

CODE OF ETHICS

HUNGARIAN HOTEL AND RESTAURANT ASSOCIATION

The purpose of the Code of Ethics is to familiarize the members of the Hungarian Hotel and Restaurant Association (henceforth: MSZÉSZ or Association) with the moral and ethical norms, which the Association considers of high priority during its operation. By establishing values it determines the expected ethical behavior and proper action standards for the Association and its members. The basic expectation of the Association is that the values represented by the members of the association, professional standards, good reputation, professional and moral reliability, preservation, maintenance and improvement of the interpersonal and business behavior be adhered to. The member should comply with the regulations of the Code of Ethics in interaction with the guests, each other and third parties; the fundamental rules of the social and business life in the twenty-first century and refrain from any behavior that might result in disadvantages for the hotel or restaurant profession, or any member or members and the Association, respectively.

The scope of the Code of Ethics covers all members of the Association, associate members, advisors and persons in a contractual relation with the Association.

The Association is a professional interest representation organization; it carries out its activity according to the legislation, as well as written and unwritten rules of the profession, therefore it does not provide any financial support for political parties and political organizations or their representatives.

The Code of Ethics of the Association is qualified as code of conduct under the Law XLVII of the year 2008.

THE CODE OF ETHICS of the HUNGARIAN HOTEL AND RESTAURANT ASSOCIATION

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I. INTRODUCTION

1.1 Conduct of the Stakeholders of Business life

It is impossible to regulate every phase of the economy, every action of the stakeholders in the marketplace by legal, economic or administrative means. The conduct of the participants in the development of business life, established conventions, the generally accepted practices and the behavior of the stakeholders plays a major role in business life. The trust of the participants in one another is indispensable in successful business life, which is guaranteed by following moral standards. The Code of Ethics shows, what behavior can be considered moral in the business world and which are less or not at all acceptable.

1.2. The Need to Adhere to Ethical Behavior

It can be stated that – as proven by the developed market economies – the ethical enterprises that respect the common interests and values are more successful on the long run than those which ignore their environment. On the other hand, the social responsibility of the enterprises is not merely to profit and increasing wealth, or achieving success in business, but also the service of the common good, as well as the service of smaller or larger communities. The voluntary and consistent compliance with the behavioral norms ensures the favorable social judgment of the entire business life.

1.3. Business Venture, as Ethical Activity

The purpose of the venture is to satisfy the needs of guests, clients, consumers; to ensure financial support and a chance to prosperity and livelihood for the participants; to offer profit opportunities for business partners, and return and growth on investment for the owners and investors. The business ventures support and enforce the initiatives, allow and ensure conditions for economic development in the interest of social progress. The enterprise is an indispensable basic institution of market economy, the operational principles of which are the same as the main characteristics of democracy: success of

accomplishments, freedom of competition, and creation of equal market conditions and through them the common service of individual objectives and the common good. Taking all these facts into consideration, it can be stated, that the enterprise meeting moral requirements fits into the generally accepted working order of the society.

1.4. Aspects Influencing the Conduct of the Entrepreneur

The enterprises have to satisfy three requirements at the same time. They have to enforce their own business interests, they have to carry themselves in a law-abiding way (including respect of individual rights), and, thirdly, they have to uphold the moral standards. The Code of Ethics expresses that this triple requirement is conjointly and simultaneously valid; none of the aspects may be even temporarily enforced at the expense of the others.

1.5. Increased Responsibility of Major Businesses

Major businesses have an outstanding role in the entire business life, and as well as, in common responsibility, their behavior is widely enjoyed or suffered by partners and by the population at large. It is expected of them, that they conduct themselves according to the standards of moral behavior meeting managerial and organizational measures, such as, for example, the creation of behavioral norms, codices, determination of corporate values and priorities, running of institutions and committees of ethics, enforcing ethical aspects in common relations, ensuring representation of employees in decisions affecting them, etc.

1.6. Behaving in conflict with business morale and honesty is condemnable even if it is not prohibited by law

It might occur that a behavior allowed by law is immoral, if it hurts the interest of the entrepreneurial community, or the consumers or other important stakeholders of business or public life in a way that they are unable to enforce their interest. Also immoral is the behavior that is not implicitly contrary to written law, which profits of legal gaps, legal discrepancies and backstairs, and makes profit by causing damages to the public and their partners.

II. GENERAL REGULATIONS

2.1. Extent of the Code of Ethics

The extent of the Code of Ethics covers the members of the Association. In the practical implementation the extent of the Code of Ethics applies to the leading officials of business organizations and to all those natural persons, whose course of action qualifies as course of action of a member. The Association, with regards to its members enforces

the Code of Ethics by the work of the Ethics Committee. The members of the Association should be familiar with the Code of Ethics in order to enforce the principals and standards laid down here in their activity. The knowledge of the Code of Ethics means also, that **the members of the Association submit to the regulations of the Code of Ethics.**

2.2. Relations between the Code of Ethics and Jurisdiction

The entrepreneurs must act in a law-abiding way in their activities. In those topics that are not decided or prohibited by law, the moral standards of the Code of Ethics, as well as the prevailing practice and customs, should be respected. The Code of Ethics is not in contrast with jurisdiction, and it follows the customs developed, by taking into account the community interests. If the entrepreneurs have any doubt regarding proper behavior, the Code of Ethics is guiding. The law-abiding behavior is indisputably the basic condition of membership.

