



**Internal Management Review
Concerning the Departure of AIIB's Former Director General of
the Communications Department**

Report of Findings and Recommendations

July 7, 2023

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Abbreviations and Acronyms

ADB	Asian Development Bank
AIB	Asian Infrastructure Investment Bank
BHRC	Budget and Human Resources Committee
BoD	Board of Directors
CAF	Capital Adequacy Framework
CEIU	Complaints-resolution, Evaluation and Integrity Unit
COM	Communications Department
COP	Conference of the parties (United Nations Framework Convention on Climate Change)
CSO/NGO	Civil society organization/Nongovernmental organization
CTL	Office of the Controller
DG COM	Director General of the Communications Department
EBRD	European Bank for Reconstruction and Development
ES	Environmental and social
ESF	Environmental and Social Framework
ETH	Ethics Office
ExCom	Executive Committee
G20	Group of 20
GBA	General Borrowing Authority
GBF	Global Biodiversity Framework
HR	Human Resources
HRD	Human Resources Department
IAP	International Advisory Panel
IBRD	International Bank for Reconstruction and Development
IC	Investment Committee
IFA	International Financial Architecture
IMF	International Monetary Fund
IT	Information technology
MDB	Multilateral development bank
NSBF	Nonsovereign-backed Financing
OECD	Organisation for Economic Co-operation and Development
OMB	Office of the Ombudsperson
PD	Project Document
PPDP	Policy on Personal Data Privacy
PPI	Policy on Public Information
PR	Public relations
PRE	Office of the President
PT	Project team
PTL	Project team leader
RMD	Risk Management Department
RWA	Respectful Workplace Advisors
SBF	Sovereign-backed Financing
SC	Screening Committee
VP	Vice-president
WB	World Bank

Executive Summary

I. Background and Methodology

1. The former Director General (DG) of the Communications Department (COM) resigned from the Asian Infrastructure Investment Bank (AIIB or the Bank) on June 12, 2023. He has since made public allegations concerning the Bank's governance and culture. The Bank's Board of Directors subsequently agreed that an Internal Management Review (the Review) should be undertaken to examine the circumstances surrounding the former DG COM's resignation and his allegations.

2. An Ad Hoc Group of the Board of Directors was established to oversee the Review. The Review was led by the General Counsel. The findings of the Review are based on copious documentary materials and over 30 interviews, with the President, the Senior Management team of the Bank and the COM team that the former DG COM managed during his tenure, among others. The former DG COM was invited to participate and provide his inputs on June 17, 2023. On July 1, 2023, he was further invited to participate in an interview to provide his inputs to the Review. The former DG COM declined to attend an interview and indicated instead that he would provide a written submission by July 3, 2023. To date, this submission has not been received.¹

II. Findings concerning the Allegations

3. **Integrity of the Bank's Governance.** The former DG COM questioned the integrity of the Bank's governance, alleging that the Bank is unduly and improperly influenced by the Communist Party of China. These allegations were cast in broad terms and no evidence was provided to substantiate them.

4. This Review **found no evidence of undue or improper influence in the decisions taken by the Board of Governors, Board of Directors, and President, or in other aspects of the operation of the Bank.** AIIB has a solid governance structure, comparable to and built on the lessons learned from other multilateral development banks (MDBs), consisting of a Board of Governors, a Board of Directors, and the President, as provided for in its Articles of Agreement. The Bank has 106 approved members, including 51 regional members and 55 non-regional, together covering a wide range of the world. Also similar to other MDBs, **AIIB's Articles of Agreement contain clauses designed to prevent political considerations in the Bank's decision-making processes and in the exercise of their duties by its staff and Management.**

5. While respecting the Articles of Agreement and seeking to advance the purpose and function of the organization, it is natural that members will raise their own interests. This is

¹ The Review has provided to the Board of Directors its complete findings regarding the former DG COM's tenure and the circumstances leading to his departure. However, the findings in this report have been redacted to protect the personal data privacy of the concerned Bank Personnel in accordance with the AIIB (i) Policy on Personal Data Privacy (PPDP), which obliges the Bank to process personal data fairly and only for legitimate purposes, and (ii) Policy on Public Information (PPI), which expressly provides that information that will compromise the personal data privacy, physical and mental safety of any individual is excepted from disclosure requirements under the PPI. In this regard, any references to personal data of concerned Bank Personnel are made in line with the overarching principles in the PPDP that processing of personal data shall be consistent with, or reasonably necessary to, the fulfillment of AIIB's functions, mandate or purpose, including to respond to key allegations made against the AIIB by the former DG COM and to the aforementioned exception under the PPI.

common and expected in every MDB, as each organization determines how best to serve its members. Like its peer MDBs, the Bank has set up appropriate mechanisms to address members' concerns and interests, with a view to effective and balanced decision-making.

6. The Review found that the **Bank's governance structure has functioned as intended and has enabled the Bank to take independent decisions in line with operational policies without undue or improper influence.** The Review also confirmed that the track record of actual decisions taken by the Bank in all relevant dimensions over the course of its life has been consistent with what would have been expected from its formal multilateral governance. This is demonstrated in **all the Bank's recent strategic decisions**, e.g., on the Energy Sector Strategy, Emergency Finance and the Board Efficiency and Governance Package, which **have been reached by consensus.**

7. The Review also found that the Board's **voting rules preclude dominance by individual members or member groups** and support an apolitical, constructive, balanced and consensus-oriented decision culture. **As in other MDBs, shareholders have voting power commensurate with their shares.** In accordance with Article 28 of the Articles of Agreement, most matters before the Board of Governors and the Board of Directors are decided by a majority of the votes cast. Only certain decisions can be effectively prevented by a member or group of members possessing more than 25% of AIIB's total voting power. These include Board of Directors' decisions on major operational and financial policies and Board of Governors' decisions on the increase of a member's subscription to the Bank's shares.

8. Further, there have **never been allegations of political influence on the governance and policy/strategy discussions and decisions**, as can be seen in the Bank's minutes and summary records of Board of Directors or Board of Governors meetings. Nor have such complaints been made through the Bank's staff grievance processes, or in discussions within the Bank, such as Management or the Executive Committee. **Policies and strategies of the Bank undergo an iterative consultation and discussion process with the Board of Directors and its Committees prior to Board consideration, with the objective of building consensus.**

9. **The Review found no evidence to question that the Bank's approach to project approval is apolitical**, as demonstrated, for example, by the minutes of the Investment Committee and Board records. The project development and approval process is a multi-layered and highly participatory process undertaken by a diverse group of senior professionals and Management which prevents any potential interference, consistent with the non-political nature of the Bank. **This process is transparent and leaves no room for decision-making through parallel structures.**

10. At the external level, **AIIB is a respected member of various international fora and groupings, reflecting its high governance standards that are on par with peer institutions.** The Bank collaborates regularly with multiple partners, including MDBs, private financial institutions and other partners in the public and non-governmental sectors. Half of AIIB's financing has been co-financed with other MDBs. It also benefits from an AAA credit rating at all three of the principal agencies, which also assess the Bank's governance positively.

11. Finally, this Review found **no evidence that staff membership in any political party from any country has interfered with Bank Personnel's discharge of official duties**, as alleged by the former DG COM. The Senior Management team and leadership team bring together internationally experienced and widely recognized professionals. The Code of

Conduct for Bank Personnel requires Bank Personnel to refrain from engaging in political activities that may interfere or conflict with their official duties or status.

12. **The Bank's culture**. The former DG COM also alleged that the Bank had a “toxic work culture,” again without any substantiation. **The Review found no evidence that AIIB's Bank-wide culture is toxic.** The Review acknowledges that, as a relatively new multilateral organization whose development has been disrupted by COVID19, AIIB faces some challenges in building the desired culture. However, it considers these challenges do not substantiate a claim that the culture is “toxic.” The Review found that AIIB seeks to create a high performing, transparent, open, and inclusive culture where everyone is empowered. While the Bank's culture is still taking shape, and there are shortcomings, it is moving towards reinforcing the positives as well as addressing such shortcomings. **The Review did highlight areas that require timely improvement, as informed by the 2022 employee engagement survey,** including having consistent behavior across the Bank, implementing a speaking-up and listening-up culture, and ensuring accountability across all levels.

13. **The COM team rejected the notion of a “toxic culture.”** However, the Review found that the former DG COM's tenure in AIIB was characterized by managerial shortcomings and interpersonal conflicts, which had an impact on the efficiency and effectiveness of his department and adversely affected the Bank's communications. Various matters related to the former DG COM's workplace behaviors and managerial responsibilities towards the COM team were brought to the attention of the Bank's Human Resources Department, the Office of the Ombudsperson and the Ethics Office. Although these business units independently and informally provided advice, none of their interventions resulted in formal proceedings. The Review found in this regard that **the effectiveness and efficiency of the various staff grievance avenues and above all, the appropriate response time of these avenues, did not adequately respond to staff concerns.**

III. Resignation and Departure

14. The former DG COM resigned on June 12, 2023, and left China on June 14, 2023. In some media statements, he cited safety concerns as reasons for abruptly leaving China despite his having Bank immunities during his tenure with the Bank. **The Review did not find or receive evidence of a safety risk posed to the former DG COM. Nor did it find any evidence that he had requested the Bank's assistance to protect his safety** during his employment with the Bank.

IV. Conclusions and Key Recommendations

15. The Review concluded that the allegations made by the former DG COM lack concrete evidence. The Review identified multiple concerns about his performance and conduct, particularly in the weeks leading up to his resignation. Although the Review found that his allegations are incorrect and unsubstantiated, they present an opportunity to reflect on some of the general issues raised. The following summarizes the priority recommendations to be implemented by the Bank with the assistance of external resources, as the case may be (the full list is found in the main report):

Integrity of AIIB's Governance

- Continue the ongoing Board of Directors-driven process of enhancing further Board efficiency and governance in the Bank. Use this process to address known and new issues for improvement, including those arising from this Review.
- Continue to strive to have all members' voices heard and taken into account, particularly the Bank's least developed members.
- Ensure that all staff are aware of decisions made by the Board and the Executive Committee through transparent communication, including more detailed disclosure of discussions and decisions to staff.

Bank Culture

- Hire a senior workplace culture specialist to assess the Bank's actions in developing its current culture, with the objective of providing recommendations on enhancing the corporate and working culture in the Bank.
- Accelerate efforts of the Culture Steering Committee and the implementation of Staff Engagement Survey Action Plans, including on strengthening AIIB's speaking-up and listening-up culture, and ensuring accountability across all levels.
- Reinforce Management commitment to fostering a respectful work environment by holding staff and managers accountable against core and leadership competencies, including identifying behavior that does not conform with the Code of Conduct for Bank Personnel.
- Improve internal communications within the Bank and public transparency around the Bank's internal governance and decision-making processes.

