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 in the Annex to the Code and capitalised 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 6 (1), Articles 6 (3) through 9, and Articles 10 (2) through 17 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 or the Compliance Officer, respectively, the Budget Review and Compensation Committee of 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. Article 3, Article 6 (2) and Article 10 (1) of this Code shall apply to all Directors and alternate Directors. Article 1, Article 2, Article 4, Article 6 (4), Article 9 (1), Article 12, and Articles 15 through 17 of this Code shall apply mutatis mutandis to all Directors and alternate Directors.

4. Article 10(1) of this Code shall apply mutatis mutandis to:

a) the observers referred to in Article 3 (1) (b) (i), and their respective alternates, and to the observers referred to in Article 3 (1) (b) (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. In accordance with the mutual trust and reciprocal loyalty expected to govern relations between the ESM and its members of staff, members of staff shall perform their duties in full compliance with the Treaty, the By-Laws, this Code, the Staff Rules and Supplemental Rules, and all policies and guidelines established by the Board of Governors and Board of Directors, as well as any internal policies and procedures established by the Managing Director.

2. Members of staff owe their professional duty to the ESM and to no other authority. They 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. Members of staff must avoid actions which constitute an abuse of the privileges and immunities accorded to the ESM or to its staff.

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 must protect the ESM’s name and reputation and, consequently, should avoid any actions or statements outside the ESM which could reasonably be expected to damage the ESM’s name or reputation. They must also protect and preserve the ESM’s property, including intellectual property.
Article 5  
Values and Work Environment

1. The ESM is committed to and supports a culture of integrity, respect, accountability, and non-discrimination, and to fostering and maintaining a work environment characterised by these values.

2. The ESM is committed to and supports the right of members of staff to work in an environment free from Misconduct, including Integrity Violations and Behavioural Misconduct such as Discrimination, Physical violence, Psychological or Sexual harassment, and Retaliation. Victims of Integrity Violations and Behavioural Misconduct are encouraged to bring this to the attention of the Compliance function without fear of reprisal.

3. The ESM is committed to providing a safe and healthy work environment in compliance with applicable laws, regulations and best practice.

4. The general interests of members of staff are represented by staff representatives elected among and by members of staff. The staff representatives facilitate the communication between ESM management and members of staff and ensure that the collective voice of members of staff can be heard and taken into account, as and when relevant.

Article 6  
Conflict of Interest

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

2. A Director or alternate Director having a Conflict of Interest concerning a decision to be taken by the Board of Directors or a Board committee shall declare it to the Chairperson of the Board meeting prior to the start of the relevant meeting, shall not communicate with other Board members about the decision at hand, and shall recuse himself/herself. Any such declaration shall be included in the minutes of the meeting.

A Director or alternate Director having a Conflict of Interest concerning a decision to be adopted by written procedure shall not communicate with other Board members about the decision and shall abstain from voting on such decision. Such Director or alternate Director shall ask the Secretary General in writing that their abstention on grounds of Conflict of Interest be recorded.

3. 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.

4. Members of staff shall not avail themselves of professional ESM contacts in order to manage their personal affairs.
5. Members of staff are not barred from having friendly or even personal relationships with their colleagues, consultants and others. However, intimate personal relationships between supervisor and supervisee are inappropriate as they may unduly influence work as well as create (potential or perceived) conflicts of interest and appearance of impropriety.

6. Members of staff who have a formalised partnership with each other, or who are related in the first degree, are required in all circumstances to disclose this to the Compliance Officer. Members of staff who have established an intimate personal relationship with each other are required to disclose this to the Compliance Officer where it could reasonably be expected to cause a conflict of interest or the potential for a conflict of interest. This will always be the case where the members of staff concerned are in the same reporting line. In the event of doubt or difficulty in determining whether disclosure is required, members of staff should refer to the Compliance Officer for guidance. Failure to make a timely report, where this was clearly required by the circumstances described above, may result in a finding of Misconduct. Upon receiving such report, the Compliance Officer, where relevant, in consultation with the Head(s) of Department(s) concerned, will propose measures to resolve or mitigate the (potential or perceived) conflict of interest situation.

Article 7

External Activities

1. Members of staff must not engage in any professional activity (hold other employment or engage in any occupation or profession, or in any business) which is incompatible with the proper performance of their ESM duties or that might create a conflict of interest.

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 7 (2) above, members of staff may 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 7 (3) (a) and (c) above shall be reported to the Compliance Officer.

4. The Managing Director may decline to give consent pursuant to Article 7 (2) or may instruct the member of staff to refrain from activity pursuant to Article 7 (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. Should the Managing Director consider this necessary he/she will consult with the Compliance Officer whether the activity pursuant to Article 7 (2) and (3) befits the purpose, role and values of the ESM or the professional duties of the member of staff.

