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Integrity and Compliance Policy

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Table of Contents

1 Scope and Objective	1
2 Commitment	1
3 Integrity and Compliance Framework.....	1
4 Integrity and Compliance Function	3
5 Responsibilities	4
6 Sanctions.....	5
7 Prohibited Practices	5
8 Investigations.....	6
9 Enforcement Actions	6
10 Integrity & Compliance Office.....	7

INTEGRITY AND COMPLIANCE POLICY

1 SCOPE AND OBJECTIVE

This Integrity and Compliance Policy (“**Policy**”) sets out 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.

Prevention is at the forefront of NIB’s integrity and compliance efforts. As an international financial institution (“**IFI**”), NIB strives to carry out its operations with the highest integrity and in compliance with the Bank’s own legal framework. Further, NIB operates according to sound banking principles, monitoring banking regulations, standards and practices, and taking them into account to the extent relevant for its business model and complexity.

NIB is not under the supervision of any financial or other supervisory authority. The Bank, however, considers its member countries’ legislation and the legislation of the European Union in the development of its integrity and compliance policies and procedures. 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), the Organisation for Economic Cooperation and Development (OECD) and the standards of other IFIs.

2 COMMITMENT

NIB is committed to the integrity of markets and takes into account, in all of its operations and activities, the market practices and international standards in the areas of governance, integrity, accountability, transparency and business ethics to the extent relevant for its business model and complexity. NIB is also committed to acting without bias or prejudice.

The Bank expects its staff, counterparties and other stakeholders to maintain high ethical standards and conduct their business practices in line with the Bank’s integrity and compliance framework.

3 INTEGRITY AND COMPLIANCE FRAMEWORK

NIB’s integrity and compliance framework draws on the IFI *Uniform Framework for Preventing and Combating Fraud and Corruption*, 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 Bank promotes a culture of integrity and high ethical standards throughout all levels of the Bank. At the core of its commitment to integrity, NIB has implemented a framework to mitigate and manage the integrity risk and associated reputational risks that the Bank faces. The Bank has established an independent function, the Integrity & Compliance Office (“**ICO**”), to develop, implement and maintain the framework.

As part of the integrity and compliance framework, NIB has established the following policies to manage and mitigate risks:

- *Codes of Conduct* for (i) NIB staff, (ii) the Board of Directors and the President as well as for (iii) the Control Committee to address conduct risks;
- the *Prevention of Market Abuse Policy* to address unlawful behaviour in the financial markets;

- the *Speaking up & Whistle-blower Protection Policy* to address reporting of suspected wrongdoings and protections afforded to reporters;
- the *Integrity Due Diligence Policy* to address financial crime risks;
- the *Investigation Policy* to set out the investigation process of suspected and alleged Prohibited Practices (see Section 7), and staff misconduct;
- the *Enforcement Policy* to enforce actions against counterparties for substantiated Prohibited Practices cases; and
- the *Project Accountability Policy* to address non-compliance by NIB with its policies in relation to its financing activities.

The Bank's policies and processes also address the management of any actual or perceived conflicts of interests in its operations. This includes determining the appropriateness, including the value, of any institutional gifts or charitable donations and seeking to avoid institutional conflicts of interests in its operations and the projects that it finances. Furthermore, the Bank does not make political contributions in any form.

