



Nordic Development Fund

# **Code of Conduct for the Board of Directors and the Managing Director**

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on 12 June 2024  
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### Code of Conduct for the Board of Directors and the Managing Director

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## 1 Purpose of the Code

The Nordic Development Fund (“**NDF**” or “**Fund**”) is an international financial institution established by Denmark, Finland, Iceland, Norway and Sweden. Our purpose is to advance Nordic leadership in addressing climate change and development challenges in lower-income countries and countries in fragile situations, through financing, knowledge and partnerships.

The purpose of the Code of Conduct for the Board of Directors and the President (“**Code**”) of NDF is to promote best practices in relation to the governance of NDF. The Code sets out the fundamental principles for managing conflicts of interest and for upholding proper conduct.

The Code shall be read in conjunction with the Constituent Documents<sup>1</sup> and other policies, regulations and rules related to NDF’s governance.

## 2 Scope

This Code shall apply to the members and alternates of the Board of Directors of the Fund (“**Board Members**”) and the Managing Director of the Fund. This Code shall apply without prejudice to any other conduct rules applicable to the Board Members.

In addition, the Managing Director is subject to certain sections of the Code of Conduct for Staff<sup>2</sup>. In the case of a conflict between the two Codes, this Code will apply.

The Board Members and the Managing Director may turn to the Secretary of the Board<sup>3</sup> in unclear situations or when in doubt how the rules and principles set out in this Code shall be applied.

## 3 Core principles

A Board Member / the Managing Director are entrusted to carry out their responsibilities and obligations to the best of their ability in compliance with the Constituent Documents and the Rules of Procedures.

A Board Member / 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 financing institution (IFI).

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<sup>1</sup> NDF’s constituent documents include the Agreement between Denmark, Finland, Iceland, Norway and Sweden concerning the Nordic Development Fund of 9 November 1998 and the related Statutes, as amended from time to time, and the Host Country Agreement between the Government of Finland and the Nordic Development Fund of 15 October 2013.

<sup>2</sup> The Managing Director is subject to the following sections of the Code of Conduct for Staff: 5 Respectful Workplace, 6.1 Observance of NDF’s Legal Framework and laws, 6.2.1 Recusal, 6.2.2 Perquisite positions and other external activities, 6.2.3 Political activities, 6.2.4 Former and subsequent employment, cooling off periods, 6.2.5 Relationships with other staff, 6.3 NDF’s resources, facilities and intellectual property, 6.5.4 Personal data, 6.5.5 Disclosure Requirements, and 7 Speaking-up culture.

<sup>3</sup> The Secretary is the General Counsel of NDF.

Board Members and the Managing Director are expected to act in accordance with the principles below:

**Integrity.** Act with integrity in all NDF activities, avoiding any behaviour that would reflect adversely on themselves or NDF, and strive to avoid even the appearance of improper conduct.

**Independence.** Act solely and objectively in the interest of NDF. This includes refraining from exercising influence upon the administration of NDF for one's own interest, or for the interest of a third party.

**Duty of Care.** Act on an informed and prudent basis with respect to NDF and its operations.

**Discretion.** Apply the utmost discretion in all matters concerning NDF during the Board mandate period and also after this service at NDF has ended.

**Respect.** Act in a fair, open, and honest manner in all interactions with members of the governing bodies and staff members.

In addition, the Managing Director is also subject to the principles of Duty of Loyalty and Accountability as described in the Code of Conduct for Staff.

## 4 Respectful workplace

NDF is committed to a respectful workplace; therefore, Board Members and the Managing Director shall ensure that all interactions between Board Members and with NDF staff, irrespective of position or seniority, are collaborative, respectful, courteous, and inclusive with everyone being treated fairly and equitably.

The Board Members and the Managing Director are expected to act as role models for staff by upholding highest standards of conduct and demonstrating fairness and impartiality.

Harassment and discrimination are not tolerated at NDF and are considered Misconduct.

## 5 Conflict of interest

A conflict occurs when the personal interests of a Board Member or the Managing Director, or those of their Close Associate<sup>4</sup>, or those related to any entity in which the Board Member holds a position with decision-making powers, could compromise their judgment, decisions, or actions related to NDF. These situations can undermine NDF's activities and the confidence in a Board Member's ability to perform their duties.

