

GOVERNOR

Pursuant to Article 14, paragraph (1), items (1) and (9) of the Statute of the Croatian National Bank, the Governor of the Croatian National Bank hereby issues the

THE CODE OF CONDUCT OF THE CROATIAN NATIONAL BANK

1 Subject matter of the Code of Conduct

The Code of Conduct of the Croatian National Bank (hereinafter referred to as 'Code of Conduct') implements the principles of the ethics framework for the Eurosystem and the Single Supervisory Mechanism and lays down the highest standards of ethical conduct and integrity of the employees of the Croatian National Bank (hereinafter referred to as 'Bank') aimed at strengthening the transparency, independence and professionalism of the Bank and its public role. Adherence to the ethical values and standards laid down in this Code of Conduct ensures the Bank's credibility and strengthens the trust of supervised entities, monetary policy counterparties and all the citizens of the Republic of Croatia in the Bank's operations and work.

The Governor of the Croatian National Bank may adopt a separate ordinance or decision further regulating certain matters contained in the Code of Conduct.

The core ethical principles promoted by the Bank include acting responsibly, honestly, independently and impartially, with respect and discretion, avoiding any form of inappropriate behaviour, as well as maintaining professionalism, transparency, equality, diversity and inclusion.

The terms used in the Code of Conduct shall be gender-neutral and shall relate equally to both the male and female gender.

2 Definitions

For the purposes of this Code of Conduct, the following terms shall have the following meaning:

- 1) '*ethical principles*' means the basic principles underlying desirable and generally acceptable conduct of employees;

- 2) *'respect'* means a good relationship between two or more persons in which the right to individuality and diversity is accepted;
- 3) *'inappropriate behaviour'* means any form of discrimination, physical violence, psychological harassment and sexual harassment, as well as any other conduct in violation of this Code of Conduct;
- 4) *'discrimination'* means less favourable treatment of employees on the grounds of racial or ethnic origin or colour, sex, language, religion, political or other opinion, nationality or social origin, property, membership in a trade union, education, social position, marital or family status, age, health condition, disability, genetic heritage, gender identity, expression or sexual orientation as well as due to misconception about the existence of such grounds;
- 5) *'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 intentional acts that may undermine the personality, dignity or physical and psychological integrity of any person;
- 6) *'confidential information'* means any documents and data of which employees become aware in the course of carrying out their duties and tasks, especially those protected by the professional secrecy requirements within the meaning of Article 37 of the Statute of the European System of Central Banks (ESCB) and the European Central Bank, whose destruction, disposal or disclosure to an unauthorised person would harm the reputation and interests of the Bank, the European Central Bank, the Single Supervisory Mechanism (SSM), the Single Resolution Board, national central banks of the Member States and credit institutions and other persons which are authorised by or whose operation is supervised by the Bank, as well as any other information declared as confidential in accordance with the law and sensitive ESCB and SSM information;
- 7) *'non-public information'* means information, irrespective of its form, that pertains to the performance of the Bank's tasks and other activities within the competence of the Bank and the tasks of the European Central Bank, which has not been made public;
- 8) *'personal interests of employees'* means personal benefits or potential benefits, of a financial or non-financial nature, for employees and persons to whom they are connected;
- 9) *'persons connected with the employee'* means natural persons linked by consanguinity in the direct line and in the collateral line to the second degree or affinity to the second degree (parents of a spouse, siblings of a spouse, grandparents of a spouse) and marital

or extramarital partners, as well as persons connected with the employee based on social, financial or business relationships and interests;

- 10) '*relevant manager*' means a manager at the level of a department director and higher;
- 11) '*advantages*' means any gifts, hospitality or other benefit of a financial or non-financial nature or otherwise, not arising from the contract of employment or any other right of the employee;
- 12) '*work for another employer*' means any work which does not include the performance of tasks and assignments by the employee in the Bank or by order of the Bank, regardless of whether or not remuneration is received for the performance of such tasks;
- 13) '*medium-term investment horizon*' means investment for a period of one to five years;
- 14) '*long-term investment horizon*' means investment for a period of more than five years;
- 15) '*external agent*' means a person not employed by the Bank but who carries out tasks relating to the Bank's tasks or other tasks within the legal competence of the Bank.

