

***STRATUM***

# Code of Conduct

**STRATUM ENERGY ROMANIA, LLC**

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## **1. Introduction**

The Code of Conduct sets forth guiding principles and expectations and must serve as a basis for all our actions and decisions to help assure we do the right thing. It includes references to other company requirements (policies and procedures). It does not cover every type of situation and therefore Stratum expects everyone to use good judgment and speak up if they have any concerns. If there is a difference between our Code and applicable laws or regulations, we must apply the strictest standard.

All employees, directors and officers are expected to comply with all of the provisions of this Code. We expect and will attempt to influence our contractors and their employees to act in a way that is consistent with our Code and will take appropriate measures if we believe they have not met our expectations or contractual obligations.

The Code will be enforced throughout the Company and violations will be dealt with, including subjecting persons to corrective and/or disciplinary action, which may include dismissal and removal from office if necessary. Violations of the Code that involve criminal behaviour can be reported to the appropriate authorities. If you have any questions, consult your line manager, the Compliance Officer or Legal Counsel.

All employees must:

- Read and be familiar with the Code
- Certify annually that they have complied with the Code
- Raise questions to your line manager, Compliance Manager or Legal Counsel
- Speak up in any of the following ways if they have any concerns or become aware of possible violations
  - Call our confidential and anonymous Compliance & Ethics Hot Line
  - Email our Compliance & Ethics Function email address
  - Discuss concerns personally and privately with the Compliance Officer
- Cooperate fully when responding to an investigation or audit

Supervisors and managers must also:

- Help employees understand the Code and applicable laws and regulations
- Be consistent when enforcing our expectations and hold employees accountable for their behavior at work
- Be a positive role model for their teams by encouraging people to speak up, listening and responding to concerns raised and helping assure no one experiences retaliation for speaking up. Stratum has no tolerance for retaliation and considers it misconduct subject to disciplinary action.

## **2. Health, Safety and Environment**

The Company is committed to the health, safety and security of our workforce and protecting the environment. Achieving this goal is the responsibility of all officers, directors and employees. Nobody should undertake work they are not qualified to perform. Everyone should stop work they consider unsafe. Everybody should assure their performance is not impaired by lack of sleep, alcohol or drugs, including prescription or over-the-counter. Everyone should expect and encourage contractors to comply with applicable HSE

requirements. This includes, but is not limited to, site specific rules related to driving vehicles, smoking, the use of safe work permits, working at heights, confined entry, hot work, ground disturbances, lifting operations, personal protective equipment, chemical hazards, energy isolation and lock out-tag-out procedures, and management of change.

**Everyone must report any unsafe incident, accident, injury, illness, unsafe conditions / hazards and near-misses immediately; never assume someone else has reported it. Finally, everyone should know the emergency procedures that apply at their work area. Near miss incidents provide an invaluable preview to a potentially catastrophic accident waiting to happen. Everyone must report all near miss incidents immediately at the first opportune moment. While an individual near miss may not appear to be of significant consequence in isolation but when viewed in conjunction with all other near miss incidents can help us change the way we work and prevent a potentially catastrophic accident.**

**Failure to comply with the HSE policies and related directives of the Company are grounds for disciplinary action and may be cause for termination of employment.**

### **3. Compliance with Laws, Rules and Regulations**

We will adhere to all applicable laws, rules and regulations. No employee, officer or director of the Company shall commit an illegal or unethical act, or instruct others to do so, for any reason. Applicable laws include, but are not limited to, the UK Bribery Act (UKBA), the United States Foreign Corrupt Practices Act (FCPA), Romanian anti-bribery laws, anti-money laundering laws (AML) such as the Patriot Act, international trade laws and antitrust laws. Stratum will establish procedures to assure we follow these key anti bribery and corruption (ABC) laws and a compliance program to monitor compliance.

