

## Annex V: Policy on ethics and conflicts of interest for Board-appointed officials

### I. Scope, purpose and applicability

1. This policy on ethics and conflicts of interest for Board-appointed Officials (hereinafter referred to as the Policy) sets forth principles and ethical standards for the Covered Individuals in connection with, or having a bearing upon, their status and the discharge of their responsibilities in the Green Climate Fund. As these Covered Individuals are entrusted with responsibilities as prescribed in the Governing Instrument for the Green Climate Fund and relevant decisions and policies of the Fund, their personal and professional conduct must comply with the standards and procedures set forth herein.
2. The Policy is in furtherance of the general principles set out in the Governing Instrument that the Fund shall operate in a transparent and accountable manner guided by efficiency and effectiveness.
3. Should a Covered Individual have any doubt as regards to her/his proper course of action in any matter related to this Policy, they shall seek the advice of the Independent Integrity Unit; except, when the Covered Individual is the Head of the Independent Integrity Unit, who in that case shall seek the advice of the Ethics and Audit Committee.
4. Throughout this Policy, when it is stated that any ethical and/or conflict of interest matter concerning a Covered Individual shall be reported, referred, submitted or disclosed by others or by the Covered Individual herself/himself, to the Independent Integrity Unit for guidance, review, investigation, decision or other actions specified in the provision, and when the Covered Individual in question is the Head of the Independent Integrity Unit, the relevant provision should be construed to mean that the matter shall be reported, referred, submitted or disclosed to the Ethics and Audit Committee for guidance, review, investigation, decision or other actions specified in the provision.

### II. Definitions

5. For the purposes of this Policy, the following terms shall have the meaning set out below:
  - (a) The **Administrative Tribunal** means the tribunal established by the Fund referred to in the Administrative guidelines on Human Resources of the GCF;
  - (b) The **Board** means the Board of the Fund;
  - (c) **Board-appointed Officials** mean the Heads of the Independent Evaluation Unit, the Independent Integrity Unit and the Independent Redress Mechanism, respectively, appointed by the Board;
  - (d) The **Ethics and Audit Committee** means the committee of the Board established by decision B.05/13, paragraph (e);
  - (e) **Covered Individuals** mean the Board-appointed Officials\*;
  - (f) The **Fund** means the Green Climate Fund;

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\* This Policy applies to Board-appointed Officials other than the Executive Director to whom the Policy on ethics and conflicts of interest for the Executive Director of the Green Climate Fund Secretariat applies.

- (g) A **Gift** means any gratuity, favour, discount, entertainment, hospitality, loan, forbearance, honorarium or other item having monetary value. These include services as well as gifts of training, transportation, local travel, lodgings and meals, whether provided in-kind, by purchase of a ticket, payment in advance or reimbursement after the expense has been incurred;
- (h) The **Governing Instrument** means the Governing Instrument for the GCF;
- (i) The **Headquarters Agreement** means the Agreement between the Republic of Korea and the Green Climate Fund concerning the Headquarters of the Green Climate Fund;
- (j) **Immediate Family Members** mean the Covered Individuals' spouse, partner under applicable legislation, child, mother, father, brother or sister and persons primarily dependent on such an individual for financial support;
- (k) The **Independent Evaluation Unit** means the "independent evaluation unit" referred to in paragraph 60 of the Governing Instrument;
- (l) The **Independent Integrity Unit** means the "independent integrity unit" referred to in paragraph 68 of the Governing Instrument;
- (m) The **Independent Redress Mechanism** means the "independent redress mechanism" referred to in paragraph 69 of the Governing Instrument;
- (n) The **Policy** means this policy on ethics and conflicts of interest for Board-appointed Officials of the Green Climate Fund;
- (o) **Prohibited Practices** means any of the following practices:
- (i) A "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, anything of value to influence improperly the actions of another entity and/or individual;
  - (ii) A "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, an entity and/or individual to obtain a financial or other benefit, or to avoid an obligation;
  - (iii) A "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any entity and/or individual or the property of that entity and/or individual to influence improperly the actions of an entity and/or individual;
  - (iv) A "collusive practice" is an arrangement between two or more entities and/or individuals designed to achieve an improper purpose, including to improperly influence the actions of another entity and/or individual;
  - (v) An "obstructive practice" includes deliberately destroying, falsifying, altering or concealing evidence material to an investigation; making false statements to investigators in order to materially impede an investigation; threatening, harassing or intimidating any entity and/or individual to prevent it and/or him or her from disclosing its and/or their knowledge of matters relevant to the investigation or from pursuing the investigation; or materially impeding the Fund's rights of audit or access to information; and
  - (vi) "Harassment" means unwelcome verbal or physical behaviour that unreasonably interferes with work or creates an intimidating, hostile or offensive work environment;
- (p) The **Secretary to the Board** means the staff member of the Secretariat of the Fund serving as Secretary to the Board;

