

*Published by  
the Office of the Chief Compliance Officer*

# **Integrity Report**

**2010**



## **MESSAGE FROM THE PRESIDENT**

NIB is committed to following best practices and market standards in the areas of accountability, transparency and business ethics in order to promote sustainability. Good governance and corporate responsibility are vital concepts in business today and form the core of the Bank's efforts to maintain integrity and avoid reputational risk in its activities.

Fraud, corruption, blackmail, collusion and coercion are not only intolerable from an ethical point of view, but can severely jeopardise the mission and work of the Bank. This conclusion can be drawn not only from the heated debate taking place in the international arena but is also a matter of fact, as many countries are enforcing strict rules on liability in connection with acts of corruption. It is well understood that corruption undermines democratic institutions and hampers economic growth, and impacts on the process of investing and job creation.

In response to these threats, through joint efforts with peer organizations and by requiring a certain standard from counterparties NIB honours its commitment to strictly adhere to the highest standards of integrity and business ethics. As part of this Anti-Corruption Strategy a Committee on Fighting Corruption is, together with the Compliance function, working pro-actively in order to increase the detection of corrupt practices, and thus also raise awareness and deterrence.

A combination of preventive measures and firmly addressing alleged cases of corruption has today been seen as the most effective way of combating corruption in the Bank's activities. However, it is also recognised that continuous efforts are needed and it is critical for success that both our staff and counterparties continue to work to prevent corrupt practices and achieve sustainable growth.

The following report is NIB's first published report on this matter and describes the measures taken to promote integrity in its activities and combat both internal and external corruption during 2010. The report also gives a brief overview of the key developments on the horizon for the year 2011.

Johnny Åkerholm  
President  
Nordic Investment Bank

## ABBREVIATIONS

ADB	Asian Development Bank
AfDB	African Development Bank
CCO	Chief Compliance Officer
CFC	Committee on Fighting Corruption
EBRD	European Bank for Reconstruction and Development
FI	Financial Intermediary
IDB	Inter-American Development Bank
IDD	Integrity Due Diligence
IFI	International Financial Institution
OCCO	Office of the Chief Compliance Officer
Uniform Framework	Uniform Framework for Preventing and Combating Fraud and Corruption

## TABLE OF CONTENTS

1. INTRODUCTION .....	1
1.1. About NIB .....	1
1.2. The Report .....	1
2. THE OFFICE OF THE CHIEF COMPLIANCE OFFICER (OCCO) .....	2
3. FIGHTING FRAUD AND CORRUPTION .....	3
3.1 Preventive measures in lending operations.....	4
3.2 Ensuring legitimacy in procurement .....	6
3.3 Raising awareness .....	6
3.4 Accountability and oversight .....	7
3.4.1 <i>Internal reporting</i> .....	7
3.4.2 <i>External reporting</i> .....	7
3.5. Cooperation with other partners.....	8
3.6 Investigation of alleged corruption .....	9
3.6.1 <i>Suspected cases of internal corruption</i> .....	9
3.6.2 <i>Suspected cases of external corruption</i> .....	9
4. PLANNED ACTIVITIES .....	10
5. CONTACT INFORMATION .....	10

## **1. INTRODUCTION**

### **1.1. About NIB**

The Nordic Investment Bank (“NIB” or “the Bank”) is an international financial institution (“IFI”) established in 1975. The Bank has its headquarters in Helsinki, Finland and is owned by its member countries; Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden. As other IFIs, NIB is an international legal person under public international law with full legal capacity and governed by its constituent documents<sup>1</sup>.

The Bank provides long-term financing, based on sound banking principles, to projects that strengthen competitiveness and enhance the environment and that are of mutual interest to the member countries and the recipient country.

NIB focuses on projects which show a high degree of mandate compliance. Traditionally the focus has been on four sectors: energy; the environment; transport, logistics and communications; and innovation. In addition, it finances projects in manufacturing, mining and services. Projects can involve large investments by the corporate sector or investments by small and medium-sized enterprises, targeted in cooperation with financial intermediaries.