The UKBA essentially prohibits bribing, or accepting bribes from, someone else. Specifically, one cannot offer, promise or give a financial or other advantage to another person to induce them to perform an activity or function improperly. Similarly, one cannot request, agree to receive or accept a financial or other advantage intending that in consequence, a function or activity should be performed improperly. Activity and functions include: any function of a public nature, any activity connected with a business, any activity performed in the course of employment and any activity performed by or on behalf of a body of persons (whether corporate or unincorporated).

The FCPA is a U.S. law known primarily for two of its main provisions, one regarding accounting transparency requirements under the Securities Exchange Act of 1934 and another concerning bribery of foreign officials. The anti-bribery provisions of the FCPA make it unlawful for a U.S. person, and certain foreign issuers of securities, to make a payment to a foreign official, for the purpose of obtaining or retaining business for or with, or directing business to, any person. There is no materiality threshold to this act, making it illegal to offer anything of value as a bribe, including cash or non-cash items. The government focuses on the intent of the bribery rather than on the amount. The FCPA also requires companies whose securities are listed in the U.S. to meet its accounting provisions which operate in tandem with the anti-bribery provisions of the FCPA, and require respective corporations to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls.

Romanian anti-corruption laws refer to all individuals, citizens and residents within the national jurisdiction. Corruption is defined as conduct which involves promising, giving or receiving money, goods, benefits or facilitating payments in order for the official to perform, not to perform, to delay, or to expedite a duty. Legislation also covers non-compliance with the rules for maintaining financial records; forgery, auditing and internal controls are extensively regulated. Violations can result in a wide range of criminal and civil sanctions. Businesses may be shut down for extended periods of time.

The purpose of the AML rules is to help detect and report activity including the predicate offenses to money laundering and terrorist financing. Money laundering is the process of making illegally-gained proceeds (i.e. "dirty money") appear legal (i.e. "clean").

We abide by the trade laws of all countries in which we operate including economic sanctions, import and export laws. Trade sanctions, including financial sanctions, are varied and complex and most countries impose restrictions on the movement of products across borders. The Compliance Officer must communicate sanctions to employees, officers and directors and everyone is expected to assure compliance.

The antitrust laws prohibit agreements among competitors on such matters as prices, terms of sale to customers and allocating markets or customers and violations may subject the Company and its employees to criminal sanctions, including fines, jail time and civil liability.

#### **4. Public Officials and Politically Exposed Persons**

A "Public Official" includes:

- An officer or employee of any government department, agency, or instrumentality;
- A political party or party official;
- A candidate for a political office;
- An officer or employee of:
  - A public international organization or any department or agency thereof, e.g., the United Nations, the World Bank, the IMF
  - An organization that is affiliated with one or more governments
  - A commercial business, enterprise, or other organization this that is owned or controlled by a national, regional or local government
  - A consultant, advisor, contractor, or agent of any of the above that who represents or acts on behalf of or in an official capacity for such entity or person
  - Members of royal families that who have governmental duties

A "Politically Exposed Person" includes all Public Officials and anybody else entrusted with a prominent public function as well as their relatives and close associates.

#### **5. Political Contributions and Activities**

In accordance with applicable laws, Stratum may decide to make its position known on relevant matters, but only authorized persons can talk to the media or members of the host Government. Approval must be obtained prior to lobbying. Stratum will not use company funds or resources to support any political candidate or party. This policy applies solely to the use of Company assets and resources and is not intended to discourage or prevent individual

employees, officers or directors from making political contributions or engaging in political activities on their own behalf. No one may be reimbursed directly or indirectly by the Company for personal political contributions.

## **6. Charitable Contributions**

Contributions or donations to charities require prior written approval of senior management. Donations to charities will only be approved after a complete investigation of the charity in a manner similar to that used to investigate prospective business relationships. While Stratum believes in contributing to the communities in which it conducts business, Stratum will conduct or investigate to first ascertain whether the charity is a bona fide charity and is not affiliated with a foreign Public Official. All approved charitable contributions and donations must be properly recorded in Stratum's books and records.