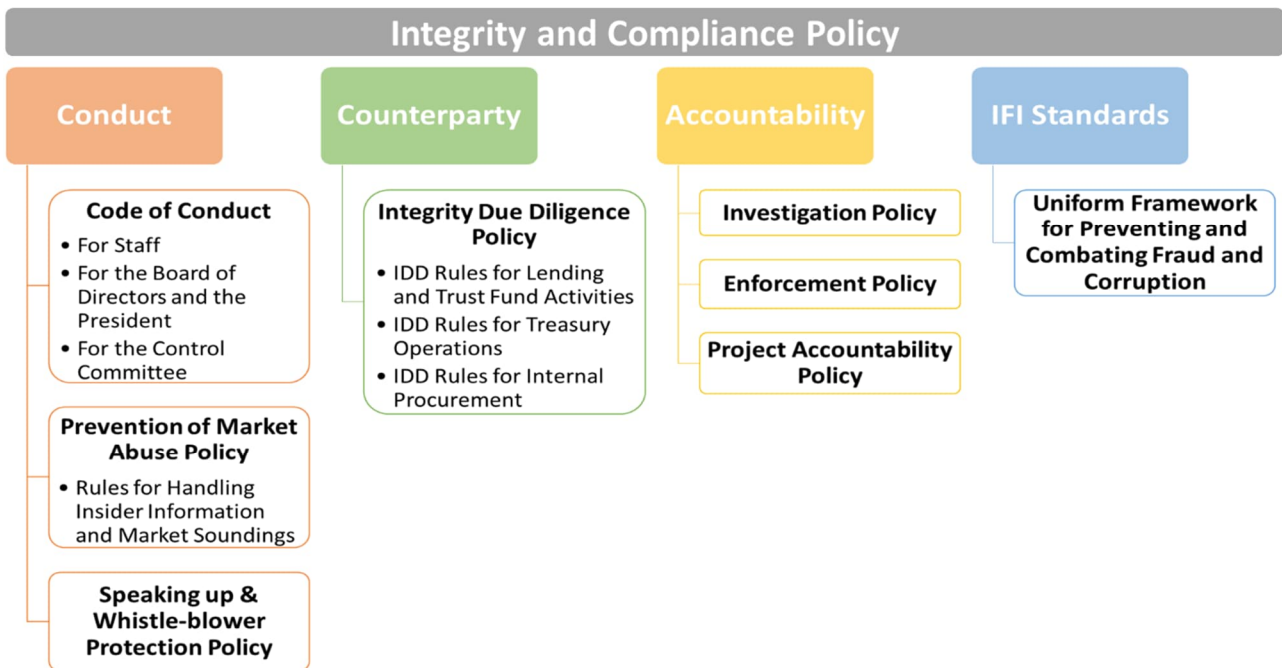


Chart - NIB's overarching integrity and compliance framework

4 INTEGRITY AND COMPLIANCE FUNCTION

NIB's integrity and compliance function has responsibility for oversight of the management of integrity risks across organisational units. **Integrity¹ risk** means 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 applicable integrity related laws, rules and standards.

Integrity risk is divided into two specific defined risks - conduct risk and financial crime risk as defined in NIB's Risk Taxonomy.

Conduct risk

These risks pertain to the risk of legal/regulatory sanctions, financial loss or reputational harm from an action that is to the detriment of customers or has an adverse effect on market stability or effective competition.

This encompasses risks relating to internal fraud, client mistreatment, misconduct, market abuse and other issues related to the professional conduct of members of NIB's governing bodies and of its staff. Furthermore, NIB has defined conduct risk to include the risks arising from improper processing of personal data held by the Bank.

NIB manages and mitigates 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 Control Committee.

Further, the Bank has implemented control measures to support and monitor the compliance of NIB's staff, management, and members of its governing bodies with the Bank's policies, and for investigating cases of non-compliance.

Financial crime risk

These risks pertain to the risk of legal/regulatory sanctions, financial loss or reputational harm that NIB may suffer as a result of failures to identify or manage financial crime, within, arising from or associated with its operations. More specifically financial crime risks concern sanctions violations, money laundering, bribery and corruption.

Of particular importance are the integrity and reputational risks arising from 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.

NIB seeks to address these risks by following certain principles, such as know your customer and integrity due diligence ("**IDD**") checks, including assessing integrity risks such as money laundering and terrorist financing. Further, the Bank is committed to preserving the integrity of its operations and activities from risks associated with tax avoidance strategies, tax evasion and tax fraud. The Integrity Due Diligence Policy and related internal rules and guidelines set out the controls to identify these risks.

In addition, as NIB is formed by an international treaty between member countries and is not associated with any particular country's legislation, this Policy defines a set of practices, Prohibited Practices (as defined in Section 7), which NIB specifically seeks to prevent and if needed, to investigate, in its operations and activities.

