



# Business Council for Sustainable Development in Hungary (BCSDH) Code of Ethics

**APPROVED BY:** EXECUTIVE BOARD OF BCSDH (18 SEPTEMBER 2024)



**bcsdh**

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Business Council for Sustainable Development in Hungary

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## I. Objective

The purpose of this Code of Ethics (hereinafter referred to as 'Code of Ethics') is to set out the main criteria and requirements for the ethical and compliant operation of the Business Council for Sustainable Development in Hungary (hereinafter referred to as 'BCSDH') following good practices.

## II. Scope

1. The Code of Ethics applies to the managing director(s) and employees of BCSDH (hereinafter collectively referred to as 'BCSDH Employees').
2. The Code of Ethics shall apply to the operation of BCSDH and during decision-making from the date of its adoption.
3. When entering into contracts, BCSDH requires third parties contracting with it to accept the provisions of the Code of Ethics as binding on them. BCSDH may set the condition to apply the Code of Ethics in contracting, provided it is not thereby in violation of a regulation.
4. All natural persons and entities subject to the Code of Ethics are obliged to familiarise themselves with the Code of Ethics, and to apply and comply with the Code in their activities related to BCSDH.
5. BCSDH shall ensure that all natural persons and entities subject to the Code of Ethics are made aware of the contents of the Code.
6. Where BCSDH sets the application of the Code of Ethics as a condition for the contract to be concluded with BCSDH, it shall ensure that the person or entity contracting with BCSDH is made aware of the Code of Ethics which is publicly available on the BCSDH website, prior to the conclusion of the contract.

## III. Introduction

1. The Code of Ethics does not provide rules on how to resolve all possible ethical dilemmas or on the mandatory application of such rules in the resolution of individual ethical dilemmas. The Code of Ethics sets out general rules of conduct for BCSDH and for other persons and organisations bound by the Code of Ethics, to avoid any typical ethical risks foreseeable in the operation of BCSDH and to manage ethical risks that do arise.
2. The Code of Ethics facilitates the effective fulfilment by all contracting parties of contracts concluded between BCSDH and third parties contracting with it (e.g. sponsors, clients, suppliers, customers, volunteers, etc.) during the operation of BCSDH, in compliance with the legal requirements and, where the contract provides for the mandatory application of the Code of Ethics, with the provisions of the Code of Ethics.
3. The Code of Ethics also serves as a reference for BCSDH in its relations with third parties not entering into contractual relation with it (e.g. individuals participating in tenders invited by BCSDH, job candidates, participants in a tender procedure not leading to the conclusion of a contract, etc.) and with other external organisations (e.g. competitors, public authorities, political parties, NGOs and other civil society organisations, etc.).

## IV. Compliance with legal and other regulations

1. BCSDH shall act in accordance with the Code of Ethics and the requirements of the law, the decisions lawfully taken by BCSDH members and the lawful instructions given by the managing director of BCSDH, in order to achieve the objectives set out in the Statutes.
2. BCSDH will act fairly and impartially in its dealings with both its employees and third parties in contact with BCSDH.
3. BCSDH Employees shall comply with the legal requirements applicable to their activities and shall report any breach of the legal requirements applicable to their activities or of the provisions of the Code of Ethics in the course of BCSDH activities. Others may also report a breach of a legal regulation applicable to an activity of BCSDH during its functioning or of a provision of the Code of Ethics. The checklist in Annex C provides guidance for determining whether a specific conduct or situation gives rise to a reporting obligation.
4. Except as provided in Section IV/5, BCSDH Employees shall report to the managing director of BCSDH. In order to protect whistleblowers, BCSDH will create an electronic interface on its website to allow for anonymous whistleblowing where necessary. The managing director of BCSDH will investigate the report and take the necessary action, subsequently informing the whistleblower (provided the data inevitable to inform the whistleblower are available) and, if necessary, the members of BCSDH and the Executive Board.
5. Complaints concerning the managing director of BCSDH and the Executive Board shall be reported to the Executive Board of BCSDH and the Supervisory Board, respectively.

