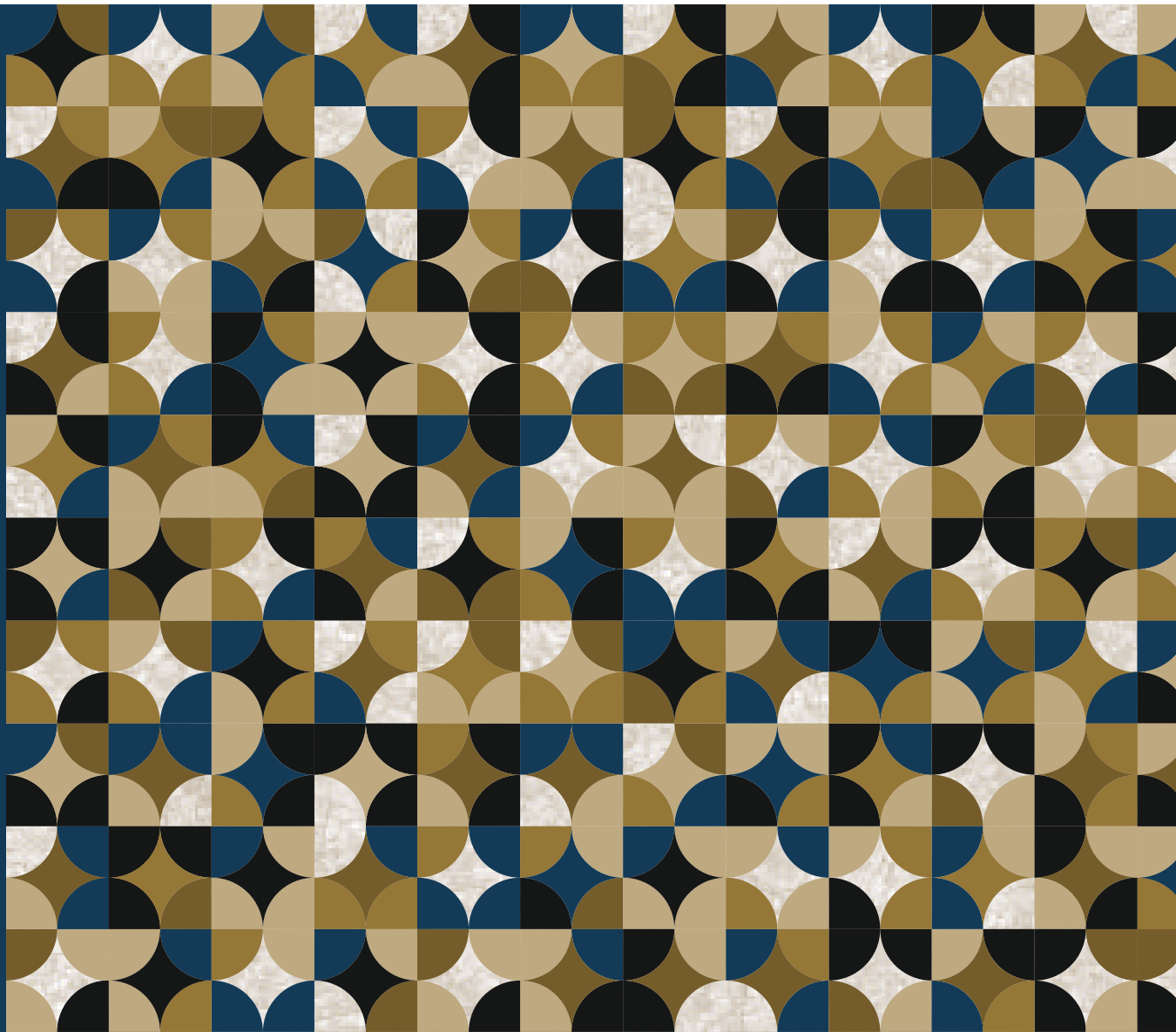




BANCO DE PORTUGAL
EUROSYSTEM

Code of Conduct for the Employees of Banco de Portugal



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BANCO DE
PORTUGAL
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Preamble

The recent approval of the *Regulation of the Ethics Committee and of the General Duties of Conduct of the Employees of Banco de Portugal* (hereinafter 'Regulation') is part of the trend observed since 2014 within the European System of Central Banks (ESCB) and the Eurosystem. As described in the Preamble of said Regulation, the decisions made by the European Central Bank (ECB) in this field are justified above all by the need to "strengthen the ethics rules in place and further enhance the corporate governance of the European Central Bank (ECB), the European System of Central Banks (ESCB), the Eurosystem and the Single Supervisory Mechanism (SSM)".