When the Bank considers projects for financing, it takes into account not only their impact on competitiveness and the environment, but also their broader, indirect effects on the economy and society. The projects are viewed from a sustainable growth perspective to ensure adequate resources for future growth.

NIB acquires the funds for its lending activities by borrowing on the international capital markets. The Bank's bonds enjoy the highest possible credit rating, AAA/Aaa, with the leading rating agencies Standard & Poor's and Moody's.

For further information about NIB, please visit [www.nib.int](http://www.nib.int).

### **1.2. The Report**

This report summarises work undertaken by NIB during the year 2010 (1 January - 31 December) to combat corruption and ensure the integrity of the Bank's operations. Together with the Bank's annual report it provides an overview of the Bank's commitment to combating fraud and corruption and the promotion of integrity and best business practices.

The report does not contain information on or an analysis of corruption issues or trends in the member countries, or any other countries where the Bank conducts business. Moreover, it is not intended to analyse efforts to combat corruption in these countries.

---

<sup>1</sup> Agreement between Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden concerning the Nordic Investment Bank (11.2.2004), which has been ratified by the Bank's eight member countries, Statutes of the Nordic Investment Bank (11.2.2004) and Host Country Agreement between the Government of Finland and the Nordic Investment Bank (20.10.2010).

The report concentrates on the Bank's own anti-corruption strategy, which includes measures for the prevention, detection, investigation and sanctioning of corrupt practices. The report includes a description of the Bank's current framework for dealing with these issues, the key activities the Compliance function was engaged in during the year and an overview of how the Bank will continue to develop its policies and procedures in relation to integrity matters in 2011.

The Compliance function was formally established in January 2008 and the current governing Compliance Policy was adopted by the Board of Directors on 17 December 2009. The function is still heavily involved with implementing the policy in the Bank, distinguishing between tasks and allocating responsibilities between departments, identifying all possible compliance risks and responsibility for mitigation, and setting up proper working modalities. The Integrity Report 2010 is the first of its kind to be published by the Bank.

## **2. THE OFFICE OF THE CHIEF COMPLIANCE OFFICER (OCCO)**

At NIB, OCCO, or the Compliance function, works to address potential risks, maintain integrity and avoid reputational risk in the Bank's daily business. Compliance risk at the Bank is based on the report on compliance functions by the Basel Committee on Banking Supervision and defined as "the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with compliance laws, rules and standards".

Compliance within the Bank is further specifically defined to cover the following three areas:

- Institutional compliance: Includes governance, internal structure and decision-making processes, principles of procurement, principles of CR, disclosure policies, sustainability reporting and adherence to internal rules and regulations;
- Operational compliance: includes assessment of integrity risk and reputational risk in the Bank's transactions, anti-money laundering, counter terrorist financing and Know Your Customer, as well as other compliance principles;
- Conduct compliance: includes risk in terms of conflicts of interest, insider trading and other issues related to professional conduct of members of the governing and supervisory bodies and staff of the Bank.

OCCO plays an important role in ensuring that the highest possible standards of integrity and business ethics are applied throughout the Bank, and it provides a broad range of advice and assistance in assessing and evaluating integrity and reputational risks. As part of its responsibilities OCCO advises senior management, develops corporate governance and sustainability reporting, assists with the Integrity Due Diligence (IDD) process for lending transactions, recommends and comments on policies, provides staff with training and monitors compliance with internal policies and rules.

In addition, OCCO is responsible for ensuring that the Bank's business is protected from corrupt and fraudulent behaviour. The function is responsible for implementing, developing and monitoring NIB's rules, policies and practices, and for ensuring that the different Codes of Conduct for the Staff, Board, President and Control Committee are in line with current international practices. OCCO has a pivotal role in outlining the rules on insider information, conflicts of interest and the handling of confidential information, as well as interpreting the codes and possible breaches.

As described in more detail in Section 3, the Chief Compliance Officer at NIB also acts as the Chairman of the Committee on Fighting Corruption (CFC), and is involved in investigating allegations of fraudulent and corrupt practices, both with regard to the Bank's staff and members of the Board of Directors, as well as in relation to Bank projects and counterparties.