6. The investigation of a report concerning the possible violation of a legal regulation relating to the activities of BCSDH or of a provision of the Code of Ethics, the action taken and the information provided to the whistleblower shall be documented in a manner facilitating traceability and shall be mentioned in the annual report of BCSDH.
7. It is prohibited, in particular, to pay bribe or, except for a customary gift of small value, to give or promise to give anything of value to any person in order to obtain or retain an unfair advantage for BCSDH Employees in the course of their activities. Likewise, BCSDH Employees are prohibited to accept bribes or, except for a customary gift of small value, anything of value in connection with their activities.
8. The managing director of BCSDH may accept goods or services of a value slightly above the average, up to EUR 100. Acceptance of goods or services of a higher value requires a reasoning and a written approval by the Executive Board before the actual receipt of the goods or services or, if this is not possible, immediately after this time, but no later than three working days afterwards.

## **V. Conduct with trade partners, sponsors and other external organisations**

1. BCSDH Employees shall obey the principle of due diligence both in the contractual relations of BCSDH and in performing their duties. The principle of due diligence shall apply in the contractual relations of BCSDH if BCSDH Employees can ensure that any payment to any third party contracting with BCSDH and charged to BCSDH passes the test of rationality. A payment shall be considered rational if it is based on a real economic event and its amount is proportionate to the value of the services or goods purchased (provided).
2. In fulfilling their duties, BCSDH Employees will exercise the principle of due diligence by carrying out their activities at high professional standards, with integrity, taking into account the objectives and strategy of BCSDH, respecting the Statutes and other regulations of BCSDH and giving priority to the interests of BCSDH.
3. BCSDH Employees shall refrain from any unfair practices in BCSDH contractual relations. In addition to any conduct contrary to the law, unfair practices shall include, in particular, misleading any other person or entity, the misuse of (inside) information coming into the possession of BCSDH about any person or entity in contractual relation with BCSDH, and any form of discrimination.

## **VI. Transparency in operations and economic management, accuracy of financial statements and records, prohibition of creative accounting**

1. The business management of BCSDH is consistent, in compliance with legal requirements and professional standards.
2. BCSDH operates transparently, reports regularly on its activities and economic management and publishes its accounting report and the annexes thereto, all compliant with the legal requirements, also on its website.
3. On its website, BCSDH will provide precise information on the body or person in charge of auditing the economic management of the association and publish the findings, by that body or person, of the audit relevant to the economic management of BCSDH.
4. Payments made by BCSDH shall be documented in the books and financial records of BCSDH in real time and sufficient detail, in accordance with accounting standards.

## **VII. Rules pertaining to sponsors and donors**

1. BCSDH covers its operating costs mainly from the membership fees paid and it accepts financial support from any natural person, legal entity or unincorporated organisation (hereinafter collectively referred to as 'Donor'), whether in Hungary or abroad, except political parties.
2. BCSDH will conclude a written contract with the Donor offering a grant in excess of HUF 1,000,000, specifying the amount of the grant and the conditions of its acceptance.
3. In order to preserve the professional independence of BCSDH, the grant accepted by BCSDH from Donors shall not result in influencing, and shall not pretend to influence, BCSDH or its activities by any Donor.
4. BCSDH will stipulate in the contract with the Donor that the Donor shall not have any say in the activities of BCSDH in return for the grant.

5. BCSDH members shall determine, by written decision published on the BCSDH website, the maximum amount of grants that may be accepted by BCSDH from any single Donor in any fiscal year or in successive fiscal years, and this amount in a business year or in successive business years shall not exceed 10% of the budgeted revenue of BCSDH for that year or for the relevant successive fiscal years.
6. BCSDH members will annually review the decision on the maximum amount of grants that may be accepted by BCSDH from any single Donor within a fiscal year.

## **VIII. Relation with political parties and other politically committed organisations**

1. BCSDH operates autonomously, independent of political parties.
2. Moreover, BCSDH operates independent of political party foundations and companies owned by political parties.
3. BCSDH shall not engage in political activities, its organisation is independent of political parties and it shall not provide financial support to, or accept grants or donations from, such.
4. BCSDH shall not accept grants or donations from a foundation of any political party and from any company owned by a political party.
5. In all its activities, BCSDH shall seek to maintain a balanced and unbiased relationship with stakeholders representing different values and policy positions.

