

**POLICY**

# **Integrity Risk Policy**

16 July 2024

## Section I: Purpose

The purpose of this Policy is to define key principles and the overall framework in which the Bank seeks to protect its reputation and hold itself to high standards of integrity, honesty, propriety and ethical conduct. Specifically, it outlines how the Bank identifies, assesses and manages Integrity Risks related to Parties in Bank projects; Personal Conduct Risks that stem from the actions of individuals closely connected to the Bank's operations; and more generally, ensures that the Bank's overall approach to compliance is consistent with industry practice in its operations. Within this context, it discusses the role of the Bank's Compliance Department (known as the "Office of the Chief Compliance Officer" or "OCCO"). This policy also includes the OCCO Terms of Reference.

## Section II: Definitions

Terms used in this Policy have the following meanings:

<b>"AEB"</b>	Agreement Establishing the European Bank for Reconstruction and Development, as amended from time to time.
<b>"Bank Personnel"</b>	is defined in the Code of Conduct for EBRD Personnel as: "the President, the Vice-Presidents, the Chief Evaluator, the Chief Accountability Officer and staff members."
<b>"Bank Personnel Code"</b>	means the Code of Conduct for EBRD Personnel, as amended from time to time.
<b>"Board Code"</b>	means the Code of Conduct for Officials of the Board of Directors of the EBRD, as amended from time to time.
<b>"Board Officials"</b>	is defined in the Board Code as: "Directors, Alternate Directors or Temporary Alternate Directors and Advisers."
<b>"CDRPs"</b>	means Conduct and Disciplinary Rules and Procedures Directive, as amended from time to time.
<b>"Codes of Conduct"</b>	means the Board Code and the Bank Personnel Code, each as amended from time to time.
<b>"Domiciliation Policy"</b>	means the Policy on Domiciliation of EBRD Clients, as amended from time to time.
<b>"EPPs"</b>	means the Enforcement Policy and Procedures, as amended from time to time.
<b>Guidelines for Retaliation in Bank Projects</b>	means the Guidelines for EBRD Personnel on handling allegations of retaliation for criticism and complaints related to EBRD projects, as amended from time to time.
<b>"Integrity Risk"</b>	means the risk that a Party engages in a Prohibited Practice and / or conduct or activities that may not align with the risk appetite of the Bank or may cause harm to the reputation of the Bank.

An Integrity Risk may lead to adverse Reputational Risk for the Bank.

**“Misconduct”**

has the meaning given to it in the CDRPs.

**“Integrity Risk Factor”**

means identified integrity issues that, if present in a project, could pose Integrity Risk to the Bank. Examples include, but are not limited to, suspicions of a Prohibited Practice, sanctions, criminal proceedings, criminal allegations, questionable business practices, money laundering, terrorist financing, political exposure and links to organised crime.

**“Party”**

means either an individual or entity the Bank engages with as part of its regular activities or particular project, or holds information about. In the context of a project, a Party may impact the Integrity Risk of the project.

**“Personal Conduct Risk”**

means risks related to the personal conduct of Bank Personnel, Board Officials and other categories of individuals closely connected to the operations of the Bank. For example, this includes but is not limited to, interns, secondees, consultants, contractors, experts performing missions for the Bank, temporary staff, etc.

**“Prohibited Practice”**

has the meaning given to it in the Enforcement Policy and Procedures, as amended from time to time.

**“Reputational Risk”**

means the risk that the Bank’s stakeholders, its Countries of Operations and / or the communities in which it operates, lose confidence in and respect for the EBRD and its ability to achieve its mission, resulting in an actual or potential adverse effect on the Bank’s ability to carry out its mandate in accordance with the AEB or on its ability to maintain existing, or establish new, business relationships and / or access to funding.

**“Staff Handbook”**

means the compendium of policies, directives and procedures governing the organisation, appointment and dismissal of staff members of the Bank, as amended from time to time.

**“Whistleblowing Policy”**

means the Whistleblowing Policy, as amended from time to time.

