



European Bank
for Reconstruction and Development

**CODE OF CONDUCT
FOR OFFICIALS OF THE
BOARD OF DIRECTORS
OF THE EBRD**

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Introduction

This Code of Conduct (the “Code”) has been revised by the Board of Governors in accordance with section 7 of the by-laws of the European Bank for Reconstruction and Development (the "Bank").

Application

This Code applies to Directors, Alternate Directors or Temporary Alternate Directors and Advisers (“Board Official(s)”). To the extent set out in this Code, a Board Official will be asked to consider the activities of, and disclose certain information about, his or her Immediate Family.

General Standard of Conduct

Rule 1

As a Board Official, you are required to conduct yourself at all times in a manner that befits your status as an official of an international organisation. Moreover, your conduct should not bring the Bank into disrepute.

Duties of Board Officials

Rule 2

(a) **Integrity:** As a Board Official, it is essential that you act honestly and with propriety. Your official duties should be carried out in a manner that preserves and enhances public confidence in your integrity and the integrity of the Bank. Your duties should be discharged with the interests and objectives of the Bank in view and should be consistent with your obligations to your Authorities.

(b) **Impartiality:** As an international organisation, the Bank places great value in the varied cultures, beliefs and backgrounds of its officials and staff. Tolerance, courtesy and respect are expected of you in all your dealings with staff and colleagues. Authority should always be exercised in an even handed and responsible manner, avoiding behaviour that could amount to harassment or bullying.

(c) **Discretion:** You should bear in mind the reserve and tact incumbent upon you by reason of your international functions and you should exercise the utmost discretion in regard to all matters relating to the Bank. In your public official pronouncements, you should refrain from furthering your personal interests or disclosing Confidential Information.

Conflicts of Interest

Rule 3 (Avoidance and Disclosure)

(a) As a Board Official, you shall not involve yourself in any conflict between your personal interests, whether direct or indirect, and your official duties. To this end, you should avoid any situation involving an Actual or Apparent Conflict between your personal interests, or the personal interests of members of your Immediate Family, and the performance of your official duties.

(b) In the case of an Actual Conflict, you are required to recuse yourself from taking part in any Bank matter that is connected to your personal interest. If there is an Apparent Conflict or in case of doubt as to whether an Actual Conflict exists, you should refer the matter to the Chief Compliance Officer for guidance.

Rule 4 (Outside Activities)

A Board Official shall not engage in any outside activity which is incompatible with the full and proper discharge of his or her duties and responsibilities to the Bank.

(a) With the exception of paragraphs (c) and (d) below, a Board Official shall not engage in self-employment or accept employment with, or perform services for, any public or outside private profit making entity, whether as an official, employee, consultant, director, company officer or partner, unless authorised by the Code of Conduct Committee. In considering a request for authorisation, the Code of Conduct Committee will take account of factors such as the compatibility with the Board Official's work requirements at the Bank and whether the activity creates a Conflict of Interest;

(b) Participation in your official capacity (i.e., participation that relates to the subject matter of the Bank's work), in activities such as teaching and publishing requires that you either disclose, if you are a Director, the activity to the President or, if you are not a Director, that you obtain your normal authorisations. You may not accept remuneration or other forms of compensation for participation in such activities with the exception of reasonable travel and living expenses;

(c) Authorisation by the Code of Conduct Committee is not required to participate in voluntary, non-remunerated activities of a community, educational or charitable nature. Furthermore, authorisation is not required to carry out work for your Authority, including any of your Authority's agencies, political sub-divisions and affiliates under its ownership or control; however you should inform the President of any external governmental service obligations;

(d) Similarly, authorisation by the Code of Conduct Committee is not required for activities such as teaching, publishing or giving lectures that are carried out in your own time and in your private capacity (i.e., participation that does not relate to the subject matter of the Bank's work) provided the activity is otherwise compatible with this Code;

(e) Nothing in this Code affects your civil right to participate in the democratic process or to be a member of a political party that espouses democratic principles. However, while serving at the Bank, a Board Official should not hold Political Office. If you are elected to such office, you are required to separate from the Bank.

