

**TERMS AND CONDITIONS OF EMPLOYMENT
FOR THE PRESIDENT OF THE EUROPEAN CENTRAL BANK**

Whereas in accordance with Article 11.3 of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter 'the Statute') the terms and conditions of employment of the members of the Executive Board, in particular their salaries, pensions and other social security benefits shall be fixed by the Governing Council on a proposal from a Committee comprising three members appointed by the Governing Council and three members appointed by the Council.

The following terms and conditions shall apply to the employment of the President of the European Central Bank (hereinafter referred to as 'President'):

Article 1 – Basic Duties

- (a) The President shall perform their duties and responsibilities in strict compliance with the Treaty on European Union and the Treaty on the Functioning of the European Union (TFEU), the Statute, the Rules of Procedure of the ECB and any other applicable Union legislative instrument, without being guided by any national interest. In particular, the President shall strictly comply with the principle of independence deriving from Article 130 TFEU and Article 7 of the Statute.
- (b) The President shall perform their duties, and consider themselves in public appearances, as a member of a collective decision-making body. In this respect, the President shall co-ordinate within the Executive Board public speeches or statements, publication of writings, and any other form of public communication.
- (c) The President shall have their main residence in the area of Frankfurt and their professional office in the premises of the ECB.
- (d) The President shall attend the meetings of the ECB decision-making bodies organised according to their Rules of Procedure, except if this is not possible due to legitimate or justifiable reasons. The President shall perform diligently the duties and responsibilities that may be entrusted to the President by the competent decision-making body.
- (e) The President shall comply with the applicable laws and police regulations in force in Germany, subject to the privileges and immunities established under the "Protocol on the Privileges and Immunities of the European Union" and as further specified in European Union secondary

legislation and in the Headquarters Agreement between the ECB and the Federal Government of Germany.

- (f) The President shall comply with the Code of Conduct for the member of the Governing Council and the Supplementary Code of Ethical Criteria for the members of the Executive Board or any such Code of Conduct as they may read from time to time and the general principles laid down in the Ethics Framework for members of staff of the ECB.
- (g) The President shall respect the principle of separation between supervisory and monetary policy functions and the internal rules implementing this principle.

Article 2 – Professional Secrecy

- (a) The obligation of professional secrecy deriving from Article 37 of the Statute entails that the President shall not, without authorisation of the Executive Board or the Governing Council, disclose any information obtained in the exercise of their duties and responsibilities that has not been made public and that is not accessible to the public unless the information is disclosed deliberately as part of the agreed communication strategy of the ECB.
- (b) The above shall not apply to information to be given to the ECB's external auditors under Article 27.1 of the Statute, or to the European Court of Auditors under Article 27.2 of the Statute, or to any other body in accordance with statutory provisions. The President shall co-ordinate within the Executive Board, their appearance at hearings and contributions to reports of the European Parliament as required by Article 284(3) TFEU.
- (c) The President shall inform the Executive Board without undue delay of any judicial request to give evidence in a Court of law regarding the activities of the ECB.

Article 3 – Incompatibilities

- (a) In addition to the provision under Article 11.1, second paragraph of the Statute, the President shall abstain from any economic or commercial transaction, and resign from any position that may hinder their independence or may give them the possibility to use privileged information.
- (b) The management of the personal assets of the President, beyond the assets required for ordinary personal and family use, shall be organised in a manner that ensures their independence and the absence of conflict of interest and impedes any use of privileged information by the President.
- (c) The President undertakes to adhere to and comply with the ECB rules on insider trading and on private financial behaviour, as supplemented or amended from time to time by any further ECB Decisions on insider trading and private financial behaviour.

- (d) The President shall submit – during the first three months of office – to the ECB's Chief Compliance and Governance Officer a written statement about their patrimony, any direct or indirect involvement in any entity, and the prospective organisation for the management of their assets during the term of office. This statement shall be updated as appropriate, but at least annually.
- (e) The President commits themselves not to accept any staff, managerial, advisory or consulting position, remunerated or not, with any company or entity having been a counterpart to the Eurosystem in monetary policy or foreign exchange operations, or with any company or entity pertaining to its consolidated group, within the twelve months following their ceasing to hold office unless authorised to do so by the Governing Council. Any increase of the reference period included in this paragraph shall be subject to the rules and procedures of the applicable Code of Conduct referred to under Article 1.

