8 September 2009

INSTRUCTION ON INTERPRETATION OF THE NIB STAFF POLICY AT NDF

A revised version (attached) of the Staff Policy of the Nordic Investment Bank (NIB) came into force on 1 October 2008 at NIB. Subject to a specific decision to that effect by the Board of Directors of NDF, NDF may decide to apply the provisions of the Staff Policy or parts thereof to the staff of NDF. The Board of Directors adopted the attached version of the Staff Policy for NDF in its meeting on 8 September 2009 effective of the same date.

Due to the differences between the two institutions it is considered necessary to provide the staff of NDF with instructions on interpretation of the Staff Policy at NDF. The following terms of the Staff Policy shall have the following meanings for NDF:

**Agreement concerning** shall mean the NDF Agreement dated 9 November 1998;

**the Bank**

**Bank** shall mean NDF;

**Board of Directors** shall mean the Board of Directors of NDF;

**Head of Department** shall mean the Managing Director of NDF;

**Headquarters Agreement** shall mean the Headquarters Agreement of NDF dated 14 October 1999;

**Human Resources Unit** shall mean the HR Unit of NIB;

**Intranet** shall mean NIB intranet, as applicable;

**Mission and Strategy** shall not be applicable, for NDF Mission and Strategy see the NDF Activity Plan as adopted by the Board of Directors annually;

**NIB** shall mean, when the context so requires, NDF in its capacity as employer of the NDF staff;

**NIB's Management** shall mean the Managing Director of NDF, as applicable;

**President** shall mean the Managing Director of NDF;

**Superior** shall mean the Managing Director of NDF.

Should a member of the staff of NDF require guidance in interpreting the Staff Policy he or she is encouraged to contact the NDF dedicated Legal Counsel or the Managing Director of NDF.
STAFF POLICY

FOR THE EMPLOYEES OF THE NORDIC INVESTMENT BANK

1 October 2008
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STAFF POLICY FOR THE EMPLOYEES OF NIB

BASICS

The document Staff Policy is a part of the Set of Staff Regulations and Rules applicable to all employees of the Nordic Investment Bank (hereinafter "NIB" or the "Bank").

NIB's staff policy is founded on the fundamental elements of the Bank's mission and strategy, and the outside world.

MISSION AND STRATEGY

NIB was established in 1975 as the member countries’ common international financial institution with the purpose of strengthening and further developing cooperation between the member countries. NIB promotes sustainable growth of its member countries by providing long-term complementary financing, based on sound banking principles, to projects that strengthen competitiveness and enhance the environment.

The basis of NIB’s strategic aims are the member countries’ clearly expressed expectations concerning the Bank’s operations. NIB promotes competitiveness and supports the environment by providing financing to activities in which NIB can add value and complement other financing sources. Moreover, the Bank continues to assess the environmental aspects of all its financing.

NIB remains flexible in terms of supporting different areas of the economy but puts particular emphasis on projects involving investments in infrastructure, investments improving the environment, large investments by the corporate sector and small and medium-sized enterprises, targeted in cooperation with financial intermediaries. In order to carry out NIB’s business idea in a successful manner, the Bank strives to be in the forefront, inter alia, concerning financial risk management and cost efficiency.

THE OUTSIDE WORLD

Because of NIB’s status as a government owned international financial institution the outside world has high expectations in respect of transparency, ethically flawless conduct, integrity and professionalism. These factors characterise the culture of NIB and influence everybody taking part in the Bank’s work. Each staff member enjoys certain privileges and rights, but representing NIB also entails obligations.

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1 Subject to specific decision to that effect by the Boards of Directors of Nordic Development Fund (NDF) and/or Nordic Environment Finance Corporation (NEFCO), NDF and/or NEFCO may decide to apply the provisions of the Staff Policy or parts thereof to their staff.
FUNDAMENTAL PRINCIPLES OF STAFF POLICY

The Set of Staff Regulations and Rules expresses NIB's fundamental principles in respect of staff policy. These principles are the rule of law, transparency, predictability and equity. The Set of Staff Regulations and Rules shall be easily accessible and comprehensible and shall reflect the principle of consistent and equitable treatment of staff members.

The staff policy shall convey insights about the aims of NIB's operations as a whole, it shall support the staff members' personal development and a motivating management style.