Staff Grievance Avenues

- Establish HRD as the first-line business unit for workplace disputes or allegations of inappropriate behavior, by hiring a Senior Employee Relations Officer, launching an employee Grievance Helpline/Email, and more clearly identifying the main categories of grievances, and clarifying appropriate processes and reporting.
- Set up a high-level staff grievance coordination committee to identify systemic issues relating to implementation of Bank-wide staff grievance mechanisms, to assign accountabilities, and where appropriate, to coordinate a consolidated Bank response to repeated and recalcitrant cases.
- As part of the ongoing phased review of the staff grievance mechanism, consider engaging an external consultant to support the Bank in improving coordination, responsibilities, accountability and decision-making of each of the components of the informal staff grievance mechanism.

HR Processes

- Strengthen the Bank's pre-recruitment screening processes, particularly for leadership positions, to include a mandatory comprehensive background check on selected candidates, including reference check with at least the last five organizations, including leadership profiling assessment.
- Prioritize development and formalization of talent succession planning for all critical positions.
- Strengthen performance management and introduce a 360° Performance Assessment for managers.

Other Recommendations

- Evaluate the existing structure, personnel, and processes within COM; and seek to provide it with managerial leadership that demonstrates competency and vision aligned with the strategic needs of the Bank.

- HRD to verify the concerns raised by the former DG COM regarding the leave requests and practices in COM to assess alignment with Bank policy.
- Develop a Crisis Response Plan, including a Crisis Communications Plan.

Internal Management Review Concerning the Departure of AIIB's Former Director General of the Communications Department

Part A. Background

1. On June 12, 2023, the Director General (DG) of the Communications Department (COM) of the Asian Infrastructure Investment Bank (AIIB or the Bank), who had served since March 14, 2022, resigned from his position and has since made public allegations concerning the Bank's governance and culture.
2. The Bank's Board of Directors agreed on June 15, 2023, that an Internal Management Review (the Review), led by the General Counsel, would examine the circumstances surrounding the resignation of the former DG COM and the allegations he made. The Board of Directors established an ad hoc group (the *Ad Hoc* Group) to oversee the Review. The Review benefitted from the views of an external reviewer.
3. Accordingly, this Review presents preliminary findings and recommendations in respect of these circumstances and allegations.

Part B. Methodology

4. This Review was led by the General Counsel of the Bank, and undertaken from June 15, 2023, to June 26, 2023. The Review was conducted in accordance with the Terms of Reference for the Review of the Conditions Around the Departure of AIIB's Former Director General of the Communications Department, as provided in Annex 1, and the Description of the Review of the Conditions Around the Departure of AIIB's Former Director General of the Communications Department, as provided in Annex 2. The scope of the Review encompasses three components: (i) the allegations made by the former DG COM about the integrity of the Bank's governance; (ii) the allegations made by the former DG COM regarding the culture of AIIB; and (iii) the circumstances around the resignation of the former DG COM.
5. In conducting the Review, the General Counsel was supported by a multinational and gender-balanced team composed of 10 Staff Members (the "Review Team"). For the purposes of the Review, the General Counsel and the Review Team had access to Bank records and the Bank's IT facilities, and were duly authorized to interview all Bank Personnel and external parties who might contribute information to the Review.
6. The Review was conducted on the basis of information derived from interviews and documentary materials, including emails, text messages and documents. The findings of the Review are based on multiple interview testimonials and documentary materials which corroborated each other. The General Counsel and the Review Team interviewed more than 30 operational and non-operational Bank staff, outsourced personnel, and external parties, including the President, the entire Senior Management team¹ of the Bank and all the COM team members. The Review Team also met with the representatives of the Staff Council, the Director General of the Human Resources

¹ AIIB's Senior Management team includes the President, the Vice Presidents, the General Counsel, the Chief Risk Officer, the Chief Financial Officer, and the Chief Economist, all with different nationalities.

Department, the Chief Ethics Officer and the Ombudsperson to discuss the subject of the Review, consistent with the confidentiality obligations which pertain to the details relating to individual Bank Personnel who have accessed the Ombuds and Ethics functions in respect to the former DG COM. The interviews were conducted on a voluntary basis and all records, data, information and documents obtained and created during and for the purposes of the Review have been handled in accordance with the Bank's Policy on Personal Data Privacy, Policy on Public Information, Directive on Record and Information Management, and Directive on the Information Classification System, and were only accessible to the General Counsel and the Review Team, all of whom are subject to confidentiality requirements under the Code of Conduct for Bank Personnel.

7. The former DG COM was invited to participate and provide his inputs to the Review on June 17, 2023. He responded belatedly on July 1, 2023, and was on the same day invited to participate in an interview on July 3, 2023 to provide his inputs to the Review. The former DG COM declined to attend an interview and indicated instead that he would provide a written submission by July 3, 2023. To date, this submission has not been received.²

Part C. Allegations Concerning the Integrity of the Bank's Governance

8. After his resignation, the former DG COM made public allegations regarding the integrity of the Bank's governance, indicating that the Bank is unduly and improperly influenced by the Communist Party of China. These allegations were made in broad terms without substantiation.
9. ***The Review found no evidence of undue or improper influence in the decisions taken by the Board of Governors, Board of Directors, and President, or in other aspects of the operation of the Bank.*** This section describes the Bank's formal governance and assesses the Bank against its formal actions and decisions taken.

(i) AIIB's formal governance structure

10. ***AIIB has a solid governance structure, comparable to and built on lessons learned from other multilateral development banks (MDBs), consisting of a Board of Governors, a Board of Directors, and the President, as provided for in its Articles of Agreement.*** It has 106 approved members, including 51 regional members and 55 non-regional, together covering a wide range of the globe.
11. The Bank operates in accordance with its Articles of Agreement, and within its robust ***Internal Legal Framework***, which was established during the first year of the Bank's operations.³ The status of the Bank is embodied in Article 45 of the Articles of

² The Review Team wishes to acknowledge the limitations on the methodology created by a compressed 12-day timeframe in which to conduct this Review as this has restricted the Review Team's ability to seek specific inputs from all Bank personnel. In addition, given the former DG COM's non-response to the invitation to participate in the Review, the Review Team was unable to verify the veracity of his allegations.

³ AIIB's Internal Legal Framework refers to a set of rules, processes, procedures, and guidance that govern the conduct of activities within and by the Bank, which is referred to as the Bank's Internal Legal Framework.

This Internal Legal Framework comprises, in descending order of precedence: (1) instruments adopted by the Board of Governors, including the By-Laws, the Code of Conduct for Bank Personnel, and the Code of Conduct for Board Officials; (2) instruments adopted by the Board of Directors, such as the Staff Regulations and Policies; (3)

Agreement, which provides that the Bank possesses full juridical personality and is accorded with immunities, privileges and exemptions in the territory of each member to fulfil its purpose and carry out the functions entrusted to it by its members.

12. Similar to other MDBs, **AiIB's Articles of Agreement contain clauses designed to prevent political considerations in its decision-making processes.** Article 31 of the Articles of Agreement provides, in pertinent part, that:

“2. The Bank, its President, officers, and staff shall not interfere in the political affairs of any member, nor shall they be influenced in their decisions by the political character of the member concerned. Only economic considerations shall be relevant to their decisions. Such considerations shall be weighed impartially in order to achieve and carry out the purpose and functions of the Bank.

3. The President, officers, and staff of the Bank, in the discharge of their offices, owe their duty entirely to the Bank and to no other authority. Each member of the Bank shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.”

13. While respecting the Articles of Agreement and seeking to advance the purpose and function of the organization, it is natural that members will raise their own interests. This is common and expected in every MDB, as each organization determines how best to serve its members. Like its peer MDBs, the Bank has set up appropriate mechanisms to address members' concerns and interests, with a view to effective and balanced decision-making. These include representation on the Board of Governors and Board of Directors and its Committees.

14. AiIB's **Board of Governors** is the Bank's highest decision-making body under the Articles of Agreement, and all powers of the Bank are vested in its Board of Governors. Each member of the Bank is represented at the Board of Governors by the Governor it appoints. While some of these powers may be delegated to the Board of Directors, the Board of Governors retains full power to exercise authority over any matter thus delegated to the Board of Directors. The Bank's Board of Governors holds an annual meeting and may hold other meetings as needed.

15. AiIB's non-resident **Board of Directors** oversees the Bank's daily operations on a regular basis. To effectively facilitate its work relating to different aspects of the Bank's activities, the Board has established four committees: the Audit and Risk Committee, the Budget and Human Resources Committee (BHRC), the Policy and Strategy Committee and the Ethics Committee. The Audit and Risk Committee comprises three to four Directors as well as two external members, whereas the other committees are each composed of four to six Directors, with the membership of the Ethics Committee being co-extensive with that of BHRC. Committees are chaired by Board Directors, who are selected by Committee members to fulfil this role.

the Staff Rules and Directives issued by the President; and (4) Administrative Guidance issued by Vice Presidents or Heads of Business Unit reporting directly to the President.

This multi-layered Internal Legal Framework has been established since the first year of the Bank's operations and is as robust, if not more so, than those of other MDBs, such as the Policy and Procedure Framework of the IBRD. For more information, see <https://www.aiib.org/en/about-aiib/who-we-are/role-of-law/index.html>.

