

Approved by the Board of Directors on 21 November 2017 with entry into force on 1 December 2017.

CODE OF CONDUCT

**FOR THE BOARD OF DIRECTORS AND
THE MANAGING DIRECTOR**

Contents

1. General provisions.....	3
1.1 Purpose.....	3
1.2 Application.....	3
1.3 Definitions.....	3
2. Basic standards of conduct.....	4
2.1 Loyalty.....	4
2.2 Integrity, impartiality and discretion.....	5
2.3 Conduct within the Fund.....	5
3. Privileges and immunities	5
3.1 In general	5
3.2 Waiver of immunities and privileges.....	5
4. Conflict of interest.....	6
4.1 In general	6
4.2 Rules for disqualification	6
4.3 Perquisite positions - outside activities.....	7
4.4 Prospective employment.....	7
5. Financial interests and investments.....	7
5.1 In general	7
5.2 Insider rules.....	8
6. Obligation to disclose information of positions and interests.....	8
7. Confidential information	8
7.1 In general	8
7.2 The right to provide the Member countries with information.....	9
7.3 Information to pre-investigation, prosecuting and other authorities	9
7.4 Documents of the Fund.....	9
7.5 Public statements on behalf of the Fund	9
8. Gifts, remuneration and resources	9
8.1 Gifts and remuneration.....	9
8.2. Use of NDF's resources.....	10
9. Final provisions	10
9.1 Supervision of the Code.....	10
9.2 Entry into force.....	10

CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR OF THE NORDIC DEVELOPMENT FUND

1. General provisions

1.1 Purpose

This revised Code of Conduct for the Board of Directors and Managing Director (the “Code”)¹ of the Nordic Development Fund (“NDF” or the “Fund”) is intended to further enhance best practises in relation to the governance of the Fund. It is based on and shall be read in conjunction with the Agreement and Statutes of the Fund and other guidelines and instructions related to the governance of the Fund.

The Code is neither all-inclusive nor exhaustive; rather its purpose is to set out fundamental principles for avoiding situations of conflict and in general to uphold proper conduct.

1.2 Application

This Code shall apply to the members of Board of Directors of the Fund and the Managing Director of the Fund.

A separate Code of Conduct shall apply to the staff. Both codes share the same standards of loyalty, integrity, impartiality and discretion, as set out in this Code in section 2.

The Members of the Board of Directors and the Managing Director may turn to the Secretary of the Board² in unclear situations or when in doubt how the rules and principles set out in this Code shall be applied.

1.3 Definitions

In this Code,

“**Agreement**” refers to the Agreement between Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden of 9 November 1998 concerning the Nordic Development Fund and thereto pertained Statutes; as amended from time to time.

“**Board**” refers to the Board of Directors of the Fund;

“**Member of the Board**” shall also include the alternates;

“**Close Relative**” shall mean a spouse, a cohabitant, a person who is living in the same household since at least one year, or a person for whom a Member of the Board / the Managing Director is acting as guardian;

¹ The previous and first Code of Conduct for the Members of the Board of Directors and Managing Director entered into force on 16 December 2003.

² The Secretary of the Board is the Chief Counsel of NDF.

“**Confidential Information**” shall mean information (hard copy, electronic format or verbally) obtained as a consequence of performing duties on behalf of the Fund and otherwise not publicly available, including but not limited to the operations, businesses, finances and services of the Fund or any of its clients, borrowers, stakeholders, cooperation partners, members of the Board of Directors, the Managing Director or the staff;

“**Controlling Financial Interest**” refers to a direct or indirect possession of at least 10 per cent of shares, votes or a comparable financial interest in an institution;

“**Financial Instruments**” shall mean all types of securities, including but not limited to: shares, notes, bonds or other publicly issued debt instruments, options, futures and other derivative instruments;

“**Financial Interest**” shall mean any right to receive interest, dividends, capital appreciation, fees or other monetary or in-kind benefit;

“**IFI**” shall mean an international financial institution, established by international treaty between its member countries under public international law;

“**Insider Information**” shall mean information of a precise nature which has not been made public, relating, directly or indirectly, to one or more issuers of financial instruments or to one or more financial instruments and which, if made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. In order to consider information published significant time must have passed for the securities markets to digest the information;

“**Institution**” shall mean any company, association or other public or private entity or organisation; and,

“**Member country**” refers to the five Member countries of the Fund, namely Denmark, Finland, Iceland, Norway and Sweden.

