



HNB

GVERNER

Pursuant to Article 20 of the Statute of the Croatian National Bank, I hereby issue the

CODE OF CONDUCT OF THE EMPLOYEES OF THE CROATIAN NATIONAL BANK

I INTRODUCTORY PROVISIONS

Purpose of the Code

Article 1

(1) This Code of Conduct (hereinafter referred to as 'Code') of the Croatian National Bank (hereinafter referred to as 'Bank') shall lay down the ethical values paramount to its independent, professional and public role.

(2) With its ethical values the Bank shall promote responsible conduct, professionalism, independence, impartiality and transparent conduct of all of its employees.

(3) Ethical values shall comprise ethical rules and principles applied to all Bank employees, including its officials, and, as appropriate, all external agents participating in the performance of activities connected with the Bank's tasks in accordance with signed agreements.

(4) The provisions of the Code shall apply together with the Act on the Croatian National Bank and with regard to Bank officials together with the Act on the Prevention of Conflict of Interests.

(5) Where the Code addresses an issue differently from the Act on the Prevention of Conflict of Interests, the Act on the Prevention of Conflict of Interests shall prevail.

(6) The terms used in the Code shall be gender-neutral and shall relate equally to both the male and female gender.

Objective of the Code

Article 2

(1) The objective of the Code is to employ ethical values to ensure that the employees of the Bank in their daily work and conduct contribute to the organisational culture of the Bank at the same time safeguarding their personal reputation, the reputation of the Bank, its clients and business partners, consequently ensuring ongoing public confidence in the Bank.

(2) Employees in managing positions shall promote the ethical values laid down in this Code by personal example.

(3) The Bank shall undertake regular activities to enable all employees to understand the purpose and the objective of the Code and to ensure the implementation of ethical values laid down in the Code.

Definitions

Article 3

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

- 1) '*dignity*' shall have the meaning as defined in the Rules of Procedure;
- 2) '*ethical principle*' means the key principle on which ethical rules are based and which forms desirable and generally acceptable conduct;
- 3) '*ethical rule*' means a rule which elaborates the ethical principles in order to define acceptable ethical and professional conduct;
- 4) '*financial corporations*' shall have the meaning as defined in Chapter 2, paragraph 2.55 of Regulation (EU) 549/2013 of the European Parliament and the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (OJ 174, 26.6.2013);
- 5) '*integrity*' means that the opinions, positions and the behaviour of a person are based on its credibility, truthfulness and honesty;
- 6) '*discrimination*' shall have the meaning as defined by the law governing the prevention of discrimination and other regulations and internal bylaws of the Bank governing the protection of employees;
- 7) '*relevant manager*' means a manager at the level of a department director and higher;
- 8) '*independence*' means a position free of external influence;
- 9) '*impartiality*' means a position guaranteeing objectivity and fairness;
- 10) '*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 and extramarital partners, i.e. persons connected with the employee based on social, financial or business relationships and interests;

- 11) '*personal interests of employees*' means personal benefits or potential benefits, of a financial or non-financial nature, for employees, their family members and other relatives or for their circle of friends and close acquaintances, i.e. persons to whom they are otherwise connected;
- 12) '*in writing*' means on paper or via e-mail;
- 13) '*business partner*' means a natural or legal person in business with the Bank;
- 14) '*customary in business*' means what is commonly and widely applied, assumed to be known to participants or the public;
- 15) '*compliance*' means operation in accordance with the law, other regulations and internal rules of the Bank;
- 16) '*respect*' means a good relationship between two or more persons in which the right to individuality and diversity is accepted;
- 17) '*inside information*' means any market sensitive information pertaining to the performance of the Bank's tasks and Eurosystem tasks which has not been made public or is not accessible to the public;
- 18) '*official competent for imposing administrative sanctions*' means an employee of the Bank, authorised by the decision of the Council to run the procedure in administrative matters of imposing administrative sanctions until the decision to impose administrative sanctions is adopted;
- 19) '*client*' is a natural or legal person requesting a service from the Bank and/or being provided a service from the Bank or a legal person subject to supervision or oversight by the Bank;
- 20) '*cooperation*' means an interactive relationship with colleagues, including open communication, active listening and asking of questions in order to ensure mutual understanding and respect of colleagues and foster the climate of trust by accepting the opinions of others, giving constructive criticism when necessary, readily providing help and sharing knowledge, experience and ideas;
- 21) '*market sensitive information*' means information of a precise nature the publication of which is likely to have a significant effect on the prices of assets or prices in the financial markets;
- 22) '*insider*' means employee who has access to inside information other than on a one-off basis;
- 23) '*external agent*' means a person not employed by the Bank but who carries out tasks for the Bank;

