

Earning Public Trust

**The Code of Ethics and
Professional Conduct of the
Inter-American Development Bank
and its Procedures**



December 13 2007

“EARNING PUBLIC TRUST”

THE CODE OF ETHICS AND PROFESSIONAL CONDUCT

OF

THE INTER-AMERICAN DEVELOPMENT BANK

December 13, 2007

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I. INTRODUCTION

A. Guiding Principles

1. Importance of High Standards of Ethics and Professional Conduct. The Inter-American Development Bank (the “Bank”) is a public international organization whose mission is to promote social and economic development in its developing member countries. Its employees are international civil servants. Both the Bank as an institution and its international civil servant employees have an obligation to meet the highest standards of behavior in order to (1) earn the public trust necessary to accomplish the Bank’s mission, and (2) create a positive, productive and motivating work environment.

2. Basic Obligations of the Bank and its Employees. The Bank has an obligation to foster and maintain a work environment that supports ethical behavior, actively encourages an open dialogue on ethics and conduct, and is free from discrimination, prejudice, sexual or other forms of workplace harassment, abuse of authority, mistreatment and intimidation of any kind. Bank employees, as international civil servants, have an obligation to carry out their responsibilities to the Bank and its clients with integrity, loyalty and impartiality. Bank employees are also required to maintain proper working relationships based on respect for all individuals.

B. About the Code

1. Background. This Code is subject to ongoing review to ensure it reflects the Bank’s expectations for employee conduct. Recent revisions have incorporated other Bank policy statements in order to ensure that employees have a single, comprehensive code of conduct, to address issues of ethics, conduct and professionalism in the workplace.

2. Purpose of the Code. The purpose of this Code of Ethics and Professional Conduct (the “Code”) is to provide support and guidance for appropriate behavior to: (1) the Bank as an institution operating through its management’s decisions and actions; (2) the Bank’s employees in their roles as international civil servants; and (3) the Ethics Officer and the Committee of Ethics and Professional Conduct (the “Committee”), as the Bank entities centrally responsible for implementing, interpreting and administering the Code. It does this by setting forth a number of Core Values and guidance for Conduct in Specific Situations. Its aim is to help create the work atmosphere and pattern of personal interactions needed to achieve the high standards of ethics and conduct expected of the Bank and its employees in carrying out the mission of the institution.

Certain terms are defined in the section entitled “Definitions”, which may be helpful to understanding the Code.

3. Application. Adherence to the Code is mandatory for the Bank and all of its employees, regardless of their form of contract. It applies to the Bank as an institution and to all Bank employees at its Headquarters and in its Country Offices, including all senior officers, managers, supervisors and all other categories of national and international Bank employees appointed by

or under the authority of the President.* The Code does not apply to the Bank's Executive Directors, Alternate Executive Directors, and their Counselors, who are subject to their own Code of Ethics. Through the application of that Code, these individuals are expected to observe applicable Bank institutional policies, appropriate standards of behavior and treatment of Bank employees, and member country laws. Any Bank employee who has an issue relating to any of these individuals should consult with any member of the Ethics Committee of the Board of Executive Directors. The Ethics Officer shall forward to the Secretary of the Ethics Committee of the Board of Executive Directors any matter which may fall under the jurisdiction of such Committee.

4. Relation to Other Bank Policies Governing Employee Actions and Responsibilities.

This Code is to be the primary policy document setting forth general principles and expectations for workplace conduct. Other documents may provide guidance and rules for specific departments, roles, and interactions. This Code and those policies are not intended to contradict each other, but rather should be read to complement with each other.

5. Areas Not Covered. The Code is not intended to provide the Bank or its employees with answers or guidance for every issue that may arise in the course of the Bank's activities or in an employee's working relationships. Reference to the Code set forth below and reliance on common sense and good judgment will help resolve issues not specifically dealt with in the Code. However, in case of doubt, the employee should always seek guidance by consulting with the Ethics Officer, or one of the other sources identified in the section entitled "Obtaining Further Guidance on Ethics and Conduct Issues."

6. Misconduct. Misconduct ("Misconduct") is prohibited by the Bank. Any individual found to have committed Misconduct may be disciplined. Misconduct does not require malice or guilty purpose. It includes, but is not limited to failure to comply with an employee's obligations under the Agreement Establishing the Bank (the "Charter"), any section of this Code, an individual's contract of employment, Staff Rules and other Bank regulations, and other duties of employment, or to observe the standards expected of an international civil servant.

7. Implementation, Enforcement and Disciplinary Action. Successful implementation of the Code depends on the commitment of the Bank and its employees to follow the guidance and obligations provided by the Code. The Ethics Officer and the Committee have responsibilities in the implementation of the Code. Failure to act in accordance with the Code may result in remedial actions and/or disciplinary sanctions.

* Pursuant to the Bank's Human Resources Strategy and Staff Rules, Bank employees include regular staff and all forms of contractual employees, including consultants, and as further defined in Section VI, "Definitions."

II. CORE VALUES

The conduct of the Bank and its employees is guided by a set of Core Values which are common to the institution and all staff and which apply to all dealings of the Bank and its employees. These Core Values are:

Integrity. The essential elements of integrity are: (1) personal qualities of honesty, truthfulness, probity and freedom from corrupting influences, and (2) compliance with applicable local laws and observance of the Bank's rules and regulations. In judging integrity, the overall behavior of the person concerned must be considered.

Loyalty. Loyalty means that employees shall comply with the provisions of the Charter which states that, in the performance of their duties, employees owe their duty entirely to the Bank and shall recognize no other authority. Adherence to this principle enables employees to avoid conflicting loyalties to other institutions or groups which may affect the performance of their duties or prevent them from discharging their functions consistent with the mission of the Bank. It also means that the Bank as employer shall support its employees in a manner consistent with the overall needs, interests and reputation of the institution.

Equity. Equity means that the Bank and its employees shall consistently and uniformly apply the established rules and policies of the Bank in order to (1) avoid abuse in the exercise of authority, (2) ensure a working environment free of arbitrary or capricious decisions or favoritism, and (3) provide equitable treatment to the Bank's members, clients, stakeholders and employees.

Tolerance. Tolerance means that the Bank and its employees are expected to demonstrate willingness to understand and respect different cultures and individuals with different points of view. It also entails appreciation of the views of others and an ability to work without prejudice, bias or other forms of discrimination with individuals with different characteristics including persons of different nationalities, as well as those of a different race, gender, religion, age, sexual orientation, physical condition, social status or political orientation.

Impartiality. Impartiality means that the Bank and its employees shall strive to act with objectivity and professionalism. It also means that, in the performance of his or her duties, an employee must ensure that personal values, relationships, financial interests, convictions, or elements of nationality do not compromise or appear to compromise the performance of official duties.

Discretion. Discretion means that the Bank and its employees shall act with tact and shall (1) safeguard confidential information that is known by reason of their official functions, and (2) avoid public statements or actions which may compromise or appear to compromise the performance of official duties or damage the reputation of the Bank.

III. CONDUCT IN SPECIFIC SITUATIONS

The Core Values set forth above should be useful in interpreting this guidance. They shall also be used by the Bank and its employees in helping to resolve other ethical and conduct issues not covered in this section.

It is impossible to anticipate all issues that may arise in the course of employment at the Bank and to provide specific guidance on how they shall be resolved. However, there are some issues which arise more frequently than others and which are the subject of the guidance set forth in this section of the Code.

An open and trusting work environment is essential to the Bank's effectiveness and to maintaining employee morale. To this end, all employees shall make clear in their communications and ensure through their actions their commitment to the following basic principles: (1) fair and impartial treatment of all Bank employees; (2) a work environment free of discrimination, prejudice, personal or sexual or other forms of workplace harassment, mistreatment, and intimidation or violence of any kind; (3) no tolerance for excess or abuse in the exercise of authority; and (4) accountability for matters inherent in the duties and responsibilities of any employee.

A. General Conduct

1. Public Image. The Bank respects employees' privacy. Nevertheless, employees must conform to a high standard of personal conduct, as set forth in the Core Values above, to command respect and confidence in their capacity as international civil servants.

2. Duty to the Bank. The Charter states that, in the performance of their Bank duties, employees are responsible to the Bank and to no other authority. Because they are international civil servants, employees shall not accept instructions relating to the performance of their Bank duties from any outside source, public or private, including a government or other international organization. Employees on assignment from the Bank to an outside entity may accept instructions from that entity if these instructions are consistent with the provisions of this Code and the terms of the assignment.

3. National Laws and Privileges and Immunities. Employees are required to observe the applicable laws of the countries where they provide services to the Bank. Privileges and immunities are granted to employees in the interest of the Bank and with respect to acts performed by them in their official capacity. Employees shall not use or attempt to use privileges or immunities for personal benefit that would be inconsistent with the Bank's Charter. The Bank will cooperate with the authorities of member countries to facilitate the proper administration of justice, and to prevent abuse of the privileges and immunities granted to the Bank and its employees.