## Section III: Scope

### 1. Introduction

The Bank's long-standing practice has been to hold itself to high standards of integrity, honesty, propriety and ethical conduct in its business and to ensure that its behaviour, and the manner in which it chooses its partners in projects (such as, client, sponsor, guarantor, co-financier etc.), meet these standards. Further, as a major investor in enterprises and financial institutions based in or operating out of its Countries of Operations, the Bank seeks to promote high ethical standards, integrity, and good business practices, both within the Bank, and as a key transition component in its operations.

By promoting integrity, OCCO plays a central role in implementing the Bank's transition mandate to develop and enhance well-governed, competitive and sustainable market economies. Damage to the Bank's reputation can stem from Integrity Risks associated with the Bank's investment activities, from Personal Conduct Risks, and from failure to adhere to industry practice in its operations. Failure to recognise and address these risks can damage the Bank's name and standing, potentially result in financial damage and impair the Bank's ability to pursue its mission. The Bank must therefore ensure that both Integrity Risks and Personal Conduct Risks are identified, assessed and managed in a timely manner; and its robust standards are complied with at all times.

### 2. General Principles

The Bank considers that the most effective way of avoiding Integrity Risks and / or Personal Conduct Risks is to instil a culture of integrity throughout the Bank, and to ensure the efficient management of such risks.

The Bank's integrity culture starts with a strong "tone at the top". The Board of Governors is responsible for the adoption of the Bank's Codes of Conduct, and for any revisions thereto. The Board of Directors (the "Board") agrees the policy and framework for integrity and ethics in the Bank. Specifically, since November 2021, the Ethics Committee<sup>1</sup> acts as a standard-setter and establishes the tone within the Bank for high-level conduct and matters of integrity. The Board of Directors holds responsibility for overseeing that the Bank's Compliance function is performing its duties according to expectations and in particular, that Integrity Risks and Personal Conduct Risks are properly managed. The Board, with the assistance of the Ethics Committee and the Audit and Risk Committee, monitors the effective management of these risks.

The Bank's President has overall responsibility for the management of the Bank's Integrity Risks and Personal Conduct Risks, and keeps the Board informed of any material issues regarding these risks. Members of senior management are responsible for the day-to-day management of such risks and adherence to directives, procedures and guidance in support of the Bank's integrity standards. Bank Personnel, Board Officials and Service Providers are all personally responsible for reporting suspected Misconduct or suspected Prohibited Practices. Senior management is responsible for fostering a culture which ensures that all such instances are reported.

The Bank takes such steps as are necessary to ensure that, in the performance of their responsibilities, Bank Personnel and Board Officials act in compliance with the highest standards of behaviour and integrity, in accordance with good international practice, to avoid or minimise risks arising out of or in connection with the Bank's activities.

---

<sup>1</sup> Under Rule 14 of the Board Code, the Ethics Committee is established by the Board of Governors.

OCCO is a key player in this effort and its responsibilities extend to: (i) certain project related Integrity Risks (money laundering, terrorist financing, “know your customer”, tax avoidance, fraud and corruption, and other Prohibited Practices); (ii) Personal Conduct Risks (such as insider trading, breaches of the Codes of Conduct and retaliation against whistleblowers); (iii) adherence to industry practice (such as managing institutional conflicts of interest that may arise from the Bank’s multiple relations with, or interests in, clients, and financing competing clients); and (iv) managing the consequences of non-compliance with certain Bank policies, directives or procedures.

The Bank’s Risk Appetite Statement, as amended from time to time, provides a consolidated overview of how the Bank manages various types of risk. It sets out the overall risk governance architecture of the Bank and summarises its business profile and approach to risk mitigation. The Bank’s Risk Appetite Statement states that the Bank has a low appetite for non-financial risk related financial losses and reputational damage and seeks to minimise circumstances that could substantially weaken stakeholder confidence and undermine its mission.

