



GREEN  
CLIMATE  
FUND

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# Policies on Ethics and Conflicts of Interest\*

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**GCF/B.10/13/Rev.01**

8 July 2015

**Meeting of the Board**

6-9 July 2015

Songdo, Republic of Korea

Agenda item 24

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\* for the Executive Director, Other Board Appointed Officials, Active Observers and External Members of Panels and Groups of the Green Climate Fund. This document only contains the policy on ethics and conflicts of interest for external members of the Green Climate Fund panels and groups and the policy on ethics and conflicts of interest for the Executive Director of the Green Climate Fund Secretariat.

## Recommended action by the Board

It is recommended that the Board:

- (a) Take note of the information presented in document GCF/B.10/13/Rev.01 *Policies on Ethics and Conflicts of Interest*; and
- (b) Adopt the draft decision presented in Annex I to this document.

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# Policies on Ethics and Conflicts of Interest

## I. Introduction

1. At its ninth meeting, the Board of the Green Climate Fund (the Fund) adopted a policy on ethics and conflicts of interest for the Board of the Fund. The development of this policy was overseen by the Ethics and Audit Committee pursuant to the mandate entrusted to it by the Board by decision B.05/13 in its terms of reference provided in paragraph 3 (a) and (b).
2. During its deliberations on the policy for the Board, the Ethics and Audit Committee considered whether and to what extent the Executive Director and other Fund officials appointed by the Board, such as the heads of the accountability units and external members of panels and groups established by the Board, are to be covered by the Policy or a separate policy similar to the Policy. The Ethics and Audit Committee recommended that there be separate policies for these two distinct categories of Board-appointed officials, to be developed at a later stage.
3. Therefore, while adopting the policy for the Board which applies to members and alternate members of the Board, and their advisers, the Board by its decision B.09/03, requested the Secretariat to draft a policy on ethics and conflicts of interest for the Executive Director, other Board appointed officials, active observers and external members of panels established by the Board, for consideration by the Ethics and Audit Committee to be recommended to the Board at its tenth meeting.
4. The Ethics and Audit Committee have held nine meetings (five virtual and four in person) since the ninth meeting of the Board to discuss the draft policies on ethics and conflicts of interest for the various groups presented by the Secretariat.
5. The Ethics and Audit Committee has reached a consensus on the policy on ethics and conflicts of interest for external members of panels and groups, attached hereto as Annex II, and the policy on ethics and conflicts of interest for the Executive Director, attached hereto as Annex III, to be recommended to the Board. Deliberations on the policies for the other Board appointed officials and active observers are ongoing.
6. This document will briefly describe the main areas of discussion covered by the Ethics and Audit Committee with regard to the policy on ethics and conflicts of interest for external members of panels and groups and the policy on ethics and conflicts of interest for the Executive Director.

## II. Background and rationale for the policy

### 2.1 The Policy for External Members on Panels and Groups

7. During its deliberations, the Ethics and Audit Committee proposed that the Policy on Ethics and Conflicts of Interest for the External Members of Panels and Groups (the Policy) should be structured using the policy adopted for the Board with suitable modifications and specific provisions from the staff code of conduct as applicable to Fund consultants, as external members are typically on consultancy contracts with the Fund.
8. The Policy applies to external members of technical and expert panels and groups (see paragraph 3 of the Policy). The Ethics and Audit Committee acknowledged that the following important principles and elements must form part of the policy under which external members on panels and groups (Covered Individuals) are covered:

- (a) As a general qualification of the obligations of external members of panels and groups pursuant to the Policy, paragraph 1 thereof states that their personal and professional conduct must comply with the ethical standards and procedures set out in the Policy, in addition to their respective agreements with the Fund and the terms of reference of the relevant panel and group, and Fund policies;
- (b) Conflicts of interest: A conflict of interest is defined in paragraph 13 of the Policy. Covered Individuals are under an obligation to disclose all actual or potential conflicts of interest as soon as they arise and recuse themselves from participating in the proceedings of the panel or group with respect to such matters. The primary requirement arising from a conflict of interest or a reasonable appearance thereof is immediate disclosure to the Independent Integrity Unit for guidance (see paragraph 19 of the Policy). Subsequently, the Independent Integrity Unit shall promptly review and deal with the disclosed conflict of interest (see paragraphs 20 and 21 of the Policy). A further safeguard to prevent any conflicts of interest covered under the Fund's staff code of conduct and made applicable to such Covered Individuals is that they shall not be involved in the selection of any entity if they were previously associated or employed by such entity (see paragraph 33). Additionally, to avoid conflicts of interest or the appearance of and for greater transparency, such Covered Individuals are required to make disclosures of their roles and functions outside the Fund to the Independent Integrity Unit;
- (c) Another important element dealt with in the Policy (in paragraph 23) concerns the future employment with the Fund of the Covered Individual or their Immediate Family Members. Covered Individuals are ineligible for employment with the Secretariat until one and half years after their date of service with the Fund and Covered Individuals are also forbidden from accepting employment with an entity accredited by the Fund unless they obtain consent from the Independent Integrity Unit;
- (d) Covered Individuals who serve on panels and groups will have access to confidential information about the Fund and its operations that is deemed confidential according to the Fund's information disclosure policies. Therefore, as a general rule under the Policy, all information deemed confidential should remain so not only during their service but also after their service with the Fund comes to an end. The Policy also prohibits Covered Individuals from publishing or speaking on behalf of the Fund or stating its policies in any seminars or conferences during their service with the Fund. This provision is similar to that applicable to Fund staff members;
- (e) The mandate for ensuring compliance with and for handling policy breach investigations has been entrusted to the Independent Integrity Unit, in addition to decisions on conflicts of interest (paragraphs 20 and 21 of the Policy) and actions upon establishing a breach of a Policy provision (in Appendix II, to the Policy), while the authority to take interim and final action against the Covered Individual is vested in the Executive Director under the Policy. Under the Policy, the Board will be apprised of the outcome of any investigation or action taken against a Covered Individual; and
- (f) The Ethics and Audit Committee recommends to the Board that it performs the role of Independent Integrity Unit under the Policy on a temporary basis until this unit becomes operational.

## 2.2 The Policy for the Executive Director

9. The Ethics and Audit Committee acknowledged that the Executive Director is entrusted with roles and responsibilities prescribed in the Governing Instrument, her/his employment contract with the Fund and her/his duties and responsibilities under the staff code of conduct,

thus there would be a dedicated policy (Executive Director Policy) only applicable to the Executive Director of the Green Climate Fund Secretariat taking into account all these elements.

10. The Executive Director Policy is also framed taking into account best practices of international entities, including multilateral development banks applicable to their chief executive officers.
11. The Ethics and Audit Committee acknowledged that the following important principles and elements must form part of the policy under which the Executive Director is covered:
  - (a) In view of the high office and international character of the office of the Executive Director in the Fund, the Executive Director Policy sets a basic standard of conduct for the Executive Director wherein s/he owes a duty entirely to the Fund and will not take instructions from any government or authority other than in conformity with the Governing Instrument and/or as determined by the Board. In addition, the Executive Director cannot receive 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 without authorization from the Board (paragraph 32 of the Executive Director Policy);
  - (b) The Executive Director Policy makes provisions for conflict of interest situations. A conflict of interest is defined in paragraph 11 of the Executive Director Policy. The Executive Director in performance of her/his duties is under an obligation to disclose all actual or potential conflicts of interest as soon as they arise and to avoid participating in decision-making or deliberations in relation to matters where conflicts arise. The Executive Director is under an obligation to make disclosure of all conflicts of interest to the Ethics and Audit Committee. The Ethics and Audit Committee will subsequently give guidance on whether such a conflict arises and how to manage such conflicts of interest;
  - (c) Transparency is a core value of the Fund. For greater transparency and also for avoidance of conflicts of interest, an important element is included in paragraph 20 of the Executive Director Policy requiring an annual financial interest disclosure by the Executive Director to the Ethics and Audit Committee. Also, the Executive Director Policy mandates (in paragraph 19) her/his disclosure of any financial or business interest both of the Executive Director and her/his immediate family members which might reflect unfavourably upon the Fund or might be in actual/perceived conflict with her/his duties in the Fund;
  - (d) The Ethics and Audit Committee acknowledged that as the Executive Director is in charge of the day-to-day operations of the Fund the stricter standards of the staff code of conduct as applicable to the Executive Director should be incorporated in the Executive Director Policy. Therefore, the provisions dealing with avoidance of financial interest in transactions of the Fund, manner of conduct within the institution, acceptance of gifts and awards, outside activities, disclosure of confidential information, political and external activities and prospective employment within and outside the Secretariat have been incorporated in the Executive Director Policy from the staff code of conduct contained in the Administrative Guidelines on Human Resources; and
  - (e) The mandate for ensuring compliance with and for handling breaches of the Executive Director Policy has been entrusted to the Ethics and Audit Committee, such as decisions on conflicts of interest (paragraph 13 of the Executive Director Policy) and recommendation for action based on an investigation upon establishing a breach of a provision of the Executive Director Policy (Section XIII of the Executive Director Policy), while the decision as to the appropriate action to be taken against the Executive Director vests in the Board.