The status of an international civil servant implies certain obligations regarding conduct, both at work and elsewhere. Employees must meet their personal legal and financial obligations, including but not limited to payment of taxes and court-ordered spousal and child support and

compliance with applicable laws concerning the treatment of domestic employees. Therefore, an employee's violation of national laws, including those pertaining to violent behavior or domestic violence, may be considered Misconduct.

4. Respectful Treatment of Individuals. Employees have the duty to maintain proper work relationships and to treat any individual or company working with the Bank with dignity and respect and in a manner free from prejudice and harassment. Employees are also required to conduct themselves in a manner that does not adversely reflect upon the integrity, public image or interests of the Bank.

5. Financial Obligations. Personal financial difficulties may affect an employee's ability to function effectively as an international civil servant and to carry out his or her duties to the Bank. To minimize this possibility, employees shall strive to pay their financial obligations, including any imposed by law such as taxes or responsibilities towards their dependants or domestic employees, in a proper and timely manner. In the event of a dispute between an employee and an alleged creditor, the Bank considers a final court order to be determinative of the employee's obligations.

B. Conflicts of Interest

Conflicts of interest between an employee's obligations toward the Bank and his or her personal interests are among the most common types of ethical issues faced in organizations. The existence of such conflicts undermine adherence to the Code and the conduct of an employee's duties as an international civil servant. Both the Bank and its employees share the responsibility for maintaining the organization free of harm arising from real or perceived conflicts of interest.

To help achieve this end, all employees shall avoid any situation involving a conflict (or the appearance of a conflict) between their personal interests and their responsibilities towards the Bank. Whenever a potential conflict arises, personal interests must yield to the best interests of the Bank; and the potential conflict shall be promptly brought to the attention of the Ethics Officer. An apparent conflict of interest may be as serious as a real one.

Conflicts of interest can take many forms. The sections that follow refer to some of the most common conflicts of interest and provide guidance for employees in dealing with them. If an employee faces a conflict of interest not specifically covered by the Code, he or she shall seek guidance from the Ethics Officer or one of the other bodies identified in the section entitled "Obtaining Further Guidance on Ethics and Conduct Issues."

1. Conflicts with Personal Views of Employees. As international civil servants, Bank employees must comply with their obligations to the Bank, support the decisions of the Bank and carry out institutional decisions, even if they conflict with their personal views. Employees do, however, have the right to express dissenting opinions within the Bank and request of their managers and/or the Ethics Officer that they be recorded. In special circumstances, employees may also request of their managers and/or the Ethics Officer to be relieved from duties which are in direct contradiction to their personal, religious or moral beliefs.

2. Conflicts resulting from Partisan Political Activities Involving Running for, or Holding, Public Office. Employees have a legitimate interest in the civic and political affairs of the communities to which they belong. However, to preserve the independence and impartiality of their status as international civil servants and to avoid interference and conflict with their duties, they may not participate in partisan political activities that imply candidacy, acceptance of or appointment to public office or to a political party position. Accordingly, they must resign their position in the Bank prior to participating in such activities or accepting such offices, or becoming candidates for such positions.

3. Financial Conflicts. Bank employees are free to conduct their personal financial affairs as they see fit subject to the considerations detailed in this Code. Personal financial affairs shall be conducted in a manner that will: (1) avoid real or apparent conflicts between their personal interests (or those of their immediate family or affiliates) and the interests of the Bank; and (2) not compromise the independence of judgment or action required in the performance of their Bank duties.

Additionally, an employee 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. Confidential information includes any market-sensitive information relating to pending or ongoing Bank or government actions that, when disclosed, are 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.

Prohibited Financial Transactions. An employee must refrain from: (1) short-term trading in securities issued by the Bank; and (2) knowingly acquiring, directly or indirectly, for his or her own account or the account of others, any financial interest in (a) a loan made by the Bank; or (b) any entity engaged in a financial transaction or other financial or supplier relationship with the Bank, including a borrower or executing agency of a Bank-financed activity, which could reasonably be seen as influential to his or her decision-making or otherwise as a source of conflict of interest from the time the transaction or relationship begins until the time the transaction or relationship is terminated. These prohibitions cover any financial interests in all borrowers, lenders or suppliers of the Bank whether or not an employee is personally involved in such a transaction or relationship in the performance of his or her Bank duties. The prohibition does not apply to interests in securities issued by the Bank subject, however, to the prohibition on short-term trading. In the event of doubt, the Ethics Officer shall be consulted.

In addition, if an employee becomes aware of the fact that a member of his or her immediate family or an affiliate has any of the above-mentioned financial interests, he or she shall report that fact to the Ethics Officer within five (5) business days.

4. Conflicts Involving Outside Occupations and Other Non-Political Activities. The Bank recognizes that employees may wish to pursue outside activities from which they may derive income. However, the Bank also recognizes that, when such activities involve another authority, conflicts of loyalty may arise.

Employees may engage in a non-political occupation or activity provided that they observe the Core Values and adhere to the following guidelines designed to prevent conflicts with their responsibilities as Bank employees. The occupation or activity: (1) does not interfere with the full and proper discharge of their duties and responsibilities to the Bank; (2) does not violate local laws or applicable immigration rules; (3) does not compromise the employee's impartiality as an international civil servant; (4) is not contrary to the Bank's mission; and (5) is undertaken on an individual capacity and not as a Bank employee.

5. Conflicts of Interest in Relationships. Relatives of employees as defined in Bank policy are not eligible for Bank employment. Employees who become related to one another through marriage or domestic partnership as defined by Bank policy and regarding eligibility for Bank employment are required to make this relationship known to the Ethics Officer. Employees must be conscious of personal relationships in the work environment. An employee may not be assigned to work under the direct or indirect supervision of a relative. If two employees in a supervisory relationship become related while in Bank service, one of them will be reassigned. The interests of the Bank will determine which of the two individuals will be assigned to other duties. An employee shall recuse him or herself from participating in any employment-related decisions concerning a relative or an individual with whom he or she has an intimate relationship, including assignments of duties, evaluation of performance, awards of merit pay, and any other actions inherent in the employment relationship. In cases of doubt, employees shall seek the guidance of the Ethics Officer.

6. Conflicts Related to Non-Bank Employment. Conflicts of interest may be created as a result of (1) a current employee's dealings with a former or prospective employer, or (2) a former employee dealing with the Bank. Employees are urged to contact the Ethics Officer if they have questions about former, prospective or subsequent employment.

Former Employment. Except with the authorization of the Ethics Officer, for a period of five (5) years after entering the Bank an employee shall not participate in decisions affecting a former employer. Thereafter, if there is a possibility of a potential conflict of interest between the Bank and a former employer, employees are expected to consult with the Ethics Officer prior to performing any services related to their former employer.

Prospective Employment. Employees must not allow the performance of their duties to conflict with, or be affected by, possible or prospective outside employment. In addition, an employee must resign from the Bank prior to becoming an official candidate or being elected or appointed as an Executive Director or Alternate Executive Director of the Bank.

Subsequent Employment. Except with the authorization of the Ethics Officer, for five (5) years following termination of Bank employment, former employees may not participate in, nor provide services in connection with, any project, transaction or initiative on behalf of any entity that does business with the Bank, or is negotiating to do business with the Bank, when the former employee has participated personally and substantially in that project, transaction or initiative or any related matter while employed by the Bank.

7. Conflicts Involved in Procurement and Contracting. All employees engaged in either project or corporate Bank procurement and contracting activities who have, or may have any direct or indirect outside interest, financial or otherwise, including that of nationality, that might conflict or appear to conflict with the procurement interests of the Bank must disclose this circumstance and seek advice from the Ethics Officer. Favoritism toward a firm or consultant can also undermine confidence in the Bank and shall be avoided.

Whenever an employee engaged in Bank procurement and contracting activities knows that a relative works for or has an interest in an entity contracted or to be hired by the Bank to provide goods or services, or that a relative has been contracted or is to be hired by the Bank in any capacity, the employee must report the relationship to the Ethics Officer, who may require, among other remedial actions, that the employee recuse himself or herself from any decision related to business between the Bank and that entity or relative.

8. Conflicts Involved in Receiving Gifts and Favors. Giving and receiving gifts or favors may compromise an employee in the performance of his or her Bank duties.

Accordingly, employees may not accept gifts or favors, or a promise of gifts or favors, of significant value and in no event greater than US\$100 equivalent offered to them during their Bank employment and because of their position with the Bank. This amount may be reviewed periodically by the Committee. Individual gifts or favors of an insignificant value from the same party or related parties may cumulatively be considered significant, and in such cases, employees shall consult with the Ethics Officer.

For the purpose of this provision, “gifts or favors” include, but are not limited to loans, discounts, options, services, entertainment, raffle tickets, transportation, meals, lodging, and any tangible object or in-kind service having monetary value. However, employees may accept: (1) discounts for events to be attended by an employee with the Bank’s authorization and for which the cost would otherwise be covered by the Bank; or (2) meals or local transportation, and related amenities of insignificant value, associated with business activities authorized by the Bank, and where acceptance would not compromise the employee in fact or appearance.