The Bank’s Operational Risk Management Policy, as amended from time to time, requires staff to be conservative when assessing potential reputational impact and, whenever in doubt, to err on the side of submitting an action or transaction for senior management, Communications department and OCCO review. Reputational risk is not static and may include damage arising from a dynamic range of factors, including fraud and other forms of malfeasance.

### **3. Managing Integrity Risk and other risks**

#### **(a) Project Integrity**

The Bank has developed integrity due diligence guidelines and procedures that reflect its long experience and practice in assessing and mitigating Integrity Risk in its projects. These integrity guidelines and procedures help the Bank to assess potential Integrity Risks associated with Parties by providing meaningful criteria for the assessment of Integrity Risk and clear guidance as to what is not acceptable. The guidelines and procedures rely on a risk-based approach whereby higher risks are subjected to increased levels of scrutiny and control. The Bank requires its bankers to properly identify Integrity Risk Factors given their proximity to, and familiarity with, potential clients, the regulatory environment, and the country and sector specific information relevant for each project. As such, this integrity due diligence covers all Parties and goes beyond the potential client and / or its owner(-s) to capture the Integrity Risk stemming from their management teams, members of the board, clients, suppliers, off-takers, parallel lenders, consultants and advisors as well as country or sector characteristics. This approach of thorough assessment of all stakeholders involved contributes to adherence to high standards of governance and integrity by the Bank’s clients.

#### **(b) Domiciliation / Tax Compliance**

The Bank supports international efforts to discourage tax avoidance using cross-border structures. In that context, OCCO leads and oversees the Bank’s approach to client domiciliation and assesses compliance of individual projects with the Domiciliation Policy. The Domiciliation Policy sets out the conditions under which the Bank may finance a project when the borrower, the investee or a controlling entity is domiciled in a jurisdiction other than the country where the project is located, with reference to international tax standards.

(c) Capital Markets Compliance; Institutional Conflicts of Interest; and Nominee Directors

Consistent with industry practice, OCCO leads and oversees the Bank's approach to capital markets compliance, which includes the management of risks arising from material non-public information (MNPI). This ensures that the Bank does not deal in listed securities while in possession of MNPI.

OCCO deals with institutional conflicts of interest between various Bank activities. Through this work, the Bank ensures that institutional conflicts are identified, assessed and managed, so that business partners are treated fairly and proper standards of market conduct are observed.

OCCO provides training and guidance in relation to nominee directors (NDs) who may be appointed to the boards of companies in which the Bank has an equity investment, including on the application of the Nominee Director Procedure, conflicts of interest issues arising in relation to NDs and the role of NDs more generally.

(d) Support to Risk Management and Bank Committees

OCCO provides expert advice, independent of Banking, as to whether a potential Integrity Risk is acceptable to the Bank and monitors whether the information provided by the Banking department to the Risk Management department is accurate and that integrity concerns are properly identified.

The Operations Committee, assisted, where appropriate, by OCCO, determines the acceptability of potential integrity risks of a proposed project prior to its submission for approval of the Board. Similarly, for projects that are approved by Bank's Management under a Board delegated approval, the acceptance of potential Integrity Risks related to such projects is determined by a subcommittee of the Operations Committee, the Small Business Investment Committee.

As part of its investment, the Bank will promote its counterparties' adherence to high integrity standards and good business practices by requiring, where appropriate, greater transparency of ownership, the adoption of international accounting standards and strengthened anti-money laundering and counter financing of terrorism procedures, anti-corruption action plans, and compliance with international corporate governance standards.

Specifically, the Chief Compliance Officer is a member of the Bank's Risk Committee which assesses the risks incurred by the Bank in conducting its business and provides guidance on controlling, monitoring and mitigating the current and forward-looking aspects of risks. The Risk Committee also seeks to embed and maintain a risk aware culture, which includes a strong internal control environment.

