

Annex XXVII: Policy on Ethics and Conflicts of Interest for the Executive Director of the Green Climate Fund Secretariat

I. Scope, purpose and applicability

1. This policy on ethics and conflicts of interest sets forth principles and ethical standards for the Executive Director in connection with, or having a bearing upon her/his status and the discharge of her/his responsibilities as the Executive Director of the Green Climate Fund Secretariat. As the Executive Director is entrusted with responsibilities as prescribed in the Governing Instrument for the Green Climate Fund and relevant decisions and policies of the Green Climate Fund (the Fund), her/his 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 for the Green Climate Fund that the Fund shall operate in a transparent and accountable manner guided by efficiency and effectiveness.
3. Should the Executive Director have any doubt as regards her/his proper course of action in any matter related to this Policy, s/he shall seek the advice and guidance of the Ethics and Audit Committee.

II. Definitions

4. For the purposes of this Policy, the following terms shall have the meaning set out below:
 - (a) **Administrative Tribunal** means the tribunal to be established by the Fund to deal with disputes between staff and the Fund referred to in the Administrative Guidelines on Human Resources;
 - (b) **Board** means the Board of the Fund;
 - (c) **Ethics and Audit Committee** means the committee of the Board established by decision B.05/13 paragraph (e);
 - (d) **Executive Director** means the Executive Director heading the Secretariat and appointed by and accountable to the Board pursuant to paragraph 20 of the Governing Instrument;
 - (e) **Fund** means the Green Climate Fund;
 - (f) **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;
 - (g) **Governing Instrument** means the Governing Instrument for the Green Climate Fund;
 - (h) **Harassment** means unwelcome verbal or physical behaviour that unreasonably interferes with work or creates an intimidating, hostile or offensive work environment;
 - (i) **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** means the Executive Director's spouse, partner under domestic legislation, child, mother, father, brother or sister and persons primarily dependent on such an individual for financial support;

- (k) **Independent Integrity Unit** means the independent integrity unit referred to in paragraph 68 of the Governing Instrument;
- (l) **Policy** means this policy on ethics and conflicts of interest for the Executive Director of the Green Climate Fund;
- (m) **Secretary to the Board** means the staff member of the Secretariat of the Fund serving as Secretary to the Board; and
- (n) **Secretariat** means the Secretariat of the Green Climate Fund referred to in Section E of the Governing Instrument.

III. Basic standard of conduct

5. The Executive Director shall carry out her/his responsibilities as prescribed in the terms of reference for her/his post, her/his contract with the Fund and relevant decisions and policies of the Fund, to the best of her/his ability and judgment, and shall maintain the highest standards of integrity in her/his personal and professional conduct and observe principles of good governance. In view of the high office that the Executive Director holds, s/he shall at all times conduct her/himself in keeping with the dignity of that office. The terms of her/his employment contract with the Fund shall be consistent with this policy.

6. The Executive Director shall not interfere in the political affairs of any State. In the discharge of her/his office, the Executive Director shall not seek or receive instructions from any government or authority otherwise than in conformity with the Governing Instrument.

7. In the discharge of her/his office the Executive Director owes a duty entirely to the Fund and no other authority. In implementing decisions of the Fund, the Executive Director will only take into account considerations relevant to the Fund's purpose, functions and operations. Her/his 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/or determined by the Board.

8. In the performance of her/his functions the Executive Director shall act with tolerance, sensitivity and respect for cultural differences and must show respect for varied cultures, beliefs and backgrounds. S/he must avoid behaviour that constitutes Harassment or bullying or that can be perceived by others as Harassment or bullying.

9. The privileges, immunities, exemptions and facilities which the Executive Director enjoys under the Headquarters Agreement and any other agreement entered into between the Fund and governments of other countries are granted in the interest of the Fund and not for the personal benefit of the individual. Therefore, these privileges, immunities, exemptions and facilities offer no excuse for non-performance of private obligations or failure to observe laws and police regulations. The Executive Director is expected to satisfy in good faith her/his obligations as resident of the host country of the Fund, including all applicable personal obligations outside the Fund, the non-fulfilment of which could reflect unfavourably upon her/his position as the Executive Director or could affect the efficient performance of her/his duties.

