

# Code of Ethics Policy

## Code of Ethics Policy – August 2017

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## Definition of Terms

**Closely associated family members:**

The term "Closely associated family members" of an employee within the Group shall mean by the law of that Person's domicile:

- (a) The spouse or common law spouse or Partner\* of any of the Group's employees;
- (b) Dependent children of the Group's employees;
- (c) Other relatives of the Group's employees, who have shared the same household as that person for at least one year on the date of the transaction concerned;
- (d) Any legal or juridical person, including a company, trust or partnership, (i) which is set up for the benefit of, and/or (ii) whose managerial and other responsibilities are discharged, and/or (iii) is directly or indirectly controlled by any of the person mentioned in (a), (b) and (c) above or by a Group's employee

\* The term "Partner" shall mean any person living or cohabitating with a Director of the Bank or its subsidiaries or an Employee.

**Illegal kickback:**

A kickback is the payment of something of whatever value to a recipient as compensation or reward for providing favourable treatment to another party.

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<b>Insider</b>	<b>Information</b>	Insider information is defined as information of a material nature to affect the price of the Bank's shares.
<b>Third parties:</b>		Third parties are persons or entities that are involved in some way in an interaction that is primarily between two other entities, such as the Group, and any other person or entity.

## 1. Introduction and Scope

The reputation and successful operation of the Bank of Valletta plc Group (hereinafter referred to as the Group including its two fully owned subsidiaries BOV Asset Management and Valletta Fund Services) is built upon the Group's business philosophy and the ethical conduct of the Group and its Chairman, Directors, officers, and employees. Financial institutions depend on the public's trust. The preservation of this trust and of the Group's reputation requires close observance of both the letter and the spirit of relevant laws and regulations.

This Code and the various employee rules referenced herein form part of the contract of employment between the Group and its employees. This Code, which applies to all Group employees<sup>1</sup>, all third parties who are not on the Group's payroll, such as subcontractors, the Chairman, Members of the Group's Board of Directors, is also intended to foster a culture of honesty and accountability to protect the interest of our clients and shareholders.

The Board of Directors and the Chief Executive Officer are responsible for the administration and implementation of the Code of Ethics (hereinafter referred to as "the Code").

In abiding with this code, all interested parties are expected to comply with all the provisions outlined in the Group's 'Conflict of Interest Policy'.

## 2. Statement of Principles on Code of Ethics

The Group is adopting the "Bank of International Settlements Guidelines on Corporate Governance Principles for Banks" published in July 2015 with regards to ethical behaviour and the management of conflicts of interest.

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<sup>1</sup> The term 'employees', in the context of this Code, refers to all persons who are on the Bank's payroll, including those on unpaid leave.

### 3. Confidentiality of Information

All employees, third parties and directors must acknowledge that all information concerning the Group, clients, employees and directors is considered as confidential and is to be used exclusively for Group purposes. The use of such information for personal, familial, or any other gain other than a gain for the Group is unethical in terms of this Code and illegal under the Professional Secrecy Act, the Banking Act, and the Data Protection Act.

It is the policy of the Group that information with respect to our clients acquired by an employee, third party or director of both the Bank and/or its subsidiaries through his or her employment or directorship duties is considered to be held in the strictest confidence. Except where legally required, under no circumstances shall such information be transmitted to unauthorised persons outside the Group, including family and associates and the media, or other employees of the Group who do not need to know the information.

It is the Group's policy to cooperate with all responsible requests from legally authorised entities and each employee and director must do the same. Information should not be concealed, altered or destroyed in anticipation of, or in response to, any internal or legally authorised investigation. Any request for information either from Group Internal Audit or from a legally recognised authority listed in Appendix A of this Code - other than routine items requested in the ordinary course of business, should be reported to the CEO, or the Chairman of the Audit Committee so that legal advice may be sought prior to providing any information.

Use of confidential information for any reason other than the Group's business purposes may result in disclosure of insider information. Insider information may not be used to purchase, trade, or solicit securities until the information is available to the general public.

