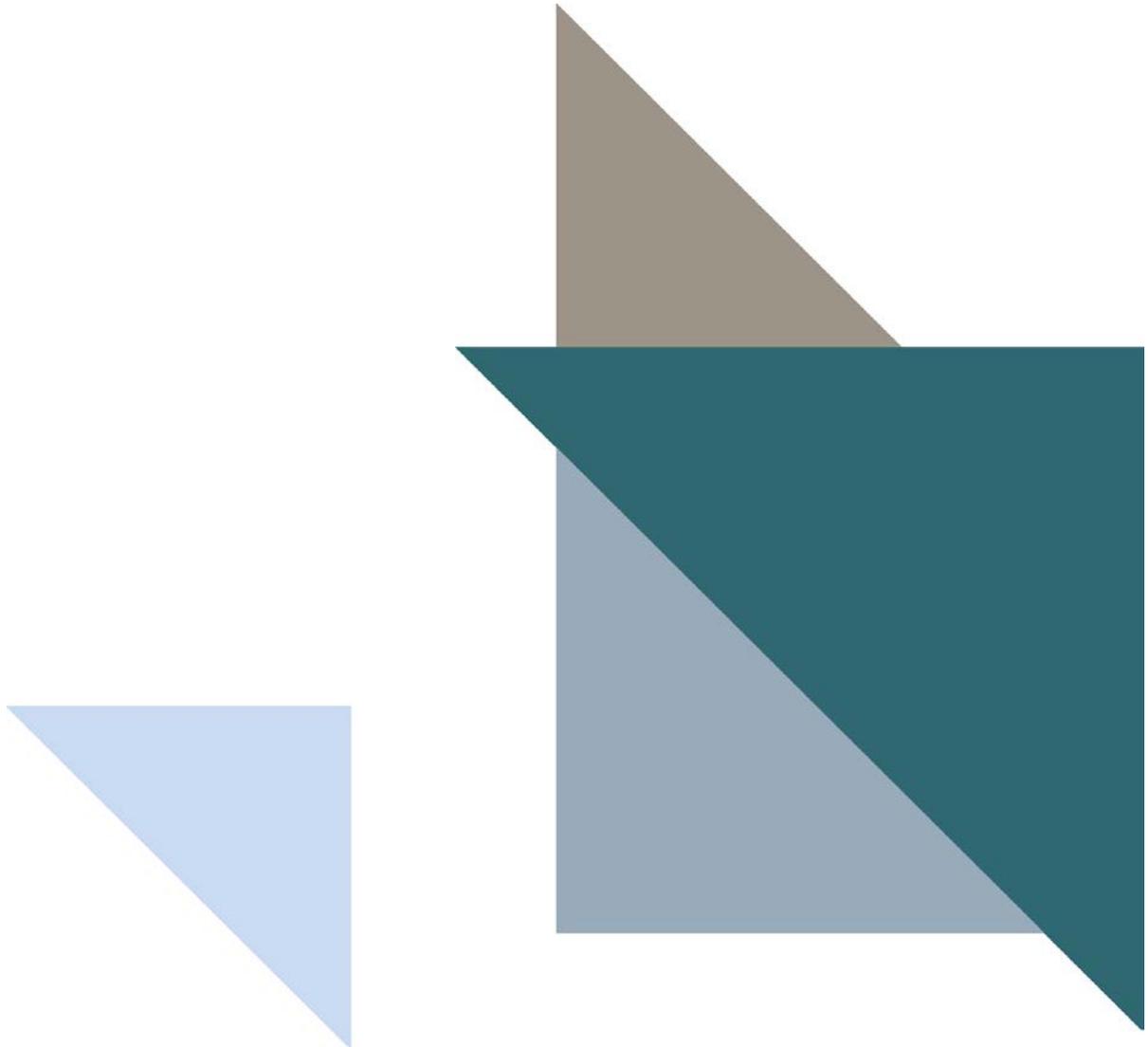




NORDIC
INVESTMENT
BANK

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THE
FUTURE



Integrity and Compliance Policy

Adopted by the Board of Directors of the Nordic Investment Bank
on 1 October 2020 with entry into force as of 7 October 2020