(e) Integrity Monitoring

Integrity monitoring is the process of identifying and responding to Integrity Risk Factors that may arise after signing of a project. Integrity Risk Factors are identified integrity issues that, if present in a project, could pose Integrity Risk to the Bank. Examples include, but are not limited to, suspicions of a Prohibited Practice, sanctions, criminal proceedings, criminal allegations, questionable business practices, money laundering, terrorist financing, political exposure and links to organised crime. For example, should the Bank receive any allegation of a Prohibited Practice in relation to a Bank activity or project, it will proceed in accordance with its EPPs and

the International Financial Institutions Principles and Guidelines for Investigations, as part of the Uniform Framework for Preventing and Combating Fraud and Corruption.

Since 2010, the Agreement for the Mutual Enforcement of Debarment Decisions among the EBRD, World Bank Group, Asian Development Bank, African Development Bank Group, and Inter-American Development Bank Group, allows for an entity debarred by one of these multi-lateral development banks to be ineligible to obtain financing from the others.

#### **4. Managing Personal Conduct Risks**

The Bank rightfully expects that all individuals closely connected to its operations observe high standards of integrity and personal conduct and act with honesty and propriety. Their personal and professional conduct should, at all times, command respect and confidence in their status as officials of an international organisation. OCCO oversees the Bank's approach to Personal Conduct Risks by establishing, communicating, monitoring, and implementing a clear set of rules regarding the required ethical conduct of Bank Personnel, Board Officials and other individuals closely connected to the Bank's operations, and by taking appropriate corrective action in the event of a breach.

OCCO provides mandatory integrity training to Board Officials and Bank Personnel to ensure that a culture of high integrity prevails in all of the Bank's dealings with its clients, sponsors, suppliers, counterparties, and other bodies with which the Bank interacts.

Through the Codes of Conduct and the Whistleblowing Policy, the Bank fosters a culture that encourages Board Officials and Bank Personnel to apply, and openly discuss, appropriate standards in their decision-making, as well as to report any suspicion of inappropriate conduct without fear of retaliation. The Whistleblowing Policy provides multiple avenues to report suspected breaches of Integrity and / or Personal Conduct Risks, prohibits retaliation and offers whistleblowers a wide range of protection (including interim protection measures) from retaliation.

Bank Personnel and Board Officials must abide by the general principles and rules on behaviour and integrity that are contained in the Codes of Conduct, the Staff Handbook, the Whistleblowing Policy and related Bank policies, directives, procedures and guidance. Each such individual is responsible for adhering to these principles and policies/ directives/ procedures and for observing all specific requirements relating to personal and professional behaviour.

The Bank has processes that address suspected instances of non-compliance with its rules. Further, OCCO has introduced contractual provisions on the appropriate standard of behaviour within the respective contracts of interns, secondees, contractors, consultants and temporary staff to further mitigate Personal Conduct Risks amongst those who are not Board Officials or Bank Personnel.

#### **5. Investigations**

OCCO is responsible for investigating allegations of fraud and corruption in the Bank's projects, as well as for investigating allegations of failure by Bank Personnel to comply with the Bank's rules and standards of appropriate behaviour and integrity. Consequently, the Investigations team conducts two distinct types of investigation: (1) of Prohibited Practices (which at the time of publication of this Policy means each of the following: a Coercive Practice, a Collusive Practice, a Corrupt Practice, a Fraudulent Practice, Misuse of Bank Resources or Bank Assets, an



Obstructive Practice and Theft) in relation to EBRD-financed activities under the EPPs; and (2) of allegations of Bank Personnel Misconduct under the Bank Personnel Code and / or the CDRPs.

## **6. Capacity development**

Through the provision of technical assistance (including advice, cooperation and policy dialogue), OCCO will continue to seek opportunities to build, develop and / or enhance capacity for the identification and management of integrity and corruption risks in its countries of operation. This may include working closely with EBRD's clients, business partners and other parties outside of EBRD's Banking Operations, with a view to facilitating an enabling environment for its clients to achieve integrity and anti-corruption outcomes in their projects.

## **7. Cross-cutting themes**

Given the nature of OCCO's work, and the general multidimensional nature of risk and integrity issues, there will inevitably be risk areas that transverse the work of various Bank Departments.