Employees may also not give gifts or favors of significant value that might influence decisions or actions of parties doing business with the Bank.

If an offered gift or favor is of significant value, but refusal to accept it would cause offense or embarrassment to either the donor or the Bank, the gift may be accepted on behalf of the Bank but its receipt must be reported promptly to the Ethics Officer. Whenever possible, the gift must be turned over to the Ethics Officer as property of the Bank.

9. Corruption as a Source of Conflict. Corruption, fraud, coercion, collusion, bribery and theft are prohibited and involve a direct conflict with the performance of an employee’s obligations to the Bank. Some of the corrupt practices prohibited by the Bank include soliciting or accepting, facilitating or encouraging, whether directly or indirectly, any benefit for themselves or for others, in exchange for any act or omission related to the performance of their official functions. Similarly, employees must not offer or give to other parties any benefits in

exchange for acts or omissions related to the performance of the other party's job responsibilities.

10. Receipt of Honors as a Source of Conflict. The receipt of an honor from an organization outside of the Bank may represent a potential source of conflict with the Bank's Core Values and the impartial performance of an employee's duties to the Bank. Therefore, employees may not accept from any entity other than the Bank personal honors in connection with their official duties at the Bank without first obtaining authorization from the Ethics Officer.

Honors awarded in recognition of activities unrelated to the Bank may be accepted, except in cases where the offer of an honor could appear to compromise the independence or impartiality of the fulfillment of the employee's duty to the Bank. In such cases, the Ethics Officer shall be consulted at the earliest possible opportunity.

C. Disclosure of Interests

In order to ensure that no employee has a prohibited interest that might affect his or her judgment in the performance of his or her duties, designated employees will be required to file statements of interests for themselves and immediate members of their family.

The requirement to file statements of interests includes:

- (1) All employees at Grade Level 3 and above; and
- (2) Any other employees or categories of employees designated by the Ethics Officer.

The Ethics Officer is responsible for determining what information will be disclosed and the manner and procedure of disclosure consistent with the provisions and obligations of the Code.

All other employees will be required to file an annual affidavit affirming that they are not engaged in any of the transactions prohibited by this Code.

When completing their statements of interests or affidavits, employees shall provide the Bank truthful, accurate and timely information. Knowingly misrepresenting or omitting facts, providing inaccurate information, or failure to file statements of interests or affidavits constitutes Misconduct.

The statements and the affidavits shall be submitted to the Ethics Officer during the first quarter of each calendar year, who shall arrange for their review, and will be maintained by him or her.

D. Use of Information

1. Provision of Information. Provision of information to or about the Bank shall be done in a manner consistent with the Core Values of the institution and in accordance with the following specific guidelines when they are relevant.

Providing truthful information. Employees must provide the Bank with truthful, accurate and timely information when performing their duties or in situations where disclosure of personal information is required by the Bank's rules and regulations; and

Employees may never intentionally misrepresent the truth, especially when providing information to the Bank or parties that do business with the Bank.

Public Statements. Employees shall not make public statements on behalf of the Bank except when specifically authorized to do so in accordance with applicable policies.

Communications with the Press. Only employees duly authorized by the Bank may communicate on the Bank's behalf with the press. When communicating with the press in relation to Bank matters, employees must regard themselves as speaking in the name of the institution and avoid making personal references and expressing personal views.

2. Personal Use of Information. The use by employees of information obtained in the course of their employment at the Bank is subject to the provisions of the Bank's Policy on Disclosure of Information, the Core Values, other relevant Bank policies and the following specific guidelines.

Publicly Available Information. Employees may use or allow the use of information obtained in the course of their official duties for personal purposes or for the benefit of others only if such information is available to the general public.

Copyrighted Information. The Bank owns the copyrights for all material that employees produce as part of their official duties and, therefore, has the sole right to publish or use such work in the manner it deems appropriate. If an employee wishes to publish or use material not produced as part of Bank duties, but which deals with the Bank, he or she must obtain prior authorization from the Ethics Officer. Additionally, employees shall respect the copyrights of others. Therefore, it is the responsibility of employees to comply with the law, or make inquiries in case of doubt, when reproducing or transmitting printed or electronic literary works provided to them by the Bank.

3. Safeguarding Confidential Information. When information is disclosed to the Bank on a confidential basis, the confidentiality of this information is protected by both the Bank and its employees, subject to the Bank's policies for maintaining confidential information.

Employees. Employees may not share with unauthorized recipients, including governments, entities and individuals inside or outside the Bank, any information that is designated by Bank policies to be confidential or that the employees know or should know to be confidential or subject to restricted disclosure. Employees shall respect the personal privacy of others and abstain from revealing to third parties, not authorized to have such information, details from personnel files or other confidential Bank documents containing personal information about other individuals. These obligations remain in force after termination of employment.

The Bank. The Bank will safeguard and protect confidential information regarding its employees. Personnel files, medical records, information concerning investigations, personal financial information, and disciplinary actions will be kept from inappropriate use and disclosure and access to such information will be allowed only for authorized and legitimate business needs of the Bank.

E. Use of Bank Property

Employees have a duty to (1) protect and conserve Bank property, and other property entrusted or issued to them by the Bank, and (2) use such property in accordance with any applicable administrative guidelines or regulations of the Bank. Employees may not use or allow the use of property of any kind, owned or leased by the Bank, for other than official activities without specific authorization from appropriate Bank authorities.

Bank property includes, but is not limited to, Bank facilities, the Bank's name and symbols, Bank-issued equipment, supplies, computers, hardware, software, email, Internet access, phones, and all other electronic communication and information storing devices.

As provided in the Bank's administrative policies, the personal use of the Bank's electronic systems and equipment is permitted, but must not interfere or conflict with business use, and may not in any way be connected with illegal or wrongful acts. At all times, users are responsible for the professional, ethical, and lawful use of Bank equipment.

Inappropriate use of Bank property includes, but is not limited to, any use for activities that are illegal or that could adversely reflect upon the integrity, public image or interests of the Bank. The creation, downloading, viewing, storage, copying or transmission of material that is sexually explicit or advocates or depicts racial, ethnic, religious or other forms of discrimination is prohibited. Employees are expected to exercise sound judgment in the use of Bank property, taking into account, among other things, the possibility that the use and transmission of material may offend or cause discomfort to others.

Employees may engage in activities involving use of Bank premises for appropriate recreational, educational or other personal activities during non-working hours, subject to the availability of the facilities which have been designated for such purposes. In the event of doubt whether the activity is appropriate, the Ethics Officer shall be consulted.

F. Respect in the Workplace

The Bank is committed to a work environment in which all individuals are treated with respect and dignity, and prohibits discriminatory or harassing behavior. Therefore, the Bank expects that all relationships among employees will be business-like and free of prejudice, discrimination and harassment. Employees shall properly respect the dignity and sensitivities of other individuals on the Bank's premises or performing services for the Bank.

1. Sexual Harassment. Sexual harassment constitutes Misconduct and is prohibited at the Bank. Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors

and other verbal or physical conduct of a sexual nature when, for example: (i) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (ii) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual; (iii) such conduct has the purpose or effect of interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment; or (iv) such conduct otherwise adversely affects an individual's opportunities for career development.

Sexual harassment may include a range of subtle and not so subtle behaviors and may involve individuals of the same or different gender. Depending on the circumstances, these behaviors may include, but are not limited to: (i) unwanted sexual advances or requests for sexual favors; (ii) sexual jokes and innuendo; (iii) verbal abuse of a sexual nature; (iv) commentary about an individual's body, sexual prowess or sexual deficiencies; (v) leering, catcalls or touching or other unwelcome physical contact; (vi) insulting or obscene comments or gestures; (vii) display or circulation in the workplace of sexually suggestive objects or pictures (including through e-mail or cell phones); (viii) invitations to social activities or "dates", if they persist after the recipient has made clear that they are not welcome; and (ix) other physical, verbal or visual conduct of a sexual nature that may interfere with work or create an intimidating or hostile work environment.

2. Other Forms of Harassment. Harassment on the basis of any other personal characteristic is also prohibited. Such harassment may include any verbal or physical conduct that denigrates or shows hostility or aversion toward an individual (or his or her relatives, friends or associates) because of any personal characteristic, and that: (i) has the purpose or effect of creating an intimidating, hostile or offensive work environment; (ii) has the purpose or effect of unreasonably interfering with an individual's work performance; or (iii) otherwise adversely affects an individual's employment opportunities.

Harassing conduct includes, but is not limited to: (i) epithets, slurs or negative stereotyping; (ii) threatening or hostile acts; (iii) denigrating jokes and display or circulation in the workplace of written or graphic material that denigrates or shows hostility or aversion toward an individual or group; (iv) intimidation, including physical or verbal abuse or other behaviors directed at isolating or humiliating an individual or a group; and (v) denigrating comments related to personal beliefs, values and ideology.

