in dealings with any company owned or controlled by a government agency or official, shall be established to this end.

The company will never make political contributions whether in cash or in kind.

V. Society, environment and the wider community

The company views itself as an integral part of the community in which it operates and is committed to a sound relationship built on respect, trust, honesty and fairness.

The company is committed to creating jobs and developing local talent when this is economically sustainable.

The preservation of the environment is of the utmost importance to the company. The company thus strives to minimize any disruption to the environment arising from its activities by reducing waste, emissions and discharges, and by using energy efficiently. All operations and activities will be carried-out according to the highest standards of care and in-line with internationally recognized principles.

Company employees are encouraged to engage and commit part of their time to help the local community through a variety of charities and foundations, educational organizations and similar institutions.

Non-governmental organizations (NGOs) are a key element to any society and the company seeks to build constructive relationships with such organizations in building a better society and environment--in an economically sustainable matter. The company promise to engage and consider the specific developmental needs of communities in which it operates, through a process of regular and open dialogue.

D. Implementation

I. Means to Obtain Advice

Many business decisions involve ethical dilemmas and require complex judgments to make the right choice. In cases of uncertainty, all officers and employees are expected to act responsibly and raise the ethical dilemma with their managers. Should this not lead to a satisfactory solution, the ethical issue is to be raised with a designated officer to obtain clarification. All officers and employees have the right to make confidential reports directly to the designated officer who in turn shall decide whether to report the matter to the audit committee to recommend appropriate action against any director or employee who acts in a manner inconsistent with this code of ethics.

II. Processes and Responsibility

Each individual is responsible for his or her ethical behavior. The company has implemented a procedure for all officers and employees to regularly state that they understand and apply the provisions of this code of ethics. Adherence to this Code is further made obligatory as it is referenced in all employee contracts and linked to disciplinary procedures. A copy of this code of ethics is given to every employee on his or her first working day.

Department heads are accountable to the CEO and/or executives for implementing this code of ethics within their departments, ensuring that all officers and employees understand it, and for providing assurance on compliance. The CEO and/or executives are in turn accountable to the board.

The principles and provisions in this code of ethics have been integrated into the company's system of internal control. Rigorous and objective processes to measure performance, identify gaps and implement measures to address ethical gaps are regularly reviewed and modified.

Willful or careless breach or neglect of this code of ethics will be treated as a serious disciplinary matter and can lead to the termination of employment.

The board's audit committee periodically reviews and updates compliance with these principles, and formulates proposals for the board's approval.

III. Training Program

The company offers an introductory ethics-training course once per year for all new officers and employees. This course offers practical examples of this code of ethics in action.

Periodic and specialized training courses are further offered to the company's officers and employees, as well as to the company's other stakeholders such as suppliers and other business partners, as part of the company's continuous professional education program.