24) '*abuse of power*' means the use of own position or authorisation in the Bank, crossing boundaries or failing to perform one's duties in order to ensure gain for oneself or a third party or cause damage to another.

II Ethical principles

Principle of professionalism

Article 4

(1) The work at the Bank shall build on the professionalism of all employees, it shall be carried out in accordance with professional rules and include compliance with regulations and the Bank's internal bylaws.

(2) Employee professionalism means responsibility towards one's work, expertise, conscientiousness, honesty, initiative, impartiality, independence, competence in the performance of tasks and assignments, efficiency and cooperation.

(3) Employees shall be educated and trained in accordance with their capabilities and job requirements. In addition to the opportunities offered by the Bank, employees shall strive to widen the scope of their professional knowledge on their own.

(4) Within the framework of their profession employees shall forward and share information with colleagues relevant for lawful and professional performance of tasks and shall instruct them regarding possible irregularities in the performance of their tasks, especially in cases of possible breaches of regulations or internal bylaws that might harm the Bank.

(5) By sharing useful business information and notifications employees shall strive to widen the scope of knowledge within the Bank.

(6) Employees shall refrain from spreading allegations and false, wrong or exaggerated information that might lead other employees to wrong conclusions, errors in the performance of their tasks and duties or disturb them in any way.

Principle of respecting colleagues

Article 5

- (1) Employees shall treat others in both oral and written communication with appreciation, respect, civility, consideration and mutual trust, respecting each other's dignity, moral values, personality, differences, professional knowledge, efforts and work.
- (2) Employees shall respect colleague's business obligations.
- (3) Employees, especially those in managing positions, shall not require other employees to carry out private tasks for them or for third persons.
- (4) Employees shall refrain from expressing opinions regarding colleagues' personal lives.
- (5) It is desirable to recognise and praise colleagues' efforts and commitment.
- (6) Where it is necessary to give negative feedback to a colleague, it shall be given in relation to the conduct in a specific case and without the presence of others.
- (7) Employees shall not prevent or refuse cooperation with other employees.

Principle of prohibiting discrimination and protecting dignity

Article 6

- (1) The Bank shall have zero tolerance for workplace discrimination or any form of harassment or loss of dignity of other persons (colleagues, business partners or clients).
- (2) Employees shall avoid or refrain from any type of conduct jeopardising the rights or dignity of other persons which shall be considered as harassment.
- (3) The protection of employees from discrimination or loss of dignity shall be governed by the Rules of Procedure

Principle of appropriate communication

Article 7

- (1) Business communication in the Bank shall be clear, open, accurate, timely, complete and consequent at all levels.
- (2) Appropriate communication implies that employees are made aware of relevant information affecting their performance of tasks and assignments in a timely manner, including decisions and events important for the Bank, especially prior to notifying third persons or the public.

- (3) Business communication in the Bank shall also include:
- free flow of information and constant removal of possible impediments to clear communication,
 - consequent adherence to matters agreed ,
 - clear differentiation of formal and informal communication, and
 - active listening.

Principle of respecting clients and business partners

Article 8

(1) Employees shall treat clients and business partners with respect, justly, fairly and honestly, following the rules of the profession and in the manner not offensive to their reputation and legal benefits.

(2) When dealing with clients and business partners employees shall take care of the Bank's independence and its reputation.

Principle of protection against bribery (corruption) or harming the Bank

Article 9

(1) The Bank shall have zero tolerance for accepting or giving bribe (corruption) or for any other form of abuse of power or harming the Bank.

