

# **THE CROATIAN CHAMBER OF COMMERCE**

## **THE CODE OF BUSINESS ETHICS**

Pursuant to the Law on the Croatian Chamber of Commerce, article 3, section 1, subsection 13 (Official Gazette No. 66/91, 73/91) and the Statute of the Croatian Chamber of Commerce, article 21 (Official Gazette No. 11/94 — consolidated text, 108/95, 19/96 and 64/01) the Croatian Chamber of Commerce (hereinafter: Chamber)

- recognizes the significance of responsible and ethical business conduct of economic subjects as an indispensable prerequisite for efficient market operation and an integration of the Croatian economy into the international,
- encourages development of good relations and fair competition among business partners and with the business environment where economic subjects operate (do business),
- recognizes/acknowledges specific qualities of economic subjects and (their) activities,
- emphasizes the necessity of open dialogue that should determine ethical guidelines to promote decision-making to the benefit of both economic subjects and the community in general,
- promotes an adequate environmental care,

and therefore recommends its members to adopt the rules of this Code:

### **I INTRODUCTION**

#### Article 1

This Code determines the guidelines of ethical conduct of economic subjects within the framework of Croatian economy.

By defining ethical criteria we contribute to more transparent and efficient business operation and better relations of economic subjects in the Republic of Croatia with their business environment.

Professional associations, groups, communities and single economic subjects - members of the Chamber – are recommended to develop, in compliance with their own needs, own ethical principles or codes.

Joint stock companies are recommended to adopt and implement the principles of modern corporate government.

## Article 2

Every signatory (to the document) is responsible (for taking care) that the rules of this Code are observed.

Managers are responsible (for taking care) that the provisions of this Code are observed in the organizational units they manage

Ethical rules should be adopted by all employees and they (rules) have to be integrated in the way of working and doing business.

Ethical conduct in an organization is encouraged by defining and declaring the rules of conduct, by the role model of the manager, by finding out and solving possible ethical problems in an early phase and by punishing non-ethical conduct.

## Article 3

Not permitted are the uses of political influence, influence exercised upon judiciary and any pressure in business relations aimed at the fulfillment of the economic interests of subjects or groups of persons.

Economic subject and their associations shall act in favor of and to the interest of the business sector in the course of law-making or in changing the legislative based on arguments, in a transparent manner and through institutions.

## **II PRINCIPLES**

### Article 4

The signatory to the Code accepts the obligation to act in compliance with the criteria of responsibility, truthfulness, efficiency, transparency, quality, good faith and observance of fair business practices towards business partners, business and social environment and own employees.

Every economic subject shall observe the valid legislative and the principles of business ethics.

Both goods and services shall be manufactured and offered in a socially and environmentally responsible way. The development, manufacture, distribution and consumption of goods and services shall not have negative impact on social and natural environment.

### Article 5

The signatories to the Code shall abide by fair business practices both nationally and internationally, based on good faith, fair relations, loyalty and accuracy.

## Article 6

Negligence on the part of an economic subject to observe ethical rules in conducting business shall not relieve other economic subjects from the obligation to observe these rules towards that particular economic subject.

### **III MUTUAL RELATIONS OF ECONOMIC SUBJECTS**

## Article 7

Ethical principles in conducting business require that any economic subject should strictly observe the obligations taken within the legal framework and agreed contractual stipulations and that it shall not disturb other economic subjects in fulfilling their obligations.

The signatory to the Code shall not assume obligations he knows he cannot fulfill.

## Article 8

Economic subjects shall provide to their business partners, government bodies and the public data/information about their activities when obliged to do so pursuant to the law, to a contract, fair business practices or reasonable public interest.

Providing false data deliberately in order to mislead business partners or the public is not permitted.

## Article 9

In business operations the trust of users, consumers, business partners or other participants in business operation shall not be betrayed nor shall they be taken advantage of due to their lack of experience / knowledge and their good faith.

When concluding contracts economic subjects shall articulate the provisions in a clear and precise way so that it shall not be possible to interpret them contrary to the actual wishes of the parties.