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<sup>4</sup> "Close Associate" means a spouse, a domestic partner, child or children, parents, a person who is living with the employee in the same household, a person for whom the employee is acting as a guardian, or a business partner.

A Board Member and the Managing Director shall avoid any situation involving an actual, perceived or potential conflict of interest.

An actual conflict of interest involves a direct and existing conflict of interest. A perceived conflict of interest occurs where a conflict of interest could reasonably be perceived (internally or externally) to exist. A potential conflict of interest involves a situation where a conflict of interest may materialise under specific circumstances.

The Board Member and the Managing Director may seek advice from the Chair or the Secretary of the Board with regard to any conflict of interest. Board Members and the Managing Director shall provide information to help NDF determine if a conflict of interest exists.

## 5.1 Recusal

If a conflict of interest is identified, the Board Member or the Managing Director shall inform the Chair of the Board prior to the deliberation or decision-making process and recuse oneself for that specific matter. The Chair shall, thereafter, notify the Secretary of the Board of the recusal.

In cases where NDF is aware of a situation where a potential conflict of interest may arise in relation to a Board Member or the Managing Director, the Secretary of the Board shall engage with the relevant Board Member or the Managing Director to determine whether it is appropriate for the individual to receive the written material or participate in the deliberative or decision-making process for such activity or operation.

In particular, a Board Member and the Managing Director shall recuse oneself from a matter concerning or that is related to any public or private entity in which the Board Member or the Managing Director, or a Close Associate holds:

- (i) a Financial Interest<sup>5</sup>; and/or
- (ii) a position as member or alternate member of the board, member of senior management or acts as an appointed representative.

## 5.2 Official mandates and external professional activities

### 5.2.1 Official mandates

Board Members shall avoid Official Mandates<sup>6</sup> which may cause a conflict of interest or hinder their independence. A Board Member shall discuss any Official Mandate which may cause a conflict of interest or hinder their independence with the Chair to find a mutually agreeable solution.

A Board Member's appointment to a position in a governing Board in another international financial institution is not considered a conflict of interest. Board Members are expected to manage these roles in line with their obligations to the respective institutions.

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<sup>5</sup> "Financial Interest" means any right to receive interest, dividends, capital appreciation, fees or other monetary or in-kind benefit.

<sup>6</sup> "Official Mandate" means any activities undertaken by any Board Member as part of their duties and responsibilities of the governmental positions they hold, excluding their role as a member of the Board in NDF.

### **5.2.2 External professional activities**

A Board Member and the Managing Director shall ensure that any External Professional Activity<sup>7</sup>, remunerated or not, does not hinder their independence, have a negative impact on their obligations, cause a conflict of interest nor damage the reputation of NDF.

When an External Professional Activity is considered to have an actual, perceived or potential conflict of interest, the Board Member shall notify the Chair. The Board Member may be required to recuse oneself.

The Chair shall inform the Secretary of the Board of any such notification and the Chair's recommendation. The Chair may also seek advice from the Secretary of the Board with regard to a specific request.

Upon joining NDF and when changes take place during the term for appointment at NDF, the Managing Director shall declare and obtain written permission from the Chair for any External Professional Activity. 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.

### **5.3 Gifts and other benefits**

Giving or accepting any gifts, favours, entertainment, or awards may imply a duty to return a favour. Consequently, a Board Member and the Managing Director, when representing NDF, should not give, solicit, or accept gifts or other gratuities, remuneration or benefits beyond common business hospitality.

When assessing whether a gift or other benefit is within common business hospitality, the Board Member and the Managing Director shall consider the following:

As an indication, NDF regards common business hospitality as being a gift with a value of less than EUR 100 and any other entertainment, such as a dinner, with a value of less than EUR 150 per person. In addition, it is required that the frequency of such invitations from the party in question is not excessive considering the nature and extent of the relationship.

NDF acknowledges that in certain cases, the refusal of a gift, hospitality or other benefit may be impossible or create unwanted embarrassment. Any gift or remuneration or benefit accepted for such reasons shall be reported and handed over to the Secretary of the Board. The Secretary of the Board is responsible for handling and disposing the gifts or other benefits accepted by the Board Member and the Managing Director.

### **5.4 Activities after completion of their appointment at NDF**

Former Board Members and Managing Directors have the duty to act with integrity and discretion as regards the acceptance of employment or an appointment after their term with NDF. They shall avoid all situations which may give rise to an actual, potential or perceived conflict of interest.