In addition, all published information (both for internal and external use), developed programmes, equipment etc. are the property of the Group and are reserved for use by employees of the Group. Moreover internal information should not be disclosed to any other party within or outside the Group unless authorised by the respective Information Owner or CEO.

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The leakage, in any way whatsoever, of any confidential information to third parties constitutes a breach of various laws including the Data Protection Act, The Banking Act and The Professional Secrecy Act and a breach of this Code. It also destroys the trust that should exist between the employees and the directors and its clients, as well as other stakeholders. The board of directors will take all the necessary measures to reduce the risk of leakages including the removal of employees from a position of trust if they show signs of disregard to their duty of professional secrecy.

### 4. Proprietary Information

With respect to corporate information regarding the Group, confidentiality is essential and imperative. Information of a financial, technical or business nature regarding the Group is not to be released to any outside person unless it becomes public domain or is approved by the CEO.

Proper disclosure and reporting of financial information is the primary responsibility of the Chairman, the CEO, and the Chief Financial Officer. However, each employee and director has an obligation to ensure that proper accounting practices are followed and, if not, to notify the Whistle-blowing Reporting Officer of the Group, the Head of Group Internal Audit or the Chairman of the Audit Committee always in line with the Group's Whistleblowing Policy and Procedures.

Improper accounting activities include, but are not limited to the following:

- i) Improper recording and reporting of financial information that is contrary to generally accepted accounting principles;
- ii) Improper accounting of client transactions;
- iii) Improper or incorrect rating of clients' loans;
- iv) Improper disclosure of information to regulatory agencies, including non-disclosure of information that may be pertinent.

It shall be unlawful and a violation of this Code for any employee or director of the Bank or its subsidiaries, or any person acting under the direction thereof, to take any action to fraudulently or otherwise influence, coerce, manipulate or mislead any independent

certified accountant engaged in the performance of an audit of the Group's financial statements for the purpose of rendering such financial statements materially misleading.

The Chief Executive Officer, the Chief Financial Officer and the Chief Risk Officer are responsible for full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the Group to the Banking Supervisors and the Malta Stock Exchange. Consequently, it is the responsibility of the CEO, CFO and the CRO, individually, to promptly bring to the attention of the Group's Audit Committee any material information which may affect the disclosures made by the Group in the filing of these periodic reports. Such information may include, but not be limited to the following:

- 1) Significant deficiencies and material weaknesses in the design or operation of the Group's internal control over financial reporting which are reasonably likely to adversely affect the Group's ability to record, process, summarise and report financial data;
- 2) Any fraud, whether material or not, that involves management, directors or other employees who have a significant role in the Group's financial reporting, disclosures or internal control over financial reporting.

## 5. Gifts Received or given by Employees or Directors

No employee or Director of the Group and its subsidiaries, including their immediate family members should give or accept any gifts exceeding a value of €200 per year in the aggregate from any one client, special concessions, favours, or the use of property or facilities to or from anyone with whom such person is doing, negotiating, soliciting, or being solicited for business on behalf of the Group. Employees shall inform the management of any such benefits, rewards or gifts received from or offered by third parties and must keep a log of any gifts received in line with Appendix B of this code. When gifts are received, this log must be compiled and signed by the employee and submitted to the Branch Manager/Head of Department, who will acknowledge by giving a signed copy of the log to the employee. The log file should be retained by the Branch Manager/Head/Executive of Department or the next level of authority as applicable at the respective Branch and Department for eventual review either by Group Internal Audit or by the Office of the Chief Officer Ethics and Employee Development. In the case of Directors such gift log should be retained by the Company's secretary, while Chief Officers' gift log should be kept by the Chief Executive Officer.



