



BDO Hungary Group

Code of Ethics and Business Conduct

Budapest, September 2023

Executive Guidance

Ethical conduct is one the cornerstones of our business. The BDO Hungary Group is committed to upholding the highest ethical standards in line with international regulations and with the professional guidelines that are applied across BDO's international network. The members of the Group comply with the requirements of ethics and independence as set out in the IESBA Code of Ethics at all times.

Our commitment to doing business on the basis of rigorous compliance and a culture rooted in fairness and ethics is nothing new. BDO Hungary opened its Budapest office 34 years ago in 1989 and, having made great contributions to the growth our clients over the years, we have accumulated a wealth of experience about the needs and operating environments of local and international companies. We have relied on this experience to set out the BDO Hungary Group's Code of Ethics and Business Conduct.

We are proud that all of our employees and everybody else who work with (as subcontractors or service providers) make it their mission to help the successful operation of our clients with a strong commitment, and with high-quality and impartial services based on sound methods and procedures. We are convinced that we can only face the challenges of a competitive market successfully over a long term if we hold ourselves accountable for our principles and our actions both as a company and as individuals.

In order to realise this objective as best as we can, beyond compliance with the applicable statutory requirements and professional standards, we voluntarily agree to comply with the rules and requirements set out in this Code of Ethics and Business Conduct, which equally applies to the relationship between the members of the BDO Hungary Group and their business partners, to the relationship between the Group's staff members and its contributors, and to how we compete in the market.

“We believe in ourselves and know that the work we do contributes to the success of our clients.”

*Zoltán Gerendy
Managing Partner*

1 Introduction

This Code of Ethics and Business Conduct (hereinafter: Code) expresses the commitment of the members of the BDO Hungary Group (hereinafter: BDO) to upholding rigorous ethical standards, and serves as guidance for their employees and any other persons who contribute to their operations (hereinafter: employees) to follow when engaging in any business conduct, and for any other persons and entities with which BDO does business (hereinafter: business partner).

The foundation of the success of any company is the trust placed in it by its employees, clients and investors, and therefore BDO is committed to guarding its credibility with a steadfast adherence to integrity and by achieving its goals through solely ethical means. BDO expects its employees to act honestly, impartially and in an unbiased manner in all matters associated with their job, to proceed in good faith at all times, to treat everybody with respect and fairness and not to do or say anything that might undermine the trust that is so crucial in work relationships.

Executive officers and the leaders of the various business lines and specialist areas have heightened responsibility for underpinning the importance of the Code through their own actions and behaviour, and they are responsible for addressing all ethical matters in a timely manner.

BDO is always open to discussing any question, and will not tolerate any punishment for, or retribution against, anybody who reports inappropriate actions or behaviours in good faith.

Employees are required to cooperate in the investigation of any potential or alleged ethical misconduct; and any action that is not in compliance with this Code qualifies as misconduct that can serve as grounds for disciplinary action and could potentially result in the termination of employment.

BDO and all of its staff members take responsibility for acting in the public interest, because we can only be successful if we are able to provide high-quality services, and our success will only be sustainable if we provide our services and operate our own business in accordance with the principles and standards we have set for ourselves.

The cornerstone of our ethical principles is independence, which is closely linked to the principles of integrity and objectivity. BDO has developed a quality management and quality control system that meets the requirements of BDO's international network and ensures that all members of the group and their employees will adhere to BDO's independence guidelines, professional standards and the relevant statutory and regulatory requirements, and that the reports issued by them will be true, fair and accurate under the given circumstances at all times. BDO and its employees will identify, assess and address local and international independence and conflict of interest issues in a timely manner.

2 Ethical Principles

BDO's core values:

- integrity
- objectivity
- professional expertise and due care
- confidentiality



- conduct and behaviour befitting the profession
- transparency
- credibility
- respect for others
- responsibility
- accountability
- trustworthiness
- respect for the law
- honesty

BDO's rules of professional ethics are as follows:

- BDO will only agree to take on an engagement if it and its subcontractors have the knowledge and skills to perform the engagement professionally and at a high level of quality,
- BDO will only appoint a person to perform any given task and to manage and supervise the provision of its services who has adequate qualifications and expertise in the given field,
- any BDO employee will clearly disclose whenever there is anything that can impact their independence or impartiality, and they will only participate in the relevant engagement after the resolution of the conflict of interest,
- BDO treats all information pertaining to its clients in the strictest confidence in line with the clients' expectations, and prevents third parties from accessing such information without the clients' permission,
- no information obtained about a client in the performance of an engagement may be used by BDO or any of its employees for gaining profit, whether directly or through third parties,
- BDO acts efficiently, effectively and with due professional care and diligence in the performance of its engagements,
- BDO provides professionally sound opinions and advice, makes practical recommendations, and helps its clients solve their problems and achieve their objectives,
- BDO does not create unreasonable or unwarranted expectations about any specific recommended service.