Rule 5 (Former and Prospective Employers)

(a) As a Board Official, you are required for a period of three years to recuse yourself from taking part in any Bank matter involving a former employer, other than an Authority, if such involvement could benefit, or could be perceived to benefit, your former employer.

(b) If, as a Board Official, you are considering, or negotiating for, or have received an offer of employment outside of the Bank, you are required to recuse yourself from taking part in any matter involving the prospective employer if the matter is in any way related to your work with the Bank and if such involvement could benefit, or could be perceived to benefit, the prospective employer. This rule does not apply if you are returning to work for your Authority.

Rule 6 (Post-Employment)

(a) As a Board Official, you may, on separating from the Bank, proceed to work for any outside entity. However, unless authorised by the Code of Conduct Committee, you must not communicate or attend any business-related meetings with Any Person Connected with the Bank for one year following your separation from the Bank, if your communication or meeting is Made For and on Behalf of any Subsequent Employer. This provision does not apply if, having returned to work for your authority, you are communicating or meeting with the Bank in your official capacity.

(b) Notwithstanding 6(a) above, a Board Official who, within a period of six months preceding his or her separation from the Bank, has Participated Personally and Substantially in a recommendation or decision to act, or to refrain from acting, in respect of a financial transaction with an outside entity, is prohibited from working for that entity or its Affiliate(s) for a period of six months after separating from the Bank, unless (a) nominated by the Bank to serve on its behalf or (b) the Code of Conduct Committee grants its authorisation. This provision does not apply if you are returning to work for your Authority

(c) You shall not seek, apply for, or take up appointment to the staff of the Bank while serving as a Board Official, or within six months following the end of such service, unless authorised by the Code of Conduct Committee.

Rule 7 (Gifts, hospitality, favours or gratuities)

The giving or acceptance, from any source other than your Authority, of gifts, hospitality, favours, gratuities, honours or awards in connection with official duties is to be strictly avoided, as such behaviour could be construed as an attempt to influence your actions or the actions of others. However, on an exceptional basis, limited hospitality and small gifts of a social or customary nature, may be accepted provided that the value of the hospitality or gift does not exceed £100 or such other value as prescribed from time to time by the Code of Conduct Committee. If you feel

compelled to accept a gift worth over £100, the gift is required to be handed over to the Office of the Chief Compliance Officer. A gift worth over £100 can however be retained if the recipient provides the Chief Compliance Officer with a cheque drawn in favour of the Bank for an amount equal to the value of the gift less £100 or such other amounts as prescribed from time to time by the Code of Conduct Committee.

Financial Interests

Rule 8

(a) Generally, a Board Official is free to conduct his or her personal financial affairs as he or she sees fit. However, personal financial affairs should be conducted in a manner that will: (i) avoid Actual or Apparent Conflicts between personal interests, whether direct or indirect, and the interests of the Bank; and (ii) not compromise the independence of judgment or action required in the performance of Bank duties.

(b) Additionally, a Board Official shall refrain from using, or providing to others, Confidential Information to which he or she may have access because of his or her affiliation with the Bank for purposes of carrying out private financial transactions. This obligation continues after separation from the Bank.

(c) To this end, a Board Official must refrain from: (i) Short Term Trading in securities issued by the Bank; and (ii) knowingly acquiring, directly or indirectly, for his or her own account or the account of others, any Financial Interest in (1) a loan made by the Bank; or (2) the securities of any entity engaged in a financial transaction or other financial or supplier relationship with the Bank from the time the transaction or relationship is first considered until the time the transaction or relationship is terminated. This prohibition covers any Financial Interests in the securities of all borrowers, lenders or suppliers of the Bank whether or not a Board Official is personally involved in such transaction or relationship in the performance of his or her Bank duties or is otherwise seized of the matter, except in the case of a *De Minimis* Interest in a publicly held entity. The prohibition does not apply to interests in securities issued by the Bank, subject to the prohibition on Short Term Trading. In the event of doubt, the Chief Compliance Officer should be consulted.

(d) In addition, if a Board Official becomes aware of the fact that a member of his or her Immediate Family has any of the above-mentioned Financial Interests, they should report the Financial Interests to the Chief Compliance Officer.