- (q) The **Secretariat** means the independent Secretariat of the Green Climate Fund referred to in section E of the Governing Instrument; and
- (r) **Short-term trading** means any combination of the buying or selling of securities within a period of six months; and buying or selling of a right or obligation to buy or sell such securities shall be treated as buying or selling the securities.

### III. Basic standard of conduct

6. Covered Individuals shall carry out their responsibilities as prescribed in their terms of reference, their contracts with the Fund and relevant decisions and policies of the Fund, to the best of their ability and judgment, and shall maintain the highest standards of integrity in their personal and professional conduct and observe principles of good governance.

7. In order to reflect the importance of the Policy and the obligations contained in it, Covered Individuals shall, upon their appointment and at the start of each new term of office, read and sign the Declaration of Impartiality and Confidentiality, a template of which is contained in the appendix to the Policy, to be deposited with the Secretary to the Board.

8. Covered Individuals shall not interfere in the political affairs of any State. In the discharge of their duties, Covered Individuals shall not seek or receive instructions from any government.

9. The privileges, immunities, exemptions and facilities which Covered Individuals enjoy under the Headquarters Agreement and any other agreement entered into between the Fund and the governments of other countries are granted in the interest of the Fund and not for the personal benefit of the individuals. Therefore, these privileges, immunities, exemptions and facilities offer no excuse for non-performance of private obligations or failure to observe laws and police regulations.

10. Covered Individuals shall observe the laws of each jurisdiction in which they are present pursuant to their official duties and responsibilities so as not to be perceived as abusing the privileges and immunities conferred upon the Fund and upon them. This provision does not abrogate or waive any privileges and immunities which they may enjoy.

11. Covered Individuals shall, in their interactions with others, act with tolerance, sensitivity and respect for cultural differences. Any form of discrimination based on any ground, such as gender, race, colour, national, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation shall be against the Policy.

12. Covered Individuals shall abide by the following standards of conduct:

- (a) Covered Individuals must not act in any manner that will undermine public confidence and trust in the Fund's governance. Covered Individuals will refrain from engaging in Prohibited Practices;
- (b) Covered Individuals must not encourage anyone to take any actions listed under paragraph 12(a) above; and
- (c) Covered Individuals must disassociate from, and report to the Independent Integrity Unit, any suspected misconduct by other Covered Individuals, including those actions listed under paragraph 12(a) above, when it comes to their attention, in accordance with the procedure set out in section XIII below, and must refrain from retaliation against an individual who provides information in good faith about suspected misconduct.

13. In the discharge of their office, Covered Individuals owe their duties entirely to the Fund and no other authority. In implementing decisions of the Fund, Covered Individuals will only take into account considerations relevant to the Fund's objective, functions and operations. Their considerations shall be taken impartially in order to achieve and carry out the purpose and functions of the Fund as set out in the Governing Instrument and the decisions of the Board.

#### **IV. Conflict of interest**

14. A conflict of interest arises when the personal interests of a Covered Individual interfere in any way with her/his official duty or with the interests of the Fund. A conflict of interest may arise when the Covered Individual takes actions or has interests that make it difficult to perform her/his work objectively and effectively, or when the Covered Individual takes actions that intentionally result in improper benefits for herself/himself, Immediate Family Members or other persons or entities. An actual conflict of interest involves a conflict between the official duties of the Covered Individual and her/his personal interests that could improperly influence the performance of those official duties. An apparent conflict of interest arises when it could reasonably be perceived that the Covered Individual's personal interests could improperly influence the performance of her/his official duties even if this is not in fact the case.

