



POLICY ON PREVENTION OF SEXUAL EXPLOITATION, SEXUAL ABUSE AND SEXUAL HARASSMENT

*Adopted by the Board of Directors of the Nordic Environment Finance Corporation
on 19 March 2020 with entry into force as of 20 March 2020.*

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Policy on Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment

1. Introduction

- 1.1 Nordic Environment Finance Corporation (NEFCO) was established by the Nordic countries, Denmark, Finland, Iceland, Norway and Sweden to promote investments having a Nordic environmental interest. This is achieved by facilitating investments related to green growth and climate mitigation and adaptation globally.
- 1.2 NEFCO recognizes that sexual exploitation, abuse, and harassment (SEAH) violate dignity and legal norms and create a hostile working environment. SEAH may also negatively effect and undermine the legitimacy, efficiency and successful implementation of initiatives aiming at financial, social and environmental development.
- 1.3 NEFCO is committed to fostering and promoting a culture of respect and high standards of ethical behavior within and outside of NEFCO. NEFCO does not tolerate SEAH of any kind and will take appropriate measures to prevent and detect SEAH in NEFCO Activities. NEFCO is determined to act on every allegation of SEAH in line with its established procedures. The needs of Victims and protection of Whistleblowers and Witnesses is a key priority in such acts and measures.
- 1.4 This Policy on Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment (the Policy) sets out the commitments made by NEFCO and the principles and obligations applicable to NEFCO Personnel and Counterparties for the purpose of preventing and responding to SEAH. The Policy may be complemented by internal rules and guidelines to implement the principles and objectives set out herein.

2. Definitions

- 2.1 For the purpose of this Policy, the following terms and abbreviations shall have the meaning set out below:
 - “Covered Persons” means entities and individuals covered by this Policy in accordance with Article 3.
 - “Counterparty” means any natural person or legal entity that receives any form of financing or support from or through NEFCO, or otherwise executes, implements, contributes or substantially participates in a NEFCO Activity.
 - “NEFCO Activity” means any activity which is financed, administered or supported by NEFCO, specifically including, but not limited to any work-related activities on NEFCO premises and any projects financed by NEFCO.
 - “NEFCO Funds” means funds held, administrated, committed or disbursed by NEFCO, whether NEFCO’s own funds or funds belonging to a third party.
 - “NEFCO Personnel” means NEFCO staff and any other individual contracted and/or engaged to act for NEFCO.
 - “OCCO” means the Office of the Chief Compliance Officer.
 - “Retaliation” means any detrimental act, direct or indirect, recommended, threatened or taken against a Victim, Whistleblower or Witness or a person associated with a Victim,

Whistleblower or Witness because of his or her report of a suspected wrongdoing or cooperation with an investigation by NEFCO.

“SEAH” means Sexual Exploitation, Sexual Abuse and Sexual Harassment¹.

“Sexual Abuse” means the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions. Sexual abuse also includes any sexual relations with a child (an individual under the age of 18), in any context.

“Sexual Exploitation” means any actual or attempted abuse of a position of vulnerability, differential power or trust for sexual purposes, including but not limited to profiting monetarily, socially or politically from the sexual exploitation of another. Sexual Exploitation also includes any sexual relations with a child (an individual under the age of 18), in any context.

“Sexual Harassment” means any unwelcome sexual advance, request for sexual favor, or other verbal, non-verbal or physical conduct of a sexual nature that interferes with work, is made a condition of employment or promotion, creates an intimidating, hostile or offensive environment.

“Victim” means a person who is or has been subjected to SEAH in a NEFCO Activity.

“Witness” means any person or entity who is not the subject of an investigation but who provides information or evidence or otherwise cooperates in good faith with an investigation of an alleged act of SEAH.

“Whistleblower” means any person who voluntarily, in good faith and on reasonable grounds, reports, attempts to report, is believed to be about to report, or is believed to have reported a suspected act of SEAH.

3. Scope of the Policy

3.1 This Policy applies to all NEFCO Activities and applies specifically to the following entities and individuals:

- i) NEFCO Personnel;
- ii) members of NEFCO’s Board of Directors; and
- iii) Counterparties.

Entities and individuals listed in i) – iii) above jointly referred to as “Covered Persons”.