### **(a) Retaliation in Bank-financed projects**

For example, retaliation in Bank-financed projects is one such issue that, depending on the facts of the situation, may require involvement from OCCO, the Bank's Environmental and Social Department (ESD) and / or the Independent Project Accountability Mechanism (IPAM). The Guidelines for Retaliation in Bank Projects are the key policy instrument for stakeholders to understand the Bank's approach to handling retaliation allegations in connection with EBRD projects. The Guidelines state that the EBRD provides channels for participatory stakeholder engagement in relation to investments that have potential environmental and social impacts on communities. At the level of the institution, this is primarily accomplished through relevant provisions of the Bank's three governance policies i.e., the Access to Information Policy, the Environmental and Social Policy and the Project Accountability Policy. The Guidelines also recognise that in some of the Bank's countries of operations (CoOs) the ability of external stakeholders to make critical comments or complaints about EBRD projects is limited and can fluctuate / diminish over time, and external stakeholders who voice their criticism related to EBRD projects may experience retaliation, including threats and reprisals.

The impairing or harming (or threatening to impair or harm) of a party, including an external stakeholder, directly or indirectly with the intent to influence improperly the actions of that party in connection with a Bank project is a Coercive Practice under the EPPs. Allegations of any Coercive Practice would be assessed and processed by OCCO in accordance with the EPPs. A Bank Counterparty that is suspected to have engaged in a Coercive Practice is subject to Enforcement Proceedings under the EPPs and this action may ultimately result in the Bank cancelling the project. ('Bank Counterparty' includes current and potential clients, suppliers, contractors, consultants, sub-suppliers, sub-contractors and sub-consultants, as defined in EPPs.)

However, it may be that the alleged threat or harm by the Bank Counterparty is conveyed in an indirect or subtle manner, or the alleged threat or harm is undertaken by another entity acting independently of the Bank Counterparty, such as local or central government bodies of EBRD CoOs or other actors. In these instances, it may not be possible to verify a suspected Coercive Practice by a relevant Bank Counterparty and other avenues of redress will need to be considered. Where allegations of suspected retaliation towards external stakeholders are assessed by OCCO not to constitute a Coercive Practice under the EPPs, OCCO will refer any such allegation(s) to ESD, Banking and / or IPAM for further processing depending on the circumstances of the case.



## **(b) Sanctions due diligence**

As an international organisation formed by an international treaty, the Bank gives due regard to economic, financial and trade restrictive measures and arms embargoes imposed by the United Nations Security Council pursuant to Article 41 of the UN Charter. Consequently, the Bank will not engage with parties, or finance goods or services, subject to the UN sanctions. While the Bank is exempt from compliance with non-UN sanctions imposed by EBRD's member countries due to the privileges and immunities set forth in the Agreement Establishing EBRD (including without limitation Article 49), depending on their nature and scope – and given their ever-increasing global reach – such sanctions may have material operational, commercial, reputational, political or other implications for EBRD and its projects. Given this context, the Bank's integrity due diligence guidelines require operational Banking teams, as the first line of defence for sanctions risks, to identify and assess inherent sanctions risks associated with the client and its activities, other relevant parties, and in projects more generally.

As part of sanctions due diligence, the Bank considers not only exposures to 'sanctioned names' or sanctions sensitive jurisdictions, but also other relevant factors, including the nature of the project, its purpose and impact, involved goods, services and customers. This is a significant undertaking which requires, *among other things*, a skilled selection of the individuals and entities to be included in the scope for due diligence which must be assessed on both a case-by-case and proportionate basis.

OCCO's primary responsibility is to assess sanctions risk exposures in order to determine whether such exposures may represent material Integrity Risk and Reputational Risk to the Bank. In its assessments, OCCO works closely with the Sanctions Unit of the Office of the General Counsel ("OGC Sanctions"), which assesses technical sanctions risks (e.g., operational, legal). OCCO and OGC Sanctions collaborate in the development and maintenance of guidelines, procedures and checklists to enable operational Banking teams to carry out effective sanctions due diligence. Where material sanctions risks are identified, OCCO and OGC Sanctions will also collaborate in the review of findings and assessments prepared by Banking teams to Management Committees and to the Board, where applicable.

