

Pursuant to Article 8, paragraph 1, item 9 of the Law on the Chamber of Economy of Montenegro ("Official Gazette of Montenegro", No. 42/98) and Article 21, paragraph 1, item 8, in reference to Article 8, paragraph 1, item 7 of the Statute of the Chamber of Economy of Montenegro ("Official Gazette of Montenegro", No. 61/09), on April 8, 2011 the Assembly of the Chamber of Economy of Montenegro (hereinafter referred to as: the Chamber)

- Noting the importance of responsible and ethical conduct of business entities as a necessary prerequisite for the efficient functioning of the market and the integration of the Montenegrin economy into the international business environment,
- Encouraging the development of quality relations and fair competition among business partners and the business environment in which businesses operate,
- Taking into consideration the specifics of businesses and the activities they perform,
- Emphasizing the need for an open dialogue that will determine the basic ethical principles to encourage business people in making decisions on behalf of their businesses and the society as a whole,
- Promoting proper concern for the environment,

adopted the

## **CODE OF BUSINESS ETHICS**

**("Official Gazette of Montenegro", No. 45/11 as of 09 September 2011)**

### **I GENERAL PROVISIONS**

#### **Article 1**

This Code shall regulate the basic principles of ethical conduct of business entities within the Montenegrin business community.

Defining of ethical criteria contributes to more transparent and efficient business operations and to better relations between the businesses in Montenegro and the business environment in which they operate.

The aim of this Code is to contribute to the execution of business activities of business entities in the spirit of business ethics, good business practices and according to principles of honesty and accountability as well as to improve the transparency of business operations.

Performing business activities in compliance with the requirements of ethics and moral standards in business is a part of business policies of each Chamber member and their contribution to the promotion of ethical business performance.

## **Article 2**

All members of the Chamber, business organizations in Montenegro shall be responsible for compliance with the rules of this Code.

Encouraging ethical behavior in the organization is achieved by defining and publishing the rules of conduct, through positive example of managers, identifying and resolving potential ethical problems at an early stage and sanctioning of unethical behavior.

## **Article 3**

The Chamber members shall be obliged to act in accordance with the principles of accountability, honesty, efficiency, transparency, quality, acting in good faith and observance of good business practices toward business partners, business and social environment and the employees.

Goods and services should be produced and offered to customers in a socially and environmentally responsible way.

## **Article 4**

The persons having an obligation to apply this Code shall comply with good business practices in the domestic and international frameworks, which are built on good faith, fair relations, loyalty and accuracy.

## **II MUTUAL RELATIONS BETWEEN BUSINESS ENTITIES**

### **Article 5**

Principles of business ethics require for each business entity to comply strictly with the obligations taken within the law and the agreed contractual terms, and not to prevent other businesses in performance of their duties.

The person having an obligation to apply this Code shall not assume liabilities for which he/she is aware of not being able to fulfill them.

### **Article 6**

Businesses shall have an obligation to provide their business partners, government agencies and the public with the information on their activities when such an obligation is in accordance with law, contract, good business practices or a justified public interest.

Knowingly providing of false information with the aim of misleading business partners or the public is not allowed.

### **Article 7**

The confidence of consumers, business partners or other participants in a business relation must not be abused through business operations or exploit their lack of experience, knowledge or their good faith.

When signing the contract, business entities shall formulate provisions so as to be clear and precise, and so that they cannot be interpreted contrary to the actual will of the parties.

#### **Article 8**

Products and services must have declared quality, and be safe and acceptable in terms of health in their intended use.

It is not allowed to conceal from users the negative consequences of the use of certain products, as well as any other form of deception of users in terms of important features of the product.

#### **Article 9**

Bidding for making a deal with insufficient data for decision making by the user shall be considered as incorrect.

### **III INTERNAL RELATIONS IN BUSINESS ORGANIZATIONS**

#### **Article 10**

Business organizations shall independently regulate their organization and rules of conduct. In doing so, they are obliged to comply with applicable regulations, collective and individual agreements and protect human and civil rights, dignity and reputation of each employee.

#### **Article 11**

Employees, members of the management and the supervisory board members, as well as other associates shall perform the duties assigned to them in a professional manner and promote business interests of the business organization in which they are employed or engaged.

This includes protecting and caring for the tangible and intangible assets of the business organization, including all forms of property, preservation of confidential business information, and concern for the reputation and relations with all business partners, government agencies, NGOs and the general public.

#### **Article 12**

The persons employed by a business entity, members of the managing bodies and all other persons who based on the contract perform any activity on behalf of a business entity shall be obliged to keep a business secret which they found out during their operations.

A business secret referred to in paragraph 1 of this Article is any information or data whose unauthorized disclosure to third parties could harm the interests of a business entity or could be of use to their competitors.

### **Article 13**

A business entity shall be obliged to keep business records and prepare financial statements in compliance with law.

Business records must fairly present the state of the assets, equity and liabilities and results of business operations.

Business records and financial statements must be prepared within the time limits prescribed by law.

### **Article 14**

When taking loans or other forms of financing, a business organization shall objectively present to the potential funder the business results and the business plan.

It is not allowed to prepare and submit reports to meet the obligation from the previous paragraph of this Article in a way that potential financiers may be misled in terms of results of operations of a business entity and the ability of servicing the liabilities.

### **Article 15**

The business organization bodies shall perform the functions of business in a manner responsible towards the owners, in order to protect their rights and investments.

The shareholders and members of the business organizations shall be entitled to receive timely, high quality and accurate information about doing business.

### **Article 16**

All shareholders or members of a business entity shall be entitled to equal treatment. Transactions of a business entity with majority shareholders or related persons shall not have as a purpose or effect the decreasing of the value of equity of a business entity or other form of damage to minority shareholders or members.

## **IV SETTLEMENT IN CASE OF THE CODE VIOLATIONS**

### **Article 17**

The persons having an obligation to apply this Code shall settle any potential mutual dispute, or disputes with employees, through negotiations and agreements or through a voluntary fulfillment of obligations, and if this is not possible the dispute can be resolved using one of the following options for dispute settling within the Chamber:

- Disputes over breach of good business practices and ethical business conduct shall be decided by the Court of Honour within the Chamber of Economy of Montenegro,
- In conciliation proceedings or in the form of a comprehensive dispute settling through the arbitration at the Permanent Arbitration Court within the Chamber of Economy of Montenegro.

The procedure for the determination of liabilities and the imposition of measures for violation of business ethics and good business practices may be initiated by the Chamber of Economy of Montenegro, the Chamber members, a state agency or a damaged citizen.

## **V FINAL PROVISIONS OF THE CODE**

### **Article 18**

The provisions of this Code shall be binding upon all business entities that are registered in Montenegro.

### **Article 19**

The text of the Code shall be published in the "Official Gazette of Montenegro", the Chamber Journal "Glasnik", and the web page of the Chamber of Economy of Montenegro [www.pkcg.org](http://www.pkcg.org).

### **Article 20**

The Code shall come into force on the day of publication in the "Official Gazette of Montenegro".

No: 010-546

Podgorica, 08 April 2011

Assembly of the Chamber of Economy of Montenegro

President

Vlastimir Golubović