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Responsible Unit(s)/Department(s)

Integrity and Compliance Office

Document version history and review dates

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List of abbreviations

AML	Anti-Money Laundering
CCO	Chief Compliance Officer
CFT	Combating Financing of Terrorism
FATF	Financial Action Task Force on Money Laundering
ICO	Integrity and Compliance Office
IDD	Integrity Due Diligence
IFI	International Financial Institution
KYC	Know Your Customer
ML	Money Laundering
OECD	Organisation for Economic Cooperation and Development

INTEGRITY AND COMPLIANCE POLICY

1 SCOPE AND OBJECTIVE

This Integrity and Compliance Policy (“**Policy**”) outlines the Nordic Investment Bank’s (“**NIB**” or the “**Bank**”) commitment and measures to avoid or mitigate and manage integrity and compliance risks as well as to prevent and fight against fraud, corruption, money laundering and terrorist financing in all its operations and activities.

As an international organisation, more specifically an international financial institution (IFI) entrusted with public funds, NIB strives to carry out its operations with the highest integrity and in compliance with the Bank’s own legal framework and best market practices. Prevention is at the forefront of NIB’s integrity and compliance efforts.

NIB is not under the supervision of any financial or other supervisory authority, but benchmarks its integrity and compliance policies and procedures against its member countries’ legislation and the legislation of the European Union. These sources are complemented by non-binding sources, such as recommendations from the Basel Committee on Banking Supervision, the Financial Action Task Force on Money Laundering (FATF), Organisation for Economic Cooperation and Development (OECD) and the standards of other IFIs.

2 COMMITMENT TO INTEGRITY AND COMPLIANCE

NIB is committed to the integrity of markets and to following best practices and international standards in the areas of governance, integrity, accountability, transparency and business ethics in all of its operations and activities. NIB is also committed to acting without bias or prejudice. Further, NIB complies with the sanctions regimes relevant to its operations.

3 NIB’S INTEGRITY AND COMPLIANCE FRAMEWORK

At the core of its commitment to integrity, NIB has implemented a framework to mitigate and manage the integrity risk and associated reputational risk that the Bank faces. To enable the development, implementation and maintenance of the integrity and compliance framework, the Bank has established an independent function, the Integrity and Compliance Office (“**ICO**”). The function is headed by the Chief Compliance Officer (CCO) who reports to the Bank’s Chief Risk Officer with a dotted reporting line to the President. The CCO has unrestricted access to the Chair of the Board of Directors and the Chair of Control Committee.

In line with the Bank’s [Risk Appetite Statement](#), the Bank promotes a culture of integrity and high ethical standards throughout all levels of the Bank. Internal integrity risks are primarily managed and mitigated through the codes of conduct: [Code of Conduct for the Staff](#), [Code of Conduct for the Board of Directors and the President](#) and [Code of Conduct for the Control Committee](#). External integrity risks arising from the counterparties with which the Bank engages are managed and mitigated through the application of the Bank’s [Integrity Due Diligence \(IDD\) Policy](#).

NIB’s integrity and compliance framework draws on the [IFI Uniform Framework on Preventing and Combating Fraud and Corruption](#), which was endorsed by NIB in October 2008, including its principles and guidelines for investigations, exchange of information, integrity due diligence, mutual recognition of enforcement actions and support for anti-corruption efforts of member countries.

The [Speaking-up and Whistleblowing Policy](#) provides channels for the reporting of suspected wrongdoings and provides protection for staff members and other stakeholders who make such reports.

Investigations of suspected and alleged Prohibited Practices (as defined in Section 6) and staff misconduct are carried out in accordance with the [Investigations and Enforcement Policy](#).

Misconduct by members of the Board of Directors and the President is handled in accordance with Annexes 1 and 2 of the [Code of Conduct for the Board of Directors and the President](#).

ICO is also responsible for investigating complaints regarding the Bank's non-compliance with its own policies and rules, such as the [Public Information Policy](#), the [Sustainability Policy & Guidelines](#) and Procurement Rules in accordance with the [Investigations and Enforcement Policy](#).

In addition, the Bank has established the Business Integrity Council to enhance awareness among the Bank's staff and stakeholders on integrity and compliance matters.