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, subject to the approval by the Compliance Officer.

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 external activities members of staff must always safeguard and use appropriately the ESM's resources, name and reputation.

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**Article 8**

**Public Office**

1. Members of staff intending to stand for election to public office shall inform the Managing Director in writing well before formally standing, usually at least three months ahead of doing so.

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 unpaid leave;

   b) may continue to discharge his/her duties at the ESM;

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1 For avoidance of doubt, professional awards including monetary elements are not considered remuneration.
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) must resign prior to accepting the public office.

3. Articles 8 (1) and 8 (2) above shall apply also once members of staff decide to accept the public office to which they have been elected.

**Article 9**

*Gifts and Other Inducements*

1. The ESM shall not tolerate any Integrity Violations, whether in the form of bribery, corruption, collusion or facilitation payments, including the offering, giving, receiving or soliciting directly or indirectly anything of value to influence improperly the actions of members of staff or other parties.

2. 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 and other inducements offered to members of staff in connection with their employment with the ESM must be declared by such members of staff to the Compliance Officer, except for gifts with merely token value, which do not need to be declared. Gifts and other inducements from candidates in ESM procurement procedures, suppliers and prospective suppliers must not be accepted regardless of their value.

3. 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.

4. 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 on behalf of the ESM with a value in excess of the value determined by the Managing Director pursuant to Article 9 (3) above. However, such gifts shall be declared immediately to the Compliance Officer who will provide guidance on how the gift is to be disposed of in order to preserve the highest standards of integrity of the member of staff and the ESM.

5. 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. Guidance may be given by the Compliance Officer, from time to time, on what is acceptable as “reasonable and customary” under this Article.

6. 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 obtaining prior guidance from the Compliance Officer.

7. The giving of gifts on behalf of the ESM to third parties, over and above the value determined by the Managing Director, requires prior approval by the Compliance Officer who will only grant such approval in the event he/she considers this both customary and reasonable.

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

8. 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 obtaining prior guidance from the Compliance Officer, where relevant in consultation with the General Counsel.

9. Article 9 (8) 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 10

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, even after their duties have ceased. Without prejudice to Article 17 of the By-Laws, they are required to ensure the same level of confidentiality, as indicated by the ESM confidentiality marking framework, 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, even after their duties have ceased. Without prejudice to Article 17 of the By-Laws, any non-public information available to members of staff in connection with their professional duties at the ESM is subject to professional secrecy pursuant to Article 34 of the Treaty.

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.
**Article 11**
*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 prior approval of the Chief Spokesperson/Head of Communication or their designate.

2. The Managing Director, the members of the Management Board, and designated spokespersons are the official spokespersons of the ESM and do not require prior approval before answering media inquiries or presenting information to the wider public.

**Article 12**
*Inside Information*

1. Members of staff shall strictly observe all applicable laws and regulations on insider trading as well as the rules set forth in this Article. The Legal and Procurement Division 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.

3. For the purposes of this Code, “Inside Information” refers to inside information as defined in the Market Abuse Regulation from time to time.

4. Any member of staff who reasonably suspects that a transaction might constitute insider trading shall notify the Compliance Officer without delay.

5. The ESM maintains appropriate measures designed to limit the flow of Inside Information from areas that own such information and those areas that trade in securities (Investment and Treasury division).

**Article 13**
*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.

2. The Managing Director, in consultation with the Legal and Procurement Division 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.

3. Outside the scope of their duties towards the ESM, members of staff shall not, except if
the Compliance Officer is satisfied about the non-speculative 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 directly related to the products above.

This prohibition 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.

4. This prohibition shall not apply when members of staff indirectly acquire any of the financial instruments as per Article 13 (3) 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 discretion over investments made by such investment vehicles.

5. New members of staff holding any of the financial instruments as per Article 13 (3) above prior to their employment with the ESM, may keep hold of such financial instruments. Members of staff who decide to dispose of such financial instruments, shall follow the requirements pursuant to Article 13 (1) and (3) above.

6. 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 14**

*Disclosure of Financial and Business Interests*

1. Notwithstanding the provision of Article 13 above, the Managing Director, the members of the Management Board and such other members of staff, as designated by the Managing Director from time to time, shall file a confidential disclosure of their Financial and Business Interests. All disclosures shall be filed with the Compliance Officer, except, if applicable, for the Compliance Officer who shall file his/her disclosure with the General Counsel. For the purposes of this Code, “Financial and Business Interests” mean any right to receive a benefit from a financial instrument mentioned in Article 13 (3) above. Article 13, in particular Article 13 (4), applies mutatis mutandis.

2. Members of staff not subject to the above disclosure requirement shall certify their compliance with the provisions of Article 13 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 60 days following the date of appointment according to which the member of staff becomes Designated, and must be updated annually, no later than 31 January each year or as communicated by the Compliance Officer.