A similar motivation was behind the revision of the *Code of Conduct for the Members of the Board of Directors of Banco de Portugal* – "reinforcing the ethics and conduct framework for harmonisation in the Eurosystem as a whole".

The *Code of Conduct for the Employees of Banco de Portugal* (hereinafter 'Code') must therefore be revised for this new framework. Indeed, the aforementioned Regulation, with its distinct approach and reach, does not address all the issues appearing to date in the Code, and thus it is instrumental that they are now duly approached.

The autonomous maintenance of the Code continues therefore to be of the utmost importance. Its existence is, as before, warranted by the delicate nature of the tasks allocated to Banco de Portugal by the Constitution of the Portuguese Republic, the EU treaties and the law. Furthermore, from the viewpoint of the public and institutions, Banco de Portugal's particular visibility and specific intervention in the Portuguese community create the legitimate expectation that its employees behave in accordance with high ethical standards. As it is known, the Code does not enshrine conduct in compliance with the rule of law, as this is intrinsic to the activities of any of Banco de Portugal's employees. Rather, it goes further,

establishing behavioural standards beyond scrupulous compliance with the law, that meet the ethical standards expected of the employees of Portugal's central bank.

As in its previous versions, the Code lays down a set of behavioural recommendations for all employees, thereby contributing to the Bank's good image and strengthening public and institutional trust in Banco de Portugal, also establishing a benchmark for the public with regard to the behavioural standard expected of the Bank in its relations with third parties.

Contrary to the aforementioned Regulation and other documents governing Banco de Portugal's contractual relation with its employees, this Code is not a set of requirements that when not complied with, may lead to disciplinary proceedings. The Code also does not affect legal, conventional or contractual rights.

When the two instruments are viewed in conjunction, it can be seen that the Code sets forth principles that due to their nature did not fall within the scope of the Regulation.

In addition, there is a limited set of common issues, as is expectable in the case of a Code which sets out and develops patterns of action that extend beyond the legal duties set forth elsewhere.

It aims, as in its previous versions, to define standards of behaviour that comply in ethical terms with the responsibilities concomitant with Banco de Portugal's professional activity, while clarifying that it is incumbent on the Bank, principally its line management, to analyse potential risk situations and take the appropriate steps to address them.

This revision of the Code is thus limited to adapting its content to the changes observed in Banco de Portugal's regulatory framework, introducing minor updates and explanations to the already existing rules.

1. Scope of application

1.1. This Code establishes guidelines on professional ethics for all those working for Banco de Portugal.

1.2. The Code contains the ethical conventions and standards to follow and clarifies the benchmarks to be used in assessing the degree of compliance with obligations taken on by Banco de Portugal's employees.

1.3. Banco de Portugal employees seconded to other entities or whose contract is suspended remain bound by the duties of conduct laid down in the Code, aside from those whose nature presupposes the effective provision of work.

1.4. The Code shall also apply to the workers seconded to Banco de Portugal, temporary workers and trainees.

1.5. Upon admission and whenever there are changes to the Code, Banco de Portugal employees and other staff working for the Bank shall be invited to sign a declaration that they are aware of the Code's content.

2. General standards of conduct

2.1. Employees shall subscribe to high standards of professional ethics and act with loyalty to Banco de Portugal. They shall act honestly, independently, impartially, with discretion and without regard to self-interest.

2.2. Employees shall always carry out the responsibilities and duties assigned to them in Banco de Portugal in the best way possible, with due care and efficiency.

2.3. Employees shall be mindful of the importance of their individual duties and responsibilities and citizens' and institutions' expectations of their conduct, within socially acceptable standards, acting in a way that promotes public trust in Banco de Portugal and contributes to its effective operation and good image.

2.4. In their professional relations with the other employees of Banco de Portugal and with third parties, namely the members of the public that contact the Bank, employees shall conduct themselves in a manner befitting the standards and principles referred to in the foregoing paragraph.

3. Equality, non-discrimination and prohibition of harassment

3.1. Employees shall abstain from undertaking any kind of discrimination or harassment, namely on the grounds of race, sex, age, physical ability, sexual orientation, political opinion, religion, ideological beliefs, or union membership.

3.2. Employees shall also show mutual consideration and respect, refraining from any kind of bullying and avoiding behaviours that may reasonably be considered offensive by other employees.