(2) Employees who become aware of or have reason to suspect a case of accepting or giving bribe (corruption) or any other form of abuse of power or harming the Bank (fraud, theft, etc.) shall notify their relevant manager or a confidential person thereof pursuant to the Ordinance on the method of appointing a confidential person and the internal whistleblowing procedure or the Compliance Office.

(3) In cases referred to in paragraph (2) of this Article the identity of the employee who pointed out the case of accepting or giving bribe (corruption) or any other form of abuse of power or harming the Bank shall be considered confidential data and shall not have as consequence less favourable treatment of the employee in question on any basis.

Principle of personal financial correctness

Article 10

(1) When executing financial transactions employees shall act lawfully, honourably and fairly and shall refrain from any actions (economic or financial) that might jeopardise their independence,

impartiality and integrity regardless whether they execute financial transactions for their own account or for the account of the person connected with the employee.

(2) Financial transactions of employees must not be speculative in nature and must be commensurate to their income and wealth in order not to jeopardise their independence.

(3) Employees shall not mislead the Bank regarding the accuracy of the data they are obligated to submit in accordance with regulations and the Bank's internal bylaws.

(4) An employee's delinquency or defaulting as regards personal financial obligations must not cause the abuse of power, failure to complete assignments or delay in their completion, the breach of work discipline, loss of dignity or reputation nor harassment of other employees or to other infringements of the obligations arising from the employment relationship.

(5) Employees assuming financial obligations for themselves or for other employees shall take care not to put into unfavourable position one or more employees by failing to meet these obligations or to put themselves into an unfavourable position by assuming a financial obligation for themselves or other employees if this would affect their conduct or the conduct of other employees in the workplace or fulfilment of obligations arising from the employment relationship.

Principle of responsible treatment of the Bank's property

Article 11

(1) Employees shall safeguard the Bank's property and treat it responsibly and with due care.

(2) Employees shall act in the manner which limits or reduces the Bank's costs, making optimum use of available resources.

Principle of safeguarding personal reputation and the Bank's reputation

Article 12

(1) When carrying out tasks and assignments employees shall act in the manner safeguarding their personal reputations, the Bank's reputation and the public confidence in the Bank as an institution.

(2) When conducting personal business, realising or advancing personal interests or interests of persons connected with the employee, employees shall not use the Bank's authority or the position of an employee of the Bank.

(3) When using social media and internet platforms employees shall refrain from acting in the manner that might be harmful to the interests or the reputation of the Bank.

(4) Employees shall take care of personal appearance and attire in the manner appropriate to the tasks they perform.

(5) Employees shall safeguard the reputation of the Bank within the framework of their work in the working bodies of the European System of Central Banks, institutions and authorities of the European Union, during their secondment, the implementation of twinning, TAIEX and other technical cooperation projects and in the course of cooperation and work with other financial institutions in the country and abroad.

Principle of exclusion of future employer

Article 13

(1) Within one year after termination of their office, the Governor, Deputy Governor and Vicegovernors of the Croatian National Bank may not become employees of credit or financial institutions in the Republic of Croatia without the prior approval of the Council of the Croatian National Bank.

(2) In negotiations on possible future business activities employees shall conduct themselves fairly and discretely and shall notify their relevant manager as regards these negotiations or when accepting a job with the future employer when this might cause a conflict of interest or lead to the misuse of their position with the Bank or might appear so (for instance, an employer whose authorisation is granted or withdrawn by the Bank in accordance with the laws governing its operations, an employer subject to supervision or oversight, being granted a loan or from whom the Bank receives deposits, etc.).

(3) The relevant manager shall without delay and in writing notify the Compliance Office of the circumstances referred to in paragraph (2) of this Article.

(4) In cases referred to in paragraphs (2) and (3) of this Article, the relevant manager shall temporarily organise the operation of the relevant organisational unit in such a way as to exclude the employee in question from assignments which might expose the employee to real or possible (potential) conflicts of interests.

Principle of independence

Article 14

(1) In their conduct the employees shall safeguard their professional independence and thus contribute to the independence of the Bank.

