



NEFCO

# Integrity and ethics

in Nefco-financed projects

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Photo: Jussi Ratilainen

## Introduction

**Nefco** (Nordic Environment Finance Corporation) is an International Financial Institution (IFI) owned by the Nordic countries, Denmark, Finland, Iceland, Norway and Sweden.

We are committed to ensuring that our funds are used only for the intended purposes and in line with international standards and best practices. We seek to promote high ethical standards both within Nefco and in all our operations.

Therefore, it is important that all entities and individuals, including customers, beneficiaries and partners, involved in Nefco-financed projects, are aware of the checks and controls that all entities receiving financing from Nefco have to go through.

This overview document presents in brief the compliance and ethics requirements in Nefco-financed projects, including practical examples of practices that are unacceptable.

This document is intended for all entities and individuals involved in Nefco-financed projects. It provides a brief overview of the checks and controls that all entities that receive Nefco financing have to go through.

All Nefco-financed projects must be compliant with Nefco's policies, rules and guidelines as well as local legislation.

Please note that this document is not an exhaustive representation of our policies. Nefco's policies, rules and guidelines are available in full on our website:

[Legal framework on nefco.int](https://nefcoint.com/legal-framework)

## Disclaimer

This document does not construe any legal obligation as it is not a legally binding document that establishes rights and obligations.





Photo: Jussi Ratilainen

# Integrity Due Diligence (IDD)

The aim of the Integrity Due Diligence (IDD) review is to ensure that Nefco works with reputable and sustainable business partners to safeguard that resources are used efficiently and that project objectives are met.

Nefco conducts IDD reviews on entities and individuals that it is considering working with. This process is like the Know Your Customer (*KYC*) process that commercial banks employ to screen their customers to make sure they know who their customers are.

You will therefore be screened by Nefco or a consultant engaged by Nefco, as a mandatory part of the process to receive Nefco financing. This is not because we suspect you of any wrongdoing but because Nefco must know who it will be doing business with. Your cooperation is required in this process.

You must complete the counterparty form provided by Nefco with accurate and complete information. It is important that you include all relevant information – leaving out relevant information is a breach of Nefco's policies. You must disclose, among other things, beneficial owners, board of directors, senior management and any other relevant individuals or associated entities with the entity you are representing.

You must also disclose any integrity issues that you or your organisation have faced. Including, for example, court rulings, ongoing proceedings or investigations, and any other administrative decisions relating to wrongdoings.

Nefco will analyse the information you provide as well as conduct a manual desktop review using third-party sources, such as news databases, legal databases and company registries. Nefco only uses public, legal sources for the IDD. Nefco may follow up with questions to you.

The duty to 'know your customer' flows downwards to all entities handling Nefco funds and/or funds administered by Nefco. This means that sufficient checks of the entities that you will contract must be carried out. This is an integral part of a procurement process.

Throughout the lifetime of the project, Nefco must stay up to date on its counterparties. You have an obligation to keep Nefco informed of any changes to the information that you have disclosed to Nefco.

**Applicable policy:** [Policy on Integrity Due Diligence \(IDD\)](#)

## Your privacy

Personal information will be collected during the IDD process. Nefco may request, among other things, your date of birth, citizenship, information about company ownership and legal processes, etc. As a financial institution, we respect confidentiality as well as your privacy, and we will store all information securely.

Nefco's IDD process is no more intrusive than that employed by commercial banks when they screen and monitor your transactions. Nefco applies similar principles to those applied by banks globally. When we no longer need the information, we will no longer process it and we will delete it.

**Applicable policy:** [Nefco Global Privacy Policy](#)

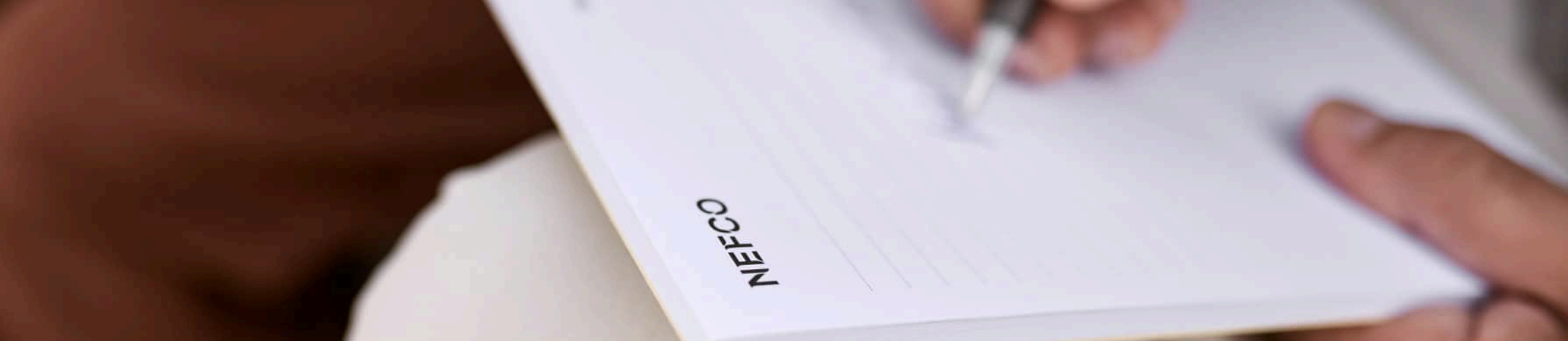


Photo: Jussi Ratilainen

## Prohibited practices

There are certain practices that are unacceptable in Nefco projects. These are called Prohibited Practices and are:

**ABUSE** which means theft, misappropriation or waste

**COERCION** which means harming or threatening to harm any party for the purpose of improperly influencing the actions of a party

**COLLUSION** which means an arrangement between two or more parties for the purpose of improperly influencing the actions of another party

**CORRUPTION** which means offering or accepting anything of value for the purpose of influencing improperly the actions of another party or getting an improper benefit

**FINANCING OF TERRORISM** which means collection of funds to carry out terrorist activities

**FRAUD** which means giving incorrect information or concealing information to receive a benefit

**MONEY LAUNDERING** which means the concealment of the origins of illegally obtained money

**OBSTRUCTION** which means non-cooperation in a Nefco investigation or audit

### Some concrete examples of behaviour that is unacceptable:

- Paying any form of facilitation payments or kickbacks
- Providing wrong information or leaving out substantial information during the IDD process or in connection with Nefco processing financing for your project
- Submitting incorrect information in bids (incorrect financial statements, fake CVs or exaggerated technical capabilities)
- Paying a bribe or giving a gift to secure a contract
- Coordinating bids with a company that is submitting a bid for the same tender
- Threatening someone to influence how they act
- Not assisting Nefco in a Prohibited Practices investigation

### Nefco will investigate any suspected Prohibited Practice in Nefco projects.

If you are found to have engaged in Prohibited Practices, this is a breach of Nefco's policies and of the contract with Nefco and may lead to repayment of funds and ineligibility to receive funding in the future (debarment).

**Applicable policy:** [Policy on Anticorruption and Compliance](#)\*

*\*The policy includes more details on how Nefco works with Prohibited Practices.*





Photo: Miikka Luotio

## Conflicts of interest

A conflict of interest occurs when an individual's personal interests – family, friendships, financial, or social factors – could compromise their judgment, decisions, or actions in the workplace. This can happen if you make a decision as a civil servant that may affect people who are close to you, such as your spouse, a family member, friend and business partner.

It is natural that situations with conflicts of interest can occur. In such situations, it is important to disclose the conflict to your organisation and refrain from working with or making decisions in the matter.

### Some concrete examples of behaviour that is unacceptable:

- To contact friends and relatives and discuss an ongoing procurement and tender evaluation
- To treat companies differently
- Not to disclose that a bidding company is owned by a family member or a close friend
- Awarding a contract to a company owned by you, a family member or a friend





**Photo:** Jussi Ratilainen

## Procurement process

Carefully planned and executed procurement is an important part of managing integrity risks in a project. Competitive, open, transparent and fair procedures for awarding public sector contracts form the basis for establishing accountability and enhancing the cost-effective use of public funds by the entity in need of the goods, works or services as they are the specialists and know best the needs of their organisation.

Should an entity feel mistreated in a procurement process, it can file a procurement complaint to Nefco on the website:

[Complaints on nefco.int](#)

**Applicable policy:** [Procurement Policy and Procedures](#)

Visit our website for more information on our procurement process:

[Procurement on nefco.int](#)



**Photo:** Jussi Ratilainen

## Prevention of Sexual Exploitation, Abuse and Harassment (SEAH)



Nefco recognises that sexual exploitation, abuse, and harassment (SEAH) violate dignity and legal norms and create a hostile working environment. SEAH may also negatively affect and undermine the legitimacy, efficiency and successful implementation of projects aimed at financial, social and environmental development.

Nefco encourages all counterparties and other cooperation partners to establish policies and safeguards relating to prevention of sexual abuse, harassment and exploitation.

Nefco will take all appropriate measures to prevent, detect, investigate and respond to SEAH in any Nefco activity.

**Applicable policy:** [Policy on Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment](#)





**Photo:** Jussi Ratilainen

## Reporting and whistleblowing

In case you suspect a breach of any of the rules discussed in this material you can report it through Nefco's whistleblower platform:

[Nefco's whistleblower platform](#)

You do not need permission from anyone to report to Nefco. Your identity will be kept confidential if you so wish to protect you in accordance with our whistleblowing protection principles.

Nefco does not tolerate retaliation, which means that you shall not be punished for reporting any concern under the whistleblowing policy.

## Contact

In case you have any questions or need more information, please contact your focal point at Nefco.

You may also contact the Ethics and Compliance Department with any questions you may have or use any of the channels listed on Nefco's enquiry page.

[Nefco's Ethics and Compliance](#)

[Nefco's enquiry page](#)



*The Nordic Green Bank*

## Contact us

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**This document was published in March 2025.**