2. Basic standards of conduct

2.1 Loyalty

A Member of the Board / the Managing Director shall, to the best of his or her ability and judgement, carry out his or her responsibilities as set out in the Agreement and Statutes, and thereto related documents of the Fund, such as e.g. the Rules of Procedure for the Board of Directors.

A Member of the Board/ the Managing Director shall observe the highest standards of ethical conduct in a manner compatible with the Fund’s status as an international governmental organisation, more specifically an international financial institution (IFI).

A Member of the Board / the Managing Director shall fulfil his or her duties solely with the interest and objectives of the Fund in view.

2.2 Integrity, impartiality and discretion

A Member of the Board / the Managing Director shall avoid any kind of actions that may reflect adversely upon his or her position as a Member of the Board / the Managing Director of the Fund as an IFI.

A Member of the Board / the Managing Director shall show the utmost discretion in all matters concerning the Fund during his or her mandate period and also after his or her service at the Fund has ended. A Member of the Board / the Managing Director shall avoid any kind of actions, public announcements or activity for private gain that may adversely reflect upon his or her status, integrity, or the impartiality that is required in his or her position.

2.3 Conduct within the Fund

A Member of the Board / the Managing Director shall treat members of the governing and supervisory bodies and staff members (including consultants and experts) of the Fund with courtesy and respect.

A Member of the Board / the Managing Director shall refrain from any form of discrimination or harassment, particularly discrimination based on gender, age, nationality, ethnic origin, family status, religion, political activities, physical attributes, and sexual orientation or, in general. The same applies to any form of discrimination or harassment based on the manner in which other persons choose to conduct their private lives.

A Member of the Board shall refrain from exercising influence upon the administration of the Fund for his or her own interest, or for that of a third party, concerning finance activities or other issues under preparation that are the responsibility of the administration of the Fund.

3. Privileges and immunities

3.1 In general

According to the Agreement, all Members of the Board and the Managing Director shall with respect to acts performed by them in their official capacity on behalf of the Fund³ be accorded immunity from legal process and certain privileges in relation to immigration restrictions and travelling facilities. However, immunity does not apply to civil liability arising from road accidents.

Without prejudice to the privileges and immunities granted, it is the duty of the members of the Board / the Managing Director to observe the laws and regulations in force in the host country or in any other jurisdiction where they are present.

3.2 Waiver of immunities and privileges

The privileges and immunities are granted exclusively to enable the Fund to fulfil its functions, and not for the benefit of others.

³ This is *functional immunity* as opposed to *diplomatic immunity*, which is wider.

The Board may waive any of the immunities, on a case-by-case basis, to such extent and upon such conditions as it may determine, and privileges, if the Board considers this to be in the best interest of the Fund.

4. Conflict of interest

4.1 In general

A Member of the Board / the Managing Director shall avoid any situation that involves a conflict, or that could be perceived by others as a conflict, between personal interests, or those of Close Relatives, and the performance of official duties.

This includes any kind of activity that relates to the Fund, to a staff member or any other third party and that tends to impair the impartiality and independence of a Member of the Board / the Managing Director. An activity that may result in financial or other personal benefit for a Member of the Board / the Managing Director, a Close Relative or any other third party is forbidden.

4.2 Rules for disqualification

Prior to deliberation or decision-making on a matter involving any potential conflict of interest, a Member of the Board / the Managing Director shall, on his or her own initiative, disqualify himself or herself.

