



ASIAN INFRASTRUCTURE  
INVESTMENT BANK

# LIVING AIIB'S VALUES

ETHICS OFFICE  
2023 ANNUAL REPORT



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# ABBREVIATIONS

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
BHRC	Budget and Human Resources Committee
CEIU	Complaints-resolution, Evaluation and Integrity Unit
CII	Conference of International Investigators
EBRD	European Bank for Reconstruction and Development
ENMO	Ethics Network of Multilateral Organizations
ETH	Ethics Office
HRD	Human Resources Department
IDB	Inter-American Development Bank
IFI	international financial institution
IO	Investment Operations
LEG	Legal Department
MDB	multilateral development bank
OMB	Office of the Ombudsperson
RMD	Risk Management Department
SFIP	Statement on Financial Interest Declaration Program
TRE	Office of the Treasurer
WBG	World Bank Group



# MESSAGE FROM THE PRESIDENT

In our mission to finance the Infrastructure for Tomorrow required for a prosperous Asia and beyond, the Asian Infrastructure Investment Bank (AIIB) is guided by our core values: Lean, Clean and Green. These are supported by an ethical culture rooted in integrity, accountability, dignity, loyalty, equality, respectfulness, and independence. Our ethical culture, as an indispensable ingredient to the integrity of our mission, defines the characteristics of our institution created in the 21st century. A sound ethical culture is key to successful implementation of our development mandate; without it, we will not succeed.

Accordingly, at AIIB, we expect all staff to exhibit unwavering commitment to our values and culture so that we can deliver the benefits of development for our Members and their people. Just as a single drop of dye can discolor a glass of water, a seemingly small ethical compromise can undermine the integrity of a whole organization. It is therefore vital that we understand and fully appreciate the weighty individual responsibility that every member of our staff plays as a contributor to and a caretaker of AIIB's culture.

As a multilateral entity, AIIB embraces workplace diversity. Our Bank's Senior Management is dedicated to creating an environment where all Bank Personnel are treated with dignity and respect. Our Ethics Office is committed to promoting respect in the workplace and enforces a zero-tolerance policy for unacceptable behavior. The Ethics Office also offers guidance to managers to actively prevent cases of breaches of the Code of Conduct for Bank Personnel and promptly address any such cases upon reports of misconduct.

I would like to express my gratitude to the Ethics Office (ETH) for their persistent commitment to advancing a values-based ethical culture at AIIB. Throughout 2023, ETH has spearheaded key initiatives to reinforce high ethical standards within AIIB. This includes developing and implementing a Three-Year Strategic Plan to integrate ethics into the Bank's day-to-day operations, strengthening our institution as we approach our tenth anniversary in 2025.

ETH has also been doing its best as a catalyst for institutional development of AIIB by reaching out to the MDB family. In particular, ETH's "Ethics Framework Benchmarking for MDBs" project has helped ensure strengthening our adherence to high ethical standards of multilateral organizations. Tailor-made ethics outreach sessions address the operational context of each department and office, thereby promoting a respectful workplace environment and addressing questions related to conflicts of interest in the operation of MDBs.

ETH has shown dedication to creating a safe, healthy, and productive working environment in our Bank. In 2023, the Chief Ethics Officer provided ethics inductions to newly appointed personnel, including a Vice President and three General Directors. This helps support senior leadership to embody our core values and foster inclusive and respectful work environments. ETH has also provided targeted support for project team leaders, managers, and supervisors involved in investment projects to prevent and manage conflicts of interest arising from the external employment of individual consultants.

Beyond setting standards, ETH provides invaluable advice to both Bank Personnel and management. In 2023, ETH received its highest-ever number of staff requests for ethics advice since the Bank's establishment. This shows that ETH plays a pivotal role in supporting decision-making across the Bank to ensure we maintain the highest standards of conduct.

While the work of maintaining an ethical culture is never-ending, I am pleased to report that ETH has made significant progress in achieving its major action plan this year. ETH has my full backing as they continue to deliver on their action plan to mobilize our collective efforts to uphold an ethical culture that enables us to advance prosperous and sustainable futures for our member citizens.



**Jin Liqun**

President and Chair of the Board of Directors  
Asian Infrastructure Investment Bank

# MESSAGE FROM THE CHAIR OF THE BUDGET AND HUMAN RESOURCES COMMITTEE AND THE ETHICS COMMITTEE

The Budget and Human Resources Committee and the Ethics Committee of the Board of Directors of the Asian Infrastructure Investment Bank attach great importance to the Bank upholding the highest ethical standards and providing a respectful workplace for all.

As the Bank continues to grow, the evolution of its ethics policy framework is critical to ensuring that the Bank not only remains on par with its peer institutions, but can also benefit from a wide range of best practices across international financial institutions as well as the private sector.

To support this process, over the reporting period, the Committees received regular updates from the Chief Ethics Officer on the development and implementation of the Ethics Office Strategic Plan and provided guidance as appropriate. In 2024, both Committees will continue to support the Ethics Office in its efforts to further develop AIB's ethics policy framework.

The Committees would like to extend its appreciation to the Ethics Office for its ongoing open dialogue with the Committees and stand ready to advise on future initiatives.

**Zhijun Cheng**

Chair of the Budget and Human Resources  
Committee and the Ethics Committee  
Asian Infrastructure Investment Bank





**Members of the Budget and Human Resources Committee and the Ethics Committee**



**Zhijun Cheng**  
(Chair)



**Manisha Sinha**



**Bengü Aytekin**  
(Vice Chair)



**Shreekrishna Nepal**



**Fabrizio Costa**



**Stefan Denzler**



# MESSAGE FROM THE CHIEF ETHICS OFFICER

The Ethics Office of the Asian Infrastructure Investment Bank plays a role in advocating for and implementing ethical standards among Board Officials and Bank Personnel. As administrator of the Code of Conduct for Board Officials, and as custodian of the AIB Values and Code of Conduct for Bank Personnel, the Ethics Office proactively commits to instilling ethics and compliance across the Bank, thereby contributing to institutional development aligned with AIB's Corporate Strategy.

In 2023, the Ethics Office formulated a Three-Year Strategic Plan (Strategic Plan) to cover July 2023 to June 2026, and prepare AIB for its first decade of operations. The Strategic Plan prioritizes enhancing policy effectiveness, fostering an ethical workplace culture through awareness-raising and engagement, preventing ethical breaches, strengthening compliance through accountable ethical risk management, and promoting professional and business ethics within the Bank. The Ethics Office therefore issues its first Annual Report to communicate its efforts and achievements in accordance with the Strategic Plan. This Annual Report represents the Ethics Office's commitment to disclose its operations and activities transparently with all stakeholders, which is the standard practice of ethics offices of multilateral development banks (MDBs).

The Ethics Office conducted a benchmarking exercise on the ethical framework of MDBs to improve AIB's policy development and compliance efforts. Additionally, ETH contributed to the revision of the Staff Grievance Mechanisms and the formulation of scope for the operation of the Grievance Coordination Committee, which will help the Bank to respond to systemic issues that may impact its reputation and the well-being of its personnel.

To uphold high ethical standards among MDBs, the Ethics Office organized an "Ethics Talk" on "Why MDB Personnel must always live up to the high standards of ethical conduct" on June 9, 2023, featuring a panel discussion by the heads of the ethics function of five MDBs on the importance of adhering to such high ethical standards. In addition to AIB's Chief Ethics Officer, other members of the panel were Alberto Rivera-Fournier, Chief Ethics Officer, Inter-American Development Bank; Bandini Chhichhia, Associate Director Policy and Ethics, European Bank for Reconstruction and Development; Christel Adamou, Head of the Office of Professional Ethics and Conduct, Asian Development Bank; and Marianne Deborah Rossert, Adviser to the Chief Ethics Officer, World Bank Group. Furthermore, the Ethics Office promoted the Bank's ethical culture through departmental training sessions, fostering engagement among Bank Personnel in co-creating an ethical culture.

In 2023, the Ethics Office experienced a significant increase in requests from Bank Personnel and Management—81 requests, up from 69 requests in 2022—for ethics advice. Some of these requests for advice related to requests for authorization to undertake external activities, which reflected increased awareness by the Bank Personnel of the need for compliance. In addition, the complaints regarding Bank Personnel conduct increased from four cases in 2022 to 12 cases in 2023. This can be attributed to a growing trust in the role of the Ethics Office as a trusted avenue for personnel to speak up.