3. Workplace Violence. It is the goal of the Bank to have a workplace free from acts or threats of violence. Towards this end, the Bank seeks to provide a safe work environment for all employees, in accordance with Bank policies and procedures on workplace conduct.

Workplace violence is prohibited and may constitute a crime in the Bank's member countries. Individuals who commit or threaten to commit violence, including threats or acts of domestic violence, may be subject to referral by the Bank to national authorities.

Workplace violence is any action, incident, or conduct that departs from standards of reasonable conduct, causes an individual to reasonably fear for his or her personal safety or the safety of his or her coworkers, family, friends and/or property, and the Bank determines can or has affected

the reputation and character of the Bank, the working environment, or an employee's ability to perform his or her job duties.

Workplace violence can include, but is not limited to:

- Physical assault
- Threatening physical or aggressive contact directed toward another individual
- Threatening an individual or his or her family, friends, associates or property with harm
- Intentional destruction or threat of destruction of Bank property or another's property
- Harassing or threatening phone calls
- Stalking
- Veiled threats of physical harm or like intimidation
- Communicating an endorsement of the inappropriate use of firearms or weapons
- Domestic abuse

Workplace violence can occur in numerous settings, including:

- On Bank premises, regardless of the relationship between the Bank and the parties involved in the incident.
- Off Bank premises, when:
 - The acts or threats involve someone who is acting in the capacity of a representative of the Bank;
 - An employee of the Bank is a victim and the Bank determines that the incident does or may adversely impact the Bank or its work environment; or
 - The Bank determines that the violent conduct affects or could affect the Bank's character, reputation or an employee's ability to perform his or her duties.

4. Discrimination. Maintaining a workplace free of any form of discrimination is a paramount duty shared by all employees irrespective of their position or grade in the organization. The distinct treatment of individuals does not in itself represent discrimination. Discrimination as prohibited by this Code is the inequitable treatment of individuals who are similarly situated on the basis of nationality, race, gender, religion, age, sexual orientation, physical condition, social status or political orientation.

IV. REPORTING MISCONDUCT AND OTHER ETHICAL CONCERNS

A. Reports of Misconduct

The Bank strongly urges employees to report any suspected Misconduct, which includes violations of this Code. Individuals who believe they have witnessed or experienced Misconduct, or who have concerns about any issues covered in this Code, should report their concerns to the Ethics Officer, or one of the following individuals:

- The Human Resources Department Manager, Local Support Division Chief or Employment Relations Advisor
- His or her supervisor
- His or her supervisor's superior(s), including the Department Manager
- The line supervisor of the accused person

Any such person who suspects Misconduct or learns of an allegation of Misconduct must report it to the Ethics Officer as soon as possible and in no event later than one (1) business day after developing such a suspicion or learning of the allegation.

Any suspected act of fraud or corruption involving Bank-financed activities or Bank employees must be reported immediately to the Office of Institutional Integrity. The Ethics Officer shall forward any such complaints directly to the Office of Institutional Integrity.

Individuals who report suspected Misconduct may do so anonymously or on a confidential basis. **"Anonymity"** means that an employee does not provide the Bank with his or her name. **"Confidentiality"** means that an employee provides his or her name, but the Bank will not reveal the source of the allegations to anyone outside of the investigation without the employee's consent, unless the Bank determines that the employee knowingly made a false report or failure to disclose such information would do harm to the Bank.

A reporting employee should have a belief that Misconduct may have occurred. An employee need not wait until the conduct is severe or pervasive, or clearly constitutes Misconduct, before making a report. Making false accusations or providing information that is known to be false shall constitute Misconduct.

Individuals who have questions or concerns about reporting Misconduct should consult with the Ethics Officer.

B. Whistleblower Protection

Reprisal is any adverse action taken against an employee by another employee or supervisor in response to the employee's reporting Misconduct, or otherwise being a "whistleblower" in accordance with Staff Rule 328 "Protection for Whistleblowers and Witnesses." Any employee who is found to have retaliated against another employee because he or she opposed or reported Misconduct shall be subject to disciplinary sanction. An employee who believes that he or she

has been the subject of reprisal should refer his or her concerns to the Ethics Officer immediately.

In addition, no employee may use his or her position to influence an employee or prevent an employee from exercising his or her rights or obligations in good faith as provided in this Code.

C. Remedial Actions and Disciplinary Sanctions

Employees who commit Misconduct may be subject to remedial actions and disciplinary sanctions. Such sanctions may be prescribed to correct Misconduct, protect the victim of Misconduct and/or employee who reported the Misconduct, punish Misconduct, and/or deter future Misconduct. Sanctions are, however, not limited to these purposes.

Such sanctions may take many forms, including, but not limited to:

1. Requirement for corrective or remedial action;
2. Oral or written reprimand;
3. Suspension from duty with pay, with reduced pay, or without pay;
4. Restrictions on access to the Bank's premises;
5. Restitution, loss of pay or benefits, or loss of a salary increase for a prior year in which it is later determined that Misconduct occurred;
6. Temporary or permanent loss of privileges or benefits;
7. Reassignment;
8. Assignment to a lower position;
9. Demotion;
10. Reduction or loss of future pay increases;
11. Termination of contract;
12. Loss of future employment and contract opportunities with the Bank; and
13. Any combination of the above, or combination with other sanctions.

V. IMPLEMENTATION OF THE CODE

A. Role of the Ethics Officer

The Ethics Officer is responsible for receiving consultations and requests for interpretation of the Code, receiving allegations of Misconduct as described in the Code, and supporting the interpretation, implementation and enforcement of the Code as described both in the Code and other applicable Bank policies. The President shall appoint the Ethics Officer.

The Ethics Officer may act on his or her own initiative, at the request of the Committee, of an employee or of other Bank officer, or on the basis of information provided by any party.

B. Role of the Committee of Ethics and Professional Conduct

The Committee is composed of five members appointed by the President, and shall advise the Ethics Officer on matters covered by this Code.

When the Committee finds that Misconduct has occurred, it may recommend remedial actions and/or disciplinary sanctions to the appropriate Bank authority.

C. Procedures for Code Administration and Enforcement

The Code is supported by a set of procedures which (1) describe the functions of the Ethics Officer and the Committee, and (2) contain provisions outlining processes through which the activities of the Ethics Officer and Committee shall be conducted and ensuring fairness to employees accused of Misconduct. Topics covered include: receiving Consultations and Allegations, investigating alleged Misconduct, decision-making, and implementation of decisions.

VI. DEFINITIONS

“Affiliate” includes any person, firm, or organization with which an employee or a member of his or her immediate family has a financial interest.

The term **“employee,”** as used within this Code, includes all categories of Bank employees at its Headquarters and in its Country Offices, including all senior officers, managers, supervisors and all other categories of national and international Bank employees appointed by or under the authority of the President, including staff and contractual employees (including consultants), as defined in Bank policies and rules. The Code does not apply to the Bank’s Executive Directors, Alternate Executive Directors, and their Counselors, who are subject to their own Code of Ethics.

“Ethics” refers to a set of principles or values held by a specific group and which regulate and guide dealings with other members of the group and with other parties; a code or set of principles by which people or groups live and which regulate and guide their activities.

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

“Immediate family,” for the purposes of the “Conflicts of Interest” section of this Code, includes the spouse, domestic partner, dependent child or children and any other member of the employee’s family who may be considered as a dependent under the rules applicable to employees of the Bank.

“International civil servant” refers to an individual who works for a public international organization and who is expected to (1) perform his or her work with integrity, impartiality, loyalty and independence from any government or other authority external to the employer, and (2) avoid placing himself or herself in a position where personal interests conflict with the interest of the employer organization.

“Personal interests” means interests specific to an individual, which relate to his or her individual needs, desires, goals, values or beliefs and which are independent of the needs and goals of the organization for which he or she works.

“Relative,” for the purposes of the “Conflicts of Interest” section of this Code, means an individual related to an employee up to the third degree of relationship by blood (consanguinity) or by adoption, or up to the second degree of relationship by marriage or domestic partnership (affinity).

“Reprisal” means an act of retaliation on the part of an employee's colleagues, supervisors, or any other Bank officer carried out to punish an employee who acted as “whistleblower.” Reprisals are any adverse action on the part of co-workers or supervisors in response to the employee's acting as “whistleblower,” which could include harassment, discriminatory treatment, assignment of work outside of the corresponding position description, inappropriate

evaluations of performance, inappropriate awards of merit pay, or the withholding of any other entitlement. For the purposes of the Code, a reprisal includes the threat of reprisal.

“Whistleblower,” in the context of this Code, means any Bank employee who discloses information concerning allegations that other employees, executing agencies, contractors, consultants, or any other person or organization doing or seeking business with the Bank may violate or have violated the Bank's policies or the laws of its member countries, or may take or have taken action which has caused or could cause harm to the Bank's mission or reputation.

