

## Annex I: Policy on Ethics and Conflicts of Interest for the Board of the Green Climate Fund

### I. Scope, Purpose and Applicability

1. This policy on ethics and conflicts of interest for the Board of the Green Climate Fund sets out principles and ethical standards for the members of the Board, alternate members of the Board and advisers of the Green Climate Fund in connection with, or having a bearing upon, their status and responsibilities in the Fund. As members of the Board are entrusted with the responsibilities prescribed in, or pursuant to, the Governing Instrument for the Green Climate Fund, their personal and professional conduct, when performing their Board duties in the service of the Fund, must comply with the ethical standards and procedures set out herein in addition to any domestic legal requirements exclusively as they apply to this policy.
2. The Policy is in furtherance of the general principle 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.

### II. Definitions

3. For the purposes of the Policy, the following terms shall have the meaning set out below:
  - (a) **Adviser** means an expert providing advice to a member and alternate member of the Board, as notified to the Secretariat pursuant to paragraph 14 below;
  - (b) **Associated Institution** means:
    - (i) Any entity, agency, organization, corporation, administration or similar institution in which a Covered Individual is serving as an officer, director, Stakeholder, trustee, partner or employee or for which the Covered Individual is working as consultant, that receives or may receive directly or indirectly funding from the Fund or with which the Fund has, either directly or through an intermediary, an agreement, contract, grant, understanding, arrangement or relationship; or
    - (ii) Any entity, agency, organization, corporation, administration or similar institution with which a Covered Individual is applying for, or negotiating to have, an arrangement concerning employment or consultancy;
  - (c) **Board** means the Board of the Fund;
  - (d) **Board Member** refers to members of the Board, including the Co-Chairs, and alternate members of the Board;
  - (e) **Covered Individual** means a Board Member and Advisers;
  - (f) **Ethics and Audit Committee** means the committee of the Board established by decision B.05/13, paragraph (e);
  - (g) **Fund** means the Green Climate Fund;
  - (h) **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;

- (i) **Governing Instrument** means the Governing Instrument for the Green Climate Fund;
- (j) **Immediate Family Members** means a Covered Individual's spouse, partner under domestic legislation, child, mother, father, brother or sister and persons primarily dependent on such an individual for financial support;
- (k) **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 Board of the Green Climate Fund;
- (m) **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 improperly 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 from disclosing its 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.
- (n) **Secretary to the Board** means the staff member of the Secretariat of the Fund serving as secretary to the Board;
- (o) **Staff** means all staff of the Secretariat of the Fund, including the Executive Director, as described in paragraphs 20 and 21 of the Governing Instrument; and
- (p) **Stakeholder** means a person having a proprietary or economic interest in an entity.

### III. Basic standard of conduct

4. Members of the Board and other Covered Individuals shall carry out their responsibilities as prescribed in the Governing Instrument, the Rules of Procedure of the Board and related documents of the Fund, to the best of their ability and judgment and shall maintain the highest standards of integrity and ethics in their personal and professional conduct, and observe principles of good governance.

5. In order to reflect the importance of the Policy and the obligations contained in it, members and alternate members of the Board, and their Advisers 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 Appendix I to the Policy, to be deposited with the Secretary to the Board.
6. Covered Individuals shall observe the laws of each jurisdiction in which they are present pursuant to their official duties and responsibilities, associated with the Fund, 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.
7. 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.
8. 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. In particular, Covered Individuals will refrain from engaging in Prohibited Practices;
  - (b) Covered Individuals must not encourage anyone to take any actions listed under paragraph (a) above; and
  - (c) Covered Individuals must disassociate from, and report to the Ethics and Audit Committee, any suspected misconduct by Covered Individuals, including those actions listed under paragraph 8 (a) above, when it comes to their attention, in accordance with the procedure set out in section IV below, and to refrain from retaliation against an individual who provides information in good faith about suspected misconduct.

#### **IV. Non-compliance with the Policy**

9. Alleged breaches of a provision of the Policy by a member of the Board, other Covered Individuals or their Immediate Family Members, shall be referred by the Integrity Unit, by another official of the Fund or by any individual or entity to the Ethics and Audit Committee pursuant to the procedure set out in Appendix II to the Policy. If the subject of the allegation involves a member of the Ethics and Audit Committee, then such member shall recuse him/herself from the deliberations of the Ethics and Audit Committee. If it involves the Chair of the Ethics and Audit Committee, the other members shall elect another chair to facilitate the deliberations.
10. The Ethics and Audit Committee may take, as appropriate, the following action upon formally establishing, after due enquiry, the breach of a provision of the Policy:
  - (a) Formal warning to the Covered Individual concerned;
  - (b) An instruction to the Covered Individual concerned to remedy the breach; and/or
  - (c) A recommendation to the Board to address the breach, in which case all relevant information will be provided to the Board.

