

**MINUTES OF THE FOURTEENTH AUDIT, RISK AND COMPLIANCE COMMITTEE
MEETING OF THE NEW DEVELOPMENT BANK (VIDEOCONFERENCE) HELD ON
MARCH 24, 2020 AT 20:00 (SHANGHAI TIME)**

PRESENT:

Members of the Audit, Risk and Compliance Committee

- i. Mr. Enoch Godongwana (Director for South Africa, Chairperson)
- ii. Ms. Vuyelwa Vumendlini (Alternate Director for South Africa)
- iii. Ms. Yana Dumaresq (Director for Brazil)
- iv. Mr. Erivaldo Alfredo Gomes (Alternate Director for Brazil)
- v. Mr. Sergei Storchak (Director for Russia)
- vi. Mr. Andrey Bokarev (Alternate Director for Russia)
- vii. Mr. K. Rajaraman (Director for India)
- viii. Mr. Wencai Zhang (Director for China)
- ix. Mr. Qiangwu Zhou (Alternate Director for China)
- x. Mr. KV Kamath (President and Board Member)

Advisors and other Participants accompanying Committee Members

- i. Mr. Marcos Guimarães, Deputy Secretary for International Economic Affairs, Ministry of Economy, Brazil
- ii. Mr. Marco Aurélio dos Santos Araújo, General Coordinator for Global Development Institutions, Ministry of Economy, Brazil
- iii. Ms. Raquel Porto Ribeiro Mendes, Coordinator for Relationship with Global Development Institutions, Ministry of Economy, Brazil
- iv. Ms. Elena Zamorina, Consultant, Department for International Financial Affairs, Ministry of Finance, Russia
- v. Mr. Prasanna V. Salian, Deputy Secretary, Other Multilateral Institutions Division, Department of Economic Affairs, Ministry of Finance, India
- vi. Mr. Yuanjie Yang, Director, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- vii. Mr. Jiangnan Qian, Director, Department of International Economic and Financial Cooperation, Ministry of Finance, China

- viii. Ms. Hongna Li, Deputy Director, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- ix. Mr. Yazhou Yan, Staff Member, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- x. Mr. Mfundo Hlatwayo, Chief Director, BRICS, Global and Emerging Markets, International and Regional Economic Policy, National Treasury, South Africa
- xi. Mr. Andile Kuzwayo, Director, BRICS, Global and Emerging Markets, International and Regional Economic Policy, National Treasury, South Africa
- xii. Mr. Lesego Ntoahae, Economist, BRICS, Global and Emerging Markets, International and Regional Economic Policy, National Treasury, South Africa
- xiii. Mr. Oratilwe Tiesho, Economist, BRICS, Global and Emerging Markets, National Treasury, South Africa

Vice Presidents

- i. Mr. Sarquis Sarquis, Vice-President and Chief Risk Officer (“CRO”)
- ii. Mr. Vladimir Kazbekov, Vice-President and Chief Administrative Officer (“CAO”)
- iii. Mr. Xian Zhu, Vice-President and Chief Operations Officer (“COO”)
- iv. Mr. Leslie Maasdorp, Vice President and Chief Financial Officer (“CFO”)

New Development Bank Staff and Independent Auditors

- i. Ms. Yolande Dwarika, Director General and Corporate Secretary
- ii. Mr. Weijie Liu, Principal Professional, Corporate Secretary
- iii. Ms. Miya Liu, Junior Professional, Corporate Secretary
- iv. Ms. Helen Shen, Officer, Corporate Secretary

The following staff members and representatives of the Independent Auditor attended the meeting for relevant agenda items with the approval of the Chairperson:

- i. Mr. Jose Luiz Fernandez, Director General, Risk Management
- ii. Ms. Halima Nazeer, Director General, Finance, Budget and Accounting
- iii. Mr. Bharan Kumar Guntupalli, Chief, Risk Management
- iv. Mr. Paritosh Pandit, Chief, Finance, Budget and Accounting
- v. Mr. Manish Singh, Chief, Human Resources
- vi. Mr. Srinivas Yanamandra, Chief, Compliance
- vii. Mr. Kamal Ahuja, Chief, Internal Audit
- viii. Mr. Leon Fan, Independent Auditor, Deloitte
- ix. Ms. Jessica Li, Independent Auditor, Deloitte

1. Adoption of the Agenda

The agenda (2020-ARC14-DOC-001-REV1) was considered and adopted by the Committee.

2. Leave of Absence

All Directors were present. The meeting had the requisite quorum.

