



**Code of Ethics & Business Practices
Updated 20.9.2012**

A. GENERAL PRINCIPLES

Our ethics policy is simple: we must each conduct all Company activity with the highest level of integrity and ethics, complying with the letter and the spirit of all applicable laws and regulations. In other words, we should avoid doing anything that may be, or even appear to be, illegal, unethical or improper and all employees should endeavor to deal fairly and honestly with the Company's business partners, suppliers, competitors and fellow employees. In this way, we will uphold our common values of HONESTY, INTEGRITY, RESPECT AND ACCOUNTABILITY.

The purpose of this Code is to describe our standards of ethics and business practices. These standards apply to all officers and employees of the Company as well as to our Board of Directors. As representatives of the Company, we should each be personally committed to demonstrating the highest standards of ethical business conduct, which includes obeying the spirit and letter of all applicable laws and regulations.

B. POLICY

- 1) YUG-Neftegaz Private Limited (YNG) holds its employees to the highest standards of business conduct and integrity. This Code of Ethics & Business Practices provides employees with guidance in identifying business situations that create or have the potential to create legal and ethical problems, or the appearance of such, and to provide direction to employees in handling actual and potential situations.
- 2) YNG intends to operate in full compliance with all laws and all employees are to ensure their business conduct conforms to the requirements of local, provincial, and federal laws.
- 3) YNG requires compliance with the laws by its employees. Compliance with local, provincial, and federal laws does not eliminate the necessity for employees to consider the business ethics of their activities. This means not only obeying the laws, but also avoiding any activity that appears improper. We are each responsible for knowing the laws applicable to the performance of our job.
- 4) All employees must be aware of the fact that a legal business practice can still present an ethical problem. It is critical to avoid even the appearance of any illegal or unethical behavior. Employees should behave in a fashion that retains the trust of our customers, other employees, shareholders, and the public.
- 5) We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices.
- 6) The matters covered by this Code of Ethics and Business Practices are very important YNG, its shareholders and business partners.



C. DEFINITIONS

1) **Associate** – For purposes of the Code of Business Conduct, an associate is a member of an employee's immediate family, a trust of which an employee is a trustee, or a trust in which a member of the employee's immediate family has beneficial interest.

2) **Conflict of Interest** – occurs when an individual's private interest interferes, or appears to interfere, in any way with the interests of the Company.

D. PROCEDURE

Accountability

1) Every employee of YNG, is expected to be bound by the Code of Conduct statement, and is accountable for performance that fulfills the specific terms and conditions of YNG's Code of Ethics & Business Practices as well as its intent.

2) All managers are accountable for ensuring their employees operate within the specific terms and conditions of YNG's Employee Code of Conduct.

Outside Employment

3) As a condition of employment, all employees are expected to devote their full professional efforts to YNG's business. Outside employment should not be accepted if it in any way interferes with job requirements or performance.

4) It is recommended that employees notify their manager prior to accepting any such outside employment, and the manager will advise the employee of any possible conflict with YNG employment.

Conflicts of Interest

5) Employees should exercise their judgment and discretion in the best interests of YNG and should avoid any conflict of interest or appearance of conflict of interest.

6) Employees and their associates should not have a direct or indirect interest and/or investment in any business enterprise that is doing or seeking to do business with YNG, other than minor ownership of publicly traded stock.

Confidential and Proprietary Information

7) Employees should maintain the confidentiality of information entrusted to them by YNG or that otherwise comes into their possession during the course of their employment. Confidential Information includes all non-public information and records that may be of use to competitors or harmful to YNG, its employees or its suppliers or customers or joint interest owners, if disclosed. Employees must adhere to all local, provincial, and federal privacy laws. In any case access to such Confidential Information is limited to those employees with a specific need to use the information in their performance of their duties.



YNG Business Opportunities/Interests

8) No employee should appropriate for his/her own or any associate's personal profit or advantage any business venture, opportunity, or potential opportunity discovered or developed in the course of employment that is in any way related to any business in which YNG is or may become engaged.

9) No employee may, directly, or indirectly, compete with YNG in the purchase or sale of any property, right, interest, or information, nor may any employee or associate knowingly acquire, directly or indirectly, anything of probable interest to YNG without the prior written consent of YNG.