### **3. FIGHTING FRAUD AND CORRUPTION**

As an international organisation NIB places particular emphasis on fighting corruption both in its external and internal activities and operations, and the Bank firmly aims at zero tolerance of corruption. A Resolution on Fighting Corruption was adopted in 2000, setting out the fundamental principles and guidelines for combating corruption. The Resolution was aligned in 2007 with the IFIs' Uniform Framework for Preventing and Combating Fraud and Corruption from 2006. The Bank demonstrated its commitment to the framework by formally declaring its endorsement of it in 2008.

In the Resolution on Fighting Corruption, NIB defines corruption as "any improper or illegal behaviour where persons enrich themselves or those close to them, or encourage others to do so, by misusing their position in any way". Consequently, the term corruption refers to any form of abuse or misuse for personal gain, such as fraud, bribery, coercion, or blackmail. Fighting corruption also includes efforts to combat money laundering and financing international terrorism. The Bank has introduced the definitions on corrupt practices found in the Uniform Framework in all its relevant documentation.

To ensure adherence to rules and regulations and prevent corruption in the Bank's activities, a Committee on Fighting Corruption (CFC) is working actively within the Bank. The Committee is governed by the [Resolution](#) as well as by the [Rules of Procedure](#).

The business plan for OCCO in 2010 included a review of the Resolution and the composition and working modalities of the CFC. The revision was largely brought about by the fact that establishing the Compliance function and adopting the policy prompted a scrutiny of the division of powers and duties between the function and the Committee. Additionally, the review was needed in order to further harmonise the anti-corruption structure of NIB with the recent developments among major IFIs such as the new Agreement for Mutual Enforcement of Debarment Decisions, which was signed in April 2010 among the World Bank Group, the EBRD, the ADB, the AfDB and the IDB.

A prominent consultant with experience within the field was commissioned during the summer 2010 to review NIB's current structures for fighting fraud and corruption. The final report was delivered in December 2010. NIB will consider the report and its recommendations during the financial year 2011.

Currently the Chief Compliance Officer also acts as the Chairman of the CFC. The tasks of the CFC are divided into two distinct fields. On the one hand, the CFC suggests preventive measures in order to fight corruption and works proactively to raise awareness of anti-corruption issues and reduce the risks of corruption (Section 3.1). On the other hand, the Committee investigates all cases of alleged corruption. These include both external cases, involving third parties in relation to NIB, and internal cases, involving staff members or other officials of NIB (Section 3.6).

The Bank believes that preventive measures are an effective way of combating corruption and it is also the responsibility of the CFC to recommend measures to protect both external and internal activities and operations.

It has been observed that pre-financing screening, for example, is one of the best ways of preventing corruption in projects and thus safeguarding the integrity of the Bank's operations. Through the screening possible corruption is eliminated already at its root and the Bank firmly communicates its resistance towards such practices. Screening has also been proven to raise awareness both among counterparties and staff, enhancing sensitivity to comprehend and stay alert to possible integrity concerns.

Zero tolerance of corruption is promoted not only in the Resolution on Fighting Corruption but through guidelines and policies governing each aspect of NIB's business. Fighting fraud and corruption is taken into consideration in *inter alia* financial policies, particularly the IDD guidelines, the guidelines for procurement, the different codes of conduct, the legal framework for staff, and in the policies for communication and disclosure. The preventive measures taken within these different sectors will be presented in brief below:

### **3.1 Preventive measures in lending operations**

As part of sustainability the Bank emphasises integrity and good governance and all the Bank's lending operations must be carried out by applying sound banking principles. This helps the Bank to also protect its reputation. NIB is committed to maintaining the highest level of ethical behaviour in its own performance as well as in the behaviour of its customers.

Developments in the corporate sector during the past decade and more recently in the financial sector show the severe consequences non-compliance, poor governance and lack of transparency may have on the market. In the global environment the incidents have effects far beyond the places where they originally occur or are detected.