¹ Integrity is defined as 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.

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 responsible for monitoring that the operations of the Bank are conducted in accordance with NIB's Statutes. The committee is further responsible for monitoring the effectiveness and adequacy of the Bank's integrity and compliance activities.

Board of Directors

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

President

The President is responsible for ensuring 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**") is responsible for facilitating the work of ICO and for ensuring 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 & Compliance Office

ICO is responsible for promoting a culture of integrity across the Bank, its staff and other stakeholders that is based on high standards of governance, integrity, accountability, transparency and business ethics. Further, it is the office's responsibility to continuously develop and oversee the Bank's integrity and compliance framework.

ICO is headed by the Chief Compliance Officer ("**CCO**") who reports administratively to the Bank's CRO with a dotted reporting line to the President. The CCO also has unrestricted access to the Chair of the Board of Directors and the Chair of the Control Committee.

The CCO shall ensure that 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.

Also, the CCO, as NIB's data protection officer, is responsible for developing and managing the Bank's data privacy framework and acts as the Bank's main point of contact on the topic.

Further details on ICO's mandate and responsibilities are set out in Section 10 of this Policy.

NIB Staff

All staff 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. Staff must also report suspicion of Prohibited Practices to ICO as soon as possible.

NIB's Executive Committee and managers shall lead by example and are responsible for the daily

management of integrity and 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, supported by the Sustainability and Mandate Unit and the Legal Department, are 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 is encouraged to discuss any questions about this Policy and the other policies and rules in the integrity and compliance framework with ICO staff in person, via phone or email ContactICO@nib.int.

6 SANCTIONS

NIB complies with the sanctions relevant to its operations imposed by the United Nations Security Council, the European Union, a NIB member country, the United Kingdom (His Majesty's Treasury) and the United States of America (OFAC). In addition, NIB complies with sanctions issued by authorities in jurisdictions where the Bank issues its bonds. To this end, NIB does not provide financing to nor for the benefit of a sanctioned entity nor for a sanctioned activity, and its financing and procurement documents include provisions to mitigate the risk of sanctions breaches and to manage any breaches should they occur.

7 PROHIBITED PRACTICES

NIB's definitions of Prohibited Practices are based on the IFI *Uniform Framework for Preventing and Combating Fraud and Corruption* with additional features based on 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 party²;
- (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;

² This includes facilitation payments.

(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.

NIB is committed to pursuing appropriate disciplinary, contractual, judicial and/or other actions in cases where it has been established that its staff or counterparties have committed Prohibited Practices. As such, NIB staff, borrowers, counterparties and stakeholders shall report to the Bank any allegations of Prohibited Practices in any activities related to the Bank. Further, NIB financing documents include provisions to mitigate the risk of Prohibited Practices occurring and to manage any Prohibited Practices should they occur.

8 INVESTIGATIONS

ICO will conduct investigations of allegations of Prohibited Practices or misconduct in accordance with the Investigation Policy.

9 ENFORCEMENT ACTIONS

In cases where Prohibited Practices are substantiated against external counterparties, the CCO shall initiate sanctions proceedings in accordance with the Enforcement Policy. Following the completion of sanctions proceedings, NIB may enforce actions against external parties that have been found to have committed Prohibited Practices. Enforcement actions include reprimands, conditional non-debarments and debarments.

The Bank has further unilaterally decided to recognise the debarments issued by the member institution signatories of the IFI *Uniform Framework for Preventing and Combating Fraud and Corruption*³ and to cross-debar those individuals and entities, unless decided otherwise.

³ The member signatories to the IFI *Uniform Framework for Preventing and Combating Fraud and Corruption* signed on 17 September 2006 are the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank Group (IADB), the International Monetary Fund (IMF), and the World Bank Group (WB).

10 INTEGRITY & COMPLIANCE OFFICE

10.1 Principles

NIB shall maintain an effective compliance function with sufficient independence, status and authority to carry out its duties.