3 The highest standards of ethical conduct and integrity

The highest standards of ethical conduct and integrity governed by this Code of Conduct relate to:

- protection of dignity and prohibition of discrimination;
- avoidance of conflicts of interest;
- communication;
- professional secrecy and prohibition on misuse of non-public information;
- impartiality;
- treatment of the Bank's property and resources.

3.1 Protection of dignity and prohibition of discrimination

Employees shall treat their colleagues and other contacts with appreciation, respect, civility, consideration and mutual trust, respecting dignity, moral values, personality, professional knowledge and differences of all persons and their efforts and work.

The Bank shall not tolerate any form of inappropriate behaviour of employees towards colleagues or other contacts.

3.2 Avoidance of conflicts of interest

Conflict of interest means any situation where personal interests of employees influence (actual conflict of interest) or might influence (potential conflict of interest) the impartial and objective performance of employees' obligations arising from the employment relationship and their duties and responsibilities.

An apparent conflict of interest means a situation in which a perception can be created in the public of compromised impartiality and objectivity of an employee due to circumstances which do not represent actual or potential conflicts of interest.

Employees shall avoid any situation that might give rise to a conflict of interest or an apparent conflict of interest.

Should the employee face a situation or circumstance pointing to a conflict of interest or an apparent conflict of interest, the employee shall notify the relevant manager or the Compliance Office (hereinafter referred to as 'Compliance Office').

The Compliance Office shall register all conflicts of interest or apparent conflicts of interest, as well as the measures taken to resolve or mitigate such conflicts of interest.

a) Receiving advantages

Soliciting, receiving or accepting a promise related to receiving for themselves or any other person any advantage connected in any way with the performance of tasks of the Bank's employees may put at risk the core ethical principles promoted by the Bank and affect the Bank's reputation as a whole.

Employees shall not solicit, receive or accept a promise related to receiving for themselves or any other person any advantage connected with the performance of their tasks in the Bank.

The Bank shall adopt separate internal bylaws regulating exemptions from the prohibition of receiving and accepting promises related to receiving advantages, while employees shall notify the relevant manager of any offered advantage in connection with the performance of their tasks, as well as about any doubts concerning the application of this provision of the Code of Conduct; the relevant manager shall immediately request the Compliance Office to provide guidance regarding the procedure to be followed.

b) Work for another employer during employment with the Bank

While employed with the Bank, including during unpaid leave, employees may not work for another employer without the prior approval of the Governor.

Employee activities in the areas of culture, science, education, sport, humanitarian or religious activities, and community and other volunteer work in so far as the employee receives no remuneration for such activities and they are not connected with the employee's tasks in the Bank shall not be considered as work for another employer in the sense of paragraph (1).

The employee shall ensure that the tasks carried out for another employer in no way impair the performance of the employee's tasks in the Bank, that they do not constitute a conflict of interest or an apparent conflict of interest and that they are not otherwise detrimental to the Bank's reputation.

c) Private financial transactions

When conducting private financial transactions for their own account or for the account of any third party, employees are obligated to act lawfully, to employ caution, exercise restraint and have a medium to long-term investment horizon.

The Bank shall adopt separate internal bylaws regulating the restrictions on critical private financial transactions, as well as rules governing the treatment of property subject to the prescribed restrictions, acquired by the employee prior to the entry into force hereof or inherited by the employee.

d) Managing conflicts of interest in the employment procedure and after the end of employment with the Bank

For the purpose of managing a situation in which a candidate who will be employed by the Bank has a conflict of interest, during the employment procedure the Bank shall examine previous business activities, the existence of financial holdings, private activities or personal relationships of the candidate, as well as other situations which might give rise to a conflict of interest.

The Bank shall assess and take appropriate measures to avoid a potential conflict of interest resulting from post-employment professional activities.