Under no circumstances should an employee or director of the Group accept any cash gift, irrespective of the amount. It should be understood that under some circumstances a gift may be considered an illegal 'kickback' which is a crime under Maltese law. A gift can only be accepted when it is clear that it will not compromise or perceived to compromise the employee's/director's objectivity and independence and will not damage the Group's public image. Employees and directors of the Bank and its subsidiaries are expected to participate in entertainment and amenities of reasonable cost to facilitate business. Payment by anyone other than the Bank and its subsidiaries of excessive costs of travel not customary or within acceptable business practice must not be accepted. Any questionable circumstances must be reported to one's immediate superior or if necessary, directly to the office of the Chief Officer Ethics & Employee Development

The Group will not tolerate an employee or director giving any gift, bribe, kickback, favour, discount or any other item to a client, potential client or any other party with the intent of influencing that party's decision in a transaction or potential transaction involving the Group that is not within generally accepted business practices.

## 6. Computer and Equipment use

Selected employees may have access to the internet for general research and work related purposes. Although these persons may also have access to e-mail via the Internet, no employee may utilise e-mail for purposes of sending any information that is protected under the data protection Act or any other Group information that is considered private, except through the Group's designated email system. Communication with the Group's clients or third parties must be done as per the prevailing Group's email procedures.

Furthermore, when sending emails, users should be aware not to send information of a certain classification<sup>2</sup> to recipients who would not have access rights to the information<sup>3</sup>. Electronic mail messages must be considered to be the same as formal, written company memoranda. As such, email messages are considered part of company records and subject to monitoring, auditing and discovery acts

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<sup>2</sup> As detailed in Section 3 "Information Classification" of BOV Corporate Information Security Policy (Annex 3 – Asset Management)

<sup>3</sup> As detailed in Section 3.3.4 "Information Classification" of BOV Corporate Information Security Policy (Annex 3 – Asset Management)

Employees must also fully comply with the Group's Information Security policy and the Group's Social Media Policy document

The Group's management reserves the right to inspect its facilities, including computer systems. Therefore employees should refrain from using the Group's facilities for their personal benefit.

## 7. Improper Transactions and Payments

It is commonly recognised that there is a direct correlation between illegal and otherwise improper payments and inaccurate books and records. To ensure the integrity of the Group's books and records, the following principles should be followed:

- 1) All transactions or conduct of the Group's business must be properly reflected in the Group's books and records;
- 2) No secret or unrecorded fund of Group money or other assets may be established or maintained;
- 3) Any payment is prohibited if no record or its disbursement is entered in the Group's accounting record;
- 4) Making false or fictitious entries in the books or records of the Group or issuing false or misleading documents is prohibited;
- 5) An employee cannot process transactions for his own personal account, an account for which the employee signs with another person, and accounts belonging to members of the employee's closely associated family, unless duly authorised by the employee's line manager.
- 6) Credit facility/ies file belonging to an employee will need to be transferred to another branch should such facility/ies be domiciled at same branch where employee is deployed.
- 7) Employees and their closely associated family members, acting either individually or as a fiduciary, may not sell assets to or purchase assets from the Group unless the purchase or sale is at a fair market value price, documentation is maintained, and prior approval is granted by the CEO.

The above (1-7) should be read and construed together and their numbering is not to mean or be construed as being priority of principles.

## 8. Employee-Client Relationships

The Group's success is built upon clients' satisfaction through the products and services offered. While complying with all relevant laws and regulations, employees must always act in the clients' best interest by:

- 1) Fostering an open communication to better understand the clients' needs, thus being able to offer the best solution that would better suit their objectives;
- 2) Taking immediate action following a client's complaint and take corrective measures where possible;
- 3) Ensuring fair treatment to all clients by acting honestly and fairly;
- 4) Treating client relationships strictly confidential;
- 5) Communicating transparently in sales and marketing of the Group's products and services offered.

## 9. Personal Relationships

Employees are expected to act at all times, even during off-duty hours, in a manner which is consistent with furthering the positive reputation and successful operation of the Group. This includes refraining from engaging in personal relationships which might damage the Group's reputation or be disruptive of the Group's operations.

## 10. External Activities and Part-Time Work

The Group, fully aware of the important role of Non-Government Organisations (NGOs) in our society, encourages its employees to actively participate in such organisations.