ICO has a formal status in the Bank and carries out its functions on its own initiative (including using outside expertise) without obstruction and retaliation from the President, managers or other staff members.

ICO reports on the integrity risk profile of the Bank, its activities and annual work plan to the Board of Directors and the Control Committee.

ICO will maintain an independent role in respect to investigations and monitoring.

ICO staff 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 shall coordinate its control activities with the other units within the Risk & Compliance Department and the Internal Audit function.

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

10.2 Mandate and Objective

ICO acts 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 supports the continuous development and maintenance of the Bank's integrity culture.

ICO engages with all business, operational and control functions across the Bank, as well as with senior management to manage integrity risks effectively to facilitate NIB in achieving 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 and to ensuring a holistic understanding of the risks faced by the Bank in its operations. As a part of this, ICO undertakes periodic integrity related risk assessments and is also appointed as the control function for certain relevant Bank policies. ICO registers relevant assessments and observations in NIB's governance, risk and compliance tool.

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 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, money laundering, terrorist financing, Prohibited Practices and sanctions. The CCO is the Bank's money laundering reporting officer and is responsible for coordinating such matters with relevant external bodies, such as national anti-money laundering, anti-corruption and financial supervisory authorities.⁴

ICO conducts investigations of Prohibited Practices, misconduct and other wrongdoings in an independent and fair manner and in accordance with the Investigation Policy. Reports or

⁴ 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.

investigations relating to the activities or staff of the Bank's Executive Committee or the Risk & Compliance Department are reported to and supervised by the President solely. In cases where Prohibited Practices are substantiated against external counterparties, the CCO initiates sanctions proceedings in accordance with the Enforcement Policy.

ICO is responsible for managing reports of allegations of NIB's non-compliance with its policies in relation to NIB's financing activities as described in the Project Accountability Policy.

10.3 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.

10.4 ICO's Responsibilities

The primary responsibility of ICO is to support the Bank in identifying, assessing, managing, monitoring and reporting on the integrity risks that the Bank faces through its operations. In particular, ICO carries out the below functions:

- Advises the President, the CRO 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 and ensuring transparency and fair and equitable behaviour.
- Recommends and comments on policies, guidelines, rules and procedures with the aim of minimising integrity and related reputational risks.
- Gives 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 Integrity Due Diligence Policy.
- Provides independent opinions and guidance in relation to integrity related controls and the management of integrity matters to the Board of Directors, the Control Committee and relevant internal committees of the Bank. ICO attends the meetings of these bodies as required.
- Interprets the Codes of Conduct and assists staff and the governing bodies with guidance to the proper management of conflicts of interest.
- Provides training on integrity and compliance policies and controls to the Bank's staff and members of the Bank's governing bodies in order to increase awareness of and mitigate integrity risks. ICO also raises general awareness of integrity and business ethics standards and acts as a contact point for queries from staff members.
- Monitors 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.

- Manages reports of NIB's non-compliance with the disclosure requirements under the Public Information Policy.
- Manages project related non-compliance reports against NIB as described in the Project Accountability Policy.
- Manages allegations of misconduct against the President or the Board of Directors in accordance with the Code of Conduct for the Board of Directors and President.
- Manages the Complaints@NIB and Corruption@NIB email addresses and handles all reports in accordance with the Speaking up & Whistle-blower Protection Policy.
- Responds to and investigates, as appropriate, matters raised through the whistleblowing and complaints channels as set out in the Speaking up & Whistle-blower Protection Policy.
- Investigates cases of suspected or alleged Prohibited Practices, misconduct or other wrongdoings in accordance with the Investigation Policy.
- Follows up on the implementation of decisions resulting from ICO's investigations.
- Initiates sanctions proceedings against counterparties for substantiated cases of Prohibited Practices as described in the Enforcement Policy.
- Liaises and coordinates with internal and external functions in matters of integrity and compliance and in managing integrity risks and compliance matters.
- Supports the CCO's role as NIB's data protection officer in the development and management of NIB's data privacy framework.