

EUROPEAN STABILITY MECHANISM

CODE OF CONDUCT

Article 1

Hierarchy of Rules

1. This is the Code of Conduct (the “Code”) of the European Stability Mechanism (the “ESM”) adopted by the Board of Directors pursuant to Article 19 of the ESM By-Laws (the “By-Laws”).
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 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 referred to in the following paragraphs of this Article, either upon acceptance of his/her mandate or start of employment and, where especially provided for, to persons having formerly served in such capacity.
2. Article 1, Article 2, Articles 4 through 10, and Articles 11 (2) through 18 of this Code shall apply to:
 - a) the Managing Director, it being understood that whenever in the referred provisions consent might be given by the Managing Director, the Board of Directors will be competent to give such consent when the Managing Director is concerned; and
 - b) all members of staff as defined in Article 1.2 of the Staff Rules of the ESM (the “Staff Rules”).
3. Articles 1 through 4, Article 6 (1), Article 7, Article 11 (1), Article 13, and Articles 16 through 18 of this Code shall apply *mutatis mutandis* to all Directors and alternate Directors.
4. Article 11 (1) of this Code shall apply *mutatis mutandis* to:
 - a) the observers referred to in Article 3 (1) (b) (i), (ii) and (iii) of the Rules of Procedure of the Board of Directors;
 - b) the aids referred to in Article 3 (2) of the Rules of Procedure of the Board of Directors;
 - c) the experts and other persons referred to in Article 3 (3) of the Rules of Procedure of the Board of Directors.

Article 3
Duties of Directors

1. Each Director and alternate Director shall devote to the activities of the ESM such time and attention as the interest of the institution may require.
2. While holding office at the ESM, a Director or alternate Director may not engage in such activities as may be determined from time to time by the Board of Governors, acting by qualified majority, pursuant to Articles 5 (7) (d) and 6 (8) of the Treaty.

Article 4
Standard of Conduct

1. Members of staff shall perform their duties in full compliance with the Treaty, the ByLaws, this Code and the ESM internal policies and guidelines.
2. Members of staff shall conduct themselves, both in the discharge of their duties and outside working hours, in a manner befitting the purpose, role and values of the ESM and their duties.
3. Members of staff shall perform their duties in a manner that safeguards and enhances public confidence in their integrity and in the integrity of the ESM.
4. Members of staff shall perform their duties objectively and impartially, without allowing themselves to be influenced by personal or political considerations, relationships or affiliations.
5. Members of staff shall strictly observe their duty of confidentiality.
6. Members of staff shall perform their professional duties diligently, efficiently and to the best of their ability.
7. Members of staff 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 ESM is an equal opportunity employer. Members of staff shall treat each other with respect and dignity.
2. Members of staff shall not be discriminated against in employment, training, promotion or career development on the grounds of gender, race, ethnic or social origin, creed, sexual orientation or nationality.
3. Members of staff shall not be subject to physical, sexual, psychological or verbal harassment or abuse. Victims of any harassment or bullying should bring the matter to the attention of the Compliance Officer, the Head of Human Resources, the General Counsel or the Secretary General, without this being held against them.

4. Any member of staff 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 Compliance Officer, the Head of Human Resources, the General Counsel or the Secretary General. Members of staff 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. It is understood that defamatory reporting may entail disciplinary measures against the defamer.

Article 6
Conflict of Interest

1. Members of staff must avoid any situation involving Conflict of Interest or the appearance of Conflict of Interest.

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

2. Whenever a member of staff 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 or she shall declare so immediately in writing to the Compliance Officer. 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 staff should refer to the Compliance Officer for guidance.
3. Members of staff having close personal relationships with each other should consult with the Compliance Officer, the Head of Human Resources, the General Counsel or the Secretary General in order to assess if there is a potential conflict of interest between the positions of the closely related staff members that needs to be addressed.

Article 7
Professional versus Private Transactions

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

Article 8
External Professional Activities

1. Members of staff shall devote their working activities to the service of the ESM.
2. Except with the prior written consent of the Managing Director, members of staff shall not:
 - a) engage in any professional activity, hold any political post or appointment, or act in any advisory capacity, outside the ESM, whether on a permanent, temporary or occasional basis; or

- b) serve on the governing or management body of any company, including any family related company and trust, regardless of whether such activity is remunerated or not.
3. In exception to Article 8 (2) above, members of staff could perform the following external activities as long as these activities remain compatible with their professional duties and befit the purpose, role and values of the ESM:
- a) serve on the governing bodies or accept positions of responsibility in up to two charities or other not-for-profit organisations with laudable cause, professional associations or educational institutions, on a non-remunerated basis;
 - b) perform voluntary or community-based work during their leisure time for a charitable, religious, educational or professional association or for any other not-for-profit organisation;
 - c) perform teaching or research, for example, lecturing, writing articles or books and similar activities of academic nature, provided that such activities are in compliance with this Code and the internal policies and guidelines of the ESM, in particular with regards to the duty of confidentiality.

