

AmCham
HUNGARY

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y e a r s

for Hungary's
competitiveness

Anniversary

ANNUAL REPORT

2 0 1 4



WE

listen to your voice and **understand** your issues

provide **access** to the largest investors in Hungary and to a wide range of decision makers

arrange **programs and events** focused on growing your business

advocate for a better business environment and be a collective voice in your industry

promote your business as a **preferred business partner**

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BUSINESS ORGANIZATION!**



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AmCham office at
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MISSION STATEMENT

The mission of the American Chamber of Commerce in Hungary is to be the most effective representative of the business community in Hungary, while promoting the global competitiveness of the country.

We are guided by the American business values of competitiveness, transparency, free enterprise and open partnership with all stakeholders.



Publisher: Írisz Lippai-Nagy, CEO, AmCham Hungary

Published by the American Chamber of Commerce in Hungary, 2014

Managing editors: Zsófia Juhász, Marketing and Communications Manager, AmCham Hungary and Robin Marshall, Chief Editor of VOICE magazine

Designed by: Absolut Design Stúdió

Photos by: András Hajnal, Lázár Todoroff, Hajnalka Hurta, Márton Magócsi (ACF)

Printed by: Absolut Print Kft.

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LETTER FROM PRESIDENT

William Benko
President



Dear Members,

"There is nothing wrong with change, if it is in the right direction," said Winston Churchill. And a lot has changed since last November at AmCham Hungary. We voted for the new AmCham Board in December, found a very dynamic CEO and have been preparing – with the board – a new vision and strategy, designed to better focus on member and business expectations. In the meantime, we've continued with our advocacy work after the parliamentary elections, and successfully navigated the year financially.

We take pride in our past achievements commenting on legislation and starting a dialogue with the government on a number of topics, and we are working even harder to make that list longer. Regarding our advocacy goals,

I recommend you read our committee reports starting on page 68 and also our Advocacy Highlights (pages 30-33) for the essence of this year's success stories.

These achievements would not have been possible without the professional work accomplished by our committees and working groups, and the engagement of the AmCham membership.

We as a board would like to express our recognition to everyone who has actively contributed to these joint efforts. Let me also thank the entire board – especially Andrea Juhos, Edina Heal, Márk Hetényi and Eszter Szabó, whose terms expire – for their dedication and excellent work.

In 2014 we not only focused on our advocacy work, but also celebrated a special milestone.

AmCham, the first American Chamber in Central and Eastern Europe, turned 25 this year and we are proud to have celebrated together with our founding member and largest U.S. investor in Hungary, General Electric.

Thank you for your support during the two years I have served as your president; it was a rewarding experience, and I am humbled by the character and quality of those with whom I worked. I wish our new president success in furthering AmCham's aims, and especially good luck in our main mission to help to shape the competitiveness of Hungary in 2015!

A handwritten signature in blue ink, appearing to read 'Benko', with a stylized flourish at the end.

AMCHAM BOARD MEMBERS 2013-2014

	<p>President William BENKO Rózsakert Medical Center</p>		<p>First Vice President Norbert FOGARASI Morgan Stanley Hungary Analytics Ltd.</p>		<p>Second Vice President Ferenc PONGRÁCZ IBM Hungary</p>
<p>Secretary Treasurer Péter FÁTH Honorary Member</p>		<p>Board Member Edina HEAL Google</p>		<p>Board Member Andrea JUHOS LHH Magyarország, Career Consultants Kft.</p>	
	<p>Board Member Gábor GONDA Hewlett-Packard Informatika Kft.</p>		<p>Board Member Márk HETÉNYI Flextronics International Kft.</p>		<p>Board Member Bob MANSFIELD Mansfield & Associates</p>
<p>Board Member Diána STEGENA Amgen Kft.</p>		<p>Board Member Eszter SZABÓ GE Hungary Kft.</p>		<p>Chief Executive Officer Írisz LIPPAI-NAGY AmCham</p>	

LETTER FROM THE CEO

Írisz Lippai-Nagy
CEO



Dear Members,

I am excited to write my first CEO report to you! It has been only five months, but thanks to our wonderful members, board, committee chairs and staff, I already feel like I have spent years with AmCham Hungary, especially after such an active fall.

2014 was a milestone year for AmCham, and our annual working plan was guided by our 25th anniversary projects. The central elements of our anniversary year were the Visionary Series and the Gala Celebration. The concept behind the Visionary Series was to arrange roundtable discussions focusing on topics – such as technological revolution, healthcare, human capital, resource management and communications – that in our opinion will shape our next 25 years. (To learn more about our Anniversary Year please turn to pages 21-27. To read more about the events during the whole year please, turn to

pages 44-57). The peak Gala event will only be held after our Anniversary Annual Report goes to print, but let me just say we are delighted to be celebrating together with 500 guests at the Parliament building and in the presence of Prime Minister Viktor Orbán.

While briefly reporting to you on our main activities this past business year, I would also like to highlight our new strategic focus areas. Together with the board, committee chairs and staff we have been working on a new strategy for 2015-2017 to be presented to our members during the Annual General Assembly in December. Rest assured, AmCham will remain the same balanced, professional and strong organization it is today, but with a more streamlined agenda and new energies. Our new strategic pillars are:

KNOWLEDGE,
NETWORK, and
ADVOCACY.

KNOWLEDGE stands for the professional expertise represented by our members, the education that in the long-term impacts competitiveness and innovation, which can be a USP for attracting FDI. AmCham is in a unique position to synthesize the brainpower of hundreds of experts in a variety of topics and on a variety of issues. We must leverage this strength, building on our traditionally strong committee network. Please read more on their activities on pages 68-91.

AmCham is a **NETWORK** in itself. The power of networks was one of our Visionary Series topics and the words of Professor Albert-László Barabási reinforced our decision to incorporate the idea of the network in our new strategy: “if networks are expanding, links will want to join the most popular hubs. [...] It is hubs that make the difference.” We realize that you, our members need a powerful platform and effective



I would like to encourage you to join us in this process and get involved to help us make an impact that will benefit for all of us.

Finally, I would like to thank all our members for their support in helping us achieve our mission and goals. Special thanks to our dedicated staff and active board members, committee chairs and committee members for their time and expertise.

I personally would like to thank the board for their trust in appointing me as CEO, and all of you welcoming me so warmly on board. I am excited about the great times ahead of us!

tools to help your business by sharing know-how and strengthening business-to-business relationships, thus creating knowledge hubs, as Prof. Barabási might phrase it.

We are reorganizing our **ADVOCACY** efforts to be built on a structured policy agenda based on effective committee work and close cooperation with members and decision makers.

SECRETARY TREASURER'S REPORT

Secretary Treasurer: Péter Fáth
Finance Manager: Erika Bosnyák



As Secretary Treasurer, I am pleased to report that our financial performance remained stable in 2013.

AmCham was not able to reach a profit in 2013; the reported loss was 5,270 THUF as opposed to 236 THUF profit planned in the annual budget. The explanation for the loss is that it is partly due to the new, free events for members ('Insight debriefing dinners') and the unforeseen additional expenses related to the change in CEO. On the revenue side, we achieved 173 MHUF (92.2% of the 2012 figure) and our costs were 178 MHUF (95.8% compared to 2012). The financial situation of the chamber is strong; we have ~107 MHUF in reserves, which would cover more than nine months of operation.

Revenues from membership fees along with the large number of events not only provided sufficient income for day-to-day operations in 2013 but also made it possible to make necessary investments (computers, CRM development etc).

In April 2014 our auditor, BDO Magyarország Tanácsadó Kft. (BDO) reviewed the financial statements, contracts and board minutes for 2013, and after consulting with the accounting company (Memolux), issued an unqualified auditor's report. This confirms that the procedures at AmCham are undertaken in a true and professional manner; the balance sheet and financial report gives a clear and accurate picture of the organization (please see pages 96-97). There was no need to address any subject in the management letter.

I would like to thank Memolux Kft. and BDO Magyarország Tanácsadó Kft. for their professional work and continued help.

AMCHAM'S REVENUE STRUCTURE

Our total revenues in 2013 somewhat decreased (173 MHUF vs. 188 MHUF in 2012). The membership fee income was slightly lower than the previous year's (128.4 MHUF vs. 131.4 MHUF). In 2013 74% of the chamber's income was made up of membership fees, as opposed to 69.9% in 2012.

Net sales (35,110 THUF) includes revenues from

- Events: 31,309 THUF (40,292 THUF in 2012)
- Further sources of income are activities concluded in the form of a business association, resulting in an income of 3,801 THUF altogether (ads, sport/social events).

Our income deriving from entrepreneurial activity is separated from income deriving from our basic activity. In 2013 the proportion of income from entrepreneurial activities was 2.2% within all activities.

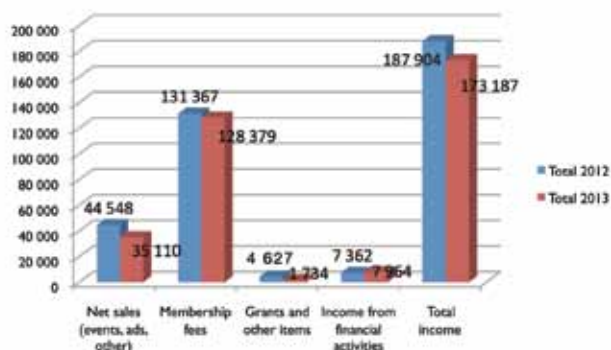
The other incomes received were to support certain events and an economic study (1,533 THUF) and other items (201 THUF).

Income from financial operations came in at 7,964 MHUF (interest on long-term bank deposits, realized and accrued interest of government bonds, realized

and accrued interest of treasury notes, interest of fixed deposits etc.).

There were no extraordinary items in 2013.

AMCHAM'S REVENUE STRUCTURE IN 2012 AND 2013



The material expenditures level in 2013 was lower (62,160 THUF) than in 2012 (68,762 THUF) and personal type costs slightly increased (103,697 THUF in 2013 vs. 103,360 THUF in 2012).

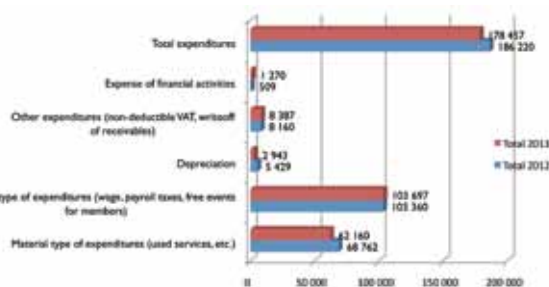
The personal expenditures (103,697 THUF) include wages, payroll taxes, cafeteria payments, and the costs of services (related to committees, board meetings, and exclusive events for patron members) provided to the members for free. Also this is the line that contains the severance payment we paid to the former CEO.

The most significant items of other expenditures (8,387 THUF vs. 8,160 THUF in 2012) are non-deductible VAT, write-off of receivables and company car tax.

The expenditures of financial activities (1,270 THUF) include interest of 942 THUF paid within the purchase of government bonds, 56 THUF realized and unrealized exchange rate loss and 272 THUF realized and accrued exchange rate loss related to securities.

AMCHAM'S EXPENDITURES IN 2012 AND 2013

The Chamber had no extraordinary expenditures in 2013.



Year end result in 2013

Result of basic activity
Result of entrepreneurial activity

-5,270 MHUF

-4,395 MHUF

-875 MHUF

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We would like to thank our interns in 2014:
David Mark Arnold, Petra Juhász, Zoltán Rezsőfi and Zsuzsi Szabó

AMCHAM CELEBRATES 25 YEARS WITH HUNGARY

15

Overview of 25 years

Overview of 25 years

Every successful organization needs a good leader, and AmCham has been blessed with a fine selection from the moment of its foundation (pictured right). Gentlemen, we thank you!



Michael J. Shade
1989-1990



Péter Kraft
1996-1997



László Cziráj
1995-1996



Les Nemethy
2004-2006



Péter Hegedűs
2002-2004



István Havas
2010-2012



Theodore S. Boone
1992-1993



Charles Huebner
1997-1999



Edward J. Bush
1993-1994



Robert C. Knuepfer
1994-1995



András Sugár
1999-2001



Gusztáv Bienérth
2001-2002, 2006-2010



Advocacy

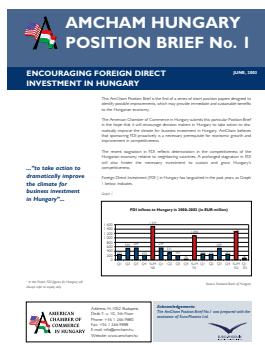
Coordinated by its numerous committees, and overseen by the AmCham Board of Governors, over the years, AmCham Hungary has advocated on a range of issues. With each project, event and publication AmCham aims to voice the opinions of the entire membership and provide the Hungarian Government and all stakeholders with recommendations that will enhance the business environment and Hungary's national competitiveness. AmCham Hungary, as a policy, does

not lobby in the interests of any one of its individual members, nor does it seek out or accept government subsidies. This independent and neutral position is a vital foundation for AmCham's advocacy activities and is also one of the main reasons why AmCham Hungary has become such a respected and successful organization.

In the past, AmCham has successfully advocated for the Company Act, Customs Act, Electronic Commerce, Foreign

Drivers' License, Establishment of Investors' Council, Public Procurement Act and Consumer Protection Act.