(2) While employed with the Bank, an employee may not work for another employer without the prior approval of the Governor of the Croatian National Bank.

(3) For the purpose of paragraph (2) of this Article, work for another employer constitutes 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 whether or not remuneration is received for the performance of such tasks.

(4) The prior approval referred to in paragraph (2) of this Article may be given depending on the type of tasks carried out for another employer, for a period of a maximum of three years provided that the tasks carried out for another employer are in no way harmful to the performance of the employee's tasks in the Bank and do not constitute a possible conflict of interest.

(5) 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 (2) of this Article.

(6) The work for another employer referred to in paragraph (2) of this Article or activities referred to in paragraph (5) of this Article shall be carried out outside work hours.

(7) The Governor may withdraw prior approval if the work or other activities of an employee for another employer harms the work of the employee with the Bank or request an opinion of the Compliance Office prior to reaching a decision to withdraw prior approval if it comes to a real conflict of interest or circumstances arise pointing to a possible conflict of interest.

(8) In the cases referred to in paragraph (7) of this Article, employees must be given the right to provide an explanation of the facts and circumstances that have arisen.

(9) In cases when the Governor withdraws a prior approval, the employee shall be given an appropriate time limit to ease the performance of relevant tasks or activities except in cases where the interests of the Bank require that such performance is terminated immediately.

Principle of impartiality

Article 15

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

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

(3) 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.

(4) 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.

(5) 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.

Principle of employee conduct in public appearances, teaching and opinion writing

Article 16

(1) Employees may cooperate with the media or external interest groups and participate in public discussions, in the part pertaining to their work with the Bank, its operations and other issues within the competence of the Bank, with prior written approval of the Chief Operating Officer, Chief Economist, responsible Vicegovernor, Deputy Governor or Governor. In cases where employees appear in public promoting the Bank's positions, such positions should be agreed with the relevant manager.

(2) The restrictions referred to in paragraph (1) of this Article shall not apply to public appearances of officials.

(3) 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.

(4) 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.

(5) 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.

III ETHICAL RULES

III.1 RULE ON THE PREVENTION AND AVOIDANCE OF CONFLICTS OF INTERESTS

Conflict of interest

Article 17

(1) Any situation in which personal interests of employees affect or may affect the impartial and objective fulfilment of obligations arising from the employment relationship shall be considered as conflict of interest.

(2) A real conflict of interest shall exist when the interests of employees affect the impartial and objective fulfilment of obligations arising from the employment relationship.

(3) A possible (potential) conflict of interest shall exist when personal interests may affect the impartiality and objectivity of employees and lead to real conflicts of interests unless measures for avoidance and prevention of conflicts of interests are employed.

(4) An apparent conflict of interest exists when a perception can be created in the public of compromised impartiality or objectivity of an employee due to circumstances which do not represent real or possible conflicts of interests.

(5) Employees shall not give an advantage to personal interests over impartial and objective fulfilment of obligations arising from the employment relationship and shall avoid situations that might cause real or possible (potential) conflicts of interests between the interests of the Bank and their obligations arising from the employment relationship on one side and their personal interests on the other.

(6) Employees shall avoid any circumstances or situations in which an apparent conflict of interest is created.

(7) In the employment procedure the Bank shall take care to avoid the conflict of interest that would result from previous employment, professional activities or from personal relationships of the candidate.

Conflicts of interest of holders of shares or holdings

Article 18

(1) Officials, the Chief Economist, the Chief Operating Officer, executive directors, senior advisers and advisers in the Office of the Governor and the official competent for imposing administrative sanctions, and their spouses and children who are members of their households or with whom they conduct business, may not own shares or holdings in the legal persons which are authorised by or whose operation is supervised by the Croatian National Bank, or shares and holdings in other legal persons connected with the said persons by ownership, management or function, nor may they own shares or holdings in audit firms and persons connected therewith.

(2) Where an official or any other person referred to in paragraph (1) of this Article or persons connected with them during their time in office or while performing the tasks referred to in paragraph (1) of this Article acquire shares or holdings contrary to the prohibition referred to in that paragraph, they shall without delay notify the Compliance Office thereof and propose the manner and the time limit to eliminate the conflict of interest.