2.3. Connection with the Code of Ethics of Enterprises and Professions

Some professional organizations, interest-groups and typically the major corporations often prepare their own codes of ethics as well; these are guidelines for behavior, and other documents formulating moral requirements. In several cases they run ethics committees, designate interest-protection or interest-representation spokesmen. These solutions are wanted, **useful**, as they serve the interest of fair businesses. The Association in its own work of ethics acknowledges and **accepts** it if entrepreneurs act according to laid-down norms of their communities or that of their enterprise, unless they are in contradiction with the Code of Ethics.

2.4. Requirements Related to Membership in the Association

Meeting requirements for membership in MSZÉSZ, such as, for example, providing data, making payment of membership fees etc. in due time, exhibiting law-abiding and proper behavior which follows the rules of the Code of Ethics, is a decisive condition for the members to obtain and maintain membership.

The membership does not authorize the enterprises and entrepreneurs to act on behalf of the Association, except, when authorized by their elected office in the Association.

III. THE MORAL ENTREPRENEUR

Criteria of the ethical behavior required by the Code of Ethics

3.1. The member is obliged to

- 3.1.1. proceed conscientiously and professionally**
- 3.1.2. meet the obligations made orally or in writing**
- 3.1.3. show good intentions and good faith in business behavior**
- 3.1.4. practice his/her activity in the spirit of mutual cooperation**
- 3.1.5. employ the staff and other employees fairly and justly, treating them equally**
- 3.1.6. behave reliably, and to call the attention of the partners to the important conditions influencing their prevailing legal and business relations**
- 3.1.7. satisfy the rightful, reasonable, but not illicit or immoral demands of the guests and consumers according to the written and unwritten rules of the profession, in the interest of guest satisfaction**
- 3.1.8 protect and care for the natural and social environment**

He/she respects the right to a private life and the human dignity of guests, colleagues, business partners and clients. He/she does not tolerate discrimination in any way, be it age, gender, sexual orientation, race, religion or disability. Violence or threat of violence, or physical insult or psychical intimidation and pressure are forbidden.

3.2. The Rules of Market Behavior

Besides complying with the laws regulating the member's business behavior, the expected requirements of behavior are as follows:

3.2.1. Contracting with each other or with a third person – including the guest – must be done according to the rules of good faith and honesty.

Besides the unfair conditions defined by law, it is unethical and thus contrary to the spirit and regulations of the Code of Ethics, if

- a. The member refers to circumstances after contracting, which with due care and professional knowledge were recognizable even prior to the conclusion of the contract.
- b. A contract is unethical if it was concluded with the goal to perform partly or incompletely or with a delay, and by that, causing material or moral damage to others – to the customer or to competitors. The contract is unethical if the member a priori calculates in the price upon the consequences of the default caused by him/her, quasi planning the non-performance.

- c. The contract is unethical if a member does not proceed according to the contract, especially if a material or mental product is purchased with the purpose of withdrawing it from the marketplace or holding back its utilization.
- d. Unethical is the contract and work undertaken without proper know-how, qualification, permission and competence; botched of, improperly performed, not measuring up to the quality required by the written and unwritten rules of the trade, even if the price or other contractual conditions justify it.
- e. It is unethical to contract an activity without all the necessary, administrative, licensing and other legal conditions being met and to undertake activities, especially for an extended period, which are substantially different from the scope of activities of the enterprise.
- f. All illegal activities are unethical, including the employment of someone without labor permit or contract, out of pocket payment, etc.
- g. It is unethical to enter into an agreement and develop economic relations with illegal participants of the market, unlicensed entrepreneurs and employees, furthermore, it is also unethical to purchase, use or pass on, goods and services that come from unlicensed traffic.
- h. It is unethical, if during the execution of the contract, the entrepreneur obtains financial benefit by damaging the natural environment.

3.2.2. Only good quality, reliable, safe products and services may be offered and promoted, proper information has to be provided and the members take not only legal but also ethical responsibility for them.

- a. In order to satisfy the needs of the consumers, a wide range of information prior to the sale, as well as after sales services, has to be organized.
- b. The rightful information for the guests, consumers, and clients has to be posted in a clearly visible and accessible place and the guidelines outlined therein must be followed.
- c. Information about sales, possible discounts, such as, for example, periodic sale, clearance, final sale, reduced prices, remainder sale, reduction of inventory, liquidation auction, etc., must be available, possibly indicating the reasons of them as well.
- d. Handling of consumer claims, complaints, and the administration of the complaints has to be made possible, making sure that those are handled in a fast and fair way.
- e. It is unethical to divert from the published calling and opening hours of shops, premises, offices which serve clients and consumers, it is unethical to give clients appearing to do business the runaround, for shopping or for services; it is unethical to refer to internal regulations that were not familiar to the clients, and to violate the interest of the clients.

f. The member of MSZÉSZ has to consider, that consumer complaints within a relatively short period of time in relation with his/her services, and behavior, are in violation of the goals as defined in the Bylaws and in the Organizational and Operational Rules, as for example, the increase of social acceptance of the hotel industry. At the same time, jeopardizing the consumer confidence, developed in relation with hotels and restaurants, is not only decidedly disadvantageous, but contrary to the objective and activity of the Association, and it derogates the social reputation of the Association.

