

# Code of Ethical Business Conduct and Fair Competition

## Aim

The aim of SDA Informatika Zrt. (hereinafter referred to as Company) with this regulation is to set its anti-corruption rules as well as the ethical conduct required to prevent bribes; furthermore, to lay down the rules that exclude any opportunity for corruption, bribery, or any payoffs.

## Scope

The scope of the regulation covers all the employees, representatives, subcontractors, partners and entities with legal personality and entities without legal personality as well that provide resources to the Company, or act on behalf of the Company, or provide services also on behalf of the Company. Ethical business conduct is our basic requirement of mediators, sales representatives, or agents.

Violation of the rules will result serious judgment, or even an employment procedure that may lead to termination of employment, and if necessary, may lead to report the case to the relevant authorities to start administrative or criminal procedure.

Acting in accordance with the regulation helps to avoid those negative consequences that may damage the reputation of the Company, resulting compensation claims.

## I. Rules of Ethical Business Conduct

Beyond being in compliance with legal regulation, the aim of this regulation is to ensure a good corporate business practice and approach that meet high ethical standards not only within the Company but also towards its Partners.

This objective is endangered primarily by various forms of bribery and corruption. For the success of anti-corruption efforts of the Company, everyone must be aware of the basic forms of corruption.

### 1. Cases of Bribery and Corruption

Articles 290–300/A of the Criminal Code contain the various corruption offences.

It is **active bribery** if a person gives or promises any undue advantage to a person pursuing any activity for or in the interest of an economic operator or to any other person on account of such a person, to have him breach his duties.

**Passive bribery** is established if a person asks for any undue advantage concerning his activity for or in the interest of any economic operator, or accepts such advantage or a promise of it, or agrees with a person asking for or accepting any undue advantage given or promised to a third party on his account.

It is **active bribery regarding a public officer** if a person seeks to influence a public officer by giving or promising any undue advantage to him or to another person on his account concerning his activities.

**Passive bribery regarding a public officer** is established if a public officer asks for any undue advantage concerning his activities or accepts such advantage or a promise of it, or agrees with a person asking for or accepting any undue advantage given or promised to a third party concerning his person.

It is a **more severe** case of **active bribery regarding a public officer**, if the perpetrator gives or promises any undue advantage **for the purpose** of having a public officer breach his official duties, exceed his competence or otherwise abuse his official status.

**Passive bribery regarding a public officer** is qualified more severely if: **in exchange for** the undue advantage, the public officer breaches his official duties, exceeds his competence or otherwise abuses his official status.

**An executive of an economic operator** or a person pursuing an activity for, or in the interest of, an economic operator with the power to control or supervise **commits bribery regarding a public officer** if the person pursuing an activity for, or in the interest of, the economic operator commits the criminal offence (specified above) in the interest of the economic operator, provided that the performance of his supervision or control obligation could have prevented the commission of the criminal offence.

Bribe in court or regulatory proceedings is a criminal offence, if any person gives or promises, or accepts or agrees with the unlawful advantage to a person or on account of him to any other person for him to refrain from acting in accordance with his duty or in the exercise of his rights in court, or to neglect his duties.

**Active bribery in court or in authority proceedings** is established if a person gives or promises any undue advantage to a person, or to another person on his account, to have him not exercise his statutory rights or perform his obligations in the proceedings of a court, arbitration court or authority.

Active and passive trading in influence are also criminal offences, thus, forbidden.

**Active trading in influence** is established if a person who gives or promises any advantage to a person claiming to have any influence over a public officer, *or* to another person on account of a person claiming to have any influence over a public officer.

It is **passive trading in influence** if a person who, by claiming that he has any influence over a public officer, asks for any undue advantage for himself or any other person, or accepts such advantage or a promise of it, or agrees with a person asking for or accepting any undue advantage given or promised to a third party on his account

## 2. General Anti-corruption Rules

Zero tolerance is the principle followed by the Company with regard to corruption. To enforce this principle, the Company sets the following rules.

