

EUROPEAN STABILITY MECHANISM

CODE OF CONDUCT

of

THE BOARD OF AUDITORS

Article 1

Hierarchy of Rules

1. This is the Code of Conduct (the “Code”) of the Board of Auditors of the European Stability Mechanism (the “ESM”) adopted by said Board of Auditors.
2. In the event of a conflict between any provision of this Code and any provision of the Treaty establishing the European Stability Mechanism (the “Treaty”) or the ESM By-Laws (the “By-Laws”), the provision of the Treaty or of the By-Laws, as the case may be, shall prevail.
3. Unless otherwise specified in this Code, terms not separately defined herein shall have the same meanings as ascribed to them in the Treaty and in the By-Laws.

Article 2

Scope of Application

1. This Code shall apply to and shall be binding on any person serving in the capacity of member of the BoA, upon appointment by the Board of Governors of the ESM and, where explicitly provided for, to persons having formerly served in such capacity.
2. The duty of confidentiality, specified in Article 11 of this Code, shall also apply *mutatis mutandis* to all persons who attend meetings of the BoA as foreseen in Article 3 of the Rules of Procedure of the Board of Auditors as well as external experts used by the BoA, if any.

Article 3

Duties of BoA Members

1. Each member of the BoA shall devote to the activities of the Board of Auditors such time and attention as the performance of its tasks may require.
2. For the duration of their mandates at the BoA, a members of the Board of Auditors may not engage in such activities as may be determined by the Board of Auditors to be incompatible with the duties of a BoA members, the Treaty, the By-Laws and the Rules of Procedure of the Board of Auditors.

Article 4
Standard of Conduct

1. Members of the BoA shall perform their duties in full compliance with the Treaty, the By-Laws, this Code and Rules of Procedure of the Board of Auditors.
2. Members of the BoA shall conduct themselves, and perform their duties in a manner that safeguards and enhances public confidence in their integrity and in the integrity of the ESM. As laid down in Article 24 (9) of the By-Laws, the members of the Board of Auditors shall refrain from any action incompatible with their duties, at the time of their appointment and both during and after their term of office.
3. Members of the BoA shall perform their duties objectively and impartially, without allowing themselves to be influenced by personal or political considerations, relationships or affiliations. As laid down in Article 30 (2) of the Treaty and Article 24 (9) of the By-Laws, the members of the Board of Auditors shall be independent. Their independence must be beyond doubt. In the performance of their duties, they shall neither seek nor take instructions from the ESM governing bodies, the ESM Members, any government or any other public or private body.
4. Members of the BoA shall perform their duties diligently, efficiently and to the best of their ability.
5. Members of the BoA may not misuse the ESM resources or make improper use of the ESM name or reputation.

Article 5
Equal Opportunity and Non Discrimination

1. The members of the BoA shall respect the ESM's rules on equal opportunity, on non-discrimination and against harassment of its members of staff.
2. Any member of the BoA who witnesses behaviour constituting any form of harassment or bullying is encouraged to offer their assistance to the victim and to report the situation to the Secretary General. Members of the BoA who, with full awareness of the facts, have prevented or contributed to preventing victims from coming forward or to discrediting them shall be deemed to share responsibility for the situation.

Article 6
Conflict of Interest

1. As laid down in Article 24 (9) of the By-Laws, the members of the Board of Auditors shall, in accordance with international standards, take care to avoid all conflicts of interest, at the time of their appointment as well as both during and after their term of office. The same applies to the appearance of conflicts of interest.

For the purposes of this Code, "Conflict of Interest" means a situation or circumstances in which private interests of members of the BoA influence or may influence the objective and impartial performance of their duties. Private interests include any advantages for members of the BoA, their families or personal acquaintances.

2. Whenever a member of the BoA has a direct or indirect private interest in a person or entity that is a counterparty of the ESM in any borrowing, investment, stability support operation or other activity, he/she shall declare so immediately in writing to the BoA and the Secretary General. Such a declaration shall also be required if the private interest arises subsequently to the relevant operation. In the event of doubt or difficulty in determining whether there is a Conflict of Interest, members of the BoA should refer to the Chairperson of the Board of Auditors for guidance.
3. Declarations on conflicts of interest if any are to be made by the members of the Board of Auditors under a standing agenda item at each meeting of the BoA.

Article 7

Professional versus Private Transactions

Members of the BoA shall not avail themselves of professional ESM contacts in order to manage their personal affairs.

Article 8

Professional Activities

Members of the BoA shall notify the BoA as well as the Secretary General in writing of any changes in their professional activities during their term of office without delay.

Article 9

Public Office

Members of the BoA wishing to stand for election to public office shall inform in advance the BoA as well as the Secretary General in writing.

Article 10

Gifts and Other Advantages

1. Members of the BoA may not apply for, solicit, receive, or accept from any source inside or outside the ESM any advantage or inducement, direct or indirect, which is in any way connected with their mandate or which otherwise might call into question their integrity or the objective and impartial discharge of their duties.
2. Members of the BoA may not accept or receive gifts exceeding a token value, as determined by the BoA, from any person, organisation, or company with which the ESM does or seeks to do business. This rule shall not be circumvented by the acceptance or receipt of such gifts by family members of the member of the BoA, instead of by the latter.
3. In exceptional circumstances, when refusing to accept a gift may cause offence or embarrassment to the gift-giver or to the ESM, members of the BoA may accept gifts with a value in excess of the token value determined by the BoA in consultation with the Secretary General pursuant to paragraph (2) above. However, such gifts shall be declared immediately to the Chairperson of the Board of Auditors and the Secretary General who will provide guidance in order to preserve the highest standards of

integrity of the member of the BoA and the ESM. The Secretary General will keep a register of such gifts.