In addition, the Ethics and Audit Committee may consider reporting the breach to the chair of the constituency or regional group to which the Covered Individual belongs and/or to the government that selected the Covered Individual or, in case of an Adviser, to the chair of the constituency or regional group that selected the Covered Individual to whom the Adviser is providing advice.

11. A recommendation by the Ethics and Audit Committee to the Board as referred to in paragraph 10 (c) above may include, but is not limited to, a recommendation to reverse an accreditation or funding decision or to express formal disapproval of the breach by the member of the Board. If the subject of the allegation involves a member of the Board, then such member shall recuse him/herself from the deliberations of the Board. If it involves a Co-Chair, the Board shall elect another member of the Board to assume the functions of Co-Chair in accordance with the Rules of Procedure of the Board.

12. A Covered Individual against whom action has been taken by the Ethics and Audit Committee pursuant to paragraph 10 (a) and (b) above may appeal that action to the Board.

13. The procedures for handling allegations of a breach of the Policy may be amended by the Board, upon recommendation of the Ethics and Audit Committee.

## V. Advisers

14. Members of the Board shall provide the Secretary to the Board with the names of their Advisers, as well as with any changes, which shall be published on the Fund's website.

15. Promptly thereupon, the Adviser shall provide the Secretary to the Board with a duly executed Declaration of Impartiality and Confidentiality, a template of which is contained in Appendix I to the Policy.

## VI. Conflicts of interest

16. A conflict of interest arises when a Covered Individual has an interest, which may include but is not limited to a financial interest that could, or reasonably could be deemed to, improperly influence the performance of his or her official duties or responsibilities as member of the Board or Adviser, as the case may be.

17. In general, and without limitation, conflicts of interest may be deemed to exist in the following situations:

(a) Where a Covered Individual's interests, or the interests of an Immediate Family Member or Associated Institution (subject to the limitation referred to in paragraph 20 below) could affect the conduct of his or her duties and responsibilities with respect to the Fund or result in a reasonable perception that a conflict of interest exists; and

(b) Where the Covered Individual's actions create the perception that the Covered Individual is using his or her position at the Fund for the benefit of an Immediate Family Member or an Associated Institution (subject to the limitation referred to in paragraph 20 below).

18. If an appearance of a conflict of interest arises, or if there is doubt whether a conflict, actual, apparent or perceived, exists, the Covered Individual concerned shall promptly refer the matter in writing to the Chair of the Ethics and Audit Committee for guidance.

19. In order to avoid conflicts of interest and to strengthen the proper, transparent and independent governance of the Fund and its governing bodies, Covered Individuals shall submit to the Ethics and Audit Committee a list of their functions and roles outside the Fund that would have relevance or potential relevance to the business of the Fund and shall update such a list if and when required to reflect amendments. The Ethics and Audit Committee shall not make this list publicly available, unless it needs to disclose it to the full Board, the Executive Director and relevant government with regard to a specific case in the context of procedures when a conflict of interest arises.

20. It is acknowledged that members of the Board and other Covered Individuals may be serving a government which in itself does not constitute a conflict of interest as meant in the Policy, provided that the relationship with the relevant government is disclosed in accordance with paragraph 19 above.

## **VII. Procedure when a conflict of interest arises**

21. All actual or potential conflicts of interest or the reasonable appearance thereof shall be immediately disclosed in writing to the Ethics and Audit Committee. In addition, others, such as the Integrity Unit, may bring an actual or potential conflict of interest of a Covered Individual to the attention of the Ethics and Audit Committee.

22. The Ethics and Audit Committee shall promptly review these disclosures or any alleged conflicts of interest communicated to it and determine whether an actual or potential conflict of interest exists and, if so, whether to issue a waiver defining the extent to which such a Covered Individual may participate in any discussion of the issue that has given rise to the conflict. The Ethics and Audit Committee may also bring any conflicts of interest issue to the entire Board (excluding the individual or individuals with potential conflicts) for further consideration and decision.

23. When it is determined by the Ethics and Audit Committee that an actual or potential conflict of interest exists, the Covered Individual shall not participate in the matter that has given rise to the conflict absent a waiver from the Ethics and Audit Committee or, if the matter has been referred to the Board, from the Board. With respect to the Board, this means that the Covered Individual shall not vote or speak on the matter, and shall recuse him/herself without comment before consideration of the matter, unless a waiver has been granted by the Ethics and Audit Committee or, if the matter has been referred to the Board, by the Board. The waiver may be designed to allow for any level of participation that the Ethics and Audit Committee or, if the matter has been referred to the Board, the Board deems appropriate.