An example for such an attitude is, if regarding the services of a member below-the-average ratings appear regularly about room reservations and table reservations at portals collecting guest comments; or the complaints of hotel guests about the services received there are repeatedly not handled the expected way, in accordance with the commitment of MSZÉSZ in the subject.

g. In the interest of maintaining the goals of the Association, its standard of services, reliability, as well as preserving consumer confidence, the member of MSZÉSZ may not use, indicate qualification signals, signs, graphic, or text on his/her hotel, restaurant, correspondence, publicity, advertising, that may be confusing for the average consumer with the trademark of HSU (Hotelstars Union), a part of the services of the Association, or other similar trademarks already taken.

It is unethical for the member to use the sign of a category different from the category determined by the qualification procedure performed by the Association.

The unauthorized, abusive use of discounts established in the Bylaws for the members of the Association, and the unauthorized transfer of the discounts to a third person are also unethical.

Any physical or psychological violence or threat thereof against the guest for any reason is seriously unethical. In case of rightful self-defense or a red-handed catch, assuming that the applied violence is in proportion with the threat and with the behavior triggering it, violence is not unethical.

The coercion and harassment of the guest is seriously unethical.

It is seriously unethical if an employee of a member does not behave according to the generally accepted rules of social conduct and of the hotel/restaurant profession in the premises of another member, or if he/she violates any regulation of the Code of Ethics of the Association by his/her behavior.

3.2.3 Suppliers, subcontractors and other market participants who are in working relationship with the members should operate on the basis of mutual good faith and honesty.

- a. The member in the position of a seller or supplier should consider the buyer' finances and purchasing power according to the same principles that he/she would require as a buyer.
- b. In working relationships with the suppliers the mutual interests and opportunities have to be taken into consideration, and they have to be respected. The suppliers are most vulnerable to the dangers of the abuse of power, therefore unethical interference or compensation may be expected from their side. These are usually unfair actions, such as bribery, personal kickback kept in secret from the member, benefits or their attempt, respectively. The member may not accept these opportunities and has to direct also his/her employees accordingly.
- c. The bribery of public or corporate buyers, such as receiving personal presents, money or other benefits in order to choose a given supplier, a product or service, is unethical.
- d. Forwarding relevant information which is necessary to the assessment of the availability of financial collateral security and the collection of debts, late or in a limited form, is unethical. Evading the endeavor to collect rightful financial claims and/or withholding resources is also unethical behavior.

3.2.4. Business secrets obtained may not be used or transmitted to others without authorization and without the consent of the holder of the secret.

- a. Information gained during bilateral transactions must be treated as business secret, and may not be transmitted to a third party.
- b. The members should take the necessary measures to protect their business secrets, require their employees to do so as well, and call the attention of the partners to secrecy too.
- c. It is unethical to use products under copyright; for example using a software without the consent of the author or the owner of user's right; illegal reproduction and/or disseminating copies. When distributing products under copyrights, attention must be called to the ban on reproduction and to the restrictions.
- d. It is prohibited to produce or supply goods based on documents, plans, or descriptions received for commercial purposes.
- e. The partner list of the competitor or a member doing similar transactions is a business secret. It is not fair to explore the customers of others, to influence or lure them, or to obtain the orders of others.
- f. Secrets gained by business negotiations or other business relationships may only be used in the connection between the two parties and only for the disclosed purpose.

g. It is justified and desirable for the partners to jointly make a statement of secrecy outlining in which circle, for which goal and when, the information obtained may be utilized.

3.2.5. The good reputation of business partners, competitors must be respected. Spreading groundless negative news or information which breeds mistrust, and misrepresenting the facts, is unethical.

a. It is forbidden to unduly contend, offend or jeopardize the good reputation, financial standing, business reliability and solvency of another entrepreneur for the benefit of a third party, or in public.

b. It is unethical to consciously discredit other entrepreneurs, to denigrate the directors or representatives of other enterprises, their activity, products and services, including their aspirations.

c. Unfounded rumors the failure, closing, bankruptcy or liquidation, the insolvency of another enterprise, the risk of such occurrence, as well as the unsuitability and threatening nature of the products and services, are unethical.

d. It is unethical, if for the sake of publicity, specific products or services of others are presented as inferior in quality compared to the advertised ones.

3.2.6. Working relationships with the competitors

a. Appropriate working relationships must be maintained with partners in the same profession, market and interest circle. The business interests and endeavors of others must be respected and received with understanding as well.

b. Business secrets may not be revealed in the course of obtaining information pertaining to the business attitude and result of competitors.

c. It is unethical to spoil fair competition by spreading bad news and by gaining and exploiting undue advantages.

d. Acknowledging the results of competitors strengthens the prestige of the entire profession.

e. Interlocking between competitors is unethical if its aim is the exclusion and/or the limitation of the competition.

3.2.7. Labor seduction is unethical in the prevailing competition on the labor market, if it aims at weakening the business potential of partners.

a. It is unethical to lure the key men of other entrepreneurs with the purpose of weakening their competitiveness and their ability to operate. It is unethical if a member

takes over entire groups or divisions from another against his/her will, and by that considerably weakens the other entrepreneur.

b. It is unethical to make an employee to breach his/her labor contract, especially to compensate for disadvantages resulting from such a breach, as well as to promise perspectives which significantly differ from the usual conditions of the labor market.

c. The enticement of manpower is a seriously unethical case if its purpose is to learn the secrets of the business connection; for example to obtain information about his/her clients or to lure them over.