The Ethics Office has implemented various initiatives, including the development of policies to provide for additional safeguards, particularly for individuals in integrity-sensitive positions, to ensure that Bank Personnel adhere to high standards of ethical and market conduct in their day-to-day operations related to financial and capital market investments. Included in these initiatives are the development of rules and procedures for declarations of financial interest for integrity-sensitive positions, and for business conflicts of interest, which shall be completed and implemented in 2024.

Following AIB's Lean core value, the Ethics Office has also streamlined its operational system, employing a case management system to ensure the efficiency, consistency, and confidentiality of advisory and authorization services, financial statement declarations, and investigations.

While progress has been made, the Ethics Office will need to cater to the Bank's growing staff and increasingly complex operations. The Ethics Office therefore will continue to foster AIB's values throughout its operations by engaging with Bank Personnel to co-create an ethical culture. The Ethics Office will dedicate itself to its pivotal role in inspiring everyone within the organization to live according to AIB's values.

**Suthasinee Alex Nimitkul**

Chief Ethics Officer

Ethics Office

Asian Infrastructure Investment Bank

# INTRODUCTION





## A. OUR VALUES

At the Asian Infrastructure Investment Bank (AIIB or the Bank), a multilateral development bank (MDB) headquartered in Beijing, China, our commitment to ethical standards and values underpins the Bank's mission to foster sustainable economic development for Asia and regional cooperation through financing Infrastructure for Tomorrow. AIIB unlocks new capital, technologies, and innovative solutions to address climate change, connecting Asia with the rest of the world.

As of December 31, 2023, its growing network comprises 109 approved Members, consisting of 95 ratified and 14 prospective Members, collectively representing approximately 85% of the global population and contributing up to 65% of the global gross domestic product.

At the heart of its organizational ethos are the core values of Lean, Clean, and Green. These values, implemented according to the Bank's standards of conduct, serve as the guiding principles for our corporate strategy, daily operational procedures, institutional development, and overall organizational culture.

AIIB's ethical standards of conduct—integrity, accountability, dignity, equity, loyalty, respectfulness, and independence—as codified in the Code of Conduct for Bank Personnel, form the bedrock of its strength and help it realize its vision.

## B. GOVERNANCE

The Ethics Committee of the Board of Directors carries out the functions and exercises the powers set forth in the Code of Conduct for Board Officials, Sec. D, subparagraph 12(a). Accordingly, the Ethics Committee has governance over the Ethics Office by receiving 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 Budget and Human Resources Committee (BHRC) reviews and assesses the implementation of staffing strategies, and considers the annual administrative budget as the Board may request and report thereon to the Board. Its membership is coextensive with that of the Ethics Committee and undertakes the functions of the committee provided for under the Code of Conduct for Board Officials. The BHRC has oversight over the progress of the implementation of the Ethics Office Strategic Plan and provides guidance to contribute to the culture building and institution development of the Bank.

## C. THE ETHICS OFFICE

The Ethics Office is dedicated to promoting an ethical culture grounded in the Bank's Core Values and Basic Standards of Conduct. Its mission is to embed ethics in AIIB's day-to-day operations and in the conduct of Bank Personnel.

The office is headed by the Chief Ethics Officer who reports directly to the President on administrative matters but remains independent in its advisory function and conduct of investigations. It also provides protection against retaliation. The Ethics Office consists of Chief Ethics Officer, Alex Suthasinee Nimitkul; Senior Ethics Officer, Thomas Elftmann; and Senior Ethics Research Assistant, Si Zhang.

# ETHICS OFFICE 2023-2026 STRATEGIC PLAN

## A. INTRODUCTION

At the beginning of the year, the Ethics Office conducted an assessment to determine how effectively ethics-related policies have been implemented since the establishment of AIB in 2016. The assessment focused on the five Pillars that are part of the mandate of the Ethics Office—Policy Development, Awareness Raising and Outreach, Advisory and Prevention, Policy Compliance, and Partnerships and Networking. The evaluation revealed specific areas within each Pillar that require further attention in order to foster an ethical culture at AIB. Addressing these areas is crucial to help the Bank achieve its Corporate Strategy for institutional development.

In response, the Ethics Office formulated a three-year Strategic Plan (2023-2026 Strategic Plan) covering the period July 2023 to June 2026, to prepare AIB for its first decade of operations. The Plan focuses on critical areas of the five Pillars, in line with the priorities of the Ethics Office.

## B. ASSESSMENT OF THE FIVE PILLARS

This section discusses the details of the 2023 assessment of the five Pillars.

### Pillar 1: Policy Development

As AIB's operations evolve, there is a need to refine ethics-related policies and procedures. The focus of the Ethics Office over the next three years will be on providing guidance for Bank Personnel to live up to AIB values by conducting a comprehensive review of frameworks, policies, provisions and procedures for implementing ethical standards outlined in the Code of Conduct for Bank Personnel. Aligning the provisions and procedures to the highest standards developed by international financial institutions and multilateral organizations need to be prioritized in specific areas such as conflicts of interest and inappropriate behaviors not amounting to misconduct.

### Pillar 2: Awareness Raising and Outreach

A voluntary staff survey conducted in the second quarter of 2023 revealed that Bank Personnel accurately understood 85% of the Code of Conduct for Bank Personnel, including ETH's roles and responsibilities. However, there is still a need for more interactive and inclusive engagement and training on Bank values and the standards of conduct to enhance the ability of Bank Personnel to effectively apply the Code of Conduct for Bank Personnel in their day-to-day operations. Given the Bank's increasing staff numbers, it is crucial to foster a culture of respect and inclusion, which can be achieved through engagement activities that encourage co-creation of the Bank's ethical culture, and targeted training for newly onboarded staff as well as refresher training for senior leaders, to emphasize their role in modeling AIB values.





### **Pillar 3: Advisory and Prevention**

The Ethics Office received a significant increase in the number of requests for advice and guidance from Bank Personnel and from management, a trend which began in 2022 and continued to 2023. This increase can be attributed to the effectiveness of the one-on-one outreach program, which underscores the importance of maintaining the visibility of and accessibility to the Ethics Office. To address these inquiries, the Ethics Office will continue to provide confidential and consistent responses to staff inquiries seeking guidance on compliance with the Code of Conduct for Bank Personnel and related policies. Addressing ethical dilemmas at an early stage to prevent any adverse impacts on the well-being of Bank Personnel and the overall functioning of the Bank will be another key focus of the Office.

### **Pillar 4: Compliance and Investigation**

AllB conducted a Staff Engagement Survey in 2022, centering around the Bank's Corporate Strategy, aiming to develop a corporate culture in line with the objectives of developing an institution that is highly responsive to its clients while maintaining high international standards and becoming a workplace fit for the best talent drawn from around the world where staff are trusted and empowered.

The results of said survey indicated a need to focus on building trust when dealing with inappropriate behaviors and alleged misconduct. To address this, the Ethics Office will further promote the use of transparent communication and regularly disclose case statistics. It will also effectively communicate with Bank Personnel its activities while also ensuring confidentiality to build trust in the procedures and independence of the Ethics Office.

In the last quarter of 2023, the Ethics Office disclosed case statistics on its webpage for the first time, providing information on the number and types of advisory and complaint cases handled from 2021 to June 2023 to raise staff awareness around common ethical dilemmas.

To be highly responsive to clients, ethics shall be embedded in the Bank's day-to-day operations. Measures to mitigate risk of conflict of interest in Bank operations by Bank Personnel will help build the Bank's credibility. The Ethics Office will be coordinating with the Risk Management Department in the development of such measures. By implementing these measures, AllB can ensure that ethical considerations are embedded in its operations and decision-making processes.

### **Pillar 5: Partnership and Networking**

To communicate the mandate of the Ethics Office and instill confidence in its function, strengthen the implementation of ethics policies, and promote an ethical culture within the Bank, collaborations between the Ethics Office and other parts of the Bank with allied functions, such as the Human Resources Department (HRD), Office of the Ombudsperson (OMB), Staff Council (SC) and the Culture Steering Committee are needed.

In addition, Bank-wide initiatives must be given priority to fully implement the recommendations from the internal review report and the ongoing Staff Grievance Mechanisms review. The Ethics Office shall perform root cause analysis on misconduct cases and staff requests, in order to identify emerging trends or risks. Lessons learned will be shared with the Grievance Coordination Committee.





Furthermore, engagement with peer MDBs to align with the highest standards of practice, operational system efficiency and independence of the Ethics Office should evolve in line with industry standards and technological advancements. The Ethics Office shall play a more active role in standard-setting, within the context of a lean institution; in particular, it will contribute to the formulation of best practices in external activities as a member of the Ethics Network of Multilateral Organizations (ENMO) and participate in its working group.