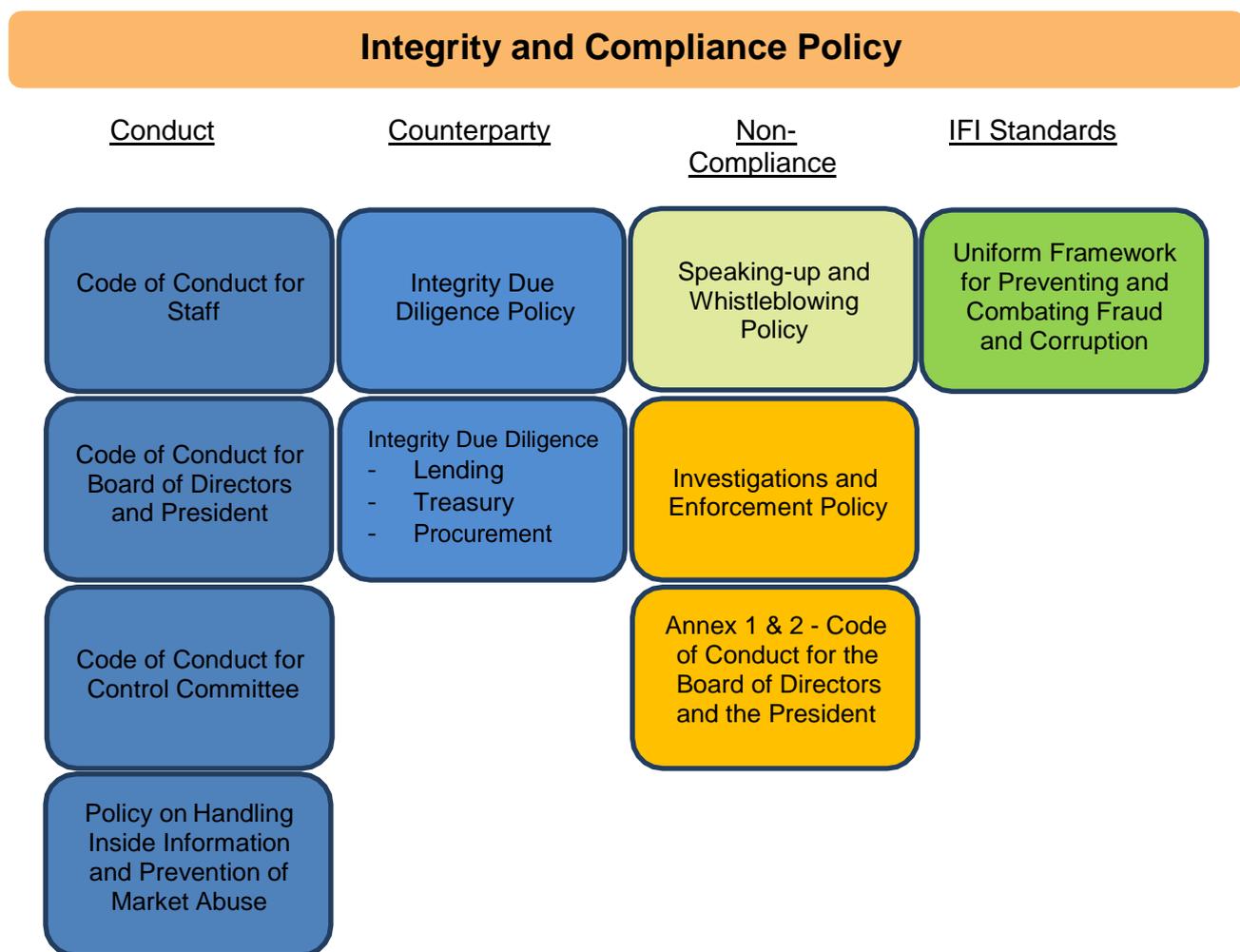


Chart 1 - NIB's overarching integrity and compliance framework

4 INTEGRITY AND OPERATIONAL COMPLIANCE

This Policy concerns two matters, namely integrity and operational compliance. These are defined as:

Integrity - adherence with laws, regulations, rules, related self-regulatory organisation standards and codes of conduct in matters concerning market conduct and transparency standards, managing

conflicts of interest and the prevention of money laundering, terrorist financing, market abuse, corruption and fraud.

