

Pursuant to Article 45 paragraph 2 item 7 of the Central Bank of Montenegro Law (OGM 40/10, 46/10, 6/13, 70/17) and Article 33 paragraph 2 and Article 37 of the Central Bank of Montenegro Statute (OGM 83/17, 3/20), and the Decision No. 0102-139-1/2021 of 12 January 2021, the Vice-Governor of the Central Bank Montenegro passed the following

CODE OF ETHICS FOR EMPLOYEES IN THE FINANCIAL AND BANKING OPERATIONS DEPARTMENT

1. General Provisions

The Code of Ethics for Employees in the Financial and Banking Operations Department (hereinafter: Code of Ethics) regulates additional professional principles for the employees in the Financial and Banking Operations Department who participate in managing international reserves and other portfolios that the Central Bank of Montenegro may operate on behalf of its clients.

The aim of this Code of Ethics is to improve the conduct of the employees in accordance with the professional and moral principles and those of impartiality and objectivity, based on international norms in this field, and good business practices.

In addition to the provisions of this Code of Ethics, the employees in the Financial and Banking Operations Department shall comply with the rules of the professional behaviour determined by the Code of Ethics of the Central Bank of Montenegro.

2. Rules of conduct

A. LOYALTY TO CLIENTS

The employees shall:

- adhere to the applicable rules regulating capital markets.
- not knowingly engage in risk management actions that directly or indirectly involve a real or potential conflict of interest, unless any real or apparent conflict of interest has been fully disclosed to all stakeholders.

B. INVESTMENT PROCESS

In the investment process, the employees shall:

- use reasonable caution and sound judgment when managing assets,
- clearly define the relevant limitations of their specific knowledge and expertise regarding risk assessment, market practices, and applicable laws and regulations,
- avoid engaging in practices aimed at causing price disturbances or artificially increasing trading volume with the intention of misleading market participants,
- treat all interested parties equally and objectively when providing information on investments or offering investment recommendations,
- ensure a reasonable and adequate basis for investment decisions, and distinguish between facts and opinions when presenting analysis and recommendations.

When managing a portfolio based on a specific mandate, strategy, or style, the employees shall:

- take only investment actions that align with the stated objectives and limitations of the said portfolio,

- provide adequate information to allow interested parties to consider whether proposed changes in investment style or strategy meet their investment needs.

When managing separate accounts, before providing investment advice on behalf of the asset owner, the employees shall:

- assess and understand the asset owner's investment objectives, risk tolerance, time horizon for management, liquidity needs, financial constraints, any unique circumstances (including tax, legal, or regulatory restrictions, etc.), and any other relevant information that may affect investment policy,
- determine that the investment is appropriate for the asset owner's financial situation based on available data.

C. RISK MANAGEMENT, COMPLIANCE, AND SUPPORT

The employees shall endeavour to:

- ensure that portfolio information provided to asset owners is accurate and complete, and allow for independent audit or review of such information,
- maintain orderly records for an adequate period in an accessible format,
- promote and adhere to applicable best practices, and ensure that risk management activities conducted under their direct supervision or management meet these applicable standards,
- recognise that risk management does not exist in a vacuum.

D. PERFORMANCE AND PORTFOLIO VALUATION

The employees shall:

- present performance information that is clear, accurate, relevant, timely, and comprehensive,
- use fair market prices for valuing asset owners' shares and apply, with due diligence, methods for determining fair value of securities for which independent market quotations are not available.

E. INFORMATION SHARING

The employees shall:

- communicate with interested parties on a continuous and timely basis,
- ensure that disclosed information is truthful, accurate, complete, and understandable and presented in a format that conveys the information efficiently,
- inform asset owners of:
 - a) any potential conflict of interest arising from any relationship with brokers or other entities, other client accounts, compensation structures, or for other reasons,
 - b) the investment process, including information about strategies, risk factors, and the use of financial derivatives and leverage,
 - c) the performance of investments on a regular and timely basis (if necessary),
 - d) the valuation methods used for making investment decisions and valuing assets, as well as the risk management process (if necessary),
 - e) audit results (if necessary),
 - f) significant personnel or organizational changes that have occurred (if necessary).

3. Reporting Code of Ethics violations

The employees shall comply with the Code of Ethics and report any situation where the Code of Ethics could have been or has been violated to their superiors.

In case of any uncertainty or dilemma regarding the implementation of certain provisions of the Code of Ethics, the employees shall contact the Directorate for Human Resources to obtain their opinion and instructions on how to proceed in the particular situation.

4. Public nature of Code of Ethics

The Directorate for Human Resources shall introduce new employees in the Financial and Banking Operations Department with the provisions and manner of implementation of the Code of Ethics.

5. Declaration of compliance

By signing the declaration of compliance with the Code of Ethics enclosed herewith and making an integral part thereof, the employees in the Financial and Banking Operations Department confirm that they have personally familiarised themselves with its provisions and that they accept the responsibility for the non-compliance therewith.

6. Final provision

This Code of Ethics shall enter into force on the eight day following that of its posting on the Intranet and the notice board of the Central Bank of Montenegro.

VICE-GOVERNOR,

Zorica Kalezić, m.p.

No. 0103-311-1/2021

Podgorica, 19.01.2021