### **C. ETHICS OFFICE 2023-2026 STRATEGIC PLAN**

In 2023, the Ethics Office formulated a three-year Strategic Plan (2023-2026 Strategic Plan) covering the period July 2023 to June 2026, to prepare AIBB for its first decade of operations. The 2023-2026 Strategic Plan prioritizes enhancing policy effectiveness, fostering an ethical workplace culture through awareness-raising and engagement, preventing ethical breaches, strengthening compliance through accountable ethical risk management, and promoting professional and business ethics within the Bank.

The 2023-2026 Strategic Plan was acknowledged by the Budget and Human Resources Committee on May 30, 2023. It focuses on the five Pillars, which are critical areas of focus for the Ethics Office. By focusing on these Pillars, the Ethics Office aims to center ethics as a fundamental aspect of the Bank's culture and ensure that Bank officials and personnel uphold the highest ethical standards of conduct. The Strategic Plan will help align the activities of the Ethics Office with the institutional development goals of the Bank.

Under the 2023-2026 Strategic Plan, the Budget and Human Resources Committee will receive periodic reports on the activities of the Ethics Office and be updated on the progress and implementation of initiatives conducted under the five Pillars and provide guidance on how the Bank can respond to and remain resilient in the face of evolving challenges.

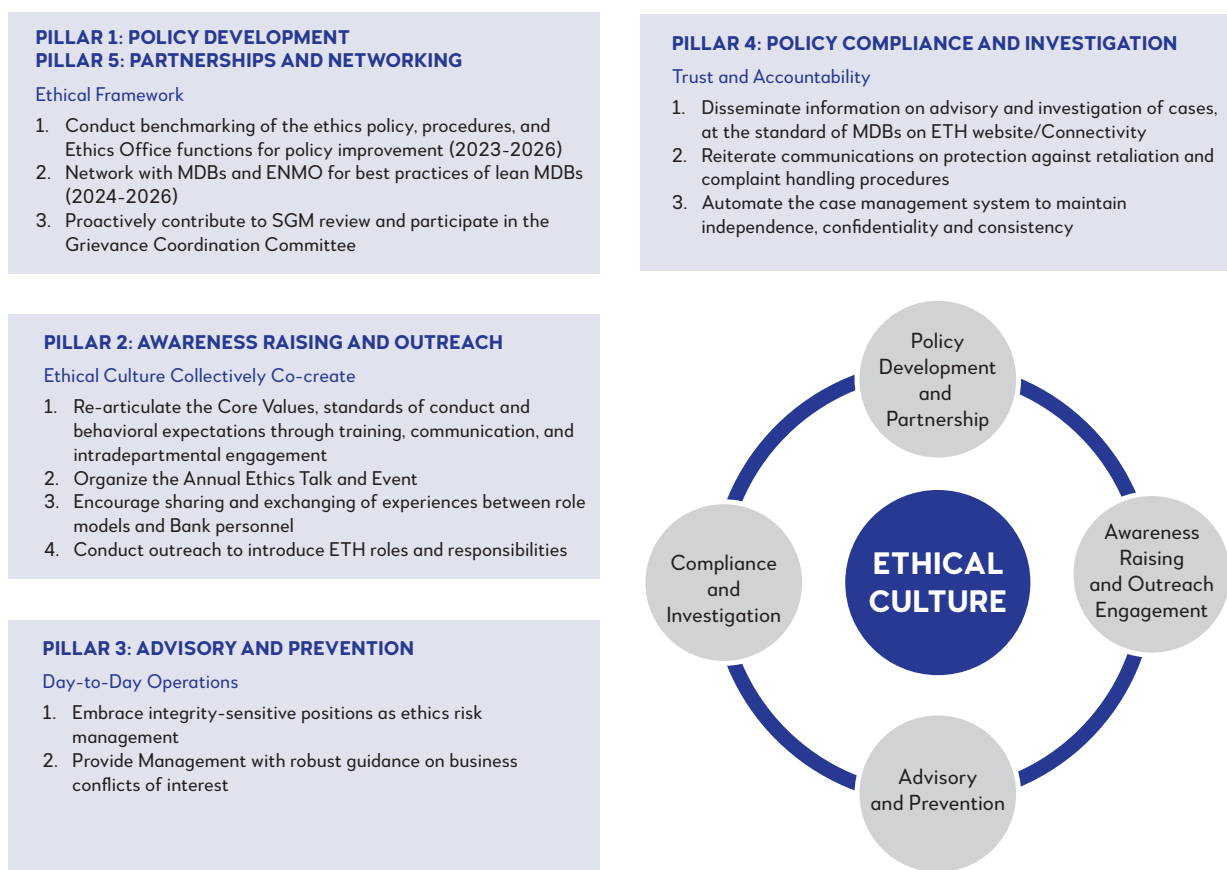
**TABLE 1: AIIB ETHICS OFFICE 2023-2026 STRATEGIC PLAN**

<b>Pillar</b>	<b>Strategic Plan</b>	<b>Strategic Priorities</b>
<b>1</b>	<b>Policy Development</b>	
	<ul style="list-style-type: none"> <li>Improve and clarify the Bank's ethics-related policy framework</li> </ul>	<ul style="list-style-type: none"> <li>Formulate and recommend revisions to the Code of Conduct for Bank Personnel and related Directives and Administrative Guidance (AG).</li> <li>Interpret the Code of Conduct and related Directives and AG.</li> <li>Contribute to other policy development and ethics standard-setting in the Bank.</li> </ul>
<b>2</b>	<b>Awareness Raising and Outreach</b>	
	<ul style="list-style-type: none"> <li>Enhance awareness of the Bank's ethics-related policy framework</li> </ul>	<ul style="list-style-type: none"> <li>Develop and implement training programs and other awareness-raising measures on the Code of Conduct for Bank Personnel, related Directives and AG, and other ethics issues for individual Bank Personnel and managers.</li> <li>Conduct one-on-one ethics conversations and other targeted consultations with Bank Personnel to inform them about the mandate of the Ethics Office and to solicit their feedback on ethics-related matters.</li> </ul>
<b>3</b>	<b>Advisory and Prevention</b>	
	<ul style="list-style-type: none"> <li>Provide guidance on the Bank's ethics-related policy framework and related managerial responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Provide confidential advice to individual Bank Personnel on the Code of Conduct for Bank Personnel and other ethics issues.</li> <li>Advise management on how to ensure that all Bank Personnel perform their applying ethical standards in Bank's operations and functions consistent with the Code of Conduct for Bank Personnel.</li> </ul>
<b>4</b>	<b>Policy Compliance</b>	
	<ul style="list-style-type: none"> <li>Assess compliance with the Bank's ethics-related policy framework.</li> </ul>	<ul style="list-style-type: none"> <li>Make determinations in individual cases in compliance with the Code of Conduct for Bank Personnel and related Directives and AG.</li> <li>Develop appropriate procedures and forms allowing Bank Personnel to act under the Code of Conduct for Bank Personnel.</li> <li>Receive, assess, and investigate allegations of misconduct. Receive, assess, and further handle requests for protection against retaliation.</li> <li>Administer the Bank's Statement of Financial Interest Program.</li> <li>Conduct ethics-related risk assessments.</li> </ul>
<b>5</b>	<b>Partnerships and Networking</b>	
	<ul style="list-style-type: none"> <li>Develop partnerships with internal and external stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Develop partnerships with internal management stakeholders.</li> <li>Engage with Board Committees.</li> <li>Collaborate with ethics offices and professionals from other international organizations.</li> </ul>

## D. IMPLEMENTATION OF THE 2023-2026 STRATEGIC PLAN

Implementation of the 2023-2026 Strategic Plan will be regularly reviewed for its effectiveness and considering changing circumstances to ensure continuous improvement and adaptiveness to the Bank's Corporate Strategy, rapid technological advancements, and stakeholder expectations.