## **8. Terms of Reference of the Office of the Chief Compliance Officer**

The Terms of Reference of the Office of the Chief Compliance Officer outlined in Annex A of this Policy form an integral part of this Policy.

### **Section IV: Waivers, Exceptions and Disclosure**

#### **Waivers**

The Board of Directors may grant a deviation from a requirement of this Policy that is not explicitly permitted by the terms of this Policy.

#### **Exceptions**

Not applicable.

#### **Disclosure**

This Policy will be disclosed on the Bank's website immediately upon approval.

## **Section V: Transitional Provisions**

Not Applicable.

## **Section VI: Effective Date**

This Policy is effective on the date of its approval.

## **Section VII: Decision Making Framework**

The President is accountable for this Policy.

Managing Director, Chief Compliance Officer is responsible for this Policy.

## **Section VIII: Review and Reporting**

### **Review**

This Policy is approved by the Board and reviewed every five years, or as needed, to ensure that it reflects the high standards of integrity in accordance with good practice.

### **Reporting**

The Chief Compliance Officer reports to the Audit and Risk Committee on a quarterly basis.

## **Section IX: Related Documents**

1. Anti-Money Laundering and Counter-Terrorism Financing Due Diligence Procedures;
2. Code of Conduct for EBRD Personnel;
3. Code of Conduct for Officials of the Board of Directors of the EBRD;
4. Conduct and Disciplinary Rules and Procedures Directive;
5. Domiciliation of EBRD Clients;
6. Directive on the Respectful Workplace Processes;
7. Enforcement Policy and Procedures;
8. Guidance for ASB on PEP Referrals;
9. Guidance Note on Integrity Risk Classification and Integrity Monitoring;
10. Guidance Note on Criminal and Other Serious Matters;
11. Guidance Note on Integrity Due Diligence in Corporate and Administrative Functions and Non-Banking Operations;
12. Guidance Note on Integrity Monitoring;
13. Guidance Note on Integrity Due Diligence on Senior Management;
14. Guidance Note on Open Source Research in Integrity Due Diligence;
15. Guidance Note for Bank Personnel – Rule 2;
16. Guidance Note for Bank Personnel – Rule 4;
17. Guidance Note for Bank Personnel – Rule 5;
18. Guidance Note for Bank Personnel – Rule 7;
19. Guidance Note for Bank Personnel – Rule 8;
20. Guidance on Politically Exposed Persons (PEPs);
21. Guidelines for Engagement with Sovereign Wealth Funds;
22. Integrity due diligence guidelines;
23. Integrity Due Diligence and Monitoring Guidelines for Private Equity Funds;
24. Integrity due diligence procedures in the project approval cycle;

25. Material Non-Public Information and its impact on Banking Operations;
26. Nominee Director Procedure;
27. Procedure on Conflicts of Interest in relation to Bank activities;
28. Rules of Procedure for the Ethics Committee;
29. Risk Appetite Statement; and
30. Whistleblowing Policy.

**Annex A**

**Office of the Chief Compliance Officer**

**Terms of Reference**

### **1. Mission**

The mission of the Office of the Chief Compliance Officer (OCCO) is to protect the integrity and reputation of the Bank, to promote ethical standards of behaviour and to strengthen the Bank's accountability and transparency, consistent with industry practice, in all its operations. OCCO assists in identifying, assessing, and monitoring Integrity Risks and Personal Conduct Risks arising from failure to comply with the Bank's standards and policies/ directives/ procedures and contributes, in an independent manner, to the Bank's effective management of such risks.