(3) The employees of (i) the Central Banking Operations Area, (ii) the Prudential Regulation and Methodology Area, (iii) the Prudential Supervision Area, (iv) the Expert Supervision and Oversight Area, (v) the Payment Operations Area, (vi) the Credit Institutions Resolvability Assessment Office and (vii) the Legal Area should not be holders of shares or holdings in legal persons in relation to which employees or organisational units in which they are employed carry out tasks and assignments.

(4) Employees who pursuant to the decision of the Bank perform the tasks of a trustee, assistant trustee, deputy management board member, administrator, assistant administrator, chair person, member or assistant to special administration or assistant to the resolution administration in a credit institution may not hold shares of the credit institution in which they perform the said tasks.

(5) Where employees who perform the tasks referred to in paragraph (4) of this Article acquire shares in a credit institution in which they perform these tasks during the period in which they perform them, they shall without delay notify the relevant manager thereof.

Employee conduct in case of conflicts of interest

Article 19

(1) Employees shall notify the relevant manager in writing as soon as circumstances arise that indicate real or possible (potential) conflict of interest.

(2) Employees shall without delay notify the relevant managers of the acquisition of shares or holdings in legal persons in relation to which employees or organisational units in which they are employed carry out tasks and assignments.

(3) Employees who contrary to provisions of Article 18, paragraph (3) of this Code acquire shares or holdings in a legal person in relation to which employees or organisational units in which they are employed carry out tasks and assignments shall be obligated to act in the manner referred to in paragraph (2) of this Article.

(4) An employee shall notify the relevant manager if persons connected with the employee carry out tasks for the legal persons referred to in Article 18, paragraph (1) of this Code or for legal persons with whom the Bank has a contractual relationship and the tasks in question are related to the tasks and assignments of the employee or the organisational unit of the Bank in which the employee carries out tasks and assignments.

(5) The relevant manager shall immediately after becoming aware of the circumstances referred to in paragraphs (1), (2), (3) and (4) of this Article temporarily organise the operation of the organisational unit under his/her management in such a manner so as to exclude the employee from individual tasks which might expose the employee to real or possible (potential) conflict of interest and shall without delay in writing request from the Compliance Office instructions regarding the procedure to be followed.

(6) After receiving the instructions regarding the procedure to be followed, where possible, the relevant manager will organise the work of the employee so as to avoid real or possible (potential) conflict of interest.

(7) Where it is not possible to act in the manner referred to in paragraph (6) of this Article, the relevant manager shall, in cooperation with the Human Resources Department, prepare a proposal on the basis of which the Chief Operating Officer, the Chief Economist, the competent Vicegovernor, Deputy Governor or Governor will decide on permanent tasks and assignments to be carried out by the employee.

III.2. RULE ON THE PROHIBITION OF MISUSE OF INSIDE INFORMATION

Prohibition on misusing inside information

Article 20

Employees are prohibited from misusing inside information which shall cover as a minimum:

- the use of inside information for private transactions for one's own account or for the account of third parties;
- the disclosure of inside information to third persons unless such disclosure is necessary in the course of the fulfilment of obligations arising from the employment relationship; and
- the use of inside information in order to recommend or induce other persons to enter into private financial transactions.

Specific restrictions for insiders

Article 21

(1) Insiders shall be subject to specific restrictions with regard to critical private financial transactions.

(2) A private financial transaction shall be deemed critical when it is or may be perceived to be closely related to the performance of supervision or any other oversight performed by the Bank within its competence under law.

(2) The Governor shall establish in a special decision a list of insiders and private financial transactions of insiders which shall include in as a minimum:

- a) transactions in shares and bonds issued by financial corporations established in the European Union;
- b) foreign exchange transactions, transactions in gold and trading of government securities of the Republic of Croatia;
- c) short-term trading, i.e. the purchase and subsequent sale or the sale and subsequent purchase of the same financial instrument within a specified reference period;
- d) transactions in derivatives related to the financial instruments listed under a) and collective investment schemes the main purpose of which is to invest in such financial instruments;
- e) transactions in the form of specific types of loans or credits, guarantees paid out by or approved by legal persons authorised by the Bank or supervised by the Bank or by a natural person carrying out the tasks of a chairperson or management board member or chairperson or supervisory board member in such legal persons.