VII. OBTAINING FURTHER GUIDANCE ON ETHICS AND CONDUCT ISSUES

This Code cannot provide the Bank or its employees with all of the guidance needed to resolve every issue that might arise in the course of the Bank's activities or an employee's working relationship with the Bank. There will be cases which do not seem to be covered by the Code or cases where the Code may be ambiguous when applied to specific facts. In such instances, the Bank and/or the employee shall seek further guidance by consulting the Ethics Officer on all questions arising under the Code or relating to its interpretation.

A. People to Consult

In order to ensure overall consistency and fairness in the application of the Code, it is required that all consultations be directed to the Ethics Officer. The Ethics Officer shall respond to all consultations.

This does not impede employees who need guidance in their daily work from discussing concerns with their supervisors or Managers; the Country Representative; the Human Resources Department; or other Bank entities. However, it is the responsibility of the Ethics Officer and Committee, as provided for in the Code and its Procedures, to interpret the Code and determine whether behaviors do or do not violate the letter or spirit of the Code.

B. Policies and Documents to Consult

In addition, it may often be helpful for the employee to consult other Bank documents and policies, rules, regulations, and guidelines that may be relevant to the ethics or conduct issue under consideration and which may provide some context and guidance for its resolution. Some of the most relevant documents and policies are:

- (1) The Agreement Establishing the Inter-American Development Bank, especially Article VIII, Sections 5 (d), (e) and (f);
- (2) The Principles of Human Resource Management of the Bank and, particularly, all existing Bank policies and documents dealing with Duties, Obligations and Privileges of Bank employees, including Staff Rule 328 "Protection for Whistleblowers and Witnesses;"
- (3) Bank policies and guidelines supporting the Bank's systemic framework against fraud and corruption;
- (4) Bank Staff Rules, Administrative Policies, and other Bank Manuals; and
- (5) The documents and policies with respect to the Ombudsperson.

**PROCEDURES FOR THE
CODE OF ETHICS AND PROFESSIONAL CONDUCT
OF THE
INTER-AMERICAN DEVELOPMENT BANK**

DECEMBER 13, 2007

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I. RESPONSIBILITIES AND FUNCTIONS OF THE COMMITTEE OF ETHICS AND PROFESSIONAL CONDUCT AND THE ETHICS OFFICER

101. Responsibilities

The Ethics Officer and the Committee of Ethics and Professional Conduct (the “Committee”), in their respective roles as indicated by these Procedures, are responsible for interpreting and implementing the Code of Ethics and Professional Conduct (the “Code”) of the Inter-American Development Bank (the “Bank”), as provided herein.

102. Relationship to other Bank Entities

In order to coordinate activities and to avoid overlaps and/or conflicts in jurisdiction, the Ethics Officer, including on behalf of the Committee shall, as is necessary, consult with other offices, departments and bodies of the Bank (each, a “Bank Entity”), including but not limited to the Oversight Committee on Fraud and Corruption (“OCFC”) and other Bank Committees.

103. Ethics Officer

The President shall appoint as a Bank staff member a person of professional competence and integrity to be the Bank’s Ethics Officer. The Ethics Officer’s responsibilities shall include the following, and as may be further detailed in these Procedures:

- (1) serve as Secretary to the Committee;
- (2) interpret the Code and provide guidance, support and counseling to Bank employees* in all matters related to the Code, and determine remedial actions, when appropriate;
- (3) receive and address Consultations as provided herein;
- (4) review Disclosure of Interests forms and provide advice to employees and to the Committee in relation thereto, as appropriate;
- (5) issue authorizations to engage in conduct subject to the Code as required or permitted by the Code;
- (6) receive allegations of Misconduct, determine whether the allegations require investigation, and ensure that proper investigations are undertaken in order to obtain the information needed to determine whether Misconduct has occurred;
- (7) promote availability of relevant public information on the activities related to the Code, and provide assistance in training and awareness-raising programs for Bank employees concerning the application of the Code; and

* Pursuant to the Bank’s Human Resources Strategy and Staff Rules, Bank employees include regular staff and all forms of contractual employees, including consultants, as defined in Section VI of the Code.

- (8) perform such other functions as may be necessary to carry out the implementation and oversight of the Code including through the functions enumerated above.

If the Ethics Officer experiences a conflict of interest, s/he shall inform the Vice President for Finance and Administration who shall appoint a temporary Alternate Ethics Officer to deal with the respective matter.

104. Committee

The Committee shall be composed of five (5) members, all of whom are appointed by the President of the Bank. The composition and internal organization of the Committee is established in Annex A hereto.

The Committee's responsibilities shall include the following, and as may be further detailed in the Code and these Procedures:

- (1) provide advice to the Ethics Officer, as requested;
- (2) review responses to Consultations provided by the Ethics Officer, when requested by the consulting employee; and
- (3) review the results of investigations of allegations of Misconduct, and make a decision as to whether there has been Misconduct;
- (4) in the event of Misconduct, recommend remedial actions and/or disciplinary sanctions.

II. CONSULTATIONS

201. Review of Consultations by the Ethics Officer

- a. Employees shall consult the Ethics Officer on all questions arising under the Code or relating to its interpretation and application ("Consultations"). Consultations shall include the review of Disclosure of Interests forms and providing of advice thereon.
- b. Consultations with the Ethics Officer may be made verbally or in writing; however, only written Consultations shall be entitled to receive written responses or to be reviewed by the Committee in accordance with Section 202 below. The fact that the employee requested a Consultation, and the response thereto of the Ethics Officer or the Committee, shall be treated as confidential.
- c. In the event that the Ethics Officer concludes that a written Consultation does not concern behavior covered by the Code, s/he will transfer the request to the appropriate Bank Entity for consideration. The Ethics Officer shall advise the employee of the decision to transfer the request, and keep a record of the request and to which Bank Entity it was transferred.

- d. The Ethics Officer shall review the Consultation, and if s/he determines that it does concern behavior covered by the Code, research the issue as necessary, and respond within a reasonable amount of time to the requesting employee. Generally, routine requests should be responded to within ten (10) business days. Complex issues may take a longer period of time, and may require that the Ethics Officer consult with other Bank Entities or outside experts. In the event that this occurs, the Ethics Officer shall endeavor to follow up periodically with the requesting employee. When a Consultation is reasonably characterized as urgent by the employee, and actions or decisions on the part of the employee depend on the response, the Ethics Officer shall endeavor to provide a more immediate response.
- e. A response to a Consultation may include an authorization that an employee engage in certain action, a denial thereof, and/or a direction that the employee take remedial action.

202. Review of Consultations by the Committee

- a. An employee who is not satisfied with the guidance received from the Ethics Officer in response to a Consultation may request, and shall be granted, review by the Committee, pursuant to paragraph (b) below, and for purposes of such review and the time-frames for responses thereto, the “date of receipt” shall be deemed to be the date of the receipt by the Ethics Officer of the request for review. Such a request for review must be made in writing within fifteen (15) calendar days from notice of the response to the Consultation from the Ethics Officer.
- b. Where a request for review by the Committee pursuant to paragraph (a) above has been received, the Ethics Officer shall advise the Chair of the Committee and s/he shall convene a meeting of the Committee at such time as to allow the Ethics Officer to endeavor to provide a written response within thirty (30) calendar days following the date of its receipt by the Ethics Officer. Generally, the Committee’s review should focus on whether the guidance provided by the Ethics Officer was reasonable. The Committee shall have the right to rely on the facts as represented by the Ethics Officer, or request additional information as deemed necessary by the Committee. When a Consultation is reasonably characterized as urgent by the employee, and actions or decisions on the part of the employee depend on the response of the Committee, the Committee shall endeavor to provide a more immediate response.
- c. Decisions of the Committee concerning Consultations shall be made by majority vote.
- d. The Ethics Officer shall provide a copy of the Committee’s decision to the consulting employee not more than five (5) business days following the date of the decision.

203. Other provisions regarding Consultations

- a. Employees who have consulted the Ethics Officer and who have not received a response within the 10-day period referred to in Section 201.d shall not be subject to remedial actions or disciplinary sanctions for proceeding with actions that a reasonable person would believe

to be consistent with the Code while a response is pending. However, the employee shall inform the Ethics Officer of the action(s) taken or to be taken as soon as possible.

- b. Employees shall not be sanctioned for having acted in reliance on the guidance or response of the Ethics Officer or the Committee.

III. ALLEGED MISCONDUCT

301. Reporting Misconduct

- a. In accordance with the Code, Misconduct includes, but is not limited to, failure to comply with an employee's obligations under the Bank's Charter, any section of the Code, an individual's contract of employment, Staff Rules and other Bank regulations, and other duties of employment, or to observe the standards expected of an international civil servant.
- b. The Code provides general guidelines for reporting an allegation of Misconduct (an "Allegation"), and for the protection of employees who report a suspected violation with reasonable grounds for suspicion.
- c. Individuals who believe they have witnessed or experienced Misconduct are encouraged to report their concerns to the Ethics Officer, or one of the following individuals:
 - The Human Resources Department Manager, Local Support Division Chief or Employment Relations Advisor
 - His/her supervisor
 - His/her supervisor's superior(s), including the respective Manager; or
 - The line supervisor of the accused person

Any such person who suspects Misconduct or learns of an Allegation should report it to the Ethics Officer as soon as possible and in no event later than one business day after developing such a suspicion or learning of the Allegation. When the Ethics Officer receives an Allegation, s/he shall consider it in accordance with the procedures set forth in Sections 301.1 through 301.9 below.