Operational compliance - adherence with internal policies and controls.

The risks associated with these two areas are as follows:

Integrity risk - the risk of legal or regulatory sanctions, material financial loss, or loss to reputation that an entity may suffer as a result of its failure to comply with integrity related laws, rules and standards.

Operational compliance risk - the risk of legal or regulatory sanctions, material financial loss, or loss to reputation that an entity may suffer as a result of a failure to comply with its internal policies and controls.

Integrity risk for NIB can be further defined as follows:

Counterparty integrity risk relates to the integrity risk and associated reputational risk arising from the Bank's transactions, which includes the projects that the Bank is engaged in and the stakeholders that NIB is working with, including entities responsible for the implementation of projects financed by NIB.

Conduct risk pertains to risk in terms of conflict of interest, insider trading and other issues related to the professional conduct of members of the NIB's governing and supervisory bodies and of its staff.

NIB seeks to address counterparty integrity risks by following certain principles, such as Know Your Customer (KYC), conducting integrity due diligence checks, including assessing integrity risks such as Money Laundering (ML), Terrorist Financing (TF) and tax transparency. The Integrity Due Diligence Policy and related internal rules and guidelines set out the controls to identify these risks.

NIB mitigates and manages conduct risks by fostering a culture of high integrity and ethical values among its staff and stakeholders. Codes of conduct have been established for the Bank's staff, the Board of Directors and the President, and the members of the Control Committee.

In addition, as NIB is formed by an inter-governmental agreement and is not associated with any particular country's legislation, this policy defines a set of integrity related practices, Prohibited Practices (as defined in Section 6), which NIB specifically seeks to prevent and if needed, to investigate, in its operations and activities.

5 RESPONSIBILITIES

The Bank shall maintain a structure of good governance within the Bank, particularly through transparent policies and rules, as well as clear divisions of responsibilities to ensure accountability.

Control Committee

The Control Committee is the Bank's supervisory body. The Control Committee is responsible for monitoring that the operations of the Bank are conducted in accordance with the [Statutes](#) which shall include monitoring the Bank's anti-corruption and compliance practices, general compliance with the Bank's internal guidelines, and, implementation of best practices in governance of the Bank.

Board of Directors

The Board of Directors has the ultimate responsibility for ensuring that compliance and integrity risks are managed and approves the Bank's policies relating to compliance, integrity, anti-corruption and investigations.

The President

The President shall ensure that the Bank's compliance and integrity risks are managed properly and shall keep the Board of Directors and the Control Committee informed of integrity risks in the Bank's operations and activities, including identified integrity concerns in proposed lending operations.

Chief Risk Officer

The Chief Risk Officer (CRO) shall facilitate the work of ICO and shall ensure that ICO is appropriately resourced and able to perform its functions fully and impartially. The CRO shall ensure the reporting of integrity risks in the Bank's operations and activities to the President.

Integrity and Compliance Office (ICO)

ICO shall promote a culture of integrity across the Bank, its staff and other stakeholders that is based upon high standards of governance, integrity, accountability, transparency and business ethics. Further, ICO is responsible to continuously develop and oversee the Bank's integrity compliance framework.

The CCO shall ensure the CRO, the President, the Chair of the Board of Directors and the Chair of the Control Committee are notified of integrity and compliance related issues as required.

Investigations of prohibited practices, misconduct and complaints of non-compliance with the Bank's own policies and controls shall be conducted by ICO in an independent and fair manner and in accordance with the [Investigation and Enforcement Policy](#).

Further details of ICO's mandate and responsibilities are set out in Section 7 of this Policy.

NIB Staff

All staff, irrespective of which department or unit they work in, shall comply with the policies and guidelines within the integrity and compliance framework. If any staff member becomes aware of a breach of these policies and rules, they shall notify ICO as soon as the breach is discovered so that corrective action, if any, can be taken without delay.

In addition, the Executive Committee and middle management shall lead by example and are responsible for the daily management of integrity and operational compliance risks within their department / unit, and for ensuring that breaches are reported to ICO.

