

CODE OF ETHICS

Hungarian District Heating Association
(MaTáSzSz)
1116 Budapest, Fehérvári út 126-128
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CODE OF ETHICS

For all members and staff of the Hungarian District Heating Association

I. INTRODUCTION

It is impossible to regulate the actions of economic actors by legal, economic or political means alone.

Ethical requirements are of particular importance in the regulation of the behaviour of economic operators in their dealings with each other.

Mutual trust and mutual assistance between cooperating partners is essential in the district heating sector. In the absence of knowledge and practice of desirable ethical behaviour, the Hungarian District Heating Association (hereinafter referred to as the Association) cannot fulfil its tasks. The current complex social and economic changes, among the actors of economic and social processes, may bring unethical behaviour to the surface.

Unethical conduct is reprehensible even if it is not expressly prohibited by law.

II. PURPOSE OF THE CODE OF ETHICS

The purpose of the Code of Ethics is to familiarise all relevant members of the Association with the general ethical standards and the specific ethical standards and rules that members and staff of the Association are obliged to observe and comply with in their activities and in their relations with each other. Furthermore, it seeks to provide a guarantee to those who are interested in the Association that they will act with due skill and conscientiousness and ethically in their activities.

III. PERSONAL SCOPE OF THE CODE OF ETHICS

1.) The personal scope of the Code of Ethics shall apply to the regular and district heating members of the Professional Association of Hungarian District Heating Suppliers, as well as to the members and staff of the Association, its elected officers and staff (hereinafter referred to as "the Covered Persons").

2.) Data subjects are required to conduct their activities in compliance with and with due regard to these ethical standards.

3) In facilitating the resolution of disputes arising from these activities, the Association shall apply the provisions of this Code of Ethics.

IV. GENERAL CONCEPTS

Interpretation of terms used in this Code of Ethics

Ethics: the science of morality.

Code of ethics: a set of moral standards, expected behaviour.

Business secret: Any fact, solution, data or information relating to the activities of the Association and its members, the confidentiality of which is in the reasonable interest of the interested parties - rightholders.

Membership of the Association: ordinary or district heating members or associate members, whose admission is decided by the Board of Directors of the Association by decision of the Board of Directors after receipt of an Application for Admission and notification of admission.

Regular member: may be a business organisation with a district heating supplier and/or district heating producer operating licence subject to Act XVIII of 2005 on District Heating Services, which accepts the Statutes and Code of Ethics of the Association as binding and complies with the conditions set out in the Statutes.

District Heating Industry Division member: can be any business organisation or individual entrepreneur with its registered office or place of business in Hungary or in a Member State of the European Union, which is connected with the district heating supply and/or district heating production activities of the regular members by its activities, the products it manufactures or distributes or the services it provides, and which accepts the Statutes and the Code of Ethics of the Association as binding for itself and complies with the conditions set out in the Statutes.

Associate member: may be an associate professional organisation, educational or research institution, public benefit organisation, foundation, association, public body or other legally qualified organisation with its registered office or place of business in Hungary, which is established for the primary purpose of non-profit making activities and which meets the conditions of the Association's Statutes.

Statutes: It regulates the legal status, objectives, functions, membership, governing bodies, officials, and financial management related to the lawful operation of the Association.

V. PUBLICITY

The Code of Ethics of the Association is public and applies to all its members and staff, thus helping to promote its application by the general acceptance of its provisions.

VI. REQUIREMENTS FOR ETHICAL CONDUCT

1) Those subject to the provisions of the Code of Ethics must organise and operate their activities in accordance with the legislation in force.

2) Data Subjects are obligated to:

- act conscientiously and professionally in their activities,
- fully fulfill their undertaken obligations,
- demonstrate goodwill in their service and economic activities,
- carry out their tasks in the spirit of mutual cooperation.

3) Data Subjects must conduct their economic activities without unfair competition, unfair influence on business decisions, agreements restricting economic competition and abuse of dominant position.

4.) Data Subjects may not enter into an obligation which cannot foreseeably be fulfilled at the time of entering into it. They shall also be responsible for their operations by providing only a good quality, reliable and safe service to the consumer/user.

