



Islamic Development Bank

CODE of CONDUCT

for

IDB Representatives

in

Investee Companies

(Version 01; March 2012)

Prepared by OBID and the IDBi

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FOREWORD

The IDB Board of Executive Directors, in its 277th meeting, has approved the **Guidelines for IDB Representatives on the Board of Directors of Investee Companies** (“**the Guidelines**”). The guidelines define mainly the following: the criteria and procedures for appointment of Representatives, the duties, criteria for evaluation, independence and liability of Representatives.

In order to better perform their duties, Representatives must conduct themselves professionally and ethically with the highest standards possible. In this regard, this *Code of Conduct of the IDB Representatives in Investee Companies* (“**the Code**”) has been developed in order to provide the Representatives, with rules, guidance and basic principles applicable to them, in matters related to professional conduct, behavior and ethics, in the due course of their activities.

Therefore, **the Code** complements the guidelines in area related personal and professional conduct of the **IDB Representatives on the Board of Directors of Investee Companies** (“**The Representatives**”) during the actual performance of their duties.

Also, more importantly the provisions contained in **this Code** are drawn from Islamic values which enjoin integrity, honesty, integrity, impartiality, discretion, independence, loyalty, respect and courtesy; **the Code** also promotes professional ethics such as diligence, efficiency, responsibility, and discharging responsibilities with care, required skills and competence.

All IDB Representatives on the Board of Directors of Investee Companies shall abide by **this Code** which is meant to help them better discharge their duties, in accordance with **the Guidelines**, and in accordance with the highest standards of professional conduct and ethics.

Ahmad Mohammad Ali
The Chairman of the IDB Group

Date of Approval: _____ *Rabi II 1433H*
(_____ *March 2012 G*)

Chapter I

Preliminary Provisions

1.1. Title and Commencement

These Regulations shall be known as “**The Code of Conduct of the Islamic Development Bank Representatives in Investee Companies**” (hereafter “**the Code**”) and shall enter into force as of the date of its adoption by the IDB Board of Executive Directors.

1.2. Definitions

In this Code, unless the context otherwise requires, the following words shall have the meaning assigned to each of them hereunder:

Terms	Definitions
IDB	The Islamic Development Bank
Company	Investee Company: a company or institution in which the IDB has an equity investment.
Representative	IDB Representative in a Company.
Immediate Family of the Representative	Any one of the following: spouse, child, mother, father, brother, or sister of the Representative.
Financial Interest	Engagement in any employment or business or financial activity, by the Representative or any member of his immediate family, whether as an officer, consultant, advisor, shareholder, partner, investor, lobbyist or otherwise, which conflicts with the interests of the Company, or interferes with the Representative’s responsibility and performance of duties.
Gifts and Gratuities	Meals, gifts, expenses, cash, perquisites, or any other item of value including personal service, entertainment, favors to or from the Company or its customers, suppliers, vendors, contractors, government employees, etc. However, meals and gifts, which are part of a meeting of the Board of the Company, seminar, conference, training, exhibition or business meetings do not fall within the definition of gifts and gratuities.
Conflict of Interest	A personal interest of a Representative conflicts with the interest of the Company if it tends to impair the Representative’s independence of judgment and impartiality. A conflict of interest arises in circumstances where a Representative undertakes an activity from which the Representative may benefit personally by reason of his position of Representative in the Company. The conflict disqualifies the Representative from participating to any decision on behalf of the Company on any question, or attempting to influence any decision, to which the conflict relates.
Unpublished Information	Any information that has not yet been publicly released by the Company or any confidential, competitive and proprietary information of the Company.

1.3. Purpose of the Code

The Code sets out the rules, guidance and basic principles applicable to a Representative in matters related to professional conduct, behavior and ethics, in the due course of his/her activities.

