

CODE OF BUSINESS ETHICS

CROATIAN CHAMBER OF ECONOMY

Pursuant to Article 3, subparagraph 13 of the Act on the Croatian Chamber of Economy (official gazette of the Republic of Croatia "Narodne novine" no. 66/91 and 73/91) and Article 21 of the Statute of the Croatian Chamber of Economy (official gazette of the Republic of Croatia "Narodne novine" no. 11/94 – consolidated text, 108/95, 19/96, and 64/01), at the session held on 23 May 2005, the Assembly of the Croatian Chamber of Economy adopted the following

DECISION ON CONFIRMING THE CODE OF BUSINESS ETHICS

Article 1

This Decision confirms the existence and content of the Code of Business Ethics.

Article 2

This Decision comes into force on the day of its adoption.

No.: 1-2983/1-2005.

Zagreb, 23 May 2005

President
Nadan Vidošević, m. p.

CODE OF BUSINESS ETHICS

Pursuant to Article 3, paragraph 1, subparagraph 13 of the Act on the Croatian Chamber of Economy (official gazette of the Republic of Croatia "Narodne novine" no. 66/91 and 73/91) and Article 21 of the Statute of the Croatian Chamber of Economy (official gazette of the Republic of Croatia "Narodne novine" no. 11/94 – consolidated text, 108/95, 19/96, and 64/01), the Croatian Chamber of Economy (hereinafter: the Chamber), while:

- Recognising the importance of responsible and ethical business conduct of companies as a necessary condition for efficient market operation and integration of Croatian economy into international currents
- Encouraging the development of good relations and fair competition among business partners and in the business environment in which the companies operate
- Respecting the specific qualities of individual companies and activities
- Emphasising the need for open public dialogue that shall determine the basic ethical guidelines to motivate businesspeople to reach decisions to the benefit of their companies and the society in general
- Promoting adequate care for the environment

recommends that its members adopt the rules of this Code:

I INTRODUCTION

Article 1

This Code determines the basic guidelines of ethical conduct for companies within the Croatian economy.

Determining the ethical criteria shall contribute to more transparent and efficient business transactions and better connections between companies in the Republic of Croatia and the business environment in which they operate.

Professional associations, groups, affiliations and individual companies within the Chamber are recommended to develop their own ethical principles and codes in accordance with their own needs.

Joint stock companies are recommended to adopt and implement modern corporate management principles.

Article 2

Each signatory undertakes to respect the rules of this Code.

Managers shall be responsible for following the provisions of the Code in the organisational units they manage.

Rules of ethics should be adopted by all employees and must be included in the manner of work and business activities.

Encouraging ethical conduct in an organisation is achieved by defining and publishing the rules of conduct, managers' giving positive examples, revealing and resolving potential ethical problems in an early phase, and by sanctioning non-ethical conduct.

Article 3

No political influence, influence on the judicial power or pressure in business relations aimed at achieving economic interests for certain companies or groups of persons shall be permitted.

The engagement of companies and their organisations in the interests of the business sector during the adoption or making amendments to laws and other regulations should be argumentative, transparent, and carried out through institutions.

II GENERAL PRINCIPLES

Article 4

The signatory to the Code accepts the obligation to act in accordance with the principles of responsibility, truthfulness, efficiency, transparency, quality, good faith, and respect for good business practices in dealings with business partners, in the business and social environment, and with their own employees.

By respecting the effective legislation, each company shall respect the principles of ethics in business relations.

Goods and services shall be produced and offered to buyers in a socially and environmentally responsible way. Development, production, distribution and consumption of products and services shall not have an unpermitted influence on the social and natural environment.

Article 5

The signatories to the Code shall abide by good business practices in national and international frameworks, which are based on good faith, correct relations, loyalty and accuracy.

Article 6

The failure of a company to observe the rules of business ethics shall not relieve other companies of their obligation to observe these principles in dealing with that particular company.

III MUTUAL RELATIONS OF COMPANIES

Article 7

The principles of ethics in business require that each company strictly respects the obligations assumed within the legal framework and agreed and contracted conditions, and that they do not hinder other companies in fulfilling their obligations.

The signatory to the Code shall not assume obligations if they know they cannot fulfil them.

Article 8

Companies shall provide information about their activities to their business partners, state bodies and the public when there is a need for this in accordance with the law, contract, good business practice or justified public interest.

Deliberate provision of false information with the goal of deceiving a business partner or the public is not permitted.