3.3. Where possible, reasonable and prudent, employees shall prevent or bring to an end the acts of harassment or bullying of which they have direct knowledge, in particular by informing the Compliance Office.

3.4. Employees that report or prevent acts of harassment or bullying, reasonably and prudently, shall not suffer detrimental consequences.

4. Protection of personal data

Employees with access to personal data on natural or legal persons, including Banco de Portugal employees, to credit registry data in the Central Credit Register (CCR), to information used to generate the List of Cheque Defaulters (LCD), to the Accounts of Deceased Holders, to the Banking System's Database of Banking Accounts, or to any other personal data held by Banco de Portugal, shall, in

addition to respecting the applicable legal and regulatory provisions, use utmost prudence in the handling of those data, in order to preserve confidentiality, in particular abstaining from communicating them to any unauthorised individual, even where that person is under obligation to Banco de Portugal.

5. Impartiality

5.1. Employees shall inform their line management or the Compliance Office if the professional occupation of a close family member is liable to give rise to a conflict of interest. Should the nature of that professional activity prove to be incompatible with the employee's responsibilities, Banco de Portugal, after consulting the Compliance Office, shall decide whether the employee shall be relieved of responsibility for the relevant matter. For this purpose, close family members are deemed to be the spouse or recognised partner, ancestors, descendants and other members whose relationship with the employee is liable to put him/her in a position of conflicting interests.

5.2. Employees invited to take part in a decision-making process as part of their duties on a matter in whose handling or outcome they have a personal interest, shall immediately inform their line management.

6. Relations with external entities and the general public

6.1. Independence and prevention of external influences

6.1.1. Employees shall, when exercising their functions and in all external contacts, act in compliance with the principle of independence enshrined in the Statute of the ESCB and of the ECB and in the Organic Law of Banco de Portugal, namely by not seeking or taking instructions from any

government, authority, entity, organisation or individual outside Banco de Portugal.

6.1.2. Should employees become aware, in the performance of their duties or as a result of them, of any attempts by institutions, entities or third parties to unduly influence Banco de Portugal, they shall inform their line management or the Compliance Office of this fact.

6.2. Behaviour regarding professional occupations outside Banco de Portugal

6.2.1. Employees shall act with integrity and discretion in any negotiations concerning a prospective professional occupation outside Banco de Portugal and the acceptance of such employment.

6.2.2. As soon as such negotiations begin or the possibility of them arises, the employees in question shall inform their line management if they are liable to give rise to a conflict of interest.

6.2.3. Where necessary, the employee in question, upon determination of a suitably authorised person, shall cease dealing with any matter related to a prospective employer or entity receiving his/her services.

6.2.4. Integrity and discretion is similarly required in performing professional activities after the termination of employment with Banco de Portugal, including any activities performed in institutions subject to Banco de Portugal supervision or in entities that supply it goods or services.

6.3. Procurement and hiring of new employees or trainees

6.3.1. Employees shall ensure proper conduct of procurement procedures and hiring of new employees or trainees, maintaining objectivity, neutrality and fairness and ensuring transparency of their actions.

6.3.2. New employees or trainees shall also comply with all the general and specific rules related to professional secrecy, prevention of conflicts of interest and acceptance of gifts.

6.3.3. Communications with participants in a procurement procedure shall only take

place through official channels, avoiding verbal information; where these prove necessary, employees shall immediately inform their line management about them.

6.4. Relations with the ECB and the national central banks of the ESCB

6.4.1. Banco de Portugal's employees shall work in a spirit of close cooperation with the staff of the ECB and the national central banks (NCBs) that make up the ESCB, without prejudice to the necessary confidentiality, where applicable. In this regard, employees shall remain aware of the institutional implications of the scope of that collaboration, given that there are members of the ESCB that do not belong to the Eurosystem.

6.4.2. In their relations with the ECB or with the NCBs, employees shall be mindful of their duties and the necessary impartiality of Banco de Portugal within the ESCB.

6.5. Relations with European institutions and organisations and international authorities

6.5.1. Formal or informal contact with representatives of European institutions or other European organisations and international authorities shall always reflect Banco de Portugal's position, where this has been defined.

6.5.2. In the absence of a defined position, employees shall explicitly preserve Banco de Portugal's image on a given topic when they speak in their own name.