### 2.1. Financial gain or advantage undue (financial) advantage

In terms of corruption and bribery, this regulation sets stricter criteria for undue (financial) advantage than Criminal Code does (see above). The allocation of

- money;

- loan;
- donation (including charitable contributions);
- business award or recognition;
- concluding contract of employment, consultancy, commission connected to corruption;
- distinguished/discriminating treatment;
- divulging confidential information;
- gift or hospitality of great value (exceeding that defined in the relevant regulation);
- vacation, travel, holiday;
- any other advantage to the accepting party, or financial assets on account of the accepting party to any third person, spouse, relative or representative of the accepting party;

is qualified as undue advantage, financial gain.

## **2.2. Active bribery (offer)**

- Officials, employees, representatives, agents or contractual partners of the Company must never give rise to any forms of bribery by promising, offering or accepting it.
- It is forbidden to promise, offer or give money or any asset of value, advantage to any person (in private, business and public sector) to act improperly or to award him for an improper action.
- A process is considered as improper if any person, in return for a countervalue, does not act or execute his job in accordance with the regulations and requirements, abuses his authority/office, or the denial of his proceeding does not meet the legitimate expectations of acting in good faith. This refers to each person working both in the public and private sector.
- It is forbidden to promise, offer or give any advantage, even if:
  - it takes place indirectly through a third person or agent;
  - it is considered normal business practice in the given country;
  - it was suggested/initiated by the other party;
  - it is paid to unlawfully expedite a proceeding or as an award for a third person.

No financial gain or advantage is to be allocated for acting in accordance with one's his obligations that are otherwise required by law.

The only exception of the above mentioned is when the safety of the representative, employee of the Company, or any person acting in the interest of the Company is at risk. In this case, if the payment was made under pressure, the case must immediately be reported to the head of the Company.

## **2.3. Passive bribery**

It is forbidden to request, accept or agree on money or any asset of value, with the aim of encouraging or awarding improper/unlawful proceedings/work.

Claiming financial or other advantage is always forbidden as well as it is never allowed to say yes for any attempts of bribery.

#### **2.4. Bribery regarding a public officer**

It is forbidden to promise, offer or give any sort of advantage to a public officer or any other person designated by the public officer in order to obtain/keep a business opportunity or any other advantage related to business.

It is forbidden to extend an advantage if it is known or presumed that such advantage will be forwarded – partly or entirely – to a public officer/politician in order to obtain business or any other advantage.

#### **2.5. Benefits to facilitate (payoff)**

Payment of or accepting small amounts (payoff) to expedite otherwise lawful official or other proceedings (e.g. obtaining a permit, visa or licence, etc.) is qualified as benefits to facilitate.

Payoff is a form of bribe, consequently, it is unlawful. All employees are obliged to report such cases to the head of the Company in order so that he would be able to make the necessary actions.

#### **2.6. Conflict of interest**

- Every employee who participates in the negotiations and approval of corporate contracts with a third party is obliged to report immediately if he becomes owner, joint owner of a company, subsidiary or partner company of such a third party. An exception under this rule is the percentage ownership – of companies listed on the stock market – if it is obtained in the stock exchange provided that the extent of ownership does not exceed 5% of the issued capital.
- No employee can approve any payment by the Company to an external organization or charity organization in which such an employee acts as a representative or as an officer.
- Business decisions must not be influenced by any personal – should that be family or other – relation or membership in a social, religious or political organization.

#### **2.7. Business partners, mediators, agents**

- The Company cooperates only with business partners, mediators or agents approved by the Company Management.
- Cooperation with partners or the above defined persons or organizations without the approval of the Company Management is absolutely ruled out.
- The fee paid for persons and companies cooperating with the Company must be proportionate to the countervalue of the implemented service, sold product, and its extent must be approved by the Company Management.

#### **2.8. Payments, financial records, accounting**

The **Company primarily** applies bank transfer – and payment by debit/credit card – for payments. No payment made by the Company can take place through offshore bank accounts.

It is an essential rule of the Company that accounting, records and financial proceedings of its activities are completed properly, transparently and in accordance with the relevant legal regulation.