Disclosure of Financial Interests

Rule 9

(a) A Board Official shall disclose to the Chief Compliance Officer in a form and manner to be proposed by the Chief Compliance Officer and approved by the Code of Conduct Committee, on arrival at the Bank and by each 31 December thereafter until separation from the Bank, any Financial Interests of his or her own or that of his or her Immediate Family that exceeds a *De Minimis* Interest. You are required to recuse yourself from participating in any matter in which, to your knowledge, you or any

member of your Immediate Family has a financial interest other than a *De Minimis* Interest.

(b) The Chief Compliance Officer will provide assistance in managing potential conflicts to a successful resolution.

Confidentiality

Rule 10

(a) Confidential Information shall not be disclosed to anyone external to the Bank, including to Immediate Family members. This rule does not apply to disclosures of Confidential Information to your Authority in the course of your duties.

(b) Intellectual property pertaining to the Bank may not be used for personal benefit or for the benefit of others.

(c) The obligations in Rule 10 (a) and (b) continue after separation from the Bank.

Bank Property, Assets and Resources

Rule 11

Bank property, assets and resources should be used with the utmost care guarding against waste and abuse. Bank services, supplies or facilities should not be used for personal gain.

Whistleblower protection

Rule 12

Board Officials reaffirm their support for and commitment to the Bank's whistleblower protection mechanism, which is comprised of the duty on staff members to report suspected misconduct to the Chief Compliance Officer and the duty on the Bank to protect a whistleblower from reprisals or retaliation.

Local Laws

Rule 13

(a) The privileges and immunities granted under the Agreement Establishing the Bank and other international legal instruments do not exempt a Board Official from observing all applicable national laws, or fulfilling personal obligations.

(b) The Chief Compliance Officer must be informed if you are arrested, charged or convicted of any criminal offences, save for minor violations.

Implementation

The Code of Conduct Committee

Rule 14

(a) There shall be a Code of Conduct Committee that consists of the Board of Directors sitting in Executive Session.

(b) The Code of Conduct Committee shall:

(i) render upon request by any Board Official, or the President, or the Chief Compliance Officer, or at its own volition an interpretation of any provision of this Code and shall resolve as necessary any differences of opinion between such parties that relate to the interpretation or application of the Code;

(ii) consider authorising, where permitted by this Code, exceptions to certain prohibitions for Board Officials;

(iii) consider authorising, where permitted by the Code of Conduct for Bank Personnel, exceptions to certain prohibitions for Vice Presidents and the Chief Evaluator and opine on allegations that the Vice Presidents or the Chief Evaluator have failed to comply with the Code of Conduct for Bank Personnel in accordance with procedures set out in the that Code.

(c) Where this Code requires that the approval of the Code of Conduct Committee be obtained, you must first submit the request for approval to the President as Chair of the Board of Directors, setting forth in writing the nature of the proposed activity, its expected duration, and any remuneration expected. The President shall discuss the matter with you in accordance with the relevant provisions of the Bank's By-laws. The President shall refer the application to the Chief Compliance Officer. The Chief Compliance Officer shall determine whether, in his or her opinion, the approval requested is not contrary to the interests of the Bank. The President shall also request the opinion of the General Counsel in cases involving legal issues, in particular issues relating to the status and immunities of the Bank or a Bank Official. The President shall forward the request, together with the opinion of the Chief Compliance Officer and, if applicable that of the General Counsel, to the Code of Conduct Committee for decision.

Misconduct

Rule 15 (The Inquiry Officer)

In the conduct of any aspect of an inquiry into alleged misconduct on the part of a Board Official, paramount consideration shall be given to the confidentiality of the investigative process.