**FIGURE 1: AIIB ETHICS OFFICE 2023-2026 STRATEGIC PLAN IMPLEMENTATION ACTIVITIES**



## E. 2023 ACTIVITIES REPORT

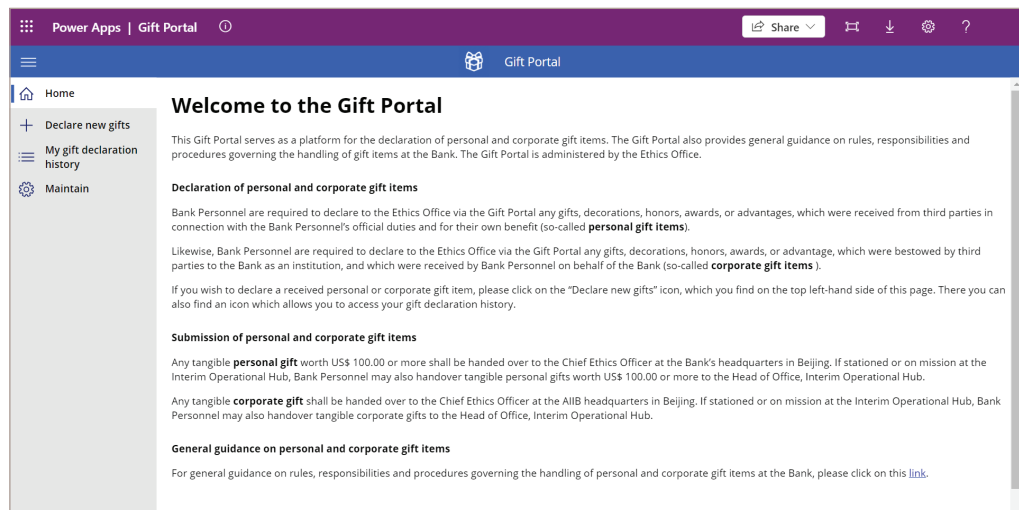
In 2023, the Ethics Office carried out its mandate across five Pillars: Policy Development, Awareness Raising and Outreach, Advisory and Prevention, Policy Compliance, and Partnerships and Networking.

### Pillar 1. Policy Development

Under Section G of the AIB Directive on Ethical Standards of Conduct, policy development is one of the major responsibilities of the Chief Ethics Officer. The role involves guiding management in promoting ethical standards throughout the Bank and reaching out to all personnel via policy formulation and interpretation of those provisions of the Code of Conduct for Bank Personnel and this Directive, including reporting on and evaluating the application of those provisions of the Code and this Directive across the Bank's activities and preparing, issuing and revising, as needed, Administrative Guidance to facilitate the implementation and enforcement of the ethical standards of conduct. In 2023, the Ethics Office initiated, reviewed, and developed policies and policies interpretation on the following subjects:

#### 1. Gifts

In response to the establishment of the first Interim Operational Hub in Abu Dhabi, the United Arab Emirates, the Ethics Office contributed to the policy enhancement for gifts and awards by issuing a "Guidance for Bank Personnel on the Handling of Personal and Corporate Gifts" to streamline the handling of physical gifts and preserving the historical value of corporate gifts. The Guidance advises Bank Personnel based at the Operational Interim Hub and the AIB Permanent Headquarters in Beijing on how to receive or handle offers of personal and corporate gifts, in accordance with paragraph 25 of the Code of Conduct for Bank Personnel and other applicable rules and procedures.



Furthermore, the Ethics Office revamped the Bank's Gift Portal in March 2023. The Gift Portal is administered by the Ethics Office and serves as a platform for the declaration of received gifts. The Gift Portal also provides detailed guidance on rules and procedures governing the handling of gift items at the Bank. The Ethics Office announced the new version of the Gift Portal in a Bank-wide communication to all Bank Personnel.

## 2. Institutional Conflict of Interests and Market Conduct

In response to the Corporate Strategy on supporting the development of infrastructure-related capital markets and associated products, the Ethics Office also institutionalized regular meetings with the Compliance and Integrity Risk Office of the RMD to benchmark the policies of international financial institutions regarding business conflicts of interest, discuss and coordinate matters for policy development in the area of institutional conflict of interests, and the conduct of integrity-sensitive positions.

## 3. Staff Grievance Mechanisms and Informal Dispute Resolution

The Ethics Office participated in the review of the informal dispute resolution component of the Bank's Staff Grievance Mechanisms and made suggestions for its improvement. It also reviewed current rules, processes and practices in collaboration with HRD, OMB, the Corporate Secretary Vice Presidency (SECVP), and the Legal Department (LEG), which provided valuable opportunities for interdepartmental discussions, addressing departmental roles, and identifying policy inconsistencies and gaps.

As part of its ongoing commitment to policy development, the Ethics Office actively participated in the internal Staff Grievance Mechanisms (SGM) review process, with a specific focus on its roles and responsibilities, in responding to an internal review report following the departure of the former Director General, Communications Department.

This involved pinpointing areas to set rules and procedures to address instances of "inappropriate behavior" that breach the Code of Conduct for Bank Personnel but do not amount to misconduct. After analysis of advisory and complaints cases, it was proposed to adopt a Cautioning Mechanism with the aim of establishing a workplace culture that promotes respect, detects inappropriate behavior early on, and enables timely and effective intervention by management. These refinements shall be integrated into the HR management system to ensure a comprehensive and effective approach to upholding ethical standards within the organization.

The Ethics Office also provided feedback on the draft terms of reference for OMB and actively participated in reviewing the draft terms of reference for the Grievance Coordination Committee as one of the implementation actions in response to the internal review report referenced above.

## 4. Ethics Office Investigation Process

Following consultations with LEG, the Ethics Office further interpreted Staff Rule 7.01 and its related Administrative Guidance to ensure that its investigations are carried out in a consistent and legally sound manner and in line with international best practice.

To ensure the integrity of its investigations, in Q4 2023, the Ethics Office started the development of an investigation manual, the review of the Bank's investigation procedures, and a benchmarking exercise on MDBs investigation rules and procedures. To enhance the skills of ethics investigators, the Ethics Office participated in the 23rd Conference of International Investigators, a forum for investigators of international organizations to exchange ideas, discuss integrity issues, address challenges in whistleblowing, fighting fraud, corruption, and other wrongdoing, receive new developments in protection against retaliation, and share leading practices in investigation.

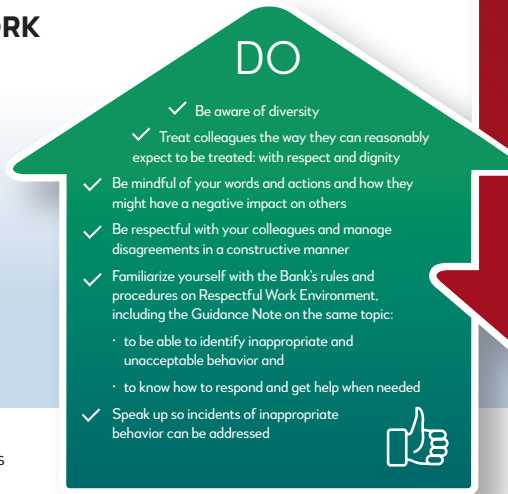
## RESPECTFUL WORK ENVIRONMENT



**AIIB's CLEAN VALUE** requires Bank Personnel to always act in good faith and treat colleagues with dignity and have respect for the rights and dignity of persons.

The Bank has established a zero-tolerance policy on unacceptable behavior.

**MANAGEMENT** commits to take active steps to prevent any unacceptable behavior at the workplace, and to act promptly whenever reports of unacceptable behavior are received.



## DON'T

- ✗ Use culture as an excuse for inappropriate behavior
- ✗ Engage in any rude behavior, temper tantrums or gossip-mongering
- ✗ Be dismissive of other people's ideas or be insulting
- ✗ Engage in unacceptable behavior, such as discrimination, harassment, sexual harassment, bullying or abuse of authority



### AVAILABLE RESOURCES

- 1 Supervisors.** Supervisors can address staff complaints about conflicts and unacceptable behavior within the team.
- 2 Human Resources Department.** HR Business Partners can advise on any question related to the Respectful Work Environment.
- 3 Respectful Workplace Advisors.** Respectful Workplace Advisors can be consulted on a confidential basis to explore options to address conflicts.
- 4 Ethics Office.** The Ethics Office is mandated to provide confidential informal advice on a respectful work environment and to receive complaints of unacceptable behavior.
- 5 Office of the Ombudsperson.** The Office of the Ombudsperson facilitates the informal resolution of workplace disputes in an independent, impartial and confidential manner.

## 5. Respectful Work Environment

In response to the 2022 Staff Engagement Survey, the Ethics Office actively contributed to the development of action plans for trust building. The contribution of the Ethics Office was informed by identifying relevant comparator information regarding the commitment of Bank Personnel to building a Respectful Workplace Environment and their expectations from the Bank. This information was gathered from engagements with Bank Personnel in 12 Respectful Workplace Environment workshops conducted by the Ethics Office in 2022. The Ethics Office further proposed actions, drawing from comparator institutions, to address current ethics and positive workplace issues, such as senior management training, regular departmental engagement, and promoting cultural activities for diversity and inclusiveness.