16. The **President** is elected by the Board of Governors by a Super Majority vote⁴ through an open, transparent, and merit-based process in accordance with Article 29 of the Articles of Agreement. The President conducts the current business of the Bank under the direction of the Board of Directors. This includes the recommendation of Vice Presidents to the Board for approval, and the appointment of staff. While the President remains ultimately accountable for the actions of Management, the Bank's Internal Legal Framework has established defined consultation and approval processes to govern the development of policies and strategies, and a dedicated review process for investment projects. These processes are designed to allow Management to take decisions in an inclusive and effective manner. They are set out transparently to all Bank staff.
17. Activities led by the President and results are overseen by the Board of Directors through the **Oversight Mechanism**, which is built on the lessons and experience of the Bank's peers. It ensures appropriate accountability and addresses potential issues of reputational risk as they arise. The Oversight Mechanism comprises: (1) the three functions of the Complaints-resolution, Evaluation and Integrity Unit (CEIU), namely project-related complaints, evaluation and anti-fraud and corruption; (2) the external audit function, as undertaken by the external auditor appointed by the Board of Directors; and (3) implementation of Article 13(4) of the Staff Regulations (relating to staff grievances).
18. The Bank's **Accountability Framework** demarcates the respective roles of the Board of Directors and the President in respect of the financing operations of the Bank. The Accountability Framework governs the procedures for project approvals and management accountability adopted by the Board of Directors. In order to strengthen Management accountability, the President of AIIB is subject to an annual performance review, led by the Board of Directors and conducted by an independent consultant, and the President himself conducts annual performance reviews of the Vice Presidents who are appointed by the Board of Directors.
19. The Bank has also established a **Staff Council** in accordance with Staff Rule 8.02, which has one regular informal meeting with the Board of Directors' BHRC on an annual basis, and may have *ad hoc* informal meetings with the Committee at other times, as required. Representatives of the Staff Council also meet regularly and engage constructively with Bank Management.
20. AIIB has an **International Advisory Panel (IAP)** that supports the President and Senior Management on the Bank's strategies, policies, and general operational issues. The IAP meets at least twice a year and individual IAP Members also participate in events with the Board of Directors as subject matter experts, as appropriate. IAP Members are selected and appointed by the President.
21. Several current and former IAP Members agreed to be interviewed to provide testimony during this Review. All interviewees attested that during their time on the IAP, their experience was that the Bank was a well-functioning multilateral institution with governance comparable to its peers. None of the interviewees had ever witnessed any evidence of undue or improper national influence or political interference. Box 1 below offers reflections from Members of the IAP.

⁴ In accordance with Article 28(2)(ii) of the Articles of Agreement, a Super Majority vote of the Board of Governors requires an affirmative vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.

Box 1: Statements from Members of the International Advisory Panel

- Since its inception, AIIB has attracted seasoned professionals of the highest caliber worldwide, all committed to multilateralism and adequate infrastructure finance for emerging markets and developing countries. Its leadership has won plaudits for building a technically excellent bank using the same frameworks as others in the MDB system. Most recently, AIIB's leadership has echoed calls for more effective system-wide collaboration as the G20 examines the reform of the MDB system. Effective MDB leadership means balancing the views and expectations of all shareholders, borrowers, or clients. In that, AIIB is no different from any other bank.

– Rachel Kyte, Dean of the Fletcher School at Tufts University and former CEO of Sustainable Energy for All

- By way of background, I was previously the Secretary of Finance of the Philippines (2001-2003) and, in this capacity, was also in the Board of Governors of the World Bank and the Asian Development Bank. I also worked for Bankers Trust Company, an American bank, for 20 years and Credit Suisse for 18 years.

In my involvement with the AIIB as a member of the IAP and my numerous interactions with President Jin and other senior officers of the bank, I have always observed a very professional, transparent, open, well-governed, and forward-thinking organization with a very diverse and international group of managers. In comparison to other MDBs I have been involved in, I find the AIIB as being less bureaucratic and more nimble but likewise adhering to Western-style governance protocols. I would also add that President Jin is very well regarded and respected in the international financial community.

As a member of the IAP and being regularly kept aware of AIIB's operations, never have I observed any instance of political interference.

– Jose Isidro N. Camacho, Former Secretary of Finance and Former Secretary of Energy of the Philippines

- During my time on the IAP, I have been impressed by the quality of AIIB governance and decision-making. Although I do not have a day-to-day, operational view of the institution, I have had the opportunity to observe senior management interactions with the IAP and each other, along with sessions of the Board of Directors. In each instance, I saw an institution that conformed with the standards of its peer institutions, embraced active debate and deliberation, and recruited skilled experts from a wide array of members to senior management positions. It's clear to me that the Board of Directors, which represents all of the Bank's members, plays the same key governance role that other MDB boards play. In short, I believe AIIB continues to operate as a rules-based multilateral development bank, in line with its peer institutions and often in partnership with those peers. I have seen nothing to suggest otherwise during my time on the IAP.

– An IAP Member

(ii) AIIB governance in action

22. ***The above governance structure has enabled the Bank to take independent decisions in line with operational policies without undue or improper influence.***

Not only has the Review found no evidence of undue or improper influence, it also confirmed that the track record of actual decisions taken by the Bank in all relevant dimensions over the course of its life has been consistent what would have been expected from its formal multilateral governance and inconsistent with what could be expected if there had been undue or improper influence of the nature alleged. For example, in the wake of the war in Ukraine, Bank Management took actions swiftly as did its peer MDBs. On March 3, 2022, the Bank announced that it would place all activities relating to Russia on hold and under review, including all Russia-related projects in the Bank's rolling investment pipeline.

23. ***AIIB is best characterized by an apolitical and consensus-based culture. As in other MDBs, shareholders have voting power commensurate with their shares.***

In accordance with Article 28 of the Articles of Agreement, most matters before the Board of Governors and the Board of Directors are decided by a majority of the votes cast. However, certain decisions by the Board of Directors and Board of Governors require a majority representing not less than three-fourths of the total voting power of AIIB's members, e.g., Board of Directors' decisions on major operational and financial policies and Board of Governors' decisions on the increase of a member's subscription of the Bank's shares. Therefore, only these types of decisions can be effectively prevented by a member or group of members possessing more than 25% of AIIB's total voting power. For example, Organisation for Economic Co-operation and Development (OECD) members of the Bank currently hold 31.3% of the total voting power and China 26.6%.⁵

24. ***The voting rules have been deliberately introduced to prevent dominance by individual members or member groups and to create an apolitical, constructive, balanced and consensus-oriented decision culture.*** That this objective was reached can be seen based on a track record of actual decisions taken by the Bank in all relevant dimensions over the course of its life, as demonstrated by the following facts, gathered during this Review: ***All recent strategic decisions, e.g., on the Energy Sector Strategy, Emergency Finance and the Board Efficiency and Governance Package have been reached by consensus.***

25. As can be seen in the minutes and summary records of Board of Directors or Board of Governor meetings, ***there have never been allegations of political influence on the governance and policy/strategy discussion and decisions.*** Nor have any such complaints been made through the Bank's staff grievance processes, or in discussions within the Bank, such as Management or the Executive Committee. Finally, in the course of interviews undertaken, the Review Team asked whether the former DG COM or anyone else in the Bank had raised concerns about political interference in the Bank. In response to this, no interviewee identified any political interference in the discharge of their duties throughout their employment with the Bank.

26. The Review Team uncovered only one record where the former DG COM made reference to a Bank Personnel being a member of the Communist Party of China. This took place on the weekend of May 6, 2023. In an instant message exchange with an officer in the Office of the President (PRE), the former DG COM intimated that one of

⁵ For the Bank's members and their respective voting power, see <https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html>.

his subordinates who complained about him “was incompetent but ... a party member.” The same officer in PRE reminded the former DG COM that the Bank had proper channels for staff to present their concerns and that he was uncomfortable with such reference as every staff was required to act as an international civil servant in accordance with the Code of Conduct of the Bank. The former DG COM did not further respond to that officer’s message. On the following Monday, the former DG COM wrote again to the same officer to unequivocally withdraw those statements.

27. ***Policies and strategies of the Bank are subject to Board approval and undergo an iterative consultation and discussion process with the Board of Directors and its Committees prior to Board consideration, with the objective of building consensus.*** This process is comparable to that of other MDBs. Projects are considered by the Board of Directors or the President by delegation, in line with the regulations set out in the Accountability Framework. The Board retains the right to “call-in” any project for Board consideration. Box 2 contains examples of the ways in which policies, strategies and governance initiatives benefited from multiple rounds of discussions, which improved their quality and helped to achieve consensus.

Box 2: Consensus Building at AIIB

Revised Environmental and Social Framework

The Environmental and Social Framework (ESF) sets out the standards for AIIB projects. It was initially adopted by the Board of Directors in February 2016, with a review initiated by Management in 2019. The first proposal for the revision of this policy was discussed in the Policy and Strategy Committee in September 2019, with three further formal and informal Board discussions taking place until the Board’s approval of the revised policy on May 19, 2021. This document was also subject to public consultation.

Special Fund Window for Less Developed Members

AIIB’s Articles of Agreement require the Bank to pay special regard to the needs of its less developed members in achieving its mandate. Following the successful implementation of the Special Fund Window under the COVID-19 Crisis Recovery Facility, which introduced an interest rate buy-down mechanism for financing extended to less developed members under the Crisis Recovery Facility, AIIB established the Special Fund Window for Less Developed Members as a regular instrument for AIIB financing. This proposal was first considered in the Board of Directors’ Policy and Strategy Committee in June 2021, followed by two further Committee discussions in September and December. The Board of Directors discussed this proposal twice prior to its approval on March 23, 2022.

Energy Sector Strategy Update

AIIB’s Energy Sector Strategy was first adopted by the Board of Directors in June 2017, with a further amendment on the Results Monitoring Framework approved in April 2018. Following significant changes to the external policy environment, with increasing commitments from the international community as well as AIIB members to address climate change, and in alignment with the Bank’s Corporate Strategy and Paris Alignment commitments, the Bank initiated a review of the Energy Sector Strategy in 2021. Alongside discussions in December 2021 and February 2022 in the Policy and Strategy Committee, the Board of Directors discussed the draft strategy four times prior to its approval on November 22, 2022. This document was also subject to public consultation.

Risk Management Framework

First established in 2016, the Risk Management Framework placed limits to ensure the Bank grew in a sustainable way, including addressing concentration. By 2022, the Bank was able to modernize its limits on concentration, and place direct restrictions on the share of the balance sheet, for both the largest and top-3 economies. These limits were established through extensive consultation with Board members. The consultation period acknowledged the need for a timeframe for implementation, allowing the trade-off of reducing exposure to

high-concentration borrowers to enable the Bank to work with high-credit quality borrowers, which were needed to balance the portfolio to be achieved, as well as respecting the pipeline of already planned projects. This required compromise across Board members for implementation to take place across the corporate strategy period, which would best fit the Bank over the long term. The Board considered and approved the revisions to the Risk Management Framework on November 22, 2022, following a discussion in the Audit and Risk Committee.

Accountability Framework

First approved in 2017, the Bank's Accountability Framework was subject to a mid-term review in 2020. In January 2022, Management formally initiated the Comprehensive Review of the Accountability Framework, as required under the policy. Upon a request and under the guidance of Directors, and following five formal and informal discussions at the Board level, including a seminar with the International Advisory Panel, the Board of Directors approved amendments to the Decision on the Accountability Framework on December 14, 2022, as part of a broader Board efficiency and governance package which also contained a number of procedural commitments by the Bank. As requested by Directors, the Board and Management have continued to seek improvements in the Bank's governance over the course of 2023, with another accountability framework review anticipated in 2024.