Article 4 – Salary

- (a) The basic salary of the President shall be 407,940 € per annum.
- (b) The payment of salary shall be effected on the 15th day of each month unless this day falls on a weekend or a public holiday observed by the ECB, in which case payment shall be made on the nearest working day immediately prior to this day. Any payments will be effected by a direct credit to a bank account of the President within the European Union.
- (c) The above salary shall be subject to adjustments in accordance with the methodology referred to in Article 2 of Annex I (Salary Structure) to the Conditions of Employment for ECB staff.
- (d) If the President dies during the term of office, the surviving spouse or recognised partner and/or dependent children shall be entitled, until the third month following that in which the death occurs, to the remuneration to which the President would have been entitled.

Article 5 – Taxation

In accordance with the Protocol on the Privileges and Immunities of the European Union and Council Regulation No 260/68 of 29 February 1968, the President shall be subject to the tax for the benefit of the European Union on salaries, allowances, emoluments, reimbursement of expenses and pensions paid by the ECB.

Article 6 – Official Residence and Allowances

The President shall be provided with an official residence.

The President is entitled to the following allowances:

- (a) A representation allowance of 21% of basic salary;
- (b) A household allowance of 5% of basic salary on the same basis as members of staff of the ECB;
- (c) A child allowance on the same basis as members of staff of the ECB;
- (d) An education allowance as applicable to members of staff of the ECB;
- (e) An installation allowance equal to 200% of the basic monthly salary on taking up duty and a resettlement allowance equal to 100% of the basic monthly salary on ceasing to hold office; and
- (f) Reimbursement of travelling expenses incurred for the President and for their spouse or recognised partner and dependent children; and reimbursement of the costs of removal of personal effects and furniture, including insurance against ordinary risks (theft, breakage, fire) on taking up duty as well as on ceasing to hold office.

Article 7 – Transitional Allowance

- (a) The President shall be entitled to a transitional allowance for two years from the date on which the President ceases to hold office as follows:
 - 40% of basic salary if the period of service is for less than two years,
 - 45% of basic salary if the period of service is for two years or more but less than three years,
 - 50% of basic salary if the period of service is for three years or more but less than five years,
 - 55% of basic salary if the period of service is for five years or more but less than eight years and
 - 80% of the basic salary in the first year after termination of service and 60% of the basic salary in the second year after termination of service, whenever the period of service is for the full period of eight years.
- (b) Entitlement to the transitional allowance shall cease if the President is appointed to office in one of the Institutions of the Union or upon their death. In the event of appointment to one of the Institutions of the Union, the allowance shall be paid up to the date of taking up duty. In the event of death the payment for the month in which death occurred shall be the last.
- (c) If during the two year period mentioned under (a) above, the President takes up any new gainful activity which does not involve taking up duties with one of the institutions of the Union, the amount by which the net monthly remuneration from the new gainful activity together with the transitional allowance exceeds the net remuneration last received (including the salary received

under Article 4 and the allowances received under Article 6 of this contract but excluding the education allowance) shall be deducted from the transitional allowance. In calculating the amount of remuneration received for the new activity, all forms of remuneration received for the new activity shall be included, except those representing reimbursement of expenses.

- (d) Payment of the transitional allowance shall be conditional on submission by the President of a written statement to the Chairman of the Ethics Committee with a description of all occupational activities including related remuneration. The President shall submit such statement on the date of ceasing to hold office, thereafter within the first ten days of January of each year and in the event of any change to their remuneration and their occupational activity without undue delay. This declaration shall be made in good faith.
- (e) Throughout the period in which the transitional allowance is paid, the President shall be entitled to receive the household, child and education allowances provided for in Article 6. The household allowance shall be calculated with reference to the transitional allowance in lieu of the basic salary.

Article 8 – Pension scheme

The pension scheme for Executive Board Members shall include and shall make provision for retirement, disability and dependants' pensions, and shall be paid from the general assets of the ECB.