5.) The relationship of Data Subjects with their users, professional, economic and administrative partners (hereinafter referred to as "Partners") must be based on respect for human dignity and full respect for the rights of the individual.

6) Information of importance to the partners, other than trade secrets, shall not be withheld or disclosed to unauthorised persons. The provision of false information is not permitted.

7.) A business secret may not be obtained, used or disclosed to others or published on an information platform without the permission of its owner.

8) It is unacceptable behaviour to discredit or misrepresent partners and competitors in the professional and economic activities of members.

9) When an extraordinary event, accident or significant damage occurs or is known to have occurred, reasonable assistance must be provided.

VII. THE ETHICAL CONDUCT OF THE MEMBERS OF THE ASSOCIATION IN RELATION TO THEIR MEMBERSHIP

1) Regular members, members of the District Heating Industry Division and Associate members of the Association must fulfil their obligations as set out in the Statutes in relation to their membership, in particular the obligations to provide information and pay membership fees.

2) Acting on behalf of the Association without authority, acting on its own authority or abusing the rights acquired by membership is prohibited.

3.) The Stakeholders shall act conscientiously and to the best of their ability in the preparation of decisions of the Association and in the performance of their elected functions.

(4) Regular or district heating industry division members delegated to elected offices of the Association may not claim any special advantages against each other in this context.

VIII. FORMS OF UNFAIR CONDUCT

Breaches of the generally accepted rules of ethical conduct or of the rules of ethical conduct described in this Code of Ethics, in particular:

1.) Unfair market conduct is granting an unjustified unilateral advantage by an undertaking or organisation with a dominant position.

2) It is forbidden to mislead users/fee payers, or customers in any way to increase the quality of the service, the parameters, extent, size, effects, and price of the service, including incomplete information that is liable to mislead, concealment of relevant information, disproportionate size and extent of the benefits or defects, misleading service description.

3.) Especially, exaggerated advertising in which the advertiser claims to be the exclusive distributor of a product which is available elsewhere.

4.) It constitutes consumer deception if—especially before the heating season—it is not disclosed that continuous supply is not guaranteed, including cases where the restriction is based on legal regulations.

5) It is forbidden to knowingly damage the reputation of other members of the Association as service providers or entrepreneurs, or to endanger their creditworthiness, in particular:

- suggesting or informing another member in a derogatory, disparaging or in any way damaging manner, whether it relates to the service member's person, business, services or products,
- any unfounded allegation that the other member's operation or product is unsuitable for its intended purpose or unsanitary or dangerous.

6) Direct solicitation to terminate or prevent the establishment of economic, organisational or service relations with third parties is prohibited.

7) It is forbidden to carry out any activity in an incompetent manner without sufficient expertise and preparation.

8.)

It is not permissible for a Member of the Association to gain an advantage by:

- Failing to comply with regulations, performing services or activities without authorization, or lacking the expected conditions to perform such activities.

- Benefiting from non-compliance or partial or delayed fulfillment of their share in public contributions (including taxes, contributions, fees, and membership dues).
- Not adhering to financial regulations, employing or paying workers illegally.
- Offering unrealistic discounts or price reductions.

9.) Bribery, and thus the acquisition of an undue advantage, is prohibited.

IX. PROCEDURE OF THE ETHICS COMMITTEE

1) An ethics investigation may be initiated by any member of the Association at the initiative of the Board of Directors or by the Board of Directors itself. Based on the facts and reasons put forward, if the initiator maintains his initiative for an ethics procedure, the Board of Directors shall request the Ethics Committee to examine the case and make a decision on the basis of its recommendations.

2) The Ethics Committee shall be responsible for conducting disciplinary investigations against the Member concerned.

3.) The Ethics Committee is a body of 5 natural persons, whose President and 3 members are elected by the Board of Directors, and a member of the Board of the Executive Committee of the District Heating Industry Division.

4) The Ethics Committee shall be elected by the new Board of Directors elected at the renewal meeting of the General Assembly for one renewal term.