AiIB's Approach to Emergency Response

AiIB has established an approach to emergency response, building on the lessons learned from the COVID-19 Crisis Recovery Facility and the considerable experience of crisis response at peer MDBs. The approach provides a broader range of regular financing along with policy-based co-financing that is needed to support clients effectively and predictably in future crises. The approach was first discussed by the Board's Policy and Strategy Committee in October 2022, followed by two further engagements with the Board prior to Board consideration on June 13, 2023.

(iii) Operational impact

28. AiIB was conceived and set up to be a multilateral organization, as reflected in its governance arrangements and management. This is demonstrated through the Bank's results and approaches in many areas.
29. ***AiIB's financing process is guided by the Bank's mandate, mission, and thematic priorities, as approved by its Board of Governors and Board of Directors.*** The Bank reviews financing proposals, seeking to achieve an appropriate balance among sectors, sovereign-backed and non-sovereign-backed financings, and beneficiaries. AiIB's approval process for both sovereign-backed and non-sovereign-backed financings generally consists of the following stages: (i) project screening review, (ii) assessment prior to concept review, (iii) concept review, (iv) comprehensive due diligence assessment, (v) appraisal review and negotiations, and (vi) approval by President or the Board of Directors in accordance with the Accountability Framework. Following approval, the legal documentation for the financing is finalized for signing and then executed by the relevant parties. Effectiveness of the financing is subject to the satisfaction of all effectiveness conditions [see [Annex 3](#), AiIB Sovereign-Backed Financings (SBFs) and Non-Sovereign-Backed Financings (NSBFs) Project Cycle].
30. ***The Review found no evidence to question that the Bank's approach to project approval is apolitical since its inception,*** as demonstrated, for example, by the minutes of the Bank's Investment Committee and Board records. As described in the previous paragraph, the multi-layered and highly participatory process by a diverse group of senior professionals and Management helps to prevent potential interference

in the project cycle, consistent with the non-political nature of the Bank. Through this rigorous process, the Bank has approved 221 projects in 35 of the Bank's members since its establishment [see [Annex 4](#), Statistics of AIIB-financed Projects].

31. ***AIIB's Procurement Policy does not include any geographical limitation or preference.*** Procurement of goods, works and services required for the implementation of AIIB-financed projects is carried out by recipients of AIIB's financing in accordance with the provisions of AIIB's Procurement Policy and the financing agreements, with assistance and advice from the Bank. The policies, principles and practices in the Bank's procurement framework are aligned with those of peer MDBs.⁶ As shown in [Annex 5](#), while the largest proportion of procurement contracts awarded in AIIB-financed projects aligns with the geographical allocation of the Bank's financing, a significant number of contracts have been awarded to suppliers, contractors, and consultants from other economies.
32. ***AIIB actively supports and promotes proposals to deepen collaboration between MDBs. A key example of the Bank's engagement in the MDB reform agenda is the active role AIIB has played in the Capital Adequacy Framework (CAF) review.*** The MDB reforms focus on how to scale up the response of MDBs to the climate challenge and how to encourage MDBs to work together as a system. AIIB is responding with the MDB community to the G20 CAF's working group recommendations to improve collective lending capacity. AIIB actively collaborated with the working group during the scope of the review, and disclosed internal details of the Bank's CAF to the members of the G20 International Financial Architecture (IFA) working group for benchmarking purposes. AIIB continues to participate in the IFA working group and contributed in June 2023 to the G20 Roadmap for implementation of the CAF recommendations. The Bank is actively working on activities that will have mutual benefit for AIIB and other MDBs in providing additional lending to low-income borrowers.
33. ***The Bank collaborates regularly with a multiplicity of partners, including MDBs, private financial institutions and other partners in the public and non-governmental sectors. Half of AIIB's financing has been co-financed with other MDBs,*** in particular the World Bank (WB), Asian Development Bank (ADB) and European Bank for Reconstruction and Development (EBRD). AIIB is the World Bank's largest co-financer, having co-financed 60 projects since its founding in 2016. AIIB is also the largest co-financing partner of the ADB. In its work with other MDBs, there have never been concerns about national or political biases.
34. A recent example is AIIB's signing on June 22, 2023, of the Finance in Common Declaration (2020), together with 450 public development banks, including the African Development Bank Group, Council of Europe Development Bank, EBRD, European Investment Bank, Islamic Development Bank Group, Inter-American Development Bank, New Development Bank and the World Bank Group.⁷
35. AIIB raises debt financing in various markets. ***Through its participation in international financial markets, the Bank regularly reports to external stakeholders about its governance structure.*** AIIB is widely recognized as a frequent issuer in global capital markets. It has adopted debt issuance techniques and practices similar to those of other MDBs and lists its bonds on various bond exchanges around

⁶ AIIB is part of the joint working groups of MDBs' procurement in updating and promoting international standard practices for procurement.

⁷ For detailed information on the Memorandums of Understanding and Other Partnership-related Documents concluded by AIIB with its partners, see [Partnerships - AIIB](#).

the world. All borrowings are subject to limits set by AIIB's Board of Directors, meaning that the Bank's funding operations are approved on an annual basis by the Board of Directors in the form of a General Borrowing Authority (GBA). Based on anticipated funding needs, AIIB's Office of the Treasurer is responsible for preparing a memorandum and recommendation alongside the GBA that is submitted for approval to the December meeting of the Board of Directors in relation to the following year. Following approval of the GBA, the Bank's Office of the Treasurer makes determinations in relation to the timing and size of issuances based on a variety of factors. All net proceeds from AIIB's offerings of debt are added to AIIB's ordinary resources, which in turn are available to fund AIIB's projects.

36. **Rating agencies have praised AIIB's governance and affirmed its apolitical processes.** In the context of credit rating processes, AIIB is reviewed annually according to the same methodology and financial/risk ratios applied to other MDBs, and has been rated AAA with stable outlook from three credit rating agencies (Moody's, S&P and Fitch). AIIB follows International Financial Reporting Standards. The effectiveness of internal controls over financial reporting is certified by the external auditor, PwC, on an annual basis.
37. **AIIB follows the International Monetary Fund (IMF)/WB Debt Sustainability Framework and Bank staff participate in WB technical workshops on debt.** AIIB shares the position with its peers that MDBs should not participate in debt restructuring. In such cases, the Bank's role is to channel funds to facilitate reform and development in support of the programs on which the member and the IMF agree. AIIB has a data and information sharing agreement with the IMF that allows it access to all of the supporting documents and data at a country level, supporting the Bank's member economic analysis. Also with the IMF, AIIB is working to support the activation of the innovative Resilience and Sustainability Trust in Bangladesh and Rwanda.
38. **AIIB is a respected member of various international fora and groupings, reflecting its high governance standards that are on par with peer institutions.** The OECD granted AIIB observer status to the OECD [Global Forum on Transparency and Exchange of Information for Tax Purposes](#) (the Global Forum) in May 2023. The Global Forum serves as an international platform that facilitates cooperation among its members to combat tax evasion, money laundering, and other illicit financial activities. It promotes the exchange of information and best practices, enabling countries to enhance their tax systems and foster transparency in global financial transactions. By actively engaging with the Global Forum, AIIB contributes to the development of global standards and ensures a level playing field for all participants in the international financial system.
39. **The scope and coverage of AIIB's ESF, which was most recently updated in 2022, is broadly aligned with the environmental and social policies and procedures of other MDBs.** The ESF provides a comprehensive approach to the integration of environmental and social aspects into decision-making and the preparation and implementation of Bank financed activities. The Bank has an interdisciplinary team of over 20 environmental and social specialists working on policy, strategy, and investment operations. AIIB is an active member of the Multilateral Financial Institutions: Working Group on Environmental and Social Standards.
40. AIIB is firmly committed to addressing the global climate challenge through financing infrastructure that is low carbon and climate resilient. This commitment is reflected in the Bank's corporate target of reaching or surpassing by 2025 a 50% share of climate

finance in actual financing approvals. The Bank reached this target already in 2022, with a 56% share of climate finance.

41. ***AIIB tracks climate finance using the same methodology as other MDBs and reports its climate finance annually as part of the [joint MDB annual climate finance report](#).*** AIIB has been supporting the initiatives of the joint MDB groups, including signing joint statements issued by MDBs at key climate summits such as the COPs. Since [2017](#), AIIB has been working closely together with other MDBs on aligning financial flows with the objectives of the Paris Agreement (i.e., Paris alignment). On June 19, 2023, AIIB, together with other MDBs, released the [joint MDB principles package](#). These technical papers are a result of significant collective effort and provide clear guidance on assessing MDBs' Paris alignment. AIIB continues to work together with peers in weekly working group structures on climate.
42. Together with peer MDBs, AIIB also signed the [Joint Statement on Nature, People and Planet](#) at COP26. The statement commits MDBs to setting out institutional approaches to mainstream nature into policies, strategies, and processes by 2025. AIIB is a member of the joint MDB Nature Heads working group, established in 2022 by the Heads of MDBs. Nature Heads are sharing knowledge and coordinating efforts on implementing the Joint Statement on Nature, People and Planet and the Global Biodiversity Framework (GBF).
43. Building on the positive cooperative experience in applying the joint MDB climate finance tracking methods and Paris Alignment approach, AIIB is working with other MDBs to develop common principles on nature-positive investments, which are planned to be launched at COP28.

(iv) The duty and status of Bank Personnel

44. ***The Review found no evidence showing that staff membership in any political party from any country has interfered with Bank Personnel's discharge of official duties, as alleged by the former DG COM.*** Again, he offered no proof of such contention.
45. ***Since its establishment, AIIB has built a diverse workforce, with staff members coming from 66 different economies. Its Senior Management team and leadership team bring together experienced and widely recognized professionals from 20 economies.*** Its President, officers and staff owe their duty entirely to the Bank and to no other authority. The Code of Conduct for Bank Personnel (the Code) requires Bank Personnel to refrain from engaging in political activities that may interfere or conflict with their official duties or status. In addition, Article 3 of the Staff Regulations mandate that Staff Members shall abide by the Code and shall not interfere in the political affairs of any member of the Bank, or be influenced by the political character of the member concerned in the discharge of their offices. Upon appointment, all Staff Members affirm in writing in their Letters of Appointment as follows:

I solemnly affirm that I will exercise in all loyalty, discretion and conscience the functions entrusted to me as an international civil servant of the Asian Infrastructure Investment Bank (AIIB), to discharge those functions and regulate my conduct with the interests of the AIIB only in view, and not seek or accept instructions in regard to the performance of my duties from any government or other authority external to the AIIB.