In order to comply with the member countries' expectations on the Bank to successfully implement its mission and strategy, NIB shall recruit, develop and maintain a diversified staff with high competences and skills and unique knowledge. In order to succeed in this task the Bank shall offer its staff professionally stimulating tasks and an attractive working environment. Furthermore, NIB shall offer its staff competitive salaries and terms and conditions of employment. Thereby it shall also ensure social security for the staff by means of preventive health and medical care, extensive insurance protection, a secure working environment and good pension security. This is a prerequisite for NIB to be considered as a competitive first rate employer.

Each staff member is expected to feel responsible for NIB reaching the targets set for its activities. Each superior shall make it clear for the staff members how they can contribute to attaining these goals.

One of NIB's fundamental objectives as employer is promotion of a balanced diversity among the staff, equal treatment of all staff members and thereto related prevention of discrimination. The Bank also recognises that the competing demands of work and private life are a challenge and supports the employee's commitment for fulfilling the Bank's mandate. At the same time, NIB encourages staff to establish and maintain an appropriate balance between professional and private lives.

Within the framework set by this Staff Policy and other parts of the Set of Staff Regulations and Rules each superior is primarily responsible for his or her staff and for personnel matters within his or her area of work with the support of the Human Resources Unit as coordinator.

STAFF POLICY FRAMEWORK

NIB's Staff Policy is outlined under the following main headings:

- Recruitment, induction and relocation
- Compensation Policy
- Legal status, terms and conditions of employment
- Staff development
- Information and communication
- Modes of cooperation within NIB
Recruitment, induction and relocation

Recruitment

NIB is an international financial institution whose international operations require a staff having professionally and culturally diversified knowledge. NIB's task is to support projects both within and outside the member countries. Many projects are carried out in cooperation with representatives of the authorities of the countries concerned, with other financial institutions and with the business sector.

In order to carry out its operations in conformity with its objectives, NIB must have a highly qualified staff with broad experience, in particular concerning the member countries. In recruitment the main emphasis is put on professional qualifications and the experience of the person concerned. In respect of professional staff, a balanced distribution of positions between the member countries is also an important factor.

NIB promotes internal recruitment. As far as possible, staff members are offered opportunities for promotion, or other tasks to develop their professional competence.

Induction

In respect of newly employed staff, it is important that they become quickly acquainted with the Bank’s operations, internal conditions and values.

It is the duty of each superior concerned to ensure that new employees are introduced to not only their personal tasks, powers and responsibilities, but also with the relevant department’s or unit’s operative role and function and its contribution to the over-all activities of NIB.

Relocation

Changed circumstances, either within NIB or in the outside world (for example, organisational changes or changes of the nature or scope of business of the Bank) may require adjustments that have a direct impact on the tasks and work situation of one or several employees. NIB shall endeavour to find new alternatives for the employees concerned by means of good advance planning regarding both operations and staff, and by means of carefully prepared packages of measures. NIB’s objective is to find, in cooperation with the persons in question, solutions offering good prospects for either internal relocation or continued employment outside the Bank.

Compensation Policy

Salary and other related terms and conditions of employment constitute important tools for NIB in recruiting and retaining top talents that possess the competencies and skills required in the Bank to effectively implement its strategy and for reflecting upon individual staff members' contributions in reaching the Bank's objectives.

Salary and other terms and conditions of employment shall be a stimulus for good performance and shall motivate individual and professional development. Performance and goal attainment are the key factors in determining salary increases, recognition adjustments and future opportunities.
Each staff member’s salary is reviewed once a year. The Board of Directors determines the scope for salary increases in respect of the Bank as a whole.

Performance bonus can be paid to remunerate excellent and extraordinary performance of an individual staff member or a group of staff members.

The framework for the Bank's salaries and other forms of remuneration is set out in the document Compensation Policy.2

**Legal status, terms and conditions of employment**

NIB’s employees are staff members of an international organisation. The Agreement concerning the Bank and the Headquarters Agreement concluded by the Bank with the host country Finland provide for functional legal immunity for NIB and functional civil and penal immunity for staff members for acts in their official capacity. The purpose of NIB’s and the staff members’ immunity is that the Bank shall be able to fulfil its tasks without interference by individual member countries and their authorities. The Board of Directors may waive the immunity when it is considered to be in the best interests of the Bank.