5.) If the number of members of the Ethics Committee falls below 5, the President of the Ethics Committee, or in the absence of a member of the Ethics Committee, shall apply to the President of the Association for the election of a new member. If the District Heating Industry Division remains unrepresented, the Board of Directors shall initiate the nomination of a new member by the Executive Committee of the District Heating Industry Division.

6) Meetings of the Ethics Committee shall be convened by the Chairperson, as necessary, in writing, indicating the proposed agenda, at least 10 days before the meeting.

7.) In addition to the duties set out in the previous point, the Chairperson of the Ethics Committee shall be responsible for the direction and coordination of the work of the Ethics Committee, and shall

- organise meetings of the Ethics Committee,
- propose the person who will keep the minutes,
- order the vote and establish the result.

8) The Ethics Committee shall be convened by written invitation at least 10 days before the scheduled date of the meeting. The invitation must state the exact time and place of the meeting and the agenda. Written submissions and proposals shall accompany the invitation.

Invitations and submissions may also be sent electronically. In duly justified cases, meetings may be convened at short notice and within a maximum of 3 working days. If an extraordinary meeting is convened, the reason for convening it must be stated in the notice.

9.) Any member of the Ethics Committee may request in writing the convening of a meeting, stating the reason and purpose, to the Chairperson of the Ethics Committee, who shall, within 10 days of receipt of the request, arrange for the convening of the meeting within 10 days. If the Chairman of the Ethics Committee does not comply with the request, the member of the Ethics Committee shall be entitled to convene the meeting himself.

10) The quorum of the Ethics Committee shall be at least three members of the Ethics Committee present at a meeting.

11) The Ethics Committee shall make its decisions by a simple majority of the members present. In the event of a tie, the vote shall be taken again, and in the event of a further tie, the proposal shall be deemed to have been rejected.

The voting procedure is open, otherwise, the Ethics Committee decides by secret ballot:

- to hold a closed meeting,
- if any member so requests and no member requests a roll-call vote.

A roll-call vote shall be taken at the request of any member of the Ethics Committee.

12) The Ethics Committee shall prepare minutes for its meetings. The minutes must include the date, location, names, and roles of participants, along with a summary of the submissions, key points of the discussions, decisions made, and the voting ratios. Members of the Supervisory Board may request that their dissenting or separate opinions be recorded in the minutes.

13.) The minutes shall be signed by the Chairman of the Ethics Committee and the Secretary. The Chairman of the Ethics Committee may, on occasion, request that all members countersign the minutes as authenticators. The minutes shall be sent to the members of the Ethics Committee and to the Office of the Association within 15 days of the meeting.

14.) The Ethics Committee shall notify the Member concerned in writing and shall ensure that the facts of the case are clarified by means of an investigation of the merits, which shall last up to 30 days, and that the representative of the Member concerned is heard in person. The Member concerned may be informed of the proceedings, the steps taken, and the outcome of the proceedings, may present its defence at any stage, and may be represented by legal counsel at its own expense.

15) The Ethics Committee may request information and data from members of the Association to conduct its investigation. Requesting information and data from a member charged with unethical conduct in a written report will be mandatory.

16.) After its investigation, the Ethics Committee shall submit a written and reasoned proposal to the Board of Directors on its findings and position. In the submission, the Ethics Committee shall also make a proposal to the Board of Directors for a decision. The Ethics Committee may propose, as a sanction, a verbal or written warning, the suspension or recall of the Member's officers from their posts in the Association, the withdrawal of the Member's voting rights. The Ethics Committee may also recommend expulsion as the most severe sanction.

17) The Board of Directors shall take its decision on the basis of a proposal from the Ethics Committee. The Member concerned may appeal against the decision to the General Assembly.

X. CLOSING STATEMENT

Amended by the Ethics Committee at its meeting of 18 September 2017, by Resolution 1/2017 (18.09.2017)

Approved by the Presidium of the Association at its meeting of 28 September 2017, by Board of Directors Resolution No. .../2017 (....).

These Rules will enter into force on 28 September 2017.

Budapest, 28 September 2017.

Enforced by:

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Tibor Orbán President