Gifts, Entertainment, Loans, and Other Favors

10) All transactions between YNG and customers, suppliers, and vendors must be based solely on the merits of each decision.

11) Employees and associates should not accept or give gifts, payments, loans, or other favors from business, enterprise, organization, person or government employees that is doing business or seeking to do business with YNG. It is against Company policy, and most times illegal, to offer payments or gifts to public officials.

12) The prohibition against loans does not apply to loans made in the ordinary course of business from established banking or financial institutions.

13) The prohibition against the giving and receiving of gifts and other favors does not apply if the gift, entertainment, or other favor can be regarded as a customary courtesy or is of such nominal value and frequency that it could not be reasonably regarded as placing the recipient under any obligation to the donor.

14) The prohibition against the giving and receiving of entertainment does not apply if it reflects normal business practices; is of nominal value; is legal under applicable law; meets generally accepted ethical standards; and would not embarrass YNG if disclosed. If in doubt, employees should disclose details to their manager.

Protection of YNG Assets

15) Employees share the responsibility to protect YNG property, which include all intellectual and intangible assets created by employees of YNG.

16) No employee should take, sell, lend or give away any YNG property, regardless of its condition or value, without prior written authorization.

17) Many employees are provided with computers or other electronic equipment to efficiently and effectively perform their jobs. Employees must use this equipment responsibly and in accordance with YNG's Internet Use Policy.

Relationship with Competitors

18) An employee's knowledge of YNG's business and information is one of YNG's most valuable assets, so employees should not render advice or give service, gratuitous or otherwise, to any organization or individual engaged in the same business as YNG without prior written authorization of YNG.



19) No employee should at any time enter into a written or oral understanding or agreement (expressed or implied), or participate in any plan or scheme, formal or informal, with any competitor concerning prices, offers, information, terms, conditions, contracts, contacts, sources, or any other information.

Standards of Personal Conduct

20) YNG maintains internal standards of conduct that seek to protect employees from harassment and from discrimination.

21) Similarly, employees who represent YNG in activities or in business transactions involving non employees should conduct themselves in strict compliance with the same standards of conduct.

22) Each employee should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse or privileged information, misrepresentation of material facts or any other unfair-dealing practice.

23) We are committed to providing a safe, diverse and tolerant work environment, free of discrimination and harassment of all kinds. YNG employees are expected to treat others with the same respect, cooperation and dignity you wish for yourself. No discrimination or harassment of any Company employee will be tolerated.

Violence in the Workplace

24) The safety and security of our employees is of paramount importance. Threats, threatening behavior or acts of violence against employees, visitors, guests or others by anyone on Company property or while representing the Company will not be tolerated. Violations of this policy will lead not only to disciplinary actions, which may include dismissal, but also to arrest and/or prosecution. Any employee who engages in such behavior will be removed from the premises as quickly as safety permits, and will not be allowed to return pending the outcome of an investigation.

Equal Employment Opportunity and Affirmative Action

25) We are committed to affirmatively provide equal employment to all employees and qualified applicants, without regard to race, color, ancestry, national origin, religion, sex, marital status, age, legally protected physical or mental disability, status as a disabled veteran or on any other basis protected under applicable law.

Our policy of equal opportunity affects all employment practices, including, but not limited to, recruitment, employment, job assignments, training, compensation, benefits, promotions, transfers, layoffs, and termination. Employment decisions must be based solely on job-related experience and/or education requirements, an individual's qualifications and the ability to perform the duties of the specific job.

Health, Safety & the Environment

26) Our Company is committed to protecting the health and safety of our employees and to environmental stewardship. We are committed to compliance with health, safety, and environmental laws and regulations. All employees are expected to understand the health, safety and environmental laws and regulations affecting their business activities. Employees are obligated to acquaint themselves with YUG's Health, Safety and Environmental Program (HSE).



YUG-Neftegaz Private Limited

D. Communicate Actual or Suspected Violations

1) Any employee knowing of an illegal or unethical act of YNG or any of its officers or employees is encouraged to bring it to senior management's attention, and if the offense involves senior management, to the Chairman of the Board.

E. Questions

Any question regarding whether a specific behavior is covered by the Employee Code of Conduct should be presented to Human Resources, which will have the question reviewed by the appropriate parties (generally a senior manager and/or YNG's general counsel) and return an answer to the employee