

CODE OF ETHICS

Section 1 GENERAL CONDITIONS

Art.1 (1) This Code shall hereby establish the principles of professional ethics, equality and loyal competition valid and abided by in the market behaviour of every member of the Bulgarian National Association Essential Oils, Perfumery and Cosmetics. (BNAEOPC).

(2) The purpose of the Ethics Code is to provide favourable conditions for consolidation of the BNAEOPC reputation of a voluntary branch association of companies, which shall strictly observe the active national legislation, shall be loyal to their partners and shall guarantee the quality of the products and services they offer.

(3) The Ethics Code is built on the commitment of its members to act in good faith and in accordance with good public morals in performing their activities.

It is BNAEOPC and its members' policy to subscribe to the principles embodied in the applicable legislation, including the applicable legislation in the field of competition, therefore the Members agree to fully comply with all laws and regulations, with this Ethics Code and internal rules of BNAEOPC.

Compliance with the competition laws is not only a legal obligation but is also in the best interest of BNAEOPC and its members therefore the BNAEOPC members agree to comply with competition law requirements, agree to engage in fair and free business competition and agree not to, under any circumstances, engage in cartel, bid-rigging, resale price restriction or any other act which violates the competition laws.

Art. 2 (1) This Code is an integral part of the BNAEOPC Statute.

(2) Each candidate applying for membership in the Association shall state in their application request that they are aware of and in their activity shall abide by the BNAEOPC Ethics Code.

(3) The norms of the Ethics Code shall be equally mandatory for all the members of BNAEOPC.

Art.3 Abidance to the regulations of the Ethics Code shall be monitored by the BNAEOPC Ethics Commission, which shall examine all the cases of the Code violation and shall propose to the Board of Directors of BNAEOPC to enforce a sanction for the BNAEOPC member who has violated the Ethics Code in accordance with the sanctions as stipulated in Article 24 of the Ethics Code.

Section 2 RELATIONS AMONG THE ASSOCIATION MEMBERS

Art.4 Relations among the Association members shall be based on the principles of mutual trust, tolerance and ethic behaviour.

Art.5 Every BNAEOPC member shall strive to consolidate not only their own prestige, but also the reputation of the Association by means of their commercial activity and market behaviour.

Art.6 BNAEOPC members shall establish among themselves relations of cooperation and mutual aid for solving of the common problems of this branch of industry, within the limits mentioned in this Ethics Code.

Art.7 A member of a management body of BNAEOPC shall not have the right under any circumstances to use their position in the Association for acquiring any advantages or benefits for the enterprise they manage.

Section 3 COMMERCIAL ACTIVITY

Art.8 BNAEOPC members shall strictly adhere to the legislation of the Republic of Bulgaria.

Art.9 BNAEOPC members believe in the energetic but honest competition and they shall abide by the principles of loyal competition in their activities.

Art.10 (1) BNAEOPC members shall offer quality products, which are packed, labeled, advertised and offered at the market in accordance with the active normative regulations of the Republic of Bulgaria.

(2) Members of the Association shall consider the requirements of the consumers in their innovative policy and all projects and developments shall be in compliance with the highest standards of quality and product safety.

Art.11 (1) BNAEOPC members shall ensure normal, healthy and safe conditions of work to their employees and workers.

(2) They shall strictly adhere to all their obligations as employers according to the Labor Code.

Section 4 INFORMATION

Art.12 BNAEOPC shall have the right to disclosure upon request by a third party of the information connected with the type of activity of its members. The information shall be presented in such way that it shall reflect objectively the activity of the said enterprise or company and under no circumstances shall provide for any advantage of one member before another.

Art.13 BNAEOPC shall establish and maintain a register for the above purpose containing information about its members. The information shall be collected and updated based only on written information submitted by each member. The Members agree that according to the fair competition practices, the following guidelines shall be observed during BNAEOPC meetings:

- Information regarding prices, costs, production means/plans, manufacturing/ distribution values, clients/ suppliers/ distributors/ territories, business strategy/ commercial policy of each individual undertaking or any other commercially sensitive information, shall never be exchanged among BNAEOPC Members;
- Information regarding market shares, shall be exchanged as per the below rules:
 - The exchange of historic [past] information regarding the market shares can be exchanged for statistic reasons if older than one year.
 - No direct exchange of information on present market shares or other info between or among BNAEOPC Members. Information needs to be submitted to an independent third party who will compile and perform statistical analysis on the data and publish it. The collected data should be disseminated in an aggregate fashion. The identity of the input providers should be concealed.
 - The information disseminated will not be accompanied by comments, analysis observations or recommendations, or discussed at meetings with competitors;

Art.14 (1) Submittal of untrue and/or misleading information in relation to both its own activity and the activities of other BNAEOPC members is not in compliance with the ethic norms and shall be considered as a violation, which shall be subject to sanction.