## Article 10

Both products and services shall have declared quality; they shall be designed for safe usage and acceptable in terms of health protection.

It is not permitted to conceal from users consequences of usage of certain products nor to create any form of user delusion related to essential features of the product.

## Article 11

It is considered unfair to supply business offers with insufficient data for decision-making on the part of the user.

## Article 12

It is not permitted to offer on the Internet pages a free- of- charge listing of economic subjects into business directories and then to consider the signature on the request form for insertion into the data base as a signature to an advertising contract that is later invoiced and handled as a business deal including payment.

## Article 13

In case an economic subject organizes the sales of his products or services over the Internet he is obliged to take care of the security of transactions.

For purchases effected through the Internet the prices have to be indicated clearly and without ambiguity and that every payment is carried out with the knowledge and consent of buyers. It is not permitted to add fees or compensations to the price accepted by the customer without previous warning to the customer.

Customers who carry out transactions through the Internet are entitled to (obtaining) the same level of quality of products or services and to after sale service and warranty as the customers purchasing the same product or service directly.

## Article 14

In mutual operations the economic subjects shall apply the principle of achieving mutual benefit, i. e. the entitlement to mutually defined benefit resulting from performed activities.

## Article 15

Business ethics requires from everyone involved to observe the principle of fair and free competition and not to prefer any party involved in business operation.

Economic subjects shall not apply a fictitious price reduction for goods and services.

It is unfair to temporarily stop/abandon the sales of goods and services in case of an immediate price increase forthcoming.

## Article 16

Unfair competition such as dumping, non-ethical way of acquiring information about competitors and spreading any, especially false (untrue) information is not permitted.

Not permitted is also improper (unfair) cooperation with competitors, such as activities related to price agreements, market sharing, boycott of customers or suppliers, restriction of goods sales or any form of secret associating aimed at acquiring a privileged market position.

#### Article 17

Economic subjects are obliged to answer the questions, notes/comments and complaints sent by users in reasonable time.

The policy of economic subject related to warranties, complaints, substituting another product for the purchased one, and return of money has to be communicated to the customer very clearly during purchase.

In case the complaints related to either product or service are justified / reasonable the economic subject is obliged to offer to the customer to substitute another product or service for the provided one or to return the money.

#### Article 18

Business partners may exchange gifts of small value, however, the acceptance of such gifts shall not be related to an exchange of favors like concluding business deal (with the donor) or to favor him to other competitors.

The form and value of the gift have to comply with the law, internal enactments of the economic subject and the adopted business practice.

#### Article 19

The signatories to the Code oblige themselves to solve disputes that may arise among them and with employees respectively, through negotiations and agreements based on free will, that is to say, by the fulfillment of obligations on voluntary basis. If such a solution should not be possible, the dispute may be solved within the Chamber as follows:

- disputes that occurred due to the violation of fair business practices and ethical rules in business operations shall be solved by the Court of Honor at the Croatian Chamber of Commerce,
- in the reconciliation procedure the administrative service of the Reconciliation Centre of the Croatian Chamber of Commerce shall be engaged,
- through a comprehensive explanation of facts before the arbitration of the Permanent Elected Jury at the Croatian Chamber of Commerce.

## **IV INTERNAL RELATIONS IN ECONOMIC SUBJECT**

### Article 20

Economic subjects determine their internal organization and rules of conduct independently. In doing so they are obliged: to observe valid legal provisions, collective and individual agreements and to protect human and civil rights, the dignity and standing/image of any employee.

### Article 21

The employees, members of the Board and Supervisory Committee, and other associates are obliged to perform their tasks professionally and to promote the interests of the economic subject they are employed with or engaged by.

The stated includes the protection and care for tangible and non-tangible assets of the economic subject, including all forms of property, the protection of confidential business information and care for the image and relations with business partners, administrative bodies, non-governmental organizations and the public on the whole.

### Article 22

Conflicts of interest and competing with the economic subject a person is employed with is not permitted.

### Article 23

Decision-making related to employment, training, work allocation, salary, job performance evaluation and awarding, promotion and especially, the cancellation of employment contract should be fair and just.

