

New Development Bank
Code of Conduct for Board Officials

Owner: Compliance Division

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Code of Conduct for Board Officials

CODE OF CONDUCT FOR BOARD OFFICIALS

1. Introduction

- a) The Code of Conduct for Board Officials (“the Code”) has been adopted by the Board of Governors of the New Development Bank (“the Bank”). The Board of Governors periodically review and amend the Code as may be required.
- b) The Code sets forth principles and ethical standards for Board Officials in relation to their status and responsibilities in the Bank.
- c) The Code supplements the Articles of Agreement of the Bank (“the Articles”), but may not conflict with the provisions therein.

2. Application of Code

- a) The Code shall be effective from the date of its adoption by the Board of Governors.
- b) The Code shall be binding on Board officials as defined in Section 3 below.
- c) Once the Code is adopted, each Board Official shall sign a copy of this Code, to be deposited with the Corporate Secretary of the Bank. Subsequently, upon taking office, a new Board Official shall sign a copy of this Code.

3. Definitions

- a) **“Board Officials”** means all Directors and Alternate Directors of the Bank as provided in the Articles of Agreement, and all Temporary Alternate Directors of the Bank, if any, as may be appointed from time to time. The term also includes Advisors as provided in Section 6(h) of the amended Rules of Procedure of the Board of Directors.
- b) **“Committee”** for the purpose of this Code means the “Budget, Human Resources and Compensation Committee” of the Board of Directors entrusted with the responsibility of carrying out the functions set forth in Sections 9 & 10 of the Code.
- c) **“Inside Information”** means information of a precise nature which has not been made public/is not otherwise publicly available, relating to i) the Bank; ii) one or

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more companies or bodies which entertain direct or indirect relations with the Bank; and iii) securities of any kind whether issued by these companies/bodies or by the Bank, which, if made public, would likely to have a significant effect on the price of these securities/a material impact on the market value of either Bank securities or the securities of any of these companies/bodies;

- d) **“Immediate family members”** means the spouse or (domestic) partner, and dependents of a Board Official.

4. Standard of Conduct

In discharging their duties to the Bank, Board Officials shall carry out their responsibilities as prescribed in the Articles, and related documents of the Bank to the best of their ability and judgment. Board Officials shall maintain the highest standards of integrity in their personal and professional conduct and observe principles of good governance and shall in particular:

- a) discharge their duties professionally, with due diligence and efficiency;
- b) only act in the interest of the Bank, without allowing themselves to be influenced by personal or outside professional interests / relationships;
- c) avoid any conduct that could bring the Bank into disrepute or create the appearance of impropriety;
- d) devote to the activities of the Bank such time and attention as the interests of the Bank may require;
- e) treat fellow Board Officials and the staff of the Bank with courtesy;
- f) show respect and tolerance for varied cultures, beliefs and backgrounds;
- g) refrain from any form of discrimination in their dealings with the Bank; and
- h) avoid behavior that constitutes harassment or bullying or that could be perceived by others as harassment or bullying;

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5. Duties and responsibilities

In performing their duties, the Board Officials shall:

- a) Respect the international character of the duty of the President, officers and staff of the Bank.
- b) Refrain from exerting undue influence on management and staff of the Bank, which might result in any infringement of regulations or deviation from procedures, for example in management of the Bank's assets, award of contracts, and management of human resources or financial transactions.
- c) Ensure that their action remains within the powers conferred upon them by or under the Articles and otherwise comply with the provisions of the Policies and Procedures of the Bank and applicable laws and regulations.
- d) Make use of the Bank's name and resources only in the interest of the Bank.
- e) Not use intellectual property belonging to the Bank for private benefit or for the benefit of others except with appropriate authorization from the Bank.
- f) Speak on behalf of the Board of Directors only with its agreement, and shall make clear in what capacity they are speaking when issuing public statements related to the Bank.

6. Confidentiality of information

- a) Board Officials shall maintain confidentiality of information that they obtain during the discharge of their duties and, in particular, refrain from disclosing the following information to persons or bodies outside the Bank:
 - Discussions at Board of Directors' meetings or at meetings of other governing bodies;
 - Voting behaviour of individual Board members;
 - Confidential or Inside information obtained during the discharge of their duties.
- b) The confidentiality obligation shall not, however, limit the provision of information by Board Officials to the governments of the members that they represent, as may

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be required in the course of carrying out their duties.

- c) Board Officials shall not use, either directly or indirectly, any Inside Information to carry out, recommend or advise against financial transactions, in the companies and securities in question, for their own account or for that of third parties.
- d) Board Officials shall continue to be bound by the confidentiality obligation even after termination of their mandate with the Bank.

7. Conflicts of interest, disclosure and outside appointments

- a) Board Officials shall be duty bound to conduct themselves honestly and sensitively with respect to acceptance of certain functions, perquisites or assignments which could conflict with the knowledge acquired by them in the performance of their duties as Board Officials of the Bank. They shall not allow other direct or indirect professional relationships outside the Bank to affect in any way the conduct of their activities for the Bank, and vice versa.
- b) Board Officials shall disclose to the Committee, for its guidance, any conflicts of interests, actual or perceived¹, that may arise while discharging their duties and responsibilities. The disclosure shall, in particular, relate to official/professional position(s) held by them at the time of their appointment as well as any changes related to the declared position(s) during their term of office.
- c) Further, a Board Official having a conflict of interest, actual or perceived, concerning a matter to be deliberated upon or decided by the Board shall:
 - declare it to the Chairman of the Board meeting at the start of relevant meetings in the presence of other Board Officials;
 - not communicate with other Board Officials about the decision;
 - recuse him/herself from the deliberation of such a matter at the Board; and
 - abstain from voting on such a decision.

