

**Code of Conduct**  
**and**  
**Operating Policies and Procedures**  
**for the PIDG Group**

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Amended 1<sup>st</sup> January 2019.

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## Code of Conduct

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### Introduction

1. The Private Infrastructure Development Group (“**PIDG**”) deploys public sector funds to mobilise private sector investment to assist developing countries in providing infrastructure vital to boosting their economic growth and combating poverty. The PIDG structure provides an important and effective delivery mechanism, combining public and private funds. The primary source of funding for PIDG activities is the public sector - the members of the PIDG (“**PIDG Owners**”). The PIDG puts stringent ethical and compliance requirements on the PIDG Group as defined below.
2. This Code of Conduct (the “**Code**”) sets out the minimum standards of ethical behaviour required of the **PIDG Group**, who are:
  - i. the directors and employees of the corporate entities owned by the Private Infrastructure Development Group Trust (the “**PIDG Trust**”), each a “**PIDG Company**” and together the “**PIDG Companies**”;
  - ii. the staff of the International Finance Corporation when acting in relation to the Infrastructure Development Collaboration Partnership Fund (“**DevCo**”);
  - iii. the Technical Advisor for the Technical Assistance Facility (the “**TA Advisor**”);
  - iv. the Trustees of the PIDG Trust (the “**Trustees**”); and
  - v. any third-party service provider responsible for delivering the core activities of a PIDG Company when acting in relation to that PIDG Company (the “**Managers**”).
3. The Code is supported by the PIDG Operating Policies and Procedures (the “**PIDG OPPs**”), which set out the minimum policies and procedures to be adopted by the PIDG Group (unless otherwise indicated) to ensure compliance with the Code.
4. For the avoidance of doubt, the Code and the PIDG OPPs shall not apply to either any special purpose project companies set up by a PIDG Company to hold that PIDG Company’s project interest in that special purpose project company, or any project company jointly owned directly or indirectly by a PIDG Company and any third party (the “**Project Company**” or “**Project Companies**”). The Project Companies shall be treated as recipients of PIDG Member funding and the relevant provisions of the Code and OPPs as they apply to recipients of PIDG Member funding shall be included in the provisions of any funding, shareholder, joint development or other agreement between the PIDG Company and the Project Company.
5. The Code is available to the public (through [www.pidg.org](http://www.pidg.org)) and the PIDG Group shall wherever possible make local interested communities aware of it. Any enquiries regarding the Code should be submitted to the Chief Risk Officer (“**CRO**”) of PIDG Ltd. through [www.pidg.org](http://www.pidg.org).
6. The PIDG Group shall comply with the Code as amended from time to time in accordance with paragraph 11 of the “**Principles and Standards**” section of the Code. It is the responsibility of every member of the PIDG Group to keep up to date with the Code and to ensure that they and their service providers comply with it.
7. The purpose of the Code is to enshrine a set of principles and standards to guide corporate and personal decision-making and behaviour among the PIDG Group. The Code is expressed in relatively broad general terms and the Code does not define the precise extent of, or limitations on, its application. The Code should be applied in spirit as well as in letter in order to achieve its underlying purpose.

8. The PIDG Group may be subject to stronger principles, standards or rules than those set out herein, e.g. as a result of more stringent requirements imposed by funding PIDG Owners or by law in which event the more stringent principles/rules should be adhered to.
9. PIDG is committed to compliance with the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. It is not intended that anything in the Code should conflict with the standards in the Universal Declaration of Human Rights or the UN Convention on the Rights of the Child, but for the avoidance of doubt, they would override the Code and compliance with such overriding standards should be regarded as being in the spirit of the Code.
10. Unless otherwise indicated, the Code is to be applied on a “comply or explain” basis. If any part of the PIDG Group intends to institute a policy or practice that it believes might not comply with the Code, but which it believes is justified, then, it shall inform the CRO in advance and in reasonable time. Depending on the nature of the non-compliance the CRO may refer the issue to the Risk Committee of PIDG Ltd (“**the Risk Committee**”) with a recommendation as to what action, if any, to take. The decision of the CRO or the Risk Committee will be final. Authorisation to operate at variance with the Code will only be given in exceptional circumstances.
11. The PIDG Group is required to review their compliance with the Code and PIDG OPPs on an annual basis and certify their compliance for the previous year in writing to the CRO. This annual review should be conducted as broadly as possible and participants in the review should be encouraged to raise any issues of concern. There will also be a "real time assurance function" based on a rolling 3-year cycle of compliance reviews, based on risk assessment across each of the areas and each of the facilities (such that each OPP is covered in this time frame). Consistent with the PIDG “light” but robust approach and the approach of allocating responsibility best able to assume it, the main compliance function will be managed at the PIDG Company level. PIDG Ltd. will be responsible for providing the PIDG Owners with assurance over compliance by each of the PIDG Companies.
12. As the Code is designed to ensure ethical compliance and to protect the reputation of the PIDG structure, unauthorised breaches of the Code, whether at an institutional or personal level, will be taken extremely seriously. If any part of the PIDG Group or third party becomes aware of a policy or practice that it believes does not comply with the Code, it should report it through [www.pidg.org](http://www.pidg.org).
13. The PIDG Companies may wish to (indeed are encouraged to) seek independent external assurance of compliance with the Code and/or PIDG OPPs, especially in high prolife or high exposure areas (e.g. by contract sensitivity, geography, financial instrument). Obviously there is a cost associated with independent verification of third party assurances. Such costs, within reason, should be considered as part of the cost of doing business in a professional and ethical manner.
14. All allegations of non-compliance with the Code will be investigated in accordance with the PIDG Complaints Policy and Procedures which forms part of the PIDG OPPs.