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<sup>7</sup> "External Professional Activity" means any other employment or appointment undertaken by (1) a Board Member other than their role with NDF or Official Mandate, or (2) by the Managing Director other than the role with NDF.

After completion of their appointment with NDF, a Board Member or the Managing Director shall recuse themselves from involvement in or influence on matters relating to NDF for a period of one year.

A Board Member may not be employed as staff (including as a consultant and expert) or Managing Director of NDF for two years following the completion of their appointment. The Board may, in a particular case, decide to make an exception to this provision.

## 5.5 Restricted financial transactions

When engaging in personal investment activities, Board Members and the Managing Director shall consider any conflicts of interest of themselves, and those of their Immediate Family<sup>8</sup>, and the type of information they possess with regards to an Institution.

Board Members and the Managing Director shall not buy or sell Financial Instruments<sup>9</sup> of an Institution<sup>10</sup> if they are aware of (or can reasonably be expected to be aware) that NDF has started a process for proposed financing for the said Institution.

The prohibition to trade is in force until NDF has exited the project. If a Board Member or the Managing Director already owns Financial Instruments in an Institution to which NDF is considering providing financing, then this ownership shall without delay be notified to the Chair and the Secretary of the Board.

The restrictions of trading set forth in this Section 5.5 do not apply to Investments where the individual investment decisions are undertaken by a third party, e.g., pension funds and other funds.

Trading in the Financial Instruments of an Institution while in possession of Inside Information<sup>11</sup> related to the same Institution is prohibited and may constitute a criminal offence.

## 6 Confidentiality

A Board Member/the Managing Director who during the term of appointment at NDF is provided with Confidential Information<sup>12</sup> shall not disclose such information or use it for the own, or any third party's benefit.

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<sup>8</sup> "Immediate Family" means a spouse, a domestic partner, dependent child or children, or a person for whom the employee is acting as a guardian.

<sup>9</sup> "Financial Instruments" 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.

<sup>10</sup> "Institution" means any company, association or other public or private entity or organisation, but including entities in the same group only if specifically mentioned in each relevant case.

<sup>11</sup> "Insider Information" means 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 it were 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.

<sup>12</sup> "Confidential Information" means information (hard copy, electronic format or verbally) obtained as a consequence of performing duties on behalf of NDF, which is not publicly available, including but not limited to the operations, businesses, finances and services of NDF or any of its contractual counterparties, Board Members, the Managing Director or the staff.



The above-mentioned non-disclosure obligation shall continue to prevail also after the service of the Board Member/the Managing Director has ended.

A Board Member shall see to it that all the material received from NDF as part of the deliberative process for the Board is treated in the respective appointing Ministry entity in accordance with the Public Information Policy.

### **6.1 Information to Member Countries**

It is recommendable that a Board Member stays in contact with the respective Member Country and its political leadership to the extent appropriate, in order to provide information concerning matters important in principle to the Board.

A Board Member may disclose non-public information concerning NDF's activities and operations to Member Countries' ministers and officials representing the interests of NDF's owners when necessary to address policy-related questions.

A Board Member may disclose non-public project or transaction specific information to an advisor, a counsel, or other relevant official in the consideration of a NDF matter, provided that such persons are subject to equivalent confidentiality obligations as the Board Member.

For the avoidance of doubt, Board Members shall maintain the constitutional inviolability of NDF's information and documents. Any decision to share information with a national authority, other than in the above situations, shall be made collectively by the Board of Directors according to the Rules of Procedure of the Board of Directors.

### **6.2 Public statements on behalf of NDF**

The Chair of the Board and the Managing Director are authorised to make public statements on behalf of NDF following the applicable confidentiality rules.

A Board Member shall refrain from making public statements on behalf of NDF unless they have been coordinated or agreed with the Managing Director and the Chair of the Board.

A Board Member may use information concerning the Fund that has already been published by NDF or otherwise exists in the public domain.

## **7 Use of NDF's resources and intellectual property**

A Board Member and the Managing Director shall use services, equipment, assets, resources or facilities of NDF for official business only.

Intellectual property pertaining to NDF may not be used for personal benefit or for the benefit of others. This obligation continues after the appointment with NDF.