3.2.8. It is not permitted to organize boycotts against enterprises, to prevent the trade of the goods and services of others or to participate in such actions, and to make it impossible for others to sell their goods.

a. Except for exclusive contracts, it is unethical to encourage others to breach the prevailing contract with the competitors or other business partners with the promise that we shall step into the place of the partner.

b. It is unethical to set the prices unreasonably or disproportionately low or high, and so maintain and enforce them. In the course of determining this fact, the usual price in the profession, fair profit, production, purchasing costs, other facts influencing the pricing and the market conditions of the product and service (including also substitute products and services) should be considered, as well as the impact of the unethical price on other enterprises.

3.2.9. The misleading, incomplete, unprofessional information for customers and consumers, and the concealment of the deficiency of the product or service in advertising and public relations, is unethical.

a. It is unethical to mislead the consumers for the sake of marketability of a product or service, including incomplete information or unfounded, incomplete labeling referring to its characteristic feature. The advertising with exaggerated, unfounded comparison is misleading.

b. It is unethical to refer to advantages compared to services or goods of others by name in advertising – especially if it has no real basis –, not even if for example, only refers to more choice or more favorable conditions.

c. It is unethical to advertise services or products that are not available or the nature of limitations has to be indicated.

d. It is unethical to withhold important information from business partners, especially from guests, buyers, customers; the member has an obligation to give information on

his/her services and products. The information about prices, pricing and payment conditions are particularly important and has to be complete.

e. In service or commercial units and accommodations, where there are clients or there is guest traffic, only those services or goods may be displayed, which are available on location or information provided refers to places for purchase.

f. In the course of a personal sales promotion or selling by an agent, the seller has to meet all obligations for the information that is the duty of the releasing enterprise.

g. Attention has to be called to goods and services that are harmful to one's health, and/or are dangerous, or causing danger or leading to any other user's harm.

h. In advertising and operation of gambling, reference has to be made to the value of the potential win, its nature, and to the chance to win. It is advisable to conduct winning games and drawings with the involvement of a notary public and the general public.

i. It is unethical if, based on special and misleading interpretation of legislation and licenses, products and services are put into circulation that the prevailing law or official license does not permit. It is especially unethical to offer legal constructions which are not comprehensible for the majority of the guests, and by the applying them they endanger the guest or cause him/her an unforeseeable disadvantage.

j. It is unethical to falsely pretend an especially favorable service or bargain-price shopping opportunity and show a reduction as a result of special discounts that is not compared to the actual price.

3.2.10. The enforcement of economic superiority in market relations and the related abuses are unacceptable.

a. Using superiority to influence the relations with other entrepreneurs at the expense of a third party such as, for example, putting into perspective the cancelation of orders, if they also serve others or to demand exclusiveness from the buyers' position, is unethical.

b. It is unethical to prevent other entrepreneurs to avail themselves of the most favorable buying or selling sources.

c. If contracting is denied without a good reason, superiority is being enforced. A good, or acceptable reason may be, for example, the ongoing delay in payment of the buyer, or the depletion of capacities or supplies.

d. The practice of those in superiority is unethical if they make others accept their contract requirement - even though it is advantageous only for them.

e. The exploitation of the evolved situation with conditions different from the agreement; arbitrary enforcement; or when the partner cannot choose another solution, qualify for misuse of superiority.

f. Forcing the acceptance of a legally non-enforceable promise (for example orally made one) that does not mean sufficient or enforceable guarantee for the weaker party, is an abuse of superiority.

g. It is an abuse of superiority to expect fulfillment without a contract or to deny contracting, although the other party accepts the conditions.

h. It is a form of abuse of superiority to expect an unusual and longer than reasonable restriction in the offering, to demand a one-sided clause of price-freeze in long-term agreements, and/or to ignore interest deterioration by unfavorable changes in legislation.

i. It is an unfair enforcement of superiority to demand the counter value prior to fulfillment and to deny the issue of guarantees or other assurances, as well as the groundless and one-sided limitation of taking responsibility for the compliance with the contract.

j. Forcing the acceptance of a professionally unjustified schedule of delivery, assortment, or volume unit is a one-sided enforcement of superiority. The pressure to neglect legitimate claims or to tolerate disadvantageous agreements and situations is unacceptable. It is also the use of superiority if somebody limits the right to court or to other legal remedy of his/her contracting partner.

k. It may be considered enforcement of superiority if somebody uses his/her influence with the authorities, local government or other public authority to force an entrepreneur to contract contrary to his/her interest.

3.2.11. Prohibition of the enforcement of superiority as unethical behavior.

a. It is unethical to stipulate terms in contracts concluded with partners (clients, guests, customers, entrepreneurs) that serve the one-sided interest of the member, placing the other contracting party at a disadvantage.

b. A one-sided provision for the interpretation of the contract, reserving the one-sided right for modification, entrusting the entrepreneur to determine if the fulfillment was according to the contract, and limitation of the consumers' rights in case of breach of contract, is unacceptable.

c. It is unethical to obligate the partner to comply with the contract – especially the payment obligations – if the entrepreneur does not fulfill his/her commitment.