In relation to lending and treasury activities, the Lending and Treasury & Finance Departments are the first-line-of-defence to prevent and detect integrity and compliance issues within NIB's transactions and they shall remain vigilant for such issues throughout the due diligence and portfolio stages of a transaction.

Staff should raise any knowledge or suspicions of integrity or compliance issues with ICO. Staff must also report suspicion or knowledge of Prohibited Practices to the CCO as soon as possible.

Staff should discuss any questions about this Policy and the other policies and rules in the integrity and compliance framework with the CCO or ICO staff. Alternatively, staff may email ContactICO@nib.int.

6 PROHIBITED PRACTICES

The Bank expects its borrowers, counterparties and other stakeholders to maintain high ethical standards and conduct their business practices in line with the Bank's integrity framework as well as with the Bank's guidelines for procurement. Borrowers and stakeholders shall report to the Bank any allegations of Prohibited Practices (as defined below) in any activities related to the Bank.

Furthermore, NIB's definitions of Prohibited Practices are based on the [IFI Uniform Framework on Preventing and Combating Fraud and Corruption](#) with additional features based on recent developments in other IFIs.

"Prohibited Practice" means:

- (i) a corrupt practice, which means the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- (ii) a fraudulent practice, which means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- (iii) a coercive practice, which means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- (iv) a collusive practice, which means an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- (v) theft, which means the misappropriation of property belonging to another party;
- (vi) obstruction, which means deliberately destroying, falsifying, altering, or concealing evidence material to an investigation; making false statements to investigators in order to materially impede an investigation; failing to comply with requests to provide information, documents, or records in connection with an investigation; threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or materially impeding NIB's contractual rights of audit or inspection or access to information;
- (vii) money laundering, which means intentional conversion or transfer of property derived from criminal activity to conceal or disguise its illicit origin; concealment or disguise of the true nature, source, location, disposition, movement or ownership of property known to have been derived from criminal activity; acquisition, possession or use of property known to have been derived from criminal activity; participation, or assistance, in the commission of any of the activities above;
- (viii) terrorist financing, which means the provision or collection of funds, by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out terrorist activities.

External Prohibited Practices refers to cases of suspected or alleged corruption involving third parties in relation to the Bank and internal Prohibited Practices are cases of suspected or alleged corruption involving staff or members of the governing and supervisory bodies of the Bank.

The Bank emphasises transparency in all of its activities, including lending operations, disbursement procedures and project monitoring, and actively aims at preventing corrupt or illegal behaviour. The Bank shall support stakeholders including borrowers in their efforts to fight corruption by establishing appropriate codes of conduct and policies and procedures to prevent, detect and investigate corruption.

NIB is committed to pursue disciplinary, contractual, judicial and/or other actions in cases where it has been established that Prohibited Practices have taken place. All suspected cases of Prohibited Practices or misconduct shall be reported to ICO, which, after a preliminary assessment, will be responsible for the investigation of the allegations. Based on ICO's findings, an independent sanctions panel shall decide on appropriate sanctions for identified Prohibited Practices relating to projects financed by NIB and services and goods providers to NIB. NIB's President shall decide on actions related to identified Prohibited Practices and misconduct involving the Bank's staff. Specific rules on the investigation and the sanctioning processes are described in the Bank's [Investigations and Enforcement Policy](#).

7 INTEGRITY AND COMPLIANCE OFFICE (ICO)

7.1 Mandate & Objective

ICO shall act to protect the integrity and reputation of the Bank, promote high ethical standards, strengthen accountability and increase transparency. In conjunction with the President and the Executive Committee, ICO will support the continuous development and maintenance of the Bank's integrity culture.

ICO shall engage with all business, operational and control functions across the Bank as well as with senior management to manage integrity risks effectively in order to facilitate NIB to achieve its mandate and in accordance with its Risk Appetite.

ICO is an integral part of the Bank's risk management framework and actively contributes to the Bank's control measures, particularly the work of the Risk and Compliance Department, and to ensure a holistic understanding of the risks faced by the Bank in its operations. As a part of this, ICO will undertake periodic integrity related risk assessments.

