



NORDIC ENVIRONMENT FINANCE CORPORATION
RESOLUTION OF THE BOARD OF DIRECTORS
ON FIGHTING CORRUPTION

27 September 2007

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1. General principles for fighting corruption

The Nordic Environment Finance Corporation (hereinafter “NEFCO”) as an international financial organisation places particular emphasis on fighting corruption both in its external and internal activities and operations. The general principles enhancing and further developing good governance and best practices at NEFCO and thereby strengthening the commitment to prevent corruption, are defined by NEFCO as:

- Transparency
- Predictability
- Accountability
- Responsibility
- Disclosure

NEFCO aims at a zero tolerance of corruption. Several of the policies and guidelines applied by NEFCO define the standards, conduct and ethics required for fighting corruption. In addition to this Resolution, the main policies and guidelines forming an integral part of the anti-corruption framework of NEFCO are:

- NEFCO Procurement Guidelines
- NEFCO Operational Guidelines
- The Code of Conduct for the staff of NEFCO (the Code of Conduct for the Staff of Nordic Investment Bank (“NIB”) is applicable to NEFCO staff to the extent appropriate)
- The Staff Policy of NEFCO (the Staff Policy of NIB is applicable to NEFCO to the extent appropriate)

Fighting corruption will also include efforts to combat money laundering and financing of international terrorism.

2. Definition of corruption

NEFCO defines corruption as abuse or misuse for personal gain. This abuse or misuse is defined as any improper or illegal behaviour in which persons enrich themselves or those close to them or encourage others to do so, by misusing their position in any way.

The term corruption refers to any forms of corrupt practise, fraud, bribery, compulsion or coercion, collusion, blackmail or extortion or any other kind of abuse or misuse for personal gain.

By way of example:

- A corrupt practice is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.

- A fraudulent practice is 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.
- A coercive practice is 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 another party.
- A collusive practice is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

External corruption is referred to in cases of alleged corruption involving third parties in relation to NEFCO and internal corruption is referred to in cases of alleged corruption within NEFCO involving staff members or other officials of NEFCO.

3. Objective and scope of the anti-corruption policies

3.1. External activities

NEFCO expects its borrowers, project owners, clients, co-operation parties and any other parties involved in the activities of NEFCO to:

- Maintain the highest ethical standards and conduct in business practices
- Carry out all their activities in accordance with this Resolution and thereto related guidelines and policies for fighting corruption
- Carry out their procurement operations in accordance with well established, applicable and proper procedures and in particular in accordance with NEFCO Procurement Guidelines
- Report to NEFCO any allegations of corruption in any activities related to NEFCO.

NEFCO itself will:

- Emphasise transparency and responsibility in the use of funds granted for projects
- Focus in its project analysis, in documentation, disbursement procedures and project monitoring on procedures and actions that actively prevent corrupt or illegal behaviour
- Pay particular attention to the use of transparent and suitable payment methods upon the transfer of funds to and from NEFCO or in connection with projects financed by NEFCO
- Maintain financial and risk management guidelines for fighting corruption
- Provide guidance and information about the policies for the public, the borrowers, the project owners, the clients and co-operation parties of NEFCO and in general support the policies and procedures of others in their efforts to fight corruption
- Co-operate with authorities and other organisations in combating corruption

- Pursue disciplinary and judicial actions in cases where corruption occurs.

3.2. Internal activities

NEFCO will:

- Maintain a structure of good governance within NEFCO, particularly through transparent internal and external regulations, policies and instructions for the purpose of preventing corruption
- Pursue effective and pro-active internal control systems through internal and external audit control
- Provide its staff with guidance and information for fighting corruption
- Adopt disciplinary and judicial actions against corruption.

The management and the staff of NEFCO are expected to:

- Maintain the highest ethical standards and behaviour in accordance with the regulations, policies and instructions adopted by NEFCO
- To strictly adhere to the Codes of Conduct and the Staff Regulations and Rules
- Report to NEFCO any allegations of corruption in any activities related to NEFCO.

4. Reporting

Any person involved with the activities of NEFCO or a staff member of NEFCO shall report allegations of corruption to the person responsible for internal audit of NEFCO or the Chairman of the Committee on Fighting Corruption. It is recommended that reports of alleged corruption be made in writing. The Managing Director of NEFCO shall be informed by the person responsible for internal audit or the Chairman of the Committee on Fighting Corruption of such allegations being made.

All information related to alleged corruption shall be treated with the strictest confidentiality. Reporting allegations of corruption can be made anonymously without a requirement for the reporter to reveal his or her identity. In general the legal rights and the identity of all persons involved in the allegations, both the person or persons reporting allegations of corruption and the person or persons suspected of corruption, shall under all circumstances be protected carefully.

The person responsible for the internal audit of NEFCO or the Chairman of the Committee on Fighting Corruption shall take reported allegations of corruption before the Committee. In exceptional cases and particularly if the allegations of corruption are of a serious nature, the person responsible for the internal audit and the Chairman of the Committee on Fighting Corruption shall together be responsible for reporting allegations of corruption to the Board of Directors of NEFCO and the Control Committee of NEFCO, when the matter is taken to the Committee on Fighting Corruption for consideration.

5. Committee on fighting corruption

NEFCO has established a Committee on Fighting Corruption. This Committee will deal with all alleged corruption cases brought before it by the person responsible for the internal audit, its Chairman or the Managing Director of NEFCO.

Based on its investigations, the Committee shall decide to dismiss a case of alleged internal or external corruption if it establishes that sufficient evidence of corruption can not be found to substantiate the alleged act of corruption. If the Committee establishes that sufficient evidence of corruption is at hand it shall decide to recommend disciplinary, judicial or other actions to be taken.

The Committee can also give recommendations on preventive measures to fight corruption.

The tasks and functions of the Committee on Fighting Corruption are governed by the Rules of Procedure for the Committee on Fighting Corruption.

6. Entry into force and publication

This Resolution on fighting corruption has been adopted by the Board of Directors of NEFCO and enters into force on 27 September 2007 after which it shall be published on the website of NEFCO. This Resolution shall replace the NEFCO Policy on fighting corruption adopted by the Board on 7 October 2005.