### **III. Recommended action**

12. It is recommended that the Board adopt the draft decision as set out in Annex I to this document.

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## Annex I: Draft decision of the Board

The Board, having reviewed document GCF/B.10/13/Rev.01 *Policies on Ethics and Conflicts of Interest*:

- (a) Adopts the Policy on Ethics and Conflicts of Interest for External Members of Green Climate Fund Panels and Groups of set out in Annex II to this decision (the Policy);
- (b) Decides that, solely in respect of the role of Independent Integrity Unit (IIU) under the Policy, the Ethics and Audit Committee will fulfil such role on a temporary basis until the IIU shall have become operational;
- (c) Adopts the Policy on Ethics and Conflicts of Interest for the Executive Director of the Green Climate Fund Secretariat set out in Annex III to this decision (the Executive Director Policy);
- (d) Decides to authorize the Ethics and Audit Committee to carry out the responsibilities assigned to it in the Executive Director Policy; and
- (e) Requests the Ethics and Audit Committee, with the support of the Secretariat, to continue its work on recommended policies on ethics and conflicts of interest for the other Board appointed officials and active observers.



## Annex II: Policy on Ethics and Conflicts of Interest for External Members of Green Climate Fund Panels and Groups

### I. Scope, purpose and applicability

1. This policy on ethics and conflicts of interest for external members of panels and groups sets out principles and ethical standards for the external members serving on panels and groups established by the Board of the Green Climate Fund in connection with, or having a bearing upon, their status and responsibilities in the Fund. As these members shall assist the Board in conducting its business and in performing its functions, their professional and personal conduct must comply with the ethical standards and procedures set out herein.
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) **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;
  - (b) **Board** means the Board of the Fund;
  - (c) **Covered Individual** means the external members of technical and expert panels and groups referred to in paragraph 18 (g) of the Governing Instrument and paragraph 32 of the Rules of Procedure of the Board;
  - (d) **Ethics and Audit Committee** means the committee of the Board established by decision B.05/13, paragraph (e);
  - (e) **Executive Director** means the executive director of the Fund as referred to in paragraph 20 of the Governing Instrument;
  - (f) **External Member** means an expert procured, selected and contracted by the Secretariat on behalf of the Fund and serving as an external member on a panel or group established by the Board;
  - (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) **Independent Integrity Unit** means the independent integrity unit referred to in paragraph 68 of the Governing Instrument;
- (l) **Panel or Group** means panels and groups established by the Board of the Green Climate Fund;
- (m) **Policy** means this policy on ethics and conflicts of interest for external members on panels and groups ;
- (n) **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;
- (o) **Secretary to the Board** means the member of the Staff serving as secretary to the Board;
- (p) **Staff** means all staff of the secretariat of the Fund, including the Executive Director, as described in paragraph 21 of the Governing Instrument; and
- (q) **Stakeholder** means a person having a proprietary or economic interest in an entity.

### III. Basic standard of conduct

4. Covered Individuals shall carry out their responsibilities as prescribed in the Governing Instrument, their respective agreements with the Fund and the Terms of Reference of the relevant Panel and Group, and comply with all applicable current and future policies of the Fund, to the best of their ability and judgement 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, Covered Individuals shall, upon their appointment read and sign the Declaration of Office, a template of which is contained in Appendix I herein, 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 at the Fund, 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. 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 Independent Integrity Unit, any suspected misconduct by other Covered Individuals or other individuals associated with the Fund, 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 Covered Individual or their Immediate Family Members, shall be referred by the Secretariat or by any individual or entity, to the Independent Integrity Unit pursuant to the procedure set out in Appendix II to the Policy.
10. The Independent Integrity Unit shall, upon formally establishing the breach of a provision of the Policy, after due enquiry, notify the Executive Director and the Ethics and Audit Committee of its findings with a recommendation on action to be taken against the Covered Individual. If, at any time during the investigation, the Independent Integrity Unit considers that it would be prudent, as a precautionary measure or to safeguard information, to recommend placement of limits on the official activities of the Covered Individual or to recommend that he or she be suspended from duty, the Independent Integrity Unit shall refer the matter to the Executive Director for appropriate action.
11. The Executive Director may, in consultation with the Ethics and Audit Committee, where upon it being formally established after due enquiry by the Independent Integrity Unit that there has been a breach of a provision of this Policy, take the following action against a Covered Individual:
  - (a) Termination of the appointment of such Covered Individual; and/or

- (b) Instruction that the Covered Individual in question shall be ineligible for any future appointment or to serve in any capacity with the Fund indefinitely or for a limited period of time.