15. In performing her/his duties, the Covered Individual shall carry out her/his responsibilities to the exclusion of any personal advantage.

16. Covered Individuals shall endeavour to avoid any situation involving an actual conflict of interest, or the appearance of a conflict of interest. If an actual conflict arises, a Covered Individual shall promptly refer the matter in writing to the Independent Integrity Unit and shall withdraw from attendance or participation in deliberations or decision-making connected with that matter pending guidance from the Independent Integrity Unit. If an appearance of conflict arises, or if there is doubt as to whether a conflict, actual or apparent, exists, the Covered Individual shall promptly refer the matter in writing to the Independent Integrity Unit and/or the Ethics and Audit Committee where relevant, for guidance.

#### **V. Personal financial affairs**

17. Except within the limits specified in this section, during her/his employment with the Fund, a Covered Individual and her/his Immediate Family Members shall avoid having any financial interest in the transactions of the Fund or in projects or enterprises involving the Fund. A Covered Individual shall not use any information not generally available to the public to further her/his private interests or those of any other person or entity.

18. In particular, Covered Individuals or Immediate Family Members must refrain from:

- (a) Short-term trading in securities issued by the Fund;
- (b) Making investments in securities of an entity known by them to be an actual or prospective recipient of the Fund's financing, investment or guarantee; or
- (c) Making investments in securities of any company or other entity upon whose board of directors or trustees the Covered Individual served.

19. If a Covered Individual or an Immediate Family Member has or comes into possession of any securities referred to in paragraph 18 above, the Covered Individual must make immediate arrangements for her/his prompt divestiture.

20. However, the foregoing shall not include the management of any private investments of the Covered Individual provided that such investments do not constitute substantial control in

the enterprise or enterprises concerned and that the Covered Individual conducts her/his private business affairs in such a manner as to avoid a conflict of interest between her/him and the interest of the Fund.

21. Covered Individuals shall seek the guidance of the Independent Integrity Unit prior to undertaking financial transactions that may be restricted by this section (section V) or provisions of this Policy. In the event that the Covered Individual is the Head of the Independent Integrity Unit, the matter shall be referred to the Chair of the Ethics and Audit Committee.

## VI. Disclosure of financial and business interests

22. A Covered Individual shall promptly disclose to the Independent Integrity Unit any financial or business interest that she/he or an Immediate Family Member has, which might reflect unfavourably on the Fund or which might be in actual or perceived conflict with her/his duties. Upon such disclosure, the Covered Individual shall refrain from taking any action as a Board-appointed Official that might affect such an interest, except as otherwise directed by the Board.

23. Covered Individuals must file annually until separation from the Fund, a financial interest disclosure form in a form and manner to be proposed by the Chief Financial Officer of the Fund and approved by the Ethics and Audit Committee. In the event that a financial disclosure reveals a conflict of interest, the Independent Integrity Unit will provide advice on how to obviate or mitigate the conflict.

## VII. Outside activities and other employment

24. Covered Individuals, upon joining the Fund, shall devote themselves to the activities of the Fund on a full-time basis and dissociate from any other public or private position that they may hold. The Covered Individual shall not, without the prior written approval of the Ethics and Audit Committee, accept any position or obligation or have any interest directly or indirectly in any activity which is incompatible with the discharge of her/his duties in the Fund other than positions related to pro bono activities unrelated to the Fund.

25. **Previous Association:** A Covered Individual shall not be personally involved in a Fund transaction involving a former employer, as:

- (a) A recipient or beneficiary of the Fund's financing, investments or guarantees;
- (b) A guarantor of any such financing; or
- (c) A supplier of goods or services to the Fund, except as authorized by the Ethics and Audit Committee.

26. **Prospective employment:** When seeking, negotiating for, or entering into an arrangement concerning, prospective employment outside the Fund for herself/himself or for Immediate Family Members, Covered Individuals shall not allow such circumstances to influence the performance of their duties and must not exercise any responsibility with respect to a Fund transaction in which a prospective employer has or may have an interest.