Employees who are in the last stage of negotiations or recruitment for a position outside the Bank or who have accepted employment outside the Bank shall notify the relevant manager

about the job with the future employer when this might cause a conflict of interest or lead to a misuse of their position in the Bank or might appear so.

The relevant manager shall, without undue delay, take measures to prevent conflict of interest that will remain in force until the end of employment with the Bank; this especially involves the exclusion of employees from tasks connected with the future employer.

3.3 Communication

Communication among the employees of the Bank and between the employees and third parties shall be professional, open, accurate and timely, ensuring respect of the other person.

In communicating with third parties, and in particular with representatives from the financial services industry, employees shall maintain neutrality and equal treatment in their interactions with all persons, observe a seven-day quiet period prior to any monetary policy meeting of the Governing Council of the European Central Bank during which they refrain from speeches or other remarks that could influence expectations about forthcoming monetary policy decisions, keep records of the meeting and avoid any conduct that could be perceived as granting external parties any advantages.

a) Communication in public appearances, teaching and opinion writing

Cooperation and communication with the media, experts and the general public concerning the matters within the competence of the Bank shall be entrusted to officials, on proposal by the communications function, as well as to other employees upon consent by their relevant manager. In cases where employees appear in public promoting the Bank's positions, such positions should be agreed with the relevant manager in advance.

Outside the Bank, employees shall use or authorise the use of their official title in the Bank only in connection with their presentations, lectures and other public appearances and expressions of opinions which are connected to their work with the Bank.

It will be clearly stated in the appearance, article or publication, in which the employee does not represent the Bank and his/her position or official title in the Bank are given, that the views expressed are personal and do not necessarily reflect those of the Bank.

In opinion writing or public appearances the employees shall not appear in the manner which may harm the interests and/or the reputation of the Bank or undermine public confidence in the Bank's work.

3.4 Professional secrecy and prohibition on misuse of non-public information

Employees may access and use only the confidential information necessary for the performance of their tasks, on a need-to-know basis. Employees shall not share or otherwise make available the confidential information of which they have become aware in the course of carrying out their tasks to persons outside the Bank or other employees who need not know such information in the performance of their tasks.

Employees shall treat confidential and non-public information with due care, making sure that documents, notes, data storage media etc. are appropriately stored at the workplace. Employees' obligation to treat non-public information with due care shall survive the termination of employment with the Bank.

Employees shall not misuse non-public information, and shall especially not use such information in conducting private financial transactions for one's own account or for the account of third parties and in order to recommend or induce third parties to act on that non-public information.

3.5 Impartiality

Employees shall protect the impartiality of the Bank from party and political influences through their personal impartiality.

Political views of employees may not be reflected in the positions of the Bank.

Employees shall not engage in any political activity during their work or at the facilities of the Bank and shall avoid any doubt with regard to the Bank's support of such activities.

Officials and employees of the Bank who hold senior management positions shall not have an active role in a political party, association or organisation that promotes political views; they may only be members who do not hold positions, express their own personal views and pay membership fees and other dues.

Employees of the Bank who do not hold senior management positions may participate in political advertising and hold a position in a political party structure provided it does not interfere with the performance of their work.

3.6 Treatment of the Bank's property and resources

Employees shall treat the Bank's property and tools provided to them in a responsible and prudent manner, with due care, aware of safety risks and by abiding instructions for use.

Employees shall use the provided property and tools for official purposes, while private use shall be allowed to a reasonable extent, if such use does not interfere with their official use, upon prior approval if necessary, unless using the provided property and tools for private purposes is explicitly prohibited.

4 Interpretation and breach of the Code of Conduct

Employees shall comply with the Code of Conduct and apply it in good faith. Employees may request the Compliance Office to provide guidance in case of any doubts or a need for interpretation of the provisions hereof, especially about whether a certain behaviour is in line with the Code of Conduct.