In particular, a Member of the Board / the Managing Director shall not participate in a deliberation or decision-making process in a matter:

- i. in which he or she, or any Close Relative has a Controlling Financial Interest; and / or
- ii. of Financial Interest to any municipality, association or other institution in which he or she holds the position as chairman or member of the board, alternate, or, managing director or representative.

A position in another IFI does not in itself constitute a conflict of interest in matters concerning the relations between the Fund and these Institutions. The same applies to the membership as NDF representative in a governing body of an entity in which NDF has a financial or operational interest.

A Member of the Board is normally entitled to receive the written material provided to the Board in all matters. In these cases, the rules of confidentiality in section 7 shall be applicable. If a conflict of interest arises, a Member of the Board shall himself or herself evaluate whether he or she will receive the written material.

If the administration of the Fund is aware of a situation where a potential conflict of interest may arise in relation to a Member of the Board, that Member of the Board will not receive the related written material unless he or she has confirmed to the Secretary of the Board that he or she is in a position to receive it.

4.3 Perquisite positions - outside activities

It is recommendable that a Member of the Board / the Managing Director shall seek to avoid any kind of employment, perquisite position or assignment during his or her service that might adversely affect his or her position as a Member of the Board / Managing Director.

If a member of the Board/Managing Director is uncertain whether accepting a perquisite position is compatible with his or her duties at the Fund or creates a permanent conflict of interest, advice shall be sought by consulting the Chairman of the Board or the Secretary of the Board.

When taking up the position or at any time during his or her term at the Fund, the Managing Director shall seek permission from the Chairman of the Board for any other employment, perquisite position or assignment that he or she is involved in, and any controlling financial interest he or she is in possession of, or wishes to acquire. Permission is not required for membership as NDF representative in a governing body of an entity in which NDF has a financial or operational interest.

4.4 Prospective employment

When negotiating for, or entering into an arrangement concerning prospective employment, or any other assignment or position, a Member of the Board / the Managing Director shall not allow such circumstances to influence the proper performance of his or her duties at the Fund.

A Member of the Board shall not seek, apply for, or take up employment as a staff member (including as a consultant and/or expert) of the Fund while serving as member of the Board, or within two years following the end of such service. The Board may in a particular case waive this provision.

The Managing Director or any staff member shall not be appointed as a Member of the Board while serving as Managing Director or while employed as staff member. It is recommended that appointment as a Member of the Board is not made within two years following the end of such service or employment.

Following separation from the Fund, a member of the Board/Managing Director shall, for a period of six months recuse himself or herself from involvement in or influence on matters related to the Fund, unless otherwise agreed with the Fund.

5. Financial interests and investments

5.1 In general

A Member of the Board / the Managing Director shall not, whether directly or indirectly, retain or acquire any Controlling Financial Interest in securities issued by any entity which is in receipt of Fund financing, unless separately approved by the Chairman of the Board. The Secretary of the Board shall immediately be notified if a Member of the Board becomes aware of any such Controlling Financial Interest on the part of themselves or their Close Relative.

A Member of the Board / the Managing Director shall not acquire and/ or trade in financial instruments issued by NIB, unless the NIB instruments are part of an investment in funds where the investments are undertaken by a commercial bank or similar Institution in a manner that prevents the Member of the Board / the Managing Director from having active control over the trading.

5.2 Insider rules

A Member of the Board / the Managing Director, who in his or her capacity receives insider information may not use this for personal or any third party's financial gain by selling or acquiring financial instruments for his or her own benefit, or for that of any other third party, or by directly or indirectly advising someone to trade in them.

The prohibition to use insider information applies equally to Financial Instruments issued by an entity which is in receipt of financing from the Fund, as to Financial Instruments issued by other parties.

6. Obligation to disclose information of positions and interests

Members of the Board / the Managing Director shall, when taking up the position in the Fund, declare in writing all other official or professional employments, positions and assignments held by them. Additionally, any controlling financial interest in an institution, as well as all other circumstances that might be in conflict with the activities of the Fund shall be disclosed.