## 2.9. Reporting violations

Our employees, suppliers and business partners are obliged to report any violation or initiation of violation of the provisions of this present regulation, including bribes or attempts of bribe, irrespectively of the initiating party or person.

The report must be given to the Management or Head of the Company, primarily in writing, if it is not possible or if the situation requires, even verbally prior to the written report.

Employees of the Company can perform their reporting obligation confidentially.

It is a basic requirement of each manager of the Company to keep the identity of the reporting person confidential, and to ensure that the reporting employee shall not suffer a retributive or disadvantageous treatment, except when a report is completely unfounded and is aimed to terminate a contract of an employee, a contracted partner, a representative or any other contractual relation.

No employee, representative or contractual partner can suffer adverse consequences if he/it does not pay a bribe or refuses a bribe even if, as a result of this, the Company will lose a business opportunity.

## 3. Rules on Gifts and Entertainment

Employees, representatives and subcontractors of the Company – acting on behalf of the Company – as well as other persons/organizations who/that act on behalf of the Company are obliged to fully apply the rules on gifts and entertainment.

Since there might be a risk that gifts and invitations provided by the Company can be used as a form of bribe, all gifts and invitations given by the Company must be approved by the Company Management first, denoting the exact purpose of the gift, invitation, entertainment; and it must be investigated the approvers must also check them if they are in compliance with the provisions of the present regulation.

Besides, each employee, or representative of the Company is **obliged to immediately report** the gift, entertainment promised or offered to him – not exclusively the ones exceeding the threshold (exceeding the amount or its value as per defined in the relevant regulation) – but also each and every hint, which, irrespectively of the extent of the gift or entertainment, is presumed to refer to some improper or unacceptable conduct, business attitude based on this regulation or careful personal consideration.

**The only gifts/invitations that can be given and accepted are those of reasonable value, proportionate and typical of business relationships, usual and acceptable in the given country.**

It is important that gifts and invitations must **never influence** business decision-making or must never make others suspect of such influence. Thus, employees being in key positions in processes involving subcontractors, suppliers and procurements, as a general rule, cannot accept any advantage with the exception of products with logo and of little value (e.g. pen, T-shirt) or food (e.g. wine, chocolate).

## II. Fair Business Conduct and Competition

For putting fair business conduct and competition in action, the Company acts in accordance with national, EU and international competition law and expects the same its partners and employees as well.

### 1. Breaches of Fair Competition

The following risks are against free competition, so they are forbidden:

- unfair competition, that is violating the reputation of competitors, prompting the termination of an existing economic relationship, obtaining trade secrets without permission;
- unfair influence on consumers' decisions, that is misleading information on a product, unjustified restriction of free choice;
- an agreement restricting competition, which is an agreement among the competitor companies or coordinated practices that obstruct or restrict competition;
- abuse of dominant economic position, that is stipulating unjustified advantage, bundling practices, restriction of marketing, retention of products, creating artificial shortage

A secret agreement in the public or private sector concluded for an activity by which the parties obtain unlawful financial advantage via deception or fraud is a prohibited agreement. The parties together are also called a cartel. The lawful forms of cooperation and agreement, that during the (centralized) procurement procedures rules of law specify or allow to use for the parties or participants, should strictly be differentiated from the above specified unlawful agreements.

### 2. Money Laundering, Non-Transparent Money Transfers

The Company strictly prohibits all forms of money laundering including hiding and transferring unlawful amounts of money, or changing such amounts of money into lawful sums.

The Company prohibits giving money or anything of value directly or indirectly to public officers or employees of state-owned companies, or to the spouses of such persons with the purpose of influencing the action or decision of the employees or government officers, or to gain any unlawful advantage for the Company.

“Anything of value” is to be understood broadly and refers not only to money, but also gifts, lavish or excessive entertainment, funding personal travel (e.g. sightseeing), contribution to charity, and employment opportunities.

The Company also prohibits payments given to government officers to speed up or expedite standard government actions, including processing and approval of applications and permits.

