

Federal Home Loan Bank of Boston

Code of Ethics and Business Conduct

Introduction: What Our Code Is About

The purpose of this Code of Ethics and Business Conduct of the Federal Home Loan Bank of Boston (the “Code”) is to provide specific guidance to our employees and directors about the standards for conduct of the Bank’s business. Maintaining the highest standards of honesty, integrity, impartiality, and conduct is essential if employees and directors are to perform their duties properly and ensure that the Bank’s members and the general public have confidence in the Bank and the Bank System. Accordingly, it is important that employees and directors conduct themselves in a manner which avoids even the appearance of a conflict of interest or other form of impropriety.

This Code applies to decisions and actions throughout the Bank. It goes to the heart of our culture and should be the cornerstone of our business way of life.

Our “Ten Commitments”

This Code is built on ten fundamental duties that apply to each one of us, and to which we each commit as employees or directors of the Bank:

1. *Obey the Law:* We believe in compliance everywhere and in voluntarily going beyond what the law requires. Our corporate behavior should be beyond reproach.
2. *Respect our Members and Employees:* We believe that our employees and our members deserve fair, impartial and nondiscriminatory treatment.
3. *Avoid Conflicts of Interest:* Our obligations to our members and to the public require that we avoid even the appearance of placing our personal interests ahead of the Bank’s interests.
4. *Maintain Confidentiality:* Private information is our stock in trade. We must never use or disclose confidential, non-public information unless specifically authorized to do so by the Bank’s CEO or Chairman of the Board.
5. *Protect Corporate Assets:* We must at all times use Bank assets and resources for legitimate business purposes only and never for personal gain.
6. *Make Full and Accurate Public Disclosures:* We must always be complete, accurate, fair and timely in our public disclosures.
7. *Maintain Accurate Financial Reporting:* We must at all times strive for 100% accuracy in our records.

8. *Cooperate Fully in Audits and Investigations:* We must never mislead auditors, examiners or investigators, destroy or alter records, or interfere with disclosure of accurate information.
9. *Avoid Conflicts of Interests With Respect to the Affordable Housing Program.*
10. *Report Violations of the Code:* This Code is only as strong as our commitment to enforcing it. Each of us has a duty to report violations to the Ethics Officer immediately.

These commitments form the underpinning of the Code and are embodied in the rules and policies that follow.

Who is Covered by this Code?

This Code applies to all employees and directors of the Bank. Some provisions are clearly more pertinent to employees than directors, as can be inferred from the particular context. The Code establishes the policies and procedures of the Bank with regard to the ethical and other standards of conduct and responsibilities for employees and directors of the Bank. For directors of the Bank, the Code of Conduct supplements the Bank's Corporate Governance Principles and Conflicts of Interest Policy for Bank Directors, which is distributed to directors.

Familiarize Yourself With this Code

Each employee and director is responsible for being familiar with this Code, as well as other policies of the Bank; for recognizing potential compliance issues applicable to their duties; and for appropriately seeking advice regarding those issues. This Code may be modified or amended from time to time, at the Bank's discretion. Nothing in this Code is intended to establish a contract of employment for any particular time, or to impair the at will status of Bank employees' employment. Each new employee and director shall receive a copy of the Code upon joining the Bank or when it is modified, and each employee and director shall, upon initial employment or appointment and annually thereafter, verify that he/she has read, understands and has complied with the requirements contained herein.

Our Code is a living, breathing document and we need the support of everyone to make it the guiding force behind our business conduct.

It is Important for You to Ask Questions About this Code

If you are not sure what a provision means, or whether it applies to you, ASK. There is no substitute for good judgment and common sense. If an employee or director is unsure whether certain conduct is appropriate, the matter should be discussed with the Bank's Ethics Officer. An employee may also discuss the matter with his or her supervisor. If in doubt, employees and directors should err on the side of caution.

Who Is Primarily Responsible for Enforcing It?

The Bank's Ethics Officer, Ellen McLaughlin, is the individual who is principally responsible for enforcing this Code on a day-to-day basis. The Ethics Officer is available for consultation and

guidance about the meaning and interpretation of this Code, and you should feel free to consult her without fear of retaliation or any consequences to your job simply because you asked. It is far better to ask a question than to act and find out later that your conduct violated our Code.

In addition, the Bank has established an Ethics Hot Line (866-294-9558), a toll free telephone number that you can use to report perceived ethics questions either by identifying yourself, or acting anonymously. Obviously, when and if a call by you prompts inquiry by the Ethics Officer, you must realize that it is typically more difficult to act on anonymous information than when the identity of the caller is known. But anonymous calls are a perfectly acceptable means of bringing perceived Code violations to the Bank's attention, and they will be investigated to the extent possible.