With reference to the Uniform Framework and other market standards and practices and as a part of its efforts to promote sustainability and compliance, the Bank has decided to embark on a consistent process to assess integrity matters in relation to its lending in formalising pre-financing screening, an Integrity Due Diligence Process (IDD-Process). Since integrity issues form a significant part of the responsibilities of the Compliance function, the work on formalising consistently applied IDD-Guidelines and Procedures under the auspices of the Chief Compliance Officer started already early in 2008 and the process continued until March 2009.

To involve the staff affected by the IDD, comprehensive training was carried out for over 60 members of staff involved in the credit process. Based upon recommendations from the participants in the training, IDD-Guidelines and Procedures were set up for the Bank's lending transactions.

NIB has, in line with the IFI Uniform Framework, adopted the following general principles for IDD:

- Adequate "know your customer" procedures to ensure identification of beneficial ownership;

- Close scrutiny of parties convicted of or under investigation for serious crimes and sanctioned by a regulatory body or appearing on a recognised sanctions list;
- Close scrutiny of parties subject to civil litigation concerning allegations of financial misconduct;
- Close scrutiny of politically exposed persons;
- Identification of mitigants and enforcement of covenants that address integrity risks;
- Ongoing monitoring of integrity risks through portfolio management.

The IDD-Process is an integral part of the credit process and the main principle is that all projects that the Bank contemplates financing are screened from a due diligence point of view. The Bank applies a risk-based approach to its IDD-Process, which means that the scope and depth of the IDD varies depending on the transaction, the client and the other partners involved. Integrity checks are also part of the follow-ups of the existing loan portfolio, particularly when changes occur in a loan transaction.

The IDD is carried out as early as possible in the credit process. A preliminary assessment of integrity risks is therefore already made at concept clearance. A number of sources are available for carrying out the IDD and the Bank has, for example, signed framework agreements with external investigation firms, available as and when required for more in-depth reports. When the transaction is presented to the Credit Committee for decision-making, the final IDD has under normal circumstances already been made. OCCO will be involved when any integrity concerns are identified in the transaction and the Chief Compliance Officer is given the opportunity to comment on any such concerns in the Credit Committee meeting. OCCO is naturally available for advice at any time during this process and regularly reviews the loan proposals that are made to the Credit Committee.

The IDD documentation consists of three parts: 1) the general guidelines and principles; 2) the procedures, including a detailed description of the process with flow charts; and 3) the questionnaires as well as check-lists for performing the IDD.

The Guidelines also include examples of situations and integrity concerns when the Bank would normally refrain from engaging in a transaction, or so-called project blockers. Project blockers include *inter alia* unclear ownership, appearance on black-lists and criminal activities.

Also included in the Guidelines are examples where enhanced due diligence is required according to market standards and practices. An enhanced due diligence review is called for, for example, in a transaction involving Politically Exposed Persons, extractive industries or real estate, when abuse of generally accepted corporate governance standards is present or if the company structure is unnecessarily complicated, involving off-shore vehicles, overseas jurisdictions or tax havens. In these types of transactions the IDD will be extended from, in addition to the client, to also comprise the main beneficiaries, licensors and agents as the case may be. If the client is a Financial Intermediary (FI), the Bank additionally has to make sure that the FI also applies prudent KYC principles and procedures to detect any fraudulent or corrupt behaviour among its clients and, in particular, that it has relevant and sufficient controls to prevent money laundering and to suppress terrorist financing.

The Guidelines and Procedures for IDD in lending operations were established in March 2009 and implemented for all new lending transactions from 15 April 2009. It was further decided that after a

trial period of six months the functionality of the IDD-Process should be assessed to see whether any amendments to the Guidelines or Procedures would be necessary and how the Guidelines and Procedures were complied with. During the review period from 15 April to 3 November 2009 the follow-up concentrated on reviewing how the IDD-Process was conducted in the transactions presented to the Credit Committee (31 new loans and 111 existing loans reviewed). The follow-up report presented to the Credit Committee in March 2010 concluded that no revision of the Guidelines was necessary at the current stage but included recommendations on how to further integrate and apply IDD to the existing loan portfolio.