Article 15

ESM Property, Assets and Environmental Impact

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. 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.

4. The ESM is committed to protecting the environment and seeks to follow a prudent approach on environmental matters. The ESM strives to continuously monitor, communicate, and limit further its environmental impact. In this context, ESM is committed to implementing measures for reducing its use of natural resources and energy and for limiting the generation of emissions, releases, and waste.

Article 16

Reporting Misconduct

1. Any member of staff who, becomes aware of or suspects an Integrity Violation, must in good faith, forthwith report this to the Compliance Officer.

2. Any member of staff who becomes aware or suspects Serious Misconduct, other than an Integrity Violation, including Behavioural Misconduct, is encouraged to offer immediate assistance to the victim (where applicable and appropriate) and to report the matter, in good faith, to the Compliance Officer as soon as reasonably possible. Any member of staff in a supervisory position is required to do the same in the same circumstances.

For the avoidance of doubt, seeking guidance from Human Resources and Organisation does not create an obligation for Human Resources and Organisation to report such alleged Serious Misconduct.

3. The ESM protects the identities of Whistleblowers and Witnesses in accordance with the Whistleblower and Witness Protection Policy both during and after investigations. The ESM and members of staff shall refrain from any Retaliation or reprisal against any
member of staff who, in good faith, reports Misconduct as set out in Article 16 (1) above. Reporting of Misconduct other than in good faith constitutes Misconduct.

**Article 17**

*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, and usually once every three years.
Annex
DEFINITIONS

Misconduct is the violation of this Code or any ESM policy, procedure or other internal law whether intentional or not.

Serious Misconduct includes but is not limited to Integrity Violations and Behavioural Misconduct. Whether misconduct is serious, depends on facts and circumstances, including but not limited to the extent to which the misconduct could adversely affect the integrity, reputation or interests of the ESM, the extent to which the misconduct involves intentional actions or negligence and the duties and responsibilities of the member of staff.

Integrity Violation constitutes Serious Misconduct and is any act or omission which constitutes a failure to adhere to the highest standard of integrity. It includes corrupt, fraudulent, coercive, and collusive practice, abuse, obstructive practice and conflict of interest, as defined below2.

- **Corrupt practice** is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;
- **Fraudulent practice** is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- **Coercive practice** is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- **Collusive practice** is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;
- **Obstructive practice** includes deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation of an integrity violation, making false statements with the aim to impede such investigation, failure to comply with requests to provide information, documents or records in connection with such investigation, threatening, harassing or intimidating any party to prevent it from disclosing knowledge of matters relevant to the investigation or from pursuing the investigation.

**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.

**Behavioural Misconduct** constitutes Serious Misconduct and includes any form of direct or indirect discrimination, physical violence, psychological harassment (also referred to as bullying or mobbing), sexual harassment and retaliation.

**Discrimination** shall be taken to occur where one person, because of their nationality, gender, racial or ethnic origin, religion or belief, health status, age or sexual orientation, is, has been or would be treated less favourably than another person in a comparable situation.

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2 Definitions as harmonized between multilateral development banks
Physical violence means the use of physical force or the threat of physical force against another person that may result in physical, sexual or psychological harm.

Psychological harassment means any improper conduct that takes place over a period, is repetitive or systematic and involves physical behaviour, spoken or written language, gestures or other acts that may undermine the personality, dignity or physical or psychological integrity of any person.

Sexual harassment consists of any form of unwanted verbal, non-verbal or physical conduct of a sexual nature, with the purpose or effect of violating the dignity of a person, in particular when creating an intimidating, hostile, degrading, humiliating or offensive environment. Sexual blackmail is a particularly serious form of sexual harassment consisting of any situation in which individuals are explicitly or implicitly intimidated or threatened, with a view to obtaining sexual favours, by someone in a position of authority in the workplace or by someone with influence over their recruitment, professional status or career development. Sexual blackmail could also manifest itself through a situation presented as causing professional advantages or disadvantages for the victim, depending on whether he/she accepts or rejects it. A behaviour may qualify as Harassment under the Code of Conduct even if it was not deliberately intended to cause harm.

Retaliation is any detrimental act, direct or indirect, recommended, threatened or taken against anyone who has raised or is considering raising a complaint of misconduct or cooperating with an ESM investigation into any form of (alleged) misconduct. Retaliation can include, but is not limited to, harassment, discriminatory treatment, inappropriate performance appraisals or salary adjustments, or the withholding of an entitlement.

A Whistleblower is any person or party who, in good faith and voluntarily, conveys or is proven to be about to convey any information indicating misconduct, including integrity violations or behavioural misconduct as set out in the ESM Code of Conduct.

A Witness is any person, who is not the subject of an investigation, but who is named in a whistleblower report as a witness and/or requested by the ESM to provide information regarding a matter under investigation.