27. **Subsequent Employment:** A Covered Individual shall not be eligible, within one year after her/his separation from the Fund, to seek, apply or take up appointment as a Fund staff member, engagement as a Fund consultant, or any other work remunerated by the Fund. The Ethics and Audit Committee may waive this provision in exceptional circumstances. A request for such waiver must be submitted to the Ethics and Audit Committee before she/he or her/his Immediate Family Member applies for employment with the Secretariat.

## **VIII. Publications and public speaking**

28. Covered Individuals during the term of her/his appointment may not, outside her/his official duties:
- (a) Publish, cause to be published, or assist in the publication of any book, pamphlet, article, letter or other document relating to the policies or activities of the Fund or on any national political questions;
  - (b) Deliver any speech or presentation, broadcast through radio, television or other electronic media or hold press conferences or grant press interviews on such policies, activities or questions; or
  - (c) Speak on behalf of the Fund or state its policies as a participant in any seminar or conference.
29. When speaking in public, Covered Individuals shall make clear in what capacity they are speaking and comply with the requirements of section IX of this Policy.

## **IX. Disclosure of information**

30. Covered Individuals shall at all times observe the applicable policies of the Fund regarding disclosure of information.
31. A Covered Individual shall protect the security of any information obtained in the performance of her/his duties that is not otherwise available to the public and, except as required to perform her/his duties, the Covered Individual shall not use such information or disclose it to others who she/he knows or should know are not authorized by the Fund to receive such information. The provisions of this paragraph shall continue to apply to Covered Individuals after their term of service has expired.
32. Covered Individuals shall not use, or allow the use of, unpublished and/or confidential information known to them by reason of their official position with the Fund to private advantage, directly or indirectly, or for any interest contrary to the interests of the Fund.

## **X. Political and external activities and interests**

33. Covered Individuals may exercise their political rights, but shall refrain from participation in political activities that may interfere or conflict with their duties or status as Covered Individuals. A Covered Individual must resign her/his position immediately if such a Covered Individual becomes a candidate for any national public office of a political character or accepts a nomination for such an office.

## **XI. Gifts and awards**

34. Covered Individuals and their Immediate Family Members are prohibited from accepting gifts under circumstances where it could reasonably be construed that the gift is motivated by a Covered Individual's position in relation to the Fund and interests that could be substantially affected by the Fund, except when such gifts are allowable under the provisions referred to in paragraph 35 below.
35. Covered Individuals may accept unsolicited gifts when refusal to do so would embarrass the gift provider or the Fund or otherwise would not be in the interest of the Fund, such as



when a refusal to accept would be considered impolite, provided that such gifts over USD 100 shall be reported to the Independent Integrity Unit. Except when impractical (such as in the case of meals), gifts accepted on behalf of the Fund will be turned over to the Secretariat and handled in accordance with the procedures developed for that purpose.

36. Covered Individuals shall not accept, without authorization by the Board, any honours, decorations or favours from any government, or from any other authority or person external to the Fund in connection with services rendered during their term of office with the Fund.

## **XII. Conduct within the institution**

37. Covered Individuals shall treat their colleagues and other staff of the Fund with courtesy and respect.

38. Covered Individuals shall exercise adequate control and supervision over matters for which they are individually responsible and the resources for which they are entrusted, and shall know and observe the budgetary standards and restrictions prescribed under relevant Fund policy. A Covered Individual shall ensure that the property and services of the Fund are used by herself/himself and persons in her/his offices only for the official business of the Fund.

## **XIII. Procedures for handling allegations of misconduct**

39. Allegations of misconduct and/or breach of this Policy made by another official of the Fund, or by any individual or entity, against a Covered Individual, shall be submitted in writing and in confidence to the Independent Integrity Unit which shall bring any such allegation to the attention of the Ethics and Audit Committee for its consideration in accordance with the procedures set forth in this Policy.

40. The Covered Individual shall not be presumed to have engaged in the alleged misconduct until such time as the Independent Integrity Unit determines that there is sufficient evidence to establish, on a balance of probabilities, that the alleged misconduct did occur.