4. Limited hospitality, such as meals, refreshments and receptions may normally be accepted, provided that they are unsolicited, the attendance is related to the duties of the member of the BoA and the third party, the frequency of such invitations from the third party is not excessive, and the level of expense is reasonable and customary in the particular circumstances.
5. Members of the BoA shall not in the context of their mandate apply for, solicit, receive, or accept any honour, distinction, decoration or award from any government or other public authority without the prior consultation of the Secretary General and consent of the BoA.

Article 11

Duty of Confidentiality

1. Members of the BoA shall not disclose information that is subject to professional secrecy pursuant to Article 34 of the Treaty. Without prejudice to Article 17 of the By-Laws, they are required to ensure the same level of confidentiality when sharing ESM information and documents with their secretariat, or national administration.
2. As laid down in Article 24 (10) of the By-Laws, the members of the Board of Auditors and the experts appointed by it shall keep all non-public information obtained in the performance of their duties in the strictest confidence, both during and after their term of office or appointment.
3. The conditions under which documents drawn up or held by the ESM may be communicated to other persons or entities or otherwise disclosed externally are set forth in Article 17 of the By-Laws.
4. Members of the BoA shall actively prevent the unintended disclosure of information subject to professional secrecy by reminding colleagues of their duty pursuant to Article 34 of the Treaty.
5. Members of the BoA have the right to intimacy of private life and confidentiality and protection of personal data. The ESM shall not disclose documents or parts of documents that contain personal data, except when this is permitted under the By-Laws.

Article 12

Public Statements and Contacts with the Media

Except as foreseen in Article 30 (5) of the Treaty and Article 24 (6) of the By-Laws for the publication of its reports, neither the BoA nor its members shall make any public statements or have any contacts with the media related to the ESM or its activities.

Article 13
Inside Information

1. Members of the BoA shall strictly observe all applicable laws and regulations on insider trading as well as the rules set forth below. The Secretary General may be consulted in case of doubt.
2. Members of the BoA who, in the context or course of their duties, have direct or indirect access to or are in possession of Inside Information shall not disclose such Inside Information to any other person unless such disclosure is made in the normal course of the exercise of their duties as member of the Board of Auditors and may not make use, either directly or indirectly, of such Inside Information in order to carry out, recommend or advise against transactions involving the securities in question, for their own account or for that of third parties.

For the purposes of this Code, “Inside Information” means information which has not been made public relating to one or more issuers or to one or more transferable securities or financial transactions, and which, if made public, is likely to have a significant effect on the price or value of such securities or transactions.

3. Members of the BoA who reasonably suspect that a transaction might constitute insider trading shall notify the BoA and the Secretary General without delay.

Article 14
Private Investments

1. Members of the BoA shall at all times manage their private financial affairs with full respect for and in compliance with this Code. They shall consider the interests of the ESM and shall ensure that the ESM does not incur reputational risk as a result of the management of their private financial affairs.
2. Members of the BoA shall immediately report to the BoA and the Secretary General any private financial activity that might not be in accordance with this Code or that might be, or appears to be, in conflict with their ESM duties.

Article 15
ESM Property, Assets and Resources

1. Members of the BoA shall protect and preserve the ESM’s property and assets and shall use its resources as efficiently as possible, guarding against waste and abuse.
2. It is expressly prohibited to use the ESM’s logo and headed notepaper for personal correspondence in order to avoid any risk of confusion between professional and private transactions.
3. Members of the BoA shall be committed to operating in a way that limits the ESM’s carbon footprint and maximises the re-use of material.
4. All rights to any intellectual property created by members of the BoA or their subject matter experts in the course of their ESM duties belong to the ESM, unless the ESM authorises otherwise. In addition, in the course of their ESM duties, members of the

BoA must not use their own intellectual property, or intellectual property which they claim as their own, on the basis that it was created before joining the ESM or other than in the course of their ESM duties, without first agreeing with the ESM in writing the basis on which they will do so. In the absence of any such prior agreement, all intellectual property of the relevant members of the BoA which is used in the course of their ESM duties will become the property of the ESM. Intellectual property belonging to the ESM may not be used for private benefit or for the benefit of others, except with appropriate authorisation by the ESM.

Article 16

Expenses and allowances

1. In line with Article 24 (5) of the By-Laws, members of the BoA are entitled, at the ESM's expense, to the reimbursement of, or the payment of allowances for travel and office expenses incurred by them in the performance of their duties, in the amounts determined, and adjusted from time to time, by the Board of Directors. The Members of the BoA shall submit any claim for reimbursement of, or the payment of allowances to the Secretary General in line with Article 7 (2) of the Rules of Procedure of the Board of Auditors.
2. Expenses not justified by the mandate of the BoA or not in line with the general principles of the ESM Expenses and Travel policies shall be avoided.

Article 17

Reporting of Irregularities

1. Members of the BoA shall report to the BoA and the Secretary General any suspected or presumed incidents of fraud, illegal behaviour, serious misconduct or serious infringement of this Code (the "Irregularities"). All members of the BoA shall cooperate fully in any official investigation or audit of reported irregularities.
2. The ESM shall ensure confidential treatment for and shall refrain from any retaliation or reprisal against any members of the BoA who makes in good faith a report of any Irregularities pursuant to paragraph (1) above. In doing so, the ESM shall ensure that the member of the BoA who has made in good faith such a report enjoys assistance and protection in accordance with the ESM duty of care.

Article 18

Entry into Force and Review

1. This Code shall enter into force on the day it is adopted by the Board of Auditors in line with Article 24 (3).
2. This Code shall be subject to revision as and when it is deemed necessary by the Board of Auditors, but not less than once every three years.