In the event that an allegation of misconduct is raised against a Board Official, the Chief Compliance Officer shall conduct a preliminary assessment of *inter alia* the reliability of the information received, together with the gravity of the alleged misconduct. If the Chief Compliance Officer determines that the allegation is frivolous or vexatious or malicious or does not warrant further investigation, then the Chief Compliance Officer shall reject the allegation and consider informing the Board Official. However, if the Chief Compliance Officer determines that the allegation of misconduct warrants a further investigation, the Chief Compliance Officer shall appoint an independent external investigator to act as an Inquiry Officer. The Chief

Compliance Officer shall provide the Inquiry Officer with appropriate Terms of Reference under which the Inquiry Officer shall conduct an independent, objective and expeditious fact-finding inquiry, which complies with the principles of natural justice, including the right of the Board Official (“the subject of the inquiry”) to be heard on the allegation.

The Principles Supporting Investigations under the Code of Conduct for Officials of the Board of Directors are set out in Annex 1.

Rule 16 (Report of the Inquiry Officer)

On the completion of the inquiry commenced under Rule 15 above, the Inquiry Officer must submit a written report detailing his or her findings to the Chief Compliance Officer. The report of the Inquiry Officer must contain an assessment of whether or not there has been a contravention of the Code by the subject of the inquiry. If the report concludes that the allegation is unfounded, then the Chief Compliance Officer shall close the file; direct that no further action shall be taken on it and shall duly inform the subject of the inquiry. If directed to do so by the subject of the inquiry, the conclusion that the allegation is unfounded shall be published within the Bank by the Chief Compliance Officer. However, if the report concludes that the allegation is substantiated in whole or in part, then the Chief Compliance Officer shall send a copy of the report to the subject of the inquiry, with a request that he or she provide written comments on the content of the report to the Chief Compliance Officer within 15 working days.

Rule 17 (Referral of Report)

(a) On receipt under Rule 16 above of any written comments from the subject of the inquiry, the Chief Compliance Officer shall send a copy of the Inquiry Officer’s Report, together with any written comments of the subject of the inquiry to the President.

(b) In the case of a Director, the President shall send a copy of the Inquiry Officer’s Report, together with any written comments of the Director to the Governor(s) that voted for the Director for his or her directorship. It is for such Governor(s) to decide, having heard and duly considered representations from the Director what, if any action should be taken against him or her. The President shall ascertain the decision of the Governor(s).

(c) In the case of an Alternate Director, Temporary Alternate Director or Adviser, the President shall send a copy of the Inquiry Officer’s Report, together with any written comments of the Alternate, Temporary Alternate Director or Adviser to the appointing Director. It is for the Director to decide, having consulted with the appropriate Governor and, having heard and duly considered representations from the Alternate, Temporary Alternate or Adviser, what, if any action should be taken against him or her. The President shall ascertain the decision of the Director.

Final Provisions and Definitions

Rule 18 (Guidance Notes)

The President, in consultation with the Chief Compliance Officer and with the agreement of the Code of Conduct Committee, shall publish as and when necessary, general guidance notes clarifying the provisions of this Code. The Chief Compliance Officer shall be responsible for publishing, within the Bank, any decisions made in implementation of this Code, exercising the discretion necessary to preserve the essential anonymity of the parties involved. Furthermore, at the end of each calendar quarter, or as often as the Chief Compliance Officer thinks necessary, the Chief Compliance Officer may submit a report outlining his or her activities under the Code to the President.

Rule 19 (Review)

This Code will be reviewed as and when necessary but no later than 5 years from the date on which it becomes effective.

Rule 20 (Effective Date)

22 May 2006

Rule 21 (Definitions)

For the purposes of this code:

“**Adviser**” includes any individual performing all, or part, of the duties typically assigned to an Adviser whether that person is full-time, part-time, externally funded, seconded from a member country embassy, a commercial adviser or otherwise.

“**Affiliate**” means, with respect to an outside entity, any other person, directly or indirectly, controlling, controlled by, or under common control with, such outside entity.

“**Any Person Connected with the Bank**” means any Bank Personnel or Expert as defined by this Code and any Board Official as defined by the Code of Conduct for Officials of the Board of Directors.

“**Authority**” includes (i) in respect of a Director, a member, any political or administrative subdivision, the government, or any department, agency or governmental body of the member that elected that Director or a member that assigned its votes to that Director and (ii) in respect of an Alternate Director or Director’s Adviser, the Director and the Authorities of the Director that appointed such Alternate Director or Director’s Adviser.