In 2011 AmCham signed a Strategic Cooperation Agreement with the Ministry of Public Administration and Justice and since then submitted well-received and implemented comments and proposals on the Civil Code, the Labour Code, the Data Protection Act and the Bankruptcy Act among others.



2003
First AmCham Position Brief



2004
Investors' Council meeting



2006 Proclamation – agreement for our future signed by 16 organizations



2007 Declaration of cooperation signed by six AmChams from CEE at the First Regional Energy Forum



2011 Signing Ceremony of the Strategic Agreement with the Ministry of Public Administration and Justice with the AmCham Board, Minister Tibor Navracsics and government representatives

Global Leaders

AmCham has arranged more than 1,500 professional and social events since its inception with tens of thousands of participants. The most well-remembered and best-attended events took place with internationally

recognized global leaders, mostly from the political and corporate world. As we had dozens of highly acclaimed speakers over the years, the following are a selection only, plucked from every five years since 1989.



1993

Bill Clinton, President of the United States



1995

Bill Gates, Founder of Microsoft



1999 Jack Welch, Chairman and CEO of GE
with Charles Huebner, President of AmCham
Hungary



2005

John Chambers, CEO of Cisco



2012 Sergei Sikorsky, Former Vice
President, Special Projects, Sikorsky
Aircraft Corporation

AmCham Publications

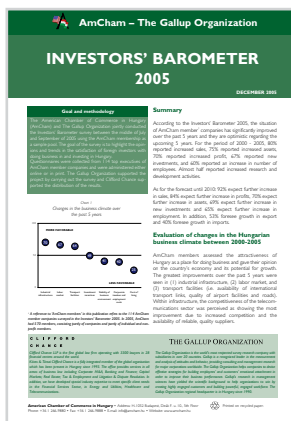
AmCham Hungary's numerous publications have provided its members and partners with a selection of wide-ranging and in-depth reference tools on issues of great importance to the Hungarian business community. In the past 25 years we have had three different print publications: AmCham

Today, Business Hungary and VOICE. Besides these regular magazines and the annual reports, we have a diverse portfolio of other products, such as handbooks for electronics manufacturing, corporate governance guidelines, economic surveys and studies, and a healthcare expert report.

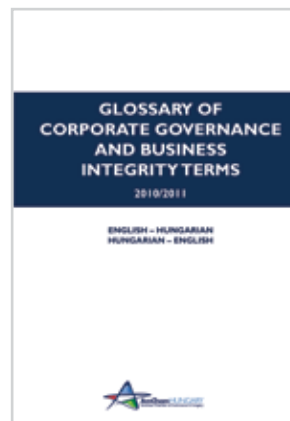
1990
First issue of AmCham Today



2005 AmCham-Gallup Investors' Barometer



2011 Glossary of Corporate Governance and Business Integrity Terms



1997
First issue of Business Hungary



2010
First issue of VOICE

Social Events

With our range of traditional social events we aim to provide AmCham members opportunities to have a genuinely good time with their families, friends and business partners.

Most of our social events are tied to traditional United States' holidays, such as Independence Day and Thanksgiving, but we have sports-related gatherings as well.



1999

Thanksgiving Charity Dinner



2000

Ride for the Tisza Flood



2008

US Election Night Party



2009

AmCham Valentine's Day Ball with Boney M



2012

Sports Day and Soccer Tournament

AmCham and GE celebrating 25 years with Hungary



GE imagination at work

AmCham's 25th Anniversary Year was sponsored by

Gold Sponsors



Morgan Stanley



Silver Sponsors



MetLife

Bronze Sponsors



Media Sponsor





VISIONARY SERIES

AmCham is proud to have launched the 'Visionary Series' between June and November 2014, as part of its 25th anniversary year. The idea behind the series was to arrange roundtable discussions focusing on topics – such as technological revolution, healthcare, human capital, resource management and communications – that in our opinion will help shape our next 25 years. At each event members of the audience were asked to participate in an interactive vote on aspects of the future, highlights of which are presented on the following pages.

DAWN OF THE SECOND MACHINE AGE: TECHNOLOGICAL REVOLUTION AND ITS EFFECTS ON HUMAN CAPITAL

The 'Visionary Series' of events marking AmCham's 25th anniversary kicked off by taking a look at what the future might look like with a talk and roundtable discussion on June 30. The keynote address was made by acclaimed Canadian futurist **Riel Miller**, Head of Foresight at UNESCO's Bureau of Strategic Planning, who discussed how societies must become much more flexible and much less afraid of risk to overcome what he called the "poverty of the imagination that stands in the way of grasping the creativity of the present". In

a nutshell, we cannot achieve the best possible future, particularly one that values all human worth, if we constrain ourselves by only thinking in current terms.

Miller's speech was followed by a roundtable moderated by **Márk Hetényi**, European Finance VP at Flextronics and AmCham board member, in which the futurist was joined by: **Joerg Bauer**, President of GE Hungary; **Ferenc Friedler**, rector at the University of Pannonia; **Ferenc Pongrácz**, of IBM Hungary; and **László Turóczy**, deputy state secretary for competitiveness at the Ministry of National Economy.

While futurology is far from being a mainstream academic career path (the first university

seat in the subject is only now being created), Miller is quick to emphasize that he is no fortune teller, and does not try to predict the future, so much as look at the way processes might work if we cast our gaze forwards.

Central to that is a change in the way we think, a theme he returned to time and again. Early on in his presentation he quoted the French philosopher and futurist Gaston Berger: "The purpose of looking at the future is to disturb the present."

In Miller's closing remarks he noted that, rather than letting the future unfold and reacting to it, we are trained to try to bend the future to our present perspectives. "We

have a colonialist vision of the future. We allow ourselves to be dominated by closed, anti-death thinking; that impoverishes us. [...] Systems for experimentation have been very weak." Miller believes we have to "understand anticipatory systems" much better and adapt our "capacity to rethink what is emerging in the present". We also need to reflect on where we are, and learn that 'risk' carries 'reward', that there is no

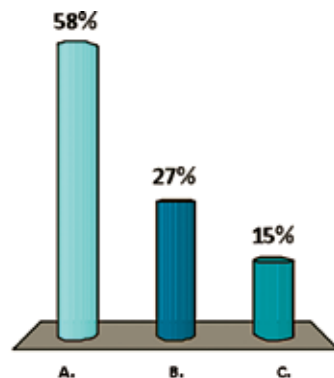
'failure' if we treat failure as a teaching tool. "Crisis is essential," he says, "crisis is feedback, in the same way death is essential."

Miller sees the potential for a more creative society, and one that values all members of society better, if we only look at the way we organize ourselves differently. "We have always organized the way we live for work: the forest for hunting, the field for farming, the city for factories. What if

we organized our work for life; what would that look like?" he asked, and implied there is still much for us to learn by looking again, and from a different view point, at nature. "Biological processes are unbelievably creative," he said. "How do we become more ambidextrous? How can we become better at thinking of open, not closed, systems. There is a contradiction between making sure things do not fail, and adapting and changing."

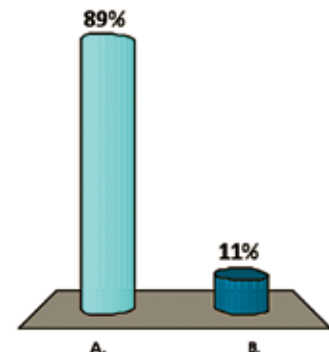
Why is it important to think about the future?

- a) Because we need to prepare now for things that might happen tomorrow.
- b) Because without plans for the future we cannot achieve our objectives.
- c) Both



The coming of exponential technologies, such as robots, smart devices, 3D printing and AI is a good thing.

- a) I agree
- b) I disagree





VISIONARY SERIES

ARE WE PREPARED TO LIVE FOREVER? HEALTHCARE, MEDICAL INNOVATION AND AGEING POPULATION

Are you prepared to live forever? That was the provocative question posed by the second talk in the Visionary Series on September 30. Moderated by outgoing AmCham President **Willy Benko**, this thought-provoking event featured two keynote speakers: **Professor András Falus**, from the Department

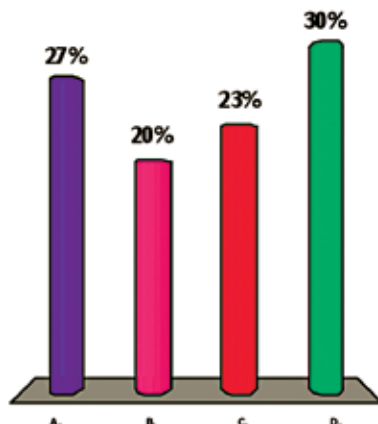
of Genetics, Cell- and Immunobiology at Semmelweis University; and medical futurist **Dr. Bertalan Meskó**.

They were joined for a roundtable discussion by **László Nagy**, Director of Technology Development at GE Healthcare; **Dr. István Peták**, Founder and Scientific Director, KPS Biotechnology and Molecular Diagnostics Ltd., Senior scientist, Pathobiochemistry Research Group, Hungarian Academy of Sciences; and **Dr. Judit Zolnay**,

Deputy General Manager at insurance company MetLife. Bertalan Meskó is, by his own admission, obsessed with technology. He says he knew he wanted to be a doctor from age six, but once he had qualified, and then gone on to get his PhD in genomics, he felt strangely flat. "I realized I had ignored that whole 'geek' part of my personality." His answer was to create a profession which did not previously exist – medical futurist – and which he is now beginning to teach to others. He has also written a book aimed at his medical colleagues ('The Guide to the Future of Medicine'), though he hopes it will become redundant as more people start to study the possibilities just around the corner. "The world is going to change dramatically in healthcare and that is going to cause problems," he warned. "Nobody is ready for such transformations."

In which field do you expect the biggest breakthrough in healthcare in the next five years

- a) nanotech
- b) software / cloud-based services
- c) data science / AI
- d) biotech / printed organs



Much of the conversation revolved around cancer, and the advances made in the fight against it since U.S. President Richard Nixon signed the National Cancer Act in 1971, particularly the Human Genome Project. In this battle, it seems our bodies are both our first line of defense and our own worst enemy, as Falus explained.

“Our immune system cannot protect us from cancer. Every ten minutes a cancer cell is generated in our body. However, 99.99% of cancer cells are recognized, isolated and killed by our immune system.” A lot of research is being done into how the body is able to do that to try and reproduce it on demand, the professor said. Fortunately, the 00.01% of cells that survive and develop into full-blown cancer are, by definition, easier to spot – they are multiplying and growing, after all. Unfortunately, they are also the hardest to kill. “These cells are very smart cells. These cells have already won when in

a similar situation against the immune system.”

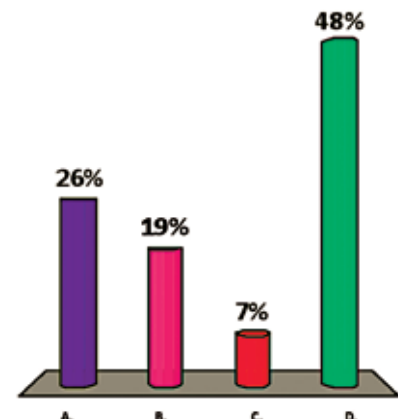
Preparing for the healthcare of the future was a recurring theme. Doctors and patients alike need to be better prepared. “Right now we have ‘sick care’, not healthcare. I would teach kids [about healthcare] from age six. [...] Patients should have better health literacy, and doctors should have better digital literacy. [...] We know exactly

what is meant by a ‘healthier life’, we just either do not want, or do not know, how to get there,” said Meskó. Falus agreed: “We have to teach people from kindergarten that we are responsible for our own health.”

But we should also educate society about the positive sides to living longer, says Meskó. “We relate ageing with decaying. We have to change that.”

When will the first person, to live over 150 years, be born?

- a) In 30 years
- b) In 20 years
- c) In 10 years
- d) Was already born



VISIONARY SERIES



LOST AND FOUND: INTERCONNECTIVITY AND NETWORKS IN THE DIGITAL ERA

The third Visionary Series talk on October 15 focused on interconnectivity, mainly in the man-made world of business networks and social media, but also in the natural world, at the cellular level. The keynote speaker was **Albert-László Barabási**, a network analyst so highly thought of that his name regularly comes up when scientists discuss who might be the next Hungarian Nobel laureate.

And it is appropriate he is Hungarian, for network analysis turns out to be something of a *Magyar* specialty. Facebook made the concept of 'Six Degrees of Separation' (the idea that everyone in the world is connected to everyone else in the world by a chain of no more than six acquaintances)

popular in the early 2000s, but in 1990 a Broadway play of the same name had brought it to the attention of the pre-Facebook generation. Barabási says before that, in the 1960s, it had been a game played by Harvard Scientists. But the first person to articulate the concept was actually the Hungarian author and playwright Frigyes Karinthy, who wrote about it in his 1929 short story 'Chains' ('Láncszemek').

That was later developed by the brilliant and prolific (if eccentric and nomadic) Hungarian mathematician Pál Erdős and his colleague Alfréd Rényi. They collaborated on the study of what Barabási called "messy" networks, because "messy looks like random in a mathematicians language".

In 1959 that produced the Erdős-Rényi model of random graphs, which in turn was

applied as the random network model. It gained the pair much mathematical fame, but Barabási says it is wrong when applied to networks. That is because it assumes all nodes will have more or less the same number of links attached to them. Life tells us this not the case. "Effectively, a random society would be very boring and uniform," he points out.