A contribution of [8.25%] of basic salary to the pension scheme shall be deducted from the basic monthly salary.

(a) Retirement pension

A retirement pension for life shall be payable from the date when the President reaches the age of sixty-five years, provided that the President has ceased to hold office as President or is not receiving a transitional allowance in accordance with Article 7. The President may, however, request to start drawing such pension as from the age of sixty years, provided that the President has ceased to hold office as President, for the amounts resulting from the following coefficients:

60 years: 0.70

61 years: 0.75

62 years: 0.80

63 years: 0.87

64 years: 0.95

The amount of the retirement pension shall be 4.5% of the basic salary last received for each full year in office and one-twelfth of that sum for each complete month. The maximum pension shall not exceed 36% of the basic salary last received.

Instead of a retirement pension as provided for in this paragraph, the President may request, within three months of ceasing to hold office or, in case the President has reached the age of sixty-five, at the date of retirement, that the actuarial value of the retirement pension is transferred to some other employee benefit arrangement, organisation or government, or to an approved insurance company with the aim of the accrual of a future pension for the President, or is paid out to the President as a cash lump sum in settlement of the pension entitlement.

(b) Dependants' pension

A dependants' pension shall be paid to the surviving spouse or recognised partner and/or dependent children in the event of death of the President, according to the following rules:

- If the death occurs after the President ceased to hold office, the dependants' pension shall be equal to the following percentage of the retirement pension having accrued or being paid under this Article at the date of death of the President:
 - i. 60% for a surviving spouse or recognised partner;
 - ii. 10% for each dependent child where one parent is still alive;
 - iii. 20% for each dependent child where both parents are dead;
- If the death occurs during the President's term of office, the dependants' pension shall be calculated on the basis of the last basic salary received as follows:
 - i. 60% of the pension that the President would have received had the term of office been completed for a spouse or recognised partner;
 - ii. 10% of the pension that the President would have received had the term of office been completed for each dependent child where one parent is still alive;
 - iii. 20% of the pension that the President would have received had the term of office been completed for each dependent child where both parents are dead.

The total amount of the dependants' pensions shall not exceed the amount of the pension on which they were calculated. The maximum total dependants' pensions payable shall be divided, where applicable, between the beneficiaries in accordance with the above percentages.

In the event of the President marrying when benefiting from a retirement pension, the spouse and any dependent children of the marriage shall not be entitled to a dependants' pension save where the marriage precedes the death of the President by five years or more.

Dependants' pensions shall be granted, in the event of death occurring during the term of office of the President, from the first day of the calendar month following cessation of salary payments, and in all other instances from the first day of the calendar month following the date of death.

Entitlement to dependants' pensions shall cease:

- at the end of the calendar month in which the beneficiary dies;
- in the case of the spouse or recognised partner of the President, in the event of remarriage. The spouse or recognised partner shall then be entitled to immediate payment of a lump sum equal to twice the annual amount of the survivor's pension;
- in the case of dependent children, at the end of the month in which the child reaches the age of eighteen years, except in the case of a dependent child who is prevented through illness or disability from earning a living whereby the dependants' pension would have no time limit;
- if the dependent child is in full-time education, until the end of the month in which they complete full-time education or reaches the age of twenty-six years, whichever condition occurs first.

(c) Disability pension

A disability pension equal to 60% of the basic salary last received shall be paid if the President resigns or is subject to compulsory resignation on health grounds, because of a disability which prevents them from duly performing their duties, for as long as the disability continues.

A disability pension of 60% of the transitional allowance received shall be paid in the event that a former President in receipt of a transitional allowance suffers a disability during the first year of receipt of the transitional allowance, which would have prevented them from duly performing duties as President.

Such disability pension shall be reduced by any income or pension received from any other sources.

When the recipient of such disability pension reaches the pensionable age, it shall be replaced by a retirement pension for life of 36% of the basic salary applicable at the time plus 4.5% of that amount for each full year of disability, and one-twelfth of that sum, which shall be adjusted with any annual increases of the basic salary of the President for each complete month between the start of the disability pension and the age of sixty-five years. This pension shall be reduced with any income or pension received from any other sources, but shall not be less than 36% and shall not be higher than 60% of the basic salary last received prior to disability.