IV. Local laws

10. The Executive Director shall observe the laws of each jurisdiction in which s/he is present pursuant to her/his duties so as not to be perceived as abusing the privileges and immunities conferred upon the Fund and upon her/him. This does not abrogate or waive any of the privileges or immunities which s/he enjoys.

V. Conflict of interest

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

12. In performing her/his duties, the Executive Director shall carry out her/his responsibilities to the exclusion of any personal advantage.

13. The Executive Director shall endeavour to avoid any situation involving an actual conflict, or the appearance of a conflict, between her/his personal interests and the performance of her/his official duties. If an actual conflict arises, the Executive Director shall promptly refer the matter in writing to the Chair of the Ethics and Audit Committee and shall withdraw from attendance or participation in deliberations or decision-making connected with that matter pending guidance from the Ethics and Audit Committee. If an appearance of conflict arises, or if there is doubt whether a conflict, actual or apparent, exists, the Executive Director shall promptly refer the matter in writing to the Chair of the Ethics and Audit Committee for guidance.

VI. Personal financial affairs

14. Except within the limits specified in this Section VI, during her/his employment with the Fund the Executive Director or her/his Immediate Family Members shall avoid having any financial interest in transactions of the Fund or in projects or enterprises involving the Fund. The Executive Director 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.

15. In particular, the Executive Director 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 her/him 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 Executive Director serves or served as part of her/his duties for the Fund, except with respect to qualifying shares required by law or by the articles of such company or other entity.

16. If the Executive Director or an Immediate Family Member has or comes into possession of any securities referred to in paragraph 15 above, the Executive Director must make immediate arrangements for their prompt divestiture.

17. However; the foregoing shall not include the management of any private investments of the Executive Director provided that such investments do not constitute substantial control in the enterprise or enterprises concerned and that the Executive Director conduct 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.

18. The Executive Director shall seek guidance of the Ethics and Audit Committee prior to undertaking financial transactions that may be restricted by this Chapter VI or provisions of this Policy.

VII. Disclosure of financial and business interests

19. The Executive Director shall promptly disclose to the Ethics and Audit Committee any financial or business interest that s/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 Executive Director shall refrain from taking any action as Executive Director that might affect such interest, except as otherwise directed by the Board.

20. The Executive Director 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 and approved by the Ethics and Audit Committee. In the event that a financial disclosure reveals a conflict of interest, the Ethics and Audit Committee will provide advice on how to obviate or mitigate the conflict.

VIII. Outside activities and other employment

21. The Executive Director shall devote her/himself to the activities of the Fund on a full-time basis and dissociate from any other public or private position that s/he may hold upon joining the Secretariat. The Executive Director shall not, without the prior written approval of the Board, accept any position or obligation or have any interest directly or indirectly in any activity which may interfere with the discharge of her/his duties as the Executive Director.

22. Previous Association: The Executive Director shall not be personally involved in a Fund transaction involving a former employer other than a government or international organization, 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 Board.

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

24. Subsequent Employment: The Executive Director may not, within one and a half years after her/his separation from the Fund, 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 Board may waive this provision upon recommendation from the Ethics and Audit Committee. A request for such a waiver must be submitted to the Ethics and Audit Committee before s/he applies for employment by the Secretariat. The Secretariat shall not take action on or accept an application for employment from such previous Executive Director unless a waiver has been granted by the Board.

IX. Disclosure of information

25. The Executive Director shall at all times observe the applicable policies of the Fund regarding disclosure of information.

26. The Executive Director shall protect the security of any information s/he 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 Executive Director, shall not use such information or disclose it to others who s/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 the Executive Director after her/his term of service has expired.

