



## Code of Ethics

This Code of Ethics summarizes policies and guidelines expressing basic values of the Foundation and its organizational culture, which are to be adhered to by any and all members of the Foundation (Board of Directors, controllers, director) and members of Foundation's advisory bodies (program evaluation committees); members of standing and ad-hoc committees established to decide matters related to the Foundation's activities, grant-making or in-kind support provision to third parties; as well as to all employees of the Foundation.

The Code of Ethics forms a part of the Foundation's organization system and, unlike other parts of the organization system, it is a publicly available document. Breaching of the rules and principles defined in the Code of Ethics may result in removal from the Foundation's bodies, standing and ad-hoc committees or in the termination of employment contracts – termination of employment of a Foundation's employee or termination of any other labor relationship.

This Code of Ethics covers:

1. Conflict of Interest Policy
2. Gift Acceptance Policy
3. Neutrality Policy
4. Partnership Principles
5. Equal Treatment and Non-Discrimination Policy

## Conflict of Interests Policy

The Carpathian Foundation respects principles of honesty and fairness in fulfilling its mission and in all of its operations.

Any of Foundation bodies' members, Foundation's employees or volunteers, or members of program evaluation committees or any other standing or ad-hoc committees can face conflicts of interest due to their involvement in Foundation's activities. Therefore, in order to avoid such situations and set clear criteria to be used to identify and assess such situations, this policy is acknowledged by all stakeholders. The Policy provides clear definition of a conflict of interest, identifies sanctions for breaching of this Policy and defines steps to be taken should a conflict of interest arise.

The Conflict of Interests Policy applies to all Foundation bodies' members, members of standing or temporary advisory bodies and Foundation's employees without exception. All of the above mentioned persons are required to make any effort to avoid situations which may give rise to a conflict of interests and, in case they find themselves in such situation, they are required to notify relevant persons of this fact and take steps to remedy the situation.

## **Rules Applicable to Foundation's Bodies and Standing and Ad-hoc Program Committees**

These rules apply to all members of Foundation's bodies and all members of standing and temporary advisory bodies established to decide matters related to Foundation's activities, grant-making or in-kind support provision to third parties; as well as to all employees of the Foundation.

1. Only those individuals who have no material interest whatsoever in the programs funded by the Foundation can become members of the Foundation's bodies. In an exceptional case when a decision regarding the support for a program in which a member of the body has a vested interest is made, the member does not take part in the decision-making process and the decision must be approved by the Foundation's Board of Directors which has been notified of this conflict of interests in a due and timely manner.
2. Members of the Foundation's bodies, members of the Foundation's advisory bodies, members of standing and ad-hoc committees, Foundation's employees and persons close to them or organizations close to them, with which they concluded a permanent employment contract or to which they are related in some other way, or which they act as subcontractors for or suppliers to based on a legal contract of any kind, are not allowed to apply for a grant provided by the Carpathian Foundation.
3. Members of the Foundation's advisory bodies (evaluation committees) and persons close to them or organizations close to them, with which they concluded a permanent employment contract or to which they are related in some other way, or which they act as subcontractors for or suppliers to based on a legal contract of any kind, are not allowed to apply for a grant within the scope of the program in which they act as members of an advisory body. These persons, however, are not excluded from applying for grants provided within the scope of other programs of the Foundation.
4. Members of the Foundation's bodies and the Foundation's employees must not have any financial or other material gain from the grants awarded.
  - a) Members of the Foundation's bodies, members of the Foundation's advisory bodies, members of standing and ad-hoc committees, the Foundation's employees and persons close to them who are a) volunteers in other non-profit organizations, and b) do not have any financial or other material gain from the grants awarded within the programs of the Foundation for these organizations, are not in conflict of interest when these organizations apply for a grant from the Foundation. However, they are obliged to notify the relevant decision-making body of this fact and they shall not take part in the decision-making process.
5. In case the Foundation uses services of an organization/company owned or co-owned by a member of the Foundation's bodies, a Foundation employee or his/her close person, such cooperation has to be favorable for the Foundation financially or quality-wise or because of the specific nature of the services. The Director of the Foundation shall review all such cases and, in contentious cases, the Controller's and/or Board of Directors' advice shall be sought.
6. The Board of Directors of the Foundation is the only body to decide in contentious cases of potential conflicts of interest. Moreover, the Board of Directors shall also decide in cases of violation of this Policy by members of the Foundation's advisory bodies, members of standing and ad-hoc committees, and/or director of the Foundation; and imposes corresponding sanctions.
7. The Director of the Foundation shall decide in cases of violation of this Policy by the Foundation's employees and volunteers.