Understanding Terms in the Code

Some of the terms in this Code may seem confusing. We have provided a set of definitions in Section U that should be helpful to you. If you find anything unclear, however, feel free to contact the Ethics Officer or the Ethics Hotline.

Standards of Ethical Conduct and Other Responsibilities

A. Our General Rule: Maintain the Highest Standards of Ethical Behavior and Avoid Even the Appearance of a Conflict of Interest

- (1) **Maintain the Highest Standards:** In order to maintain public confidence in the Bank, all employees and directors are expected to maintain high standards of honesty, integrity, impartiality and conduct in and out of the workplace and to avoid conflicts of interest, or the appearance of conflicts of interest.
- (2) **Act in the Bank's Best Interest:** No employee or director shall engage in any action, whether or not specifically prohibited by these rules, which might result in, or create the appearance of:
 - (a) Using your position for private gain;
 - (b) Giving unfair preferential treatment to any person;
 - (c) Losing independence or impartiality;
 - (d) Making a Bank decision outside official channels; or
 - (e) Adversely affecting the public's confidence in the integrity of the Bank.

It is incumbent upon each of us to view our own actions and intentions objectively in order to assure that no observer would have grounds to believe that irregularity in conduct exists.

- (3) **Do Not Take Advantage of the Bank's Opportunities:** We all owe a duty to the Bank to advance its legitimate interests when the opportunity to do so arises. You are prohibited from taking for yourself personally opportunities that are discovered through the use of the Bank's property or information or your position at the Bank, without the consent of the Ethics Officer in the case of employees, or the Audit Committee in the case of directors. Similarly, you may not use the Bank's property, information or your position for personal gain, nor may you compete with the Bank.

B. Financial Interests and Relationships with Members

- (1) No employee may have a financial interest in any member of the Bank, except as provided in paragraph (3) of this section.
- (2) No employee may have a financial relationship with a member of the Bank that:
 - (a) Is not, to the employee's knowledge, transacted in the ordinary course of business of the member and on substantially the same terms, including fees, interest rates

and collateral, where applicable, as those prevailing at the time for comparable transactions by the member with other persons who are not employees of the Bank; and

- (b) In the case of a loan or extension of credit by a member, does not, to the employee's knowledge, involve more than the normal risk of repayment or contain other unusual terms and conditions that increase the risk of loss to the member.

(3) **Permitted Financial Interests In Members and Other Entities**

- (a) **Mutual funds**—An employee may have an interest in securities or other financial interests of a member of the Bank or any entity doing business or seeking to do business with the Bank that arises solely through ownership of shares or other investment units of one or more diversified mutual funds (as defined in section 5(a) and (b)(1) of the Investment Company Act of 1940, as amended, 15 U.S.C. §§ 80a-5(a), (b)(1)) that have invested in the member, so long as the employee may not contribute to investment decisions of the fund.
- (b) **Financial interests acquired prior to employment**—If a financial interest in a member acquired by an employee prior to his or her employment with the Bank will not unduly interfere with the performance of the employee's duties, then the employee may retain such financial interest. Such interests must be disclosed in writing to the Ethics Officer.
- (c) **An employee may have a financial interest in an entity doing business or seeking to do business with the Bank (other than a member) so long as the employee promptly discloses the financial interest to the Ethics Officer in writing and does not participate in any decision affecting that entity.** However, the disclosure and recusal requirement does not apply to such financial interest unless it exceeds either \$10,000 or 1 percent of the issued or outstanding shares of that entity. It is the affirmative responsibility of the employee to disclose all such interests prior to the Bank doing business with the entity.
- (d) **Employees with a financial interest in a member shall not participate in any Bank decision affecting the member.**

(4) **Annual Disclosure:** All employees and shall annually disclose all financial interests and financial relationships with member banks. (See paragraph (3) above.)

- (a) **Confidentiality of your annual statements.** Statements of employment and financial interests shall be held in confidence by the Bank. Statements shall be received, reviewed and retained in the office of the Ethics Officer, who shall be responsible for maintaining the statements in confidence. The Ethics Officer shall not allow access to, or allow information to be disclosed from, a statement except to carry out the purpose of this section of the Code. Information in a statement will not otherwise be disclosed except as the President, or the Chairman of the Board in the case of Directors, may determine for good cause shown.