46. ***The Review found no evidence of "parallel structures" of decision-making or influence.*** The Code of Conduct and the Letters of Appointment do not preclude

formation of informal networks of staff on the basis of national origin, culture, interests, language, professional background, religion, etc. The Review did not find any evidence showing that such informal networks give rise to parallel structures that affect formal governance and decision-making in the Bank. The lively and sometimes contentious discussions in the Board of Directors and management committees lead to decisions that are consistently implemented. This process is transparent and leaves no room for decision-making through parallel structures.

Part D. Allegations Regarding the Culture of the Bank

47. The former DG COM made allegations of a “toxic work culture.”

(i) Bank-wide culture

48. ***AIIB seeks to create a high performing, transparent, open, and inclusive culture where everyone is empowered.*** The Review acknowledges that, as a relatively new multilateral organization whose development has been disrupted by COVID19, the AIIB faces some challenges in building the desired culture. As a fast-growing organization, the Bank’s culture is still taking shape, and there are shortcomings, but it is moving towards reinforcing the positives as well as addressing such shortcomings. Like other multilateral organizations, AIIB has staff from all over the world who bring unique perspectives and experiences. This diversity creates a rich and dynamic culture but also brings challenges in creating cohesion, especially given the Bank’s current growth phase.

49. ***The Review notes that the 2022 employee engagement survey (see below), while signaling some strengths, also highlighted several areas which require timely improvement.*** These include having consistent behavior across the Bank, implementing a speaking-up and listening-up culture, and ensuring accountability across all levels.

50. All Bank staff contribute to the culture of the organization in going about their day-to-day work and interacting with others. A Culture Steering Committee (the Committee) was established in 2020 to shape the direction and overall culture agenda for the Bank. The Bank’s Staff Council, established in 2021, also plays a major role in shaping the Bank’s culture. It serves as a constructive platform for engagement among Staff and consultations between Staff and Management on conditions of employment and general Staff welfare.

51. Every two years, AIIB conducts an employee engagement survey, the last of which took place in September 2022. The survey identified three core strengths: (a) staff rate their immediate managers highly; (b) staff have a strong understanding of the Bank’s goals and corporate strategy; and (c) staff have good working relationships with co-workers and are proud to work at the Bank. The key areas for improvement identified were: (1) the need for senior leaders to consistently model appropriate behavior that builds trust; and (2) fostering a speak-up culture and an environment of trust. ***Since the 2022 employee engagement survey, the following areas have been targeted for improvement, for which the Committee is providing support: (i) process efficiency, (ii) fostering trust and empowerment, (iii) increasing transparency, (iv) improving internal communication and collaboration across the Bank, (v) fostering a speaking-up culture in the workplace and supporting psychological safety of staff, and (vi) enhancing performance management and career opportunities.***

52. ***There is no evidence that AIIB's culture is toxic.*** While there is no commonly agreed definition of what constitutes a 'toxic culture', the following elements may commonly be associated with a such a culture: (a) disrespectful, (b) non-inclusive, (c) unethical, (d) cut-throat and abusive.⁸ The Review found that, while there was considerable room for improvement, as the employee engagement survey had already suggested, such characteristics were not evident across the Bank. As a large organization, cultural variation necessarily exists across departments and even within departments. Staff members can therefore have very different experiences, but it is important that all staff benefit from a respectful work environment, which AIIB encourages and supports.

(ii) Culture within the COM team

53. While the former DG COM was recognized for his efforts and contributions towards improving internal messaging in the Bank, the Review found that the former DG COM's tenure was characterized by managerial shortcomings and interpersonal conflicts, which had an impact on the efficiency and effectiveness of his department, adversely affecting the Bank's communications. Paragraphs 54 to 55 briefly summarize those findings.⁹

54. ***The COM team rejected the notion of a "toxic culture".***¹⁰ Instead, the Review found that the former DG COM's tenure was characterized by absences from work, cancellation of internal as well as external meetings, and no-shows at high-level and critical engagements. Only certain tasks were completed within agreed timelines. Beyond the department, documents reviewed indicate that the former DG COM often cancelled meetings with members of Senior Management or simply did not show up.

55. The Review also found that the former DG displayed uneven management and a lack of attention to basic managerial duties. Specifically, COM was the last business unit to submit information to the Bank-wide Business Plan and Budget and the last to submit annual salary increases. COM's budget utilization rate fell from more than 80% to 40% during the former DG COM's tenure. No additional staff¹¹ were recruited during his tenure despite approved increases to the Department's headcount. Staff appraisals were also severely delayed.

(iii) Multiple complaints made to HRD, OMB and ETH

56. AIIB recognizes the right of every Bank Personnel to be treated fairly, with respect and dignity and to work in a respectful workplace free of harassment and bullying, discrimination and intimidation. To this end, AIIB has several dispute prevention and

⁸ See Donald Sull, Charles Sull, William Cipolli, and Caio Brighenti, "Why Every Leader Needs to Worry About Toxic Culture", available at <https://sloanreview.mit.edu/article/why-every-leader-needs-to-worry-about-toxic-culture/>.

⁹ The Review has provided to the Board of Directors its complete findings regarding the former DG COM's tenure and the circumstances leading to his departure. However, the findings in this report have been redacted to protect the personal data privacy of the concerned Bank Personnel in accordance with the AIIB (i) Policy on Personal Data Privacy (PPDP), which obliges the Bank to process personal data fairly and only for legitimate purposes, and (ii) Policy on Public Information (PPI), which expressly provides that information that will compromise the personal data privacy, physical and mental safety of any individual is excepted from disclosure requirements under the PPI. In this regard, any references to personal data of concerned Bank Personnel are made in line with the overarching principles in the PPDP that processing of personal data shall be consistent with, or reasonably necessary to, the fulfillment of AIIB's functions, mandate or purpose, including to respond to key allegations made against the AIIB by the former DG COM and to the aforementioned exception under the PPI.

¹⁰ The Review Team examined all interview notes and transcripts from the COM team, and did not find any mentions that the Bank has a "toxic culture".

¹¹ Four vacancies in COM were announced in February 2023. At the time the former DG COM resigned from the Bank, the recruitment for all four vacancies was still ongoing.

resolution avenues, through which individuals can seek advice and assistance or to register a complaint. Bank Personnel may use the following avenues for staff grievances:

- Human Resources Department (HRD);
- Ethics Office (ETH); and
- Office of the Ombudsperson (OMB), including the Respectful Workplace Advisors (RWA) administrated by OMB.

For reasons of confidentiality under AIIB's Policy on Personal Data Privacy, the following sections have been abridged in the public version of this report.

57. **HRD.** The documentary review and interviews indicated that complaints to HRD were made by several members of the COM team against the former DG COM. The former DG COM also made complaints to HRD. ***The Review found that currently HRD, as the first line of defense, is not equipped to address staff complaints.*** During the last two years, HRD has operated with a very lean team of 12 staff, while onboarding 81 new staff members in 2021, and 137 in 2022. The speed of recruitment combined with the complexity brought about by the pandemic has led to great pressure on HRD staff, exacerbated by frequent changes in its own leadership.
58. **OMB.** Staff both within and outside COM contacted OMB. The Ombudsperson also met with the former DG COM.
59. **ETH.** The documentary review and interviews indicated that there were several complaints made against the former DG COM and that the former DG COM also accessed ETH.
60. ***The Review shows that multiple complaints were initiated using the Bank's various grievance avenues. However, none of these attempts resolved the workplace conflicts that took place during the former DG COM's tenure.*** Considering the number of complaints and repeated pattern of the former DG COM's reported behavior, the effectiveness and efficiency of the various staff grievance avenues and above all, the appropriate response time of these avenues, did not adequately respond to staff concerns.

Part E. Circumstances Surrounding the Former DG COM's Departure

(i) Employment history with AIIB

61. The former DG COM applied for the position on July 20, 2021. In total, 76 applications were received and reviewed by a panel comprised of an experienced and diverse selection of leadership and senior professionals from within the Bank. The virtual interview process ran from October 13, 2021, to October 20, 2021. The panel was unanimous in its selection of the former DG COM as the preferred candidate. An offer was extended to him on November 10, 2021, subject to pre-employment screening by an external service provider, which concluded on December 20, 2021. His employment as DG COM started on March 14, 2022.
62. The former DG COM had more than 30 years of experience in public relations in Canada, the United States, Korea, Japan, and Singapore. During his time at AIIB, he was generally recognized as a seasoned public relations expert who brought market experience to the Bank.

63. The COM team had 9 staff and 3 outsourced staff as assistants at the time the former DG COM joined the Bank, with five of them at senior level and the rest at middle and junior levels. The same multinational core team continued to serve in COM during his tenure. The DG COM reported to the President.¹²

(ii) Managerial and other issues

64. The documents reviewed and interviews undertaken with the COM team disclosed managerial and interpersonal issues continuing throughout the former DG COM's tenure (see Part D(ii) above). In May 2023, the President met with the former DG COM about these issues and discussed various options with him. The former DG COM remained in his post until June.

(iii) Resignation and departure

65. On June 12, 2023, the former DG COM informed the COM team that he had resigned from the Bank via email. He subsequently informed an officer in the Office of the President (PRE) about his resignation. He also advised that he had informed several AIIB Board members as well as his government, journalists and political parties in his country about his situation.

66. On June 14, 2023, in multiple emails to the same officer in PRE, he alleged that AIIB was a "tool of the communist party." On the same day, the President accepted his resignation and announced his departure internally within the Bank. The former DG COM publicly announced his resignation and made certain allegations against the Bank in multiple social media posts later the same day.

67. On June 16, 2023, the President met with the COM team to thank them for their resilience, hard work, and commitment amidst the difficult situation.

(iv) Safety concerns

68. In some media statements, the former DG COM cited safety concerns as reasons for his abrupt departure from China.

69. ***The Bank regards its duty of care to its staff as a high priority and is bound under Staff Rule 5.01 to adopt adequate arrangements to protect and promote the health, safety, and security of the staff of the Bank.*** The Bank safeguards the security and safety of Bank Personnel in accordance with the Directive on Security and Safety, and maintains a 24/7 security and emergency hotline to assist Bank Personnel in a timely manner. While the feeling of safety is determined by a multitude of factors, including environmental elements, psychological wellbeing, and personal perceptions, it is important to note that Bank Personnel enjoy immunity from legal process in all AIIB members with respect to acts performed by them in their official capacity. Article 14.3(a) of the Headquarters Agreement between AIIB and the Government of the People's Republic of China further specifies that Bank Personnel shall be immune from jurisdiction and legal process, including arrest and detention, even after termination of their mission or service, in respect of words spoken or written and acts performed by them in their official capacity.