Where a third party is responsible for the disablement or death of the President, the rights of the President, or those entitled under them to bring legal proceedings against the third party, shall devolve on the ECB to the extent to which it incurs obligations under this pension scheme.

(d) Allowances upon receipt of a pension

The household and child allowances as set out in Article 6 above shall still apply to those receiving a pension under this Article, with the exception of those receiving a children's pension.

Article 9 – Medical Insurance Scheme

The President shall be entitled to participate in the medical insurance scheme of the ECB. This comprises health insurance and long-term care insurance cover.

The rules regarding the ECB health insurance and ECB long-term care insurance laid down in the Conditions of Employment for ECB staff and Staff Rules shall apply to the President and their spouse or recognised partner, unless otherwise provided in this Article.

(a) Opt-out

Unless the President opts out within one month of taking up appointment, the President shall be covered for the period of the term of office and the period during which the President is entitled to receive a transitional allowance or an ECB pension, regardless of whether or not the retirement immediately follows the date on which the President ceases to hold office.

The President has also the possibility to opt out from coverage within one month upon receipt of the transitional allowance or their ECB pension.

The decision regarding the opt-out is irrevocable. Once exercised, the President shall be bound by this opt-out, as the case may be, for the entire term of office and the period during which the President shall be entitled to receive a transitional allowance or an ECB pension.

In case of opt-out, the President shall be entitled to receive from the ECB a reimbursement of the actual costs borne by the President under another insurance plan or social security system. Such reimbursement shall be conditional upon the production of evidence of the cost to the ECB's Directorate General Human Resources and of them bearing the full cost of the aforementioned insurance plan or social security system. The reimbursement of the actual costs incurred by the President shall not exceed the amount of the contribution the ECB would have paid for covering the President in the ECB health insurance and long-term care insurance.

(b) Cover for spouses or recognised partners

Where the spouse or recognised partner of the President receives a pension or other retirement benefits from another social security system, they remain eligible to continue with primary cover under the ECB health insurance and long-term care insurance, also in the event they did not benefit from such cover for at least five years immediately preceding the date of retirement (in deviation from Article 3.1.2. of the ECB Health Rules - Annex III to the Staff Rules).

(c) Medical underwriting

Without prejudice to Article 5 of the ECB long-term care insurance rules (Annex IV to the Staff Rules) in respect of the spouse or recognised partner of the President, the President shall undergo a medical examination referred to under said Article in the case the President does not retire in accordance with Article 8 of these Terms and Conditions of Employment within a period of one year from the cessation of insurance cover following the end of the term of office or, as the case may be, following the end of the period during which the President shall be entitled to receive a transitional allowance.

Article 10 – Accident Insurance Scheme

The President shall participate during the term of office in the ECB accident insurance scheme on the same basis as members of staff of the ECB (i.e. no extensions are possible).

Article 11 – Incompatibility of pensions and allowances

The transitional allowance provided for in Article 7 is incompatible with and an alternative to the pension provided for in Article 8.

Where the President is entitled to claim a benefit under both Article 7 and Article 8, only that provision which is the most favourable shall be applied.

Article 12 – Compulsory dismissal

If the President is relieved of their duties on grounds of serious misconduct under Article 11.4 of the Statute, the President shall forfeit any right to the transitional allowance and the retirement pension. This shall not, however, affect those entitled in respect of them.

Article 13 – Review of allowances and pensions

Allowances shall be subject to the annual review as applied to the allowances of members of staff of the ECB.

All pensions as included in Article 8 shall be subject to adjustments in accordance with Article 13 of Annex IIIa (Pension Scheme) to the Conditions of Employment for ECB staff.

Article 14 – Additional benefits

- (a) The ECB shall provide appropriate security measures for the President.
- (b) The ECB shall provide the President with a chauffeur driven car.

Article 15 – Supplementary Source

The Conditions of Employment for ECB Staff and the Staff Rules shall be a supplementary source to these Terms and Conditions of Employment.

Article 16 – Jurisdiction

Any dispute in relation to these Terms and Conditions of Employment shall be submitted to the exclusive jurisdiction of the Court of Justice of the European Union.