- (b) **Review of annual statements.** Annual statements submitted under this section will be reviewed by the Ethics Officer no later than 45 days following the filing of the statements.
- (c) **In Cases of Possible Conflicts:** Whenever a statement or other information indicates a possible conflict between the interest of an employee (other than the President) and the performance of his or her service to the Bank:
 - (i) The Ethics Officer shall investigate the matter and allow the employee a reasonable opportunity, orally and in writing, to explain why he or she does not believe a conflict or appearance of a conflict exists; and
 - (ii) The Ethics Officer shall attempt to resolve the matter. If the matter cannot be resolved within 60 days, the information concerning the conflict or the appearance of a conflict shall be reported to the President for resolution.
- (d) Whenever a statement or other information indicates a possible conflict between the interest of a director or the President and the performance of his or her service to the Bank the Ethics Officer shall report the matter to the Governance Committee of the Bank for resolution.
- (e) The statements of employment and financial interests required of employees are in addition to, and not in substitution for or in derogation of, any similar requirement imposed by law or regulation.
- (5) **Prohibited Loans and Extension of Credit:** Employees, directors and immediate family members of employees and directors may not accept loans or extensions of credit from the Bank.

C. Compliance with Law

- (1) In addition to adhering to the standards of conduct in this Code, employees and directors must comply with all applicable laws, rules and regulations.
- (2) **The Duty to Cooperate:** You must cooperate in any audit or investigation being conducted by the Bank's examiners, internal or external auditors. You may not take any action to fraudulently influence, coerce, manipulate or mislead any examiner, internal or external auditor (including, but not limited to, any independent public or certified public accountant) engaged in the performance of any audit or investigation (including, but not limited to, audits of the financial statements of the Bank).
- (3) **The Duty to Preserve Records:** When you become aware that documents or records of any type may be required in connection with an audit, bankruptcy, lawsuit or government investigation, you must preserve all possibly relevant documents. You may not knowingly alter, destroy, mutilate, conceal, cover up, falsify or make a false entry in any record or document with the intent to impede, obstruct or influence an investigation or litigation.

- (4) **The Duty of Full Disclosure:** You should take steps, consistent with your roles and responsibilities at the Bank, to ensure that the Bank makes full, fair, accurate, timely, and understandable disclosure in reports and documents that the Bank files with, or submits to, any appropriate regulatory agency, including the Securities and Exchange Commission, and in other public communications made by the Bank. The executive officers of the Bank shall promptly disclose to the Audit Committee of the Board of Directors any information that they may have concerning:
- (a) Any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are likely to adversely affect the Bank's ability to record, process, summarize, and report financial data; or
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control over financial reporting.

D. Prohibited Acceptance of Things of Monetary Value

- (1) Except as provided in paragraph (2) of this section, employees may not solicit or knowingly accept, nor may any of their immediate family members solicit or knowingly accept, directly or indirectly, any gift, gratuity, favor, honorarium, entertainment or any other thing of monetary value, from a member or from a person who:
- (a) Has, or is seeking to obtain, contractual or other business or financial relationships with the Bank;
 - (b) Has interests that may be substantially affected by the performance or non-performance of your official duties; or
 - (c) Is an officer, director, employee, or agent of a member, or of a trade organization comprised of members that represents their financial services, credit, housing or financial needs.
- (2) **Some Limited Exceptions:** Paragraph (1) of this section shall not apply provided:
- (a) The acceptance of such things of monetary value is motivated by obvious family, employment or personal relationships, unrelated to your official Bank duties, rather than the business of the persons concerned;
 - (b) The things of monetary value accepted are unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars, seasonal gifts of nominal value or other similar things of nominal value;
 - (c) The things of monetary value accepted are food and accompanying entertainment of nominal value accepted on infrequent occasions in the ordinary course of a conference, meeting or other working session where such things are incidental to the activity performed;

- (d) With respect to members of senior management only, the things of monetary value are entertainment or hospitality, the costs of which are not in excess of what is considered reasonable, customary, and accepted business practices; or
- (e) The things of monetary value accepted are non-cash honoraria of nominal value where the gifts are intended as tokens of appreciation for the employee's or director's willingness to speak before the group.