27. The Executive Director shall not use, or allow the use of, unpublished and/or confidential information known to her/him by reason of her/his 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

28. The Executive Director may exercise her/his political rights, but shall refrain from participation in political activities that may interfere or conflict with her/his duties or status as Executive Director. The Executive Director must resign her/his position immediately if s/he becomes a candidate for any national public office of a political character or accepts a nomination for such an office.

XI. Gifts and awards

29. The Executive Director and her/his Immediate Family Members are prohibited from accepting gifts under circumstances where it could reasonably be construed that the gift is motivated by her/his 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 31 below.

30. The Executive Director and her/his Immediate Family Members are prohibited from giving gifts where it could reasonably be construed that the gift is intended to affect the policies or practices of the Fund or any of the programmes it funds.

31. The Executive Director may accept unsolicited gifts when refusal to do so would embarrass the gift provider or the Fund or otherwise not be in the interest of the Fund, such as when a refusal to accept would be considered impolite, provided that such gifts over US\$ 100 shall be reported to the Ethics and Audit Committee. 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 under procedures as defined in Appendix 5 of the Fund's Administrative Guidelines on Procurement.

32. Considering the international character of the position of the Executive Director, s/he may 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 her/his term of office with the Fund.

XII. Conduct within the institution

33. The Executive Director shall treat her/his colleagues and staff with courtesy and respect.

34. The Executive Director shall exercise adequate control and supervision over matters for which s/he is individually responsible and the resources for which s/he is entrusted, and shall know and observe the budgetary standards and restrictions prescribed under relevant Fund

policy. The Executive Director shall ensure that property and services of the Fund are used by her/himself and persons in her/his offices only for the official business of the Fund.

XIII. Procedures for handling allegations of misconduct

35. Allegations of misconduct and/or breach of this Policy made by the Independent Integrity Unit, or by another official of the Fund, or by any individual or entity, against the Executive Director or her/his Immediate Family Members, shall be submitted in writing and in confidence to the Chair of the Ethics and Audit Committee who 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.

36. The Executive Director shall not be presumed to have engaged in the alleged misconduct until such time as the Ethics and Audit Committee determines that there is sufficient evidence to establish, on a balance of probabilities that the alleged misconduct did occur.

37. As soon as is practicable, the Ethics and Audit Committee shall review the allegations and determine whether they are credible and whether they are appropriate for taking action by the Ethics and Audit Committee. The Independent Integrity Unit shall be available to assist the Ethics and Audit Committee with this review, if requested by the Ethics and Audit Committee. If the Ethics and Audit Committee determines the allegations do not appear credible and do not warrant further investigation, it will decide to take no further action.

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

39. Based on the findings of the Ethics and Audit Committee and after having heard and duly considering representations from the Executive Director, it is for the Board to decide what action should be taken with respect to her/him. Appropriate measures may include written censure, suspension from duties pending investigation, termination of employment or any other appropriate action by the Board including but not limited to referral to relevant authorities.

40. The Executive Director shall be provided immediately with notice of any allegation of misconduct. The Executive Director shall also be provided with all relevant documentation and the opportunity to present his or her views, regarding the allegations to the Ethics and Audit Committee 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.

41. The Executive Director, if alleged to have committed misconduct, shall have the duty to cooperate fully with the Board, the Ethics and Audit Committee, and any outside investigators appointed by the Ethics and Audit Committee in all stages of the consideration and investigation of the allegations of misconduct. The Executive Director, if alleged to have committed

misconduct, shall be allowed to be accompanied by up to two advisers of her/his choice from within or outside of the Fund.

42. Upon initiation of an investigation, the Executive Director shall follow such recusal or other measures directly related to the alleged misconduct as the Ethics and Audit Committee may determine, on a temporary basis, as necessary to prevent irreparable harm to the Fund.

43. The Executive Director may submit an appeal to the Board with respect to any action taken by the Ethics and Audit Committee 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.

44. The process and internal deliberations of the Ethics and Audit Committee and the Board involving allegations of misconduct by the Executive Director shall be kept strictly confidential, unless requested by a competent authority.

XIV. Effective date of application

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