## **7. Protection of Confidential and Proprietary Information**

Confidential and proprietary information gathered in our business is a valuable Company asset. Protecting this information plays a vital role in our continued growth and ability to compete, and all proprietary information should be maintained in strict confidence, except when disclosure is authorized by the Company or required by law.

Proprietary information includes all non-public information that might be useful to competitors or that could be harmful to the Company, its customers or its suppliers if disclosed. Intellectual property, such as trade secrets, patents, trademarks and copyrights, as well as business, research and exploration and development plans, objectives and strategies, records, databases, salary and benefits data, employee medical information, customer, partner, employee and suppliers lists and any unpublished financial, exploration and development costs or pricing information must also be protected. Confidential information managed by Human Resources and Finance includes any and all personal employee information (e.g., salary, benefits, medical).

Unauthorized use or distribution of confidential or proprietary information violates Company policy. Such use or distribution could result in negative consequences for both the Company and the individuals involved, including potential legal and disciplinary actions. We respect the property rights of other companies and their proprietary information and require our employees, officers and directors to observe such rights.

Your obligation to protect the Company's proprietary and confidential information continues even after you leave the Company, and you must return all proprietary information in your possession upon leaving the Company.

Employees should not speak to the government, media or third parties unless that is your job and you are authorized to do so.

## **8. Conflicts of Interest**

Our employees, officers and directors must act in the best interest of the Company and should endeavor to avoid situations that present a potential or actual conflict between their interest and the interest of the Company. Employees, officers and directors should disclose situations to the Compliance Officer, Legal Counsel or line manager that might create a conflict, or even the appearance of a conflict.

A conflict of interest occurs when a person's private interest interferes in any way, or even appears to interfere, with the interest of the Company, including its subsidiaries and affiliates. A conflict of interest can arise when an employee, officer or director takes an action or has an interest that may make it difficult for him or her to perform his or her work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director (or his or her family members) receives improper personal benefits as a result of the employee's, officer's or director's position in the Company. It is not possible to describe every type conflict of interest but examples are listed below.

- Working, in any capacity, for a competitor, customer or supplier while employed by the Company.
- Having an interest in a transaction involving the Company, a customer or supplier (other than as an employee, officer or director of the Company and not including routine investments in publicly traded companies).
- Receiving a loan or guarantee of an obligation as a result of your position with the Company.
- Directing business to a supplier owned or managed by, or which employs, a relative or friend. See the Related Person section below.

Company policy requires all employees to disclose upon joining, and annually thereafter: 1) any conflicts of interest and any directorships and shareholding above 5% of the issued share capital of any other business, either domestic or international; 2) any past or present relationships with Politically Exposed Persons including local government officials in Romania or abroad; and 3) any other matter which may be a conflict of interest.

## **9. Related Person Transactions**

Any Related Person Transaction must be approved or ratified by the Board of Directors. Related Person means any director or officer of the Company, any Immediate Family Member of a director or officer of the Company and any beneficial owner of more than 5% the Company's voting securities or any Immediate Family Member of such owner. Immediate Family Member means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in law, sister-in-law, or any person sharing the household (other than a tenant or employee).

Directors, director nominees, officers and employees shall promptly notify the Legal Counsel of any transaction involving the Company and a Related Person. The notice shall include a complete description of the transaction.

The Legal Counsel will present any new Related Person Transactions, and proposed transactions involving Related Persons, to the Board at its next occurring regular meeting. The Board shall review transactions to determine whether the Related Person involved has a

direct or indirect material interest in the transaction. If the Board determines that a transaction is a Related Person transaction, it shall proceed with its review as described below. In reviewing the transaction or proposed transaction, the Board shall consider all relevant facts and circumstances, including without limitation the commercial reasonableness of the terms, the benefit and perceived benefit, or lack thereof, to the Company, opportunity costs of alternate transactions, the materiality and character of the Related Person's direct or indirect interest, and the actual or apparent conflict of interest of the Related Person. The Board will not approve or ratify a Related Person transaction unless it shall have determined that, upon consideration of all relevant information, the transaction is in, or not inconsistent with, the best interests of the Company and its shareholders. If after the review described above, the Board determines not to approve a Related Person transaction, the transaction will not be entered into or continued.