6.6. Relations with other NCBs and other institutions

6.6.1. Banco de Portugal's employees shall work in a spirit of cooperation with the staff of other NCBs, including those that are part of the Portuguese-speaking countries, without prejudice to the necessary confidentiality, where applicable, and being mindful of their duties and Banco de Portugal's necessary impartiality.

6.6.2. In relations with financial institutions and other public and private entities, employees performing their professional

activities shall observe Banco de Portugal's guidance and positions, acting with quality, integrity and transparency.

6.6.3. Employees shall foster and ensure a good relation with those entities, appropriately observing the rights and duties associated with the various functions of Banco de Portugal's responsibility.

6.7. Contact with the media

Even when not exercising their functions, employees shall, in their contact with representatives of the media, use the utmost discretion over questions relating to or interfering with Banco de Portugal's activity and public image.

6.8. Participation in fora and social media

Employees' participation in fora, social media or similar contexts shall observe strict principles of reserve, discretion and prudence over questions relating to or interfering with Banco de Portugal's activity and public image, so as to safeguard its reputation and credibility.

6.9. Relations with the general public

Employees shall be accessible, efficient, correct and courteous in their relations with the general public. They shall also ensure that users of Banco de Portugal services receive the information that they request lawfully as far as is possible. This information shall be clear and easily understandable, as shall any reasons why it cannot be provided.

7. Labour relations in Banco de Portugal

7.1. Loyalty and cooperation

7.1.1. The concept of loyalty for employees involves not only the appropriate performance of the tasks given to them by their line management, compliance with their instructions and respect for the appropriate reporting lines, but also transparency and openness in personal interaction with managers and other employees, within the applicable rules laid down.

7.1.2. Employees should, for example, keep other employees participating in the same subject updated on work in progress and allow them to make their contribution.

7.1.3. Failure to reveal to managers and other colleagues information that may affect the progress of projects, above all with the aim of obtaining personal advantage, as well as providing false, inaccurate or exaggerated information, refusing to collaborate with other employees and obstructive behaviour, are contrary to the loyalty expected of employees.

7.1.4. Employees responsible for management shall instruct those that work with them in a clear and easily understandable way, verbally or in writing.

7.1.5. Employees shall refrain from asking other employees to carry out tasks of a private nature for their own benefit or for that of third parties, whether or not Banco de Portugal means are used to carry out such tasks.

7.2. Resource management in Banco de Portugal

7.2.1. Employees shall respect and protect Banco de Portugal property and not allow misuse by third parties of the facilities or services.

7.2.2. All equipment and facilities, whatever their nature, shall be for official use only, with the exception of reasonable and non-abusive private use, compliant with the rules in force or relevant internal practice.

7.2.3. In particular, employees shall be discerning in the private use, that shall be minimal and judicious, of the IT means that Banco de Portugal puts at their disposal, doing so in compliance with their legal and contractual duties and ensuring, where possible, that professional and personal contents are separated.

7.2.4. In carrying out their tasks, employees shall also take all reasonable and appropriate measures to limit Banco de Portugal costs and expenses, so that the available resources can be used most efficiently.

7.2.5. Employees shall act with loyalty and a collaborative spirit in enjoying benefits and other advantages, both in terms of property and otherwise, refraining from using such advantages abusively or to the detriment of Banco de Portugal, subverting the goals for which they were created.

7.3. Environmental policy

In relation to Banco de Portugal's activities, employees shall promote the adoption of best practice on protecting the environment.

8. Application of the Code

8.1. The role of employees in applying the Code

The correct application of the Code depends above all on employees' professionalism, conscience and discretion. In particular, managers shall set an example with regard to applying and promoting the principles and criteria established in the Code.

8.2. Compliance Office

8.2.1. Employees may ask the Compliance Office to pronounce on any topic affecting their personal situation and relating to correct observance of the Code.

8.2.2. Conduct that complies with the Compliance Office's opinions or recommendations is assumed to comply with the Code, without prejudice to the relevance that it may have for other purposes.

8.2.3. All communication between employees and the Compliance Office shall be subject to the duty of confidentiality, unless with express consent or where there is a serious and imminent security risk for individuals or Banco de Portugal's image.

8.2.4. The existence of the risk mentioned in the foregoing paragraph shall be assessed by the Compliance Office.

9. Publication

This Code shall be published in Banco de Portugal's *Boletim Oficial* (Official Bulletin) and released on its website and intranet.

Note

The *Code of Conduct for the Employees of Banco de Portugal* was published on 3 November 2016 through NAP/2016/0015, and entered into force on the same date.