- d. It is unethical to obligate the partner to comply with such additional obligations – supplying data, for example – in case of default of which he/she loses his/her rights despite paying duly.
- e. It is unethical to desist from the contract, if this opportunity is not granted the partner. If the partner has already fulfilled services without compensation, the member may cancel the contract only if he/she pays for the already fulfilled service.
- f. In case of damage to life, to the safety of body and fortune and/or to health, the entrepreneur may not decline the obligation of liability.
- g. It is unacceptable to extend an assignment concluded for a definite period of time if the partner could not make a prior declaration because an unreasonably short period of time was at his/her disposal.
- h. Altering the provisions of a contract concluded with a partner is only possible by bilateral agreement.
- i. The responsibility of the entrepreneur to fulfill the provisions of the contract by his/her own subcontractors decreases only if the partner took part in the selection of the subcontractor.

3.3. The Internal Relations of Enterprises

3.3.1. The interests of the owners, investors, depositors and creditors have to be equally protected.

3.3.2. The data and records of the enterprise should be clear-cut, clean and accurate.

3.3.3. The staff has to be employed with respect for human dignity, with respect for personal rights and with consideration of their capabilities and health conditions.

3.3.4. The remuneration of employees must be reasonable and fair.

3.3.5. Bias, disregarding the requirement of equal treatment and molestation are unethical. Differentiation of the employees may only be acceptable on the basis of conditions related to work (experience, qualifications, efficiency, etc.).

3.3.6. The employees must have the opportunity to plead in representation and defense of their interests.

3.3.7. The work places must be healthy, safe and cultured. The member should endeavor to prevent health hazard, to minimize the environmental harm and pollution. He/she should take into consideration the technological and ecological guidelines, as well as the health, environmental and labor safety regulations.

3.3.8. The employers should ensure that the qualifications and preparedness of the employees are appropriate to perform the entrusted task.

3.3.9 It can be mutually expected from the employees and employers to participate in the solution of their common problems.

3.4. Relations with the business environment and local communities.

3.4.1. Competition, participation in tenders and fairness of judgment are the duty of all concerned.

a. In the course of a competition, especially in case of competitive bidding, tender and auction, the collusion of the competitors among each other, with the issuer of the tender, with a member of the jury or another insider, or persons influencing the decision is not permitted.

b. It is prohibited to announce the tender invitation at a time or condition that obviously makes the real competition impossible.

c. Parties with equal chances should be invited to limited competitions or by invitation only, and a selection of participants have to be avoided in which the winning or losing position of a party is predictable.

d. It is prohibited to make an offer which supports the winning of another participant (overbidding, for example) or aims at making the tender unsuccessful.

e. It must be guaranteed that in the course of the competitive bidding all bidders receive the same information. The announcements, invitations and bidding documentations have to be accessible for all parties at the same time. Additional or supplementary information must be made available to all parties.

f. If the issuer of the tender does not have sufficient financial cover; if he/she wishes to conclude "no" or wants just a limited contract, it has to be indicated in the tender.

g. The subject order of the tender may not be combined with the completion of other works over and above the conditions of the tender.

h. It is forbidden to take into consideration late, formally improper offers. The possibility to supplement a deficiency in the tender must be published in the announcement or the same and simultaneous information has to be provided to all participants.

i. Offers made by the issuer or by enterprises participating in issuing the tender may not be taken into consideration.

j. The order, the view-points and methods of the evaluation must be advised in writing. A contract may be signed with the winner only, and conditions different from the offer may not be enforced unilaterally or by pressure.

k. If the contract concluded is different from the terms of the tender or if it has to be substantially modified afterwards, a new tender has to be announced.

l. It is expected that every participant of the tender be informed about the result of the judgment.

3.4.2. Unlicensed enterprises are extremely dangerous for partners and other entrepreneurs.

a. The practice of some activities requires a special license, the obtaining of which is indispensable condition to the operation of the enterprise, while serving the security of the partners at the same time.

b. It is especially unsafe, dangerous and unethical if performances or services take place without the availability of the necessary special licenses.

c. The behavior circumventing the legislation is unethical.

3.4.3. The Expectable assistance in unusual events, accidents, damages or similar situations.

a. Partners proceeding fairly with each other in their working relationship should also be considered assistance.

b. It is unethical, if a member utilizes or takes advantage of the damage (like force majeure) or tragedy of a business partner or competitor which has arisen outside of the business activity, in order to oust or annihilate him/her.

c. If the party who suffered the loss so requires, it is fair to renegotiate the conditions.

d. Those who suffered damage may not draw profit from the situation; they may only avail themselves of reasonable assistance that is not in excess of their direct loss.

3.4.4. Damaging, excessive, unreasonable use of, or exploiting public property, natural resources and treasures are not permitted.

a. Over and above legislation, care must be taken to minimize the exploitation of the natural environment. Damages caused in the environment must be repaired.

b. In the leadership, strategy and everyday practice of economic organizations, protection of the environment has to be enforced; emission of harmful materials and effects must be limited.