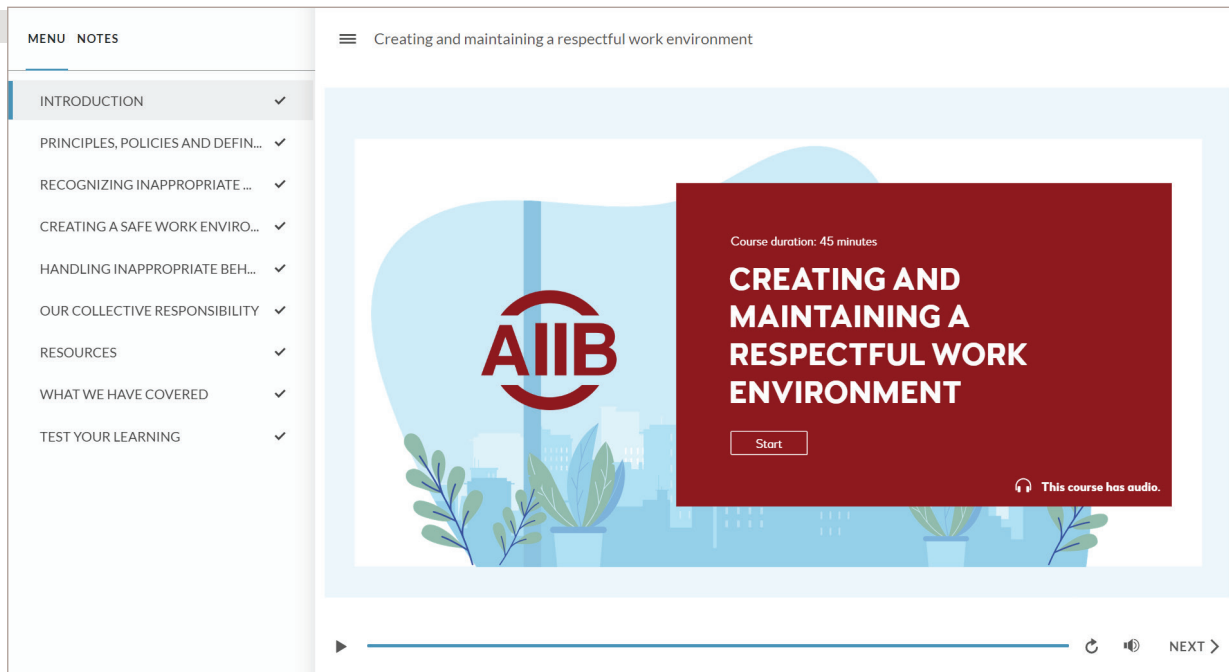
### Pillar 2. Awareness Raising and Outreach

#### 1. Awareness Raising and Ethics Training Activities

##### a. E-Learning

In 2023, the Ethics Office undertook various initiatives to raise awareness and engage the Bank Personnel in ethical practices. Despite operational constraints at the Bank's Headquarters in Beijing in the first quarter, impacting in-person activities, the Ethics Office adapted to the situation and conducted virtual Mandatory Ethics Training during the initial quarter.

Two Mandatory Ethics Electronic Trainings were conducted for newly onboarded personnel in 2023, utilizing the E-learning platform. Preparations for a new E-learning Ethics course on Conflict of Interest began toward the end of the reporting period, scheduled for launch in early Q1 2024. This course aims to address international civil servant obligations related to Personal Conflicts of Interest, complementing the existing Ethics 101 program.



### b. Department Training Sessions

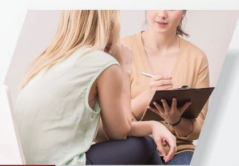
In 2023, the Ethics Office initiated a significant shift in its approach to departmental training sessions piloted across eight business units, consisting of the Communications Department (COM), Information Technology Department (ITD), Operational Services Department (OSD), Infrastructure Investment Department Region 1 (INF1), Banking Department Region 2 (BNK2), Corporate Secretariat (SEC), Interim Operational Hub (Hub), and the Multilateral Cooperation Center for Development Finance (MCDF). Departing from the conventional lecture-style structure of mandatory ethics training, the Ethics Office embraced a more engaging format, placing emphasis on peer learning and active participant involvement, and aligning with insights on adult learning behavior. This new approach is tailored to the specific needs of the various offices and departments, fostering discussions, and addressing queries within the context of participants' operational processes. It is an ongoing, rolling initiative, targeting every office or department at least once annually.

### c. Induction for New Joiners

Induction efforts for new joiners continued with five ethics induction sessions in 2023. These sessions introduced the participants to the Bank's core values, provisions in the Code of Conduct for Bank Personnel most relevant for new joiners, and insights into key areas such as workplace respectfulness, conflict of interest, and authorization for external activities—topics frequently consulted with the Ethics Office. Additionally, new joiners were acquainted with the Ethics Office's role and mandate, including contact information, fostering accessibility for future concerns. The Chief Ethics Officer extended induction efforts to newly joined senior management, Vice Presidents, and three Directors General in 2023.



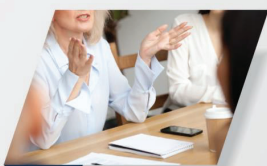
## WHAT IS SPEAKING UP?



Speaking up is about voicing your opinion at work. It includes

- 1) Sharing different business ideas.
- 2) Constructively dissenting with management decisions.
- 3) Raising concerns about interpersonal behavior.
- 4) Reporting misconduct to the designated offices.

## ARE WE ENCOURAGED TO SPEAK UP?



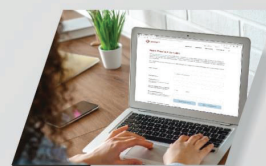
The President encourages AIB Personnel to speak up. By raising questions and voicing concerns, we not only fulfill our duty under the Code of Conduct, we also demonstrate that we discharge our official functions in an ethical and professional way. Speaking up contributes to a transparent and fair organizational culture and enhances work productivity. Speaking up must occur in a respectful manner through polite dissent and constructive criticism.

## ARE WE PROTECTED AGAINST RETALIATION?



AIB protects its personnel against retaliation to ensure that we can speak up at the Bank without fear of retribution. It is strictly prohibited to take detrimental action against a colleague because they spoke up.

## HOW CAN I REPORT RETALIATION AND REQUEST PROTECTION AGAINST THE SAME?



In AIB, the Ethics Office is mandated to receive and handle retaliation claims and related requests for protection against retaliation. If you feel you were subjected to retaliation because you spoke up, please contact the Ethics Office via the Ethics Office hotline, the Ethics Office's email account or by directly contacting the Chief Ethics Officer.

**Read more in the Ethics Guidance Note.**

[ethicsoffice@aib.org](mailto:ethicsoffice@aib.org)



### d. Guidance for Managers

ETH issued four guidance notes for managers that emphasized their managerial duties under the Code of Conduct for Bank Personnel, specifically:

1. The guidance on financial interest sent to the Statement of Financial Interest Program (SFIP) participant group.
2. The guidance on assessing and preventing conflict of interest of their supervisee from former employment, external activities, and reporting of alleged misconduct.
3. The guidance for the Interim Operational Hub on gift management, and
4. The guidance to managers at all levels in seven departments under the Investment Operation functions on supervising the external employment of individual consultants.

Additionally, a presentation at the senior management retreat discussed the results of the staff survey on Respectful Work Environment.

### e. Ethics Questionnaire

In April 2023, the Ethics Office invited all Bank Personnel by email to answer 10 questions related to the provisions of the Code of Conduct for Bank Personnel and the mandate of the Ethics Office. The questions were aimed at assessing the knowledge of Bank Personnel on the said Code of Conduct and their satisfaction with the Ethics Office. Answers to the questions were anonymous, and Bank Personnel were given the assurance that the responses could not be tracked back to the respondents.

Overall, the feedback received revealed a positive outcome. On average, the respondents provided 85% correct answers to five rather difficult questions on their knowledge of the Code of Conduct. In addition, on a scale from 1 (Strongly Disagree) to 5 (Strongly Agree), participants indicated with an average rating of "4" that they "trust that the Ethics Office provides independent and confidential advice to individual Bank Personnel." Likewise,



participants rated services rendered by the Ethics Office as a “4” on a scale from 1 (Non-satisfactory) to 5 (Very Satisfactory).

The responses received on a question relating to the responsibilities of the Ethics Office revealed, however, that participants had insufficient knowledge of the Ethics Office’s mandate regarding protection against retaliation. The outcome of the voluntary questionnaire, including participants’ feedback on ethics topics of interest and received individual recommendations, will guide the Ethics Office to further improve its work program and to better service Bank Personnel.