3.2 NEFCO shall include appropriate language in its agreements and contracts with Counterparties relating to a NEFCO Activity to ensure proper implementation of this Policy.

4. Principles and Obligations

4.1 NEFCO shall not directly or indirectly condone, encourage or tolerate any form of SEAH and shall take all appropriate measures to prevent, detect, investigate and respond to SEAH in NEFCO Activities. Such measures shall include:

¹ For the avoidance of doubt, acts of SEAH may occur between or amongst people of different sexes or gender or of the same sex or gender and may be initiated by any gender or sex.

- a) Assessing the level of risk of SEAH occurring when planning or initiating a NEFCO Activity in order to take proportional, risk-based preventive measures as needed;
- b) Establishing and maintaining rules and procedures to receive and investigate reports of suspected and alleged SEAH;
- c) Taking appropriate measures to respond to SEAH, which may include sanctions and disciplinary measures;
- d) Including appropriate language in contracts with Counterparties requiring Counterparties not to directly or indirectly condone, encourage or tolerate SEAH, to promptly report any suspected SEAH and to cooperate with NEFCO in investigations, as well as specifying consequences of breaches of such obligations. Contracts may also require Counterparties to establish and maintain appropriate policies and safeguards relating to SEAH; and
- e) Taking all reasonable measures to protect actual or suspected Victims as well as Whistleblowers and Witnesses in accordance with Article 7.1 below.

4.2 All Covered Persons shall

- a) Refrain from directly or indirectly participating or engaging in SEAH in NEFCO Activities;
- b) Promptly after becoming aware of a suspected act of SEAH in a NEFCO Activity report the suspected SEAH in accordance with Article 6.1 below;
- c) Comply with such additional obligations of Covered Persons which are set out more specifically in the applicable code of conduct, and/or in relevant contractual arrangements; and
- d) Cooperate as requested in any investigation of SEAH in a NEFCO Activity.

5. Prevention, Mitigation, Awareness Raising

In order to prevent and mitigate the risk of SEAH, NEFCO shall:

- a) By appropriate means emphasize NEFCO's expectations on high standards of personal conduct and its zero tolerance of SEAH in NEFCO Activities;
- b) Provide training and raise awareness among NEFCO Personnel, the Board of Directors and Counterparties on how to prevent and respond to SEAH;
- c) Establish and maintain practices to be applied during recruitment and procurement where applicants and candidates are required to declare any criminal convictions, disciplinary measures or sanctions relating to SEAH, and, as appropriate, carry out reference checks to verify the information provided by the applicant or candidate; and
- d) Encourage Counterparties and other cooperation partners to establish policies and safeguards relating to prevention of SEAH.

6. Reporting, Investigations, Response

6.1 Covered Persons are obligated to report suspected SEAH in NEFCO Activities to OCCO, or in the case of NEFCO Personnel, alternatively through other reporting channels established internally. Any other person may, and is encouraged to, report actual or suspected SEAH in a NEFCO Activity to OCCO.

- 6.2 Anyone reporting suspected SEAH shall do so in good faith and provide where possible any information or evidence related to the alleged SEAH. Those reporting suspected SEAH shall not evaluate or try to determine whether a report would meet any threshold of seriousness or gravity. For avoidance of doubt, no clearance or approval by a supervisor is required for NEFCO Personnel prior to reporting.
- 6.3 NEFCO shall promptly investigate any report of suspected SEAH in a fair and objective way in accordance with applicable rules and procedures established by NEFCO, while taking all available measures to protect privacy and confidentiality. As a main rule, investigations of SEAH will be carried out by OCCO.
- 6.4 Covered Persons are obligated to cooperate with OCCO and/or other representatives duly appointed by NEFCO for the specific purpose in case of an investigation of SEAH.
- 6.5 Where it has been established that SEAH has taken place, NEFCO shall pursue disciplinary, contractual, judicial and/or other actions in accordance with applicable contractual provisions as well as with rules and procedures established by NEFCO.
- 6.6 NEFCO may refer information relating to SEAH to national authorities if deemed appropriate. The decision for such referral shall be made by the Managing Director in consultation with OCCO and the Chief Counsel.