In this regard, it provides to the Representative guidance on conduct and behavior and ethics to observe in order to avoid situations where his/her performance:

- is not in line with the provisions of the **Guidelines for IDB Representatives on the Board of Directors of Investee Companies** (“the Guidelines”),
- is not in line with the provisions of this code or the ethics of the IDB or the one of the Company,
- is associated with a real or apparent conflict between his/her personal and private interest and the interests of IDB or the ones Company,
- tarnishes the image and reputation of IDB or the one of the Company, and
- compromises the competitive position of IDB or the one of the Company.

1.4. Application of the Code

The Code applies, upon acceptance of their mandate, to all Representatives sitting for IDB in an IDB Investee Company and, where specifically provided, to the former Representatives of IDB Investee Companies and to the immediate family members of those Representatives.

Where the Code is applicable to the immediate family of the Representatives or requires disclosures pertaining to them, such Representatives shall make appropriate inquiries and use their best efforts to secure compliance with the applicable provisions of this Code by and in respect of such immediate family members. Representatives shall make such disclosures as are required by this Code to the best of their knowledge following such inquiries.

1.5. Commitment to Islamic values

In observing the provisions of this Code of Conduct, Representatives shall always remember that they are bound by a higher and more rigorous code: **Islamic values**.

1.6. Failure to observe the code

Failure to observe this Code of Conduct may be sanctioned as unsatisfactory conduct or misconduct, as the case may be. Sanctions of as unsatisfactory conduct or misconduct may lead, in addition to the relevant provisions of the guidelines, to an IDB decision to disqualify and declare the ineligibility the Representative from whom the responsibilities of Representative will be withdrawn.

Chapter II **Basic Values & Professional Ethics**

The Representative shall observe, in discharging his/her responsibilities, the highest standard of ethical conduct consistent with values such as integrity, impartiality, discretion, independence, and loyalty, respect and courtesy. The Representative shall also discharge his/her professional duties with professional ethics such as diligence, efficiency, responsibility, acting with care and required skills and competence.

2.1. Integrity

In discharging his/her responsibilities, the Representative shall:

- always act with probity and honesty and subscribe to the highest standards of professional ethics,
- provide accurate and complete information to the IDB about all matters related to the company and his performance and status as Representative,
- report any circumstances that may affect his/her eligibility as a Representative, and
- report any direct or indirect situation of conflict of interest (as defined above) to the Company and to IDB.

2.2. Loyalty

In discharging his/her responsibilities, the Representative shall:

- act loyally vis-à-vis to the Company and to IDB,
- be committed to supporting the Vision, Mission, and Objectives of the Company, as long as they are in line with the ones of IDB.

2.3. Independence

In discharging his/her responsibilities, the Representative shall only promote the long-term success of the company, and consequently, shall:

- avoid situational of conflicts of interest, i.e. situation in which his interests do or may conflict, directly or indirectly, with the Company's interests including situations where the Representative takes any advantages of the company's property, information or opportunities,
- not seek or accept, from any government or person or entity including the Company, gratuity or gifts given due to his status of Representative or actions as a Representative, and
- exercise independent judgment i.e. he/she shall not take any instructions from anybody including his colleagues Representatives of the Company.

2.4. Impartiality

In discharging his/her responsibilities, the Representative shall only promote the long term success and reputation of the Company and, consequently, shall:

- consider IDB as other stakeholders and treat its interests equally as the ones of other stakeholders,
- not only consider the interest of the main shareholders, and
- consider equally the interests of all stakeholders including all shareholders, creditors and employees.

2.5. Discretion

The Representative shall, always:

- respect the obligation of confidentiality of the Company or IDB in respect of information received in the course of his/her duties and shall continue to be bound by this obligation after termination of his/her mandate,
- exercise the utmost discretion with regard to all matters related to the activities of the Company and to IDB.