## 2. Outreach Activities

### a. One-on-One Ethics Conversations

During the first half of 2023, the Ethics Office conducted 20 One-on-One Ethics Conversations with Bank Personnel. These 30-minute confidential conversations with randomly invited staff provide an opportunity for the Ethics Office to introduce its mandate and discuss topics of interest on ethics, and address any concerns related to respectful workplace and conflict of interest.

### b. Business Units and Office Outreach

The Chief Ethics Officer visited the Managing Director, Complaints-resolution, Evaluation and Integrity Unit; OMB personnel, and Staff Council representatives to foster professional relationships. The Chief Ethics Officer also conducted meetings with the Directors General of 15 departments to discuss the overall situations of each department and encourage management to engage their personnel in regular discussions to create a culture of respectfulness at the workplace, and to take accountability in providing a respectful work environment. The plan for 2024 includes conducting further in-person outreach efforts with all department heads and offices.

### c. Ethics Talk

Resuming activities at the Bank’s Headquarters in March 2023 set the stage for the inaugural Ethics Talk Event by the Ethics Office. On June 9, 2023, the Office hosted a hybrid panel discussion on “Why MDB Personnel must always live up to the high standards of ethical conduct.” This marked the first time AIIB hosted at its Beijing Headquarters panelists from five MDBs, consisting of Alberto Rivera-Fournier, Chief Ethics Officer, Inter-American Development Bank (IDB); Bandini Chhichhia, Associate Director Policy and Ethics,

# ETHICS TALK

Integrity is very important for AIIB and its staff.

High ethical standards can make us a partner of choice and an employer of choice.

Working at MDBs means great responsibility. Good ethical standards can help MDBs succeed.

Ethics and sustainable projects go hand in hand with each other. Every time we evaluate a project or any initiative, it is very important for us to have an ethical perspective.

Ethics is about doing the right thing. It means holding yourself in the highest regard and conducting yourself in the best and the most professional manner with everybody.

We should promote the best ethical practices and embed them in our investment operations so that we can deliver positive impacts to the environment, society, the economy, and our clients.

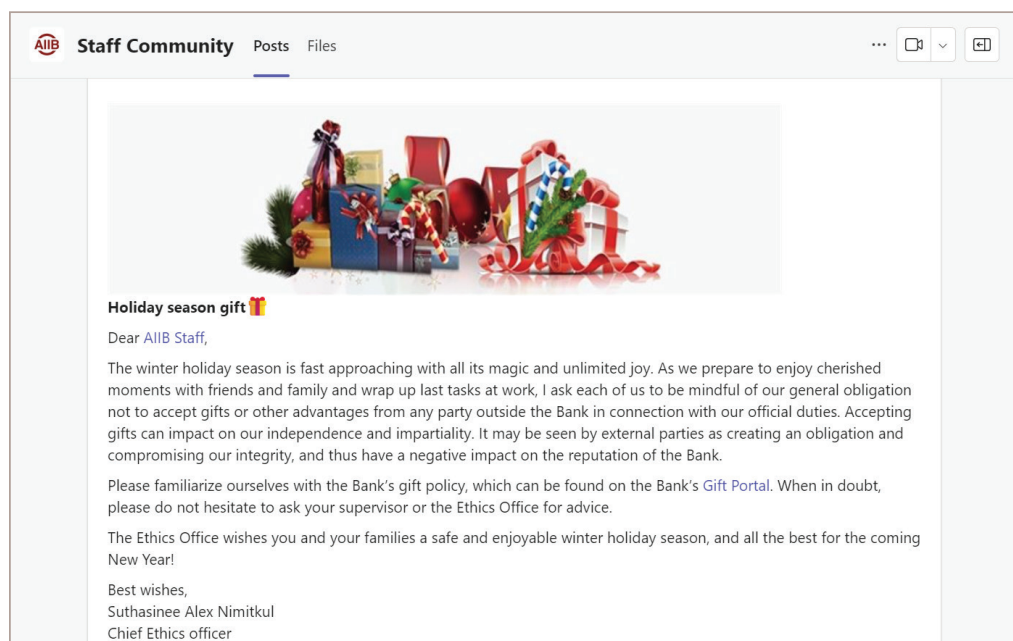
If we live up to the high ethical standards set by AIIB, our Members can have assurance that the money given to us is being used for the right things and for the right outputs.

European Bank for Reconstruction and Development (EBRD); Christel Adamou, Head of the Office of Professional Ethics and Conduct, Asian Development Bank (ADB); and Marianne Deborah Rossert, Adviser to the Chief Ethics Officer, World Bank Group (WBG). Together with Suthasinee Alex Nimitkul, Chief Ethics Officer, AIIB, they served in one panel to champion ethical standards. It was a collaborative effort among MDBs and involved the global participation from comparator organizations across different time zones. The discussion covered how ethical conducts contribute to the success of MDBs, the ethical standard applied in MDBs, and the trend and outlook related to ethics in MDBs. Attendees engaged with panelists, actively participated through interactive polling tools, and posed questions on various ethics-related topics. The event garnered positive feedback, with participants receiving presentation slides and recordings post-session. The Ethics Office plans to continue this hybrid format for its next Ethics Talk event in the first quarter of 2024.

To enhance visibility and buy-in for the standards of conduct stipulated in the Code of Conduct for Bank Personnel, the Ethics Office collaborated with the Bank's internal communications team to disseminate a video clip showcasing Bank Personnel's commitment to ethical standards, featuring a wide range of Bank representatives with diverse professional and personal backgrounds, explaining the importance of and expressing their support to adhere to high standards of ethical conduct, in light of their status as international civil servants working in MDBs.

#### d. Ethics Awareness Campaigns

To enhance the visibility of the Ethics Office, the Office relied on internal communication tools. "Staff community" team messages were used to connect with Bank Personnel. A series of four ethics awareness campaigns on "Living AIIB's Values" were conducted throughout the year, addressing topics related to the Bank's operational development. The campaigns were (1) dignity and respectfulness, aired during AIIB's Eighth Annual Meeting, (2) conflict of interest from former employment, aired after the number of Bank staff reached 500 people, (3) external activities/employment, aired in line with the issuance by the Ethics Office of management guidance on the same theme, and (4) gift handling during the holiday season, aired at the end of the year. The campaigns were aimed at promoting ethical culture and supporting Bank Personnel in making ethical decisions both professionally and personally.



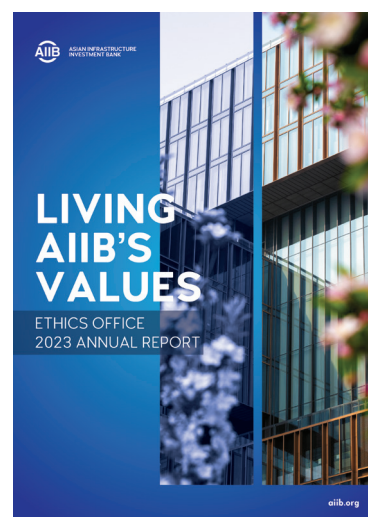
e. Ethics Office Annual Report

The Ethics Office's engagement culminated in the presentation of its annual report with the Executive Committee, to keep them informed of its initiatives, progress, and challenges. This reporting contributes to transparency and accountability in the Bank's ethical governance.

**Pillar 3. Prevention and Advisory**

In 2023, the Ethics Office provided individual advice and guidance and supported management to make decisions on a wide range of issues that fall within two broad categories: Bank Personnel requests, and operational management requests (Table 2).

The matters brought to the attention of the Ethics Office from Bank Personnel were responded to and resolved through advisory consultations and seven cases were further referred to other appropriate functions for resolution with the consent of concerned Bank Personnel.



**TABLE 2: ISSUES HANDLED BY THE ETHICS OFFICE, 2020-2023**

Category	2020	2021	2022	2023
<b>Bank Personnel Requests</b>				
Conflict of interest – outside activity (authorization required)	16	2	14	10
Conflict of interest – outside activity (authorization not required)	7	16	10	23
Conflict of interest – post-employment, favoritism, and others	3	5	7	14
Respectful Work Environment	0	5	9	10
Other	4	3	3	1
<b>Operational Management Requests</b>				
Staff recruitment	0	0	13	7
Procurement	0	0	3	7
Other	0	0	6	9
<b>Total</b>	<b>30</b>	<b>31</b>	<b>65</b>	<b>81</b>

## 1. Requests from Bank Personnel for Advice and Guidance or Authorization

This category of advice provided by the Ethics Office corresponds to relevant provisions in the Code of Conduct for Bank Personnel. Information about these issues from 2020-2023 is disclosed on the Ethics Office page on the AIB intranet under “Case Statistics”. The disclosure fosters accountability by the Ethics Office and provides Bank Personnel with greater transparency. Further, this allows the Ethics Office to identify trends or issues from the past three years that require a response or greater attention, particularly in the areas of policy development, awareness raising and policy compliance.