3. Adoption of the Minutes and Summary of the 13th ARC Meeting held on December 12, 2019

The Minutes (2020-ARC14-DOC-003-REV1) and Summary (2020-ARC14-DOC-004-REV1) of the 13th ARC Meeting held on December 2, 2019 were approved by the Committee.

4. Matters Arising from the Previous Meeting

The Committee considered the Matters Arising from the 13th ARC Meeting of the New Development Bank (2020-ARC14-DOC-005) and took note thereof.

5. Financial Statements

a. Annual Audited Financial Statements for the New Development Bank for the period ended December 31, 2019

The Committee considered the Note on New Development Bank Annual Financial Statements for the period ended December 31, 2019 (2020-ARC14-DOC-006-a) and the Audited Annual Financial Statements for the year ended December 31, 2019 (2020-ARC14-DOC-006-b-REV1). The Committee recommended that the Board of Directors ("Board") approve submission of the Annual Audited Financial Statements for the New Development Bank for the year ended December 31, 2019 to the Board of Governors for consideration.

b. Annual Audited Financial Statements for the Project Preparation Fund of the New Development Bank for the period ended December 31, 2019

The Committee considered the Note on Project Preparation Fund Annual Financial Statements for the period ended December 31, 2019 (2020-ARC14-DOC-007-a) and the Independent Auditor's Report and Financial Statements for the Project Preparation Fund of the New Development Bank for the year ended December 31, 2019 (2020-ARC14-DOC-007-b). The Committee recommended that the Board approve submission of the Annual Audited Financial Statements for the Project Preparation Fund of the New Development Bank for the year ended December 31, 2019 to the Board of Governors for consideration.

6. Risk Management Report for the period ended December 31, 2019

The Committee considered the Risk Management Report for the period ended December 31, 2019 (2020-ARC14-DOC-008) and took note thereof.

7. Policy Reviews

a. Interest Rate Risk Management Policy

The Committee considered the proposed revisions to the Interest Rate Risk Management Policy and recommended that the Board approve the revised Interest Rate Risk Management Policy.

b. Exchange Rate Risk Management Policy

The Committee considered the proposed revisions to the Exchange Rate Risk Management Policy and recommended that the Board approve the revised Exchange Rate Risk Management Policy.

c. Business Continuity Management Policy

The Committee considered the proposed revisions to the Business Continuity Management Policy and recommended that the Board approve the revised Business Continuity Management Policy.

d. Accounting Policy and Measurement

The Committee considered the proposed revisions to the Accounting Policy and Measurement and recommended that the Board approve the revised Accounting Policy and Measurement.

e. Information Technology Policy

The Committee considered the proposed revisions to the Information Technology Policy and recommended that the Board approve the revised Information Technology Policy.

f. Information Technology Service Management Policy

The Committee considered the proposed revisions to the Information Technology Service Management Policy and recommended that the Board approve the revised Information Technology Service Management Policy.

8. Compliance

The Committee considered the Note on Annual Compliance Update (2020-ARC14-DOC-016-a) and its Annexure 1 (2020-ARC14-DOC-016-b). The Committee took note of the Compliance Assessment Report and the Anti-Money Laundering Work Report, and recommended that the Board approve the Compliance Management Plan for 2020.

9. Internal Audit

a. Internal Audit Report for the period ended December 31, 2019

The Committee considered the Internal Audit Report for Q4, 2019 (2020-ARC14-DOC-017) and took note thereof.

b. Status of Audit Observations from previous Audit Reports

The Committee considered the Note from the Internal Audit Division for the Audit, Risk and Compliance Committee (2020-ARC14-DOC-018) and took note of the status of audit observations from previous audit reports.

c. Internal Audit Plan for 2020

The Committee considered and approved the Risk-based Internal Audit Plan CY2020 (2020-ARC14-DOC-018).

d. Revisions to the Internal Audit Policy

The Committee considered the proposed revisions to the Internal Audit Policy and recommended that the Board approve the revised Internal Audit Policy.

e. Revisions to the Internal Audit Charter

The Committee considered the proposed revisions to the Internal Audit Charter and recommended that the Board approve the revised Internal Audit Charter.

f. Appointment of Internal Auditor

The Committee considered the KPMG's Advisory Service Proposal on CY2020 Internal Audit for New Development Bank (2020-ARC14-DOC-022) and recommended that the Board approve appointment of KPMG as the Internal Auditor for CY2020.

10. Closed Session

The Committee met with the representatives of the Independent Auditor, Deloitte and the Chief, Internal Audit respectively in a closed session.

11. Any Other Business

No other matters were discussed. The meeting ended with thanks from the Chairperson of the meeting.