- d. All Bank employees have a duty to immediately report suspected acts of fraud or corruption in Bank activities to the Office of Institutional Integrity, the Ethics Officer or to their supervisors, including their respective Manager. A supervisor, including a Manager, who suspects or receives a report of suspected fraud or corruption has an obligation to report it immediately to the Office of Institutional Integrity.
- e. The Ethics Officer and the Committee shall conduct their affairs, to the maximum extent possible, in a manner that ensures the confidentiality of its activities.
- f. Complaints that an individual on the Bank's premises who is not a Bank employee has engaged in Misconduct should be addressed to the Ethics Officer. The actions to be taken

by the Ethics Officer will take into consideration the nature of the alleged Misconduct, the Bank's relationship to such individual, and such other factors as the Ethics Officer may deem appropriate.

- g. Allegations may be submitted in person, by telephone, by email, by facsimile, or by regular mail to the Ethics Officer, or to any of the parties identified in 301.c and who shall forward such Allegations to the Ethics Officer. Individuals who report Allegations may do so anonymously, however, anonymous reporting may hinder a thorough investigation or the taking of other action.
- h. Staff Rule No. 328, Protection for Whistleblowers and Witnesses, establishes that no employee should be subject to reprisal as a result of having provided information to Bank authorities. Knowingly reporting of false information is contrary to the Code and may be the basis for disciplinary action.

301.1 Acceptance of Jurisdiction

Upon receipt of an Allegation, including a matter transferred to the Ethics Officer by the OCFC, the Ethics Officer shall determine whether the Allegation is within his/her jurisdiction.

301.2 Referral to Another Bank Entity

If the Ethics Officer determines that an Allegation is not a matter within his/her jurisdiction, s/he shall refer the matter to the appropriate Bank Entity. In such cases, any applicable notices to affected employees shall be provided by the transferee Bank Entity in accordance with its own rules and procedures. The Ethics Officer shall inform the Committee of the referral and maintain in the Committee's files a confidential written record of the action taken, including the reason for the referral.

301.3 Options for Action upon Acceptance of Jurisdiction

When the Ethics Officer determines that a matter is properly within his/her jurisdiction, s/he shall proceed as follows:

- a) If the Ethics Officer considers that an Allegation does not constitute Misconduct and is not within the jurisdiction of another Bank Entity, s/he shall recommend to the Committee that the Allegation be dismissed. The Committee may concur with such a recommendation, and therefore dismiss the Allegation, or recommend a different course of action, including referring the matter to another Bank Entity. The individual who submitted the Allegation shall be notified of the Committee's determination. The Ethics Officer shall maintain a confidential written record in the Committee's files of the action taken, including the basis for such action.
- b) If the Ethics Officer determines that an Allegation, if factually correct, would constitute Misconduct, the Ethics Officer shall initiate a preliminary inquiry or an investigation.

301.4 Preliminary Inquiry

- a. A preliminary inquiry is primarily a fact-finding exercise with the objective of providing the Ethics Officer with sufficient information to determine whether an Allegation warrants further consideration under these Procedures, including possible referral to other Bank Entities.
- b. The Ethics Officer will conduct preliminary inquiries, or take steps to ensure that the inquiry is performed by a person or persons qualified to do so. The person conducting the preliminary inquiry may conduct discussions with relevant parties and review documents and files. When there is no sufficient basis to merit further proceedings, or where as a result of a preliminary inquiry it is determined that a referral to other Bank Entities would be appropriate, the Ethics Officer shall recommend to the Committee that the Allegation be, respectively, dismissed or referred. The Committee may concur with such a recommendation, and therefore dismiss or refer the Allegation, or recommend a different course of action. The individual who submitted the Allegation shall be notified of the Committee's decision.

301.5 Notice of Acceptance of Jurisdiction and Proposed Action

In those cases where the Ethics Officer has determined that an Allegation, if factually correct, would constitute Misconduct and that there is a sufficient basis to merit an investigation, the Ethics Officer shall promptly notify the employee under review of: (i) the Allegation; (ii) the fact that an investigation is underway; and (iii) the Procedures for the Code of Ethics and Professional Conduct. In such cases where the Ethics Officer, in consultation with the investigator, believes that such notification may jeopardize or interfere with the investigation of the matter, the Ethics Officer may defer notification to a later date.

301.6 Investigation

- a. Initiation of the Investigation. Where it is determined by the Ethics Officer that there is a sufficient basis to merit further proceedings, and further information not readily available through a preliminary inquiry is needed to arrive at a recommendation, an investigation will be undertaken.
- b. Gathering of information. The Ethics Officer shall conduct an investigation or take steps to ensure that an investigation is performed by a person or persons qualified to conduct investigations of employee Misconduct. The person conducting a preliminary inquiry or an investigation may: (i) call upon any employee for the production of information believed to have probative value; (ii) interview any employee who is believed to have knowledge of the events in question; and (iii) consult persons or obtain information of probative value.
- c. Duty to cooperate. All employees, including the employee who is the subject of a preliminary inquiry or an investigation, have a duty to cooperate with the person conducting the investigation. An employee believed to have knowledge relevant to a preliminary inquiry or an investigation also has a duty to cooperate absent a showing by the employee of

reasons, determined by the person conducting the investigation, to be sufficient to justify failure to cooperate. Failure or refusal to cooperate, including making false or misleading statements or otherwise obstructing the investigation, may constitute Misconduct.

- d. Investigation Steps. The investigator shall conduct a prompt and thorough investigation, taking into account the seriousness and complexity of the Allegation. The investigator shall gather relevant evidence, interview potential witnesses (including the person making the Allegation and the employee under review), and reach a conclusion regarding whether the Allegation is more probably true than not. The investigator shall prepare a report (“Report”) summarizing the investigation process and his/her findings and the facts upon which those findings are based. Relevant supporting documentation should be attached to the Report as exhibits.
- e. Right to respond. An employee has a right to respond to an Allegation during the course of the investigation either orally or in writing, or both. The Ethics Officer shall determine the amount of time allowed for an employee to respond in writing, taking into account the complexity and seriousness of the matter, but will not be less than five (5) business days. At the conclusion of the investigation, the employee under review will be provided with a copy of the Report in order to afford him/her an opportunity to comment on the findings. The Ethics Officer shall determine the amount of time allowed for an employee to comment, taking into account the complexity and seriousness of the matter, but will not be less than five (5) business days. The employee’s comments on the findings shall be submitted to the Ethics Officer.

301.7 Recommendation

- a. The Ethics Officer shall forward the Report and the employee’s comments on the findings, if any, to the Committee, who shall decide whether Misconduct has occurred. Generally, the Committee’s review should focus on whether the investigation was complete; and whether the investigator’s conclusion regarding the truth of the Allegation is reasonable. The Committee shall have the right to rely on the Report, or request additional information as deemed necessary by the Committee.
- b. If the Committee finds that the evidence is insufficient to support a finding that Misconduct has occurred, it may end the investigation and notify the party that submitted the allegation and the employee under review of the findings, and no further action will be taken. In case the investigation identified a violation of a Bank rule not covered by the Code, the Committee will recommend the appropriate course of action, including referring the matter to another Bank Entity.
- c. If the Committee finds that the evidence is sufficient to support a finding that Misconduct has occurred, it shall recommend an appropriate remedial action and/or disciplinary sanction. The Committee’s recommendation shall be sent to the Vice President for Finance and Administration with the Report and the employee’s comments on the findings, if any.

- d. The Committee, in forming a recommendation regarding remedial action or disciplinary sanction, shall take into consideration all relevant facts and circumstances of the case, including but not limited to: (i) the nature and seriousness of the act of Misconduct, including the degree of damage to the Bank or other individuals; (ii) the motive of the employee under review to commit the act of Misconduct; (iii) the prior record of overall conduct of the employee under review and whether the Code violation is a first time or repeat offense; and (iv) any other mitigating or aggravating facts or circumstances.

301.8 Action Subsequent to the Recommendation

- a. Acceptance or Rejection of a Recommendation. Recommendations shall be provided to the Vice President for Finance and Administration within five (5) business days of the decision regarding the recommendation. The Vice President for Finance and Administration shall accept or reject a recommendation, or determine another course of action to be taken, and shall direct the corresponding implementing measures. The Vice President for Finance and Administration shall inform the Committee of the decision taken. The Committee shall maintain a record of such decision.