“**Board Official(s)**” means Directors, Alternate Directors or Temporary Alternate Directors, and Directors Advisers.

“**Confidential Information**” means information that was obtained as a consequence of working for or with the Bank and that is not otherwise publicly available. Confidential Information includes any market-sensitive information relating to pending or ongoing Bank or government actions that, when disclosed, is likely to

have a material impact on the market value of either Bank securities or the securities of any borrower, lender or supplier of the Bank.

“Conflict of interest” means the following: (1) An “actual conflict of interest” involves a conflict between a public duty and the private interests of an official in which the official has private-capacity interests which could improperly influence the performance of their official duties and responsibilities; (2) An “apparent conflict of interest” can be said to exist where it appears that an official’s private interests could improperly influence the performance of their duties but this is not in fact the case.

“De Minimis Interest” means that which constitutes (1) less than one percent of the total of any class of outstanding securities of an entity; or (2) an investment representing such a percentage of the Board Official’s assets that it could not reasonably be seen as influential to his or her decision-making, or as a source of a conflict of interest.

“Financial Interest” means any right to receive interest, dividends, capital appreciation, fees or other payment or monetary or in-kind benefit.

“Immediate Family” means a spouse, partner and dependant children under the age of 21, and any member of a Board Official’s family who may be considered as a dependent under the rules applicable to staff of the Bank.

“Made for and on Behalf of any Subsequent Employer” means lobbying for any subsequent employer by attempting to influence Any Person Connected with the Bank on behalf of that employer.

“Misconduct” means an intentional or negligent failure to observe the rules of conduct or standards of behaviour set by this Code.

“Participate Personally and Substantially” means to be involved as chair, leader or member of a team, task force, committee, board or other similar body or individually, if such involvement is of significance to the matter or forms the basis for a reasonable appearance of such significance. It requires more than mere knowledge, perfunctory involvement, or involvement on an administrative or peripheral issue. Moreover, a Board Official who recuses himself or herself under Rules 3(b) and 5 of this Code does not participate personally in the formulation of any subsequent recommendation or decision of the Board.

“Political Office” means any office engaged in government policy making, whether at the national or sub-national level.

“Short-Term Trading” means: (a) any combination of buying and selling of any securities of the same issue within six months; and (b) buying any derivative or securitisation product that does or may have a similar effect to (a) above.

**Principles Supporting Investigations
under the Code of Conduct for Board Officials**

1. Any inquiry conducted under Rule 15 of the Code of Conduct for Board Officials (“the Code”) shall be carried out with paramount consideration being given to safeguarding the rights of the subject of the inquiry and to protecting the confidentiality of the inquiry, including correspondence between the subject of the inquiry and his or her authorities. The inquiry will be conducted as discreetly as possible with a view to protecting the reputation of the subject of the inquiry and of any other person who may be involved, and avoiding any unreasonable intrusions into the personal privacy of the subject of the inquiry.
2. To the extent practicable, the intensity and cost of the inquiry shall be kept in broad proportion to the complexity of the allegation and the seriousness of the alleged misconduct.
3. All inquiries shall be conducted in accordance with appropriate and adequate safeguards, including the following:
 - a. In the course of a normal inquiry, the knowledge and consent of the subject of the inquiry will be obtained prior to the Inquiry Officer examining items under the control of the subject;
 - b. In exceptional circumstances, justified by the seriousness of the allegation, and where agreement has been given by an independent third party, the Inquiry Officer may, in the presence of the independent third party, examine items under the control of the subject of the inquiry in the absence of the subject’s consent, provided that *prior authorisation* is obtained from the Chair of the Audit Committee. Any such authorisation shall be obtained without disclosing where possible the identity of the subject of the inquiry. In the event that the Chair of the Audit Committee is the subject of the inquiry, any such authorisation shall be obtained from the Chair of the Board Steering Group. In the case of an Alternate Director or Adviser, *prior authorisation* will be obtained from the Director who appointed the subject of the inquiry or to whom the subject reports, after the Director has consulted with the Chair of the Audit Committee.
4. The Code of Conduct Committee will adopt such additional procedures as are required to enable an inquiry to be conducted.