Article 9

Business activities shall not abuse the trust of consumers, business partners or other parties to a business relationship or exploit their lack of experience, knowledge or their good faith.

When concluding contracts, companies shall form the provisions in a clear and precise way so that it shall not be possible to interpret them contrary to the actual intention of the parties.

Article 10

Products and services shall be of declared quality and shall be safe in their intended use and acceptable in terms of health.

It shall not be permitted to conceal the negative consequences of the use of certain products from users or to deceive users in any other way in terms of any of the important characteristics of the product.

Article 11

Providing offers for doing business on the basis of insufficient information for decision-making on the part of the user shall be considered incorrect.

Article 12

It shall not be permitted to offer free listing of companies in business directories online and then consider the signature on the application for listing into the database to be a signature on an advertising contract for which an invoice is subsequently issued and which is treated as a chargeable business deal.

Article 13

If a company organises the sale of their products or services online, they shall ensure the security of transactions.

In online purchases, it is essential that the prices be clearly and unambiguously indicated and that every payment is carried out exclusively with the appropriate knowledge and consent of the buyer. It is not permitted to add duties or fees to the price accepted by the buyer if the buyer had not previously been warned about them.

Buyers who carry out transactions online shall have the same rights to product or service quality, as well as to post-sale services and warranties, as buyers purchasing the same product or service directly.

Article 14

In their mutual business activities, companies shall abide by the principle of reciprocity, which implies the right to mutually determined benefits from the performed activities.

Article 15

Business ethics requires all participants in the business sphere to respect the principles of free and fair competition and equal treatment.

Companies shall not apply fictitious reductions in the prices of goods and services.

Any delay in the sale of goods and services whose prices are to be increased shall be considered incorrect.

Article 16

Incorrect forms of market competition, such as dumping, unethical obtaining of information on the competitors and spreading any, especially untrue, information, shall not be permitted.

Incorrect forms of cooperation with competitors, e.g. activities connected to agreements on prices, market division, boycott of buyers or suppliers, limitation of the sale of products or any form of secret associations in order to acquire a privileged market position shall not be permitted either.

Article 17

Companies shall answer the questions, remarks and complaints communicated by users within a reasonable period of time.

The buyer must be clearly notified on the policies of a company regarding warranties, complaints, exchange of a purchased product and money refunds at the time of the purchase.

If the complaints concerning the product or service are justified, the company is obligated to offer the buyer an appropriate alternative product or service or to refund the equivalent amount of money.

Article 18

Business partners may exchange gifts of smaller values among themselves, but accepting such gifts shall not condition the conclusion of a business deal or put the gift-giver in a privileged position among the competitors.

The form and value of the gift have to be in accordance with the law, internal decisions of the company and adopted business practice.

Article 19

The signatories to the Code agree that they shall resolve possible disputes among themselves, i.e. disputes with employees, by way of negotiations and voluntary agreements, i.e. voluntary fulfilment of an obligation. If this is not possible, they can resolve the dispute by using one of the following possibilities for resolving the disputes within the Chamber:

- Disputes regarding the violation of good business practice and ethical regulations in business shall be resolved before the Court of Honour of the Croatian Chamber of Economy
- In the conciliation procedure, using the administrative service of the Conciliation Centre of the Croatian Chamber of Economy
- Or in the form of overall factual clarification of the dispute before the arbitration chamber at the Permanent Arbitration Court of the Croatian Chamber of Economy.

IV INTERNAL RELATIONS IN A COMPANY

Article 20

Companies independently determine their organisation and rules of conduct. In doing so, they are obligated to respect the applicable regulations, collective and individual contracts, and protect human and civil rights and the dignity and reputation of each employee.

Article 21

Employees, members of the Management and Supervisory Board, as well as other associates, shall carry out the jobs assigned to them in a professional manner and promote the business interests of the company by which they are employed or engaged.

This includes the protection and concern for the material and non-material assets of the company, including all forms of property, keeping confidential business information, and concern for the reputation and relations with business partners, state bodies, non-governmental organisations and the public in general.

Article 22

Conflict of interests and competing with the company with which a person is employed shall not be permitted.

Article 23

Business decisions regarding employment, education, distribution of jobs, salary, evaluation and rewards for work performance, promotion of employees and especially termination of employment contracts must be correct and just.

Discrimination and abuse of employees based on sex, race, religious, national or political affiliation, physical disabilities, age, family status or any personal characteristic or belief shall not be permitted.