## **10. Gifts and Entertainment**

We do not accept or provide gifts or entertainment in return for any business, services or confidential information or if the intent is to bias a decision. Anything that may be seen as a bribe or that it is indecent or improper are never acceptable. **Compliance Officer approvals are required before paying travel expenses for Public Officials or agreeing to paying a per-diem in connection with their travel.** Accepting gifts of more than modest value or receiving personal discounts or other benefits as a result of your position in the Company from a competitor, customer or supplier is not acceptable. Gifts, entertainment, donations and sponsorships should generally not be given to or received from suppliers, business partners, Public Officials or agents. All gifts, entertainment, donations and sponsorships offered, rejected or accepted from suppliers, business partners, Public Officials or agents, regardless of value, must be disclosed immediately to the Compliance Officer who will maintain a gift and entertainment register.

## **11. Protection and Proper Use of Company Assets**

Protecting Company assets against damage, loss, theft or other misuse is the responsibility of every employee, officer and director. Company assets include facilities, property and equipment, computers and IT systems, information and funds. Act to ensure company assets are not damaged, misused or lost. Make sure user id's and passwords are protected. Computer equipment, phones email and internet access are provided for business purposes; limited personal use is usually acceptable. Protect company information. Encrypt confidential information and only share it with authorized parties. Guard our intellectual property. Any suspected loss, misuse or theft should be reported to the Compliance Officer.

We have a responsibility to protect shareholder value. All of us contribute to the process of recording financial and non-financial information and business partners and governments rely on accurate and complete disclosures and business records.

- Make sure all transactions are properly authorized, recorded and reported.
- Follow all laws and Stratum policy when creating, retaining or destroying documents.
- Make sure you have required approvals when responding to a government or regulatory agency request for information.

## **12. Corporate Opportunities**

Employees, officers and directors are prohibited from taking for themselves business opportunities that arise through the use of corporate property, information or position. No employee, officer or director may use corporate property, information or position for personal gain, and no employee, officer or director may compete with the Company. Competing with the Company may involve engaging in the same line of business as the Company, or any situation where the employee, officer or director takes away from the Company opportunities for sales or purchases of products, services or interests.

## **13. Respect and Fair Dealing**

Each employee, officer and director of the Company should deal respectfully and fairly with fellow employees, customers, suppliers, and the public at all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

Provide a workplace that is free from harassment and intimidation. We do not tolerate any form of harassment, either in or outside the workplace. Inappropriate comments of a sexual nature or any other sexually offensive behavior will not be tolerated. Offensive messages, derogatory remarks and inappropriate jokes are never acceptable. Base your work-related decisions on merit, not on race, color, religion, gender, age, nationality, sexual orientation, marital status, disability or any other characteristic protected by law.

Our suppliers and business partners are essential to our success. We choose those who share our commitments to HSSE, compliance and ethics. Communicate clearly our expectations to suppliers and partners and take appropriate action if they do not meet those expectations or their contractual obligations. Notify the Compliance Officer if a supplier or partner is not complying.

## **14. Compliance with other Company Policy and Procedures**

In addition to this Code, the Company has adopted a number of other policies and procedures that everyone must comply with. Compliance with all Company policies is mandatory, not optional.

In closing, again, please speak up if you have any concerns or become aware of possible violations. Reporting concerns or suspected misconduct will not adversely affect your position in Stratum in any way. We do not tolerate retaliation against those who take the Code of Conduct seriously and report concerns. We are committed to listening to all concerns or issues raised and will follow up on them professionally, appropriately, timely and confidentially.