## **IX. Services provided by BCSDH**

1. BCSDH may offer and provide services and seek to attract customers for the services it provides only with fair business conduct. It shall in particular be unfair for BCSDH to discredit potential competitors, to use information about competitors that is not lawful or was otherwise obtained by unlawful means, or to misuse inside information.
2. No service may be provided in exchange for a donation. If BCSDH also provides a service to its Donor, a separate contract shall be made for the donation and the service.
3. BCSDH shall not become dependent on the recipient of the service, whether financially or otherwise. To this end, BCSDH members may, by written decision, determine the maximum value of services that BCSDH may undertake to provide to the same recipient in any single fiscal year or in successive fiscal years.
4. BCSDH members may decide in writing that BCSDH shall use the revenue it has earned from the provision of services for its operations.

## **X. Gifts and entertainment**

1. BCSDH Employees shall not give, offer, solicit and accept gifts, entertainment, invitation, hospitality or other favours (hereinafter referred to as 'Gift') in a value that may influence or appear to influence their operations or may otherwise appear to be an inducement to others.
2. BCSDH Employees are under the strictest obligation to refrain from all forms of bribery and other forms of abuse, including in particular illegal payments and other illegal consideration, and from giving or offering Gifts with the intent to influence or to commit others.
3. Accepting or giving a Gift shall be permitted, in addition to meeting the requirements set out in Sections X/1 and X/2, if the amount and nature of the Gift can be considered reasonable. Any assessment concerning the reasonableness of a Gift should be based on whether the Gift, if disclosed, would not compel BCSDH or the person concerned to give an explanation. A Gift that is excessive either in value or in frequency, or that is by its nature incompatible with the objectives and ambitions of BCSDH and with the BCSDH Statutes shall not be considered reasonable and shall therefore not be permitted.
4. Accepting a Gift in accordance with generally prevalent social customs shall not be considered a breach of Sections X/1 and X/2. In particular, it is permitted to give and accept Gifts of small value (e.g. calendar, wine, badge, pen, etc.) on some special holidays (Christmas, New Year).
5. The acceptance of a Gift as permitted under Section X/4 may similarly be considered ethical only if the Gift is given to BCSDH or in consideration of the activities in BCSDH of the person receiving the Gift and the Gift is received by BCSDH Employees in a pro rata or shared scheme.
6. Giving or receiving a personalised Gift of a specific nature and intended exclusively for a specific person in connection with a generally recognised occasion (e.g. significant promotion or appointment, retirement or termination of employment for other reasons, etc.) may be permitted if it otherwise meets the requirements set forth in Sections X/1 and X/2.

7. Gifts shall not be considered permissible, either, if they are given on a regular or unsolicited basis.
8. The rules applicable to Gifts are stricter in relation to persons working for political parties or public authorities. Giving or receiving Gifts in respect of such persons is prohibited.
9. Gifts must be entered in the register in Annex A.

## **XI. Offering donations and grants**

1. BCSDH does not offer donations to others.
2. BCSDH Employees may only make personal donations that do not give the impression of coming from BCSDH.

## **XII. Political and other social activities**

1. BCSDH respects the fundamental rights of its employees and others, including the right to privacy and to freedom of religion or political belief, and it does not interfere in any way with the exercise of, or refraining from exercising, these rights.
2. BCSDH does not seek to learn about the private life, religious and political belief of its employees and others in ways or to an extent not permitted.
3. BCSDH Employees shall be free to take on a role in any lawful social or political organisation, subject to the conflict-of-interest requirements set out in point XV, however, their activities and expressions in relation to such organisations shall not prejudice the interests of BCSDH and shall not jeopardise the reputation of the Association.
4. When a BCSDH Employee is active in or otherwise supports a social or political organisation, for example by attending an event organised by such an organisation, this employee is obliged to clearly state that he/she participates or acts as a private individual and not as an employee of BCSDH.

## **XIII. Conduct expected of BCSDH Employees**

1. BCSDH Employees shall handle and use all BCSDH property, information and knowledge with the care generally expected of them and with utmost regard for the interests of BCSDH.
2. BCSDH Employees shall not use BCSDH property, information or their own position for personal gain.