What the random model is missing, Barabási says, is the idea of larger nodes, called hubs. But he and his team only discovered that once they started to research the way the World Wide Web was connected in the 1990s. "We thought it would be random: some people care about large machines, some about computers, others about sumo wrestling. What we found was not random."

In 1999 he and Réka Albert published their scale-free network concept, the Barabási-Albert model, which suggests

that if networks are expanding, links will want to join the most popular hubs (those with most links): “This is the rich become richer idea. [...] It is hubs that make the difference,” Barabási explained. But they subsequently found the model could be applied elsewhere. “The same types of networks occur in nature, even on a metabolic level. The World

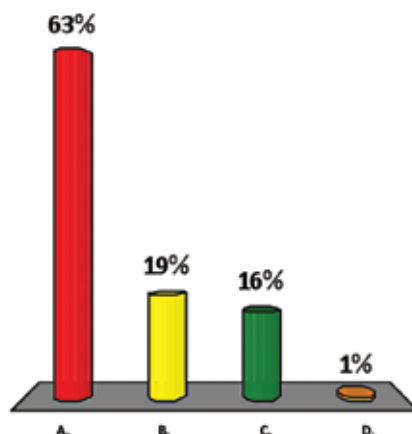
Wide Web has been around for 20 years, the Internet for 50. These [metabolic networks] were created four million years ago by evolution. Completely unrelated systems show the same architecture.”

A roundtable discussion followed, moderated by **Norbert Fogarasi**, AmCham’s First Vice President,

in which Barabási was joined by **Eszter Szabó**, Corporate Communications and Public Affairs Leader for CEE, GE; **Dr. Gábor Fáth**, Executive Director and Head of the Market Modeling Group, Morgan Stanley; **Dominic Köfner**, Vice President, Group Corporate Communications, MOL Group; and **Christopher Laska**, CEO, Telenor.

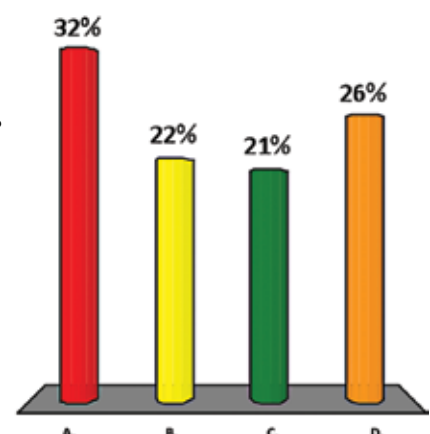
Which of these events has had the most profound impact on your life?

- a) Emergence of the Internet
- b) Emergence of mobile computing
- c) Global financial crisis
- d) Global terrorism



Which of the following applications of Network theory will have the most profound impact on our lives in 25 years?

- a) Health / Brain research / Epidemics
- b) Security / Cybersecurity
- c) Social media / Communications
- d) Economic / Financial networks



2014

Highlights

ADVOCACY HIGHLIGHTS

ADVOCACY HIGHLIGHTS

In 2014, AmCham continued its advocacy efforts in accordance with its mission *“to be the most effective representative of the business community in Hungary, while promoting the global competitiveness of the country.”* To pursue its primary goal, AmCham aims to identify the concerns and challenges of member companies and to provide effective platforms for creating common solutions and advocating these AmCham recommendations. The committees have always driven AmCham advocacy efforts, with a key, supportive role played by the Regulatory Committee. To formalize its cooperation and direct consultation with the government on legislative issues, AmCham entered into a Strategic Partnership Agreement with the Ministry of Public Administration and Justice in 2011. In October 2014, AmCham and the Ministry of Justice pledged to sign a similar Strategic Partnership Agreement to continue the cooperation.

MEETINGS WITH HIGH-LEVEL GOVERNMENT REPRESENTATIVES

In the framework of the “State Secretary Roundtable” meeting series launched in 2013, committee members and invited guests from the membership have a chance to meet and engage in a constructive and open dialogue with high-level government representatives from different ministries and have a forum to explain how AmCham’s recommendations have a relevant impact on business entities in Hungary. AmCham has organized two roundtables this year addressing key issues of the labor market and the agricultural sector.

On January 13, an Extraordinary Meeting was organized where representatives of member companies – altogether employing more than 70,000 employees – met and gave direct feedback on the most important labor market issues to Dr. Sándor Czomba, Minister of State for Employment Policy, and three of his colleagues from the Ministry for National Economy.

On February 25, the AmCham Agricultural Working Group hosted Deputy State Secretary Dr. Lajos Bognár and four of his colleagues from the Ministry of Rural Development at an Extraordinary Meeting. The high-level ministry delegation was open to discuss a wide range of issues, including taxation, insurance, the involvement of the state, GMOs, and the operation of local land committees.

IT Committee chair Gábor Takács, together with then acting CEO László Metzing, also had a discussion with Vilmos Vályi-Nagy, Minister of State for Infocommunication, Ministry of National Development in early March, where they discussed potential areas of cooperation, especially in the area of education on IT competencies.

Another key platform for dialogue with the government is AmCham’s Patron dinner series, open exclusively to our 24 Patron members. In 2014 Dr. János Martonyi, Minister of Foreign Affairs, Dr. László Szabó, Deputy

2014 HIGHLIGHTS

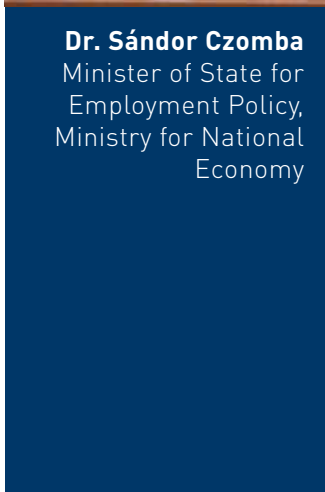
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Dr. László Szabó
Deputy Minister
of Foreign Affairs
and Trade



Dr. Barna Berke
State Secretary,
Ministry of Justice



Dr. Sándor Czomba
Minister of State for
Employment Policy,
Ministry for National
Economy



Dr. Lajos Bognár
Deputy State
Secretary, Ministry of
Rural Development



ADVOCACY HIGHLIGHTS

Minister of Foreign Affairs and Trade and Tamás Szűcs, Head of Representation, European Commission Representation in Hungary accepted our invitation.

In early October, AmCham was invited to the Ministry of Justice for a high-level discussion with Dr. László Trócsányi, Minister of Justice and Dr. Barna Berke, State Secretary, where mutual trust and the foundations of a continued working relationship were established and discussed in details. Several legislative areas were defined at the meeting, where reforms and modifications are envisaged in the long-term and AmCham's input is welcome. At this meeting, the minister confirmed that the ministry views AmCham as a strategic ally in articulating the standpoint of businesses in Hungary.

In 2014, AmCham engaged in high-level discussions with:

- Dr. Lajos Bognár, Deputy State Secretary, Ministry of Rural Development;
- Dr. Barna Berke, State Secretary, Ministry of Justice
- Dr. Sándor Czomba, Minister

of State for Employment Policy, Ministry for National Economy

- Dr. János Martonyi, Minister of Foreign Affairs
- Dr. László Trócsányi, Minister, Minister of Justice
- Dr. László Szabó, Deputy Minister of Foreign Affairs and Trade
- Tamás Szűcs, Head of Representation, European Commission Representation in Hungary
- Vilmos Vályi-Nagy, Minister of State for Infocommunication, Ministry of National Development

CONTINUED REGULATORY WORK

AmCham's Governance & Transparency (G&T) Committee coordinates a separate NGO Working Group to identify the most important underlying problems facing the NGO sector and to prepare a position paper with specific recommendations. This paper aims to clarify the role of civil society organizations in Hungary and demonstrate that a well-functioning civil society should be transparent, visible, accountable, credible and trustworthy. The working group

prepared recommendations for each of the stakeholders in the NGO sector, such as foundations and their management and boards, donors, and the government. In March, AmCham organized its eighth Governance Workshop dedicated to discussing these recommendations, entitled 'For a More Transparent NGO Sector'.

The G&T Committee together with the Regulatory Committee continued to follow and monitor the **modified Public Procurement Act**, which came into effect on June 21, 2013. For the benefit of members, AmCham has reviewed the new act and has compiled a brief summary, which was made available for the membership online in spring 2014.

The modified **whistleblowing legislation** was also closely monitored by the G&T Committee, and on the committee's initiative AmCham organized a highly successful workshop, titled 'How can you Increase Corporate Compliance and Transparency?' on September 29. The workshop's aim was to inform AmCham members

about the current, international trends in whistleblowing, and also to discuss local dimensions and practices, focusing on the corporate world. Keynote speakers of the event included State Secretary Barna Berke from the Ministry of Justice, Tara M. Lee, Partner of DLA Piper Global Law Firm and Anna Myers, expert coordinator of the Whistleblowing International Network.

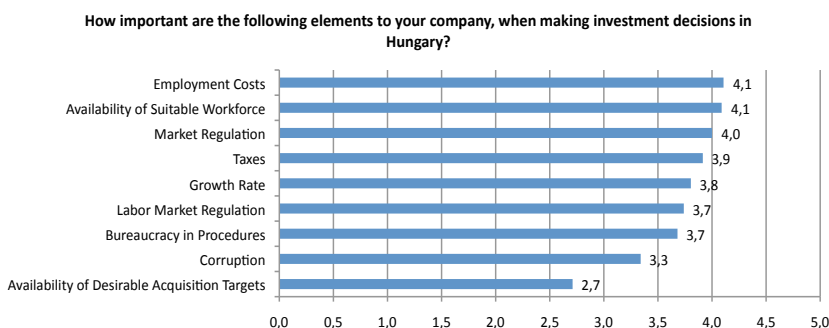
AmCham's Tax Committee is monitoring the discussion about the **EU Financial Transaction Tax**, which is important item on AmCham EU's agenda. AmCham channels its position and status report to the Ministry for National Economy.

On the request of the Ministry of Justice, AmCham contributed to the **impact assessment of Hungary's accession to the new European patent regime**. In October, AmCham collected member companies' evaluation of the expected effect of the new patent regime on their business activities and forwarded the chamber's position to the ministry.

INVESTMENT AND BUSINESS CLIMATE SURVEY 2014

AmCham conducts an Investment and Business Climate survey every year to receive direct feedback from top executives of member companies on recent changes of the Hungarian business climate and regulatory environment. In 2014 the survey was conducted between March and May with responses from 48 companies employing altogether 32,435 people. We would like to thank those members who participated in the survey for their time and valuable contribution.

When asked about factors that



influence investments, stability of market regulations and restrained state interference in the economy came out as the top expectations. Labor costs, a friendly bureaucracy and a level playing field across all sectors proved to be equally important for respondents.

In summary, it can be stated that AmCham members have seen improvement in the business environment and economic performance of Hungary. If the economy is to improve further, members have a strong wish for more transparency, lower levels of corruption and an improvement in the predictability and stability of the regulatory environment.

PROGRAM HIGHLIGHTS

LANGUAGE AMBASSADOR PROGRAM

AmCham launched its '**Foreign Language Learning Initiative**' in February 2011 to help bring the language skills of the Hungarian workforce more in line with business needs, as we believe that competency in foreign languages is a vital element in improving Hungary's competitiveness. Part of this initiative is the AmCham '**Language Ambassador Program**', a volunteer organization of member firms that aims to encourage language learning in high schools, as well as educate students on job market prospects in general.

In the past three and a half years we have already reached 82 schools in 308 lessons with the help of 149 volunteer **Language Ambassadors** from 53 of our member companies. In this way we could personally deliver the message of the importance of learning foreign

languages to some 3,800 high school students, and even help with their career orientation. The Hungarian PR Association also recognized the project, when the initiative won the CSR Best Practice Award in 2012, as did AmChams in Europe, which showcased it as a best practice in its Creative Network program in 2014. October 16, 2013 saw the first AmCham Language Ambassador Summit held in the historic setting of the parliament building in order to discuss ways of improving the scheme, spreading its popularity among schools and increasing an interest in foreign language learning amongst students. More than 100 language teachers, the same number of high school students, as well as representatives of the Ministry of Human Resources and AmCham held a discussion on how to make secondary school education more effective and in line with business needs.

Since then the project has been going from strength to strength:

from the fall of 2014 schools have had the opportunity to visit the offices of AmCham member companies, giving students a glimpse of what it would be like to work there. One such visit took place at the HP office in Rábahídvég, where 27 high school students took part in a simulated job interview, filled out an IQ test in English, visited the Server Room and talked to managers from various corporate departments.



AmCham
Nyelvi
Nagykövet
Program



Dale Martin, President and CEO, Siemens



Márk Hetényi, VP Finance Europe, Flextronics



Norbert Fogarasi, General Manager, Morgan Stanley



PROGRAM HIGHLIGHTS

ENTREPRENEURSHIP AND STARTUPS IN FOCUS

Our focus on entrepreneurship and startups has been strengthening for a few years now, with a growing number of projects, publications and events.

The **'Start your Business!'** series – now in its fifth year – is jointly run with the Hungarian Venture Capital and Private Equity Association (HVCA) and aims to introduce ambitious university students to critical real-life business know-how and insights into how to start their own company and expand it. The events show how to actually get started, how to impress VCs and attract capital, and show what business ethics mean in practice. Between 2010 and 2014, 19 'Start Your Business!' events were organized at ten different university campuses, reaching more than 1,100 students.