The Vice President for Finance and Administration shall endeavor to determine the remedial action or disciplinary sanction to be taken no later than ten (10) business days after receiving the recommendation from the Committee.

The decision of the Vice President for Finance and Administration shall be submitted to the corresponding Bank Entity for implementation, and to the Committee for its official files.

- b. Notice of the Decision. The Committee, through the Ethics Officer, shall provide a copy of the Vice President for Finance and Administration's decision to the employee under review not more than five (5) business days following receipt of the decision.
- c. Filing of the Decision and Supporting Documentation. If it is decided that an Allegation is unfounded, or that, if true, the violation does not merit remedial action or disciplinary sanction, a record of the decision shall be retained in the official files of the Committee but shall not be included in the employee's personnel file unless specifically requested by the employee.
- d. Record of the Decision. If a remedial action or disciplinary sanction is imposed, a record of the decision shall be retained in the official files of the Committee as well as the employee's personnel file. Additionally, the immediate supervisor and respective manager shall be informed.
- e. Appeals. As provided in Section 405, decisions imposing remedial actions or disciplinary sanctions on the employee under review may be appealed to the Bank's internal grievance system.

301.9 Confidentiality

- a. For the purposes of these Procedures, confidential treatment shall mean that the distribution of such information shall be limited to those individuals who require knowledge of the matter in the performance of their functions and to the employee under review.
- b. All information in the possession of the Committee, the Ethics Officer, or the investigator (that is not already public), including that related to the process of submitting, analyzing, investigating or deciding upon an Allegation, and the identities of persons cooperating in activities under the Code, shall be treated as confidential.
- c. All Bank employees contacted by the Ethics Officer or the investigator during the course of a preliminary inquiry or investigation, including witnesses and other parties, shall treat such contact and any information made known to them or requested from them as confidential. Unauthorized disclosure of information or distribution of such material by any party, including unauthorized disclosures on the part of those working with the Ethics Officer or the Committee, may itself be cause for disciplinary action.
- d. Confidential Bank information, or confidential, sensitive or personal information of others, made known to the employee under review for the purpose of preparing a defense to an Allegation shall remain confidential and the property of the Bank. Such information may not be made public or be used by the employee under review for any purpose other than preparation of defenses against an Allegation, or defenses of his/her rights before Bank authorities.

302. Remedial Actions, Disciplinary Sanctions and Administrative Measures

302.1 Remedial Actions

- a. Remedial actions may be prescribed as a result of a Consultation (Section 201) or as a response to an Allegation (Section 301). Remedial action is directed at reversing, removing or mitigating the effects of the act of Misconduct, and/or to ensure compliance with the Code. Remedial action may include, but is not limited to: (1) recusal; (2) authorizations, waivers and revocation of authorizations previously issued; or (3) divestiture and transfer of assets. The Ethics Officer may prescribe remedial action in response to a Consultation. Such remedial action would normally be prescribed to address conflicts of interest, including in the context of reviewing Disclosure of Interests forms, and may be undertaken by an employee without collaborating actions on the part of the Bank.
- b. Decisions requiring remedial action shall include a clear and detailed description of the basis for the required action and the time-frame for its implementation. Parties responsible for taking the corresponding remedial action will be required to report on the implementation of such action. The Ethics Officer has the authority to periodically review the implementation of the required remedy.

- c. Failure to undertake remedial action so directed may be subject to treatment as an Allegation under these Procedures and, therefore, be subject to disciplinary sanction.

302.2 Disciplinary Sanctions

The Vice President for Finance and Administration may impose disciplinary sanctions, which may include, but shall not be limited to, the following:

- a. Reprimand:

A reprimand informs the employee about the seriousness of the Misconduct and conveys the institutional rebuke. A reprimand will always be in writing and a copy of such reprimand, with verification of delivery to the employee, will be placed in the employee's official personnel file.

- b. Suspension Without Pay or With Reduced Pay:

An employee may be suspended without pay or with reduced pay. Days spent on suspension without pay shall not be included in calculations related to staff benefits and entitlements such as eligibility for annual leave, home leave, or other benefits or entitlements based on active service, except that for the purposes of the Staff Retirement Plan or Local Retirement Plan, and employee insurance programs, suspension will be treated as leave without pay.

- c. Demotion:

In the event of demotion for Misconduct, the salary of the employee will be reduced by the same percentage which would apply under applicable policies to a promotion for each grade. When an employee has been demoted for Misconduct, s/he may not be again promoted for a minimum period of two (2) years. In the merit pay exercise which occurs following the demotion, the merit portion of general staff salary increases will not be paid.

- d. Termination of Employment:

Termination of employment may be imposed in cases of serious Misconduct, or cumulative cases of lesser Misconduct.

- e. Other disciplinary sanctions may be recommended and/or decided by the Vice President for Finance and Administration as deemed appropriate to address specific cases, including restitution of funds, suspension of privileges and benefits, and conditions of further employment. Disciplinary sanctions may be of a temporary or permanent nature, and may be recommended individually or in combination with other measures, including remedial actions.

302.3 Administrative Measures

The Ethics Officer may recommend to the Bank's Administration that administrative measures be taken by the Bank to support a response to a Consultation, a preliminary inquiry or an investigation related to an Allegation, or the implementation of a disciplinary sanction, in addition to any other action necessary to achieve the objectives of the Code or these Procedures. Administrative measures shall not be categorized as a disciplinary sanction and may not be used as evidence of Misconduct. Such administrative measures may include:

a. Leave with Pay during an Investigation.

If the Ethics Officer determines, following consultation with an employee, that it is in the best interests of the Bank that s/he be relieved of his/her duties through administrative leave with pay pending the outcome of an investigation, the Ethics Officer shall make this recommendation to the Manager of the Human Resources Department. The Manager of the Human Resources Department may also, at his/her own initiative, determine that such leave is advisable.

b. Reassignments, Excuse from Duties and Transfer of Functions.

When the Ethics Officer becomes aware, at the initiative of the employee under review or otherwise, of a situation where the Code requires an employee to be excused from a particular work assignment or reassigned to another Bank unit, the Ethics Officer shall issue the appropriate recommendations to the Manager of the Human Resources Department.

302.4 Disciplinary Sanctions and Summary Dismissal

Notwithstanding as provided herein, the President of the Bank may decide to impose a disciplinary sanction, including summary dismissal, without the recommendation of the Committee in the following circumstances: (i) abandonment of post; (ii) acts of moral turpitude or conviction of a crime in the courts of the duty station; (iii) acts of harm, calumny, or physical aggression against other employees or Bank authorities; (iv) severe Misconduct or acts of fraud or corruption; or (v) when otherwise required to protect the integrity, reputation, and interests of the Bank.

302.5 Fraud and Corruption

Fraud and corruption are forms of Misconduct that are also within the jurisdiction of the OCFC, and may be the subject of proceedings in the OCFC or the Sanctions Committee, or investigation by the Office of Institutional Integrity. When Allegations of fraud and corruption concern employees, the authorities and procedures for investigation and the determination of sanctions, if any, provided herein, shall apply to the extent practicable in a given case. In order to ensure a proper application of procedures while preserving the integrity of the actions of related Bank entities on matters of fraud and corruption, the following additional provisions shall apply:

- a. Whenever an Allegation of fraud and corruption on the part of the employee is received by either the Ethics Officer or the Office of Institutional Integrity, each shall consult with the other to determine the appropriate jurisdiction for the matter, consistent with these Procedures. However, in the event that the Office of Institutional Integrity receives or is informed of an Allegation of fraud and corruption on the part of one or several Bank employees, it may immediately initiate a preliminary inquiry or investigation, and so notify the Ethics Officer.
 - (i) The Ethics Officer and the Committee shall have jurisdiction over Allegations of fraud and corruption by Bank employees where there is no substantial participation of any outside parties, in accordance with these Procedures.
 - (ii) Where an Allegation of fraud and corruption on the part of non-Bank parties is under investigation by the Office of Institutional Integrity, subject to proceedings in the Sanctions Committee, or otherwise under the jurisdiction of the OCFC, and such Allegation concerns, in part, a Bank employee, any preliminary inquiry or investigation under these Procedures by the Ethics Officer shall be suspended until the conclusion of the corresponding proceedings before the Sanctions Committee or the OCFC. Upon the conclusion of such proceedings, the OCFC shall then refer the matter to the Ethics Officer for treatment of the Allegation concerning a Bank employee, in which case specifically Sections 301.5, 301.6 and 301.7 of these Procedures shall apply.
- b. The Office of Institutional Integrity shall conduct or oversee all investigations of Allegations of fraud and corruption by Bank employees, if needed.

