

# AMCHAM CODE OF ETHICS AND BUSINESS CONDUCT

Drafted with the professional support of



## 1 Statement of Purpose

This Code of Ethics and Business Practices (the “**Code**”) of the American Chamber of Commerce in Hungary (“**AmCham**”) is intended to protect the credibility of AmCham by ensuring the highest standards of honesty, integrity, impartiality and conduct of its elected Board of Governors (the “**Board**”), executive members, including members and chairpersons of AmCham committees (“**Executives**”), its management and its staff (collectively “**Personnel**”). This is accomplished by:

- articulating the ethical standards in which AmCham believes;
- setting rules and policies that prevent conflicts of interest;
- establishing guidelines for external work and activities that may reflect upon AmCham; and
- establishing policies and procedures.

Therefore, this Code, with proper implementation, ensures that the activities of AmCham do not jeopardize AmCham’s reputation and independence. This Code also provides AmCham’s Board, Executives and Personnel with a guideline appropriate to their roles as AmCham representatives. AmCham is committed to operating at the highest ethical standards, and in accordance with best practice. “Best practice” is to be interpreted in accordance with United States standards, rules and principles, or as recognized and endorsed by the U.S. Chamber of Commerce. Details of the offices referred to herein can be found on the AmCham website: <http://www.amcham.hu>.

## 2 Coverage

This Code covers all of AmCham’s Board, Executives and Personnel and, where specifically stated herein, the Code also applies to members-at-large. For the purposes of this Code, a member of AmCham staff is deemed to be any such person receiving some form of regular remuneration directly from AmCham. The Code applies to any form of internal or external AmCham activity, committee, communication, documentation, lobbying, press interaction, conference activity, and any other activity of AmCham. The Code also applies to the assessment, development and lobbying by AmCham on any positions taken by AmCham’s Board, Executives and/or Personnel on behalf of AmCham. In this way, AmCham expects participants in such activities to be free of conflicts of interest in their activities involving AmCham, to be fair and accurate, and to support positions in a manner consistent with the ethical principles stated in this Code. As with AmCham’s Board, Executives and Personnel, members-at-large participating in AmCham activities must disclose potential conflicts of interest when they accept an assignment or make a volunteer contribution, and AmCham’s Board must make sufficient inquiries of those persons to satisfy themselves that the members have complied with this Code.

## 3 Principles

AmCham, as an ethical nonprofit organization, protects the following principles.

### 3.1 General

AmCham conducts its activities with the intention of:

- promoting its mission;
- assisting in the development of Hungary’s competitiveness; and
- promoting further integrity, transparency, democratization and objectivity of society.

AmCham furthers the best interests of the community and its members-at-large by conducting its activities and programs in a manner consistent with its mission and ethical principles.

AmCham will periodically revisit its mission to determine whether:

- its mission needs to be modified;
- the need for its programs continues to exist;
- its programs should be revised, performed in a different or more efficient manner, or discontinued; and

- new programs are needed.

AmCham will promote corporate and individual social responsibility.

### **3.2 Fundamental Principles**

AmCham, as an ethical nonprofit organization, adheres to the following fundamental principles of ethical nonprofit organizations.

#### **(a) Honesty, Integrity and Fairness**

An ethical nonprofit organization shall observe high standards of honesty, integrity, and fairness. Honesty means not deceiving or misleading the community, the membership or each other about an individual's identity or intentions. It also means not deceiving or misusing organizational positions for personal benefit. Integrity means moral soundness and the steadfast adherence to a strict ethical code. Fairness means considering all important viewpoints on a subject – and treating them in an appropriately professional manner. The commitment to considering all important viewpoints must be conscious, affirmative and continuously respected.

An ethical organization shall act professionally, and when making recommendations, will have a reasonable basis for and provide fair representation in making such recommendations as well as support such recommendations with adequate research on the issue. Its activities shall also be conducted with a reasonable and fair approach. Facts and opinions shall be clearly distinguished. Any communication shall be clearly presented and logically structured so as to avoid any misinterpretation. Positions will only be taken after reasonable professional diligence is performed.

#### **(b) Reasonable Care, Prudence and Diligence**

An ethical nonprofit organization shall perform its activities with reasonable care, prudence and diligence. Reasonable care means watchful oversight, charge and supervision. Prudence means good judgment, common sense, and even caution, especially in the conduct of practical matters. Diligence means conscientiousness in paying proper attention to a task.