### **3.2 Ensuring legitimacy in procurement**

NIB is well aware that fraud and corruption are not only threats in lending operations but also possibly occur in its own process of procuring services. Procurement is one of the focus areas for IDD for public sector projects and is also a way of ensuring that NIB's counterparties commit to the same level of business integrity as the Bank itself. To prevent corruption in the procurement process and to ensure an objective process for evaluating tenderers, the Bank has drafted both internal and external procurement guidelines.

New internal guidelines were adopted in early 2010 with proper references to both the prevention of fraud and corruption and taking environmental aspects into consideration. At the same time, the Bank concluded that a revision of the Bank's external Procurement Guidelines was also urgently needed as the previous guidelines were adopted in 1999. The work on the revision has been an ongoing project for the financial year 2010 and will be completed during 2011. The legal department is responsible for the review and OCCO will be consulted to ensure that appropriate references are included in the principles for combating fraud and corrupt practices in the projects the Bank finances.

### **3.3 Raising awareness**

The IDD-Process alone will not secure the elimination of fraudulent behaviour and corrupt practices or integrity risks in the Bank's operations, nor will it safeguard the reputation of the Bank under all circumstances. However, the IDD-Process consistently applied will raise awareness among staff and, of equal importance, among the Bank's customers about the importance of these issues and contribute to the Bank's commitment and accountability to its owners and other stakeholders.

NIB has its own set of rules for its staff on proper business conduct and ethical behaviour. As an international organisation entrusted with public monies, NIB puts high value on upholding proper ethical standards and professional objectivity and thus retaining public trust in the institution. The Codes of Conduct for the Staff, Board of Directors, President and Control Committee provide guidance on the type of behaviour the Bank encourages, and breaches will be subject to disciplinary measures. For example, the Bank requires all staff to annually disclose financial and business interests, and safeguards the objectivity of the Bank's operations through comprehensive rules on conflicts of interest and insider information.

The Code of Conduct for the Staff is subject to annual review upon the request of the Board of Directors to keep up-to-date with the rapid development of integrity issues and business ethics. It became clear in late 2008 that there would be a need for a number of substantial changes and clarifications in the Code of Conduct for the Staff and the work was initiated in early 2009. A revised Code, reflecting recent developments on the market in terms of best practices concerning

business ethics and integrity, was adopted by the Board of Directors and it entered into force on 1 July 2009.

A training programme for all staff on business ethics and practical case studies was developed and carried out with the help of an outside facilitator in 2009. The training package was very well received by the staff and it forms a basis for the internal preparation of continuous training of staff at regular intervals and as part of NIB's induction programme for new staff. One induction course was carried out by Compliance in November 2009 and another in June 2010.

The annual revision of the Code of Conduct for the Staff in 2010 only included minor alterations; for example, three new management positions were included within the scope for a more extensive annual declaration on financial and business interests. The entire staff also completed this annual declaration process electronically for the first time during 2010. In addition to the Code, the staff at NIB is also guided by an Example list, which in turn was under extensive review during 2010. The list includes practical examples that could well occur at the Bank and is meant to illustrate clearly the practical implications of the rules in place in the Code of Conduct. The list is nonetheless only intended to offer guidance and each case at NIB will be treated separately with due consideration to its circumstances and particularities.

The Bank has observed that training on these issues is the best way of raising awareness, thus keeping the staff alert to all the different ways in which corruption may take form in daily business activities. OCCO has therefore sought to ensure that proper induction courses are arranged for all new staff members and that refresher courses are held at regular intervals.

### **3.4 Accountability and oversight**

#### **3.4.1 *Internal reporting***

According to the Compliance policy, OCCO shall report to the Board of Directors and to the Control Committee directly once a year. The Control Committee, with representatives from all the Bank's member countries, shall ensure that the Bank's operations are conducted in accordance with its Statutes and the Committee is further responsible for the audit of the Bank's accounts. The report, in addition to the follow-up of the Compliance annual business plan, provides information on matters of importance according to other established policies and guidelines.

According to the Rules of Procedure for the Control Committee, the Control Committee shall monitor the anti-corruption practices of NIB on a regular basis. This monitoring generally takes place through reporting at the regular meetings of the Control Committee. The Board of Directors and the Control Committee are also informed of specific cases of alleged corruption in accordance with relevant policies and rules of procedures.