## **XIV. Protection of intellectual property and trade secret**

1. All products, research and documents produced by BCSDH are under intellectual property protection.
2. BCSDH uses the intellectual property of others only in accordance with the legal and professional standards.
3. BCSDH collects and uses data and information only in a lawful and transparent manner.
4. BCSDH shall take appropriate protective measures to facilitate the protection and confidentiality of its trade secrets and other proprietary information in its possession. The business secrets of BCSDH include, in particular, the identity of the Donors, the amount of the grant offered by them and the donation contract with the Donor.
5. BCSDH shall respect the business secrets and other proprietary data of others and shall use them only with the express and prior consent of the rightsholder, in accordance with Section XIV/3.
6. BCSDH may ask its employees to sign a confidentiality agreement.

## **XV. Conflict of interest**

1. Conflict of interest applies when a personal relationship or involvement in an external activity influences or may appear to influence the operation of BCSDH or the activities of an employee of the Association in the interests of the Association.
2. Conflicts of interest typically arise in the case of second jobs, involvement in business enterprises, business or employment relationship with close relatives, and where an individual's public or political activities are incompatible with the objectives of BCSDH.
3. BCSDH Employees are required to disclose any potential conflict of interest and inform the managing director of the Association thereabout.

4. In order to avoid conflicts of interest, BCSDH Employees must seek prior approval from the managing director of BCSDH if they
  - a. take a job in, or accept assignments from, the competitors, professional partners of BCSDH or their interests or such organisations;
  - b. perform professional activities outside BCSDH.
5. No BCSDH Employee may be a senior title-holder in a political party or party foundation.
6. A BCSDH Employee shall not conduct business, whether directly or indirectly, with a close relative on behalf of BCSDH without the prior written consent of the managing director of BCSDH.
7. BCSDH Employees may not choose their place of work as a venue for their social and public activities, nor may they use BCSDH property or other assets while performing those activities.
8. BCSDH may require its employees to make a declaration on conflict of interest as set out in Annex B (hereinafter referred to as 'Conflict of Interest Declaration') at the time of establishing their employment.
9. A BCSDH Employee shall declare in the Conflict of Interest Declaration any and all appointment, position, economic, family or other personal relationship that exists at the time of establishing the employment relation and may compromise the integrity of BCSDH.
10. The purpose of the Conflict of Interest Declaration is primarily to assess potential risks, and only in very exceptional cases of blatant conflicts of interest (e.g. a senior position with a competitor) will the possibility of employment with the Association be excluded.
11. The persons concerned are expected to read and understand the BCSDH guidelines on competition law accessible in the Competition Declaration on the BCSDH website, which is yet another condition to BCSDH membership and involvement in its professional work.

## **XVI. Personal data protection**

1. BCSDH respects and protects the personal data of its employees and other natural persons in contractual relationship with BCSDH.
2. BCSDH will process personal data only within lawful limits, in compliance with the purpose limitation principle in all circumstances and to the extent necessary for the operation of the Association and required or permitted by law.

## **XVII. Workplace environment**

1. BCSDH is responsible for creating healthy, safe and eco-design workplace and working conditions.
2. BCSDH incentivises and supports the development and training of its employees and it promotes a good work atmosphere.
3. BCSDH strives to ensure that its employees' in-job relations are characterised by cooperation, trust and the employees' mutual respect and recognition of one another.

## **XVIII. Principle of non-discrimination**

1. BCSDH shall refrain from all prohibited forms of discrimination, in particular unlawful discrimination based on the employees' sex, age, ethnic origin, religion, political opinion, sexual identity, social status, affiliation to an advocacy group or any other characteristic which is not related to their activities for the benefit and in the interests of BCSDH.
2. BCSDH shall apply this requirement at all stages of the employment process, including in particular the selection and recruitment process, the definition of job responsibilities, promotion, dismissal, procedure for the adverse consequences of breach of an employment obligation, education, training, remuneration in cash and in kind.
3. BCSDH shall enforce the principle of non-discrimination not only with its employees, but also in all other external, contractual or non-contractual relationships.

## **XIX. Questions and concerns, breach of Code of Ethics**

The below procedure shall be followed when the Code of Ethics is found to be breached:

- 1.** A BCSDH Employee may refer any questions or concerns to the managing director of BCSDH for guidance or advice (contact details on the website).
- 2.** The managing director of BCSDH shall handle the presented case in compliance with the Code of Ethics and the law.
- 3.** If the managing director of BCSDH becomes aware of an infringement, he or she shall take the necessary action, including the initiation of proceedings with the authorities without any delay.
- 4.** Any BCSDH Employee may report an infringement discovered by them to the competent authority if the investigation under the above points has not been effective or if they consider the above process ineffective in resolving the issue revealed. No employee may suffer any disadvantage on account of their whistleblowing.