Members of the Board / the Managing Director are responsible for updating the information requested without delay until the separation from the Fund. The written declaration shall be submitted to the Secretary of the Board who shall keep a record of the declarations.

7. Confidential information

7.1 In general

Members of the Board / the Managing Director shall take into account the immunities and privileges conferred upon the Fund, when disclosing information. In particular the confidentiality and inviolability of the official communication and documents shall be observed as stipulated in the Agreement concerning the Fund.

A Member of the Board / the Managing Director who in his or her duties at the Fund is provided with confidential information shall not disclose such information or use it for his or her own, or any third party's benefit. The above-mentioned obligation shall continue to prevail also after the service of the Member of the Board / the Managing Director has ended.

A Member of the Board / the Managing Director may exchange confidential information with other IFIs, including but not limited to NIB and Nordic Environment Finance Corporation (NEFCO), when deemed to be in the best interest of the Fund.

7.2 The right to provide the Member countries with information

To the extent that the general principles in the Code are adhered to, and to the extent appropriate, it is recommended that a Member of the Board stays in contact with his or her Member country and its authorities and officials relevant for the Board work, in order to provide information concerning matters important in principle to the Board.

A Member of the Board has the right to disclose confidential information necessary to address policy-related questions to ministers and officials in the respective Member country representing the interests of the Fund's owners. Such information may, however, not include information constituting personal data or trade secrets or violating bank secrecy.

In order to seek assistance from an advisor, a counsellor, or other relevant official in the consideration of a Board matter, a Member of the Board may disclose confidential information, provided that such persons are subject to an equivalent duty of confidentiality.

7.3 Information to pre-investigation, prosecuting and other authorities

A Member of the Board has neither the right nor the obligation to provide national or other authorities with confidential information. The Managing Director decides, in consultation with the Secretary of the Board, about disclosing confidential information to pre-investigation or prosecuting authorities for solving a crime or to any other authorities with due regard to the Fund's immunities and privileges, and policies, regulations and rules of the Fund.

7.4 Documents of the Fund

According to the Agreement all documents belonging to the Fund are inviolable. A Member of the Board shall see to it that all the written material he or she receives from the Fund is kept separately or destroyed so that no outside party can have access to it. A Member of the Board / the Managing Director shall continue to be bound by this obligation after his or her service has ended.

7.5 Public statements on behalf of the Fund

A Member of the Board is entitled to disclose non-confidential information concerning the Fund that has already been published by the Fund or otherwise exists in the public domain.

A Member of the Board shall refrain from making public statements on behalf of the Fund concerning any operational or policy matter, unless they have been coordinated or agreed with the Managing Director and the Chairman of the Board.

8. Gifts, remuneration and resources

8.1 Gifts and remuneration

A Member of the Board / the Managing Director may not give or accept gifts, other gratuities or benefits beyond common business hospitality when representing the Fund, as they may imply a duty to return a favour. When assessing what is acceptable to give and receive the gift's relative value both in the country of the grantor and the recipient shall be taken into consideration, as well as local cost and value levels.

A gift beyond common business hospitality can be accepted if refusal would be practically impossible or create unwanted embarrassment. Such a gift shall be accepted on behalf of the Fund, reported to the Secretary of the Board and subsequently handed over to the Fund.

When performing his or her duties, a Member of the Board / the Managing Director shall not receive, accept or solicit any kind of compensation, remuneration, commission, and advantageous terms of purchase or sale in any kind from external parties.

8.2. Use of NDF's resources

A Member of the Board / the Managing Director shall use services, equipment, assets, resources or facilities of the Fund for official Fund activities only and not for personal, or a third party's benefit.

9. Final provisions

9.1 Supervision of the Code

The Chairman of the Board shall supervise adherence to this Code.

9.2 Entry into force

This Code enters into force on 1 December 2017.