#### **3.4.2 *External reporting***

NIB promotes good governance and best practices and strives to be transparent in its own operations. The Bank's behaviour is guided by the principles of transparency, predictability, accountability, responsibility and disclosure. The principles strengthen the commitment to prevent corruption, which is also enshrined in both the Communication Policy and the Disclosure Policy.

According to the main rule, NIB discloses all information that is of interest to its stakeholders, unless a specific confidentiality commitment applies. Such exceptions must be legitimate and may, for example, refer to bank secrecy rules or specific client privileges. NIB discloses all information required by authorities and does so both accurately and in a timely manner.

The Bank's Disclosure Policy was reviewed during 2010, and approved by the Board of Directors on 16 December 2010, coming into force from 1 January 2011. The review resulted in a restructuring of the text and aligning it with the Bank's Communications Policy. A presumption of disclosure in the absence of a compelling reason for confidentiality was included more clearly, and further information on disclosure on borrowing and other treasury operations as well as on mandate compliance for granted loans was introduced.

NIB aims to be accountable for its own actions by having all policies on business ethics and integrity, fraud and corruption publicly available, and disclosing these to stakeholders. NIB publishes all loans when a loan agreement is signed. It can also be noted that NIB publicly discloses all environmental loans classified as category A loans according to the Environmental Policy for a period of 30 days on its website, before any decisions on financing are taken.

Additionally, efforts were also made during 2010 to raise awareness both among staff and external stakeholders on NIB's approach to corruption and the measures taken to fight fraud and corruption. In collaboration with OCCO the amount of information concerning the CFC, Compliance and Integrity matters was increased both on the external website and on the Bank's internal website. Moreover, a Form for Reporting Misconduct and Corruption was introduced to facilitate use of the also newly introduced "hotlines" for reporting. More information on how to report is included in Section 5 of this report.

OCCO also continued to report on sustainability by expanding the governance statement in the Annual Report 2010 and using the Global Reporting Index (GRI). Further work with sustainability was carried out by commenting on several sustainability ratings carried out on the Bank by international firms specialised in CR ratings.

### **3.5. Cooperation with other partners**

Collaboration with other IFIs is an important part of the work in the Compliance function. IFIs are increasingly involved in developing their policies and procedures, responding to the demands of their stakeholders. In its integrity work NIB strives continuously to harmonise its policies with those of other IFIs. NIB collaborates with its peers in certain cases to increase information sharing and improve the effectiveness and speed of criminal investigations nationally and cross-border, where IFI financing is involved.

While NIB does not have the same developmental mandate as many other IFIs, the legacy of the good reputation concerning transparency the northern part of Europe enjoys has to be preserved and protected also by NIB, the region's own IFI. The Chief Compliance Officer has therefore participated in a number of IFI gatherings during the year, discussing in particular IDD processes, investigations and sanctions and issues relating to the use of off-shore financial centres. The Chief Compliance Officer participates in annual conferences such as the International Investigators Conference, MDB meetings on integrity issues and in different networks, such as the Corruption Hunters Network and the European Compliance network of IFIs.

### **3.6 Investigation of alleged corruption**

All staff members are, according to both the Resolution on Fighting Corruption and the Code of Conduct for the Staff, obligated to report both internal and external allegations of corruption to NIB. All information relating to a reported case is treated with the strictest confidentiality and an individual reporting in good faith is protected as a whistleblower. Additionally, NIB has during the financial year 2010 tried to encourage third parties, not belonging to the Bank's staff, to disclose any allegations they might have against projects financed by NIB, the Bank's staff members or any third parties involved. It is also possible to report anonymously.

The Chairman and the Head of Internal Audit will, according to the present [Rules of Procedure](#) of the CFC, consider whether an alleged case of corruption reported to the Bank is of such a nature that an investigation should be initiated by the CFC. The purpose of the Committee is to investigate allegations of internal and external corruption and make recommendations in accordance with the findings. After careful investigations the Committee shall either dismiss a case or make a recommendation to the President for action.