An ethical nonprofit organization shall continuously strive to maintain and improve its professional competence. It shall apply knowledge of, and comply with all applicable laws, rules, regulations, and codes of ethics and shall not consciously take part in any violation of an ethical or legal nature.

#### **(c) Independence, Objectivity and Transparency**

An ethical nonprofit organization shall take reasonable care to maintain independence and objectivity, and to make fair judgments in performing its activities.

Independence means the condition of being free to act, speak and think without externally imposed restraints. Objectivity means the exercise of judgment based on observable phenomena and uninfluenced by emotions or personal prejudices. Transparency means clear, free of deceit and easily understood to an observer. AmCham is independent from any religious or political affiliations.

Any lobbying positions or information presented and considered shall be based on accurate sources, and any activities shall follow such objective principles.

All Board, Executives and Personnel shall keep their personal opinions (e.g., religious beliefs, political ideology, or minority affiliation or belief) from affecting the subjects and activities they are dealing with.

### **3.3 Workplace Fundamental Principles**

#### **(a) Safe and Healthy Workplace**

AmCham's Board, Executives and Personnel shall promote a safe and healthy workplace within AmCham, and will encourage such practice among AmCham's membership and within their own organizations.

#### **(b) Decency**

AmCham's Board, Executives and Personnel shall respect the human decency of all of the Board, Executives and Personnel as well as the members-at-large of AmCham.

#### **(c) Equal Opportunity/Fair Employment**

AmCham has a policy and practice in place to provide all staff and members-at-large with equal employment opportunities without regard to race, color, religion, gender, age, national origin, sexual orientation, disability or any other characteristics protected by law. It will treat its volunteers and members with the same dignity.

#### **(d) Human Resource Policies**

AmCham has human resource policies in place that cover both paid staff and volunteers. Such policies establish clear expectations, and provide for meaningful and effective performance evaluation.

### **4 Conflict of interest**

#### **4.1 Policy of Conflict of Interest**

A conflict of interest is a conflict between the private interests and the professional responsibilities of a person in a position of trust. Every member of the Board, the Executives and all Personnel are in a position of trust when it comes to representing AmCham towards its members-at-large, its staff and the community at large as well as the people and institutions that AmCham interacts with. Maintaining that trust requires there to be no real or perceived overlap between private interests and activities and those of AmCham, and no economic benefit is inured to a party at the expense of AmCham as a result of his/her position at AmCham.

In particular, conflicts of interest occur when personal interests or activities:

- a. influence, or appear to influence one's judgment when acting on behalf of AmCham;
- b. result in one's competing, or appearing to compete, with AmCham, or one's diverting, or appearing to divert, business or other revenue opportunity from AmCham;
- c. diminish, or appear to diminish, the efficiency with which one performs his/her duties;
- d. knowingly take any action or make any statement intended to influence the conduct of AmCham in such a way as to confer any financial benefit on any person, corporation or entity in which the individual has a significant interest or affiliation; or
- e. actually or apparently harm or impair AmCham's reputation including the goodwill arising from the name of AmCham. Moreover, prohibited conflicts can occur because of the interests or activities of close family members or other individuals who live in one's household. The "interests" of any person associated with AmCham include the interests of any person with whom they have a close personal relationship, including their spouse, life partner, children, parents, siblings or other close family members.

#### **4.2 Fair Disclosure and Access to Information**

Revealing a conflict of interest after an individual has already participated in an activity where such conflict exists or appears to exist can be extremely damaging to the reputation of AmCham. AmCham Board, Executives and Personnel must, at the time they are first assigned to cover or work on any matter, disclose to their Relevant Supervisor (as defined below), any material business, commercial, financial or personal interests where such interests might reasonably be expected to conflict with their duties. This would include situations in which a spouse, family member, companion, or an organization with which the individual is closely connected (for example, a company of which the individual is an officer, employee or consultant or has an ownership interest) is an active participant or a direct or indirect beneficiary in the prospective subject matter. With regards to financial matters, this does not include an individual's investment in public securities or pension funds that are invested in by fund managers in a broad range of companies.

The Relevant Supervisor shall be: in the case of Personnel, the Chief Executive Officer of AmCham; in the case of Committee Members, the relevant Committee Chair; and in the case of Board Members, the Internal Governance Committee.

The Relevant Supervisor will decide whether the interests create an actual conflict of interest or the appearance of a conflict. In making such decisions, the Relevant Supervisor should report any such conflict or potential conflict to AmCham's President and (where the Relevant Supervisor is the Chief Executive Officer or a Committee Chair) to the chairman of the Internal Governance Committee.