The Independent Integrity Unit shall inform the Board of its findings in the event that it establishes a breach. The Independent Integrity Unit shall also, after consultation with the Executive Director, inform the Board whether such findings reveal that the breach in question tangibly affected the operations of the Fund, thus requiring remedial action.

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

## V. Conflicts of interest

13. A conflict of interest arises when a Covered Individual has interests that could, or reasonably be perceived to, improperly influence the activities of the Fund and the policy decisions of the Board, as well as the Covered Individual's performance of official duties or responsibilities, contractual obligations or compliance with applicable laws and regulations.

14. 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 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;
- (b) Where Covered Individual's actions create the perception that s/he is using his or her position at the Fund for the benefit of an Immediate Family Member or an Associated Institution; and
- (c) Where Covered Individuals hold positions in government or non-governmental organizations which engage with the Fund, or who are working in, or have a contractual arrangement, as consultants or otherwise, with an Associated Institution, accredited entity or entity seeking or receiving funding from the Fund.

15. 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 head of the Independent Integrity Unit for guidance.

16. In order to avoid conflicts of interest, Covered Individuals shall submit to the Independent Integrity Unit a list of their functions and roles outside the Fund and any financial or business interests which may reflect unfavourably upon the Fund or which may be in actual or perceived conflict with her/his duties, and shall update such list if and when required to reflect amendments.

17. All Covered Individuals shall disclose existing and potential conflicts of interest upon consideration for appointment to any Panel or Group and before every relevant Panel or Group meeting.

18. During the course of a Panel or Group meeting, a Covered Individual with an actual, perceived or potential conflict of interest shall disclose the conflict to the chair of the meeting as soon as possible upon learning of a possible conflict of interest and under no circumstances later than the beginning of discussion of the relevant agenda item, and recuse her/himself from participating in the proceedings of that item.

## VI. Procedure when a conflict of interest arises

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

20. The Independent Integrity Unit 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 the Covered Individual may participate in any discussion of the issue that has given rise to the conflict. The Independent Integrity Unit may also, at its discretion, bring any conflicts of interest issues to the entire Board for further consideration and decision.

21. When it is determined by the Independent Integrity Unit 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 Independent Integrity Unit.

22. If the determination affects a Covered Individual, such Covered Individual may appeal the decision to the Board.

## VII. Future employment

23. When seeking, 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 nor may they have any involvement with respect to a Fund decision in which a prospective employer has or may have an interest.

24. A Covered Individual shall not apply for or accept any employment, including as a consultant, with an entity applying, or reasonably likely to apply, for accreditation with the Fund, unless disclosed to, and approved by the Independent Integrity Unit. The Independent Integrity Unit will assess whether an actual or potential conflict of interest exists in these circumstances and, if so, the remedy to address such conflict.

25. Employment by the Secretariat: Any Covered Individual and Immediate Family Member shall not be eligible for employment by the Fund, 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 Independent Integrity Unit may waive this provision only in exceptional circumstances. A request for such a waiver must be submitted by the individual concerned to the Independent Integrity Unit before s/he applies for employment by the Fund. A decision by the Independent Integrity Unit granting such a waiver shall state the circumstances justifying the decision. The Fund shall not take action on or accept an application for employment from such an individual unless a waiver has been granted by the Independent Integrity Unit.

## VIII. 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. 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 Independent Integrity Unit if they have doubts as to whether certain information is deemed confidential. The determination of the Independent Integrity Unit is final.
28. If a Covered Individual believes that confidential information may have been improperly disclosed, s/he shall promptly inform the Independent Integrity Unit and the Executive Director.<sup>1</sup>
29. Covered Individuals may not:
- (a) Communicate any unpublished and/or confidential information known to them by reason of their official position to any person within or outside the Fund who they know or should know is not authorized by the Fund to receive such information; or
  - (b) 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.

In complying with the above obligations, which continue after separation from the Fund, Covered Individuals must scrupulously observe the rules and procedures established by the Fund to protect unpublished and/or confidential information.

- (c) Publications and Public Speaking  
Covered Individuals during the term of their appointment or service may not:
  - (i) 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;
  - (ii) 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
  - (iii) Speak on behalf of the Fund or state its policies as a participant in any seminar or conference.

## IX. Gifts and entertainment

30. 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.
31. 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.
32. 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 applicable current and future Fund procedures and guidelines for dealing with Gifts.

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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.

## **X. Previous involvement in decision-making processes**

33. Except where expressly authorized by the Independent Integrity Unit, Covered Individuals must not be involved in any decision-making process to determine the selection of any entity if they are or were previously employed or otherwise associated with such entity, which is:

- (a) A supplier of goods and/or services to the Fund;
- (b) A recipient or beneficiary of Fund financing; or
- (c) A guarantor of any such financing.