It seems that the number of reports of cases of suspected or alleged corruption is increasing. In recent years the Bank has allocated a considerable amount of resources towards developing proper procedures for the prevention and detection of corruption. The review of the Bank's anti-corruption structure referred to earlier suggests that in particular the Bank's investigation and sanctions mechanisms need to be looked into in more detail. The consultant's suggestions will be taken into consideration during the review in 2011.

#### **3.6.1 Suspected cases of internal corruption**

During the financial year 2010 OCCO received no notifications of cases of internal corruption. According to the Resolution on Fighting Corruption and the Code of Conduct for the Staff, all members of staff are obligated to report corruption by counterparties occurring in projects NIB is financing as well as acts of corruption that an NIB staff member is perpetrating. The same hotlines are intended to be used for reporting both internal and external corruption.

#### **3.6.2 Suspected cases of external corruption**

According to the present Rules of Procedure of the CFC, the Chairman of the CFC considers together with the Head of Internal Audit whether alleged cases of corruption reported to the Bank are of such a nature that an investigation shall be initiated in the CFC. During 2010, the Chief Compliance Officer, who also serves as the Chairman of the CFC, was engaged in preliminary investigations of six cases of alleged prohibited practices in relation to the Bank's lending operations. Three of the cases came to the Bank's attention through the media, one was reported internally and the other two came from external reports. In three cases, the preliminary investigation was sufficient to conclude that no further investigations were needed. Three cases are still under preliminary investigation or waiting for the outcome of simultaneous investigations by national authorities.

## 4. PLANNED ACTIVITIES

The following initiatives relating to anti-corruption and integrity are examples of tasks which have been identified in the activity plan for OCCO in 2011:

### Review of the Code of Conduct for the Board of Directors and Control Committee

The current codes were adopted in 2005 and a review is deemed necessary to bring the codes up-to-date with current market practices. The review will be conducted in a working group with representatives from several departments and a seminar will be arranged for both the members of the Board of Directors and Control Committee to discuss recent developments within the field of integrity and business ethics.

### Training and advice in integrity matters

Training is an important part of OCCO's responsibilities and, in addition to face-to-face learning, e-learning and induction programmes for new staff will be looked into during 2011. These programmes will also include refresher courses for both Codes of Conduct as well as for the IDD-Process.

### Review of the Anti-Corruption Strategy

Following the delivery of the report by the external consultant, NIB will during 2011 consider and decide upon the recommendations in the report. The changes will include reviewing the structure of the Committee on Fighting Corruption, reviewing the sanctions and investigations process and codifying the procedures in detail.

### Mapping of compliance risks

OCCO plans to map all compliance risks in the Bank during 2011, i.e. identifying and assessing all relevant risks facing NIB's compliance objectives as well as assigning responsibility for mitigation. The aim of the task is to enhance functionality and increase the effectiveness of the Compliance function and thus further integrate OCCO in the Bank's current structure.

### Follow-up on the IDD Guidelines and Procedures

OCCO will continue to review the functionality of the IDD Guidelines, and recommend and comment on improvements to adhere to the standard set by other IFIs.

## 5. CONTACT INFORMATION

Questions regarding this report should be addressed to:

The Chief Compliance Officer: Ms. Siv Hellén  
Office of the Chief Compliance Officer  
Nordic Investment Bank  
Fabianinkatu 34  
P.O. Box 249  
FI-00171 Helsinki  
Finland  
Telephone: +358 10 618 0205 or +358 500 106 331  
Email: siv.hellen@nib.int

Hotline procedure and contact details:

All alleged cases of internal or external misconduct and corruption shall be reported to the Chief Compliance Officer by submitting a form for reporting misconduct and corruption.

The form can be found on [NIB's website](#) and shall be submitted through an e-mail to the following address: [corruption@nib.int](mailto:corruption@nib.int), or in a sealed envelope to the postal address given above.

Reports can be submitted anonymously, without revealing the identity of the source, but the Bank strongly encourages disclosure of identity to enable a thorough investigation. Anonymous allegations are commonly more difficult to investigate and do not fully address all of the complainant's concerns. To ensure confidentiality, mark any envelope sent by post as CONFIDENTIAL.