Employees may therefore undertake non-remunerated and non-financial activities outside working hours in domains such as culture, science, education, sports, charity, religion, social work or other benevolent work, on condition that such activities do not have a negative impact on the employees' obligations with regard to the Group. Employees of the Group shall however seek prior approval from Human Resources before they can accept

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any post of responsibility in this respect or any remunerated activities of this nature outside working hours.

Full-time Group employees should carefully scrutinise part-time work, including the performing of any service for compensation, for the purpose of avoiding potential conflict of interest and excessive demands for one's time.

Part-time work or any other service performed for compensation, may only be taken in accordance with Collective Agreements signed with the recognised trade union for employees in the collective agreement grades. Employees in non-collective agreement grades need the specific approval of the CEO to perform part-time work or service whether such work is remunerated or not.

Members of the Management Board are expected not to engage in outside employment. They also need the CEO's approval to perform any non-remunerative work outside the Group.

Employees should avoid becoming involved in issues of public controversy which could lead to embarrassment for the Group.

## 11. Secrecy

On joining the Group, employees sign a 'Declaration of Secrecy' as required by the Group. All Group employees are expected to respect the confidential nature of information acquired in the course of their employment as stipulated in the 'Declaration of Secrecy'.

## 12. Betting, Gambling and Speculation

Employees shall not indulge themselves in such practices such as betting, gambling and speculative activities to an extent which may be deemed imprudent or which may cause embarrassment to the Group.

### 13. Relations with the Media on Matters relating to the Group.

Without the prior written consent of the Group's P.R. & Communication Department, employees cannot give interviews or supply information to the media regarding matters related directly or indirectly to the Group and the Financial Services. This applies whether the employees are being invited by the media or as a personal initiative.

When meeting members of the media on a social basis, employees shall exercise the utmost degree of discretion with regards to matters related to the Group.

Employees must also fully comply with the Group's Social Media Policy document.

### 14. Employees facing Difficulties

Employees who experience serious financial difficulties must seek assistance and guidance from their superior or from Human Resources Unit as necessary. Such cases will be treated with the maximum discretion and confidentiality.

Employees must immediately inform their superior and/or the Human Resources Unit as necessary if they are the subject to any criminal or administrative investigations or proceedings by any governmental or regulatory authority or body.

### 15. Harassment and Discrimination

The Group is committed to promote a workplace free from harassment and discrimination and has zero tolerance to inappropriate behaviour. Employees are expected to cooperate and work together with trust and respect and to follow high ethical standards of integrity. In this respect the Group has issued three policies to address such inappropriate behaviour and promptly address and investigate matter, namely the "Sexual Harassment Policy", the "Equality Policy" and the "Bullying Policy".

## 16. Business Partners

The Group selects its business partners – including suppliers, consultants and other professionals – on the basis of quality and competence. The Group also takes into consideration competitive pricing and services but places a lot of emphasis on their willingness to follow the Group's ethical standards.

## 17. Employment and Labour Laws

Nothing in this Code should be interpreted to interfere with any employee rights under Employment and Labour Laws of Malta.

## 18. Reporting of Violations

The Group expects employees and Directors to take all responsible steps to prevent a violation of this Code, to identify and raise potential issues before they lead to problems, and to seek additional guidance when necessary.

As a general guideline, if you have any questions regarding the best course of action in a particular situation, or if you suspect a possible violation of this Code, you should promptly address the matter to your Line Manager. Reporting concerns to your Line Manager is often the most effective way to promote an open and positive work environment.

If, for some reason, reporting a concern or a complaint to your Line Manager is not possible or advisable, or if taking it to your Line Manager may/does not resolve the matter, you should promptly contact your Head of Department/Unit or, if necessary, directly to the office of the Chief Officer Ethics & Employee Development .

Reports of suspected violations of this code received by Line Managers and or Head Of Departments/Units, must be reported to the Office of the Chief Officer Ethics & Employee Development. Unless otherwise directed by the Board, the Chief Officer Ethics & Employee Development is primarily responsible for investigating all reports of suspected Code violations and to decide whether or not to escalate any violations of this code.

All other disclosure procedures detailed in the Group's 'Whistleblowing Policy and Procedure', and any of the Group's existing policies and procedures must be strictly adhered to.