The evaluation of a potential conflict of interest must be made by the Relevant Supervisor. The evaluation may determine the absence of a conflict of interest, or it may lead to the conclusion that (i) the respective person should not go ahead with the evaluated activity; or (ii) he/she should excuse him/herself from participating in decision making by AmCham with reference to the matter in conflict. AmCham's Board is responsible for ensuring that all persons associated with the activities of AmCham are made aware of the policy and procedures regarding conflicts of interest. In addition, these policies and procedures should be made available to the general membership through publication, for example, on AmCham's official website or in an AmCham newsletter.

#### **4.3 Remunerated Work Contracts and Consultancies**

- a. Members of AmCham's Personnel are sometimes employed by, or undertake paid work for, other organizations. Such work may, in the case of AmCham Personnel who are paid by AmCham for conducting their duties, be undertaken only with the express permission of their respective Relevant Supervisor.
- b. Members of the Board and Executives may not perform remunerated work for the AmCham office. Similarly, companies or other organizations with which such individuals are currently affiliated may also not perform remunerated work for AmCham, unless such companies, organizations, or members apply and compete for such remunerated work in accordance with the Procurement Policy of AmCham from time to time. However, such companies, organizations, or members cannot be offered any advantages over any other competitor with respect to being awarded or carrying out such work. They must not utilize privileged information and do everything to contradict the perception of having utilized privileged information; in addition, they

will not exercise their Board function to the extent that it relates to the conditions of the contract or the selection or supervision of such contract. In other words, they do not need to be disqualified in such cases because of their affiliation with AmCham, but neither may they be given the "inside track".

- c. AmCham will be transparent in their decision-making processes when commissioning paid work, and will follow transparent tender procedures.

#### **4.4 Disclosure of Payments**

- a. When the AmCham office makes payments to a member of the Board or Executives, excluding approved expenses and per diems for Board business, or to a member of the Board, management or a staff member of any other member company affiliated with an elected Board member or Executives, a full declaration should be made in the annual Financial Statement and Annual Report of AmCham. Such reporting should also outline the procurement/tender procedures conducted that led to such payment.

### **5 Procurement**

#### **5.1 Business Ethics**

AmCham will act in a fair, reliable and respectful way. This is expressed by the AmCham Procurement Policy from time to time.

##### **(a) Personal Benefits & Gifts**

Members of the Board, Executives and Personnel involved in the procurement process will not accept gifts or other personal benefits from existing or potential suppliers. Acceptance of personal benefits in any form is contrary to the AmCham Procurement Policy.

Gifts with a value up to EUR 25 are not regarded as personal benefits but can only be accepted if considered appropriate by the Relevant Supervisor.

Gifts that are considered not appropriate or exceeding a value of EUR 25 must be returned with an explanation in writing indicating that acceptance of the gift is not in-line with AmCham's Procurement Policy.

##### **(b) Expenses**

Invitations from existing or potential suppliers may be accepted only if they serve a business purpose. Travel, hotel and other related expenses will always be paid for from AmCham's financial account.

Meals at the invitation of existing or potential suppliers can only be accepted if they are regarded as a continuation of the business-related discussions.

### **6 Compliance**

#### **6.1 Application and Enforcement of this Code**

- a. Application and enforcement of this Code is the responsibility in the first instance of each member of the Board. This responsibility extends to both him/herself and to every other member of the Board, Executives and Personnel with whom he/she works. All Personnel should feel comfortable with their co-workers and be able to offer suggestions to help them comply with their obligations under this Code. The Chief Executive Officer shall be responsible for ensuring that all future Personnel agree, as a term of their employment contract with AmCham, to adhere to the terms of this Code.
- b. The Board shall use reasonable endeavours to procure that all members of the Board, Executives, and Personnel voluntarily sign (and re-sign by January 31st of every calendar year) the Certificate of Compliance attached to the end of this Code. The fact that any member of the Board, the Executives, and/or the Personnel may not have signed (or re-signed) a Certificate of Compliance for any reason shall not, however, mean that they are not subject to the provisions of this Code, which shall continue to apply.
- c. The Board and elected members of the Executives have a special responsibility for applying this Code to matters they are managing and for the organization as a whole. For each activity that is undertaken, the standards of this Code should be complied with and satisfied.
- d. Members of the Board, Executives, and Personnel who do not comply with the Code may be subject to disciplinary action up to and including the termination of employment and/or office. Disciplinary action against those members of staff covered by the employment contract will be consistent with such contract and will be initiated and conducted by the Board.
- e. The Board has established, and shall at all times maintain, a Corporate Governance Committee for the purpose of providing guidance on ethical questions. The contact details of the Board's Internal Governance Committee can be obtained through the AmCham office or from the official AmCham website.