## **8 Compliance and interests declaration**

Upon joining NDF, all Board Members and the Managing Director shall declare any External Professional Activities and Official Mandates, as well as Financial Interests, in any

direct recipient of financing from NDF. The declarations by Board Members and the Managing Director shall be submitted to the Secretary of the Board. The Secretary of the Board shall disclose any material matter to the Chair of the Board.

## 9 Misconduct

“**Misconduct**” is an individual’s conduct which is an intentional or reckless serious violation of the Constituent Documents, this Code, the Rules of Procedures of the Board of Directors and relevant NDF policies such as the Integrity and Anticorruption Policy.

In addition, for the Managing Director, Misconduct includes an intentional or reckless serious violation of the sections of the Code of Conduct for Staff as set out in section 2 of this Code, and any other professional obligation set-out in NDF’s Legal Framework.

Allegations of Misconduct by a Board Member or the Managing Director are handled in accordance with the procedure and principles in Annex 1 to this Code.

The circumstances and the nature and severity of the reported behaviour will be considered when determining whether Misconduct has occurred.

## 10 Reporting

Board Members and the Managing Director are expected and encouraged to report any NDF related events of suspected misconduct, prohibited practices, and non-compliance with NDF policies to the Secretary of the Board.

## 11 Implementation and monitoring

The responsibility for correct implementation of this Code shall remain with the individual Board Members and the Managing Director. The Chair of the Board shall monitor adherence to this Code. In matters relating to the Chair of the Board, the Deputy Chair of the Board shall assume the role of the Chair.

## ANNEX 1 – INVESTIGATION PROCESS AND PRINCIPLES

1. **Reporting.** A report of alleged Misconduct or Prohibited Practices<sup>13</sup> by a Board Member or the Managing Director (“Subject”) shall be made to the Secretary of the Board (“Secretary”), who will notify the Chair of the Board of Directors (“Chair”) of the report within five (5) working days.
2. **Preliminary assessment.** The Secretary will, within ten (10) working days of receipt of the report, conduct a preliminary assessment of the reliability of the information received and the gravity of the alleged misconduct or prohibited practice. If the Secretary, in consultation with the Chair, determines that the report is frivolous, vexatious or malicious and does not warrant further investigation, the report will be closed, and records of the decision stored.
3. **Appointment of independent Inquiry Officer.** If the Secretary, in consultation with the Chair, determines that there are sufficient grounds to open an investigation, an external independent qualified inquiry officer (“Inquiry Officer”) will be appointed to investigate the report.
4. **Investigations.** The Inquiry Officer shall conduct all investigations in an independent, impartial, objective, and expeditious manner. In addition, all investigations shall be conducted with appropriate and adequate safeguards, including but not limited to:
  - (i) Due process for the Subject, which among other things includes the right to be provide a response in writing.
  - (ii) Ensuring the confidentiality of the investigation and information collected during the process.
  - (iii) Conducting the investigation with discretion and consideration of the reputation of NDF and any person involved, including the Subject.
  - (iv) The investigative findings to be based on facts and related analysis, which may include reasonable inferences. Both information evidencing as well as counter-evidencing the allegations shall be considered.
  - (v) Applying “more probable than not” as the standard of proof.
5. **Due consideration of access to information owned by a Member Country or its representatives.** Should a national authority be conducting an investigation into the same or a related matter, the Inquiry Officer, in consultation with the Secretary, shall consider the privileges and immunities set out in the Constituent Documents.

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<sup>13</sup> As defined in the Integrity and Anticorruption Policy.

6. **Decision-making.** Within ten (10) working days following receipt of the Subject's response and the investigative findings by the Inquiry Officer, the Chair, with support from the Secretary shall assess the information and make a recommendation on the course of action to be taken in response to the finding. The investigative findings, the Subject's response and the Chair's recommendation shall be submitted to the appointing authority in the respective Member Country. With consideration of the Chair's recommendation, the appointing authority shall decide the appropriate action to be taken and shall notify the Chair of their decision, who will in turn notify the Secretary.

If the Managing Director is the Subject, the Chair, with support from the Secretary shall assess the information and make a recommendation on the course of action to be taken in response to the finding. The investigative findings, the Subject's response and the Chair's recommendation shall be submitted to the Board Members, excluding the alternates. The Board shall decide the appropriate action to be taken.

If the Chair is the Subject, the Deputy Chair shall undertake the duties of the Chair as described above.