¹² This reporting line has remained the same since the tenure of the former DG COM's predecessor.

70. ***The Review found no evidence that the former DG COM requested the Bank's assistance to protect his safety during his employment with the Bank. Nor has the Review found or received any evidence of safety risk posed to him.***

Part F. Conclusions and Recommendations

71. ***The Review found that the allegations lacked substantiation.*** Since his resignation from AIB on June 12, 2023, the former DG COM has made a series of public allegations against the Bank. Among his claims, he asserted that there was undue or improper political influence within AIB's Management and that the Bank suffers from a toxic work culture. The Review concluded that these allegations lack concrete evidence.

72. AIB is a fast-growing institution with a focus on increasing staffing in the short term to meet the goals of its Corporate Strategy. ***The Review identified multiple concerns about the former DG COM's performance and conduct, particularly in the weeks leading up to his resignation. Although the Review found that his allegations are incorrect and unsubstantiated, they present an opportunity to reflect on some of the general issues raised.*** As a result, ongoing efforts to improve both the development of a consistent Bank-wide corporate and working culture should be reinforced and the coordination, demarcation, and accountability of the various informal avenues for Bank staff to report and resolve grievances relating to workplace disputes should be improved to operate in a more efficient and effective manner.

73. ***Recommendations.*** In recognition of the issues and concerns that have arisen from the findings of the Review, the recommendations presented below are to be implemented by the Bank with the assistance of external resources, as the case may be:

Integrity of AIB's Governance

- Continue the ongoing Board of Directors-driven process of enhancing further Board efficiency and governance in the Bank. Use this process to address known and new issues for improvement, including those arising from this Review.
- Continue to strive to have all members' voices heard and taken into account, particularly the Bank's least developed members.
- Continue to regularly monitor developments in international best practice on governance; benchmark practices against those of the Bank's peers, including as may be suggested by the International Advisory Panel.
- Ensure that all staff are aware of the decisions made by the Board and the Executive Committee (ExCom) through transparent communication on the Bank's governance and decision-making processes, including more detailed disclosure of discussions and decisions to staff.

Bank Culture

- Hire a senior workplace culture specialist to assess the Bank's actions in developing its current culture, with the objective of providing recommendations on enhancing the corporate and working culture in the Bank.
- Accelerate efforts of the Culture Steering Committee and implementation of Staff Engagement Survey Action Plans that include specific culture recommendations, specifically, enhancing transparency, fostering trust and empowerment, as well as

promoting consistent behaviors across the Bank, strengthening a speaking-up and listening-up culture, and ensuring accountability across all levels.

- Reinforce Management commitment to fostering a respectful work environment by holding staff and managers accountable against the Bank's core and leadership competencies, including identifying behavior, whether of staff or managers, that does not conform to the principles embodied in the Code of Conduct for Bank Personnel.
- Improve internal communications within the Bank and public transparency around the Bank's internal governance and decision-making processes.
- Conduct refresher training for existing staff and enhance induction training for all new joiners with respect to the international character of international organizations, rights and obligations of international civil servants, and introduction to AIIB's culture and apolitical nature.

Staff Grievance Avenues

- Establish HRD as the first-line business unit to deal with all workplace disputes or allegations of inappropriate behavior in the workplace, by hiring a Senior Employee Relations Officer, launching an employee Grievance Helpline / Email, and more clearly identifying the main categories of grievances and clarifying their respective resolution flowcharts, timelines, and Management reporting.
- Set up a staff grievance coordination committee to include DG, HRD; Ombudsperson; and Chief Ethics Officer to identify systemic issues relating to the implementation of Bank-wide staff grievance mechanisms, to assign accountabilities, and where appropriate, to identify repeated and recalcitrant cases and coordinate a consolidated Bank response.
- As part of the ongoing phased review of the staff grievance mechanisms on which Management provides milestone updates to the BHRC, consider engaging an external consultant to support the Bank in improving the coordination, responsibilities, accountability and decision-making of each of the components of the informal staff grievance mechanisms.

HR Processes

- Strengthen the Bank's pre-recruitment screening processes, particularly for leadership positions, to include a mandatory comprehensive background check on selected candidates, including reference check with at least the last five organizations, including leadership profiling assessment.
- Prioritize the development and formalization of talent succession planning for all critical positions in the Bank.
- Strengthen performance management and adopt a plan to introduce a 360° Performance Assessment for managers.
- Strengthen the HR team to support the growth ambitions of the Bank, including the establishment of an employee relations function.

Other Recommendations

- (i) Evaluate the existing structure, personnel, and processes within the COM Department; and (ii) seek to provide COM with managerial leadership that demonstrates competency and vision aligned with the strategic needs of the Bank.
- HRD to verify the concerns raised by the former DG COM regarding leave requests and practices in COM to assess alignment with Bank policy.
- Develop a Crisis Response Plan, including a Crisis Communications Plan.

ANNEX 1

Terms of Reference for the

Review of the Conditions Around the Departure of AIIB's Former Director General of the Communications Department

June 2023

1. With a view to ensuring the proper fulfilment of the Asian Infrastructure Investment Bank's ("AIIB" or "the Bank") purpose and functions as set forth in its Articles of Agreement, the Board of Directors agreed on June 15, 2023, that an internal management review (the "Review"), led by the Bank's General Counsel, will be conducted on the circumstances surrounding the resignation of AIIB's former Director General (DG) of the Communications Department (COM) and the allegations he has made.
2. The Review will be conducted according to these Terms of Reference agreed by the Board of Directors. It will be performed by an *ad hoc* and independent group of the Board of Directors (the "*Ad Hoc* Group"). The Review will also benefit from guidance from an external reviewer.
3. The Review consists of three components:
 - a. the allegations made by the former DG COM about the integrity of the Bank's governance;
 - b. the allegations made by the former DG COM regarding the culture of AIIB;
 - c. the circumstances around the resignation of the former DG COM.
4. In terms of methodology, the Review will be conducted according to international best practices. To this end, the General Counsel will undertake the Review in conformity with the Bank's governance frameworks and policies, including AIIB's Internal Legal Framework and a description of the Review.
5. In conducting the Review, the General Counsel, and such other Bank Personnel (as defined in the Code of Conduct for Bank Personnel) that the General Counsel delegates for the purposes of the Review, will have access to all pertinent Bank Records (as defined in AIIB Directive on Records and Information Management) in the Bank's IT Facilities (as defined in AIIB Directive on Information Technology Security for Bank Personnel), and will be authorized to interview all Bank Personnel and external parties who may contribute information to the Review.
6. The Review will cover, without being limited to, the following areas:
 - a. detailed assessment of the communications between the former DG COM and the management;
 - b. detailed interviews with a representative panel of the staff on the related allegations;
 - c. detailed interviews of the Bank's management and other key stakeholders on the key materials related to the aforementioned allegations.
7. All records, data, information and documents obtained and created during and for the purposes of the Review will comply with the Bank's Policy on Personal Data Privacy and Policy on Public Information.

8. The disclosures following the Review will seek to respect the personal data privacy of the former DG COM and all other participants in the Review. The Bank will also endeavor to prevent any disclosure of confidential materials not directly related to the components of the Review.

ANNEX 2

Description of the Review of the Conditions Around the Departure of AIIB's Former Director General of the Communications Department

June 2023

1. Background

- 1.1. The Asian Infrastructure Investment Bank ("AIIB" or "the Bank") carries out its operations in line with its international character and upholds a high standard of governance. On June 12, 2023, AIIB's Director General (DG) of the Communications Department (COM) from March 2022, resigned from his position and has since made public comments concerning the Bank's culture and governance.
- 1.2. With a view to ensuring the proper fulfilment of the Bank's purpose and functions as set forth in its Articles of Agreement, the Bank's Board of Directors agreed on June 15, 2023, that an Internal Management Review (the "Review") will be conducted on the circumstances surrounding the resignation of the former DG COM and the allegations he has made. An *ad hoc* group of the Board of Directors (the "*Ad Hoc* Group") was established to oversee this Review.

2. General Principles

- 2.1. The Review will be led by the Bank's General Counsel.
- 2.2. The Review will be conducted in accordance with the Terms of Reference for the Review of the Conditions Around the Departure of AIIB's Former Director General of the Communications Department, adopted by the Bank's Board of Directors and in line with the Bank's governance frameworks and policies, including its Code of Conduct for Bank Personnel, the Staff Regulations, the Policy on Public Information and the Policy on Personal Data Privacy.

3. Scope and Mandate of the Review

- 3.1. The Review will address and make findings on the following three components:
 - (a) The allegations made by the former DG COM regarding the culture of the Bank;
 - (b) The allegations made by the former DG COM about the integrity of the Bank's governance;
 - (c) The circumstances around the resignation of the former DG COM.
- 3.2. In conducting the Review, the General Counsel, and such other Bank Personnel (as defined in the Code of Conduct for Bank Personnel) that the General Counsel assigns for the purposes of the Review, shall have access to all pertinent Bank Records (as defined in AIIB's Directive on Records and Information Management) in the Bank's IT Facilities (as defined in AIIB's Directive on Information Technology Security for Bank Personnel), and will interview all Bank Personnel and external parties who may contribute information to the Review.
- 3.3. Bank Personnel shall cooperate with the review on a voluntary basis. Such cooperation may include provision of information and participation in interviews in accordance with Section 4.2, or other assistance or support as may be needed.

4. Review Process

4.1. Document Review

- 4.1.1. In conducting the Review, the General Counsel shall examine all pertinent Bank Records as defined in AIB Directive on Records and Information Management.
- 4.1.2. All data and documents obtained and created as part of the Review process shall be retained and handled by the General Counsel in accordance with the AIB Directive on the Information Classification System.

4.2. Interviews

- 4.2.1. In conducting the Review, the General Counsel shall conduct interviews of Bank Personnel and external parties who may contribute information pertinent to the Review.
- 4.2.2. The General Counsel, or such other Bank Personnel that the General Counsel assigns to hold the interviews, shall provide all interviewees with advance notice of an interview. If an interviewee is willing to attend the interview but is not available during the proposed date and time, an alternative date and time must be provided.
- 4.2.3. At the beginning of each interview, the General Counsel, or such other Bank Personnel that the General Counsel assigns to conduct the interviews, shall inform the interviewees that they are expected to keep all matters relating to the Review confidential, by reading out an opening statement to this effect.
- 4.2.4. The interviews may be recorded by an audio or audiovisual recording device or transcribed if the General Counsel considers it necessary and the interviewee expresses their consent. The interview audio or audiovisual file or the transcript shall be retained by the General Counsel.
- 4.2.5. If the interview has been transcribed, a copy of the transcript of the interview shall be made available to the interviewee as soon as reasonably possible. The interviewee may be requested to review the transcript and advise of any changes to the transcript to improve its accuracy at the end of the interview.

