

## **Rules of Procedure for the Ethics Committee**

### **Section A: Purpose**

1. These Rules of Procedure shall govern the Ethics Committee of the Board of Directors of the Asian Infrastructure Investment Bank, established in accordance with paragraph 12 of the Code of Conduct for Board Officials (Code), to carry out the functions set forth in Section D of the Code (and, in these Rules of Procedure, "Board Officials" shall have the meaning afforded by the Code).

### **Section B: Responsibility and Authority**

2. The Ethics Committee shall carry out the functions set forth in Section D of the Code, in exercise of the powers referred to in paragraph 12(a) of the Code.
3. Accordingly, the Ethics Committee shall:
  - (i) receive any notice to it from a Board Official that such Board Official has been arrested, charged, or convicted of any criminal offense; the Ethics Committee may consider such notice as equivalent to an allegation of misconduct constituted by a violation of the Code;
  - (ii) receive information from the Chief Ethics Officer as to the resolution of any concerns related to disclosure of financial and business interests of Board Officials or those of their immediate family members, together with any outstanding concerns; the Ethics Committee shall consider and resolve such outstanding concerns;
  - (iii) receive information from a Board Official of a matter unresolved with the Chief Ethics Officer; the Ethics Committee shall consider and resolve such a matter;
  - (iv) receive reports and regularly obtain advice from the Chief Ethics Officer on any matter concerning Board Officials brought to the attention of the Chief Ethics Officer, and on the resolution of such matter;
  - (v) receive requests for, and may issue, guidance concerning conflicts of interest, annual financial disclosures and other ethical aspects of conduct in respect of Board Officials;
  - (vi) receive and consider allegations of misconduct constituted by a violation of the Code, in accordance with Section E of these Rules of Procedure;
  - (vii) consider and otherwise resolve all ethical aspects of conduct in respect of Board Officials and make recommendations to the Board of Directors accordingly.
4. Any decisions and guidance by the Ethics Committee may be appealed to the Board of Directors by the subject Board Official, and the matter placed on the agenda of the Board of Directors accordingly.

### **Section C: Composition, Appointment and Terms**

5. In accordance with paragraph 1(c) of the Code, the composition of the Ethics Committee is coextensive with the Budget and Human Resources (BHR) Committee of the Board of Directors, and such successor committees as the Board of Directors shall from time to time determine. The Chair and Vice Chair of the BHR Committee shall act in the same capacity for the Ethics Committee.
6. When considering any matter relating to the implementation, interpretation and application of the Code, the BHR Committee shall be deemed to act as the Ethics Committee, in accordance with these Rules of Procedure.
7. The Ethics Committee Secretary shall be the Corporate Secretary, or another member of staff as appointed by the Corporate Secretary. Counsel to the Ethics Committee shall be the General Counsel, or another member of staff as appointed by the General Counsel. Ethics Advisor to the Ethics Committee shall be the Chief Ethics Officer, or another member of staff as appointed by the Chief Ethics Officer.

### **Section D: Meetings, Documents, Reports and Decision-Making**

8. An Ethics Committee member shall recuse themselves from a matter if said matter involves the Ethics Committee member or an Alternate Director or Temporary Alternate Director appointed by them or for them. Such recusal shall not be deemed an absence for the purposes of quorum.

#### **Meetings**

9. The Ethics Committee shall meet as often as may be required by its work, as determined by its Chair. Such meetings of the Ethics Committee shall, to the greatest extent possible, be scheduled to coincide with an already scheduled meeting of the BHR Committee. The Chair shall determine the agenda for each meeting of the Ethics Committee.
10. Participation in such meetings is allowed through electronic means, although physical attendance is encouraged. Matters may also be considered on a no-objection basis where the Chair of the Ethics Committee, in consultation with the Ethics Committee Secretary, so authorizes.
11. The Ethics Committee shall be quorate on the same basis as the BHR Committee. In the absence of the Chair, the Vice Chair shall serve as chair of the Ethics Committee.
12. Board Officials and Bank Staff may attend all or part of meetings of the Ethics Committee, with the permission of the Chair, in consultation with the Secretary, Counsel and Ethics Advisor to the Ethics Committee.

#### **Documents and Reports**

13. The Committee shall prepare an annual report to the Board of Directors of its activities, with due regard to the confidentiality of individual Board Officials as adjudged by the Chair of the Ethics Committee, in consultation with the Secretary, Counsel and Ethics Advisor to the Ethics Committee.
14. Any matter to be brought to the attention of the Ethics Committee shall be submitted to the Chair through the Ethics Committee Secretary.

15. If a matter under consideration by the Ethics Committee implicates an alleged violation of the Code of Conduct for Bank Personnel by a Staff Member, then the Ethics Committee shall report such matter to the Chief Ethics Officer, for investigation in accordance with Staff Rule 7.01, Ethics Investigation Procedure.