BCSDH Code of Ethics was made based on the professional opinion of Transparency International Hungary Foundation.



## XX. Annex A

### Gift Register

#### 1.

##### Gifts *from* BCSDH employees

Name of employee offering the gift	Name of person receiving the gift	Estimated value of gift	Date of hand-over	Approver's name	Approver's signature

#### 2.

##### Gifts *received* by BCSDH employees

Name of employee receiving the gift	Name of person offering the gift	Estimated value of gift	Date of hand-over	Approver's name	Approver's signature

## Annex B

### Conflict of Interest Declaration

I, the undersigned “[BCSDH employee’s name]” hereby declare that I am aware of the provisions of the BCSDH Code of Ethics and the Competition Declaration relevant to the reasons for conflicts of interest and I have also been informed of any conflicts of interest concerning me and based on a legal provision.

In view of the above, I declare that

#### Version A

I am not subject to conflict of interest based on the provisions of the Code of Ethics of BCSDH or any legislation.

#### Version B

I am subject to the following conflict of interest as set out in points ,XX', ,YY', ,ZZ' of the BCSDH Code of Ethics, and I shall inform the managing director of BCSDH about the details as follows:

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Declaration by the managing director of BCSDH (please underline as appropriate):

1. Aware of the communicated conflict of interest, *I consent / do not consent* to establishing / maintaining the employment relation.
2. Aware of the communicated conflict of interest, *I consent / do not consent* to performing the activity subject to conflict of interest.

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Managing Director of BCSDH

## Annex C

### ***Checklist for identifying conduct and situations subject to reporting/whistleblowing***

Any of the following situations or conducts shall be reported to the managing director of BCSDH as soon as possible. If the conduct or situation giving rise to the reporting obligation involves the managing director of BCSDH, the report shall be made to the Supervisory Board of BCSDH.

#### **I. Abuses and risks in the operation of BCSDH:**

1. Unusual or unreasonable decisions are made when projects or contracts are approved.
2. There is pressure to make payments urgently or prematurely.
3. Unusual fees, especially unusually high fees are used.
4. Documents relating to decisions are incomplete or decisions are not made as usual.
5. Invoices in higher number or amount than justified by the contract, without any reasonable justification.
6. High amounts of expenditure without reasonable justification.
7. Offering or accepting expensive gifts.
8. Entering into unfavourable contracts.
9. Giving unreasonable and unjustified preference to certain tenderers in the evaluation of a tender.
10. Irregularities in the tendering or contracting procedure, such as avoiding the ordinary procedure and/or bypassing or seeking to bypass key positions or individuals in the decision-making process.

#### **II. Abuses and risks related to business partners:**

1. There is good reason to believe that the business partner has a history of inappropriate business conduct, or the partner's "special connections" with public decision-makers are known.
2. The business partner insists on getting a commission or fee for signing the contract.
3. The business partner requests payment in cash but fails to provide any reasonable justification.
4. The business partner is not willing to sign a formal document or invoice concerning the obligation to pay a commission or fee.
5. The business partner is not willing to provide a receipt for the payment made to him.
6. The business partner requests, without reasonable justification, that the payment be made to a country or geographic location other than where the third party is located or where that party conducts business or which is known as a location providing off-shore services, regardless of the third party's habitual residence or usual place of business.
7. The business partner requests an unexpected additional fee or commission to "facilitate" the service.
8. The business partner requests expensive hospitality or gifts to initiate or continue contract negotiations or to provide services.
9. The business partner requests payment to avoid any potential legal issues or infringements.
10. The business partner expects the employment of a relative or friend or asks for other benefits as a condition of entering into or continuing a business relationship.
11. The business partner issues an invoice for a commission or fee that is not commensurate with the extent or value of the service provided.
12. The business partner asks for the involvement of an unknown intermediary, without reasonable cause.
13. The business partner offers an unusually generous gift or expensive hospitality.