3 Ethical decision-making

Ethical behaviour involves value-driven decision-making and the prevention of unethical, improper or unlawful situations.

BDO considers a behaviour to be ethical if it is legal, aligned with the partner's and BDO's values, complies with this Code and all applicable statutory and regulatory requirements as in effect from time to time, and respects the rights of others.

4 Compliance

Our commitment starts with adherence to laws and other regulations: BDO knows and complies with the laws and regulations that are necessary so that it operates lawfully. It always acts in accordance with all of its valid contractual obligations and does not misuse its rights. BDO's employees comply with all laws and regulations, as well as the policies of the BDO Group and BDO's international network, including this Code.

5 Sustainability: health, safety and environmental protection

BDO strongly believes in the notion that we must meet our needs without jeopardising the opportunities of future generations, and therefore we apply a complex approach to economic, environmental and societal issues in our operations and business decisions.

BDO offers, and is dedicated to maintaining, a clean, safe and healthy work environment, and therefore our objective is reduce the impact of our activities on the natural environment as much as possible, and so we do everything we can to reduce our use of non-renewable resources (such as energy and water) and our emissions of harmful substances (primarily waste).

All of BDO's employees must comply with all applicable health-care, safety and environmental laws, regulations and policies at all times.

6 Human rights

BDO is dedicated to upholding the dignity, and to respecting the human rights, of every person and community. BDO does not in any way cause or contribute to human rights violations; its employees must treat everybody with dignity, respect and care.

7 Fair employment and work conditions

BDO is committed to promoting equality at the workplace and to maintaining lawful and fair employment and remuneration practices. BDO is strongly opposed to the direct or indirect use of child and slave labour, and all forms of forced, compulsory and bonded labour. BDO strongly condemns all forms of unlawful, unfair or unethical employment practices that exploit workers, undermine the social security system or serve to evade taxes.

BDO expects all of its employees to treat their colleagues and others fairly and with respect.

8 Discrimination and harassment

BDO grants equal opportunity to all of its employees and will not tolerate any form of discrimination, harassment, intimidation, bullying or abuse. BDO will not tolerate any direct or indirect discrimination based on any personal trait or attribute that has no relevance for professional purposes, and in particular, discrimination on the basis of gender, marital status, age, national, social or ethnic origin, skin colour, religious or political beliefs, disability, sexual orientation, trade union membership, or financial, birth or other status.

BDO expects all of its employees to uphold the highest standards of behaviour based on mutual respect in all verbal and written communication and to refrain from harassment, slander and any other behaviour that others may perceive as offensive, intimidating, demeaning or insulting.

9 Fair competition and business conduct

BDO's cooperation with its partners is rooted in trust and based on mutual benefits in line with the rules of competition law. BDO is committed to ethical and fair competition; we provide our services on the basis of independent pricing and sales decisions, and we do not cooperate with our competitors or harmonise our operations with theirs in an illegal manner.

BDO will refrain from actions that might undermine market competition, our partners'

reputation or the credibility of our competitors.

BDO does not offer or request illegal payments or favours and does not participate in illegal agreements that are designed to keep certain partners off the market. BDO is committed to a steadfast adherence to all applicable commercial regulations, restrictions, sanctions, and export and import embargoes.

In tenders and competitive bidding procedures, BDO does not rely on practices that violate the principles of fair competition.

BDO will not in bad faith, unlawfully or without good cause withhold payments owed to its partners.

BDO expects its employees to adhere to fair business practices and observe all competition, consumer protection and advertising rules at all times. BDO's employees will treat business partners fairly and equally in all cases.

10 Transparency

BDO firmly believes that transparency creates credibility, which, in turn, generates trust, and therefore we place great emphasis on the importance of compliance with regulations and requirements concerning transparency.

11 Anti-corruption

BDO strongly denounces and will not tolerate any form of corruption, and in particular, the offer, promise, grant, solicitation or acceptance, whether direct or indirect, of any undue advantage or benefit, including the misuse of influence or the creation of an appearance of the same.

Corruption, whether done to acquire business or any other financial benefits, qualifies a serious offence, just as accepting a bribe or allowing somebody else to accept a bribe does. Therefore, BDO expects its employees to be able to present a legitimate reason for any benefit or advantage they might receive in the course of BDO's business, and they must not give or accept any bribes.

BDO expects its employees to avoid any conduct that might create an appearance that they seek, receive or grant special treatment in exchange for personal benefits, regardless of whether they act in their own name or in name of the BDO Group. Consequently, no benefit that qualifies or could reasonably be perceived as an illegal business incentive, or that violates any law, policy or principle, or that otherwise results in an uncomfortable or awkward situation may be given or accepted. Employees may never use their own resources to do something that could not be done with BDO's resources.