### **Decision-Making**

16. The Ethics Committee is possessed of the competence to issue decisions and provide guidance in accordance with these Rules of Procedure.
17. Ordinarily, there shall be no voting by the Ethics Committee, and the Chair shall ascertain the sense of the meeting to be included in the minutes, and reports to the Board of Directors shall reflect the views of Committee members, including minority views. However, this procedure may be substituted at any time by request of any member of the Ethics Committee and a vote taken on a matter and a resolution of the Ethics Committee adopted by a simple majority of those present and eligible to vote.
18. Where a vote is called, all Committee members present shall vote; abstentions shall not be recognized and shall be counted as opposition to the resolution.
19. On any matter in which the Ethics Committee, with or without voting, is evenly divided, the matter shall be referred to the Board of Directors for final determination.

### **Section E: Ethics Investigation and Misconduct Procedures**

20. All allegations of misconduct by Board Officials constituted by a violation of the Code, shall be referred to the Chief Ethics Officer for investigation in accordance with the following ethics investigation procedure:
  - (i) Board Officials shall cooperate with an ethics investigation. Failure to do so or knowingly obstructing or interfering with an ethics investigation shall constitute a violation of the Code;
  - (ii) Upon receipt of an allegation of misconduct by a Board Official, the Chief Ethics Officer shall make a threshold assessment of the reliability of such allegation:
    - (a) In undertaking such a threshold assessment, the Chief Ethics Officer shall consider all, incriminatory or exculpatory, documents and other materials obtained;
    - (b) Such threshold assessment shall be, to the greatest reasonable extent, confidential, expeditious and unobtrusive;
    - (c) If this threshold assessment of reliability is affirmative, the Chief Ethics Officer shall so inform the Ethics Committee and shall undertake an investigation into the alleged misconduct of the Board Official;
    - (d) If this threshold assessment of reliability is negative, the Chief Ethics Officer shall so inform the Ethics Committee and the implicated Board Official;
  - (iii) In investigating a Board Official subject to an allegation of misconduct, the Chief Ethics Officer shall undertake, in any order, the following actions:

- (a) Interview the subject Board Official following no less than 24 hours written notice. Such interviews shall be recorded and a transcript of the interview produced by the Chief Ethics Officer;
  - (b) Conduct such other interviews with Board Officials, the staff of the Bank, and as needs be, other individuals, as may be necessary to establish the credibility of the allegation of misconduct;
  - (c) Obtain and consider such documents and other materials as may be necessary to determine the credibility of the allegation of misconduct;
  - (iv) If at any time during the investigation, the Chief Ethics Officer determines that the allegation of misconduct is not credible, the investigation shall be discontinued, and the Ethics Committee and the subject Board Official informed accordingly;
  - (v) Upon completion of an investigation, whereupon the Chief Ethics Officer determines that the allegation of misconduct is credible, the investigation shall be documented in an Ethics Investigation Report, submitted to the Ethics Committee;
    - (a) The Ethics Investigation Report shall be impartial and limited to findings of fact, both incriminatory and exculpatory, by the Chief Ethics Officer. It shall enclose materially relevant documentation, the transcript of the interview with the subject Board Official and written summaries of other interviews;
  - (vi) The receipt of the Ethics Investigation Report by the Ethics Committee shall conclude the investigation of the Board Official under these Rules of Procedure.
21. Upon receipt and expeditious consideration of an Ethics Investigation Report, the Ethics Committee shall act in accordance with the following misconduct procedure:
- (i) The Ethics Committee may notify the subject Board Official by issuing a written Accusation of Misconduct. However, if the Ethics Committee reasons the allegation of misconduct is not well-founded, the misconduct procedure shall be discontinued and the subject Board Official informed accordingly;
  - (ii) An Accusation of Misconduct shall append the related Ethics Investigation Report, with enclosures;
  - (iii) Upon receipt of an Accusation of Misconduct, the subject Board Official may make a written response to the Ethics Committee within 30 days, admitting or rebutting the Accusation of Misconduct;
    - (a) If the response of the subject Board Official raises exculpatory factual concerns insufficiently addressed by the Accusation of Misconduct, the Ethics Committee shall require the Chief Ethics Officer to reopen the investigation and shall receive a revised Ethics Investigation Report accordingly;
  - (iv) Upon receipt and expeditious consideration of a response by the subject Board Official to the Accusation of Misconduct, and any revised Ethics Investigation Report, the Ethics Committee shall determine, on the basis of reasonable sureness, whether the Accusation of Misconduct is established. If established, the Ethics Committee shall submit a report to the Board of Directors accordingly, including a recommendation of a commensurate Sanction. Such Sanction may include reprimand, censure and mandatory resignation of the subject Board Official. If the

Accusation of Misconduct is not established, the misconduct procedure shall be discontinued and the subject Board Official informed accordingly.

**Section F: Administrative Arrangements**

22. The channel of communication between the Ethics Committee and the President, as chief of staff of the Bank, and Board Officials, shall be through the Secretary to the Ethics Committee.
23. A summary of meetings of the Ethics Committee shall be shared promptly afterwards with the Board of Directors. Such summaries shall pay due regard to the confidentiality of individual Board Officials as adjudged by the Chair of the Ethics Committee, in consultation with the Secretary, Counsel and Ethics Advisor to the Ethics Committee.

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