302.6 Authorities

- a. The Procedures provided for herein for a preliminary inquiry and investigation, and the respective authorities of the Ethics Officer and Committee, are not intended to supercede the ordinary functions and authority of supervisors, the Managers of persons concerned, the Human Resources Department, and other Bank Entities. Further, where matters concerning conduct, performance of assignments and interpersonal relations can or should be reasonably resolved through direct interactions, the Ethics Officer shall be authorized to forward such matters to the appropriate Bank Entities for attention.
- b. Neither the Ethics Officer nor the Committee shall accept jurisdiction on matters related to employee performance, i.e., conduct essentially concerning an employee's execution of his/her duties as defined by the corresponding position description, performance plan and the documentation detailing the requirements of the respective position. Such matters, including unsatisfactory performance, are administered by the supervisory authorities of the respective employee as described in the policies governing staff performance and evaluation. Further, disciplinary sanctions may be taken into consideration by supervisory authorities in decisions concerning merit pay, promotion, and other actions that may be made in connection with considerations of performance.

- c. Nothing in these Procedures shall be construed to limit or restrict the authority of the President, and of the respective supervisory authorities, to take such actions as may be appropriate to ensure compliance with the Code, to take disciplinary action and to protect the interests of the institution.

IV. OTHER ADMINISTRATIVE AND PROCEDURAL MATTERS

401. Reports and Notices

- a. Information required to be reported in compliance with the Code shall be received, recorded and maintained as confidential by the Ethics Officer.
- b. Notices required to be given under these Procedures shall be made in writing (including by email).
- c. A decision concerning a Consultation or Allegation shall be effective when notice is made unless otherwise indicated in accordance with its terms. The effectiveness of a decision shall not be suspended by a request for clarification (Section 403) or request for reconsideration (Section 404), including for the purpose of any applicable statute of limitations for appeal to the Bank's internal grievance system.

402. Recommendations and Decisions

Recommendations and decisions of the Ethics Officer and the Committee concerning Consultations or Allegations shall take into consideration the outcome of prior cases of similar nature and shall strive to provide for uniformity and consistency in the application of the Code.

403. Requests for Clarification

Employees officially notified of and directly affected by a decision in respect of a Consultation or Allegation may submit to the Ethics Officer a written request for clarification within ten (10) business days following the date of response to a Consultation or the date of the notification of the decision regarding an Allegation. Such request shall specifically identify the matter requiring clarification. The Ethics Officer shall endeavor to respond to the request, or if applicable, obtain a response from the Committee or the Vice President for Finance and Administration, within fifteen (15) business days following the date of receipt of the request.

404. Requests for Reconsideration

- a. Decisions in respect of Consultations or Allegations may be reconsidered by the authority that decided them exclusively on the basis of new facts unknown to the parties, and unavailable to the parties through reasonable diligence, at the time the decision was made.
- b. Requests for reconsideration must be submitted to the Ethics Officer within thirty (30) calendar days of receipt of the new facts or notice that the new facts exist, and in any event

not later than one (1) calendar year following the date of response to a Consultation or the date of the notification of the decision regarding an Allegation.

- c. Upon receipt, the Ethics Officer shall forward the request for reconsideration to the authority that decided the matter, who shall endeavor to make a final determination on whether to reconsider the decision no later than thirty (30) calendar days following the presentation of the request for reconsideration. In the event that such authority revises a previous decision, the revised decision shall include recommendations for appropriate means to remedy the effect of the actions that were taken or the basis of the challenged decision, if appropriate.

405. Appeals and Records of Administrative Tribunal Decisions

- a. A decision of the Committee regarding a Consultation or of the Vice President for Finance and Administration regarding an Allegation may be appealed to the Bank's internal grievance system, subject to the terms of the applicable regulations.*
- b. In the event such a decision is appealed to the Administrative Tribunal, the final decision of the Administrative Tribunal shall be included in the corresponding personnel file and a copy shall be sent to the Ethics Officer to be included in the corresponding Committee's file.

406. Amendments

The Code and its Procedures may be amended by the President of the Bank.

407. Annual Report and Dissemination of Information

- a. An Annual Report of the activities of the Ethics Officer and the Committee shall be prepared by the Ethics Officer and approved by the Committee. The Annual Report shall be presented to the President during the first calendar quarter of every year and subsequently be made available to Bank employees.
- b. To assure consistent application of the Code and subject to individual and institutional considerations of privacy and confidentiality, the Annual Report shall include a summary of significant decisions made and interpretations of the Code issued during the calendar year. The summary of decisions finding that Misconduct occurred shall include a reference to the section of the Code found to have been violated and the disciplinary sanction imposed, if any, but shall not include the identity of the employee under review and any other employees affected by the decision.
- c. Subject to the confidentiality provisions included in these Procedures, the Ethics Officer shall ensure wide dissemination of the Annual Report, and shall facilitate dissemination of other information contributing to a better understanding of the Code and its implementation. Dissemination may be made via the Internet, via distribution of the Annual Report to each employee, via periodic bulletins to staff or other appropriate means.

* The right to appeal directly to the Administrative Tribunal in the event that a disciplinary sanction is imposed is subject to the amendment of the Statute of the Administrative Tribunal by the Board of Executive Directors.

408. Travel Expenses

Whenever the Committee or the Ethics Officer requires the presence of an employee stationed in a Bank Country Office for proceedings addressed in these Procedures, arrangements shall be made for travel to the Bank's Headquarters as well as for payment of per diem in accordance with Bank rules for official travel. The Bank will not assume the transportation and per diem costs for the legal counsel or representative of the employee, if any.

409. Other Questions of Procedure

The Vice President for Finance and Administration shall determine any question of procedure necessary for the Ethics Officer or the Committee to carry out their respective functions that is not specifically addressed in these Procedures.

ANNEX A

OPERATIONAL GUIDELINES OF THE COMMITTEE OF ETHICS AND PROFESSIONAL CONDUCT

1. Composition, Selection and Organization

- a. The Committee of Ethics and Professional Conduct (the “Committee”) is composed of five (5) members, all of whom are appointed by the President of the Bank.
- b. The President (i) shall directly appoint three (3) members of the Committee and an alternate for each such member; and (ii) shall appoint two (2) members and an alternate for each such member from a list of candidates presented by the Bank’s Staff Association (the “Staff Association”). The list drawn up by the Staff Association shall contain at least three (3) candidates per member and alternate. The appointment of a member to succeed a member who was selected by the President shall be made directly by the President. The appointment of a member to succeed a member who was selected from the list drawn up by the Staff Association shall also be made from a list drawn up by the Staff Association.
- c. Appointments to the Committee shall be made keeping in mind conflicts of interest so as to preserve the integrity of the Committee’s process. Employees assigned to the Office of Institutional Integrity; the Legal Department; the Office of the Auditor General; the President, Vice President and members of the Board of Directors of the Staff Association; and in general, persons dealing with counseling management on labor matters are not eligible to be members of the Committee.
- d. Only employees with at least five (5) years of service to the institution will be appointed as Committee members. In appointing the members of the Committee, the President shall appoint at least one member having extensive field office experience.
- e. Members of the Committee serve for a period of three (3) years, with the possibility of reappointment, and may not serve more than two consecutive periods. For the purpose of continuity, the terms of the members of the Committee shall be staggered. One of the first members and his/her alternate appointed by the President and one of the first members and his/her alternate appointed from the Staff Association list shall serve an initial term of two (2) years. Thereafter, they may be appointed for a second term of three years. In the absence of a member, the alternate member appointed shall serve in the Committee.
- f. If a position shall become vacant prior to ninety (90) calendar days before the expiration of the term, then the President shall appoint a successor to complete the term following the procedures of Section “b” above. Such a successor shall be eligible for one additional three-year appointment.
- g. The Committee shall elect its Chairperson and Alternate Chairperson from among its members. In the absence of the Chairperson, the Alternate Chairperson shall serve as acting

Chairperson. No member shall serve as Chairperson, or as Alternate Chairperson, for more than three (3) years.

2. Secretary to the Committee

As Secretary to the Committee, the Ethics Officer shall not be a member of the Committee and shall not have a vote on the Committee, but shall have the following responsibilities:

- (1) serve as a channel of communication between employees and the Committee, and provide notices and other communications on behalf of the Committee as provided herein;
- (2) prepare the agenda and minutes of the meetings of the Committee, notify interested parties of the decisions of the Committee, and maintain the Committee's files and records;
- (3) keep records of the Committee;
- (4) draft the Annual Report described in the Procedures for the Code of Ethics and Professional Conduct ("the Code"), for consideration and approval of the Committee; and
- (5) perform other responsibilities as determined by the Committee, including activities to support the effective application of the Code.

3. Committee Meetings

3.1 Quorum and Voting

- a. Quorum for a meeting of the Committee shall be three (3) of five (5) Committee members (or alternates). Alternate members shall be counted toward quorum and shall have authority to vote only if members are absent.
- b. Decisions of the Committee shall be taken by simple majority vote, and any dissenting vote shall be recorded. The Ethics Officer shall record all decisions.

3.2 Recusal

Members (or Alternates) of the Committee whose objectivity may be impaired by a personal or job-related interest in any matter before the Committee shall recuse themselves, or may be asked by the Committee to recuse themselves from participating in decisions on those matters.