By the end of 2014, the program will have visited the following campuses:

- Budapest University of Technology and Economics (2010, 2012, 2014)
- Budapesti Corvinus University (2012, 2013)
- Debrecen University (2014)
- Eszterházy Károly College, Eger (2014)
- University of Pécs (2013, 2014)
- Pázmány Péter Catholic University (2013)
- Szent István University, Gödöllő (2013, 2014)
- Széchenyi István University, Győr (2013)
- University of Szeged (2014)
- Óbuda University, Budapest (2014)

Előd Solti, leader of the 'Start your Business!' program, works together with a dedicated community of inspiring entrepreneurs and experts, who support the program by presenting and discussing case studies of their own companies, and sharing good examples and best practices of smart entrepreneurship with the next generation. Students are encouraged to interact,

to share ideas and network with the entrepreneurs and with each other. Presenters in 2014 included the founders of Árukereső.hu, Innovation and Technology Management Hungary Kft., Leonar3Do Inc., Ma este Színház!, Mechatromotive Kft., MiniCRM.hu, Sighter Limited, THX Games Zrt. and Virivee. The feedback from universities is very positive. The program is invited both to new campuses and previous locations on a regular basis.

For the third time this year, AmCham organized the **Annual Entrepreneurship Summit**, in cooperation with the U.S. Embassy, Corvinus University of Budapest, CEU Business School and the HVCA, this time at the lecture hall of Corvinus University. The event attracted nearly 300 attendees and was also streamed online and followed by the students of Simonyi Business and Economic Development Center, University of Pécs.

2014 HIGHLIGHTS

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The goal of the full-day event was to present aspiring Hungarian entrepreneurs with positive case studies and best practices on how to start their own businesses and grow them into successful, international companies. Several domestic and foreign entrepreneurs, experts and investors discussed the questions of responsible entrepreneurship, including U.S. keynote speaker Robert Mitchell (Partner of Crowdfund Capital Advisors), Péter Balogh (Founder and CEO of NNG), Ákos Tallós (CEO of MediMass Kft.) and Kevin J. Aspegren (President of the American University in Bulgaria). Participants of the first panel roundtable discussed current trends in entrepreneurship in Hungary and around the globe; the second panel examined the issues of how to emerge from academia to entrepreneurship; the last panel presented and analyzed the different career paths to entrepreneurship. See the full conference program including the panel discussions online: www.ustream.tv/amcham



Péter Balogh
Founder and CEO of NNG

Rob Mitchell
Partner of Crowdfund
Capital Advisors



Kevin Aspegren
President of the American
University in Bulgaria

Előd Solti

leader of the 'Start
your business!' program
and **Dániel Rátai**, founder of
Leonar3Do Inc.



Ákos Tallós

CEO of MediMass Kft.



PROGRAM HIGHLIGHTS 1

‘VÁLLALKOZNI JÓ!’ – POSITIVITY AND INSPIRATION IN AMCHAM’S INTERVIEW COLLECTION WITH SUCCESSFUL ENTREPRENEURS

This September, AmCham published a collection of interviews with 14 legendary Hungarian entrepreneurs. The publication, titled ‘Vállalkozni jó!’, presents the kind of positive thinking that helped turn these small start-ups into successful companies. The ultimate goal of the publication is to stimulate the spirit of entrepreneurship in Hungary by presenting positive case studies: Informal and personal interviews are published with the founders of ComGenex, Evopro, EPAM Systems (Fathom Technology), Fornetti, GRAPHISOFT, IndexTools, Masterplast, NNG, Prezi, ProfiPower, StockFresh, Ustream, Wizz Air and Ziegler.

The book was initiated by AmCham’s Governance and Transparency Committee, and the interviews also reflect and include corporate best practices and ethics. The publication is freely downloadable and recommended to be used as teaching

“

You will also see why teamwork and cooperation is essential to success and why it is usually more beneficial to draw in capital quickly for rapid growth than to insist on maximum control. You can learn that it’s beneficial to allow employees to develop themselves and why it’s not crazy to wish for strong competitors. It is revealed that years spent at a multi-national may yield very useful experience for your own company and that a pessimistic approach is a guarantee for failure; sometimes you just have to make a leap of faith. You might not even need money to start: all some retailers require is a good supplier contract.

But the most important message certainly is that you have to have the courage to go forward, and even make mistakes! There is always another chance and we only become wiser and more experienced through our mistakes. Those who are too afraid to make these necessary mistakes will not gain experience and therefore won’t make progress. (Excerpts from the book’s introduction)

”

2014 HIGHLIGHTS

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material. It is widely distributed electronically with the help of more than 30 publication partners, including chambers of commerce and universities.

AmCham would like to thank the Governance and Transparency Committee for its work, with special thanks to members of the editorial team: William Benkő, Laszlo Czirják, Dr. Péter Kazár, Vilmos Kozáry, Ádám Székely and Dóra Zempléni.

VÁLLALKOZNI JÓ!

Siker magyar vállalkozók történetei



PROGRAM HIGHLIGHTS

HR

The HR committee of AmCham – chaired by László Szépkúti – is the driving force behind a number of successful HR projects launched in 2014, all targeting personal development and therefore long-term competitiveness.

On May 21, 2014 a fully booked HR Dream Day was held, a second workshop on the business impact of HR, at Google Ground. Workshops like this are critical in the community to help professionals come together and, as in this case, discuss ways to develop their roles in the workplace. Keynote speaker Dr. Tomas Chamorro-Premuzic, a professor of Business Psychology at University College London talked at length about the future of talent identification using digital resources.

The keynote address was followed by presentations from Csaba Fehér (Oracle), Levente Nagy (National Instruments), Gergely Tóth (Interactive Advertising Bureau) and Zsolt Fehér (Assessment Systems). A panel discussion on the expectations



from HR of CEOs featured Aftab Ahmed (Citi), Tibor Czakó (Flextronics), Edina Heal (Google), Péter Sipos (Lufthansa) and Matthias Stickler (Otis). All seemed to agree that HR professionals need to have the strength and courage to stand up for themselves.

The committee this year also launched the 'Coach up!' program, together with the International Coaching Federation (ICF), offering a pro bono quality coaching service to AmCham members. Coaching is a popular high impact solution tool frequently used on the international and now on the national market as well, significantly contributing to

the development of organizations and greatly supporting business success in all sectors of the economy. More than 30 companies have signed up to date and 10 coaching sessions have already concluded, with very positive feedback. We would like to thank Judit Ábri, ICF PCC executive coach, IBS & CHN Leadership Academy director for driving and leading the 'Coach up!' project within the AmCham HR Committee.

COACH UP!
Coaching Excellence Program in
the service of AmCham Hungary

PROGRAM HIGHLIGHTS



TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP

The proposed Transatlantic Trade and Investment Partnership, more usually referred to as T-TIP and often described as the EU-U.S. free trade agreement, continues to be a policy goal on both sides of the Atlantic.

The recently declassified EU negotiating mandate makes it clear the aim is for an “ambitious, comprehensive, [and] balanced” agreement, the objective of which is “to increase trade and investment between the EU and the U.S. by realizing the untapped potential of a truly transatlantic market place, generating new economic opportunities for the creation of jobs and growth through increased market access and greater regulatory compatibility and setting the path for global standards.”

Negotiations continue almost continuously in the background: the seventh T-TIP negotiating round took place from September 29 to October 3 in Chevy Chase, Maryland, and focused on regulatory issues. The eighth negotiating round is expected to begin on December 4, with negotiators gathering for a four-day session in Brussels.

Since those talks involve delegations from the U.S. Government and the European Commission, chambers such as AmCham Hungary have no direct say, but that does not mean they have no voice. AmCham EU coordinates matters for the individual chambers through the AmChams in Europe (ACE) network.

And there is much going on. From the second half of October through to November alone, AmChams in Romania, Italy, Estonia, Germany, France and Lithuania were all holding T-TIP-themed events. (Upcoming T-TIP events in all EU member states are also listed on the T-TIP tab on the AmCham EU website.) AmCham EU itself will hold a Brussels Policy Briefing and Transatlantic Conference on March 19-21, 2015.

“*The objective of the Agreement is to increase trade and investment between the EU and the U.S. by realizing the untapped potential of a truly transatlantic market place, generating new economic opportunities for the creation of jobs and growth through increased market access and greater regulatory compatibility and setting the path for global standards.*
[Declassified EU negotiating mandate for T-TIP.]”

COMMUNICATIONS HIGHLIGHTS

OUR COMMUNICATIONS CHANNELS

In 2014 – much as in previous years – our communications focus with our members was mainly directed to our website and electronic newsletter, our print magazine VOICE, and our presence in social media.



The screenshot shows a webpage titled 'ADVOCACY UPDATE' with the tagline 'It's your business'. Below the title, it says 'Regulatory news'. A photo shows a group of people in a meeting. Below the photo, the text reads: 'Roundtable Discussion with Dr. Lajos Bognár, Deputy Secretary of State, Ministry of Rural Development'. At the bottom, a small text block states: 'The AmCham Agricultural Working Group hosted Deputy State Secretary Dr. Lajos Bognár and four of his colleagues from the Ministry Rural Development at an Extraordinary Meeting on February 25 in the AmCham Conference Room. The interactive discussion was moderated by Mr. Zsolt Kócza, chair of the Working Group and CEO of Cargill Hungary based on the issues and questions raised by WG members regarding the sector.'

The **AmCham** website (www.amcham.hu) was launched in December 2009 but ever since we have been working hard to make it more user friendly and functional. Members are entitled to register to the AmCham website, where in addition to the AmCham membership database other features can be reached, such as online event registration and e-invoices. We are working on enabling an **online payment** system on the site.

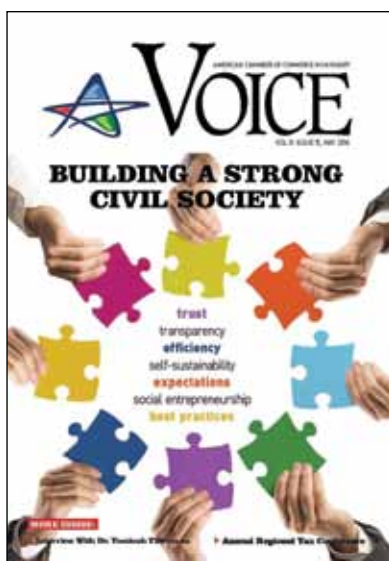
AmCham members also receive '**FRESH** – Your Weekly News and Events Update from AmCham', our **e-Newsletter** every week. This easy-to-read one pager gives a quick update on events, news, business offers, committees and more. Last year we also launched our **Quarterly Advocacy Newsletter**, a robust summary of our regulatory work and committee achievements brought to you in a streamlined form.

We are proud to publish **VOICE, the quarterly AmCham magazine**. It has a strong focus on the issues AmCham pushes, and not only provides readers with information, but puts it in context, offering a better understanding based on the multi-stakeholder view AmCham has been a platform for. The magazine is now in its fourth year, and based on your feedback readers continue to find value in the publication.

Since entering **social media** three years ago we have been communicating via **Facebook** on an almost daily basis, significantly increasing the number of followers and generating regular activity on the page. We share event photos, media clippings and invitations to our upcoming events. As we are an organization with a business focus, we also have a **LinkedIn** group and here we have doubled the number of members. We are happy to see that our members share content and comment in this group regularly. AmCham also maintains a **Twitter** page to make our reach even broader.

AMCHAM IN THE PRESS

Between November 2013 and November 2014 events, activities and statements of AmCham received regular and wide-scale coverage in the Hungarian printed and electronic media. The number of published articles totals more than 150 in connection with AmCham in this time period, while several of our events, conferences and press conferences received TV and radio coverage as well. The most outstanding press coverage was generated by the successful entrepreneurs' publication '**Vállalkozni jó!**', and the **HR Dream Day**.



2014

WITH A CONTINUOUSLY EVOLVING SELECTION OF EVENTS, AmCham Hungary aims to add value at both a personal and a professional level by providing high-level networking opportunities, inviting world-class speakers and showcasing best practices.

Between November 2013 and October of 2014, AmCham organized 57 major events with more than 3,300 participants. A complete list of past events can be found on the subsequent pages.

Events

EVENTS PROVIDING ACCESS TO DECISION MAKERS

BUSINESS FORUMS

Over the past 12 months, we have hosted a number of leaders from government and business, including (in photo order):

- Dr. György Matolcsy, Governor of the Magyar Nemzeti Bank
- Jon Fredrik Baksaas, President and CEO of Telenor Group
- Péter Krekó, Director, Political Capital Institute
- Ágoston Mráz, CEO, Nézőpont Intézet
- Mark Turrell, Young Global Leader



EDUCATIONAL SERIES

Two fully booked semesters of the **Career School** and one semester of the **Communications School** were held this year, with the purpose to

provide an opportunity for mid-level managers of AmCham member companies to learn directly from top business executives and other well-known successful professionals. For the full list of topics and speakers please turn to page 55.