E. The Duty to Preserve the Bank's Confidential Information

- (1) The Bank's business requires all Bank employees and directors to deal with information of a highly confidential nature pertaining to the business of member institutions, their customers and clients, as well as confidential, nonpublic information regarding the Bank. Employees and directors (including those directors who are also employees or directors of members) must maintain the confidentiality of the information entrusted to them by the Bank or its members, except when disclosure is authorized or legally mandated. The misuse of material nonpublic or proprietary information (i.e., any use of that information for other than the Bank's necessary purposes) may violate Federal and state banking and/or securities laws and other legal and regulatory requirements.
 - (a) **You cannot use the Bank's information for your private gain.** You may not, directly or indirectly, use or allow the use of information which is obtained as a result of your relationship with the Bank but which is not available to the general public, including but not limited to information contained in examination reports received from state or federal regulatory agencies, in order to engage in any financial transaction or to further a private interest.
 - (b) **Insider Trading is Absolutely Prohibited.** In particular, you may not engage in any transaction in securities (including debt and equity securities) issued by a member (including a member's parent holding company) or any other company, when in the possession of material information about the issuer that has not been made public, which information came to you through your relationship with the Bank.
 - (c) **The Definition of "Material Information."** Information is generally regarded as material if there is a substantial likelihood that a reasonable investor would consider the information important in deciding whether to purchase, sell or hold a security. It includes information that if publicly disclosed is reasonably likely to affect the market value of a security. In most cases, information concerning the following events should be presumed to be "material:"
 - (i) Increases or decreases in dividends;
 - (ii) Declarations of stock splits and stock dividends;
 - (iii) Changes in previously disclosed financial information;
 - (iv) Financial forecasts, especially estimates of earnings;
 - (v) Mergers, acquisitions or takeovers;

- (vi) Proposed issuances of new securities or proposed modification of rights of outstanding securities;
 - (vii) Significant changes in operations;
 - (viii) Significant new products to be introduced;
 - (ix) Extraordinary borrowings;
 - (x) Major litigation including government investigations;
 - (xi) Financial liquidity problems;
 - (xii) Significant changes in management;
 - (xiii) The purchase or sale of substantial assets;
 - (xiv) Changes in auditors;
 - (xv) A determination that any previously issued financial statements should no longer be relied upon because of an error in such financial statements;
 - (xvi) Entering into or terminating a “material definitive agreement” (within the meaning of Item 1.01 or Item 1.02 of SEC Form 8-K);
 - (xvii) Notice of delisting or failure to satisfy a continued listing rule; or
 - (xviii) Bankruptcy or receivership.
- (d) **The Definition of “Nonpublic” Information.** Information is presumed to be nonpublic unless and until two business days have elapsed since it has been broadly disseminated or made widely available to the general public, such as by means of a publication via the Internet, by a press release carried over a major news service, by being the subject of a major news story, or by being described in a public filing with a regulatory agency or in materials sent to shareholders or potential investors. When in doubt, the information involved should be presumed to be both material and not to have been disclosed to the public.
- (e) **Never Pass on Securities “Tips” to Others.** You may not disclose (“tip”) material, nonpublic information concerning the issuer of securities (whether the issuer is a member or otherwise), which information was obtained through your relationship with the Bank, to another person who may subsequently use that information to his or her profit. To reduce the chances of inadvertent tipping of material nonpublic information, no such information is to be discussed with anyone except Bank personnel who have a valid business reason for receiving such information (i.e., who have a “need to know” the information in order to serve the business purposes of the Bank). Such information should be regarded as particularly sensitive, confidential information and the Bank’s policies for safeguarding such information should be strictly observed.
- (2) **Misuse of confidential information may be a crime.** An employee or director who uses or allows the use of information obtained as a result of his or her relationship with the Bank but which is not available to the general public in order to engage in any

financial transaction or to further a private interest may be subject to criminal prosecution under federal or state banking and/or securities laws.

- (3) **Bank's Access to Personal Brokerage Documents:** The Bank reserves the right to require employees to provide copies of personal brokerage documents to the Ethics Officer in order to monitor compliance with this section.
- (4) **Do Not Violate the Privacy Act:** You may not maintain, disclose or otherwise use personal information in a manner which violates the Privacy Act, 5 U.S.C. § 552a, or Part 913 of the Bank System regulations.
- (5) **Do Not Violate the Bank's Electronic Communications Policy:** Each of us must conform fully and completely to the requirements of the Bank's Electronic Communications Policy, which governs the manner in which we use our intranet, internet, voice and other electronic communications media.

F. The Cornerstone of Respect: Equal Opportunity, Non-Discrimination and the Avoidance of Harassment in Employment

Each employee and director of the Bank is covered by the Bank's Equal Opportunity Policy, as well as the Bank's Harassment Free Workplace Policy. In summary, these policies assure all employees, applicants and directors (as appropriate) that employment decisions will be made on a non-discriminatory basis without regard to an individual's sex, race, age, nationality, color, citizenship, sexual orientation, disability, military service or any other category protected by applicable law. Moreover, these policies assure employees and directors that they will not be subject to harassment, including, without limitation, sexual harassment, in connection with their employment. Every employee and director has a duty to become familiar with these policies and to abide by them on a daily basis.