24. If the determination affects a Covered Individual, such an individual may appeal the determination by the Ethics and Audit Committee to the Board.

## **VIII. Future employment**

25. When negotiating for, or entering into an arrangement concerning, prospective employment outside the Fund for themselves or for Immediate Family Members, Covered Individuals shall not allow such circumstances to influence the performance of their duties. Covered Individuals shall not apply for or accept any employment, including as a consultant, by an implementing entity or intermediary applying, or reasonably likely to apply, for accreditation with the Fund unless disclosed to the Ethics and Audit Committee. The Ethics and Audit Committee will assess whether an actual or potential conflict of interest exists in these circumstances and, if so, decide on the remedy to address such conflict.

## **IX. Transparency and disclosure of information**

26. Covered Individuals explicitly acknowledge that they may have access to information regarding the Fund and its operations that is deemed confidential according to the Fund's information disclosure policies and agree that at all times they shall respect the confidentiality of such information and shall not use such information for the purpose of furthering their personal interest or the personal interest of any other person or entity for whom or which such information is not intended. They shall comply with the information disclosure policies of the Fund. However, Covered Individuals may provide confidential information of the Fund that they

receive to the governments of the countries in their respective constituencies in the course of their official duties for their respective home country. The provisions of this paragraph shall continue to apply to Covered Individuals after their service as a Covered Individual has ended.

27. Covered Individuals shall consult the Ethics and Audit Committee if they have doubts as to whether certain information is deemed confidential. The determination of the Ethics and Audit Committee is final.

28. If a Covered Individual believes that confidential information may have been improperly disclosed, he/she shall promptly inform the Ethics and Audit Committee, which shall promptly advise the Executive Director.<sup>1</sup>

## **X. Gifts and entertainment**

29. All 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 the position of the Covered Individual 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 32 below.

30. All Covered Individuals and their 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. A Covered Individual may accept unsolicited gifts on behalf of the Fund 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. 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 the Fund's corporate procurement policy.

32. A Covered Individual may accept unsolicited gifts from one source or provide gifts to one person or entity if the gifts have an aggregate value of US\$ 50 or less, provided that the aggregate value of individual gifts received from or provided to any one person does not exceed US\$ 100 in a calendar year. All such gifts should be reported to the Ethics and Audit Committee.

## **XI. Employment by the Secretariat**

33. Any Covered Individual and Immediate Family Member shall not be eligible for employment by the Secretariat, including as a consultant, until one and a half years following the last date of service of the Covered Individual in the relevant position. The Board may waive this provision upon recommendation from the Ethics and Audit Committee. A request for such a waiver must be submitted by the individual concerned to the Ethics and Audit Committee before he/she applies for employment by the Secretariat. The Secretariat shall not take action on or accept an application for employment from such an individual unless a waiver has been granted by the Board.

## **XII. Involvement in procurement and human resources matters**

34. Covered Individuals shall not attempt to exert any undue influence with respect to the appointment, compensation and termination of individual employees of the Fund or persons

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<sup>1</sup> The Executive Director is to be informed promptly in order to manage any potential liability towards third parties to whom the Fund has confidentiality obligations, for example under a non-disclosure agreement.

associated with the Fund, including consultants. This provision should not be construed to prevent a member of the Board from endorsing an appointment.

35. Covered Individuals shall not attempt to exert any undue influence with respect to:
- (a) The investigation and resolution of any dispute or allegations dealt with in accordance with the applicable policies and procedures of the Fund, including matters that may arise from a procurement or human resources involving the Fund; and
  - (b) Staff of the Secretariat performing their duties, in particular in relation to procurement decisions and awarding contracts, human resources decisions, the proposal approval process and the accreditation process.
36. The provision contained in paragraph 34 above does not affect the mandate of the Board in respect of the appointment of the Executive Director, the head of the Evaluation Unit referred to in paragraph 60 of the Governing Instrument and the heads of all accountability units.

### **XIII. Review and amendment**

37. The Board and the Ethics and Audit Committee shall keep the Policy under regular review and amend the Policy, as necessary, to ensure that the highest ethical standards are applied to the members of the Board and other Covered Individuals.