Erzsébet Antal



Dr. László Szabó



Csaba Mészáros



Javier Gonzalez Pareja



Aftab Ahmed



Andrea Kővágó-Laky



Ernő Duda



Mike Michel



Judit Polgár



Róbert Alföldi



Eddy Kester and
Zoltán Simon



Zsolt Mayer and
Zsófia Lakatos



Sándor Finta and Gergely
Böszörményi Nagy



Péter Uj and Gábor
Kardos



Szabolcs Ferenc and
Bence Gáspár

SEMINAR AND MINI SEMINARS

AmCham seminars cover topics of interest to the entire AmCham membership and have the goal of educating participants by sharing views, practices and experiences. It gives companies the chance to highlight their expertise in their respective fields and interact with AmCham members in a slightly more informal environment. (For the full list of seminars please turn to page 54.)

In 2014 we covered a wide range of topics:

- Cartel Law and Leniency Policy in Hungary
- SSC sector is the prime mover of the Hungarian job market
- Taxation trends and changes in 2014
- The Foreign Corrupt Practices Act and the Sarbanes-Oxley Act
- Major Changes of the New Civil Code
- Level-up your people!
- Are you EU Customs and Trade compliant?
- Hot Hungarian Competition Law Issues in a European Context

1. **Gábor Báthory**, Associate and **Pablo Muniz**, Partner, VAN BAEL & BELLIS
2. **Dr. Zoltán Nádasdy**, Head of Office, Noerr and Partners
3. **Dr. Chrysta Bán**, Co-Managing Partner, Bán, S. Szabó & Partners
4. **Mary Mulligan** and **Kent Anker** from Friedman Kaplan Seiler & Adelman LLP
5. **Miklós Boronkay**, Attorney, Szecskay Attorneys at Law
6. **Richard Burton**, Partner, Van Bael & Bellis
7. **Dóra Magyarosi**, Senior Consultant, Assessment Systsems



2014 EVENTS

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PROFESSIONAL CONFERENCES & WORKSHOPS

With our conference and workshop topics we always try to focus on various aspects of Hungary's global competitiveness and this year's events all served this goal.

In September more than 50 people gathered to attend the **AmCham Workshop on 'Whistleblowing – How Can You Increase Corporate Compliance and Transparency?'**, an event which the Governance and Transparency Committee initiated. We were honored that State Secretary Barna Berke from the Ministry of Justice delivered the keynote speech. He applauded the role of whistleblowers as an important control system in fighting corruption. The first presenter was Tara M. Lee, Partner of DLA Piper Global Law Firm, who enlightened the audience about the nature of whistleblowing and how the U.S. Government handles such cases. She was followed by Anna Myers, Expert Coordinator of the Whistleblowing International Network, who pointed out that society is also a significant stakeholder in the issue. The event was concluded with two expert-panels focusing on international and local best practices and dimensions.

"What we are talking about is long-term impact, using academic channels to enable trainers and professors to teach the next generation,

to research. This is what AmCham is about; it isn't just about short-term fixes, but the long-term future," said László Czirják, chairman of the Governance and Transparency Committee and a former AmCham President in his opening remarks in March at the **Eighth Governance Workshop** entitled '**For a More Transparent NGO Sector**'. Organized in partnership with the U.S. Embassy and the Tom Lantos Institute, the workshop sought to apply the chamber's usual private sector focus to improving the practices of NGOs, and to analyze the problems they may face that hinder their effective operation. The NGO Working Group of AmCham's G&T Committee also presented draft NGO Position Paper recommendations to share with representatives of academia, the government and the general public.

AmCham also proudly held the fully booked **Third Entrepreneurship Summit** and **HR Dream Day** which you can read more about on pages 36 and 40.

1. **Dávid Kőhegyi**, Senior Associate, DLA Piper
2. **Judit Budai**, Partner, Szecskay Attorneys at Law
3. **Tomicah Tillemann**, Senior Advisor,
U.S. Department of State

2014 EVENTS

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OUR TRADITIONAL SOCIAL EVENTS

We regularly organize social and family events, which we believe strengthen the AmCham community. The Super Bowl Party, Independence Day, our Sports Day, and the Thanksgiving Dinner help members and staff to meet in a friendly atmosphere, while also providing a good networking opportunity. Strong and continued interest in these events proves their importance to our members.

Last year's annual **Thanksgiving Dinner** was held at the Budapest Marriott Hotel and featured authentic American cuisine, entertainment for the kids and a successful silent auction, the proceeds of which supported the annual charity drive of the AmCham Foundation.

Fall 2014 saw AmCham's **Sixth Annual Family Sports Day and Soccer Tournament** in Telki. With wonderful weather, we had more than 200 people enjoy the hospitality of the Global Football Park & Sport Hotel, where our members participated in several sport activities including: a daylong soccer tournament, table tennis, and full-court basketball tournament. Basic health check-ups were also provided.

The fully booked **Independence Day Celebration** was held at Gundel Restaurant and the Budapest Zoo in July. Close to 200 members and their families enjoyed the half-day event.



2014 EVENTS

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LIST OF EVENTS

(NOVEMBER 2013-OCTOBER 2014)

PROFESSIONAL EVENTS

These bring together middle to senior level executives from the Hungarian business community, delivering exclusive insight and perspectives on a variety of topics from top-level speakers from Hungary and abroad.

BUSINESS FORUMS

Dr. György Matolcsy, Governor of the Magyar Nemzeti Bank – January 2014

The Next Four Years: What to Expect After April's Election. A Business Forum with Political Analysts – March 2014

How to Get Big Results from Small Smart Moves by Mark Turrell, Young Global Leader – April 2014

Global Leaders on the AmCham Podium: Jon Fredrik Baksaas, President and CEO of Telenor Group – September 2014

SEMINARS

Cartel Law and Leniency Policy in Hungary – November 2013
SSC Sector is the Prime Mover of the Hungarian job Market – but who will Stay on a Long Run? – November 2013

Taxation Trends and Changes in 2014 – December 2013

The Foreign Corrupt Practices Act and the Sarbanes-Oxley Act or Why is the U.S. Department of Justice and the SEC Interested in Your Business? A Practical Guide for Companies – February 2014

Major Changes of the New Civil Code – February 2014

Level-up Your People! – March 2014

Are you EU Customs and Trade compliant? – April 2014

Hot Hungarian Competition Law Issues in a European Context – June 2014

CONFERENCES & WORKSHOPS

For a More Transparent NGO Sector – 8th Workshop on Governance – March 2014

9th Regional Tax Conference in Warsaw: Ten years in the European Union: Impact on Taxation in Central and Eastern Europe – April 2014

HR Dream Day: Second Workshop on the Business Impact of HR – May 2014

The Third Entrepreneurship Summit: What is Success? – Discover Your Own Way! – September 2014

How Can You Increase Corporate Compliance and Transparency? – AmCham Workshop on Whistleblowing – September 2014

VISIONARY SERIES

Dawn of the Second Machine Age: Technological Revolution and its Effects on Human Capital – Part I – June 2014

Are We Prepared to Live Forever?
Healthcare, Medical Innovation
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Lost and Found: Interconnectivity
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Part III – October 2014

START YOUR BUSINESS PROGRAM

‘Getting Started’ at Eszterházy
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‘Getting Started’ at University of
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University, Gödöllő – May 2014

‘Getting Started’ at University of
Debrecen – May 2014

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Mike Michel, Chief Marketing
Officer, Telenor Magyarország Zrt.
– October 2014

Judit Polgár, Chess World
Champion, Best Woman Chess
Player of the 20th Century –
October 2014

*AmCham would like to thank
Andrea Juhas, AmCham Board
Member, for her continuous
support in moderating the series,
and board member Bob Mansfield,
for moderating the discussion
with Mike Michel.*

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*AmCham would like to
thank András R. Nagy,
Managing partner of
Próbakő Communications
for his continuous support in
moderating the series.*

SME SERIES: PRACTICAL ADVICE FOR SMALL- AND MEDIUM-SIZED ENTERPRISES

ERP - céges hálózatok – „Homo
networkiensis” – May, 2014

EXTRAORDINARY COMMITTEE MEETINGS

Roundtable discussion with
Sándor Czomba, Minister of State
for Employment Policy, Ministry
for National Economy – January
2014

Open Agriculture Working Group
meeting with Dr. Lajos Bognár,
Deputy State Secretary, Ministry
of Rural Development – February
2014

Open IT committee meeting with
Professor Ákos Péter Bod, former
President of the Central Bank of
Hungary – April 2014

Open HR committee meeting
with Professor David Clutterbuck,

Sheffield Hallam and Oxford
Brookes Universities – May 2014

Open IT committee meeting
with Christopher Mattheisen,
President and CEO of Magyar
Telekom – May 2014

PATRON DINNERS

Tomicah Tillemann, Senior
Advisor to Secretary of State John
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Tamás Szűcs, Head of the European
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Dr. László Szabó, Deputy Minister
of Foreign Affairs and Trade,
Ministry of Foreign Affairs and
Trade – September 2014

INSIGHT – AMCHAM'S DEBRIEFING DINNER FOR TOP EXECUTIVES

March 2014

SOCIAL EVENTS

AmCham Hungary's social events
provide AmCham members
with a range of friendly and
enjoyable events, giving them the
opportunity to meet new people
and share common interests.

THANKSGIVING DINNER

November 2013

AMCHAM SUPER BOWL PARTY XLVIII PARTY

February 2014

AMCHAM MORNING ADVENTURES: TOURING THE INTERNATIONAL LAW ENFORCEMENT ACADEMY

May 2014

INDEPENDENCE DAY FAMILY CELEBRATION

July 2014

SIXTH AMCHAM SPORTS DAY

September 2014

AMCHAM FOUNDATION ACTIVITIES

Presentation Ceremony of
Donations and Visit to Korda
Filmstudio in Etyek
November 2013

A Day to Make it Happen
with AmCham Foundation in
Dunabogdány
April 2013

Children's Day in Millenáris Park
October 2014

Professional partners:

CEU Business School • Corvinus University of Budapest • HVCA • Sopreso • Ustream • U.S.
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Sporthotel • Gundel Restaurant • Juhász Testvérek Pincészete

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We would also like to thank the following companies for their support:

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2014

Membership

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CORPORATE

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Budapest Stock Exchange
Central European University
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Children’s Nutrition Fund
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 Herczeg, Imre

Horváth János, Dr.
 Kard, Aladár
 Kelen, András
 Kertész, Magda
 Lenoci, James
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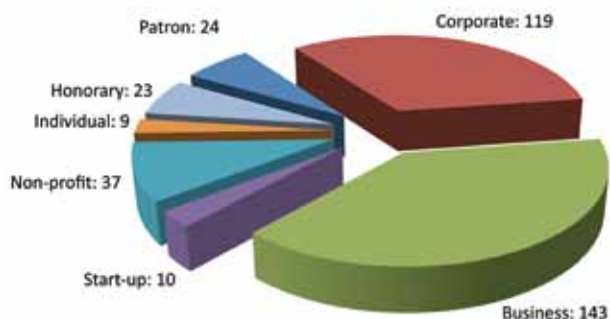
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 Boone, Theodore S.
 Brinker, Nancy G.
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 Walker, George Herbert

MEMBERSHIP REPORT

MEMBERSHIP IN NUMBERS

As of November 1, 2014 AmCham Hungary's membership consists of 365 members, from which there are 24 Patron, 119 Corporate, 143 Business, 37 Non-profit, 10 Start-up, nine Individual and 23 Honorary Members.

Membership structure as of November 1, 2014



KEY FIGURES OF THE AMCHAM MEMBERSHIP

- AmCham member companies' share of Hungary's exports: 35.3% (2012)
- 6 of the 10 largest companies in Hungary (based on net sales) are members of AmCham
- The combined total number of employees in member companies in 2013 was 158,300
- Of the 50 companies that have signed strategic agreements with the government, one third are members

There is a very wide and strong representation of different business sectors in the membership*:

- 9 out of the 10 largest banks
- 5 out of the 10 largest electronics manufacturing companies
- 9 out of the 10 largest international law firms
- 5 out of the 10 largest accounting firms
- 9 out of the 20 largest pharma companies are AmCham members.

*Sources: AmCham database, Hungarian Central Statistical Office, Figyelő TOP 200, BBJ's Book of Lists, Ministry of Justice:
<http://e-beszamolo.kim.gov.hu/>

2014

THE GOAL OF COMMITTEES IS TO PROVIDE MEMBERS with an opportunity to directly participate in discussing and resolving issues of common interest impacting their business operations and the global competitiveness of Hungary. Committees provide professional support to AmCham's endeavours such as publications, conferences and forums and, depending on the issue, are entitled to represent the chamber vis-à-vis the government, legislators and other stakeholders.

2014 COMMITTEES

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Electronic Manufacturers'

Innovation

Facilities Management

Labor and Education

Governance and Transparency

Membership

Healthcare

Regulatory

HR

SME

Information Technology

Taxation

Committees

ELECTRONIC MANUFACTURERS' COMMITTEE

Chair: László Ábrahám (NI Hungary)

Coordinator: László Metzing



MISSION

- Continue sharing best practices among members
- Continue dialogue with decision makers, with a special focus on competitiveness and education in order to represent the interests of the sector

MAIN ACTIVITIES AND ACHIEVEMENTS

Member companies of the committee continued sharing best practices, a policy started some years ago.

This year's main topic was factory experiences in high mix, low volume production. Member companies on the committee are exposed to this issue to various degrees, and those on the high mix side can help the others to prepare for a change in their operation once the ratio moves in this direction.

