## Code of conduct

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GENERAL

Rule 1

This Code of Conduct ("Code") of the Black Sea Trade and Development Bank ("Bank") applies to the following categories of persons connected with the Bank as more specifically prescribed in the individual provisions herein:

a) Directors, Alternate Directors, Temporary Alternate Directors in their capacity as members of the Board of Directors ("Board Officials");
b) The President, the Vice Presidents and the Secretary General ("Bank Officials");
c) Officers and staff of the Bank ("Staff Members"); and

d) Experts and consultants or any other individual engaged at any given period by the Bank, to the extent set out in their Terms of Reference or contracts, as the case may be.

Rule 2

Notwithstanding any other provisions of this Code:

a) Any Director or Alternate Director in his/her capacity as a member of the Board of Directors, may (i) receive and carry out instructions from the Member (as such term is defined in the Agreement Establishing the Bank) which appointed him/her, and (ii) while in service with the Bank, remain in service or employment with the Member which appointed him/her;
b) Any Temporary Alternate Director may (i) receive and carry out instructions from the Director who appointed him/her, or in the absence of the Director, from the Member which appointed the Director, and (ii) while in service with the Bank, remain in service or employment with the Member which appointed him/her; and

c) Any Board Official shall avoid any type of actual conflict of interest, or the appearance of conflict, in his/her relationship and activities with, and commitments to, other entities or persons, and recuse himself/herself from any such related deliberations and decisions.

Rule 3

Bank Officials and Staff Members shall:

a) Discharge their duties solely with the interest and objectives of the Bank in view;
b) Not involve themselves in any conflict between their personal interests or the interests of any member of their Family and their respective duties;
c) Not use their official position for personal benefit or gain, and not allow personal relationships and considerations, including prejudice or favouritism, to influence the performance of their official duties;
d) Conduct themselves at all times in a manner befitting their status as Bank Officials or Staff Members of an international financial institution;
e) Avoid any action, in particular any public pronouncement or personal gainful activity that may adversely reflect upon such status or on the integrity, independence and impartiality that are required by that status;

f) Always bear in mind the reserve and tact incumbent upon them by reason of their international functions;

g) Exercise the utmost discretion in regard to all matters relating to the Bank both while they are Bank Officials or Staff Members and after their service with the Bank has ended; and

h) Serve the interests and objectives of the Bank as a shareholder when nominated by the Bank to act as Board Members of investee companies, and, at the same time, act ethically and discharge their duties due to the investee company on an Arm’s Length Basis vis-à-vis the Bank and in accordance with the applicable national laws (and in such case, having served and acted thus, shall be adequately indemnified by the Bank in the instance of a legal action against them with regard to such duties, so discharged, provided that such indemnification is not available from the investee company).

Rule 4

Bank Officials and Staff Members owe their duties entirely to the Bank and to no other authority, and shall not knowingly engage in any outside activity which is incompatible with the full and proper discharge of their duties and responsibilities to the Bank, or which may create any appearance of impropriety or prove a source of embarrassment to the Bank. In particular, Bank Officials and Staff Members shall not:

a) In the performance of their duties with the Bank, accept instructions from or be influenced by considerations from any government, or from any other entity or person external to the Bank;

b) Accept employment with or perform any service for any public entity other than the Bank, including a government or other international institution;

c) Engage in self-employment or accept employment with, or perform services for, any outside private profit-making entity, whether as an employee, official, officer, consultant, partner or director (other than (i) as provided in Rule 3.h herein, or (ii) performing services for a non-profit-making entity in the context of charitable activities, otherwise in keeping with the provisions of this Rule 4 and this Code of Conduct); or

d) Accept any compensation, whether in monetary or any other form, from any government, entity or person in connection with their appointment or service with the Bank,

except to the extent a Bank Official or Staff Member, performs duties (1) pursuant to terms of a secondment appointment, or (2) an assignment to external service, or (3) during leave without pay for the purpose of performing such duties, or (4) is otherwise specifically authorized to perform duties, including duties of an educational, research or honorary nature, outside of the Bank’s working hours, by appropriate authority as follows:

i) the Board of Governors for the President;
ii) the Board of Directors for the Vice Presidents and the Secretary General; and
iii) the President for all Staff Members.

In considering a request for authorization, factors such as whether the activity creates an internal or external conflict of interest (including also the full and proper discharge of their duties and responsibilities to the Bank) or the appearance of impropriety, or could prove a source of embarrassment to the Bank, shall be taken into consideration.