41. As soon as is practicable, the Independent Integrity Unit shall review the allegations and determine whether they are credible and whether it is appropriate for the Independent Integrity Unit to take action. If the Independent Integrity Unit determines the allegations do not appear credible and do not warrant further investigation, it will decide to take no further action.

42. If the Independent Integrity Unit determines that the allegation of misconduct is credible and warrants further investigation, it will conduct such an investigation and inform the Board, through a confidential document thereof. Based on the findings of the investigation, the Independent Integrity Unit shall prepare and submit a confidential report to the Board, with a recommendation on whether the facts indicate that misconduct occurred, and if so, what action may be appropriately taken by the Board. The Independent Integrity Unit may also appoint an outside investigator of high professional standing and experience to assist it in gathering facts and evidence after informing the Board. Any outside investigator appointed by the Independent Integrity Unit shall comply with the policy on disclosure of information. Any outside investigator shall have access to all pertinent records, documents and officials of the Fund, as it determines necessary to perform its investigations.

43. Based on the findings of the Independent Integrity Unit and after having heard and duly considering representations from the Covered Individual, it is for the Board to decide what action should be taken with respect to such a Covered Individual. Appropriate measures may include written censure, suspension from duties pending investigation, termination of employment or any other appropriate action by the Board.

44. The Covered Individual shall be provided immediately with notice of any allegation of misconduct. The Covered Individual shall also be provided with all relevant documentation and the opportunity to present his or her views within 15 working days, regarding the allegations to the Independent Integrity Unit before it makes its determination, and to the Board, before it takes any decisions, as set out in these procedures:

- (a) Whether to conduct an investigation; or
- (b) Whether the facts indicate that misconduct occurred, and if so, what action may be appropriately taken by the Board.

45. The Covered Individual, if alleged to have committed misconduct, shall have the duty to cooperate fully with the Board, the Independent Integrity Unit, and any outside investigators appointed by the Independent Integrity Unit in all stages of the consideration and investigation of the allegations of misconduct. The Covered Individual, if alleged to have committed misconduct, shall be allowed to be accompanied by up to two advisers of her/his choice at her/his own cost.

46. Upon initiation of an investigation, the Covered Individual shall follow such recusal or other measures as the Independent Integrity Unit may determine, on a temporary basis pending a Board decision, as necessary to prevent irreparable harm to the Fund.

47. The Covered Individual may submit an appeal to the Board within 30 days with respect to any action taken by the Independent Integrity Unit against her/him, which shall be decided promptly, and may seek further consideration by the Administrative Tribunal against any decision taken by the Board against her/him.

48. The process and internal deliberations of the Independent Integrity Unit and the Board, involving allegations of misconduct by the Covered Individual, shall be kept strictly confidential. However, in line with Board practices any decision by the Board, based on the outcome of such a process and deliberation, will be made public.

#### **XIV. Effective date of application**

49. This Policy shall take effect on the date of adoption by the Board.



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## Appendix: Declaration of impartiality and confidentiality of Board-appointed officials of the Green Climate Fund

I solemnly declare that I will perform my duties and responsibilities as the Head [of the Independent Integrity Unit] [of the Independent Evaluation Unit] [of the Independent Redress Mechanism] of the Green Climate Fund honourably, faithfully and conscientiously.

I solemnly declare and promise that I shall have no personal financial interest in any matters which I am involved in performing my duties for the Green Climate Fund.

I solemnly declare that I accept and will be bound by the Policy on ethics and conflict of interest for Board-appointed official of the Green Climate Fund.

I explicitly acknowledge that I may have access to information regarding the Fund and its operations that is deemed confidential according to the Fund's Information disclosure policy and agree that at all times I shall respect the confidentiality of such information and shall not use such information for the purpose of furthering my personal interest or the personal interest of any other person or entity for whom or which such information is not intended. I shall comply with the Information disclosure policy of the Fund.

I shall disclose to the [Independent Integrity Unit] [Ethics and Audit Committee], as the case may be, any interest in any matter which may constitute a conflict or potential conflict of interest or which might be incompatible with the requirements of integrity and transparency in my role as the Head [of the Independent Integrity Unit] [of the Independent Evaluation Unit] [of the Independent Redress Mechanism].

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Name of the Board-appointed official

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Signature