Committee members were actively involved in a conference



organized by the Budapest University of Technology and Economics, marking the 50th anniversary of the Department of Electronics Technology.

We continued advocating raising the awareness of decision makers regarding the role of the electronics sector in Hungarian manufacturing (it

is the second most important after the automotive sector). The Ministry for National Economy invited us to help it prepare a study analyzing the current status and potential development options. We submitted our earlier studies and proposals regarding the sector and offered more intense and direct participation in the planning process.

At the request of the Ministry for National Economy we submitted proposals regarding the curricula for vocational schools teaching electronics. Our goal is that these curricula include specific knowledge to teach future skilled workers how to use up-to-date computer aided platforms in their daily work. The aim is to produce a more competitive and effective work force with knowledge that can be used immediately once they enter the labor market, thus helping improve the competitiveness of both the company and the country.

FACILITIES MANAGEMENT

Co-Chairs: Katalin Vágó (EY, until June)
Hajnalka Nagy (Jones Lang La Salle)
Coordinator: László Metzing



MISSION

To provide a platform for regular professional input into and oversight of facilities related matters, and to encourage the exchange of opinion and experience of the member companies on facilities management.

OVERVIEW

On our first meeting in February we dealt with questions like how does outsourcing effectively help a company's core functions, how can we eliminate risks, and what new trends can be detected in outsourcing? Advantages, dangers, and risks were examined during a lively discussion on all these aspects and several pros and cons were mentioned.

The second committee session was held at Kész Kft., where we got a very interesting briefing about the Tiszalök PPP project. This institution hosts 700 inhabitants and functions as a prison, holding detainees for various



classifications of crimes; KÉSZ looks after the entire operation of the prison. The second topic was the introduction of an FM software – CAFM (computer aided FM).

In June we held an open committee meeting at the Eiffel Palace office building. There was an introduction of the building and its history by Attila Kovács, of Horizon Development. We also had a presentation on measurement of FM services based on statistical analysis by Zsolt Fischer, SLA Metrix. The next topic was on asset inventory and space management solution in support of agile working by László Patyi of Invensol. The final presentation was held by Erika

Chiuhan, property manager at BP on performance management of integrated facilities services. The event was very successful with close to 40 participants.

Our fourth committee meeting was a roundtable discussion at the CEZ office on general operation issues like taxi companies and relevant experiences of the new decree of the Budapest Municipal council on the use of taxis. We also shared our experience on mobile phones and archiving. One of the most interesting topics, sustainability and green office competition experiences, was also shared amongst the committee members.

The last committee meeting is due to be held in November at EY. The main topic will be the revision of service charges, the office lease market situation, and new trends in 2014 and 2015.

The co-chairs of the committee would like to thank members for their active contribution, with special thanks to the hosts of this year's meetings.

GOVERNANCE AND TRANSPARENCY COMMITTEE (G&T COMMITTEE)

**Chairperson: László Czirják (Partner, iEurope Group,
and former AmCham President)**
Coordinator: Judit Szilágyi



MISSION

To improve the governance, transparency and integrity of non-profit, private and public sector practices while encouraging entrepreneurship to boost competitiveness, accountability and sustainability in Hungary.

OVERVIEW

The G&T Committee champions building the awareness of the importance of employing good corporate governance in business, governmental/political and NGO circles in Hungary, as highlighted in AmCham's Position Brief No. V: Good Corporate Governance as a Pillar of Hungarian National Competitiveness. The G&T Committee's work also promotes a positive attitude and a sustainable and impactful approach for entrepreneurs, government and NGOs.

The G&T Committee has created and manages numerous projects that support its mission. Many are done in partnership

with Hungarian universities, particularly those focused on best practice governance, integrity and entrepreneurship. Engaging the private and NGO sectors in this dialogue with academia is considered critical to delivering real practical examples to the next generation of leaders in Hungary. The G&T Committee also focuses on raising awareness and impacting the public sector in the area of transparency. This government transparency effort is lead through a dedicated Transparency Subcommittee. Finally, the G&T Committee has also expanded its activities to engender the spirit of entrepreneurship, as a complement to its work in promoting best practice governance and integrity.

PROJECTS

The Third Annual Entrepreneurship Summit was organized in September 2014, attracting nearly 300 attendees (at the event and via live online streaming). The goal of the full-day event was to present aspiring

Hungarian entrepreneurs with positive case studies and best practices on how to start their own businesses and grow them into successful, international contenders. Several domestic and foreign entrepreneurs, experts and investors discussed the questions of responsible entrepreneurship, including U.S. keynote speaker Robert Mitchell (Partner of Crowdfund Capital Advisors), Péter Balogh (Founder and CEO of NNG), Ákos Tallós (CEO of MediMass Kft.) and Kevin J. Aspegren (President of the American University in Bulgaria).

The Start Your Business Series over the last year included seven sessions at many university campuses with close to 600 students. The programs are structured to inspire students through real case studies of Hungarian entrepreneurs. They also present strategic sessions where the students' first steps towards entrepreneurship can be plotted with the help of legal, financial and HR experts.



Board Simulation is a role-playing simulation case study of a fictional stock exchange-listed board meeting where six or more G&T Committee members demonstrate the business implications and challenges of corporate governance issues. Students watch a typical board meeting enacted. Sensitive issues and difficult decisions are discussed. The simulation, which was originally created three years ago as a proposed teaching tool for local universities, has already been acted out at four different universities

(Corvinus University, BME, Pecs University, and ELTE) and has reached 600 students.

The 'Jövő Vezetői' Facebook page was launched to disseminate information from the G&T Committee and to create dialogue between the present and future generations of the business community.

8th Governance Workshop: Building a Transparent Not for Profit Sector – The G&T

Committee has also created and is coordinating a separate NGO Working Group, which utilizes experienced experts' knowledge of the NGO sector to identify the most important underlying problems facing it and to prepare a position paper with specific recommendations. This paper shall aim to clarify the role of civil society organizations in Hungary and demonstrate that a well-functioning civil society should be transparent, visible, accountable, credible and trustworthy. This NGO Working Group has prepared a set of recommendations for each of the stakeholders in the foundation sector: that is, for foundations and for their management (boards); for donors; and for the government.



GOVERNANCE AND TRANSPARENCY COMMITTEE (G&T COMMITTEE)

Transparency Sub-Committee Chairperson: David Young
(Amrop Kohlmann & Young, and former First Vice President)



These recommendations were presented to AmCham members and to representatives of the Hungarian NGO sector during a Q&A session on March 14, 2014 under the 8th Governance Workshop. At this event, a keynote speech on U.S. not-for-profit organization best practices and the importance of the 'Third Pillar' was delivered by Tomicah Tillemann, Ph.D., Senior Advisor to the Secretary for Civil Society and Emerging Democracies of the U.S. Department of State. Participants of the three roundtable panels discussed NGO governance issues, donors' expectations from non-profit organizations, and social entrepreneurship and impact investing.

Anti-corruption Working Group – The G&T Committee's members have been represented in the government's regular anti-corruption working group meetings since 2012, under the Open Government Partnership organized by the Ministry of Public Administration and Justice.

Monitoring and Commenting on Legislation – The G&T Committee continuously and actively monitors and comments on new legislation, regulations and policies coming out from relevant bodies together with other AmCham committees.

Focus on the new public procurement legislation – On June 21, 2013 the Hungarian Parliament approved important changes to the Public Procurement Act. For the benefit of members, the subcommittee reviewed the new Act and has compiled a brief summary, which was made available in spring 2014.

Workshop on Whistleblowing – As a follow-up to the Transparency Subcommittee's previous work in the field of whistleblowing legislation, and on the initiation of the Transparency Subcommittee, AmCham organized a highly successful workshop for its members entitled 'How Can You Increase Corporate Compliance and Transparency?' on September 29. Keynote speeches were delivered by State Secretary Barna Berke

(Ministry of Justice), Tara M. Lee (Partner of DLA Piper Global Law Firm, *pictured opposite at far right*), and Anna Myers (Expert Coordinator of the Whistleblowing International Network, based in London, *pictured opposite, right*). Participants heard first-hand from keynotes on the international trends in whistleblowing. In the second panel, Hungarian experts discussed local dimensions and practices of whistleblowing with a focus on the corporate world.

Case Study Competition: Business Integrity –

In December 2013, CEU Business School in cooperation with AmCham launched a Case Study Competition in the field of business integrity in the CEE region. The aim of the competition was, among other things, to introduce the practical applications of integrity principles into educational resources. Based on the decision of an international jury, two case studies received awards. The competition was completed in September 2014.

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PUBLICATIONS

The G&T Committee succeeded in developing a second edition of its 'Corporate Governance and Business Integrity Glossary' in 2011, which explains and defines numerous business ethics and corporate governance terms and phrases. AmCham acted as publisher. It is a text unlike any



other in Hungary. In 2014, the G&T Committee also cooperated with CEU Business School and gave permission to use content from its 2011 Glossary for the publication by CEU Business School of an 'English-Russian Integrity Glossary', specifically targeting Russian-speaking countries.

In September 2014, AmCham published a collection of interviews with 14 legendary Hungarian entrepreneurs. The publication, entitled 'Vállalkozni jó!' ('It is Good to be an Entrepreneur'), presents the positive thinking that helped turn these small start-ups into successful companies. The publication, which was prepared by the G&T Committee, is the result of a two-year project involving nearly 50 volunteers. This publication's ultimate goal is to stimulate the spirit of entrepreneurship in Hungary using positive case studies. It also presents corporate and integrity best practices to emphasize these important aspects of positive entrepreneurship.

The freely downloadable publication (recommended to be used as teaching material) includes informal and personal interviews with the founders/co-founders of ComGenex, EPAM Systems, Evopro, Fornetti, GRAPHISOFT, IndexTools, Masterplast, NNG, Prezi, ProfiPower, StockFresh, Ustream, Wizz Air and Ziegler. The book can be downloaded free of charge from <http://goo.gl/oUYMUW>.

HEALTHCARE COMMITTEE

Co-Chairs:

Dr. Diána Stegena, (Amgen Kft.)

Dr. Csaba Szokodi (Mölnlycke Health Care Kft.)

Coordinator: Ildikó Bryják



MISSION

After years of having as our mission statement “Health is Wealth”, we now think that “Health is Growth” better represents our belief that the healthcare sector plays a critical role in relation to the competitiveness and growth of Hungary. Our goal this year remained that, in the best interests of our member companies, we manage an on-going working relationship and communication between the medical business community and the Hungarian Government/health authorities in order to identify critical issues and provide recommendations for solutions. We continuously seek to change the perception that the health industry is a purely profit driven group of companies, and should rather be perceived as knowledgeable, expert and trusted partners with which to establish a sustainable, up-to-date, and also economically efficient healthcare system.

OVERVIEW

As in previous years, the committee members agreed to invite more guest speakers to our meetings. Early this year Botond Bálint, President of the Hungarian Residents Association, was our guest speaker. Levente Szász, managing director of Laborom, also presented its healthcare related mobile application during this meeting.

The committee found great interest in inviting guest speakers representing the field of innovation. Dr. Ernő Duda (pictured on the right), President of the Hungarian Biotech Association, and Dr. Richard Schwab, medical director of KPS Diagnostics, were also our guests and spoke about their experiences and achievements regarding the R&D sector and also about challenges in the molecular diagnostics.

The second part of AmCham’s 25th anniversary Visionary Series was dedicated to

healthcare with the title “Are we prepared to live forever? – Healthcare, Medical Innovation and Ageing Populations”

Keynote speeches were held by András Falus, Ph.D., D.Sc., Professor, Department of Genetics, Cell- and Immunobiology, Semmelweis University; Member of the Hungarian Academy of Sciences and Academia Europaea, and by Bertalan Meskó, M.D., Ph.D., who graduated from the University of Debrecen Medical School and Health Science Center in 2009 with the Wesszprémy award and finished his Ph.D. training in the field of clinical genomics in 2012 with *summa cum laude*.

Speeches were followed by a panel discussion with speakers from the field of both the business and the academic sector.

The committee has contacted Dr. Gábor Zombor State Secretary for Health to assure decision makers of its support

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and to find out ways for further cooperation.

One of our main goals is to motivate more members to play an active role in the committee

looking to the future, finding new goals and choosing the best way to accomplish them. Active members are needed to strengthen advocacy, and we desire a strong foundation to

support all of our companies, which is why we will concentrate our efforts on maintaining our momentum, developing new goals and execution strategies in the future.



HR COMMITTEE

Chair: László Szépkúti (Flextronics Global Services)

Coordinator: Zsófia Juhász



VISION

The HR Committee will improve the competitiveness of Hungary and contribute to a better society by supporting members to achieve world-class levels of HR effectiveness and impact.

OVERVIEW

The HR Committee started its work in 2009. Our main goal has been to bring more attention to HR issues in member companies, to involve HR leaders and managers into AmCham's life, and to create a platform for thinking together, sharing issues and challenges and getting to solutions by learning from each-other and sharing best practices. In addition, the HR Committee was also created as a platform for corporate and non-corporate HR professionals to meet and get to know each other better.

We are proud to have launched the 'Coach up!' project together with the International Coaching

Federation this year. Thirty member companies are already in the pro bono program, working with ACC and PCC coaches.

Our committee also organized the sold out HR Dream Day in May 2014. Please read more on this event and the 'Coach up!' project on pages 40 and 50.