4.3. Findings

- 4.3.1. The General Counsel shall submit its findings to the *Ad Hoc* Group and the Board of Directors. The findings of the General Counsel shall consider all relevant facts and shall conclude with the General Counsel's findings on the scope of review set out in Section 3. The findings will include all relevant facts that are needed to understand the context and basis for the General Counsel's findings and conclusions.

5. Safeguards

- 5.1. All data and documents obtained and created during and for the purposes of the Review, including the findings, shall be subject to the Bank's Policy on Personal Data Privacy, Policy on Public Information, Directive on Personal Data Privacy, Directive on the Information Classification System, Directive on Records and Information Management, and Directive on Information Technology Security for Bank Personnel.

- 5.2. The disclosures for the purposes of the Review will seek to respect the personal data privacy of the former DG COM and all participants in the Review. The Bank will also endeavor to prevent any disclosure of confidential materials not directly related to the components of the Review.
- 5.3. The identity of the Bank Personnel will not be disclosed for the purposes of the Review, unless otherwise requested to be disclosed by such Bank Personnel.

ANNEX 3

AIIB Sovereign-Backed Financings (SBFs) and Non-Sovereign-Backed Financings (NSBFs) Project Cycle

The Asian Infrastructure Investment Bank's ("AIIB" or the "Bank") financing process is guided by the Bank's mandate, mission and thematic priorities of green infrastructure, connectivity and regional cooperation, technology-enabled infrastructure and private capital mobilization. The Bank reviews financing proposals, seeking to achieve an appropriate balance among sectors, sovereign-backed and non-sovereign-backed financings and beneficiaries. AIIB's approval process¹ for sovereign-backed financings and non-sovereign-backed financings² is described below.

Project Screening Review. The Bank receives financing ideas and proposals from a variety of entities, including project sponsors, commercial banks, government entities, Bank Members and development partners. The Screening Committee ("SC")³ reviews the financing proposals for their strategic fit with the Bank's purposes and priorities and decides on whether to include them in the Bank's rolling investment pipeline, copying the Executive Committee ("ExCom").⁴ If a proposal raises complex issues or innovative features or there are differing views within the SC, the proposal is brought to the ExCom, which makes its recommendation to the President for decision. On a quarterly basis, the approved rolling investment pipeline is provided to the Board of Directors ("BoD") for information.

Assessment Prior to Concept Review. At this stage, the project team (PT) is formed, composed by the project team leader (PTL), the project counsel, the environmental and social specialists, the procurement specialist, the disbursement specialist, the financial management specialist and, when necessary, a credit officer. The PT gathers information about key aspects of the proposed financing to form a judgment on whether the proposed financing broadly meets the Bank's operating principles and warrants.⁵

Concept Review. The purposes of the concept review are to: (i) confirm that the proposed financing broadly fits within the purposes, policies, strategies and priorities of the Bank; (ii) assess whether the project merits the Bank's investment of time and resources, and, if so, authorize the initial resource requirements for the proposed financing; (iii) discuss possible

¹ The approval process may be simplified in certain limited circumstances, including in respect of straightforward low- or medium-risk financings that are deemed well prepared prior to concept review or follow-on or repeat financings.

² Sovereign-backed financings refer to: (a) loans to or with the guarantee of a Member; and (b) guarantees that: (i) covers debt service defaults under a loan that are caused by a Government's failure to meet a specific obligation in relation to the Project or by a borrower's failure to make a payment under the loan; and (ii) is accompanied by a Member Indemnity. Non-sovereign-backed financings refer to: any financing to or for the benefit of a private enterprise or a sub-sovereign entity that is not backed by a guarantee or counter-guarantee and indemnity provided by the Member.

³ Screening Committee is composed by Vice-President ("VP") of Policy and Strategy, VP of Investment Operations, Chief Risk Officer, General Counsel, Chief Economist.

⁴ Executive Committee is composed by President, Vice Presidents, Chief Risk Officer, General Counsel, Chief Economist, Chief Financial Officer.

⁵ Additional integrity and compliance checks, as well as initial environmental and social due diligence, are carried out prior to Concept Review.

modifications to the proposed financing to enhance its contribution to the Bank's objectives; and (iv) agree on the key issues and risks to be addressed and the approach to resolving them.

For the concept review, a project document ("PD") is prepared and submitted to the Investment Committee ("IC").⁶ This concept review PD includes, among other things: (i) a summary of key financing terms; (ii) a description of the underlying project and of the proceeds of the proposed financing; (iii) brief information on the beneficiary of the financing; (iv) a rationale for the Bank's involvement in the proposed financing; (v) preliminary information on the project's fiscal impact; (vi) the proposed applicable environmental and social ("ES") policies, its risk category, and the independent accountability mechanism; (vii) an assessment by the Bank's Office of the Treasurer; (viii) a summary of key project issues; and (ix) a timetable for next steps. At this stage, the Bank assesses if the proposed financing triggers the Operational Policy on International Relations and a summary of the project information is disclosed to the public.

Comprehensive Due Diligence Assessment. If the proposal passes concept review, the PT in charge of the proposed financing conducts a comprehensive technical, financial, risk, economic, institutional, legal (including sanctions for NSBFs) and ES assessment of the project.

Appraisal Review and Negotiations. The purposes of the appraisal review are for the IC to determine, on the basis of the presented PD: (a) whether to recommend approval of the proposed financing and on what conditions; and (b) authorize documentation of the deal (if approval is recommended). Following the appraisal review, the Bank's Legal Department drafts and negotiates the legal agreements. If any material change is made during or following negotiations, the project returns to the IC for its no-objection.

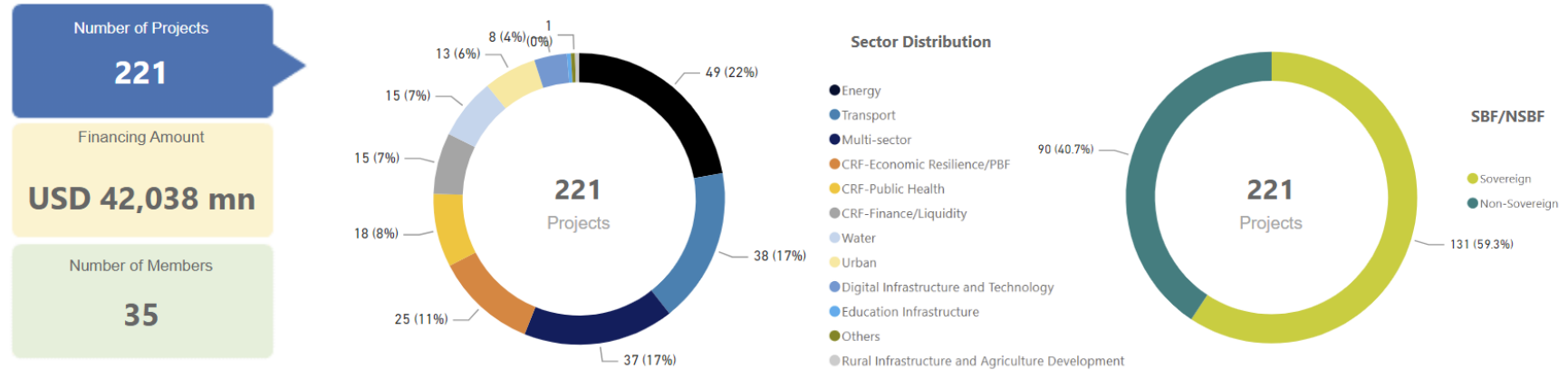
Approval. The PTL finalizes the PD together with a negotiations completion note to the IC advising it of the readiness of the project for approval. The PTL obtains approval from the environmental and social advisor, from the procurement advisor, and from legal counsel regarding the PD for approval and obtains clearance from the VP of Policy and Strategy to include in the PD for approval the assurance that the proposed financing is compliant with the Bank's policies. Upon the President's recommendation, the project is submitted to the BoD for approval (subject to the President's delegated authority to approve certain projects, binding to the limitations of such delegation as approved by the BoD). Following approval, the legal documentation for the financing is finalized for signing and then executed by the relevant parties. Effectiveness of the financing is subject to the satisfaction of all effectiveness conditions.

⁶ Investment Committee is composed by VP of Policy and Strategy, VP of Investment Operations, Chief Risk Officer, General Counsel, Chief Financial Officer.

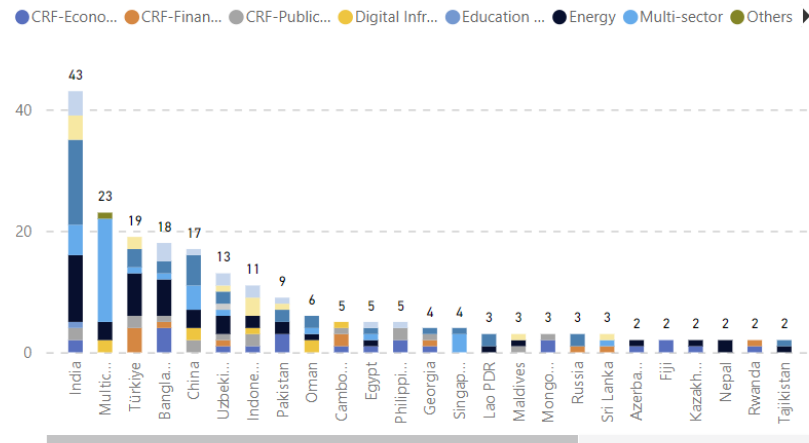
ANNEX 4

Statistics of AIIB-financed Projects

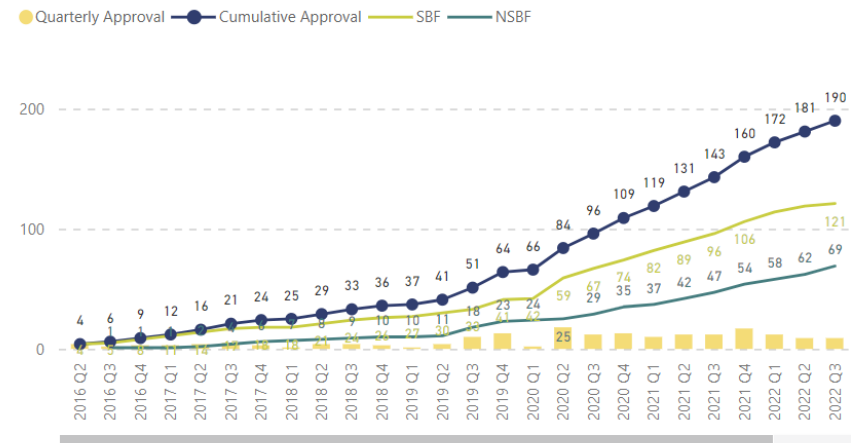
Figure 1: Breakdown by number and sector of projects