Romantic Relationships at Work. Moreover, in order to avoid situations which could lead to conflicts of interest, no supervisor may engage in romantic relations, including dating, with his or her subordinates. In general, officers and directors are discouraged from becoming involved in romantic relations with employees. Individuals who have questions about this policy should immediately consult the Ethics Officer.

G. Lectures, Speeches, and Manuscripts

- (1) **Do Not Disclose Confidential Information When Lecturing.** You shall not use in any teaching, lecturing, speaking or writing engagement information obtained as a result of your position with the Bank unless the information is available to the general public or the Office of the President (or, in the case of directors, the Chairman of the Board) gives authorization of the use, upon the determination that the use of the information is in the public interest.
- (2) **Payment for Speeches is Generally Prohibited.** Except to the extent allowed under paragraph D(2)(d), of this Code, you may not receive any compensation or other thing of monetary value for any speech, lecture, publication or similar engagement, the subject

matter of which either relates substantially to matters involving the Bank or contains information that is not otherwise available to the general public.

H. Employment by the Bank of Relatives and Affiliated Persons

(1) Important Definitions: For the purposes of this section:

- (a) A “relative” is any person related to a Bank employee or director such as his or her parent, step-parent, child, step-child, brother, sister, step-brother, step-sister, half-brother, half-sister, spouse, uncle, aunt, first cousin, nephew, niece, father-in-law, mother-in-law, son-in-law, daughter-in-law; brother-in-law or sister-in-law;
- (b) A “supervisor” is any employee whose position requires independent judgment to appoint, employ, promote, advance, assign, direct, reward, transfer, suspend, discipline, remove, adjust grievances or furlough any person or to recommend any such action.
- (c) An “affiliated person” is an individual, not a relative, with whom an employee or director has a close personal, business or other relationship, such that their interaction as agents of the Bank or otherwise could affect the judgment or objectivity of either person or create the appearance of a conflict of interest.

(2) The following is prohibited. A Bank employee or Director may not:

- (a) Appoint, employ, promote or advance any relative or affiliated person to a position at the Bank;
- (b) Advocate a relative’s or affiliated person’s appointment, employment, promotion or advancement at the Bank; or
- (c) Appoint, employ, promote, or advance a relative or affiliated person of another Bank employee or director if that Bank employee or Director has advocated a relative’s or affiliated person’s appointment, employment, promotion or advancement.

(3) When Relatives or Affiliated Person are Employed at the Bank

- (a) No employee may be a supervisor of any relative or affiliated person.
- (b) Whenever any employee becomes a supervisor of a relative, or develops a relationship with an affiliated person also employed by the Bank, the employee shall report such fact in writing to the Ethics Officer. In the case of a supervisor, the Ethics Officer, in consultation with the President, and/or any other appropriate officer, designated by the President shall determine whether the relative’s or affiliated person’s position may be removed from the scope of the supervisor’s authority, or whether the official interaction between the employees should be adjusted, taking into consideration the nature of the employees’ positions, the

operational needs of the Bank and the potential for conflicts of interest or the appearance thereof. If it is determined that it is not feasible to remove the relative or affiliated person's position from the scope of the supervisor's authority, or otherwise adjust the employees' official interaction, the Ethics Officer, in consultation with the President, and/or any appropriate officer designated by the President, shall determine whether the relative or affiliated person may be assigned to another position at the Bank which is outside the scope of the supervisor's authority, or whether other appropriate action should be taken with regard to the individuals involved.

I. Employment of Relatives or Affiliated Persons by Members

In order to avoid a conflict of interest or the appearance of a conflict, employees shall report to the Ethics Officer the employment by, or service in another capacity with, a member bank or its affiliate of the employee's spouse, child, parent, brother, sister, a member of the employee's immediate household or an affiliated person, within 30 days of the commencement of employment of the immediate family member or affiliated person. Generally employees will not be assigned to any matter involving the member bank or affiliate unless the President or his/her designee, in consultation with the Ethics Officer, makes the prior determination that the nature of the immediate family member's or affiliated person's employment makes it unlikely that the employee's services to the Bank will be affected by participation in the matter. In making determinations under this section, significant weight shall be given to the policy-making character of the immediate family member's or affiliated person's position. Under most circumstances, positions which are clerical or lacking policy-making character would not require disqualification.

J. Protect the Bank's Property

We all have a positive duty to protect and conserve Bank property, including equipment, supplies and other property entrusted or issued to you.