2.6. Courtesy and Respect

The Representative shall always, outside or inside the company:

- behave courteously and respectfully towards:
 - his/her colleagues Representatives in the Company,
 - Management of the Company,
 - Representative members of the in the Company,
 - anyone whom he/she relates with while discharging his/her duties;
- respect the dignity and private lives of:
 - his/her colleagues Representatives in the Company,
 - Management of the Company,
 - Representative members of the in the Company,
 - anyone whom he/she relates with while discharging his/her duties;
- refrain from harassment physical and verbal abuse, intimidation, hostility towards:
 - his/her colleagues Representatives in the Company,
 - Management of the Company,
 - Representative members of the in the Company, and
 - anyone whom he/she relates with while discharging his/her duties.

2.7. *Due care, competence, diligence and efficiency*

In discharging his/her responsibilities, the Representative shall:

- exercise a degree of care in his/her actions as a reasonable person would be expected to do while taking care of his own affairs,
- exercise such a degree of skill and competence as may reasonably be expected from a person with his/her knowledge and experience,
- discharge his/her professional duties diligently, efficiently and to the best of his/her abilities,
- make sure you that he/she is fully informed about the Company's business and performances.

2.8. *Responsibility and accountability*

In discharging his/her responsibilities, the Representative shall:

- act within the powers granted to him/her by the Company and the IDB,
- refrain from overstepping the powers conferred upon him or her and respect the policies and rules on signing authorities of the Company,
- maintain an attitude consistent with the rules, policies, procedures, values, codes of ethics and conduct of the Company as well as the ones of IDB,
- comply with applicable laws and regulations under which the Company is operating.

2.9. *Use of the company resources*

In discharging his/her responsibilities, or when in a position to use the name or resources of the Company, the Representative shall:

- make use of the company's name and resources (*computers, buildings, facilities, properties, equipment, Intranets, etc.*) only in the interest of the Company,
- refrain from harming the company's name and resources.

2.10. *Political activities*

In discharging his/her responsibilities, the Representative shall abstain from all political activity and/or interference that are inconsistent with, or might reflect upon, the independence or impartiality required by his/her position of Representative.

Chapter III
Conflict of Interest

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Financial Interest

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Gifts & Gratuities

3.1. Conflict of Interest

In discharging his/her responsibilities, the Representative shall:

- avoid any situation involving a conflict of interest, or the appearance of a conflict of interest, between his/her personal interests and performance of his/her duties,
- act in the best interest of the Company to the exclusion of any personal advantage, when dealing with any stakeholder of the Company and any other party.

A Representative who has an actual or apparent conflict of interest in any matter known to be under consideration by the Company, shall immediately report this conflict to the Company or to IDB. Pending Instructions from the Company, the Representative shall abstain from exercising any related responsibility except as otherwise instructed in writing by the Company, and

3.2. Financial Interest

In discharging his/her responsibilities, the Representative shall not:

- have direct or indirect financial interests that conflict with his/her Company duties and responsibilities,
- hold any financial interest in any entity, which is a customer, supplier, consultant, auditor, contractor or is an affiliate of such an entity; nor shall the Representative be associated with the management of such an entity.

A Representative who has any direct or indirect private interest in any matter known to be under consideration by the Company, which might reasonably be thought to be in actual or apparent conflict with his/her duties as Representative, shall immediately report his/her interest to the Company or to IDB. Pending Instructions from the Company, the Representative shall abstain from exercising any related responsibility except as otherwise instructed in writing by the Company.

A Representative shall promptly disclose to the Company or to IDB any financial or business interest of his/her or of an immediate family member and which might reflect unfavorably on the Company or which might be in actual or apparent conflict with the Representative's responsibilities in the Company. Upon such disclosure, the Representative shall refrain from exercising any responsibility as a Representative, which might affect such interest, except if authorized directly by the Company.

3.3. Gifts & Gratuities

In discharging his responsibilities, the Representative shall:

- not accept any gift, favor, remuneration, honor or decoration, which may be regarded as likely to influence the impartial performance of his duties as Representative,

- not accept reimbursement by an third party for travel and living expenses except by the prior written authorization of the **President**,
- not give, pay or promise a gift or gratuity, and
- immediately report to the President any gift, gratuity, remuneration or other favor that he/she has received in the course of, or in connection with, the performance of his duties.