### **2. Objectives**

OCCO's overall objectives are:

- to ensure that the Bank's ethical rules of conduct and internal standards, directives, procedures, and guidelines on anti-money laundering, counter-terrorist financing, tax avoidance, conflicts of interests, handling of MNPI, Prohibited Practices, treatment of confidential information, and integrity due diligence are in line with, or reflect, internationally accepted norms; and
- to ensure that Board Officials and Bank Personnel fulfil their obligation to behave in an appropriate manner, consistent with the relevant Code of Conduct, and that they are adequately trained to meet these obligations.

### **3. Independence**

The functions of OCCO are independent of operational departments.

To provide for the independence of OCCO, all its staff report to the Chief Compliance Officer (CCO), who reports to the President and has full and free access to the Chair of the Audit and Risk Committee.

OCCO's independence is reinforced through the oversight role of the Audit and Risk Committee, as set out in that Committee's terms of reference. The Audit and Risk Committee assists the Board to fulfil its responsibilities relating *inter alia* to the status, ability to perform duties independently, and performance of the Bank's compliance, internal audit, evaluation and risk management functions. In relation to OCCO, this is achieved by:

- Periodically assessing whether OCCO:
  - has a role that is appropriate for the Bank's purpose and needs;
  - has policies, directives, procedures, methodologies, budgets and staffing resources that are adequate to perform its role;
  - performs according to expectations;

- has the ability to perform its duties independently from the departments, units or individuals over which/ whom it exercises an oversight or review responsibility, and that the CCO has the ability to express opinions independently from other members of management.
- Reviewing annually the proposed scope of OCCO's work plan for the coming year.
- Meeting regularly with the CCO without other members of Management being present.
- Noting any unresolved difference of opinion involving the President and the CCO which may be reported by the CCO to the Chair of the Audit and Risk Committee.
- Being consulted prior to the engagement of the CCO and reporting promptly its views on the matter to the Board.

As required by Paragraph 6.6 of the Terms of Reference of the Audit and Risk Committee, any decision to remove the CCO (other than for Misconduct) shall be taken by the President in accordance with guidance given by the Board of Directors in an Executive Session. Any allegation of Misconduct against the CCO shall be dealt with as provided in the Bank Personnel Code of Conduct.

#### **4. Authority**

OCCO has access to all of the Bank's units, departments and teams for the purpose of discharging its responsibilities, including the conduct of autonomous and independent investigations. Specifically, the CCO and OCCO staff are authorised to:

- Have unrestricted access to all Bank premises, functions and Bank Personnel, as well as unrestricted access to all information assets and property in the custody or under the control of the Bank, or subject to the Bank's right of inspection or audit. Information and documents accessed by OCCO shall be handled in the same prudent and confidential manner as required from those persons who are normally accountable for such information and documents.
- Have full and free access to all levels of Management, the President, the Chair of the Audit and Risk Committee, and the External Auditors.

#### **5. Responsibilities**

OCCO is responsible for promoting good governance and ensuring that high standards of integrity are applied throughout all activities of the Bank in accordance with good practice.

In carrying out its responsibilities, OCCO works closely with a number of departments, including the Office of the General Counsel, the Chief Internal Auditor, the Human Resources & Organisational Development Department, Risk Management and the Evaluation Department.

Specifically, OCCO:

Supports the Bank's Ethics Committee. In particular, pursuant to the Rules of Procedure for the Ethics Committee the CCO (and any designated OCCO officer(s)) may act as "Compliance Advisor" to the Ethics Committee and provide advice, including in respect of interpretation of the Board Code and the Bank Personnel Code, requests for authorisations, as well as in the context of any investigations.

Advises Bank Personnel on relevant rules and standards and ensures that the Bank is aware of, or is following, good market principles and international standards, particularly as concerns the following:

- Prevention of bribery and corruption, money laundering, terrorist financing and tax avoidance;
- Fraud and corruption and other Prohibited Practices;
- Prevention of insider trading, the management of MNPI and institutional conflicts of interest;
- Protection of confidential information; and
- Fair and equitable behaviour towards business partners, including clients, sponsors, suppliers, counterparties and others with whom/ which the Bank interacts.