## Gift Acceptance Policy

### **Acceptance of Gifts for the Foundation**

The Carpathian Foundation's annual budget is formed from donations by legal and natural persons, grants provided by various governmental and non-governmental organizations, a percentage of income tax of legal and natural persons' assignation, income generated through implementation of some activities and last will bequests. Apart from monetary income, the Foundation accepts in-kind donations in the form of pro-bono products and services provided by the Foundation's supporters and donors.

The Foundation does not accept monetary or any other support from companies and organizations, cooperation with which could jeopardize the Foundation's good reputation or its program or value integrity. Contentious cases (so-called ethical dilemmas) shall be reviewed by the Foundation on a case by case basis and shall be decided upon by the Board of Directors of the Foundation.

The Foundation deems cooperation with organizations whose core business areas include weapons, usury and pornography and production or trading thereof, as well as with entities knowingly violating the law, unacceptable.

### **Acceptance of Gifts Received by Members of the Foundation's Bodies and Foundation's Employees**

Members of the Foundation's bodies, members of standing and ad-hoc committees, members of evaluation committees and Foundation employees are not allowed to accept or present gifts or provide services with the aim of influencing some decisions.

Gifts obtained from grantees or participants of educational and other activities organized by the Foundation, its partners and cooperating organizations, must be handed over to the Foundation and the Foundation will express gratitude for them in an appropriate way. Small souvenirs, products of little monetary value produced in the course of supported grants and promotional items form an exception to this rule.

Payment for a working meal covered by a grant applicant or a grantee is unacceptable, with the exception of meals prepared en masse during events organized within the scope of supported projects, acceptance of which is a sign of respect and rejection of which would be inappropriate and impolite.

## Partnership Principles

In order to fulfill its mission, the Carpathian Foundation cooperates with a number of partners from various sectors and countries. To make these relations beneficial for both sides as well as transparent, the Foundation strives to follow the principles below while developing these relations:

### **Responsibility for the Foundation's Mission Principle**

The Foundation establishes partnership relations and cooperation exclusively with the aim of fulfilling its mission.

### **Factuality and "Social Investment" Principle**

Partnerships must be directed at the development of the region and solving of a particular issue, leading to measurable results; emphasizing the joint social investment concept aimed, primarily, at the development of communities, individuals and organizations which are contributing to the search for local solutions in the long-term.

### **Autonomy Principle**

Partners must maintain their mutual independence. The Foundation must remain autonomous when implementing its programs and maintaining its principles.

### **Ethical Origin of Resources Principle**

All financial and other resources used by the Foundation must be gained in accordance with the democratic, legal and ethical norms and with this Code of Ethics.

### **"Refusal of Advertising" Principle**

Partners understand that the purpose of cooperation is not to promote any commercial product of any of the partners.

### **Continuous Improvement Principle (Innovation Principle)**

Partners undertake to work towards an active and ongoing improvement of their cooperation for the benefit of all stakeholders. Partnership is a relationship based on sharing the risks as well as benefits of cooperation.

### **Openness Principle**

Partners shall be open in their mutual communication, particularly in case issues, mistakes, unexpected outcomes or misunderstandings occur, as it is bound to happen in course of cooperation.

### **Long-term Relationship Principle**

Partners shall build long-term relationships and understand they need to continuously invest into their continuation. Partnerships must not turn into a one-off gift, donation, or a media event.