Notwithstanding the above,

- with the prior written authorization of the Company or the President, IDB; a Representative may accept a medal, decoration or similar honor for services or achievement not connected with his performance with the Company; authorization shall be granted in exceptional cases only and where it is not otherwise incompatible with the IDB or the Company's Representatives Policies and regulations.
- in the case of items of nominal value, and in cases of a Representative who finds himself or herself in circumstances which make it difficult to refuse or decline a gift for cultural and/or traditional reasons shall report such gifts to the Company or to the President, IDB who shall instruct the Representative of his course of action.

Chapter IV
**Information Disclosure,
Publications & Public
Speaking**

4.1. Unpublished information

A Representative shall not, except in the course of their official duties, or by express authorization of the President, IDB or the Company:

- disclose, divulge or communicate any unpublished information known to him/her by reason of his/her position of Representative to any person within or outside of the Company whom he/she knows or should know is not authorized by the Company to receive such information, and
- use, or allow the use of, any unpublished information known to him/her by reason of his/her position of Representative for private advantage, directly or indirectly, or for any interest contrary to the interests of the Company.

A Representative shall report to the IDB or to the Company any attempts or pressures to force him/her to release any unpublished information.

4.2. Publications and Public speaking

A Representative shall not, except in the normal course of his/her duties, or with the prior authorization of the President, IDB, where the concerned act relates to the purpose, functions, policies, activities, interests or unpublished information of the Company:

- issue statements to the press, radio, television, internet, social networks, or other media,
- accept speaking engagements,
- take part in film, theatre, radio or T.V. production,
- submit articles or books or other material for publication,
- publish, cause to be published, or assist in the publication of any book, pamphlet, article, letter or other document,
- speak on behalf of the Company as a participant in any seminar or conference.

In carrying out the above obligations, which shall persist after termination of his/her mandate as Representative, the Representative shall observe the rule of confidentiality relating to unpublished information of the Company and IDB.

A Representative who, with appropriate authorization undertakes any of the activities listed above, shall not, without prior authorization of the President, IDB or the Company accept any fee or gift in respect of the same.

All rights including title, copyright and patent right- in any work produced by a Representative as part of, or in connection with, the performance of his duties as a Representative shall be vested in, or assigned to, the Company, unless such rights are waived in writing by the Company in favor of the Representative concerned.

Chapter V

Final Provisions

5.1. Termination of the Representative's duties

Except with authorization of the President, IDB, former Representatives who no longer hold a Representative position, after the effective date of this Code may not within one year after the termination of their contract as Representative, perform services for any other entity in which the Company has an interest or to which the Company is a party, and is in relation of any matter in which the Representative participated personally and substantially while holding the position of Representative.

5.2. Conformance with the Intent and Spirit of the Code

It is not possible to set out an all-inclusive or exhaustive Code of Conduct for the guidance of Representatives. However, Representatives are expected to use their own good judgment to conform to the intent and spirit of the Code of Conduct in all matters not specifically stated herein. Should any Representative have any doubt as regards any matter related to the Code of Conduct, it will be in his own interest to seek the advice of the Representative of the IDB Department which manages the IDB equity in the Company or the officer or entity designated by the President for that purpose.

5.3. Interpretation and Amendment

This Code of Conduct shall be read together with the primary texts referred to in paragraph 1.3 (Guidelines for IDB Representatives on the Board of Directors of Investee Companies), which it is intended to supplement and shall be construed to provide guidance to Representatives on appropriate ethical conduct by Members of a Board of Directors. Amendments may be made to this Code only by the authority of the President.

5.4. Date of Effectiveness

This Code of Conduct shall become effective as of _____H, corresponding to _____G.