The external activities mentioned in Article 8 (3) (a) and (c) above shall be reported to the Compliance Officer who in case of concern may refer the issue to the Managing Director for decision.

4. The Managing Director may decline to give consent pursuant to Article 8 (2) or may instruct the member of staff to refrain from activity pursuant to Article 8 (3) above whenever he/she considers that the external activity in question does not befit the purpose, role and values of the ESM or the professional duties of the member of staff.

In the event of doubt or difficulty in determining whether the activity pursuant to Article 8 (2) and (3) befits the purpose, role and values of the ESM or the professional duties of the member of staff, he/she should refer to the Compliance Officer for guidance.

5. The Managing Director, after consultation with the Compliance Officer, may decide that certain forms of teaching or research constitute an official activity. In such cases, the member of staff may not accept any form of outside remuneration, and any amounts received in connection with such activity, including but not limited to royalties, shall be passed on immediately to the ESM. The member of staff may, however, be allowed to have his/her travel and/or accommodation expenses borne by the inviting party instead of by the ESM.
6. If a member of staff performs teaching or research on a private basis, the person concerned may accept remuneration and/or reimbursement of expenses. Such remuneration or reimbursement of expenses shall be declared to the Compliance Officer. The activity in question must remain compatible with the fulfilment of the duties of the member of staff at the ESM and must be carried out during the member of staff's leisure time without drawing on the ESM's resources.
7. In pursuing any of the above external activities, members of staff may not misuse the ESM's resources or make improper use of the ESM's name or reputation.

Article 9
Public Office

1. Members of staff wishing to stand for election to public office shall inform in advance the Managing Director in writing.
2. Depending on the extent of the functions under the said public office and the time devoted to election campaigning, the Managing Director may decide that the member of staff concerned:
 - a) must take a period of leave on personal grounds;
 - b) may continue to discharge his/her duties at the ESM;
 - c) may be authorised to discharge his/her duties at the ESM on a part-time basis, if the nature of his/her post within the ESM so permits; or
 - d) shall leave the ESM in order to accept the public office.
3. Articles 9 (1) and 9 (2) above shall apply also once members of staff decide to accept the public office to which they have been elected.

Article 10
Gifts and Other Advantages

1. No member of staff may apply for, solicit, receive, or accept from any source outside the ESM any advantage or inducement, direct or indirect, which is in any way connected with his/her employment with the ESM or which otherwise might call into question his/her integrity or the objective and impartial discharge of his/her duties, except for gifts which are reasonable and customary. Any gifts offered to members of staff in connection with their employment with the ESM and which have more than a token value must be declared by such members of staff to the Compliance Officer.
2. Members of staff may not accept or receive gifts exceeding a value, as determined by the Managing Director from time to time, from any person, organisation, or company with which 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 staff, 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 staff may accept gifts with a value in excess of the value determined by the Managing Director pursuant to Article 10 (2) above. However, such gifts shall be declared immediately to the Compliance Officer who will provide guidance in order to preserve the highest standards of integrity of the member of staff and the ESM.
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 staff 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. This rule applies equally to hospitality offered.

5. Members of staff attending professional seminars, conferences or similar events may accept payment of their accommodation and/or travel expenses by the organiser only after prior authorisation by the Secretary General. Participation in such professional seminars, conferences or similar events shall also be declared to the Compliance Officer.
6. Members of staff may present to third parties on behalf of the ESM gifts not exceeding a value, as determined by the Managing Director from time to time. Any gifts to third parties above such value shall be customary and reasonable in the particular circumstances and shall be approved in advance by the Secretary General.

This provision does not apply to gifts presented by the Managing Director and the members of the Management Board provided that the gifts are related to their duties, the frequency of the gifts is not excessive, and the level of expense is reasonable and customary in the particular circumstances.

7. No member of staff shall apply for, solicit, receive, or accept any honour, distinction, decoration or award from any government or other public authority without the prior written consent of the Managing Director.
8. Article 10 (7) above shall not apply to honours, distinctions, decorations, or awards conferred for services rendered by members of staff before the start of their employment at the ESM.

Article 11

Duty of Confidentiality

1. Directors and alternate Directors 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, national administration or parliament.

The duty of confidentiality does not prevent Directors and alternate Directors from providing comprehensive information to national parliaments, in case this is foreseen at national level.

2. Members of staff shall not disclose information that is subject to professional secrecy pursuant to Article 34 of the Treaty. They are required, even after their duties have ceased, not to disclose information of the kind covered by the obligation of professional secrecy.
3. The conditions under which members of staff may communicate documents drawn up or held by the ESM to other persons or entities or otherwise disclose such documents externally are set forth in Article 17 of the By-Laws.
4. Members of staff 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 staff 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 ByLaws.