Article 24

Companies shall ensure safe working conditions, which means that they shall not expose their employees to health and other risks and that they shall provide them with appropriate information, training and insurance from the consequences of such risks.

In accordance with their possibilities, companies shall invest in the development of their employees and create a stimulating environment for innovative and creative work.

Article 25

Within the available possibilities, companies shall ensure adequate salaries for their employees, taking into account their work performance, qualifications, work experience, conditions and working hours.

Working hours shall comply with applicable regulations.

Salaries and compensations shall be paid on time and in accordance with the laws, collective contract (if there is one) and employment contract.

Article 26

In case of a violation of legal or contracted rights, an employee or associate of the company shall have the right and obligation to request the problem that incurred within the company to be resolved.

When the arisen dispute cannot be resolved amicably, the employee shall have the right to request protection before court, in accordance with paragraph 1 hereof.

In especially grave cases of violation of rights, it is permitted to state the case in the media, but the risk of such an action shall be borne by the person that instigated it.

Article 27

The employer shall protect the personal information of the employees or job candidates, in accordance with the applicable regulations.

Employees shall have the right to be notified about the procedures of gathering and manners of using the information about them and their activities during the work process.

Any sale, exchange or cession of the employees' personal information to third parties shall not be permitted.

Information shall be assigned to courts only on the basis of a court order.

Article 28

During the employment process, performance of the work obligations and other activities, all persons with physical disabilities or persons with special permanent or temporary needs shall be treated equally as other citizens regarding their rights and obligations, but with respect and consideration for the special needs of these persons.

V RESOLVING CODE VIOLATIONS

Article 29

Every employee, i.e. authorised worker representative (works council or union representative) or associate of the company bound by this Code, shall have the right to notify the immediate superior about the possible or committed violations of the Code or legal regulations.

Companies can regulate the manner of reporting the violations of the code by way of internal acts.

The companies' managements shall undertake activities for the prevention and sanctioning of the violation of the provisions of the Code and to determine the well-foundedness of the reports on the possible or committed violation of the provisions of the Code, as well as the applicable regulations of the Republic of Croatia.

An employee or associate who file a founded report on the violation of the Code or the law must not suffer any sanctions or be discriminated in their future work on account of the above.

If the report on the violation of the Code or law is determined unfounded and if it is proven that its unfoundedness was known to the person filing the report, such person shall bear sanctions in accordance with the internal acts of the company.

Companies are recommended to take the following measures in case of Code violations, depending on the severity of the violation: advice, warning, referral to education, request for correction of the committed violation, fine, dismissal with the offer of amended contract, or termination of employment contract.

Article 30

If the responsible persons within the company resolve the report on the possible or committed violation of the Code for an inappropriately long period of time and any further postponement of problem resolution can cause a breach of the law, life danger, danger for health or the environment, considerable material damage or other violation of the public interest, any person who becomes aware of such circumstance should address a higher instance within the company.

If this is not possible or a higher instance has not provided a response, a report can be filed to some of the bodies within the Chamber authorised for resolving the disputes stated in Article 19 hereof.

VI ADOPTING THE CODE

Article 31

The provisions of this Code are binding to all companies in the area of the Republic of Croatia who signed the statement on adopting the Code.

The statement on adopting the Code shall be delivered to the Croatian Chamber of Economy – Public Relations Department.

Article 32

The List of Signatories to the Code shall be kept and updated in the Public Relations Department of the Croatian Chamber of Economy.

Article 33

The text of the Code and the List of Signatories shall be published on the website of the Croatian Chamber of Economy, www.hgk.hr.

Article 34

The Code shall enter into force on the day of adoption of the Decision on Confirming the Code of Business Ethics at the Assembly of the Croatian Chamber of Economy.

Article 35

Companies shall apply the Code as of the date of signing the statement on adopting the Code.

**STATEMENT
on adopting the Code of Business Ethics**

Herewith the company _____,
(full company name)

from _____,
(street, postal code, city)

company number: _____,

represented by the Director _____,

acknowledges that it adopts the CODE OF BUSINESS ETHICS, confirmed by the Assembly of the Croatian Chamber of Economy by adopting the Decision dated 23 May 200,5 and that it undertakes to abide by the rules of the Code by accepting all the rights and obligations arising from it.

Date:

L. S.

(Director's signature)

Note:

The statement should be **written and signed on company letterhead** and sent to the address:

HRVATSKA GOSPODARSKA KOMORA, Služba za odnose s javnošću, Rooseveltov trg 2,
Zagreb

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