### **XIV. Effective date**

38. The Policy shall come into effect upon adoption by the Board, and shall remain in effect until amended or superseded by the Board.
39. Covered Individuals already in office at the time the Policy comes into effect shall submit the signed Declaration of Impartiality and Confidentiality promptly upon the effective date of the Policy in accordance with paragraph 5 or 15 above as the case may be.
40. Amendments to the Policy and any amendments thereto shall come into effect in accordance with paragraph 38 above.

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## **Appendix I: The Declaration of Impartiality and Confidentiality of members and alternate members of the Board of the Green Climate Fund and Advisers**

I solemnly declare that I will perform my duties and responsibilities as a Member or Alternate Member of the Board of the Green Climate Fund/an Adviser honourably, faithfully and conscientiously.

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

I solemnly declare that I accept and will be bound by the policy on ethics and conflicts of interest for the Board 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 policies 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 policies of the Fund. However, I may provide confidential information of the Fund that I receive to the government of my home country in the course of my official duties for my home country. The provisions of this paragraph shall continue to apply after my service as a Member or Alternate Member of the Board of the Green Climate Fund/an Adviser has ended.

I shall disclose to the Ethics and Audit Committee any interest in any matter under consideration by the Board which may constitute a conflict or potential conflict of interest or which might be incompatible with the requirements of integrity and transparency in my functions as a Member or Alternate Member of the Board of the Green Climate Fund/Adviser and I shall refrain from participating in the work of the Board in relation to such a matter, unless a waiver has been granted by the Ethics and Audit Committee or the Board, as the case may be.

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Name of Member/Alternate Member/Adviser/

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Signature

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Date

## Appendix II: Procedures for handling allegations of misconduct

1. Allegations of misconduct and/or breach of the policy on ethics and conflict of interest for the Board of the Green Climate Fund (the Policy) made by the Integrity Unit after due investigation, or by another official of the Fund, or by any individual or entity against a member of the Board, other Covered Individuals, or their 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 to be determined for such a case. If the subject of the allegation involves a member of the Ethics and Audit Committee, then such a member shall recuse him/herself from the deliberations of the Ethics and Audit Committee. If it involves the Chair of the Ethics and Audit Committee, the other members shall elect another chair to facilitate the deliberations.
2. The Covered Individual concerned 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.
3. 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 Integrity Unit shall be available to assist the Ethics and Audit Committee with this review, if so requested. If the allegations do not appear credible, the Ethics and Audit Committee may decide to take no further action. If the allegations appear credible and appropriate for taking action by the Ethics and Audit Committee, it shall take such action promptly.
4. As soon as is practicable, upon formally establishing, after due enquiry, the breach of a provision of the Policy, the Ethics and Audit Committee may take, as appropriate, the following action:
  - (a) A formal warning to the Covered Individual concerned;
  - (b) An instruction to the Covered Individual concerned to remedy the breach; and/or
  - (c) A recommendation to the Board to address the breach, in which case all relevant information will be provided to the Board. In addition, the Ethics and Audit Committee may consider reporting the breach to the chair of the constituency or regional group to which the Covered Individual belongs and/or to the government that selected the Covered Individual or, in case of an Adviser, to the chair of the constituency or regional group that selected the Covered Individual to whom the Adviser is providing advice.
5. A recommendation by the Ethics and Audit Committee to the Board may include, but is not limited to, a recommendation to reverse an accreditation or funding decision or to censure a member of the Board. If the subject of the allegation involves a member of the Board, including a Co-Chair, then such a member shall recuse him/herself from the deliberations of the Board. If it involves a Co-Chair, the Board shall elect another member of the Board to assume the functions of Co-Chair in accordance with the Rules of Procedure of the Board. The Board shall take a final decision based on the findings and recommendations of the Ethics and Audit Committee and, if applicable, the Integrity Unit. It may also seek the advice of the General Counsel.
6. Each Covered Individual, if alleged to have committed misconduct, shall be provided with timely notice of the allegations, 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.

7. In exceptional cases, the Ethics and Audit Committee may permit the individual who is alleged to have committed misconduct to be accompanied by an advisor from within or outside of the Fund.
8. A Covered Individual may appeal to the Board against any action taken by the Ethics and Audit Committee against him/her.
9. If the Ethics and Audit Committee, in the course of its work, uncovers potential misconduct by a staff member of the Fund, or potential fraud or corruption by a contractor or consultant in a project financed or executed by the Fund, it shall refer the matter to the Fund's Integrity Unit.
10. Any staff member who makes frivolous or knowingly false allegations against a Covered Individual shall be subject to disciplinary procedures in accordance with the Fund's guidelines on human resources. Frivolous or knowingly false allegations made by a Covered Individual shall be considered a violation of the Policy and will be subject to the procedures of this Policy.