- c. The treatment and reuse of waste has to be ensured.
- d. Endangering the environment by excessive exploitation is not permitted either. The use of procedures, methods, materials and other sources that damage the environment has to be avoided.
- e. The anomalies experienced in the activity of others in the field of environment protection have to be brought up.
- f. Enterprises that have a major impact on the environment should monitor, measure and analyze these impacts, devise and implement plans to reduce them. The materials, energy, and other resources used by the enterprise should be economized so that the waste materials and losses will not take a damaging effect on the environment.

The member ensures, by ethical behavior, that by his/her activity the impact on the environment be appropriate; he/she endeavors to save energy, to reduce waste, to recollect it and to use environment friendly materials. The generated by-products and wastes are treated according to the law.
- g. Damaging or eradicating the living nature may only be permitted within controlled frameworks
- h. The living nature must be left intact to the maximum extent possible, and the use of chemical materials must be avoided when necessary maintenance and protection are being done.
- i. The enterprises dealing with processing products of the living world, or when examining their nature, should take special care to prevent unnecessary suffering.

3.4.5. It may be expected from every member that he/she support local communities, schools, healthcare providers, social services, sports, culture, the arts and other efforts that serve public good to the extent of his/her ability.

3.4.6. Support of psychically and mentally handicapped clients.

Members should ensure that the hotel building is accessible for handicapped, mobility impaired or otherwise handicapped guests and clients, and that they receive service and attendance worthy of their position.

IV. FURTHER RELATIONS IN CONNECTION WITH THE OPERATION OF ENTERPRISES

4.1. Corruption of Persons Performing Public Services or People Having an Effect Thereon is Not Permitted.

4.1.1. People proceeding on behalf of authorities should be received and treated with respect, like other business partners.

Influencing official procedures by corruption, offering bribery with the intention to corrupt, encouraging illicit conduct, or promising an interest in it, are not permitted.

a) The entrepreneurs may not make offers and may not offer benefits to public servants and officers with the purpose of getting a more favorable interpretation and judgment of their work and accounting, or a faster arrangement of their affairs or possibly postponing them.

b) Not only facts but also the news of bribery are harmful to entrepreneurs, therefore, the investigation of suspected corruption cases is justified.

c) It is reasonable and recommended, that major contracts, especially the public tenders, be inclusive of a paragraph that rules out corruption, or they include statements which exclude bribery. Contracts financed by public funds must be transparent.

d) Negotiations conducted with representatives of authorities may not produce personal benefits or represent the interest of officials, even indirectly. The mutually advantageous agreements in connection with authorities must be interpreted with special care in order to avoid the suspicion of corruption.

4.2. Relations with Professional, Sector and Territorial Organizations

4.2.1. Participation of enterprises in professional organizations supports the market pertinence and fair appearance; the participation is a useful form of professional public life.

It is reasonable to observe the ethical norms using the Code of Ethics even if the enterprise or the entrepreneur is not a member of the professional association.

4.2.2. Offices in professional and territorial interest protection organizations may not serve directly the obtainment of business advantages.

a) Holding an office in professional and territorial organizations which provides informational advantages, sometimes a chance to judge tenders or other opportunities that should be available to a wider circle of entrepreneurs; or if it strengthens the market position and is used to directly obtain businesses, is unethical.

b) Using licenses or information gathered in social, public offices for one's own enterprises or for one's own connections, as inside information, pushing others into the background, is seriously unethical. In this context it is also condemnable, if by passing on or leaking out confidential information creates a favorable situation for associates with common interests.

4.2.3. Organizations acting on behalf and in the interest of market participants, especially consumer representations, perform a useful work for the community.

a) In solving the problems relating to the behavior of enterprises, organizations representing the interests of the other side or the complaining party, their presence, should play a significant role. Learning their point of view and searching for common solutions is reasonable.

b) In the assessment of ethical problems, similar cases and precedents have to be taken into consideration in order to reach a uniform judgment.

c) In similar or related matters, it is possible to rely on solutions reached jointly or previously, and other professional organizations may also be requested to represent them.

4.2.4. It is expected from the officials of the Hungarian Hotel and Restaurant Association to represent the instructions of the Code of Ethics by their behavior..

a) The enterprises of persons who hold an office in the Association on behalf of the members of MSZÉSZ and who also have to perform other duties at the Association conscientiously, may not take advantage of this arrangement.

b) Nobody should act in his/her capacity as elected official of the Association in matters related to his/her own enterprise or person, as the two are irreconcilable.

c) It is expected from officials of the Association to proceed with care even when there are circumstances that give rise to partiality or bias in their interest circle. In this case, it is appropriate for the official of the Association to ask somebody else to take over.

d) Fulfilling public roles, in accepted functions, especially in association functions, does not entitle anyone to exploit it to the benefit of his/her own enterprise.

4.3 The public performance of a member, before the media and other appearances in public.

a) In public appearance, it is expected that accurate information be provided to the general public about all of the affairs of the member which might concern the wider public opinion.

b) The business situation, opportunities and chances of the member have to be presented fairly when informing the public.

c.) It is unethical if, in the course of information to the public; when news reaches everybody, a false picture is presented that motivates partners and/or investors to actions against their own interests, or makes such suggestions.

d) It is especially unethical to publicly present an unfounded state of business that encourages investors, suppliers and creditors to take measures different from their original course of action. It is unethical for the member to publish, or threaten therewith, any statement or communication which attacks the Association or the interest of any member in the social media.