### **Responsible Publicity Principle**

Partners shall publicize outcomes of joint programs exclusively in a form and context that is acceptable for all partners involved.

### **Potential Failure Principle**

Partners understand it may happen that a partnership will not be functional or produce the expected outcomes for all parties involved. Therefore, they respect the possibility for the engaged partners to freely cease their partnership agreement without attribution of blame.

### **Neutrality Policy**

The Carpathian Foundation as an organization does not promote any political direction nor supports any political party or movement, nor any religious belief, church or sect. The Foundation's neutrality applies to its vision, mission, strategies, aims and objectives and to all activities, establishing of partnerships and all fundraising activities.

### **Non-partisanship of the Foundation is safeguarded by the following principles:**

1. While some of the Foundation's programs may bear certain relevance to politics, the Foundation always acts as a non – partisan organization and is not inclined to support any specific political direction, political party or movement, or a specific political candidate.
2. In its grant programs, the Foundation does not support any political parties, movements, political candidates or political campaigns organized to influence results of any elections. The only exception to this rule is the support given to projects aimed at campaigning to change legislation, increase voter turnout at elections, or mobilization of voters and the public.
3. Collaboration with individuals who are publicly identified with a specific political party or are members of a political office must be carefully considered and approved by the Board of Directors of the Foundation.
4. Members of the Foundation's bodies and Foundation employees are not allowed to get actively involved in political activities at national, regional or local levels on behalf of any political party or movement. Active involvement shall mean, inter alia, running for a political post or running to be elected to a political office; or involvement in an active and publicly recognized political campaign in favor of a political party or movement or a political party or movement candidate.
5. Every employee wishing to become actively involved in partisan activities must seek the approval of the Foundation's Director to do so and any violation of this Policy by a Foundation's employee must be reviewed by the Foundation's Director who imposes corresponding sanctions. Should a Director of the Foundation wish to engage in partisan activities, he/she must seek the approval of the Board of Directors of the Foundation to do so and any violation of this Policy by a Director of the Foundation must be reviewed individually by the Board of Directors of the Foundation which imposes corresponding sanctions.
6. The Foundation's neutrality policy shall not be compromised if a member of the Foundation's bodies or a Foundation employee becomes actively involved in political activities in their private life to a degree which will not influence the Foundation's operation.

**Foundation independence from religions and churches is safeguarded by the following principles:**

1. In its grant and other programs, the Foundation does not support or promote any specific religious denomination, church or sect.
2. In programs where involvement of churches is beneficial and contributes to a better outcome, ecumenical solutions shall be preferred allowing for equal involvement of all churches without favoring any of the said churches.
3. In case organizations affiliated with a specific religious denomination or church (such as youth organizations established by individual churches) or under their direct influence are supported, the supported project or activity must not, under any circumstance, include activities promoting a religion, practicing of faith or religion forming activities.

### Equal Treatment and Non-Discrimination Policy

The Carpathian Foundation is an open organization which, in any of its activities, is not inclined to support any political direction or candidate, religious denomination, church or a sect. The Foundation treats individuals equally irrespective of their political or religious beliefs, nationality or ethnic affiliation, age, family status, disability or minority group affiliation of any kind. Any form of discrimination in the Foundation is ruled out.

The Foundation strives to form opportunities for individuals and organizations belonging to some disadvantaged groups which, for various reasons, deserve increased attention and help.

The equality of chances principle applies to all of the Foundation's activities and processes without exception, including:

- Forming of Foundation bodies and standing and ad-hoc committees;
- Recruitment and hiring of employees;
- Recruitment and hiring of volunteers;
- Recruitment and hiring of interns;
- Awarding of scholarships and other forms of individual support;
- Awarding of grants and other forms of organizational support.

Potential discriminatory actions of Foundation employees shall be reviewed by the Foundation's Director who is obliged to address the situation and hold wrongdoers responsible. In case a member of the Foundation's staff discovers discriminatory actions on the part of the Director, he/she is obliged to notify Foundation's controller or Board of Directors of the fact. In matters of responsibility, the Director answers to the Board of Directors.