## Principles and Standards

### 1. Anti-Corruption and Integrity

#### **Main Principle**

***The PIDG Group is to observe the highest standard of financial and ethical conduct. PIDG has a “zero tolerance” policy concerning fraud and corruption.***

#### **Supporting Principles**

The PIDG Group must take all appropriate measures to prevent and combat, and refrain from engaging in, fraud and corruption. All the PIDG Group must comply with the PIDG OPPs – Anticorruption and Integrity Policy and Procedures.

### 2. Personal and corporate ethical conduct

#### **Main Principle**

***All of the PIDG Group’s activities are financed from public funds and they are accountable to various stakeholders including their clients, the PIDG Owners, the citizens of the PIDG Owners’ countries and the citizens of the countries in which PIDG operates. Every member of the PIDG Group should act as ambassadors for the PIDG at all times and comply with the Code and the PIDG OPPs in spirit as well as by the letter and, as far as possible, ensure compliance by others with whom they conduct business.***

#### **Supporting Principles**

Every member of the PIDG Group shall place the interests of the PIDG ahead of personal, intra-organisational and inter-organisational interests. The PIDG Group has a responsibility to avoid situations and activities that may reflect adversely on the PIDG, compromise its operations or lead to real, perceived or apparent conflicts of interest. The PIDG Group must comply with the PIDG OPPs – Conflicts of Interest and Share Dealing Policy and Procedures.

### 3. Risk Management and Internal Control

#### **Main Principle**

***The PIDG Group will develop and maintain a sound framework for the identification and management of developmental, business and financial risk. The PIDG Group will be responsible for determining the nature and extent of the significant risks that they are willing to take in achieving the PIDG’s strategic objectives. All parts of the PIDG Group is required to report any potential or actual risks to the CRO.***

#### **Supporting Principles**

The PIDG Group must, as a minimum, comply with the PIDG OPPs – Risk Management Policy and Procedures, and shall conduct a review annually of the effectiveness of its risk management and internal control systems (the PIDG Companies may do so through their annual audit process). The review should cover all material controls, including financial, operational and compliance controls and compliance with the PIDG OPPs.

#### 4. Procurement

##### **Main Principle**

***The PIDG Group is required to procure goods and services funded in accordance with the core principles of competition/ value for money, equal treatment, non-discrimination transparency and accountability.***

##### **Supporting Principles**

When on PIDG business, the PIDG Group must undertake procurement exercises guided by the highest standards of financial integrity and cost effectiveness and comply with the PIDG OPPs –Procurement Policy and Guidelines to protect PIDG, obtain value for money, to treat suppliers fairly and safeguard against fraudulent and corrupt practices.

#### 5. Tax

##### **Main Principle**

***The PIDG Group should observe the highest standards of international good practice in managing their tax positions.***

##### **Supporting Principles**

The PIDG will be transparent in its dealings from a tax perspective. The PIDG Group must comply with the PIDG OPPs – Tax Practices Policy and Procedures.