4.4. Self-control is expected before bankruptcy and liquidation

a) If the state of the member's affairs makes it likely, that it can result in forced measures, in bankruptcy or liquidation procedure in the near future, it is not fair to take on new obligations, the feasibility of which is at least uncertain in the changed situation.

b) Exception to the above are special measures taken in the interest of crisis management. In this case, however, information to the business partners about the increased risks is expected in order to enable them to consider it on the one hand, and prepare for it on the other hand. This information though should not pose an unreasonable threat to the enterprise in trouble.

c) Withdrawing funds, goods and resources serving as cover for the debts, possibly transferring them to other enterprises before or during the forced measures, and thus putting creditors in impossible predicaments, is unethical.

d) At the same time it is unethical for partners to take advantage of the difficult situation, the enterprise is in by the cancelation of the usual business relations without any advance notice, or to considerably severe the established and fixed conditions and all other actions, which make the position of the entrepreneur in trouble even more difficult.

4.5. Data protection, secrecy

The member acts ethically, if he/she keeps his/her partners', colleagues' and guests' confidential data safe and strictly complies with the rules of data protection. He/she treats the information received about business partners in the course of bilateral agreements as business secrets and makes sure that such information does not come to the knowledge of a third party without the client' permission.

V. RULES GOVERNING ENTRY, PROCEDURES AND APPLICATIONS

5.1. Entry

This Code of Ethics is a collection of rules approved by the Executive Committee of the Hungarian Hotel and Restaurant Association and recommended to the Regions.

5.2. Rules of Procedures

Appendix number 1 of the Code of Ethics is a document titled "The Principles of the Rules of Procedures of the Ethics Committee". The legal frameworks of the ethical procedures, the course of procedures, authority and competence, types of possible ethical decisions and sanctions, their enforcement, legal remedies and other procedural issues are regulated in it.

The Principles of the Rules of Procedures are used uniformly by the Regions.

VI. THE PRINCIPLES OF THE RULES OF PROCEDURES OF THE ETHICS COMMITTEE

6.1 The scope of authority and competence of the Ethics Committee

6.1.1. Conducting ethical procedures due to violation of the rules contained in the Code of Ethics, which were initiated against the members of the Association in relation to respecting, interpreting, and application of these rules or in a disputed matter between two or more members of the Association or concerning a member of the Association respectively, falls under the jurisdiction of the Ethics Committee (hereon "Ethics Committee") of the Hungarian Hotel and Restaurant Association (hereon "Association")

The Ethics Committee does not rule in the matter of financial claims.

The Ethics Committee consists of three persons. The three members are nominated by the Executive Committee. The Secretary General of the Association is a permanent member of the Committee and the other two members nominated by the Executive Committee are experienced, professionally recognized hotel or restaurant directors. The Committee may also occasionally draw a legal expert into its work.

The candidate becomes a member of the Committee by declaration of acceptance.

The Committee elects the Chair from among its own members.

6.1.2. It is the Head of the Region who is entitled to initiate the procedure, where the seat of the party is, against whom the complaint has been filed or has been named as counter-interested party (thereinafter complained against)

6.1.3. If there is a court or other official procedure in progress regarding a substantial part of the matter, the Ethics Committee may stop its procedure, or may suspend it until the completion of the legally valid ongoing proceeding.

6.2. Initiation of the procedure of the Ethics Committee

6.2.1. The Ethics Committee starts the proceedings upon request or ex officio.

6.2.2. The Ethics Committee may start the proceedings ex officio upon the initiation of a member of the Committee, official of the Association or Head of the Region.

6.2.3. The initiation of the process takes place by written request addressed to the Ethics Committee.

The petition must contain all facts and data which are important from the point of view of judgment (decision), but in the least:

a) Name (name of the company), address, seat of the initiator of the process and the name (name of the company), address, seat of whom the complaint is filed against

b) All essential information necessary to judge the ethical case, as well as documents, related to the case (copies of invoices, agreements, letters, etc.)

6.2.4. If the petition does not meet the requirements outlined in paragraph 6.2.3., the Ethics Committee returns it to the initiator of the process naming the deficiencies, asking for additional information, indicating the extended deadline. If the additional information requested is not received by the extended deadline, the process ends the day thereafter. The process starts when the Ethics Committee has received the complete petition.

6.2.5. If one year passed since the unethical action, behavior or activity in question, the Ethics Committee may discontinue conducting the investigation or the application of sanctions.

6.2.6. Upon receipt of the request, the Ethics Committee examines whether or not the matter falls under its scope of authority and competence. In case of a lack of authority or competence, the Committee sends the request to the chamber or organization that does have the authority or competence, while simultaneously notifying the initiator of the process.

6.2.7. The Ethics Committee, without delay, sends the request to the party, named in the complaint, and asks him/her simultaneously to present his/her point of view, and inform him/her that the lack of a written response does not impede the investigation of the case.

6.3. The investigator

6.3.1. The Chair of the Ethics Committee or a designated member appoints an investigator from among the members of the Committee upon receipt of the petition, whose task is the careful examination of the ethical case, the hearing of the parties and the collection of data necessary to the decision making.

6.3.2. The investigator, or investigators, if necessary, should possibly be appointed from among the committee members who have professional and local experience, depending on the subject of the ethical case. The investigator may suggest to the Chair to invite an expert from among the members of the Association.