For the avoidance of doubt, Bank Officials or Staff Members may participate in their official capacity (i.e., participation that relates to the subject matter of the Bank’s work) in activities such as teaching, lecturing, speaking, writing and publishing if authorized to do so by appropriate authority, as above, or hold positions of an honorary nature under their official capacity or otherwise, provided that in such cases, as also in the case of Rule 3h herein, any remuneration or other forms of compensation for participation in such activities, in excess of reasonable travel and living expenses, shall be reimbursed to the Bank.

Furthermore, it is expressly clarified that Bank Officials and Staff Members may retain re-employment rights acquired from a previous employer.

**Rule 5**

Directors and Alternate Directors may enter into employment contracts as Bank Officials or Staff Members of the Bank not earlier than one year after ceasing their services in their capacity as members of the Board of Directors, in accordance with all related rules, policies and procedures of the Bank, including, but not limited to, the Bank’s recruitment policies.¹

**CONFIDENTIALITY**

**Rule 6**

A Board Official, a Bank Official or Staff Member shall not at any time use information or materials not available to the general public obtained in the course of service with the Bank for the purpose of furthering a private interest or an interest of any other person or entity (subject to Rule 2 herein). After their separation from the service with the Bank this obligation continues.

**Rule 7**

Each Board Official, Bank Official, or Staff Member shall rigorously observe all rules and procedures established by the Bank to protect confidential information.

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¹ Amended with Board of Governors Resolution 19
BUSINESS AFFILIATIONS

Rule 8

a) A Bank Official or Staff Member shall not exercise any responsibility with respect to a Bank transaction involving a former employer as (i) a recipient or beneficiary of Bank financing, investment guarantee or service, (ii) a guarantor of such financing, or (iii) a supplier of goods or services to the Bank, if such involvement could improperly benefit, or could be perceived to improperly benefit the former employer.

b) A Bank Official or Staff Member who is negotiating for, or has an arrangement concerning prospective employment other than at the Bank shall not exercise any responsibility with respect to a Bank transaction in which the prospective employer has a direct or indirect financial interest. The Head of the Compliance and Operational Risk Management Office ("CORMO") shall be notified immediately by that Bank Official or Staff Member in any such instance.

Rule 9

Except where the interests of the Bank are not adversely affected in the sole determination of the Bank, a former Board Official, Bank Official or Staff Member may not, within one year after separation from the Bank, perform services for any other entity or person (other than, in the case of a Board Official, the Member which appointed him/her) in respect of any matter in which the Bank has an interest or is a party and in which he/she has participated personally and substantially.

GIFTS AND HONORS

Rule 10

Board Officials, Bank Officials and Staff Members shall not solicit and should refuse gifts from any source external to the Bank, in connection with their service with the Bank. Such gifts may be accepted only if refusal to accept would offend or embarrass the donor or the Bank. In any such case, if the gift is not of significant value it may be retained by the Board Official, Bank Official or Staff Member. Any gift in excess of €100 shall be deemed to be of significant value and shall be surrendered to the Bank. In all cases, offering of gifts shall be reported internally to the Head of CORMO, in order to avoid any suspicion of conflict of interest or wrongdoing.

However, the customary meals, refreshments and receptions in the course of a business meeting or other business-related matters, such as conferences and trainings, may be accepted.

Rule 11

A Board Official, Bank Official or Staff Member may not solicit decorations or similar honors from any source external to the Bank, for service to the Bank while in its
service. If such honors are offered prior to acceptance, authorization must be sought from appropriate authority, as follows:

j) the Board of Governors for a Board Official or the President;
ii) the Board of Directors for the Vice Presidents and the Secretary General;
and
iii) the President for all Staff Members.

**POLITICAL ACTIVITIES**

**Rule 12**

Bank Officials and Staff Members in exercising their civic and political rights shall not publicly express opinions that may be detrimental to the image of the Bank or its relations with its Members.

**Rule 13**

A Bank Official or Staff Member who becomes a candidate for or accepts appointment to any public office or political party position shall offer to resign from the Bank. Any such offer to resign by the President shall be submitted to the Board of Governors; any such offer by a Vice President or the Secretary General shall be submitted through the President to the Board of Directors; and any such offer by a Staff Member shall be submitted to the President of the Bank.

**FINANCIAL INTERESTS**

**Rule 14**

Board Officials, Bank Officials and Staff Members shall not use Bank’s assets, such as cash, equipment, IT resources, services, supplies or facilities for private gain nor shall they permit other persons to do so.

**Rule 15**

No Board Official, Bank Official or Staff Member or the members of their Family shall accept a financial interest in any Bank transaction, whether by way of compensation, commission, favorable buying or selling arrangements, gift or otherwise.