K. Avoid Risky Personal Financial Conduct

- (1) **Indebtedness.** An employee shall pay his or her just financial obligations in a manner such that the Bank will not be asked to assist in the collection of the obligations. For the purpose of this section, a "just financial obligation" is one acknowledged by an employee or reduced to judgment by a court or one imposed by law such as Federal, state, or local taxes. An employee who has difficulty in meeting his or her financial obligations may seek counseling with the Bank's Director of Human Resources. This does not require the Bank to determine the validity or amount of any debt, which is the subject of dispute between the employee and an alleged creditor.
- (2) **Gambling.** An employee shall not participate in any gambling activity, including gambling devices, lotteries, pools, games for money or property, or numbers tickets, while on property owned or leased by the Bank or while on duty for the Bank.

L. Doing Business With the Bank

An employee, director, affiliated person of an employee or director, the employee's or director's spouse, dependent or members of the employee's or director's immediate family shall not, directly or indirectly, provide any goods or services for compensation to the Bank unless the Ethics Officer, after consultation with the President, determines that it is in the best interest of the Bank to acquire goods or services from such a person. For the purpose of this section, the term "services" does not include services as required by the employee's or director's position with the Bank.

M. Rules About Outside Employment, Future Employment and Other Activity

- (1) **Prohibited Service With Members:** An employee may not serve, with or without compensation, as an organizer, incorporator, director, officer, trustee, or representative of, or advisor or consultant to, or in any other capacity with, any member or any affiliate.
- (2) **Incompatible Outside Employment:** An employee shall not engage in employment or other activity outside the scope of his or her Bank employment, which is not compatible with the full and proper discharge of the employee's duties and responsibilities to the Bank. Employment or activity which is not compatible with the employee's duties and responsibilities to the Bank includes, but is not limited to, that which results in, or creates an appearance of, a conflict of interest or impairs the employee's physical or mental capacity to perform the duties and responsibilities of his or her position with the Bank. This section would not preclude an employee from participating in the activities of charitable, religious, professional, social, fraternal, nonprofit educational and recreational, public service or civic organizations, [unless these activities were incompatible with the employee's duties and responsibilities to the Bank, as described above].
- (3) **Disclose Outside Employment to Your Supervisor.** Any employee who engages in, or intends to engage in, outside employment or activity for which the employee will be compensated has the responsibility to disclose to his supervisor any such employment or activity.
- (4) **Executives' Disclosure to the Governance Committee.** Any executive officer who engages in, or intends to engage in, outside employment or activity for which the executive officer will be compensated has the responsibility to disclose in writing to the Governance Committee of the Board of Directors any such employment or activity and obtain the prior written approval of the Governance Committee.
- (5) **When to Consult the Ethics Officer.** Supervisors should consult with the Ethics Officer if there are any concerns that such outside employment or activity may result in or create an appearance of a conflict of interest with an employee's duties and responsibilities.
- (6) **Rules About Negotiating for New Employment.** So long as such activities do not otherwise violate any of the provisions herein, Bank employees intending to terminate employment with the Bank are not prohibited from seeking or negotiating other employment, even if a prospective employer is a member Bank, or has other dealings

with the Bank, or from accepting reimbursement for reasonable expenses associated with interviews with a prospective employer such as meals and travel related expenses.

(a) A Bank employee who is negotiating or has any arrangement concerning future employment is considered to have a financial interest in the prospective employer and is therefore disqualified from taking any official act or participating in any particular matter, which may directly or indirectly affect the prospective employer.

(b) Bank employees involved in or having responsibility for matters involving a prospective employer should consult with their supervisor or the Ethics Officer and should remove themselves from any participation in the matter(s) and take appropriate steps to insulate themselves from influencing the outcome of any such matter(s).

N. Avoiding Other Conflicts of Interest: Ask If You Are Not Sure

Whenever you believe that your conduct or relationships with other employees, directors, relatives, members or affiliated persons has created a conflict of interest or the appearance thereof, you should immediately disclose the pertinent facts to the Ethics Officer, in the case of an employee, and to the Chairman of the Audit Committee, in the case of a director, and seek guidance concerning appropriate resolution of the situation.

O. Prohibition on Actions to Influence Director Elections

(1) Except as provided in paragraph (2) of this section, an employee or director may not:

(a) Communicate in any manner that a director, officer, attorney, employee or agent of the Bank or of the Federal Housing Finance Agency directly or indirectly, supports the nomination or election of a particular individual for a directorship on the Bank's Board of Directors; or

(b) Take any other action to influence the voting with respect to any particular individual.