Article 12

Public Statements and Contacts with the Media

1. Members of staff shall not make any public statements or have any contacts with the media related to the ESM or its activities, without the prior written consent of the Managing Director.
2. The Managing Director, the members of the Management Board and the Chief Spokesperson of the ESM are the official spokespersons of the ESM and do not require prior approval before answering media inquiries or presenting information to the wider public. From time to time, the Managing Director and/or the Chief Spokesperson may appoint other designated spokespersons to represent the ESM with regards to a specific area of expertise.

Article 13

Inside Information

1. Members of staff shall strictly observe all applicable laws and regulations on insider trading as well as the rules set forth below. The Legal Department shall be consulted in case of doubt.
2. Members of staff 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 employment, profession or duties 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. Any member of staff who reasonably suspects that a transaction might constitute insider trading shall notify the Compliance Officer without delay.
4. The ESM maintains appropriate measures designed to limit the flow of Inside Information from areas that own such information (such as, Funding, Lending, Economics & Policy Strategy, Banking, Middle Office, Risk Management) and those areas that trade in securities (Investment and Treasury).

Article 14
Private Investments

1. Members of staff 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. The Managing Director, in consultation with the Legal Department and the Compliance Officer, may decide from time to time to prohibit all or some members of staff from conducting private transactions in specific instruments for a specified time in order to avoid possible reputational damage.
2. In order to avoid any doubt, outside the scope of their duties towards the ESM, members of staff shall not, except if the Compliance Officer is satisfied about the nonspeculative nature of the transactions and the lack of circumstances contraindicating such transactions, knowingly invest, sell or trade, for their own account or for the account of others, in the following financial instruments for a total amount that exceeds EUR 10 000 per annum:
 - a) euro area government and supranational debt securities (e.g. bills, notes and bonds);
 - b) euro-related foreign exchange instruments;
 - c) shares in euro area banks;
 - d) any derivatives or structured products related to the products above.

It is understood that the above provision does not apply to one way transactions, such as the selling or buying of foreign exchange for private expenses, household expenses, education or travel expenses.

3. This prohibition shall not apply when members of staff indirectly acquire any of the financial instruments as per Article 14 (2) above through their ownership of shares in trusts, estates, investment funds, pension funds or similar investment vehicles, provided that neither the member of staff nor his/her immediate family has the right to exercise investment discretion over investments made by such investment vehicles.
4. New members of staff holding any of the financial instruments as per Article 14 (2) above prior to their employment with the ESM, and existing members of staff holding any of the financial instruments as per Article 14 (2) above prior to the entering into force of this Code, may keep hold of such financial instruments. If members of staff decide to dispose of such financial instruments, members of staff shall follow the requirements pursuant to Article 14 (1) and (2) above.
5. Members of staff shall immediately report to the Compliance Officer 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

Disclosure of Financial and Business Interests

1. Notwithstanding the provision of Article 14 above, the Managing Director, the members of the Management Board and other senior members of staff, as designated by the Managing Director, shall file a confidential disclosure of their Financial and Business Interests. All disclosures shall be filed with the Compliance Officer, except for the Compliance Officer who shall file his/her disclosure with the Managing Director. For the purposes of this Code, “Financial and Business Interests” mean any right to receive a benefit from a financial instrument mentioned in Article 14 (2) above. Article 14, in particular Article 14 (3), applies *mutatis mutandis*.
2. Members of staff not subject to the above disclosure requirement shall certify their compliance with the provisions of Article 14 by filing a compliance declaration with the Compliance Officer.
3. The compliance declarations and the disclosures of Financial and Business Interests shall be made no later than 30 days following the start of employment at the ESM, or if later, 30 days following the entry into force of this Code, and must be updated annually, no later than 31 January each year.

Article 16

ESM Property, Assets and Resources

1. Members of staff 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. The ESM staff shall be committed to operating in a way that limits its carbon footprint and maximises the re-use of material.
4. All rights to any intellectual property created by members of staff 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 staff 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 member of staff which is used in the course of his or her 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 17

Reporting of Irregularities

1. Members of staff shall report to the Compliance Officer any suspected or presumed incidents of fraud, illegal behaviour, serious misconduct or serious infringement of this

Code (the “Irregularities”). All members of staff shall cooperate 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 member of staff who makes in good faith a report of any Irregularities pursuant to Article 17 (1) above. In doing so, the ESM shall ensure that the member of staff who has made in good faith such a report enjoys assistance and protection in accordance with the ESM duty of care. It is understood that defamatory reporting may entail disciplinary measures against the defamer.

Article 18

Entry into Force and Review

1. This Code shall enter into force on the day it is adopted by the Board of Directors of the ESM, acting by qualified majority.
2. This Code shall be subject to revision as and when it is deemed necessary by the Board of Directors, but not less than once every three years.