ICO oversees the identification, assessment and monitoring of integrity risks. This includes ensuring that NIB at all times has up to date codes of conduct to guide good behaviour of staff, management and members of the governing and supervisory bodies. Further, ICO shall ensure the Bank's integrity related policies and rules are up to date and draw upon relevant international standards.

ICO is the Bank's focal point when it comes to integrity matters including IDD, AML/CTF, Prohibited Practices and sanctions. The CCO is the Bank's anti-money laundering reporting officer and is responsible to coordinate the liaison in such matters with relevant external bodies, such as national anti-money laundering, anti-corruption and financial supervisory authorities.¹

ICO shall operate and manage the Complaints and Corruption@NIB email inboxes. All reports of suspected or alleged Prohibited Practices or misconduct shall be classified as Strictly Confidential and handled in accordance with the [Speaking Up and Whistleblowing Policy](#).

¹ Liaison with national authorities and external bodies is without prejudice to the Bank's privileges and immunities as set forth in NIB's [Constituent Documents](#) or in applicable national or international law.

ICO shall investigate cases of suspected or alleged Prohibited Practices or misconduct as well as complaints regarding non-compliance with the Bank's policies and procedures in accordance with the [Investigation and Enforcement Policy](#).

ICO shall increase awareness of and mitigate integrity risks through the training of the Bank's staff and members of the Bank's governing and supervisory bodies.

ICO has a formal status in the Bank and shall be able to carry out its functions on its own initiative (including using outside expertise) without obstruction and fear of retaliation from the President, management or other staff members.

7.2 Basic Principles of Operation

NIB shall have an effective compliance function with sufficient independence, status and authority, including full access to information and independent reporting to carry out its duties.

ICO shall coordinate its control activities with the other units within the Risk and Compliance Department and the Internal Audit function. Moreover, in all occasions, ICO will maintain an independent role in respect to investigations and in monitoring and reporting.

The CCO and ICO staff members shall not engage in any activities of the Bank that could create a conflict of interest between the Bank's operations and ICO's duties and activities.

ICO and its activities are subject to audit by the Internal Audit function.

7.3 Access

ICO shall have full access to all information, premises and staff necessary to carry out its responsibilities, including access to departments, units and teams for the purpose of discharging its duties. ICO shall have full and free access to all levels of management, including the President, and to the external auditors.

ICO shall, in compliance with applicable regulations and rules of the Bank, also have access to any information, records or files, it deems necessary for carrying out its duties. This includes any information that is the Bank's property, in the Bank's custody, under the Bank's control or subject to the Bank's right of inspection and/or audit as defined in agreements with third parties. Information accessed by ICO shall be handled in the same prudent and confidential manner as required from those persons who are normally accountable for such information and documents.

7.4 Reporting

The CCO shall report functionally and administratively to the Chief Risk Officer. The CCO also has a dotted reporting line to the President and shall have unrestricted access to the Chair of the Board of Directors and to the Chair of the Control Committee.

Complaints or investigations relating to the activities or staff of the Bank's Executive Committee or the Risk and Compliance Department will be reported to and supervised by the President solely.

The CCO shall inform the Chief Risk Officer, President, the Chair of the Board of Directors and the Chair of the Control Committee of matters of importance regularly and as they occur.

ICO shall report on the integrity risk profile of the Bank as well as its key performance indicators, work plan and activities directly to the Board of Directors once a year and to the Control Committee at its regular meetings.

7.5 ICO's Responsibilities

The primary responsibility of ICO is to assist the Bank in identifying, assessing, managing, monitoring and reporting on the integrity risks that the Bank faces through its operations. By this ICO contributes in an independent manner to the overall risk management of the Bank in protecting the integrity and reputation of the Bank, including its Board of Directors, management, and the staff and to strengthening the Bank's accountability and transparency.