In 2023, the Ethics Office responded to a total of 58 individual requests for advice and guidance or authorization. Compared to 43 individual requests in the previous reporting year, the total number of individual requests for advice and guidance or authorization has increased significantly by 35% since after the pandemic.

The increase in requests for the Ethics Office’s services can be attributed to several factors: first, the Bank’s return to full operations in the office after the pandemic, along with the resumption of traveling both within and outside China, and the increasing number of Bank Personnel due to recruitment efforts. The Ethics Office’s proactive outreach activities led to the office becoming more visible and accessible to Bank Personnel. The one-on-one outreach activities, the monthly awareness-raising messages, and the departmental ethics refresher program were all well received and generated a number of individual follow-up requests.

The most common category of requests for advice and guidance pertained to external activities, which is consistent with the figures from the previous year. In line with the policies and practices of other multilateral organizations and international financial institutions, Bank Personnel are generally required to seek prior authorization from the Chief Ethics Officer after assessment by their line manager, before engaging in a so-called external activity. Under the Code of Conduct for Bank Personnel, external activity includes any outside employment, occupation, or profession, business, or other activity, whether compensated or not.

The prior authorization requirement is for Bank Personnel to uphold the duty of loyalty to the Bank, by protecting the Bank against otherwise potentially undisclosed conflicts of interest and against potential reputational risks if Bank Personnel were to engage in external activities that are not compatible with the status of an international civil servant or the mandate of the Bank. It does not include assigned activities carried out by Bank Personnel in an official capacity, as part of their official duties.

In 2023, ETH reviewed and provided advice and guidance on 33 requests for external activities and authorized six requests for external activities. About 60% of Bank Personnel who requested for authorization for external activities sought individual advice and guidance on external activities they were interested in pursuing before submitting a formal authorization request to Ethics Office for pointing out mitigation for a potential conflict of interest.

The second most common category of requests for advice and guidance was requests for advice on gifts, honors, awards, and hospitality. In response to the large number of Bank Personnel traveling on mission after the pandemic and the opening of the Interim Operational Hub in Abu Dhabi, the Ethics Office has taken proactive action by circulating the President’s memo on Gifts Handling and upgraded the Gift Portal on the Ethics Office intranet webpage to allow Bank Personnel to easily declare any gifts they receive and to conveniently access all relevant rules in a central location.

The Ethics Office will continue working on a gift handling policy for both corporate and personal gifts, together with the relevant internal stakeholders, including the Facilities and Administration Services Department (FAS), Corporate Secretariat, Office of the President, and Legal Department (LEG) to ensure transparency and efficiency in handling gifts.

## 2. Request for Advice and Guidance from Operational Management

### a. Requests from HRD on Staff Onboarding and Offboarding

Throughout 2023, the Ethics Office continued to engage collaboratively with HRD to ensure smooth and streamlined staff on-boarding and off-boarding processes. The Ethics Office also provided advice and guidance to HRD due to the speed and high volume of staff recruitment and retention. Newly onboarded staff who had issues regarding conflict of interest from external employment, personal financial interest or former employment took actions to resolve the issues upon receipt of advice and guidance from the Ethics Office.

### b. Requests from FAS on Procurement

As the Bank's operations grew, procurement of individual consultants also increased. The procurement function acts as the first line of defense in managing ethical risk that may arise from an individual consultant's conflict of interest. The Ethics Office provided guidance to help manage this risk. In addition, part-time consultants received communications regarding their responsibility to adhere to the Code of Conduct for Bank Personnel.

### c. Requests from Investment Operations on Business Conflict of Interest

To maintain market integrity, it is important for the Bank to apply best practices in market conduct, especially when dealing with regulated entities in capital markets. Bank Personnel involved in such transactions should strictly adhere to guidelines related to data confidentiality and avoiding conflicts of interest.

In 2023, the Investment Operations departments encountered several investment opportunities involving loans and equity with the same client. To ensure compliance with market conduct standards, the Investment Operations teams needed to implement measures to prevent operational conflicts of interest. The Ethics Office played a vital role by providing guidance to the teams on maintaining confidentiality, impartiality and avoiding potential conflicts of interest. One of these measures was for the assignment of different teams to handle each type of investment with the same client, thus ensuring transparency and minimizing the risk of conflicts of interest in Bank operations.

## Pillar 4. Policy Compliance

### 1. Compliance

#### a. Board Officials

The Ethics Office, in collaboration with the Corporate Secretariat, supported Board Officials in adhering to the Code of Conduct for Board Officials, specifically on the declaration of financial interests and external employment upon their election or appointment. During the reporting period, all Board Officials completed the Statement on Financial Interest and the declaration of employment positions held outside the Bank, via the Board Portal. The Ethics Office would like to express its sincere gratitude for the cooperation of all Board Officials and individuals involved.

#### b. Management

The Bank's Statement of Financial Interest Program (SFIP) serves to assist the Bank's managers and procurement staff in identifying and managing conflicts of interest risks arising from their financial or other private interests, or those of their immediate family members.

The SFIP is administered by the Ethics Office on an annual basis. The Ethics Office executed the 2023 Statement of Financial Interest Disclosure Program for Bank Personnel in the first quarter, underscoring the Bank's commitment to transparency and conflict of interest avoidance among Bank Personnel. In 2023, the Bank achieved a 100% participation rate with a total of 71 individuals identified for submission. Following submission of the declarations, the Ethics Office worked with individual staff members who identified conflict of interest risks to assess the issue and provided advice to resolve the conflict. Further to the completion of the 2023 SFIP exercise, the Ethics Office sent a message to all SFIP participant-managers reminding them of their ongoing responsibility under the Code of Conduct for Bank Personnel to identify and report any financial or other conflict of interest situation to the Ethics Office along the year.

By the end of 2023, the Ethics Office successfully established electronic filing for annual disclosure reports, operational from January 1, 2024. The Ethics Office collaborated closely with the Information Technology Department to ensure the functionality of the SFIP case management system, enabling appropriate mitigation for identified conflicts of interest, including efficient resolution guidance.

#### c. Business Operations

In 2023, the Chief Ethics Officer provided guidance to management in the Investment Operations and Banking departments where maintaining confidentiality of data is needed. Ongoing considerations for further enhancements to the Ethics Officer role are part of a broader ethical risk management initiative in collaboration with colleagues in various departments.

#### d. Individual Consultants

The Ethics Office reminded all individual consultants employed by the Bank to comply with external employment disclosure and authorization requirements under the Code of Conduct for Bank Personnel to avoid perceived, actual and future conflict of interest. Direct communication was facilitated through the FAS's procurement function, emphasizing each consultant's accountability and responsibility for ethical conduct in day-to-day operations of the Bank. This initiative aimed to showcase the commitment of Bank Personnel, including individual consultants, to uphold the highest standards of conduct.

Effective collaboration between the Ethics Office and investment operational functions, including Vice Presidents, Directors General, Managers, and principals in related departments under Investment Operations 1 and 2 functions, ensured the prevention of conflicts of interest arising from external employment of individual consultants by discharging their managerial function in monitoring individual consultants' compliance with the requirement of the Code of Conduct for Bank Personnel and bringing issues to the attention of Chief Ethics Office where resolution is needed.

All individual consultants under term contracts were obligated to read, understand, and comply with the Bank's Ethics Standards of conduct. The Ethics Office received and addressed seven individual consultant queries in 2023, reflecting increased outreach efforts compared to the previous year.

## 2. Misconduct Complaints

During the reporting period, the Ethics Office received 12 complaints against Bank Personnel. There was one anonymous complaint. After conducting intake reviews on all 12 complaints, the Chief Ethics Officer decided not to conduct further investigation into eight of the complaints, which were deemed not reliable or did not fall within the purview of the mandate of the Ethics Office. In instances where the complainant provided consent, the Ethics Office referred the case outside the purview of the Ethics Office to the appropriate business unit or function for handling.

The Chief Ethics Officer initiated an investigation into the four remaining complaints of alleged misconduct. Two investigations were substantiated and the reports submitted to the Vice President, Chief Administration Officer for administrative procedures.