7. Protection of Victims, Whistleblowers and Witnesses

- 7.1 NEFCO shall take all reasonable measures to ensure that Victims, Whistleblowers and Witnesses are protected against Retaliation when reporting to, providing information to or otherwise cooperating with NEFCO in relation to SEAH. Whistleblowers may remain anonymous or request that their identity be kept confidential, consistent with the need to conduct an adequate and thorough investigation. NEFCO cannot however provide physical or legal protection for Victims, Whistleblowers or Witnesses.
- 7.2 OCCO shall promptly investigate any reports of suspected or alleged Retaliation in accordance with applicable rules and guidelines established by NEFCO.
- 7.3 Individuals making false or malicious allegations of suspected SEAH shall not enjoy the protection under Article 7.1 above.
- 7.4 Reporting a suspected SEAH or acting as a Witness shall not protect a Victim, Whistleblower or Witness from Sanctions or other measures arising from their own wrongdoing. However, the Victim's, Whistleblower's or Witness' reporting and cooperation shall be taken into consideration when determining appropriate disciplinary measure or sanction.
- 7.5 An act of Retaliation or a false or malicious allegation of SEAH shall amount to misconduct or breach of contract. Where it has been established that an act of Retaliation or a false or malicious allegation of SEAH has taken place, NEFCO shall pursue disciplinary, contractual, judicial and/or other actions in accordance with applicable contractual provisions as well as with rules and procedures established by NEFCO.

- 7.6 In cases of reported acts of SEAH where the Victim and the alleged offender are NEFCO Personnel, NEFCO shall
- a) Take available steps to prevent the repetition of the reported behavior, protect the integrity of the investigation and address the risk of Retaliation, taking into consideration also the interests of NEFCO. Such measures may include
 - i) physical separation of the alleged offender and the Victim;
 - ii) reassignment of either the alleged offender or the Victim;
 - iii) temporary changes in reporting lines; and
 - iv) instituting flexible working arrangements.
 - b) Provide to the Victim information on available medical, counselling and support services.

8. Roles and Responsibilities

- 8.1 The main roles and responsibilities in relation to the principles established in this Policy are set out in Articles 8.2 – 8.6 below.
- 8.2 The Board of Directors shall:
- i) Establish relevant policies required to promote high standards of ethical behavior within NEFCO and in NEFCO Activities;
 - ii) Monitor compliance of NEFCO's work on promoting ethics in general and preventing SEAH in particular by receiving and requesting reports and updates.
- 8.3 The Managing Director, supported by the NEFCO Management Committee when relevant, shall
- i) Promote a culture of respect and foster expectations of high standards of ethical behaviour;
 - ii) Issue rules and guidelines as required to complement and ensure implementation of this Policy;
 - iii) Make and implement decisions on interim measures to address reports on acts or risks of SEAH, including the measures set out in Article 7.6 (a) above;
 - iv) Make and implement decisions on disciplinary measures or sanctions in response to acts of SEAH or Retaliation.
- 8.4 OCCO shall
- i) Receive reports on and investigate alleged acts of SEAH;
 - ii) Support development of internal guidelines on how to detect, mitigate and prevent SEAH;
 - iii) Ensure that relevant policies and rules relating to SEAH, including codes of conduct, are up to date;
 - iv) Provide and arrange training for NEFCO Personnel; and
 - v) Coordinate cooperation with relevant international organizations on the prevention of SEAH.
- 8.5 NEFCO Personnel shall
- i) Comply with all applicable policies and rules, and in particular the code of conduct, when carrying out their tasks;

- ii) Participate in training provided by NEFCO on SEAH or other topics related to the code of conduct;
- iii) Without delay report any suspicious SEAH they become aware of;
- iv) Cooperate in any investigation carried out by OCCO.

8.6 Other Covered Persons

- i) Shall comply with this Policy and relevant contractual commitments on SEAH and ethics in all aspects of NEFCO Activities.

9. Implementation of the Policy

- 9.1 NEFCO shall issue rules and guidelines and establish operational and administrative procedures to implement the principles set out in the Policy.
- 9.2 Any measures or action taken under this Policy are without prejudice to NEFCO's privileges and immunities as set forth in NEFCO's constituent documents or in applicable national or international law.
- 9.3 This Policy shall become effective on 20 March 2020. The Policy shall be reviewed on a regular basis, as a minimum every five years.