In employment related matters, the Bank's legal immunity means, inter alia, immunity from the jurisdiction of national courts and (with some defined exceptions) independence of national legislation. Hence, the host country's or other national legislation shall not apply, unless an explicit decision to the contrary is taken in a specific case. For that reason and in view of legal protection for the staff it is of utmost importance that the Bank maintains and develops its own set of Staff Regulations and Rules, which also contains dispute resolution mechanisms fulfilling the criteria of adequate legal protection.

If not otherwise explicitly agreed by the member countries in a specific matter, the Board of Directors has the powers to decide about the terms and conditions applicable to employment in NIB. The President has certain delegate powers to decide upon the terms and conditions applicable to employment in NIB.

In case the Set of Staff Regulations and Rules or decisions of the Bank’s Board of Directors, do not contain any applicable provisions concerning a question relating to the legal status and employment relationships of the staff, guidance can be sought from the legislation of the host country, however taking into account generally applicable common legal principles of the Nordic countries and common practices of international administrative law.

NIB shall solve possible conflicts or disputes between an employee and the Bank by internal procedures, the primary aim of which is to reach a solution acceptable to both parties. Such conflicts or disputes can be solved for example by means of voluntary mediation, lead by the Bank's Ombudsman. In the last instance employment disputes are solved by an arbitral tribunal in accordance with the Arbitration Rules for Settlement of Employment-related Disputes.

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2 The document Compensation Policy is available only internally.
**Staff development**

It is in NIB’s interest to do its outmost to enhance a positive breeding ground for a professionally mature and learning organisation. Hence, the Bank pays great attention to such factors as versatility, experience, flexibility, interpersonal skills, further training and opportunities for development created by superiors.

In comparison with other multilateral institutions NIB has a comparatively small staff. The Bank shall take advantage of opportunities for project and team work, where the knowledge from different parts of the Bank can be utilised. If needed, NIB may also strengthen its internal working groups by engaging external experts for specific projects on a fixed term basis.

Colleagues, Heads of Department and superiors share the responsibility for an individual staff member’s development. An important aspect of this on-going process is that superiors shall give their colleagues continuous and open evaluations of their professional performance, on the basis of mutually agreed objectives. In order to ensure that individual development is linked to operative needs, personal appraisal and development discussions are arranged on a regular basis. These dialogues between superiors and employees focus on both assessment of the employee's individual professional performance and identification of main targets, activities and objectives for the future and related personal development and training needs.

These dialogues shall result in good cooperation and in an individual training and development plan for all employees. These plans are implemented after approval by the superior concerned, within the framework of the financial plan for training and development adopted by the Board of Directors.

**Information and communication**

All employees are personally responsible for keeping themselves informed of matters relevant for carrying out their work.

Superiors are expected to communicate openly with their colleagues. Heads of Department are also responsible for continuously providing employees with general information about NIB and information relevant for their work. At least once a year, the President shall give the entire staff a report of, inter alia, NIB’s activities, its future strategies and NIB’s financial results.

The intranet is an essential tool for internal communication in NIB. The primary goal for the intranet is to communicate NIB's mission and strategy in such a way that every employee knows why his or her working tasks are important and how he or she can be part of implementing these in the daily work. Hence the intranet shall be the primary electronic environment where the staff can search and find information concerning their work. Furthermore, the intranet aims at assisting users in their daily work by providing them with news and up-to-date information in a user-friendly way. The intranet also aims at strengthening the organisational culture and feeling of commitment among the staff.
**Modes of cooperation within NIB**

A cooperation procedure has been established within NIB. The basic purpose of the cooperation procedure is to develop working conditions and to improve interaction and make cooperation between the employer and staff more effective in order to take the staff's opinions better in consideration in the decision making process.

The main body for effecting the cooperation procedure is the Cooperation Council consisting of representatives of both employees and employer. The Council's main task is to make proposals and to present views to NIB's management in matters that fall within the Council's area of competence. The objective of the cooperation procedure shall be to reach mutually acceptable solutions on matters concerning both employers and employees. However, NIB's management shall have the final decision making power.

Also individual staff members, superiors and the Human Resources Unit participate in the implementation of the cooperation procedure.

**Implementation and development of the Staff Policy**

The Human Resources Unit shall, in consultation with the respective superior, be responsible for executing the Staff Policy, for monitoring its implementation and for developing the Staff Policy so that it is adapted to the continuous changes taking place within the Bank and in the outside world.