(2) Exception.

(a) A Bank director acting in his or her personal capacity may support the nomination or election of any individual a member directorship, provided that no Bank director shall purport to represent the views of the Bank, the Finance Agency, any other director, or any officer, attorney, employee, or agent of the Bank concerning the nomination or election of a particular individual for a member directorship.

(b) Notwithstanding paragraph (a) above, a Bank Director and the Advisory Council of the Bank may support the candidacy of a person nominated by the Board of Directors for election to an independent directorship.

P. Affordable Housing Program Conflicts of Interest Policy

The following policy applies regarding conflicts of interest in conjunction with the operations of the Bank's Affordable Housing Program and Equity Builder Program (collectively, the "AHP").

This policy shall apply to directors and employees of the Bank, and members of the Bank's Affordable Housing Advisory Council, as well as to immediate family members of the foregoing individuals.

It is the policy of the Bank, with respect to a project that is the subject of a pending or approved Bank AHP application or modification thereof, that no Bank director or Bank employee shall participate in or attempt to influence decisions by the Bank regarding the evaluation, approval, funding, monitoring or any remedial process for such project if such director or employee, or, to the knowledge of such director or employee, an immediate family member of such individual, has a financial interest in, or is a director, officer or employee of an organization involved in, such project.

It is also the policy of the Bank, with respect to a project that is the subject of a pending or approved Bank AHP application or modification thereof, that no member of the Bank's Affordable Housing Advisory Council shall participate in or attempt to influence decisions by the Bank regarding the approval for such project if such Affordable Housing Advisory Council member, or, to the knowledge of such Affordable Housing Advisory Council member, an immediate family member of such individual, has a financial interest in, or is the director, officer, or employee of an organization involved in, such project.

Violations of this policy will be reported to the Governance Committee of the Board of Directors for appropriate remedial action.

R. How To Report Code Violations

- (1) **Who to Report To:** If you believe or become aware that any violation of this Code or any illegal or potentially illegal activity has been engaged in by any employee, director or third party acting on behalf of the Bank, you must promptly report the violation or illegal activity in person, by telephone or in writing, as follows:
- (a) For accounting, internal accounting controls, Affordable Housing Program and auditing matters, including fraud or suspected fraudulent activity:
 - (i) The Director of Internal Audit, who will coordinate the review with the Audit Committee of the Board of Directors;
 - (ii) The Bank's Ethics Officer; or
 - (iii) The Bank's toll-free reporting hotline: (866) 294-9558 or reporting web site: www.ethicspoint.com
 - (b) For all other matters:
 - (i) The Bank's Ethics Officer; or
 - (ii) The Bank's toll-free reporting hotline: (866) 294-9558 or reporting web site: www.ethicspoint.com

- (2) **You Have a Duty to Report Potential Violations.** It is your responsibility to report illegal or potentially illegal acts. Illegal acts or improper conduct may subject the Bank to severe civil and criminal penalties. However, in many cases, if the Bank discovers and reports illegal acts to the appropriate governmental authorities, the Bank may possibly be subject to lesser penalties.

Failing to Report is Itself a Violation of the Code. Failing to report any illegal or potentially illegal activity to those responsible for investigating such activities is a violation of this Code. If you have a question about this Code or whether particular acts or conduct may be illegal, you should contact the Ethics Officer.

- (3) **When You Report, Be Specific.** You are encouraged to provide as much specific information as possible, including information about names, dates and places; a description of the events that took place; and your perception of why the incident(s) may constitute a violation of this Code or illegal or potentially illegal activity. You may also report your complaints on a confidential or anonymous basis by telephone or mail. Individuals who choose to identify themselves will receive a reply to their report within 10 working days or as soon as practicable thereafter.
- (4) **“Need to Know” Confidentiality.** Complaints of violations of this Code or any other misconduct, harassment or discrimination will be kept confidential to the fullest extent possible consistent with the Bank’s need to conduct an adequate review. You are urged to keep all information regarding any internal investigation confidential and are expected to fully cooperate with any such investigation.
- (5) **No Retaliation.** The Bank is committed to promoting ethical business practices and achieving compliance with all applicable laws, including banking, securities laws and regulations and tax laws, accounting standards, accounting controls and audit practices. No reprisals or disciplinary action will be taken or permitted against individuals for good faith reporting of, or cooperating in the investigation of, illegal or potentially illegal acts or violations of this Code, including any violations of accounting and auditing matters. Any form of retaliation is prohibited.