However, employees may offer or accept ad hoc gifts and hospitality that are in line with reasonable ethical standards accepted on the market, so long as such gifts or hospitality are not excessive, do not show a pattern and do not create an impression that they serve the purpose of influencing business decisions. Consequently, only low-value and immaterial gifts may be accepted, and all other kinds of gift must be politely refused or, if received by mail, returned. If a gift cannot be returned, it must be offered for a charitable or community purpose. Any person offering or receiving a gift will be responsible for assessing whether the gift meets any of the above criteria.

12 Security and the proper use of company assets

Every employee is responsible for the security, protection and efficient use of BDO's resources, and may only use such resources (time, materials, devices and equipment) for legitimate business purposes, with the exception that ad hoc private use is permissible if such use is not illegal, does not impact performance or undermine morale at the workplace.

All employees must comply with security measures and treat all tangible and intangible company assets with respect. The misuse or negligent use of assets qualifies as a violation of BDO's ethical principles.

13 Confidentiality, information security, and the protection of business secrets and intellectual property

BDO is committed to guaranteeing the completeness, confidentiality and accessibility of business information and employs appropriate technical solutions for this purpose.

Business secrets include any information that is not in the public domain and it would be harmful for BDO or its partners if unauthorised persons had access to it. All employees must treat such information in confidence. Due to the specific nature of the BDO Group's business, all staff members employed by its members receive detailed information and make a declaration regarding their confidentiality obligations before they enter a member's employment.

BDO respects the intellectual property of others, and does not participate in the unauthorised use, duplication, distribution or modification of protected intellectual property. BDO's confidentiality and non-disclosure obligations vis-à-vis its clients are regulated in its individual engagement letters and its Terms of Business.

14 Financial integrity and the prevention of fraud

BDO keeps its accounts and records, and prepares its financial reports accurately and in appropriate detail, and such accounts, records and reports truly and fairly reflect the real economic substance of its transactions. BDO strongly condemns all forms of money laundering, and therefore it is committed to entering into any business relationship only with partners that carry on legitimate activities using legal funds.

Each of BDO's business lines has an obligation to establish the identity of its clients for anti-money laundering purposes in connection with its services, and each business line regulates such identification process in its own internal policy and will proceed in line with the rules of such policy.

BDO is committed to fair taxation, and therefore we refrain from all forms of tax evasion (e.g. failure to comply with the obligation to give receipts or issue invoices, or using false expenses for tax deduction).

BDO complies with all accounting requirements, ensures that business events are recorded properly, and guarantees that all published financial reports are complete, true, accurate and clearly understandable.

Fraud and fraudulent acts, i.e. acts that are taken with the intention to cheat, steal, deceive or lie, are unethical and, in most cases, subject criminal consequences. At BDO, all forms of fraud (including the submission of false expense reports, the falsification or modification certificates or business documents, the misuse or theft of company assets, and the making

of false entries in financial or other records or reports) are prohibited.

15 Independence and conflicts of interest

BDO's decisions are based on an objective and fair assessment of the relevant facts and circumstances, and the possibility of undue influence must be avoided in the decision-making process (see Section 3, Ethical decision-making). A conflict of interest might arise if an employee's personal interests (which might be related to their relationship with friends or family, a customer, a competitor, a supplier or subcontractor) is or could potentially be in conflict with BDO's interests.

Before entering BDO's employment, every employee receives detailed information about conflict of interest matters and makes a declaration of independence. BDO has adopted a separate policy to regulate the matters concerning the independence of its employees, and it regularly reviews compliance with such policy in a standardised procedure.

BDO's conflict of interest rules vis-à-vis its clients are regulated in its individual engagement letters and its Terms of Business.

16 Protection of personal data

BDO respects the privacy of all persons and recognises the requirement of its partners, employees and other private individuals to have adequate assurance that their personal data are processed appropriately, and only on the basis of legitimate interests and with the data subjects' express consent. BDO is committed to complying with all data protection laws and regulations, and therefore it will only collect and process personal data if the processing of the same is lawful, and it will appropriately inform the data subjects about the processing.

In order to guarantee the confidentiality, completeness and accessibility of personal data, BDO has introduced and employs an information security management system that meets the requirements of the MSZ ISO/IEC 27001:2014 standard. BDO's data processing statement is available [here](#).

BDO may act as a data controller or as a data processor during the performance of its services. More detailed rules regarding data processing activities are included in individual engagement letters, individual data processing agreements and BDO's Terms of Business.

BDO's employees must comply with all applicable statutory requirements, apply the appropriate practices and follow all procedures designed to ensure the lawfulness of data processing activities.