Develops and recommends the policies, rules, directives, procedures and processes governing the behaviour of Board Officials and Bank Personnel and establishes standards of integrity that the Bank expects of its clients, project sponsors, suppliers and other counterparties, with a view to managing Personal Conduct Risks. It ensures that new policies, rules, directives, procedures and processes, or changes to existing ones, are effectively communicated and implemented throughout the Bank. OCCO also engages in international cooperation on integrity and anti-corruption issues to support and work effectively with other international institutions in the common fight against corruption in emerging and transition economies.

Administers and advises on the Bank's Whistleblowing Policy, including receiving reports of alleged integrity failures, advising Bank Personnel, Board Officials and third parties on whistleblowing matters, and where appropriate, granting interim protection measures to whistleblowers.

Assists and provides Board Officials and Bank Personnel with guidance on the Codes of Conduct to manage, and where possible mitigate, Personal Conduct Risks. This includes the proper management of actual, perceived and / or potential conflicts of interests with respect to their personal and professional interests (or resulting from their involvement in various capacities in multiple projects) in connection with activities both inside the Bank and externally.

Provides independent expert advice to Bank Personnel on the assessment and mitigation of Integrity Risks and assesses whether the potential risk is acceptable to the Bank, in accordance with the Bank's Integrity Due Diligence Guidelines and Procedures, related Guidance Notes, Risk Appetite Statement and capacity-building initiatives.

Monitors any Integrity Risks in the Banking and Treasury portfolios in accordance with the Bank's Risk Appetite Statement, as well as compliance with the Bank's internal policies, directives, procedures, and guidelines relating to the integrity of the Bank's clients, sponsors, borrowers, suppliers and Parties with whom the Bank interacts.

Provides independent expert advice to Bank Personnel on domiciliation matters and assesses compliance with the Domiciliation Policy.

Investigates, in accordance with the EPPs, allegations of Prohibited Practices with a view to making recommendations on possible sanctions.

Submits to the Bank's Enforcement Commissioner, Notices of Debarment Decisions for the issuance of Notices of Mutual Enforcement in accordance with the Agreement for Mutual Enforcement of Debarment Decisions and the EPPs.

Identifies and investigates, in accordance with the CDRPs, allegations or incidents of non-observance of the Bank's Code of Conduct, staff regulations and rules or any other obligations on staff members adopted by the Board of Governors, the Board of Directors, the President, or under their respective delegated authority and, where applicable, makes a recommendation whether the results of the investigation justify raising a formal accusation of Misconduct. Where an investigative process reveals evidence of misappropriation of Bank funds or other assets or breaches of or weaknesses in the Bank's financial, accounting or control systems, the CCO is required to refer the matter to the Chief Internal Auditor and to inform the Vice President, Chief Financial Officer and the Vice President, Risk and Compliance / Chief Risk Officer of such referral.

Oversees the Bank's processes for selecting the panel of external integrity due diligence consultants and assists in the formulation of the terms of references for particular investigations.

Trains Bank Personnel through awareness raising activities in regards to integrity, conduct, anti-money laundering, domiciliation, MNPI, institutional conflict of interests, ethical matters and whistleblowing, and acts as a contact point within the Bank for queries from Board Officials and Bank Personnel in respect of their obligations. It also provides training on integrity and ethics to Board Officials.

Advises on arrangements regarding the appointment of nominee directors to the boards and board committees of Bank investee companies and provides advice to such individuals on issues relating to their obligations as nominee directors/ committee members.

Advises on various requests for exceptional access to Bank information assets pursuant to various Bank policies, directives and procedures, including, without limitation, under the Bank's Information Security framework.

## **6. Statutory responsibilities and liaison**

OCCO serves as the Bank's anti-money laundering reporting office and ensures liaison with relevant external bodies, including standard setters and external experts.

## **7. Review of Terms of Reference**

The Audit and Risk Committee will formally assess, at least every five years, or as needed, whether the mission, objectives, independence, authority, and responsibility as defined in these terms of reference continue to enable OCCO to accomplish its objectives.