S. Sanctions

If the standards set forth in this Code are violated, you may be subject to remedial or disciplinary action, which may be in addition to any penalty prescribed by law, up to and including discharge from employment or removal from the Board of Directors. Disciplinary action may include, but is not limited to, oral or written warning, suspension, or termination. Remedial action, when appropriate, may include, but is not limited to, divestment of conflicting interests, changes in assigned duties, or disqualification for a particular assignment or position.

T. Acknowledgement Form

After reading this Code of Conduct, you are required to complete the attached Acknowledgement Form and forward the executed Acknowledgement Form to the designated recipient indicated on the Acknowledgment Form.

The Bank's Ethics Officer will ensure that the personnel files of all current employees contain a signed acknowledgment that such employees have reviewed, agree to abide by, and have abided by the Code. Such acknowledgments will be updated at least yearly. The Bank's corporate secretary will maintain similar documentation for Bank directors.

U. Definitions

This Code is necessarily detailed and complicated. If you do not understand any aspect of it, please contact the Bank's Ethics Officer for an explanation. DO NOT BE EMBARRASSED IF YOU ARE CONFUSED; CODES OF THIS NATURE ARE OFTEN HARD TO UNDERSTAND AT FIRST GLANCE.

To help you understand various terms used in this Code, we have provided some definitions for your use:

- (1) *Affiliate.* Any person or company, which controls, is controlled by, or is under common control with, a member, including any bank holding company or savings and loan holding company, any subsidiary, or any service corporation of a member.
- (2) *Appropriate regulatory agency.* The appropriate federal banking agency as defined in section 3(q) of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1813(q)), or other appropriate regulatory agency for institutions not governed by such section.
- (3) *Company.* Any corporation, partnership, trust (business or otherwise), joint-stock company, joint venture, pool syndicate, sole proprietorship, unincorporated organization, or similar organization, or any other form of business entity not specifically listed in this section.
- (4) *Control.* The power to exercise a controlling influence over the management or policies of a company. Any person who owns beneficially, either directly or through one or more controlled companies, ten (10) percent or more of the voting securities of a company shall be presumed to control such company.
- (5) *Employee.* Any officer or employee of the bank, including temporary employees and contracted employees. The Ethics Officer may, in his discretion, require consultants or others doing business with the Bank to sign Acknowledgements of this Code as a condition of performing services for the Bank.
- (6) *Financial interest.* A financial interest of an employee means the ownership or control, directly or indirectly, by the employee or director, his or her immediate family members or any related interests of such employee or director, of:
 - (a) Any shares of common or preferred capital stock;
 - (b) Any other equity security; or

- (c) Any debt security or obligation (except deposit or savings accounts), including subordinated debt or trust preferred securities.
- (7) *Financial relationship.* A financial relationship of an employee or director means any of the following relationships or activities of the employee or director, his or her immediate family members or related interests of such employee or director:
- (a) Any type of deposit or savings account;
 - (b) Any type of loan or extension of credit; or
 - (c) A director, executive officer or employee of a company that makes payments to, or receives payments from, a member bank for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such company's consolidated gross revenues.
- (8) *Immediate family member.* An individual's spouse, parent, child, sibling, or dependent, or any relative sharing the same residence as the individual.
- (9) *Member bank or member.* An institution admitted to membership in the Federal Home Loan Bank of Boston. For purposes of the Code of Conduct an institution certified as a housing associate pursuant to the regulations of the Federal Housing Finance Board, or any successor thereto shall be a member.
- (10) *Person.* An individual or a company.
- (11) *Related interest.* A company that is controlled by an employee or director or by his or her immediate family members.

Federal Home Loan Bank of Boston

2010

DIRECTOR ACKNOWLEDGEMENT FORM

I have read and understand the Code of Ethics and Business Conduct, Conflict of Interests Policy for Bank Directors, and Corporate Governance Principles (the “Code”) of the Federal Home Loan Bank of Boston (the “Bank”). I agree to comply fully with the standards contained in the Code, and I have complied fully with the standards contained in the Code, as applicable to me. I understand that I have an obligation to report any suspected violation of the Code and/or illegal or potentially illegal or Fraud behavior and that failure to do so is in violation of the Code. If I have any question or concern about any of the information contained within, I will bring them to the attention of the Ethics Officer promptly after I read the Code. I acknowledge that the Code is a statement of standards for ethical conduct and is not intended to and must not be deemed or construed to provide any rights, contractual or otherwise, to any employee or third party.

Print Name

Signature

Date

Reviewed by Ethics Officer

Date

You must sign this Acknowledgement Form and return it to the corporate secretary of the Bank.