(4) The Governor shall establish in a special decision a list of insiders and private financial transactions of insiders which shall include in as a minimum:

- a) transactions in shares and bonds issued by financial corporations established in the European Union;
- b) foreign exchange transactions, transactions in gold and trading of government securities of the Republic of Croatia and of the euro area.
- c) short-term trading, i.e. the purchase and subsequent sale or the sale and subsequent purchase of the same financial instrument within a specified reference period;
- d) transactions in derivatives related to the financial instruments listed under a) and collective investment schemes the main purpose of which is to invest in such financial instruments;
- e) transactions in the form of specific types of loans or credits, guarantees paid out by or approved by legal persons authorised by the Bank or supervised by the Bank or by a natural person carrying out the tasks of a chairperson or management board member or chairperson or supervisory board member in such legal persons.

(5) The decision referred to in this Article shall lay down specific restrictions for insiders taking into account effectiveness, efficiency and proportionality considerations. Such specific restrictions may comprise any or a combination of the following:

- a) the prohibition of specific private financial transactions;
- b) a prior authorisation requirement for specific private financial transactions;

c) an *ex ante* or *ex post* authorisation requirement for specific private financial transactions; and/or

d) embargo periods for specific financial transactions.

(6) The decision referred to in this Article may lay down specific restrictions for employees other than insiders.

(7) A prohibited private financial transaction is a private financial transaction that insiders and persons specified in the decision referred to in paragraph (6) of this Article are prohibited from concluding.

(8) Where the decision referred in this Article specifies an *ex ante* authorisation requirement regarding a specific private financial transaction, such authorisation shall be requested by the insider and person specified in the decision referred to in paragraph (6) of this Article from the Governor through the Compliance Office at least 30 day prior to concluding the transaction.

(9) Where the decision referred in this Article specifies an *ex ante* reporting requirement regarding a specific private financial transaction, the insider and the person specified in the decision referred to in paragraph (6) of this Article shall notify the Compliance Office of the intention to conclude such a transaction.

(10) Where the decision referred in this Article specifies an *ex post* reporting requirement regarding a specific private financial transaction, the insider and the person specified in the decision referred to in paragraph (6) of this Article shall notify the Compliance Office of its conclusion no later than 30 days after concluding such a transaction.

III.3 RULE ON THE PROHIBITION OF RECEIVING ADVANTAGES

Prohibition on receiving advantages

Article 22

(1) Advantages in the sense of this Article shall be any gifts, hospitality or other benefit of a financial or non-financial nature not arising from the contract of employment or any other right of the employee.

(2) Employees shall not directly or indirectly, in person or through a person connected with the employee solicit, receive or accept a promise related to receiving for themselves or for persons connected with the employee or any third persons an advantage connected in any way with the performance of their work, tasks or assignments as employees with the Bank.

(3) Advantages shall be considered to be related to the work, performance of tasks or assignments of an employee with the Bank if offered in relation to the employee's position in the Bank and not in relation to his/her person.

(4) By way of derogation from paragraph (2) of this Article, employees may accept advantages connected with their work, performance of tasks or assignments as employees with the Bank, offered or given to them or persons connected with the employee, where these advantages do not influence or may not be perceived as influencing the independence and impartiality of employees and are:

- received from other central banks, European Union institutions, bodies or agencies, international organisations and government agencies, and do not exceed what is considered appropriate;
- customary in business and negligible in value, offered by the private sector, provided that these are neither frequent nor from the same source.

(5) The advantages given or offered by persons whose operations the Bank supervises shall be subject to paragraph (2) of this Article for the duration of the on-site examination without exemption except for hospitalities of negligible value provided during business meetings.

