

*Promulgated in the "Official Gazette of BiH", No. 45/04 of October 15, 2004
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Pursuant to Article 4.1. of the Law on Transmission, Regulator and Electricity System Operator in Bosnia and Herzegovina ("Official Gazette of BiH", no. 7/02), the State Electricity Regulatory Commission, at its session held on December 1, 2003, adopted

CODE OF ETHICS

FOR THE MEMBERS AND STAFF OF THE STATE ELECTRICITY REGULATORY COMMISSION

The provisions of this Code of Ethics shall define behavior and taking positions of members and employees of the State Electricity Regulatory Commission (hereinafter: the Commission) when performing their activities. During their employment with the Commission, both members and employees of the Commission shall behave in accordance with the Law on Transmission, Regulator and Electricity System Operator in Bosnia and Herzegovina ("Official Gazette of BiH", no. 7/02) (hereinafter: Law on Transmission), other bylaws and provisions of this Code.

Priority objective for the members and employees of the Commission shall be keeping integrity, reputation and impartiality of the Commission. When fulfilling the aforementioned objective, the importance shall be given to implementation of high ethical standards, courtesy and manners, and direct relation of diligence to performance of tasks and assignments in the Commission, as well as reasonable judgment with regard to responsibilities in the Commission.

Rules for the members and employees of the Commission

1. Members and the employees of the Commission shall be prohibited to:
 - 1.2. engage in institutions or bodies of legislative, executive or judicial authorities;
 - 1.3. membership in any political party or active participation in political activity, i.e. leading of campaign (for or against) political candidate or political party;
 - 1.4. employment of the spouse, member of the immediate family or member of same household in the Commission, in order to avoid potential conflict of interest;
 - 1.5. accepting or asking for gifts from prohibited sources, i.e. gifts given by the third parties due to the position of the Commission member or the duty performed by the employee. Gift shall include everything that has financial value, and shall include: cash, entertainment, hospitality, favors, transportation arrangement (plane ticket, etc.), traveling within the country, accommodation, meals, purchasing tickets, advance payments or compensation for costs after they are incurred.

Prohibited source shall include all persons regulated by the SERC as well as any natural or legal person:

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- 1.5.1. expecting the official position of the Commission (i.e. applicants, persons under investigation, etc.)
- 1.5.2. conducting business or requesting to conduct business with the Commission (i.e. some companies);
- 1.5.3. conducting activities which are regulated by the Commission or activities for which the license shall be granted by the Commission (i.e. some companies or their representatives);
- 1.5.4. possessing interest which may be significantly influenced by performance or non-performance of specific duties of members of the Commission or employee.

With the view to implement rules from item 1.5 of this Code, the following examples are given with regard to exceptions to prohibition of receiving gifts from third persons (including, but not only limiting to what is listed), thus accepting gifts shall be allowed if:

- 1.5.5. the value of the gift is 20 KM or less;
- 1.5.6. the gift is solely a result of family or personal relationship;

Gifts which may be received without limitation are:

- 1.5.7. refreshment (coffee, non-alcoholic beverages);
 - 1.5.8. greeting cards, emblems, and other items of small basic value (pens, calendars).
- 1.6. In case member or the employee of the Commission receives a gift, which may not be accepted in accordance with the provisions of this Code, he/she shall be obligated to return the gift, or to pay the sender its market value in case of keeping it.
 - 1.7. Member or the employee of the Commission may not give a gift to the superior neither may he/she receive a gift from the other member or employee of the Commission who are in a subordinate position, except in the following cases:
 - 1.7.1. gifts which are not received in cash, and whose value does not exceed 20 KM;
 - 1.7.2. food and beverages shared among employees;
 - 1.7.3. events of great importance such as: marriage, birth, illness; or
 - 1.7.4. events of interruption of superior-subordinate relationship, such as retirement, giving notice or allocation to jobs outside the Commission;
 - 1.8. using property of the Commission, except they are authorized for it. The property includes office material, telephones, computers, or any other property which is purchased from funds of the Commission;
2. Tasks performed by member of the Commission shall be a priority in all his/her activities. The list shall include but shall not only be limited to:
 - 2.1. Prohibition to perform another duty with government institutions, performance of other paid job, as well as prohibition of membership or representation of another institution or body in the power sector. With the

view to implement rules from item 2.1. of this Code, the following examples are given (including, but not only limiting to what is listed), thus it shall be permitted to:

- 2.1.1. write, lecture, teach and give speeches on issues not related to power sector without compensation, which relate to art, sport, education and other social and recreational activities;
- 2.1.2. be involved in humanitarian activities, which do not influence impartiality when performing duties;
- 2.1.3. be a member of a family that runs its own business in the field not related to the power sector;
- 2.2. Prohibition of direct or indirect interest in companies from the power sector (i.e. ownership of stocks, shares, bonds or parts of those companies);
- 2.3. Prohibition of any business or financial arrangement which may influence the impartiality when performing duties, influence the proper performance of his/her duties, or inclusion of him/her into frequent arrangements with natural or legal persons which may probably participate in the proceeding before the Commission. Member of the Commission should be excluded from the proceeding in which his/her impartiality may easily be questioned.