Money laundering covers disguising the origin or purpose of sums of money (or anything of financial value) obtained unlawfully (and unfairly) in a way that it is disguised behind a lawful economic activity making the impression of legality. So, this is realised if the money (or asset) originates from criminal

offence. It is irrelevant if the perpetrator obtains or uses it for himself or for a third person. In such cases the purpose of the conversion and transfer of the asset is to hide its origin and to obstruct criminal proceeding. Articles 399-400 of the Criminal Code contain the exact facts of money laundering.

The Company strictly prohibits any form of money laundering including disguise and transfer of unlawful sums of money or the transfer of such money into lawful funds.

### 3. Economic Boycott

No person acting on behalf of the Company is allowed to participate in an economic boycott not approved on governmental level, or give information that could be considered as supporting such non-approved boycotts.

### 4. Business Relationship with the Public Sector

No bonus, commission, gift, funding entertainment costs, loan or any similar benefits is allowed to be given or offered to a public officer or a government employee directly or indirectly, except symbolic gifts of normal value which are related to a special occasion (e.g. Christmas), and are not prohibited by the law, and does not create the impression of extending prohibited influence by that.

The primary objective of Government (central and regional administration and local authorities, together called public administration as 'public sector') is typically to provide people with welfare services by using public finances transparently. A great number of legal rules contain provisions to regulate transparency, fair business operation and relations among public organizations and economic entities.

Important guarantee rules are set in Act CXLIII of 2015 on Public Procurement, and Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing.

In accordance with the principles of public procurement procedures:

- The participants are obliged to respect the rules on fair, transparent and public competition with the provision that law does not allow public access to certain data and procedural measures.
- The participants are obliged to act in good faith and with integrity; abuse of rights is prohibited.
- The public authority must use public finances bearing in mind the principle of efficient and responsible management, furthermore it must ensure equal opportunities and equal treatment for the economic actors.

Enforcement of guarantee provisions of Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing, the records on beneficial owners, risk analysis and reporting obligation of financial service providers in connection with financial transactions, which facilitate transparency, lawful payments and money transfers.

### 5. Lobbying

Lobbying covers activities which aim to influence policy, governmental decisions or an institute for facilitation of a specific matter or purpose.

In certain jurisdictions lobbying may be part of the procurement and business development activities. It is important that companies with international relationships should be aware of the fact whether their activities are qualified as lobbying or not according to the jurisdiction of a certain country, and they must act accordingly.

The Company prohibits lobbying at the government (public authority).

## 6. Relevant Legislations

### National legislations

[1996. évi LVII. törvény a tisztességtelen piaci magatartás és a versenykorlátozás tilalmáról](#) (Tpv.)

Act LVV of 1996 on the Prohibition of Unfair and Restrictive Market Practices

[206/2011. \(X. 7.\) Korm. rendelet a kutatási és fejlesztési megállapodások egyes csoportjainak a versenykorlátozás tilalma alóli mentesítéséről](#)

Gov. Decree 206 of 2011 (X.7.) on Exemption from Prohibition of Competition of Certain Groups of Research and Development Agreements

[2008. évi XLVII. törvény a fogyasztókkal szembeni tisztességtelen kereskedelmi gyakorlat tilalmáról](#) (Fttv.)

Act XLVII of 2008 on the Prohibition of Unfair Commercial Practices against Customers

[2005. évi CLXIV. törvény a kereskedelemről](#) (Kertv.)

Act CLXIV of 2005 on Trade

[2015. évi CXLI. törvény a közbeszerzésekről](#) (Kbt.)

Act CXLI of 2015 on Public Procurement

2017. évi LIII. törvény a pénzmosás és a terrorizmus finanszírozása megelőzéséről és megakadályozásáról

Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing

### Legislation of the European Union:

[A Tanács 1/2003/EK rendelete \(2002. december 16.\) a Szerződés 81. és 82. cikkében meghatározott versenyszabályok végrehajtásáról](#)

Council Regulation (EC) No 1/2003 of 16 December 2002 on the Implementation of the Rules on Competition

### International conventions, corporate social responsibility standards:

Social Accountability International's SA 8000 Standard

Ethical Trading Initiative (ETI) Base Code



United Nations Convention against Corruption (2005)

United Nations Draft Norms of Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (2003)