(6) Employees shall notify their relevant manager of any attempt to offer advantages referred to in paragraph (1) of this Article to the employee or person connected with the employee or any doubt as to the implementation of this ethical rule, especially as regards advantages whose value cannot be clearly determined or a of negligible value in accordance with the decision referred to in paragraph (8) of this Article, who shall without delay in writing request from the Compliance Office instructions regarding the procedure to be followed.

(7) Where an employee, for justifiable reasons, could not avoid the acceptance of an advantage referred to in paragraph (1) of this Article, the acceptance of which is prohibited, the employee shall immediately return such advantage to the person from whom he/she received it through the Bank's mail room and notify the relevant manager thereof, while the relevant manager shall in a described case without delay and in writing notify the Compliance Office.

(8) The value of the advantages referred to in paragraph (4), indent (2) shall be considered as negligible in value if it does not exceed HRK 200,00.

IV SUPERVISION

Article 23

(1) Aiming to uniformly and consequently apply the Code, the Compliance Office shall continuously monitor its implementation, provide interpretations and supervise its application in

accordance with the Regulation on the CNB organisational structure and the Rules of Procedure of the Compliance Office.

(2) To fulfil the purpose and meet the objectives of the Code, the Bank's employees and organisational units shall cooperate with the Compliance Office.

(3) Any employee of the Bank may request an interpretation of the compliance of an action with the Code from the Compliance Office.

(4) In each individual agreement entered into by the Bank with external agents, the Bank shall oblige the external agent in question through contractual provisions to act in accordance with the ethical values of the Code, depending on the nature of the tasks performed by the external agent for the Bank.

V BREACHES OF THE CODE

Article 24

(1) Compliance with the Code is an obligation arising from the employment relationship and shall be observed by all of the Bank's employees.

(2) In case of breaches of the provisions of the Code, the Bank may, depending on the severity of the breach, impose measures provided by the Labour Act and the Rules of Procedure of the Croatian National Bank.

(3) The procedure and the persons authorised to submit proposals due to breaches of obligations arising from the employment relationship as well as for deciding on the adoption of final measures against an employee are specified in the Rules of Procedure of the Croatian National Bank.

VI PERSONAL DATA

Article 25

(1) The Compliance Office, the Human Resources Department and the relevant manager of the employee shall collect and analyse business and personal data of the employee for the purpose of implementation of this Code only in the scope necessary and proportionate for the purpose of the employee's compliance with the Code, taking into account the actual tasks performed by the employee.

(2) Personal data collected in accordance with paragraph (1) of this Article shall be handled in accordance with regulations governing the protection of personal data.

VII FINAL PROVISIONS

Article 26

(1) The compliance of all applicable approvals or other comparable acts (hereinafter referred to as ‘approvals’) with the Code, by which employees were authorised to perform tasks for another employer prior to the entry into force of this Code, shall be examined within six months of the entry into force of this Code. The approvals for which it is established that they do not comply with Article 14 of this Code or its other provisions shall be made to comply with this Code within the same deadline and where this is not possible they shall be withdrawn.

(2) Employees who have been granted the approvals referred to in the previous paragraph shall within 30 days of the entry into force of this Code request the assessment of compliance of the approval with the Code through the Human Resources Department.

(3) The Governor shall reach the decision referred to in Article 21, paragraph (2) of this Code within 90 days of the entry into force of this Code, and the Decision referred in Article 21, paragraph (4) of this Code within 30 days of the entry into force of the relevant provision.

(4) On the day of the introduction of the euro as the official currency of the Republic of Croatia, the Article 21, paragraph (3) of this Code shall cease to have effect.

(5) The Code of Conduct of the Employees of the Croatian National Bank, Ref. No.: 244/2016, of 2 November 2016 and Amendments to the Code of Conduct of the Employees of the Croatian National Bank, Ref. No.: 274/2018, of 18 November 2018 shall cease to have effect by virtue of the entry into force of this Code.

(6) This Code shall be published on the Bank's notice boards and shall enter into force on the eight day after the day of its publication, except for Article 21, paragraph (4) which shall enter into force on the day of the introduction of the euro as the official currency of the Republic of Croatia.

Ref. No.: 330/2020
Zagreb, 25 September 2020

Croatian National Bank
Governor

Boris Vujčić