Member Distribution of Investments (Project #)

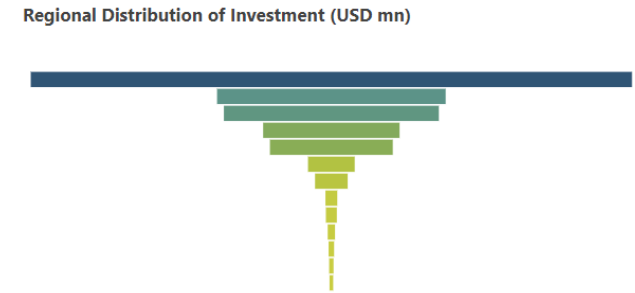
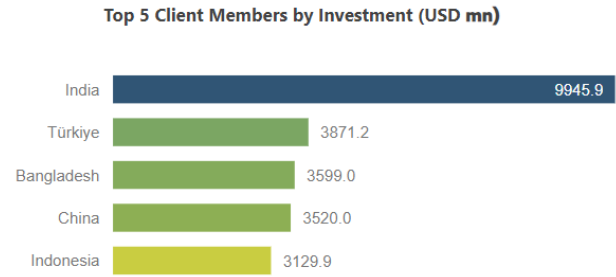


Cumulative approved Loan and Investment (Project #)

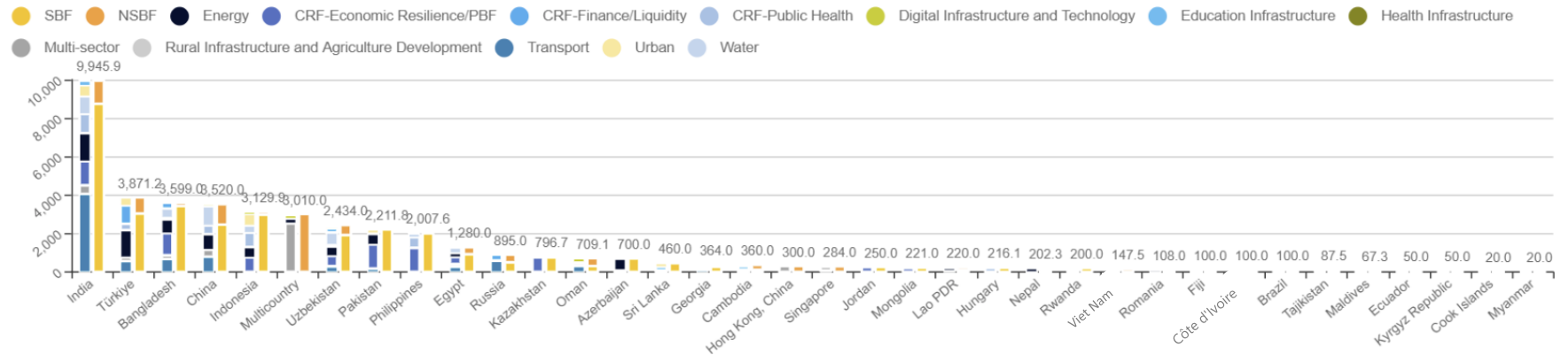


Data is as of June 24, 2023 updated by IMD.

Figure 2: Breakdown by investment amounts



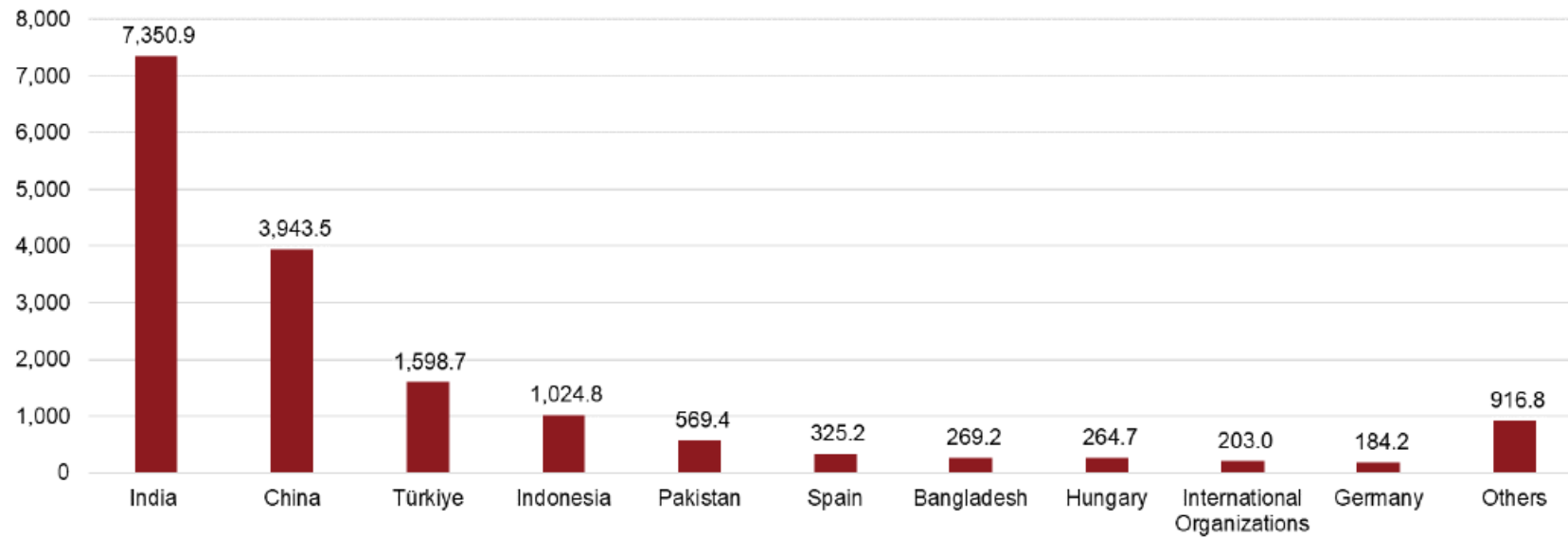
Member Distribution of Investments (USD mn)



Data is as of June 24, 2023 updated by IMD.

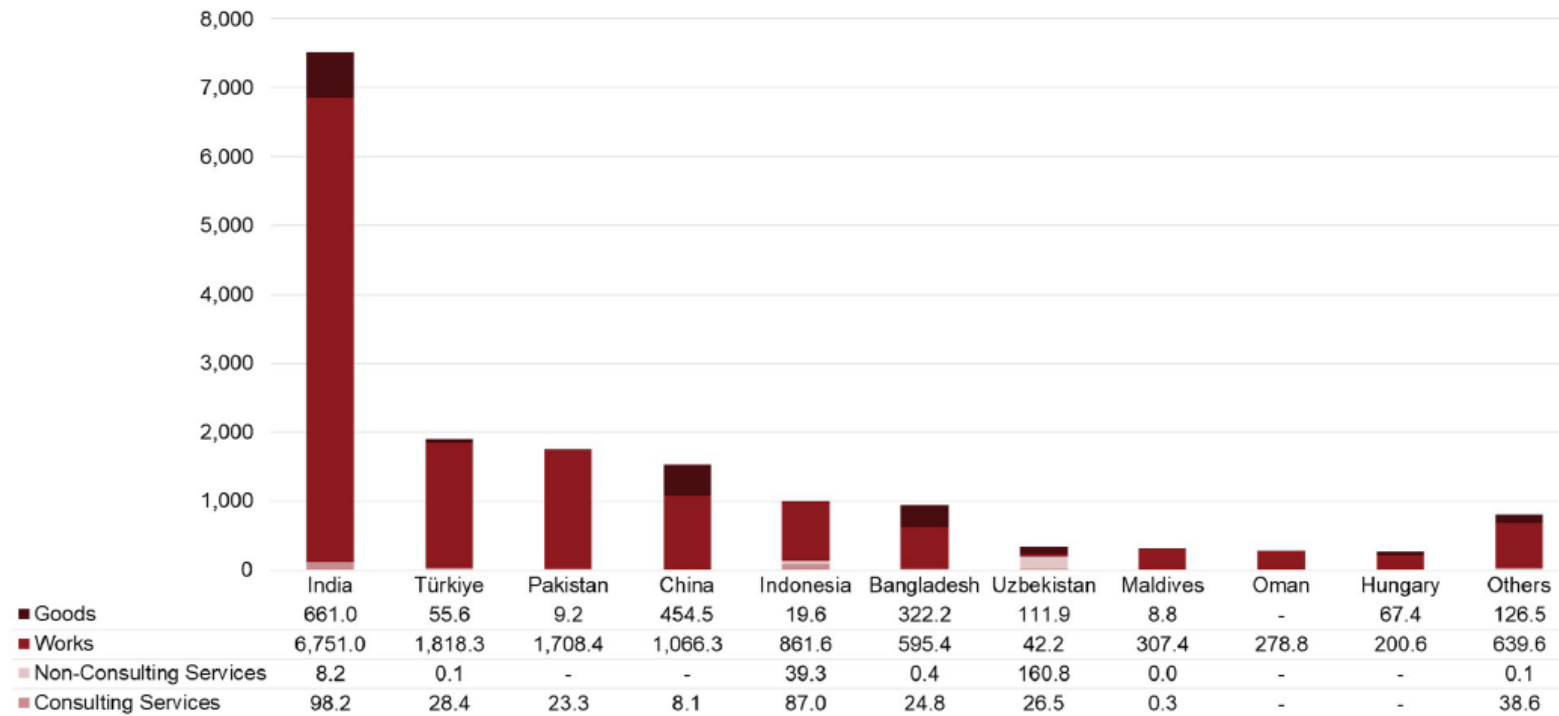
ANNEX 5
Statistics on AIIB's Operational Procurement

Figure 1: Top 10 Sources of Suppliers/Contractors/Consultants, 2016-2022 (USD million)



Source: AIIB, Co-financiers

Figure 2: Distribution of Procurement in the Recipients, 2016-2022 (USD million)



Source: AIIB, Co-financiers