¹ A conflict of interest arises when the personal interests of a Board Official interfere in any way with his public duty or with the interests of the Bank. An actual conflict of interest involves a conflict between a Board Official's official duties and his/her personal interests that could interfere with the performance of those official duties. A perceived conflict of interest arises when it could reasonably appear that a Board Official's personal interests could interfere with the performance of his official duties even if this is not in fact the case.

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Any such declaration by a Board Official shall be included in the minutes of the meeting and therefore shall not require a subsequent declaration to the Committee.

- d) Board Officials shall not apply for, receive or accept from any source any advantage, direct or indirect, which is or may appear in any way connected with their mandate in the Bank. The Board Officials should therefore discourage a priori the offer of any gift having more than a token value (USD 100). However, should it be impossible to refuse, notably because such refusal could prove embarrassing to the donor, the gift is to be surrendered to the Bank.
- e) Directors/Alternate Directors shall manage conflicts of interest arising from their former, potential or future employment² in the following manner:
- **Former Employment:** For a period of one year after election or appointment, a Director/Alternate Director shall recuse himself from involvement in or influence on matters related to the Bank's dealings with his former employers and clients.
 - **Potential Employment:** When negotiating for, or entering into an arrangement concerning, prospective employment outside the Bank for themselves or for their immediate family members, Directors/Alternate Directors shall not allow such circumstances to interfere with the performance of their duties at the Bank. The Director/Alternate Director concerned shall recuse himself from involvement in or influence on matters related to that prospective employer.
 - **Future Employment:** For a period of one year following the end of service as a Director/Alternate Director, a Director Alternate Director shall recuse himself from involvement in or influence on matters related to the Bank's dealings with his future employers.
- f) **Employment with the Bank:** Directors/Alternate Directors shall not seek, apply for, or take up appointment to the staff of the Bank while serving as Directors/Alternate Directors or within one year following the end of such service, including consultant appointments and any other remunerated assignments for

² Restrictions on matters related to former, potential and future employment shall not apply where the employer is the Bank or another intergovernmental organization, or a member of the Bank (including the member's political or administrative subdivisions, government, department, agency or other governmental body).

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the Bank. Such appointments, if any, could be approved by the Committee, however, on a case-to-case basis.

8. Privileges and immunities

- a) The privileges and immunities enjoyed by the Board Officials under the Articles of Agreement are accorded solely in the performance of their duty. These privileges and immunities shall in no way exempt Board Officials from fulfilling their private obligations or complying with the laws and regulations in force.
- b) A Board Official shall notify the Committee if he or she is arrested, charged, or convicted of any criminal offenses. Should such an event occur, the concerned Board Officials shall cooperate fully with the statutory or regulatory authority charged with conducting any criminal or regulatory investigation in accordance with applicable laws and regulations.

9. Role of the Committee

The Terms of Reference of the Committee shall be approved by the Board of Directors from time to time. In addition, the Committee is empowered, inter alia, to consider matters relating to:

- the implementation, interpretation and application of this Code;
- requests for guidance concerning conflicts of interest or other ethical aspects of conduct in respect of Board Officials; and
- allegations of misconduct by Board Officials (in accordance with Section 10 of this Code).

10. Misconduct & Sanctions

- a) Board Officials shall have a duty to report to the Compliance Division suspected misconduct by staff members as well as any suspected incidence of a prohibited practice under Bank Policies, and to refrain from making frivolous or knowingly false allegations. The reported allegations shall be handled in accordance with the Whistleblower Procedures of the Bank.
- b) Any complaint of misconduct against a Board Official, by the staff of the Bank or by a Board Official, shall be made only to the Committee. Upon receipt of any such complaint, the Committee shall follow a fair process that includes notice to the

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concerned Board Official accused of misconduct and an opportunity for him to respond to the allegations. Decisions from the Committee may be appealed to the Board of Directors.

A Committee member may not participate in a matter if said matter involves that Committee member or an Alternate Director or Temporary Alternate Director appointed in his place.

- c) The Board of Directors may impose sanctions upon Board Officials for violations of this Code, on the basis of a report from the Committee and in line with the severity of the violation and its impact. Sanctions may include reprimand, censure, and mandatory resignation (normally within a specified period of time). In cases involving Directors, any such action would be notified to the Governor(s) of the member country (or countries) that appointed or elected the Director.
- d) Before reaching the final decision to impose the sanction of mandatory resignation, the Board of Directors shall first seek the views of the member(s) of the Bank represented by the Board Official concerned. A copy of the report of the Committee shall be provided to such member(s) for that purpose.
- e) Board Officials shall refrain from any form of retaliation against an individual who:
 - reports a misconduct;
 - provides information in good faith about suspected misconduct in the Bank; or
 - who takes part in the Bank's internal complaint handling procedures.

11. Administration of the Code

- a) The Code shall be administered by the Compliance Division of the Bank on an ongoing basis under the oversight of the Committee.
- b) Appropriate procedures for operationalizing the Code shall be laid down by the Compliance Division and notified to the Committee from time to time.