**INVESTMENTS**

**Rule 16**

A Board Official, Bank Official or Staff Member shall not purchase directly or indirectly (and shall use his/her reasonable best efforts to prevent the direct or indirect purchase by any of his/her Family members of) debt or equity securities of,
or any interest in, any entity, or any of its affiliates, if such entity, or any of its affiliates, is:

i) an actual recipient of financing or of financial advisory services by the Bank, including indirect Bank financing through a development finance company or other intermediary; or

ii) known to the Board Official, Bank Official or Staff Member to be under active consideration for such financing or services.

**Rule 17**

A Board Official, Bank Official or Staff Member shall not purchase directly or indirectly (and shall use his/her reasonable best efforts to prevent the direct or indirect purchase by any of his/her Family members of) debt or equity securities of, or any interest in, any entity, or any of its affiliates if such entity, or any of its affiliates:

a) is a supplier of goods or services (including consulting or construction services) to be acquired or financed by the Bank, or which is being considered as such a supplier;

b) is a financial institution from which the Bank is a borrower or to which the Bank is otherwise indebted; or

c) engages, directly or indirectly, in financial transactions with the Bank (other than those prescribed in Rule 16 above),

with the exception of a De Minimis Interest in a publicly held entity. In case of doubt or failure of such reasonable best efforts the Head of CORMO should be consulted.

**TRADING ACTIVITIES**

**Rule 18**

a) Board Officials, Bank Officials or Staff Members who, in the context or course of their duties, have direct or indirect access to Inside Information or are in possession of such information in respect of entities or financial instruments the Bank is involved or interested in or transacting with shall not disclose such information to any other person, including Staff Member, unless such disclosure is made in the normal course of their service with and the fulfillment of their duties to the Bank, and may not make use, either directly or indirectly, of such information in order to carry out, recommend or advise against transactions involving the entities or financial instruments in question, for their own account or for that of any party other than the Bank.

b) No recommendation or decision to trade in securities issued by an investee company (including the exercise of any conversion options) should be made by a Board Official, Bank Official or Staff Member on the basis of information received that could be considered to be Inside Information. More generally, at any point in time when a trade is contemplated by the Bank, it is necessary by
all such persons involved to ensure that all the prevailing circumstances (including -but not be limited to- the Bank’s interests, the market characteristics and the applicable national law) are not such as might be capable at any point of time of being construed as having been Insider Dealing or Market Abuse.

c) Any Board Official, Bank Official or Staff Member suspecting that a transaction might constitute Insider Dealing shall notify the Head of CORMO without delay.

**Rule 19**

Board Officials, Bank Officials, or Staff Members may deal in debt obligations issued by the Bank, but must refrain from Short-Term Trading.

**Rule 20**

Bank Officials and Staff Members whose official duties and responsibilities include trading in foreign exchange, commodities, securities or other financial instruments, shall not privately engage, directly or indirectly, and shall use reasonable best efforts to prevent any member of their Family from engaging, directly or indirectly, in the same trades for their own account.

**Rule 21**

Each Board Official, Bank Official and Staff Member shall immediately disclose to (1) the Chairman of the Board of Governors in the case of the Chairman of the Audit Committee and the President; (2) the Chairman of the Audit Committee in the case of any other Board Official; (3) the President in the case of the Head of CORMO; or (4) the Head of CORMO in all other cases, any financial or business interest

a) the purchase of which is prohibited by Rule 15, 16 or 17;
b) that might reasonably reflect unfavourably on or cause embarrassment to the Bank;
c) that might be in actual or apparent conflict with the Board Official’s, Bank Official’s or Staff Member’s duties; or
d) that might be affected by a matter with which the Board Official, Bank Official or Staff Member is dealing.

Each Board Official, Bank Official and Staff Member shall comply with any instructions of the Chairman of the Board of Governors, in the case of the Chairman of the Audit Committee and the President, or of the Chairman of the Audit Committee, in the case of any other Board Official, or of the President, in the case of the Head of CORMO, or of the Head of CORMO in any other case, relating to the disposition of, or the exercise of rights in connection with, such financial or business interest.

In addition, each Board Official other than the Chairman of the Audit Committee, each Bank Official other than the President, and each Staff Member other than the Head of CORMO, on accepting their respective appointment, and by each June 30
thereafter, shall file a confidential statement with the Chairman of the Audit Committee, in the case of such Board Official, or the Head of CORMO, in any other such case, attesting that neither he/she, nor –to the best of their knowledge and reasonable belief- any member of their Family, has any financial or business interest not complying with these rules or with any instructions received by the Chairman of the Audit Committee, in the case of such Board Official, or by the Head of CORMO, in any other such case, with respect to such interest. The Head of CORMO shall file such statement with the President, whereas the Chairman of the Audit Committee and the President shall file such statement with the Chairman of the Board of Governors, who shall respectively, if needed, instruct them appropriately in respect of the disposition of, or the exercise of rights in connection with, any financial or business interest included therein. In all cases, such confidential statement shall also contain a section confirming the familiarity of the Board Official, Bank Official or Staff Member with the Bank’s Anti-Fraud, Corruption and Money Laundering Policy.