With the view to implement the rules from item 2.3 of the Code, the following examples are given (which include, but are not limited only to the mentioned examples), thus, it is necessary to exclude:

- 2.3.1. personal prejudices or inclination (tendency to favoritism) with regard to a particular natural or legal person;
- 2.3.2. Commissioners having their financial interest in cases pending before the Commission, i.e. some other interest which may affect the outcome of the Commission's decision-making. Exclusion of these interests also applies to spouses, children and members of the same household ;
- 2.3.3. investments in some company which is not related to the power sector if it engages in any business relationship with the Commission or any proceedings before the Commission;
- 2.3.4. direct or indirect communication with any person on facts, regulations or procedures related to the proceedings currently pending before the Commission, outside public or internal sessions of the Commission, except conversations with other members or employees of the Commission. If this prohibited communication takes place, the Commission member shall explain the nature and content of the conversation at the following meeting of the Commission in a timely manner in order to ensure that all present legal and natural persons have the information about the event, and an opportunity to give their comments on the subject.
- 2.4. activities outside the Commission which may represent a conflict of interest. In that sense, it is necessary to avoid frequent contacts with any

natural and legal persons whose potential requests before the Commission from Article 4.2 of the Law on Transmission may be presumed.

3. Members and employees of the Commission shall be obligated to provide required assistance to any natural or legal person who has legal interest in proceedings before the Commission, i.e. to enable them to be heard in accordance with law. This shall mean:
 - 3.1. performing duties in an impartial, professional and dedicated manner;
 - 3.2. finding a suitable and legally correct solution to the issues within the Commission's competence;
 - 3.3. avoiding, i.e. preventing occurrences of incorrectness in performance of the duties, i.e. duties from the registered activity of the Commission;
 - 3.4. taking equal positions towards all license applicants as well as to all licensees;
 - 3.5. obligation to respond to requests of interested persons or to direct them to the relevant natural or legal persons or competent institution;
 - 3.6. forming impartial opinions and preventing influences of family members or some other natural or legal persons on their decisions;
 - 3.7. clarity and intelligibility in communication;
 - 3.8. patient and decent behavior towards natural and legal persons who cooperate with the Commission;
 - 3.9. kindness and readiness to help external collaborators as well as to lower-ranking employees;
 - 3.10. avoiding abuse of position in the Commission for personal benefits as well as prohibition of passing on third persons impressions of having a special status;
 - 3.11. Commission members and Commission employees who are tasked to hold public hearings have to keep order and good behavior at hearings of the Commission;
 - 3.12. Commission members shall apply high management standards and assist other members and officials of the Commission to perform their duties.
4. Members and employees of the Commission shall be obligated to:
 - 4.1. constantly work on improvement of their competences in formation and implementation of regulatory principles;
 - 4.2. keep confidentiality when presenting information of national and business interest as stipulated by the Law on Transmission;
 - 4.3. represent the positions of the Commission when representing the Commission in Bosnia and Herzegovina, other countries and international organizations. In case they express their own (unofficial) opinions, they

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- shall be obligated to indicate that they express opinions from their own point of view;
- 4.4. free themselves from influence of supporters of particular interests, undocumented or exaggerated complaints or fear of unfounded criticism;
 - 4.5. implement law and act in accordance with law, in a manner which shall gain the public confidence.
5. Members and employees of the Commission shall have to respect the working discipline, punctuality and the work schedule they have and act in accordance with provisions of the Home Rules. This shall mean:
- 5.1. efficiency in work;
 - 5.2. accuracy and conscientiousness in performance of duties;
 - 5.3. adequate and proper treatment of documentation and its proper archiving, in particular the documentation which is marked as "confidential";
 - 5.4. polite and correct relationship with superiors and subordinates;
 - 5.5. punctual arrivals to and departures from the working place;
 - 5.6. non-disturbance of the colleagues who work by different explanations and discussions;
 - 5.7. avoiding loud conversation, laugh, noise and calling;
 - 5.8. regular presence with a view to increase good working reputation, i.e. informing the direct supervisor in case of absence or late arrival;
 - 5.9. adequate clothing;
 - 5.10. absence from work shall be agreed to directly with the supervisor (it shall be treated as unpaid hours, annual leave or compensation for overtime etc.);
 - 5.11. a longer absence from work shall have to be approved (paid or unpaid absence), which implies that a written request for it shall be required;
 - 5.12. reducing private visits to the minimum possible.
6. Members and employees of the Commission shall be obligated to avoid unacceptable behavior which means:
- 6.1. forging personal and other documents which belong to the Commission;
 - 6.2. gambling, carrying firearms or explosives and aggressive behavior during the working hours ;
 - 6.3. fighting, throwing things and rough performance or jokes which may not be allowed at the working place;
 - 6.4. threats, intimidation, rough and vulgar vocabulary;
 - 6.5. disobedience, refusal to work and non-execution of duties;
 - 6.6. the use of materials, time and equipment for private purposes;

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- 6.7. damaging or destroying the Commission's property in intentional or unintentional activities;
 - 6.8. talking the employees into any of the aforementioned activities;
 - 6.9. using, possessing, selling, transferring or purchasing alcohol at the working place.
7. If there is a reasonable doubt that a member or an employee of the Commission has violated the provisions of the Code, a meeting of the Commission shall be convened at which the problem shall be discussed and an adequate decision made.
- 7.1. Violations of the Code of Ethics may be a basis for initiating the proceedings for removal of a member of the Commission in accordance with the Law on Transmission, or for initiating a disciplinary proceeding by the Chairman of the Commission, in accordance with the provisions of the Rule of Work of the Rule of Disciplinary Responsibility.

Chairman of the Commission

Vladimir Dokić, M.Sc.