**TABLE 3: ALLEGED MISCONDUCT COMPLAINTS**

<b>Complaint Reports</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Harassment and other unacceptable behavior	1	2	3	6
Fraud and corruption	1	-	-	1
Conflict of interest	1	1	-	1
Other breaches of expected standards of conduct	5	2	1	4
<b>Total</b>	<b>8</b>	<b>5</b>	<b>4</b>	<b>12</b>

## 3. Ethics Office Procedure and Administration System

The Ethics Office, with support from ITD, developed an electronic case management system for the confidential administration of the SFIP, advisory, authorization and investigation of cases. Phase 1 of the case management system for SFIP is completed and will start to work for 2024 SFIP in January 2024. Phase 2 for advisory, authorization and investigation will become operational toward Q2 2024. In addition, the online form for requesting outside employment was provided to Bank Personnel in the first half of 2023 to align the content of the form with other corporate policies and international good practices.

## Pillar 5. Partnership and Networking

### 1. Collaboration and Networking

#### a. The Ethics Network of Multilateral Organizations

As part of the Ethics Office's commitment to partnership and networking, it proudly aligns itself with the Ethics Network of Multilateral Organizations (ENMO). The Chief Ethics Officer, alongside senior staff members of the Ethics Office, actively participated in the 15th annual ENMO conference, hosted by ADB on September 12-15, 2023. This gathering facilitated meaningful exchanges with counterparts from various multilateral organizations and international financial institutions. Discussions centered around sharing insights on ethics policies, practices, and emerging trends, particularly focusing on ethical considerations in the utilization of artificial intelligence and data analytics. These insights served as valuable references for advising, developing virtual training programs, and formulating draft standards of conduct for the ethics office.

The Chief Ethics Officer regularly meets virtually with the Chief Ethics Officer or head of ethics functions from ENMO member institutions and the ENMO executive committee on a quarterly basis to update each other on trends in ethics office operations and practices.

In the last quarter of 2023, the Chief Ethics Officer joined an ENMO working group for the identification of best practices for external activities and external employment. The working group will continue its collaboration in 2024 and will unveil the outcomes of their effort to ENMO members during the ENMO conference scheduled for July 2024, to be hosted by the World Health Organization (WHO) in Geneva.



15th Annual Ethics Network of Multilateral Organizations (ENMO) Conference, hosted by the Asian Development Bank in Manila, September 12-15, 2023.



## b. Conference of International Investigators

The Ethics Office participated in the 23rd Conference of International Investigators (CII) hosted by EBRD in London from November 8-10, 2023. In a dedicated session with representatives from various international finance institutions and multilateral organizations discussing the challenges facing small ethics offices, the Chief Ethics Officer leveraged AIIB's insights to share a perspective on the roles of ethics offices in policy development based from experiences with investigations. Given that the AIIB Ethics Office is tasked with both policy development and policy compliance, insights gained from investigations enable it to contribute to reviewing human resources and ethics-related policies without compromising confidentiality. This streamlined approach empowers AIIB to enhance the effectiveness of its policy implementation within a lean structure.



23rd Conference of International Investigators (CII), hosted by the European Bank for Reconstruction and Development (EBRD) in London, November 8-10, 2023.

# KEY INITIATIVES

## A. IDENTIFYING BEST PRACTICES

In 2023, one of the priorities and key actions in the execution of the Strategic Plan was benchmarking AIIB's Ethics Framework against that of other international organizations, such as WBG, ADB, EBRD, EIB, IDB and the United Nations. The objective was to update the Ethics Framework and to adopt best practices, as appropriate, to reflect the AIIB core values of Lean, Green and Clean.

The Ethics Office conducted the policy review of the Ethics Framework by initiating the benchmarking in Q4 2023. This benchmarking encompassed the examination of various elements, such as the governance by the Board of Directors over the Ethics Office, through its Budget and Human Resources (BHRC) and Ethics Committees, the mandate and organizational structure, and operational procedures of the Ethics Office, its independence and ethics-related policies and practices.

## B. EMBEDDING ETHICS INTO AIIB'S DAY-TO-DAY OPERATIONS

Anticipating the Bank's expansion into financial and capital market operations in 2024, additional safeguards are envisioned, particularly for individuals in integrity-sensitive positions involved in decision-making. Such individuals will be required to declare a statement of financial interest, aligning with the Bank's commitment to high standards of ethical conduct in these markets.

In the third quarter of 2023, the Ethics Office initiated the development of standards of conduct by actively coordinating with the the compliance and operational risk function of the Risk Management Department (RMD). It also engaged a consultant to further develop policy regarding conduct related to integrity-sensitive positions and to design a procedure for providing advice for business conflicts of interest in compliance with market conduct for AIIB investments and capital market regulated instruments. This output is expected to be completed in 2024.









# OUTLOOK FOR 2024

In line with the 2023-2026 Strategic Plan, the focus of the Ethics Office remains the adoption of best ethics practices in Bank operations and the expansion of the reach of its services to cultivate an ethical culture and positive workplace for Bank Personnel. In 2024, the Ethics Office will continue to ensure that all key activities contribute to the envisioned outcome of ingraining ethics in day-to-day operations and the personal conduct of Bank Personnel, fostering a culture of AIBB ethical behavior.

Key priorities for the Ethics Office in the coming year include:

## A. POLICY DEVELOPMENT

In 2024, the Ethics Office will materialize the result of the Ethics Framework Benchmarking of MDBs exercise. The office will spearhead the comprehensive review of a framework, policies, provisions, and procedures for the development of the conduct of integrity-sensitive positions for the Bank's operations. This policy aims to establish the highest ethical standards for Bank Personnel engaged in financial and capital market investments, promoting market conduct, and preventing conflict of interest.

Additionally, as part of the Staff Grievance Mechanisms working group, the Ethics Office will actively contribute to the creation of a framework, rule and procedure addressing inappropriate behavior, ensuring swift acknowledgment and resolution of issues that fall short of misconduct. This policy will facilitate an understanding among Bank Personnel about the role of the Ethics Office in collaboration with other departments such as HRD, OMB, and LEG, in fostering a respectful workplace environment.

In addition, the Ethics Office will conduct a comprehensive review of other ethics-related policies on conflict of interest and investigation procedures for Board Officials and Bank Personnel to ensure adherence to the highest standards being developed by international financial institutions and multilateral organizations.

## B. AWARENESS RAISING

To align with the corporate strategy of expanding business into the private sector, the Ethics Office will launch compulsory E-Learning on Conflict of Interest as a preventive measure. For institutional development, it will extend its departmental outreach to cover all departments and functions, enhancing engagement among Bank Personnel. Special emphasis will be placed on providing opportunities for new joiners and existing staff to learn from each other, promoting an AIBB ethical culture and a respectful workplace in their operational contexts. Furthermore, it will develop a new training course on professional ethics, which would emphasize AIBB standards of conduct and the responsibility of all Bank Personnel and managers to uphold AIBB core values with the highest professional ethics, both within the Bank's operations

and in their personal lives. Finally, it will conduct an annual mandatory survey to measure the Bank Personnel's awareness about the Code of Conduct for Bank Personnel. These measures would all help instill ethical behavior in Bank Personnel, increase the effectiveness of the AIIB ethics function, and promote an ethics culture in the Bank.

## **C. COMPLIANCE AND INVESTIGATION**

The Ethics Office remains committed to strengthening its administrative operations. In 2024, it will begin with the development of Phase Two of enhancing the ethics advisory, authorization, and investigation functions to increase efficiency and ensure consistency of services. It will update the case management system and functions to improve user experience, including the development of an internet portal that will facilitate interactions with users seeking advice or authorization.

To instill trust in ethics investigations related to alleged misconduct by Bank Personnel, the Ethics Office will develop a manual on ethics investigations aligned with best practices and publish it to raise awareness of Bank Personnel. It will conduct training sessions for Bank Personnel in relevant departments (e.g., HRD, OMB, LEG) and the Staff Council to align understanding of processes and enhance their responses to issues within their respective authority.





This inaugural Annual Report of the Ethics Office of the Asian Infrastructure Investment Bank (AIIB) marks a significant milestone for the Ethics Office, an independent function within the organization. It reflects AIIB's commitment to transparency, a cornerstone of its operations and a best practice among ethics offices in multilateral organizations.

The Ethics Office has developed a Strategic Plan (2023-2026) to embed ethics into AIIB's operations and uphold its organizational values by prioritizing enhancing policy effectiveness, fostering an ethical workplace culture through awareness-raising and engagement, preventing ethical breaches, strengthening compliance through accountable ethical risk management, and promoting professional and business ethics within the Bank. This report showcases the Ethics Office's efforts in 2023 to advance this mission, highlighting its achievements and setting a strong foundation for the years ahead.

# LIVING AIIB'S VALUES

ETHICS OFFICE  
2023 ANNUAL REPORT



ASIAN INFRASTRUCTURE  
INVESTMENT BANK

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