## 19. Administration and Amendment

The Chairman assisted by the CEO shall bear primary responsibility for ensuring that all employees and Directors abide by this Code.

The Board of Directors are committed to adopt and promote this Code and delegate to the Group CEO the responsibility for the administration throughout the Group. It shall be the Management's responsibility to disseminate the Code to all affected parties and to adopt appropriate procedures to review compliance throughout the Group.

Directors of the Bank and its subsidiaries will similarly be given a copy of this Code and their acknowledgment of receipt shall be held by the company's secretary.

It is the responsibility of all employees and directors of the Group to be familiar with this Code and to abide by the letter and spirit of the provisions at all times. In accordance with the Group's Disciplinary Procedure, a breach of this Code or the employees' rules it references may lead to disciplinary action in line with the Article 8 (Discipline) of the collective agreement.

The Board is ultimately responsible for establishing specific policies to address issues of ethical behaviour for the Chairman, Directors, officials and employees of the Group. The authority to implement policy and related procedures has been assigned to the CEO and the Chairman of the Board.

Any action taken regarding a breach of this code of ethics will ultimately be reviewed and acted upon by the entire Board of Directors, after considering the facts, the seriousness of the conduct, and potential breach of trust, and such action shall be at the sole prerogative of the same Board of Directors, and shall not be subject to review.

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This Code will be reviewed by Ethics and Employee Development Department, Compliance Department and Risk Management Department from time to time by seeking support from other units as deemed necessary. Approval of this Code and any changes thereto, falls under the responsibility of the Board of Directors.

There shall be no amendment to the Code except by a majority vote of the Board of Directors.



## Appendices

### Appendix A: Authority

Authority	Description of Matters
Auditor General	Failure to observe laws, rules and regulations relating to public finance and misuse of public resources.
Commissioner for Revenue	Income tax, corporation tax, capital gains tax, stamp duties, national insurance contributions, Value Added Tax or "revenue acts" as defined in the Commissioner for Revenue Act.
Financial Intelligence Analysis Unit (FIAU)	Money laundering or financing of terrorism in terms of the Prevention of Money Laundering Act.
Malta Financial Services Authority (MFSA)	The business of credit and financial institutions, the business of insurance and the activities of insurance intermediaries, the provision of investment services and collective investment schemes, pensions and retirement funds, regulated markets, central securities depositories, the carrying out of trustee business either in a professional or a personal capacity and such other areas of activity or services as may be placed from time to time under the supervisory and regulatory competence of the Malta Financial Services Authority.
Commissioner for Voluntary Organisations	Activities of a voluntary organisation.
Permanent Commission Against Corruption	Corrupt practices.

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Ombudsman	(i) Conduct involving substantial risk to public health or safety or the environment that would if proved, constitute criminal offence; and  (ii) All matters which constitute improper practices and which are not designated to be reported to any other authority.
Data Protection Commissioner	For any breach relating to data protection and unauthorised information to third parties.
Commissioner of Police	In relation to any investigations carried out by the Police Authorities. Such information can be requested from the said authority and in such request reference can be made to the applicable department.

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**Appendix B: Gift Log**

Department/Branch: \_\_\_\_\_

Date: \_\_\_\_\_

Donor Name	Description of Gift	Date Received	Value of Gift*	Accepted (Y/N)**

\* Value of the Gift:

A - If gift is less than EUR 50

B - If gift is between EUR 51 and Eur 100.

C - If gift is Between EUR 101 and Eur 150

D - If gift is between EUR 151 and Eur 200.

\*\* Reason why the gift was not accepted can be included below.

Gift was not accepted due to:

\_\_\_\_\_

\_\_\_\_\_  
Signature of Employee\_\_\_\_\_  
Signature of Branch Manager/Head/Executive of Dept\*\*\*\_\_\_\_\_  
Name of Employee\_\_\_\_\_  
Name of Branch Manager/Head/Executive of Dept\*\*\*

Date: \_\_\_\_\_

\*\*\* Or direct superior as applicable.