Any discrimination or harassment of employees on the account of their gender, race, religious or national affiliation and political beliefs or physical disability, marital status or on the account of any other personal characteristics or beliefs, is not permitted.

### Article 24

Economic subjects are obliged to provide for work safety, which implies that they shall not expose their employees to health and other risks/hazards and that they shall provide for corresponding information, training and safety against the consequences of such risks / hazards.

According to their means the economic subjects shall invest into the professional development of their employees and they shall create a highly motivated environment that encourages innovative and creative work.

## Article 25

Economic subjects shall as much as possible give their employees an adequate pay taking into account their job performance, qualifications, work experience, work conditions and working time.

The working time shall comply with the valid legal provisions.

The salaries and compensations shall be paid out on time and in compliance with the law, collective agreement (if there is one) and the employment contracts.

## Article 26

In case of violation of legal or contractual rights the employee is both entitled and obliged to request a solution of the dispute internally, within the company/economic subject.

In case it should not be possible to solve the dispute amicably, the employee is entitled to request protection at court pursuant to section 1 of this article.

In cases of heavy violation of rights it is permitted to make the case public through the media, however, the risk of such an act shall be carried by the person who has initiated it.

## Article 27

The employer is obliged to protect personal data about employees and job applicants in compliance with valid legal provisions.

The employees are entitled to notification about the procedure of acquiring information about them and their activities during the work process.

Any sale, exchange or cession of information about employees to third persons is not permitted.

A cession of information to courts is granted based on court's order.

## Article 28

All disabled persons or persons with some permanent or temporary physical handicap shall in the course of employment, task fulfillment and in all other activities be treated and have the same rights and obligations as any other citizen (without such handicap), however, with full consideration/observation of their specific needs.

## **V CODE VIOLATION**

### *Article 29*

-Employees and their authorized representatives (workers' council or labor union representative), or any associate of the company who are bound by this Code are entitled to report to their immediate superior on possible or actual violation of the Code or of legal provisions.

Companies may regulate the manner of reporting on Code violation with internal enactments.

The company management is obliged to take steps aimed at prevention of and punishment for the violation of Code provisions and it is obliged to determine whether the reported cases can reasonably be interpreted as cases of Code violation or as a violation of valid legal provisions of the Republic of Croatia.

The employee or associate who justifiably reported on a violation of the Code or legal provisions must not be punished or discriminated in further work on the grounds of such reporting.

In case the reported violation of the Code or legal provisions proves to be unreasonable and it is found out that the person reporting has known that prior to reporting, such a person shall be punished in compliance with the internal enactments of the company.

Companies are recommended to take measures, depending on the extent of violation, such as: to advise or warn the person, to send the person in question to necessary training, to request rectification of violation committed, to impose a fine, to offer a termination of employment contract with changed conditions of employment, to terminate the employment contract.

### *Article 30*

In case the persons responsible in the company take too much time to handle a report on possible or committed violation of the Code, and any further delay in solving such a problem would cause a violation of legal provisions, life, health or environmental hazard, a considerable damage or any other violation of public interest, any person having such knowledge should appeal to higher authority in the company

In case this should not be possible or no answer is received from higher authority, the case may be reported to a body within the Chamber who is in charge of disputes stated in Article 19 of this Code.



## **VI CODE ACCEPTANCE**

### Article 31

The provisions of this Code oblige all economic subjects in the Republic of Croatia who have signed a statement of acceptance of this Code.

The statement on the acceptance of the Code shall be sent to the Croatian Chamber of Commerce – Department for Public Relations — on the form that is a constituent part of the Code.

### Article 32

A list of Code signatories is kept and updated at the Public Relations Department of the Croatian Chamber of Commerce.

### Article 33

The text of the Code and the list of signatories of the Code shall be published on the web site of the Croatian Chamber of Commerce [www.hgk.hr](http://www.hgk.hr)

### Article 34

The Code shall come into force as of the date of the Decision on Acknowledgement of the Code of Business Ethics by the Assembly of the Croatian Chamber of Commerce.

### Article 35

Economic subjects/companies shall apply the Code as of the date of signature to the statement on the acceptance of the Code.