An employee may report any conduct in violation of the Code of Conduct to the relevant manager or the Compliance Office, regardless of whether the employee was subject to such conduct or such conduct was noticed by the employee.

In case of breaches of the provisions of the Code of Conduct, the reporting and sanctioning procedure shall be carried out in accordance with the Rules of Procedure. Depending on the severity of the breach, measures can be taken against the employee, as provided by the Labour Act and the Rules of Procedure.

The employee who has reported a conduct in violation of the Code of Conduct shall be entitled to confidential treatment and to have his/her identity protected and must not suffer any negative consequences in relation thereto.

5 Duties and responsibilities

5.1 Employees' obligations

Compliance with the Code of Conduct is an obligation of employees arising from the employment relationship. Employees shall observe the Code of Conduct and promote its values. In their work, employees shall observe professional rules, be acquainted with and abide by all the relevant regulations and the Bank's internal bylaws.

Employees shall observe all the relevant regulations and internal bylaws, including the Code of Conduct, outside work hours as well, in order to safeguard their reputation and the reputation of the Bank, prevent reputational risk and ensure public confidence in the Bank.

Employees shall regularly attend training provided by the Bank with the aim of raising awareness about ethical conduct and shall share knowledge and new information with their colleagues.

Employees shall cooperate with the Compliance Office for the purpose of the application and implementation of the Code of Conduct.

5.2 Obligations of the relevant manager

In addition to the obligations applicable to all the employees of the Bank, managers shall take all further steps to ensure that all the employees in their organisational unit are acquainted with the provisions of the Code of Conduct and that the rules and standards laid down in the Code of Conduct are adequately applied in daily work of these organisational units.

For the purpose of consistent application of the Code of Conduct in all the organisational units, the relevant manager to whom a violation of the Code of Conduct has been reported or who has noticed that an employee acted in breach of the Code of Conduct is obligated to act in accordance with the provisions of the Rules of Procedure. In addition, the relevant manager shall ensure a free flow of information concerning the violation of the Code of Conduct and shall cooperate with the Compliance Office in all the activities related to the application of the Code of Conduct.

5.3 Obligations of the Compliance Office

The Compliance Office is a dedicated ethics and compliance function reporting directly to the Governor, continuously monitoring the implementation of the Code of Conduct, providing interpretations thereof and supervising its application, with the aim of its consistent and uniform application.

The Compliance Office provides advice and guidelines for a consistent and uniform application of the Code of Conduct, identifies and assesses compliance risk and carries out direct compliance controls for the purpose of checking the compliance with this Code of Conduct and reports on the cases of non-compliance.

The Compliance Office is involved in a timely manner in all the activities concerning the drafting of rules of ethical conduct within the Bank.

5.4 Obligations of the Human Resources Department

The Human Resources Department shall ensure that all the new employees are made aware of the provisions of the Code of Conduct immediately at the time of the conclusion of the contract of employment.

5.5 Obligations of external agents

The Bank expects that external agents comply with the ethical values set out in the Code of Conduct concerning their operations. For this purpose, before commencing their activities for the Bank, external agents are provided with the Code of Conduct and contact details to be used for reporting any conduct in violation of the Code of Conduct.

Any breach of the Code of Conduct by external agents may result in the termination of their engagement for the Bank.

6 Termination

The Code of Conduct of the Employees of the Croatian National Bank, Ref. No.: 330/2020, of 25 September 2020 and Ref. No.: 350/2021, of 10 November 2021 shall cease to have effect by virtue of the entry into force of this Code of Conduct.

The internal bylaws adopted pursuant to the Code of Conduct of the Employees of the Croatian National Bank, Ref. No.: 330/2020 of 25 September 2020 and Ref. No.: 350/2021 of 10 November 2021 shall remain in force until the adoption of new internal bylaws pursuant to this Code of Conduct.

7 Entry into force

This Code of Conduct shall be published on the Bank's notice boards and shall enter into force on 6 June 2023.

Ref. No.: 386/2023
Zagreb, 5 June 2023

Croatian National Bank
Governor
Boris Vujčić