This year we also cooperated successfully with the AmCham's Regulatory Committee in commenting the new Labor Code.

Finally, we had seven regular meetings and also had the pleasure to host a fully booked HR Staff knowledge improvement session with guest speaker Professor David Clutterbuck (pictured on the right), visiting professor of coaching and mentoring at both Sheffield Hallam and Oxford Brookes Universities. The topic of his presentation was mentoring as an essential part of attracting, retaining and

developing talent. This special guest speaker was arranged by AmCham member company Coaching Without Borders.

Our topics and presenters in 2014 also included:

- The power of appraisals (Ferenc Venczl, DLA Piper)
- The value of HR controlling (Zoltán Bán, HAY Group)
- To be competitive on the labor market (Mónika Schreiber, Citibank)
- The well trained manager (Róbert Dobay, Menedzsmentor and Krisztina Kovács, HP)
- The real partner (László Szépkúti, Flextronics, and László Kiss, member of the Board, Hungarian Vasas Trade Union)
- The ROI in case of HR activities (Zsolt Fehér, Assessment Systems)
- The miraculous HRIS (Melinda Antal, Human Excellence)

Next year we intend to continue the momentum we developed this year and also launch new programs and projects. It is

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our continued goal to extend our reach and engage new members to join. Hereby we

encourage all HR leaders of member companies to join our growing network, as together

we can contribute to each others' daily success and to the competitiveness of Hungary.



IT COMMITTEE

Chairperson: Gábor Takács (Cisco International)
Coordinator: Ildikó Bryják



MISSION

During 2014, Gábor Takács continued to steer the activities of the IT Committee, which worked in line with AmCham's mission to retain and expand its core membership of active members, continuously identifying focus areas of interest that fit the chamber's overall lobbying efforts, representing and articulating the interests of members in the ICT field, and contributing to the activity of other AmCham initiatives where necessary.

OVERVIEW

Having held several meetings since the last annual general assembly, the committee aimed to continue its dialogue and cooperation with the government.

During the spring season, committee representatives met former State Secretary Vilmos Vályi-Nagy (pictured above) in order to deliver our



members' recommendations and ask for possible cooperation possibilities. Committee members agreed to invite more guest speakers to meetings. In April, Professor Ákos Péter Bod, former President of the Hungarian National Bank was our keynote speaker, giving us an overview about the current economic situation.

Christopher Mattheisen, President and CEO of Magyar Telekom (pictured right),

was also among our special guests, highlighting the current achievements and challenges of the ICT sector.

AmCham's IT Committee is committed to continue this work in order to develop the information society and create wider access to the benefits of information circulation. Our committee continues to be ready to support new government initiatives and to represent the interests of the members of the chamber.

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INNOVATION COMMITTEE

**Co-chairs: Dr. Lajos Reich (Chief Technology Officer, GE Healthcare Hungary),
Csaba Márkus (Director, R&D and Government Grant Incentives)
Coordinator: Anita Árvai**



MISSION

The goal of the committee is to highlight the importance of research and development (R&D), represent the interests of AmCham members affected by R&D, and summarize the committees' recommendations for the government in order to improve the competitiveness of the country.

MAIN OBJECTIVES IN 2014

- Strengthen AmCham's pre-eminent role in shaping RDI policy making in Hungary.
- Grasp growing momentum so that 2014 will define key drivers of RDI policy and funding for years to come.
- Continue to ensure the voice of AmCham is heard in RDI matters following a holistic approach.
- Update the Position Brief on Innovation and R&D published in 2012.

OUR FOCUS IN 2014

In the beginning of 2014, AmCham's Board defined educate.innovate as the leading theme of the year.

To serve this goal, the chamber launched its Visionary Series as part of its 25th anniversary year. The idea behind the series was to arrange roundtable discussions focusing on topics – such as technological revolution, healthcare, human capital, resource management and communications – that in our opinion will shape our next 25 years. We supported the following events:

- Dawn of the Second Machine Age: Technological Revolution and its Effects on Human Capital (June)
- Are We Prepared To Live Forever? Healthcare, Medical innovation and Ageing Population (September)
- Lost and found: Interconnectivity and Networks in the Digital Era (October)

- Towards a Smarter Planet: Resource Management, Energy and the Environment (postponed to 2015)

Distinguished keynote speakers were:

- Riel Miller, Futurist
- András Falus, Immunologist
- Bertalan Meskó, Medical Futurist
- Albert-László Barabási, Complex Network Scientist

The committee believes that Open Laboratories are of great importance to foster the innovation climate for startups and students, therefore committee members visited a pioneer, IBM's Innovation Center, which was established ten years ago.

AmCham members are represented by Lajos Reich in the Innovation Working Group of the Investors' Council, and in the Innovation Advisory Board established by the Ministry for National Economy.

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Bertalan Meskó Ph.D.,
medical futurist



Riel Miller, chief futurist,
UNESCO



Andrés Falus, Ph.D.,
Professor of Genetics, Semmelweis University



Albert-László Barabási,
Complex Network Scientist, Northeastern University

LABOR AND EDUCATION COMMITTEE

Chair: Andrea Juhos (Lee Hecht Harrison Hungary)
Coordinator: László Metzing



MISSION

- Continue the 'Foreign Language Ambassadors' program
- On the request of participating schools, extend the program to include company visits
- Continue to attract new participants to the 'Career School' and 'Communications School'
- Draw media coverage for our projects

OVERVIEW

The committee had an active year with the set goals and priorities in focus.

We have continued the award-winning 'Foreign Language Ambassadors' Program. The Language Ambassador Summit event held in the Parliament in October 2013 helped extend the program and attract additional schools to join. Since its launch in 2011, we have reached 82 high schools

from 25 cities and involved 149 Language Ambassadors from 53 different companies, who gave a combined 308 lectures. We have also decided to extend the program, giving students the option of visiting our member companies so that they have a better understanding of the operations and types of jobs they offer to graduates. We are very proud to report that the pilot event was launched at the facilities of HP. It put together a very comprehensive program for students, which included optional interviews, conference calls and career advice for more than 30 students. The committee plans to put together a template for members and schools to assist in planning and organizing similar company visits.

At the moment we are in the process of recruiting companies that are willing to host the school groups. Member companies are welcome to join this extended version of the Language Ambassador Program.

In order to help foreign language learning on a daily level, the committee is planning to formally advocate promoting non-dubbed films on national TV channels. International experience shows that in countries where films are mostly subtitled (Sweden being a prime example), foreign languages are spoken much better.

We continued our Career School and Communications School series, with 14 events altogether attracting full houses. For the full list of speakers please turn to page 47.



MEMBERSHIP COMMITTEE

Chair: William Benko
(Rózsakert Medical Center,
and AmCham President)
Co-Chairs: Krisztina Varga
(Hewlett-Packard)
Dr. Andrea Jádi Németh
(bpv Jádi Németh Ügyvédi Iroda)
Coordinator: Ildikó Takács-Berka



MISSION

“To enhance the attractiveness of AmCham membership by effectively communicating and representing its significance in the Hungarian business community, to showcase the importance of the AmCham network. To enrich the valuable AmCham membership portfolio by strengthening its presence and driving power concerning foreign direct investments and innovation. To assist the Board and AmCham committees in all areas related to membership with a view to extending the scope of our high quality and innovative services and providing value for an increasing range of businesses.”

SUMMARY – STRATEGY PLANNING

Under the leadership of its newly elected chairpersons, the committee started its activity in March 2014 by reviewing the existing membership and activity portfolio of the chamber. Upon



appointment of the new CEO of AmCham, the committee also started to develop specific schemes for effective membership care and to support members in exploring and enjoying the full benefits of the chamber. These are aimed to provide easy access to programs and enable wider connectivity within and across member companies. A further focus will cover the provision of a personalized aftercare service for new entrants.

MEMBERSHIP CARE – ROUNDTABLE DISCUSSIONS

On March 24 AmCham held its ‘INSIGHT-AmCham Debriefing

Dinner for Top Executives’ event where AmCham members and interested newcomers were invited. The aim is to share some of our success stories and the progress we are currently making, especially in our advocacy efforts with the government. The AmCham Board and Committee Chair provided an insight into AmCham’s activities and strategic focus areas during an informal dinner. This year the committee launched a series of roundtable discussions in order to introduce an organized platform to understand the drivers of membership satisfaction, and to receive open feedback about the chamber’s activities. During these sessions, invited company representatives have the opportunity – and are asked – to share their ideas and initiatives for further collaboration and interest representation.

REGULATORY COMMITTEE

Chairperson: Dr. Gábor Orosz (National Instruments)

Coordinator: Írisz Lippai-Nagy



MISSION

The Regulatory Committee has continued to fulfill its legal supporting function, assisting fellow committees and the AmCham Board, and operating as a workshop for many of the most highly skilled practicing attorneys in Hungary and the representatives of AmCham member companies.

The committee continues to consist of various working groups corresponding to the relevant fields of law, each led by a highly reputed expert:

- Constitutional, Administrative & Tax Law – Dr. Péter Nagy
- IP, IT, Telecom, Data Protection – Dr. István Réczicza
- Civil, Commercial Law – Dr. János Tóth
- Customs, Trade Compliance – Dr. Tamás Lőcsei
- Corporate Law – Dr. Zoltán Csehi
- Public Procurement Regulation – Dr. Balázs Fazekas
- Labor Law – Dr. András László
- Energy – Dr. Zoltán Faludi
- Banking and Financial Markets – Dr. Erika Papp

- Competition/Unfair Trade Practices/Consumer Protection – Dr. Tihamér Tóth
- Anti-Illicit Trade – Dr. Gusztáv Bacher
- Property Law, Environmental Regulations – Dr. Györgyi Viszmeg

MINISTRY OF JUSTICE: COOPERATION REAFFIRMED

AmCham was the first organization in the country to enter into a Strategic Partnership Agreement with the Ministry of Public Administration and Justice on 24 February 2011, with the aim of formalizing cooperation and direct consultation with the government on legislative proposals. As a result of this agreement, AmCham had a solid base to contribute and make an impact on national legislation. The outgoing Ministry of Public Administration and Justice published its report on the role and results of public consultation in legislation, and singled out the successful cooperation with AmCham and the results of regular consultation in the framework of the Strategic Partnership Agreement.

Right after Minister of Justice László Trócsányi and his cabinet was appointed, cooperation and regular consultation between the Ministry of Justice and AmCham were immediately reaffirmed by both sides. In early October, AmCham, represented by its CEO Írisz Lippai-Nagy, Regulatory Committee Chairman Gábor Orosz, and several committee Working Group Leads, was invited to the ministry for a high-level discussion with Minister Trócsányi and State Secretary Barna Berke, where mutual trust and the foundations of a continued working relationship were established and discussed in details. Several legislative areas were defined at the meeting, where reforms and modifications are envisaged in the long-term and AmCham's input is welcome. To specify the very first issue of joint efforts: the ministry is preparing for reforms in the area of European patent with unitary effect, and thus asked for the feedback of AmCham members regarding the impact assessment of Hungary's accession to the new European patent regime. At this meeting, the minister confirmed that the ministry

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views AmCham as a strategic ally in articulating the standpoint of businesses in Hungary.

MOST REMARKABLE PROJECTS AND ACHIEVEMENTS IN 2014

A new Competition Act came into force in June 2014. Based on the very high-level work of the Competition Working Group, AmCham submitted its comments on the modification to the act at the end of 2013. The committee produced a seven-page document listing 13 proposals, and although these proposals were not adopted by the legislators, the committee will closely follow and monitor the first experiences with the modified legislation and will continue its work to give feedback on issues important for members to the authorities.

During the year there were opportunities where committee experts were able to engage in discussions with their counterparts in various ministries, a consultation method we would like to further expand. The highlight of such face-to-face discussions was the

Extraordinary Meeting organized this January, where representatives of member companies – employing more than 70,000 employees – met and gave direct feedback on the most important labor market issues to Dr. Sándor Czomba, Minister of



State for Employment Policy and three of his colleagues from the Ministry for National Economy. Participants were engaged in a constructive and friendly dialogue covering a wide range of issues important to AmCham members and their relevant impact on business entities in Hungary.

CONTINUED ENGAGEMENT OF THE COMMITTEE MEMBERS

We experienced remarkable participation levels from our committee members in the course of 2014. These members dedicate their time and resources to a number of projects during the year and contribute to exceptionally high quality internal legal discussions over different proposals, all while duly representing AmCham in the ministry consultations listed above.

FUTURE GOALS

The Regulatory Committee provides legal professionals with a critical opportunity to discuss and advance common policy issues while exhibiting a strong track record in terms of quality and productivity. As such, our main goal remains to provide well researched and theoretically grounded, practical materials to reflect the members' interests appropriately. The committee also plays an important role by providing support to fellow committees in legislative related issues, at their request.

SME COMMITTEE

Committee Chair: Dr. Sándor Erdei (DBH Investment)
Coordinator: Ildikó Bryják



MISSION

In accordance with its action plan, the committee tried to focus on improving the knowledge of small- and medium-sized companies, and therefore continued organizing its own seminar series. The members of the committee agreed that the series provides an excellent platform, allowing smaller companies to express their needs, problems and possible solutions for improvement.