CONFLICTS OF INTEREST IN RELATIONSHIPS

Rule 22

A Bank Official or Staff Member who becomes a close relative of another Bank Official or Staff member during their service with the Bank, by marriage to him/her or by marriage to a Family member of such other Bank Official or Staff Member, is required to make this relationship known to the Head of CORMO.

Such persons, so related, may not (a) hold positions in the Bank that entail a supervisory relationship or reporting duties between them, (b) serve in the same unit, or (c) have the signing authority to jointly commit the Bank, and therefore, in such instances, one of them must be reassigned, according to the interests of the Bank. The interests of the Bank will determine which of the two individuals shall be assigned to other duties.

A Bank Official or Staff Member shall recuse himself/herself from participating in any employment-related decisions concerning either such relative or an individual with whom he/she has an intimate relationship, including assignments of duties, evaluation of performance, awards of merit pay and any other actions inherent in the employment relationship. In cases of doubt the guidance of the Head of CORMO shall be sought.

WHISTLEBLOWER PROTECTION

Rule 23

Board Officials, Bank Officials and Staff Members shall report suspected incidents of Unsatisfactory Conduct or Misconduct, fraud or corruption in relation to any current, past or prospective Bank operation, Bank Official, Staff Member, supplier, expert or consultant, or incidents of breach of the provisions of the Bank’s policies or other types of complaints in accordance with the Procedure for the Receipt, Retention and Treatment of Complaints at the BSTDB.
Such persons (whistleblowers) who comply with their obligation to so report in good faith such suspicions will be protected by the Bank from retaliation as more specifically prescribed in the related rules of the Bank.

IMPLEMENTING ORDERS

Rule 24

The President, in consultation with the Head of CORMO and the General Counsel and with (i) the Board of Directors on matters involving the Vice Presidents and the Secretary General, and (ii) with the Chairman of the Board of Governors on matters involving him or her, may adopt orders implementing and clarifying the provisions of this Code and establishing procedures for its application.

DEFINITIONS

For the purposes of this Code of Conduct:

“Arm’s Length Basis”: is used when transactions are valued as if they had been carried out between unrelated parties, each party acting in his own best interest.

“De Minimis Interest” means that which constitutes (1) less than one percent of the total of any class of outstanding securities of an entity; and (2) an investment representing such a percentage of the Bank Personnel’s assets that it could not reasonably be seen as influential to his/her decision-making, or as a source of a conflict of interest.

“Insider Dealing” is any type of transaction regarding, or dealing in any kind of financial interest or instrument based on the use of ‘Inside Information’, and/or ‘Market Abuse’.

“Inside Information” is information of a precise nature which has not been made public, relating, directly or indirectly, to one or more issuers of financial instruments or to one or more financial instruments the Bank is dealing with, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

“International Civil Servant” refers to an individual who works for a public international organization and who is expected to (1) perform his/her work in compliance with any and all institutional documents and treaties relevant to his/her organization with integrity, impartiality, loyalty and independence from any government or other authority external to the employer, and (2) avoid placing himself or herself in a position where personal interests conflict with the interest of the employer organization.

“Market Abuse” consists of Insider Dealing and Market Manipulation. It may arise in circumstances where investors have been unreasonably disadvantaged, directly or indirectly, by others who i) have used Inside Information, or ii) have distorted the price-setting mechanism of financial instruments, or iii) have disseminated false or misleading information. This type of conduct can undermine the general principle that all investors must be placed on an equal footing.

“Misconduct” constitutes “unsatisfactory conduct”, which is particularly serious and may warrant the staff member’s dismissal. Misconduct does not require malice or guilty purpose. Internal Fraud and Corruption constitute Misconduct.

“Short-Term Trading” means: (a) any combination of buying and selling of any securities of the same issue within six months; and (b) buying any derivative or securitisation product that does or may have a similar effect to (a) above.

“Unsatisfactory Conduct” means an intentional or negligent failure to observe the rules of conduct or standards of behavior set by this Code, or, as far as staff members are concerned or other applicable persons, by the contracts of employment and any staff regulations approved by the Board of Directors in accordance with Article 29(4) of the Agreement Establishing the Bank, or to observe the standards expected of an International Civil Servant. Unsatisfactory Conduct does not require malice or guilty purpose.