## ***7 Intellectual Property, Communication and Confidentiality***

### **7.1 Use of AmCham's Name and Logo**

AmCham's name and logo should only be used by authorized individuals acting on behalf of the organization, whether they be members, elected Board or Executives, Personnel, or volunteers, and solely used for the subject, topic or event with which such individuals are responsible, engaged, or entrusted. The content and context in which the organization's name and/or logo is used should always comply with the requirements of this Code, which should be the responsibility of any person involved in the subject on behalf of AmCham.

### **7.2 Communication**

Only duly-authorized persons, whether they be members of the elected Board, Executives, Personnel, or volunteers, may communicate either orally or in writing on behalf of AmCham. It is the responsibility of the individual who performs such communication to comply with this Code in both the form and content of the communication. Any other person present or possessing knowledge of the planned or actual communication on behalf of AmCham, but not directly involved in such communication, should also observe and ensure the observance of this Code during such communication.

### **7.3 Confidentiality**

Members of the Board, Executives and Personnel shall treat as confidential any information relating to AmCham, its activities and/or its membership which is of a confidential or a sensitive nature and, if in doubt as to whether any particular information is confidential or sensitive, shall approach the Board for its approval before enabling such information to be made available to third parties.

## ***8 Sanctions for Breaching, Reporting Violations, and Enforcement of this Code***

If a member of the Board, the Executives or Personnel believes that a violation of this Code may have occurred or may be occurring, or has any questions about its requirements, they are encouraged and expected to bring the matter to the attention of the President of AmCham, or to the Internal Governance Committee Chair. Also, any question regarding an ethical issue may be brought to AmCham legal counsel, with the consent of the President or Internal Governance Committee Chair.

Violations of this Code, condoning or knowingly failing to report a violation, making a false report or failing to cooperate fully in any investigation of any violation, will result in disciplinary action, up to and including termination of employment and/or office. Such violations may also be subject to the reduction or elimination of any severance amount or other benefits that may be offered by AmCham in connection with such termination.

## ***9 Legal and Other Regulations***

An ethical nonprofit organization practices sound financial management and complies with legal and regulatory requirements. Its financial systems ensure that accurate financial records are kept and that financial resources are used to further its mission. It conducts periodic financial reviews to address regulatory and liability concerns. Therefore, as an ethical nonprofit organization, AmCham will, and its Board, Executives and Personnel will strive to, meet the following standards of financial and legal accountability and compliance.

### **9.1 Financial Accountability**

An ethical nonprofit organization creates and maintains financial reports in a timely manner that accurately portray its financial status and activities.

An ethical nonprofit provides timely financial statements to all members. Financial statements identify and explain any material variation between actual and budgeted revenues and expenses.

An ethical nonprofit organization makes its annual audited financial reports available to the public.

An ethical nonprofit organization provides employees and others with a confidential means to report suspected financial impropriety or misuse of its resources.

An ethical nonprofit organization has written financial policies governing: (i) investment of its assets; (ii) internal control procedures; (iii) purchasing and procurement practices; and (iv) reserve funds.

### **9.2 Legal Compliance and Accountability.**

An ethical nonprofit organization is aware of and complies with all applicable laws. This may include, but is not limited to, complying with laws and regulations related to sales and fund raising; licensing; financial accountability; human resources; insider trading; lobbying and political advocacy; and taxation.

### **9.3 Anti-bribery and Corrupt Practices Compliance**

AmCham, as an ethical nonprofit organization, recognizes that in its lobbying and other governmental relations activities it must adhere to the highest standards of integrity and at all times comply with applicable laws and regulations regarding bribery and corrupt practices. No member of AmCham's Board, Executives or Personnel shall corruptly promise or provide anything of value to any government official or employee, including officials and employees of state-owned or controlled entities, in order to gain any

advantage. The foregoing prohibition extends to indirect bribery through intermediaries, such as agents and consultants, and to instances where payments or benefits are made or offered to a relative or friend of a government official or employee. Persons subject to this Code are expected to be diligent and prudent in their dealings with government officials and employees. Ignorance will not be accepted as an excuse, nor will the fact that bribery and corrupt practices may be regarded as commonplace in Hungary.