OVERVIEW

During the spring the committee dedicated a morning session to introduce the most modern info communications solutions that can help business decisions during the whole process of planning, analysis, execution and evaluation. Speakers from Opten and DBH IT Services introduced advantages of implementing ERP systems and also how it could affect the overall efficiency and competitiveness of an SME. The



event was followed by a 'coffee and croissant' reception, which also gave an excellent platform for networking. Committee members are already working on new ideas and topics to help SMEs achieve their goals.

The SME Committee hopes that, through these seminars,

it will successfully give recommendations and suggestions to small companies on how to stay competitive, find cost-effective business solutions, and continue to play an important role in this continuously changing business environment.

TAX COMMITTEE

Committee Chair: Botond Rencz (EY Hungary)

Coordinator: László Metzing



MISSION

- Identify and implement changes needed in Hungarian tax legislation with the aim to make it more competitive
- Assist members in their advocacy efforts
- Respond to members' common upcoming requests
- Dialogue with decision makers
- Provide members with the opportunity to keep up-to-date with tax changes and key developments
- Continuously update the AmCham Board about developments in tax law and discuss with the board how best to comment on these changes.

OVERVIEW

We held our usual annual seminar in December 2013 with the title 'Taxation Trends and Changes in 2014'. The professional content this time was provided by PwC and presenters covered the following topics: Mainstream

and Sector Taxes; Transfer Pricing and Tax Dispute; 2014 Tax Law Changes in Light of the Trends.

We helped organize the ninth Regional Tax Conference in Warsaw: 'Ten years in the European Union: Impact on Taxation in Central and Eastern Europe'. This is a traditional event of the four AmChams of the Visegrád countries; AmCham Hungary has always been an active contributor to the discussions, and not only in those years when we organize the conference. This year Hungary was represented by Zoltán Pankucsi, Deputy Secretary of State for Taxation, Ministry for National Economy, and Botond Rencz, Partner, Head of Tax, EY, and Taxation Committee Chair, AmCham Hungary. Their panel addressed the issue of 'More Harmonization or Less?' Other participants of their panel were high-level government officials, Janusz Cichoń, Undersecretary of State, Ministry of Finance,

Poland, and Stanislav Kouba, Head of Income Taxes and Public Insurance Unit, Czech Republic. Additional topics of the conference were 'The Impact of the ECJ Jurisprudence on CEE Tax Systems'; 'Attractiveness of Tax Environments in the CEE' and 'Tightening Tax Rules'.

During the year we responded to questions our members raised and we contributed to a study by AmCham Moldova on the VAT reverse charge mechanism related to the sale of collateral.

We are in a dialogue with AmCham EU on its initiative dealing with the financial transaction tax (FTT), which is on the agenda of the EU.

The committee is now scheduling the annual tax seminar, and this year EY will be our professional partner. The seminar is scheduled to be held a few days after the annual general assembly.

Working Groups

Any AmCham member in good standing (i.e. membership dues paid in full) can request that the board create an ad hoc working group to address issues common to several AmCham members. The board will review these initiatives and will determine the need for the proposed working group on the basis of member interest and alignment with the strategic goals and the chamber's mission statement.



AGRICULTURE WORKING GROUP

Chair: Zsolt Kócza (Cargill Magyarország Zrt.)

Coordinator: Zsófia Juhász

MISSION

- Improve involvement of all stakeholders in the agriculture supply chain in decision-making processes about Hungarian agriculture
- Establish structure and process around the newly founded working group, establish relationship and find cooperation opportunities with existing AmCham committees
- Start and continue sharing best practices among members

OVERVIEW

The working group hosted Deputy State Secretary Dr. Lajos Bognár and four of his colleagues from the Ministry of Rural Development at an Extraordinary Meeting on February 25 in the AmCham Conference Room.

The interactive discussion was moderated by Zsolt Kócza, based on the issues and questions compiled by working group members regarding the sector



during two previous meetings.

The high-level ministry delegation was open to the discussion; two department heads and two experts accompanied the state secretary to the meeting, and were prepared to answer all the questions raised before and at the meeting. Issues discussed covered

a wide range, including taxation, insurance, involvement of the state, GMOs and the operation of local land committees, just to name a few.

The ministry is open to continue the dialogue with the AmCham Agricultural Working Group on topical issues in the future.

AMCHAM FOUNDATION (ACF)

Members of the Board of Trustees:

Dr. Péter Komáromi, chairman

Zsuzsa Rajki and Mária Gordon, members

Secretary: Erika Bosnyák

Founder: Ádám Terták

Representative of the Supervisory Board: László Hajdú



MISSION

- To help children in need of social, mental or physical support
- To provide transparent and ethical charity services to donor corporations
- To promote corporate social responsibility and the ethos of volunteerism in the Hungarian business culture

Activity Report of 2013-2014

The objective of the AmCham Foundation has been to support underprivileged children all over the country since its foundation in 1991. Building on the generosity and social awareness of the chamber's member companies, the foundation has raised close to HUF 350 million for more than 85 childcare educational institutions, and supported more than 10,000 children.



HIGHLIGHTS OF 2013

No Hollywood tricks here – HUF 4 million worth of donations

The AmCham Foundation launched two fundraising campaigns in 2013. The foundation organized its traditional fundraising. We focus on helping underprivileged children; therefore it is a key priority to organize our donation ceremony in a venue that offers a once-in-a-lifetime experience to

the supported children. On November 24, 250 guests attended a visit to the **Korda Filmpark** in Etyek, among them many children from Kerepes Primary School, the Borostyánvilág Foundation from Kaposvár and the Child and Youth Foundation of Pest County.

Seeing the devastating effects of the Danube flooding in June 2013, the foundation launched an **extraordinary campaign** to help affected children. Dunabogdány, Tahitótfalu, and Szigetmonostor, settlements heavily damaged by floods, won the AmCham Foundation 2013 tender.

Traditionally the foundation selects a county each year in which it organizes a tender for the donations collected through its Thanksgiving Charity Drive. The charity drive offers an opportunity for AmCham member companies and individuals to contribute with donations.

The Generosity Prize, granted to companies that have supported the AmCham Foundation's work in a

long-term, regular and outstanding way, was this year received by Citibank and Interag Holding.

Finally, the foundation honored people who have been supporting it with voluntary work. This year's 'Volunteer of the Year' title went to Edit Bencsik (Tata Consultancy), Andrea Nagy and Anikó Kraft (AmCham volunteers).

HIGHLIGHTS OF 2014

'A Day to Make it Happen' – April 12, 2014

Employees of AmCham Hungary's member companies provided support worth HUF 1.15 million and voluntary work to help rebuild a playground and school building in Dunabogdány, damaged by huge floods.

The foundation organized its volunteer day for the tenth time this year. It's not unusual for whole families to come. The most active volunteers are the employees of American and international companies. The



Tata Consultancy team was first to join the initiative this year, and have been participating for several years with cheerfulness and resolve. Lexmark has been generous too, with 20 volunteers and also providing paint required for the reconstruction. Thank goes to Citibank, GE, SynergoCom and also to AmCham staff, who helped with two hands and unrelenting exaltation. Nearly 70 dedicated and zealous

volunteers registered from AmCham member companies. Local people also joined the project, so more than 100 volunteers assisted the recovery efforts around the school building.

Programs were provided for children: they could play in an Easter handicrafts playhouse and spend their free time pursuing sporting activities while they

were waiting for their renewed playground. After a great lunch, the work kept going, with painting and restoration of older equipment part of the targeted activity.

THANKSGIVING CHARITY DRIVE 2014 - AN EQUAL CHANCE FROM THE START!

The AmCham Foundation is supporting equal opportunity programs for physically and

mentally challenged children with its 2014 Jubilee Charity Drive.

In June of this year the foundation announced its nation-wide 'MI LESZEK, HA 25 LESZEK – Equal Chance From the Start!' tender and invited applications from organizations that support disadvantaged children in Hungary, with programs aiming to provide equal opportunities to them. Entries were evaluated

and ranked by a jury of teachers, sociologists and foundation volunteers. Based on the jury's ranking, the five winning organizations for the total amount of HUF 8 million were chosen by the foundation's advisory board. All the selected organizations, listed below, do exceptional work, have a proven track record, and submitted top quality tender applications, which demonstrate long-term thinking and strategic planning by their management. All the beneficiary organizations work with limited financial resources.

- DOWN Association – Nyíregyháza: House of senses - Where dreams come true!
- Köz-pont Ifjúsági Egyesület – Debrecen: 'You hold the key to your future'
- Bókay Children's Hospital Foundation – Budapest: Raising Health Consciousness in Parents
- Foundation for Autistic Children – Nagykanizsa: LEGO Therapy for Future Engineers
- Tangible Foundation – Budapest : Tangible Exhibitions



– Social Integration With Art Therapy

For a detailed description on the organizations' activities, visit the AmCham webpage or call the foundation direct on 1-428-2088.

The AmCham Foundation kindly invites AmCham members to join our Jubilee Charity Drive and support these extraordinary programs providing equal opportunity for physically or mentally handicapped children – and you can do so until December 31!

EXTRAORDINARY 'CHILDREN'S DAY' AT MILLIPOP MOSOLYGYÁR (OCTOBER 10, 2014)

AmCham Foundation hosted more than 160 socially disadvantaged, blind or mentally challenged children on October 10, 2014 at an extraordinary 'Children's Day' in Millenáris Park. Besides animated programs for the children, the foundation ceremoniously signed



donation contracts with the five selected charity organizations.

In her speech at the prize giving ceremony, Zsuzsa Rajki, representative of the AmCham Foundation told the audience that: "We have been working for 25 years to help disadvantaged children and the organizations that support them. I am very happy to announce that this year we have the opportunity to help not one, but five such organizations." We would like

to give thanks to our members whose contribution was invaluable for the organization of the event: **Budapest Marriott Hotel, Carlson Wagonlit Travel, Dow Hungary, Interag Holding, NI Hungary, and Tata Consultancy.** The AmCham Foundation's Board of Trustees accepted the foundation's 2013 public benefit activities report in at its meeting on May 12, 2014 and published it on www.amchamfoundation.hu.

APPENDIX TO THE SECRETARY TREASURER'S REPORT

American Chamber of Commerce in Hungary Simplified Balance Sheet December 31, 2013

Thousand HUF

ASSETS		2012. december 31.	2013. december 31.
A.	Fixed assets	83 227	94 031
I	Intangible Assets	3 548	2 746
II	Tangible Assets	3 967	2 810
III	Financial investments	75 712	88 475
B.	Current Assets	44 646	24 243
I	Inventory	0	0
II	Receivables	14 904	5 760
III	Securities	19 175	4 265
IV	Cash and bank deposits	10 567	14 218
C.	Prepayments	7 551	8 087
Total Assets		135 424	126 361
EQUITY AND LIABILITIES		2012. december 31.	2013. december 31.
D.	Equity	75 246	69 974
I	Subscribed capital	2 426	2 426
II	Capital change	71 136	72 818
III	Tied up reserve	0	0
IV	Valuation reserve	0	0
V	Profit for the year from basic activity	2 353	-4 395
VI	Profit/(loss) for the year from Entrepreneurial Activity	-669	-875
E.	Provision	0	0
F.	Liabilities	13 825	8 669
II	Long-term liabilities	0	0
III	Short-term liabilities	13 825	8 669
G	Accruals	46 353	47 718
Total Liabilities & Equity		135 424	126 361

American Chamber of Commerce in Hungary

Simplified Profit and Loss Account

December 31, 2013

THUF

		2012			2013		
		Basic activity	Entrepreneurial activity	Total	Basic activity	Entrepreneurial activity	Total
1	Net sales	40 292	4 256	44 548	31 309	3 801	35 110
2	Capitalized value of own performance	0	0	0	0	0	0
3	Other income	135 994	0	135 994	130 071	42	130 113
	thereof:			0			0
	- Membership fees, payments from Founders	131 367	0	131 367	128 379	0	128 379
	- Subsidies	4 454	0	4 454	1 533	0	1 533
	- Other	173	0	173	159	42	201
4	Income from financial activities	7 152	210	7 362	7 779	185	7 964
5	Extraordinary income	0	0	0	0	0	0
	thereof:			0			0
	- Payments from Founders			0			0
	- Subsidies			0			0
A	Total income [1+2+3+4+5]	183 438	4 466	187 904	169 159	4 028	173 187
6	Material expenditures	66 284	2 478	68 762	59 947	2 213	62 160
7	Personal expenditures	101 021	2 339	103 360	101 384	2 313	103 697
	thereof: Benefits granted to executive staff	26 279	639	26 918	28 863	687	29 550
8	Depreciation	5 300	129	5 429	2 875	68	2 943
9	Other expenditures	7 983	177	8 160	8 108	279	8 387
10	Expenditures of financial activities	497	12	509	1 240	30	1 270
11	Extraordinary expenditures	0	0	0	0	0	0
B	Total expenditure [6+7+8+9+10+11]	181 085	5 135	186 220	173 554	4 903	178 457
	thereof: expenditure of non-profit activities	0	0	0	0	0	0
C	Pre-tax result [A-B]	2 353	-669	1 684	-4 395	-875	-5 270
12	Tax payable	0	0	0			0
D	After-tax result [C-12]	2 353	-669	1 684	-4 395	-875	-5 270
13	Approved dividends	0	0	0			0
E	Profit/loss of the year [D-13]	2 353	-669	1 684	-4 395	-875	-5 270



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