## **XI. Review and amendment**

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

## **XII. Effective date**

35. The Policy shall come into effect upon adoption by the Board, and shall remain in effect until amended or superseded by the Board.

36. Covered Individuals already in office at the time the Policy comes into effect shall submit the signed Declaration of Office promptly upon the effective date of the Policy in accordance with paragraph 5 above.

37. Amendments to the Policy and any amendments thereto, shall come into effect in accordance with paragraph 35 above.

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## Appendix I: Declaration of Office of External Members of \_\_\_\_\_ [Panel/Group] of the Green Climate Fund

I solemnly declare that I will perform my duties and responsibilities as a member of \_\_\_\_\_ [Panel/Group] of the Green Climate Fund honourably, faithfully, and conscientiously.

I solemnly declare and promise that I shall have no personal interest in any matter I am involved with in performing my duties on the \_\_\_\_\_ [Panel/Group] of the Green Climate Fund.

I solemnly declare that I accept and will be bound by the policy on ethics and conflicts of interest for external members of Green Climate Fund Panels and Groups.

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. The provisions of this paragraph shall continue to apply after my service as a member of the Panel/Group has ended.

I shall disclose to the Independent Integrity Unit any interest in any matter under consideration by the Panel/Group 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 of the Panel/Group and I shall refrain from participating in the work of the Panel/Group in relation to such a matter, unless a waiver has been granted by the Independent Integrity Unit.

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Full Name

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Signature

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Date

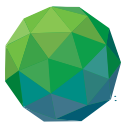


## Appendix II: Procedures for Handling Allegations of Misconduct

1. Charges of misconduct and/or breaches of the policy on ethics and conflicts of interest for external members of panels and groups, made by any individual or entity against a Covered Individual or their Immediate Family Members, shall be submitted in writing and in confidence to the Head of the Independent Integrity Unit.
2. The Covered Individual concerned shall not be presumed to have engaged in the alleged misconduct until such time as the Independent Integrity Unit decides 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 Independent Integrity Unit shall review the allegations and determine whether they are credible and whether they are appropriate for taking action by the Independent Integrity Unit. If the allegations do not appear credible, the Independent Integrity Unit may decide to take no further action. If the allegations appear credible and appropriate for taking action by the Independent Integrity Unit, it shall take such action promptly.
4. As soon as is practicable, based on the findings of the investigation, the Independent Integrity Unit shall make a recommendation to the Executive Director and the Ethics and Audit Committee whether the facts indicate that the misconduct occurred, and if so, what measures may be appropriately imposed. The Executive Director shall take a final decision, in consultation with the Ethics and Audit Committee, based on the findings and recommendations of the Independent Integrity Unit.
5. The Executive Director may, after consultation with the Ethics and Audit Committee, where upon it being formally established after due enquiry by the Independent Integrity Unit that there has been a breach of a provision of this policy, take the following action against the Covered Individual in question:
  - (a) Termination of the appointment of such Covered Individual; and/or
  - (b) Instruction that the Covered Individual in question shall be ineligible for any future appointment or to serve in any capacity with the Fund indefinitely or for a limited period of time.

In addition, the Executive Director shall inform the Board of the findings of the Independent Integrity Unit and the action taken against the Covered Individual.

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 Independent Integrity Unit before it makes its determination, and to the Executive Director, before s/he takes any decisions, as set out in these procedures:
  - (a) Whether to conduct an investigation; or
  - (b) Whether the facts indicate that the misconduct occurred, and if so, what measures may be appropriately imposed.
7. In exceptional cases, the Independent Integrity Unit may permit the individual who is alleged to have committed misconduct to be accompanied by an advisor of her/his choice.
8. If a charge of misconduct under this Policy is made against a Covered Individual, the following interim measures may be taken by the Executive Director, after consultation with the Ethics and Audit Committee, pending investigation of the charges against the Covered Individual:
  - (a) Limit/Denial of access. The Covered Individual's access to the Fund or Fund premises (including files, electronic databases and e-mail facilities) may be limited or denied; and/or



- (b) Temporary removal from Panel/Group. The Covered Individual may be asked to abstain from work on the Panel/Group, either with or without remuneration.
9. 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 HR Guidelines. 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.

## Annex III: 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, 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/his. 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 their 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 Section 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 26 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:

- (d) Whether to conduct an investigation; or
- (e) 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 advisors 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 as the Ethics and Audit Committee may determine, on a temporary basis pending a Board decision, 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.

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