(2) The above shall apply for submitting information related to keeping the public register of BNAEOPC as well as for the disclosure of such information to a third party.

Art.15 Each member has the right to disclose to the Association information, which is of any interest to the members of BNAEOPC. Such information could be connected to technological innovations, state regulations or any other data pertaining to the interests of the Association members, within the limits stated in the Ethics Code in article 13.

Art.16 The BNAEOPC members shall not be obliged and cannot be required to disclose information, which could constitute a trade secret for them.

Art.17 Each member of BNAEOPC is to inform the rest of the members through the Association in case they obtain any information, which infringes the interests of the Association of its members.

Section 5 ETHICS COMMISSION

Art.18 (1) An Ethics Commission shall be established at the Board of Directors of BNAEOPC in relation to the abidance to the Ethics Code and the solving of cases regarding the Code application.

(2) The members and the Chairperson of the Ethics Commission shall be appointed by the Board of Directors for a period of 3 (three) years and they can be reappointed without any limitations.

(3) The Commission shall be elected within one month after the approval of the Ethics Code by the Board.

Art.19 (1) The Ethics Commission shall:

1. Research and analyze the condition of the essential oil and the perfumery and cosmetics industries, as well as the basic business ethics problems in these industries.
2. Monitor the abidance to the Ethics Code regulations;
3. Act as a first instance if actions of disloyalty of BNAEOPC members take place.
4. Establish contact with non-members of BNAEOPC and receive information about their position in cases when they represent a party in a dispute concerning the disloyal behaviour of a BNAEOPC member.
5. Examine complaints connected with the observance of the Ethics Code regulations;
6. Upon ascertaining a violation of the ethic norms, it shall propose to the BNAEOPC Board of Directors to enforce a sanction for the Association member that has violated the regulations, in accordance with the sanctions stipulated in Article 24 of the Ethics Code;
7. It shall provide for obligatory interpretations of the Ethic code;
8. It shall prepare an annual report for its activity;
9. It shall consider taking measures for improving its activity;
10. It shall maintain relations with the mass media and shall popularize the problems and the steps connected with the business ethics in this field of industry.

(2) The Ethics Commission shall adopt the Rules for its structure and activity, which shall be approved at a meeting of the Board.

Art.20 Each Company with activity in this field of industry shall have the right to file a written complaint to the Ethics Commission.

Art.21 (1) The Ethics Commission shall examine the filed complaints and announce its motivated decision in compliance with the procedure stipulated in the Rules for its structure and activity. The BNAEOPC Board of Directors shall take the final decision of the relevant issue.

(2) Any failure to announce its decision within the term stipulated in the Rules for the structure and activity of the Ethics Commission shall be considered as an implicit denial to enforce a sanction.

(3) The Ethic Commission shall inform all the BNAEOPC members for the decision of the Board of Directors within a term of two weeks after the meeting of the Board.

Art.22 The Ethics Commission is obliged to present a report about its activity before the BNAEOPC Board of Directors once per year.

Section 6
SANCTIONS AND RESPONSIBILITES

Art.23 Sanctions in relation to this Code shall be enforced with the purpose to warn the violator and instruct and encourage them to adhere to ethic norms, as well as to exercise an educational impact upon the rest of the members.

Art.24 The following sanctions can be imposed on any member of the BNAEOPC in relation to non-observance of the norms of the Ethic Code:

- a) Remark and publishing in the information bulletin of the BNAEOPC;
- b) Written notification to the BNAEOPC members and giving publicity to the case;
- c) Motion for expulsion;

Art.25 (1) The remark shall be expressed through addressing a notice to the member who has violated the regulations of this Code before the Board;

(2) The remark shall be accompanied by a publication of the case in the information bulletin of the BNAEOPC.

Art.26 The written notification shall be performed by an official letter addressed to all the members of the Association. Publicity of the case shall be provided through a publication in the media.

Art.27 The motion for expulsion of a member who has violated the norms of the Ethics Code shall be addressed to the BNAEOPC Board of Directors. The decision for expulsion shall be taken in accordance with the Rules for accepting and releasing of BNAEOPC members.

Section 7
CONCLUSIVE REGULATIONS

Art.28 This Code is approved by the BNAEOPC Board of Directors on 14th June 2005 and shall be in force one month upon its approval.

Art.29 All suggestions for interpreting and modifications in this Code shall be sent in writing to the Ethics Commission.

Art.30 Any proposals for modifications and amendments in the Ethics Code, signed by at least five BNAEOPC members, could be introduced directly for consideration by the BNAEOPC Board of Directors.