#### 6. Disclosure of Information

##### **Main Principle**

***The PIDG Group shall proactively share knowledge and information about their PIDG work and operate in accordance with a presumption of disclosure of information about their PIDG activities.***

##### **Supporting Principles**

The PIDG Group must act in accordance with the PIDG OPPs - Disclosure Policy and Procedures in order to ensure transparency and enhance the effectiveness and value for money of aid, to contribute to better feedback from intended beneficiaries and to prevent fraud and corruption. All documents produced by the PIDG Group may be disclosed unless they contain information that falls within the exceptions to the presumption of disclosure set out in the Disclosure Policy and Procedures.

#### 7. Environmental and Social Sustainability

##### **Main Principle**

***The PIDG Group must ensure that the projects they support are, and are developed and assessed in a manner that is, socially responsible and reflective of sound environmental management practices. Negative impacts on project-affected ecosystems and communities should be avoided where possible. If these impacts are unavoidable, they should be reduced, mitigated and/or compensated for appropriately. The PIDG Group should seek opportunities to achieve positive environment, climate change and social impacts from their activities.***

### ***Supporting Principles***

The PIDG Group shall promote responsible environmental stewardship and socially responsible development.

Each Company shall adopt as a minimum the International Finance Corporation Performance Standards on Social and Environmental Sustainability as set out in the PIDG OPPs – Environmental and Social Policies and Procedures.

The PIDG Group should maintain appropriate mechanisms or procedures to address project-related grievances or complaints from people in affected communities, in addition to the Complaints Policy and Procedure.

## **8. Recruitment – Directors and Employees of the PIDG Companies**

### ***Main Principle***

***Recruitment of directors and employees of the PIDG Companies should be carried out using non-discriminatory, formal, rigorous and transparent recruitment processes and in accordance with applicable laws.***

### ***Supporting Principles***

The appointment of directors to the boards of the PIDG Companies and employees of the PIDG Companies shall be made following a formal, rigorous and transparent recruitment and selection procedure. All directors should be able to allocate sufficient time to their duties and discharge their responsibilities effectively. All directors should receive induction on joining and should regularly update and refresh their skills and knowledge. The PIDG Companies recognise the importance of diversity. All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.

Appointment and evaluation of the Board and directors of the PIDG Companies shall be carried out in accordance with the PIDG OPPs - Appointment and Evaluation of Directors Policy and Procedures.

No director should serve for more than 10 years.

## **9. Remuneration**

### ***Main Principle***

***The remuneration and incentives for all employees of the PIDG Companies should be sufficient to attract, retain and motivate individuals with appropriate skills and experience required to run the PIDG Companies successfully, but should also be set at a level and structured in a way that is consistent with PIDG's aim to alleviate poverty and accountability for use of public funds.***

### ***Supporting Principles***

PIDG Ltd and the PIDG Owners shall agree the level of fees to be paid to the directors of the PIDG Companies in accordance with Chapter 10 of the PIDG OPPs - Remuneration Policy and Procedures.

The PIDG Companies shall comply with the requirements of the PIDG OPPs – Remuneration Policy and Procedures when agreeing the salary of employees of PIDG Companies.

## **10. Travel and Expense Reimbursement**

***All travel undertaken by and expenses incurred by the PIDG Group must be reasonable and appropriate having regard to PIDG's aim to alleviate poverty and accountability for use of public funds.***

The PIDG Group must operate in accordance with the PIDG OPPs - Travel and Expense Reimbursement Policy and Procedures when carrying out any duties in connection with the PIDG, (except that a PIDG Company may contractually agree a fee arrangement with a service provider that includes travel and expenses in which case the PIDG Travel and Expense Reimbursement Policy and Procedures shall not apply to the service provider).

## **11. Amendments to Code**

Any amendments to the Code and the PIDG OPPs will require the unanimous approval of the PIDG Owners in consultation with PIDG Ltd.

The PIDG Group recognises that the implementation of the Code and PIDG OPPs and any amendments thereto may require the agreement of third-party service providers under the contractual arrangements of the PIDG Companies and may increase the administration costs of PIDG. If a third-party service provider does not agree to the implementation of any aspect of the Code and PIDG OPPs and any amendments thereto, the PIDG Company shall notify the CRO on a comply or explain basis.

PIDG Ltd. shall agree an applicable period for the implementation of the Code and PIDG OPPs and any approved changes thereto.

PIDG Ltd. shall be responsible for informing the PIDG Group of the applicable period for the implementation of the Code and PIDG OPPs, any approved changes to the Code and the PIDG OPPs and the applicable period for the implementation of any approved changes thereto.