In carrying out its responsibilities, ICO works closely with a number of other functions in the Bank. In particular, the CCO and ICO shall:

- Advise the President, Chief Risk Officer and senior management on governance, relevant integrity related rules, standards, recommendations and practices in the market with special focus on integrity activities of other IFIs. This includes prevention of money laundering, terrorist financing, corruption, fraud, and market abuse, the proper management of conflicts of interest, protection of confidential information and ensuring transparency and fair and equitable behaviour.
- Recommend and comments on policies, guidelines, rules and procedures with the aim of minimising integrity and related reputational risks.
- Give independent advice to management and staff on integrity matters arising from the Bank's operations and activities and also assist in the IDD process in accordance with the Bank's [Integrity Due Diligence Policy](#).
- Provide independent opinions and guidance in relation to integrity related controls and the management of integrity matters to the Board of Directors, Control Committee and relevant internal committees of the Bank. ICO shall attend the meetings of these bodies as required.
- Interpret the Code of Conduct and assist staff and the governing bodies with guidance to the proper management of conflicts of interest.
- Provide training on NIB's integrity and compliance policies and controls. ICO shall also raise awareness of integrity and business ethics standards and act as a contact point for queries from staff members.
- Monitor compliance with the internal policies, procedures and guidelines in matters relating to integrity risks, Prohibited Practices, misconduct, ethical standards, whistleblowing and complaints, including testing and checking the functionality, efficiency and adherence of established policies.
- Investigate and address complaints relating to breaches of the Bank's policies, such as the [Sustainability Policy and Guidelines](#), and the [Public Information Policy](#) and procurement rules.
- Respond to and investigate as appropriate matters raised through the whistleblowing and complaints channels as set out in the [Speaking-up and Whistleblowing Policy](#).
- Carry out investigations in accordance with the [Investigation and Enforcement Policy](#).
- Follow up on the implementation of decisions resulting from ICO's investigations.
- Manage allegations of misconduct against the President or Board of Directors in accordance with Annex 1 of the [Code of Conduct for the Board of Directors and President](#).

- Liaise and coordinate with internal and external functions in matters of integrity and compliance and in managing integrity risks and compliance matters.
- Act as Chair for the Business Integrity Council.

8 THE BUSINESS INTEGRITY COUNCIL

8.1 Introduction

The Bank has established the Business Integrity Council with the purpose of enhancing the awareness of integrity and corruption risks among the Bank's staff and stakeholders. The Business Integrity Council shall comprise between six (6) to ten (10) ordinary members from different departments/units within the Bank appointed by the President. The Business Integrity Council shall be chaired by the CCO and a designated staff member of ICO shall serve as the secretary of the Business Integrity Council.

8.2 Tasks of the Business Integrity Council

The main task of the Business Integrity Council is to enhance awareness among the Bank's staff and stakeholders about NIB's ethical and integrity values. The Business Integrity Council members shall be the focal point on integrity within their respective departments/units and to facilitate engagement with ICO.

When ICO is investigating allegations of Prohibited Practices, it can draw on the expertise of the Business Integrity Council members not having any conflict of interest with the case or issue under investigation.

Such expertise may be required e.g. for specific language skills, knowledge about the project or issue at hand, country specific understanding and legal matters.

Furthermore, the Business Integrity Council members shall assist ICO, the Bank's relevant departments/units, and as the case may be, the borrowers' project implementation units with the appropriate implementation of sanction decisions.

The Business Integrity Council shall assist in the preparation of new policies and rules relating to the activities of ICO and may include IDD and AML/CTF issues.

8.3 Appointment to the Business Integrity Council

The members of Business Integrity Council shall be appointed by the President upon the recommendation of the CCO and in consultation with the respective Heads of Department. The selection of Business Integrity Council members shall place emphasis on the candidates' integrity and ethics and that they can demonstrate a keen interest in and good knowledge of fighting fraud and corruption.

The appointed Business Integrity Council members shall serve a three (3) year term. In order to permit rotation as well as consistency, the term of appointment may be renewed twice.

Being a member of the Business Integrity Council shall be part of the ordinary work at the Bank and each member shall allocate adequate time in her/his work programme, both for participating in the Business Integrity Council's work and with regard to liaising with other staff members in his/her department/unit or to assist ICO in particular investigations and other activities. Business Integrity Council members will be provided specific training to enable them to perform their special integrity

and anti-corruption duties in a professional manner. In Business Integrity Council related matters, the members shall report to the CCO.

9 IMPLEMENTATION AND REVIEW

ICO has the primary responsibility for the correct implementation of this Policy. This Policy shall be reviewed at least every three (3) years.