6.3.3 The investigator tries to bring about an agreement between the parties with conflicting interests in the course of the process, and submits it to the Ethics Committee along with his/her report for their information.

6.3.4. The investigator prepares a report after the necessary hearing of the parties and clarification of the of facts in relation with the ethical case and collection of the proofs in which he/she resumes the essence of the ethical case and makes a proposal for the resolution to the Ethics Committee.

6.4. Preparation of the meeting of the Ethics Committee.

6.4.1. The preparation of the meeting is the duty of the Chair. In the course of this he/she arranges for the completion of the investigator's report, if necessary, for supplementing the still missing data, proofs, and furthermore takes all necessary measures in order to enable the Ethics Committee to make a decision at a one-time deliberation of the case.

6.4.2. If the Chair holds the case suitable for deliberation, he/she calls for a meeting of the Ethics Committee.

6.4.3. The Chair invites the members to the meeting by sending them the report of the investigation. The parties, as well as other interested – if previously requested, or if their presence is necessary to decide the case – are invited, with the warning that their absence is not an obstacle of holding the deliberation and making a resolution, the Committee decides on the basis of the facts and data available in their absence.

6.4.4. A commissioned member of the Association may participate – without deciding competence – in the work of the Ethics Committee.

6.5. Hearing of the Ethics Committee

6.5.1 The Ethics Committee judges the ethical case in the course of a hearing, and makes a resolution as a result.

6.5.2. If the ethical matter is simple and the parties do not object, in exceptional cases the Chair may approve the agreement between the parties at the suggestion of the investigator, and that a hearing be bypassed, and he/she informs the Ethics Committee of this decision at their next meeting.

6.5.3. The hearing is public, the parties and other interested may be present. The Chair may order a closed meeting if requested by any of the parties. Regarding representation, the provisions of the Law CXXX of the year 2016 of the Code of Civil Procedure are properly guiding.

6.5.4. The Ethics Committee has a quorum if the majority of the members is present.

6.5.6. After opening the hearing the investigator expounds the essence of the ethical case and the documents available. The Ethics Committee may hear an expert or witness upon request and expense of any of the parties, or it may initiate itself the participation of an expert or hearing of a witness.

6.5.7. The parties or their representatives and other persons interested may present their viewpoint related to the case, and they may ask questions from the investigator, expert or witness present.

6.5.8. If at all possible, the ethical case should be closed in one hearing, and within 90 days from the start of the process, as indicated in the paragraph 6.2.4.

6.5.9. Minutes have to be taken of the hearing, including date, time and place, name of the participating persons and the statements made. The minutes are signed by the Chair of the hearing and the recorder of the minutes.

6.5.10. The rules of the Association may remit the hearing of the parties to the competence of the investigator(s), and may conduct the hearing in the presence of the parties. In such a case, the Ethics Committee may omit hearing the parties.

6.6. Inconsistence

6.6.1. Members of the Ethics Committee or experts invited by the Committee, who have a personal or financial interest in the case, or who are biased for any other reason, may not work on the case unless he/she previously disclosed it to the parties, and knowing this, none of the parties protested against his/her person.

6.6.2. Inconsistency prevails and those listed in paragraph 6.1.1., are expelled from the process, especially if they are relatives of any of the parties interested (Ptk.8:1. §) or are in working relationship or any contractual legal relationship with those parties.

6.3.3. The member of the Ethics Committee and the invited expert are obliged to inform the Chair of the Ethics Committee of inconsistence affecting them personally. The Chair advises the members of the Committee of existence of inconsistency affecting him/her personally.

6.7. The resolution of the Ethics Committee

6.7.1 The Ethics Committee passes a resolution based on the facts set down in the course of the process. Passing the resolution takes place by open vote and simple majority of the committee members present. In case of a tied vote, the vote of the Chair decides.

6.7.2. The Ethics Committee expounds its resolution at the next meeting of the Executive Committee, and following the approval of Executive Committee sends it to the parties and others interested. If any of the parties files a complaint against the resolution of the Ethics Committee, the Executive Committee decides.

6.7.3. In case of violation of the ethical rules contained in the Code of Ethics the Ethics Committee:

a) gives a warning in a resolution and advises the parties of the resolution in writing

b) If the ethics violation is more serious or if it is repeated, the admonishment is made public. Each case is weighed individually, considering the method and reach of the admonishment.

c) may initiate depriving the parties of certain services and /or benefits of the Association temporarily or permanently, or expelling the member from the Association. The exclusion has to be approved by the Executive Committee.

d) may initiate, at the supervisory organ of competition or another authority taking the necessary measures.

e) may initiate taking the necessary measures for the suspension of practicing the named activity for a definite period of time, in a more serious or repeated case.

6.7.4. The announcement of the resolution may appear in the publication of the Association, in local or national newspapers, on the radio or television, stating the essence of the ethical case, the resolution passed and also naming the member of the Association in question.

The initiator of the process may be named only with his/her previously given endorsement.

The Association may establish further detailed rules within the scope of its own rules of procedures, especially in relation to the initiation of procedures, the investigation of the ethical case, the deliberation, the passing of a resolution, deadlines and the duties of the employee of the organization assigned to the Ethical Commission.

The Code of Ethics is effective from:

