

The Nordic Green Bank

NEFCO



Ethics & Compliance Report

2025

Highlights

2025 in brief

During 2025, we carried out 392 integrity due diligence (IDD) reviews, four investigations of prohibited practices and received nine complaints. We also issued a new publication outlining our ethics and compliance requirements and signed a Memorandum of Understanding with the European Bank for Reconstruction and Development (EBRD) to strengthen cooperation and information sharing related to fraud and corruption.

This report provides further information on our work on ethics and compliance during 2025.



Linda Lundqvist, Nefco's Chief Ethics and Compliance Officer

Ethics and Compliance at Nefco

We are committed to fostering a culture of integrity, accountability and ethical conduct across all our activities. Our compliance function was established in 2020 and at the end of 2025 it consisted of the Chief Ethics and Compliance Officer and four staff members.

→ [Read more](#)



Looking ahead

In 2026, our focus will be on outreach and training. All staff will receive training on the new IDD rules and we will strengthen our communication with counterparties about the IDD process. Nefco's Legal Framework will also be further developed through a new whistleblower protection policy and updated investigation rules.

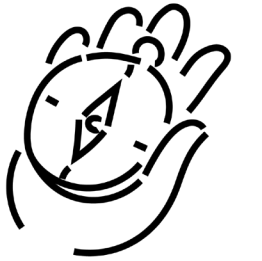
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Integrity Due Dilligence (IDD)

A core element of our preventive integrity work is the assessment of existing and potential counterparties to identify and manage actual or potential integrity risks.

→ [Read more](#)



Complaints

Anyone who feels that they have been adversely affected by a decision or action taken by Nefco or a Nefco counterparty that did not comply with Nefco's Legal Framework can submit a complaint through our dedicated platform.

→ [Read more](#)



About Ethics and Compliance at Nefco

Nefco is committed to fostering a culture of integrity, accountability and ethical conduct across all its activities. The work of the Ethics and Compliance Department is designed to support the organisation in embedding these principles across all aspects of Nefco's work, enabling sound decision making, safeguarding Nefco's reputation, promoting high standards of professional conduct, and ensuring robust accountability mechanisms.

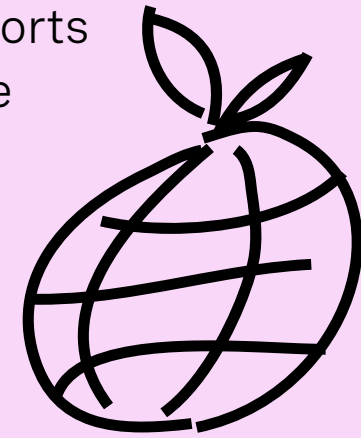
Key responsibilities include:

- Providing guidance and training as well as promoting awareness for staff and management on integrity, compliance, and accountability.
- Managing the IDD process for both new and existing partners.
- Receiving and investigating reports of potential or alleged wrongdoing and recommending corrective or preventive actions to ensure accountability and continuous improvement.

- Developing and maintaining policies, rules, and guidelines related to ethics, integrity and accountability aligned with international standards and best practices.

About this report

This report provides an overview of Nefco's Ethics and Compliance activities during 2025. Previous Ethics and Compliance reports have been presented to the Board of Directors at the first meeting of each year 2021-2025 and these reports are available on nefco.int



Our Ethics and Compliance function

The Ethics and Compliance function at Nefco operates independently and consisted in 2025 of the Chief Ethics and Compliance Officer and four staff members. The Chief Ethics and Compliance Officer reports administratively to the Managing Director and has unrestricted access to the Chair of the Board of Directors and the Chair of the Control Committee.

The independent compliance function was established in 2020. Since then, the focus has been on aligning Nefco's integrity work with the standards of international financial institutions (IFIs) to reflect our high ethical expectations while supporting an agile organisation.

During the first five years, we have focused on the following areas:

Ethics and professional conduct

Nefco has strengthened its framework for ethics and professional conduct. New Codes of Conduct were established for staff, the Board of Directors, and the Control Committee. In addition, we adopted a Policy on the Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment, which has been incorporated into all financing and consultancy agreements.

To support implementation and awareness, three compulsory e-learning courses were developed for staff, covering the Code of

Conduct, Prohibited Practices, and the handling of personal data. An IT tool to facilitate staff's annual declarations on financial and business interests and request for approval for external activities was also developed and launched.

Integrity due diligence and anti-corruption

Significant progress has been made in the area of Integrity Due Diligence. A Policy on Integrity Due Diligence (IDD), complemented by internal rules and guidelines, was established and the IDD review process is continuously developed and strengthened. Integrity due diligence reviews are now carried out for all Nefco counterparties by a dedicated team of specialists working closely with project managers, complemented by automated monitoring and periodic updates.

With the adoption of the Policy on Anticorruption and Compliance, Nefco aligned its definitions of Prohibited Practices with IFI standards and established a sanctions process and sanctions panel and updated its investigation procedures.

Accountability and whistleblowing

We have progressively enhanced our accountability framework. A complaints review mechanism was established for the purpose of assessing alleged breaches of Nefco's Legal Framework. In 2025, Nefco introduced a staff grievance mechanism, providing staff with a formal process to challenge decisions considered to breach the Legal Framework for the Staff.

In parallel, a secure whistleblower platform was established, enabling reports and complaints related to alleged wrongdoing to be submitted confidentially in relevant local languages and, if desired, anonymously.

Cooperation

The Ethics and Compliance Department cooperates with compliance functions at bilateral agencies and other international organisations, including corresponding functions at the Nordic Investment bank (NIB) and the Nordic Development Fund (NDF), with which Nefco shares premises. NIB, through its IT department, has also been instrumental in supporting the development of the IT tools used in Ethics and Compliance's daily work.

To fulfil its mandate, the Ethics and Compliance Department works closely with peer institutions, bilateral agencies, and international financial institutions to stay informed of evolving standards and practices in the field of ethics and compliance. This includes participation in professional networks and joint initiatives that support continuous learning and alignment with international benchmarks.

In October 2025, Nefco and the EBRD signed a Memorandum of Understanding in respect of strengthening cooperation and sharing information in relation to fraud and corruption.



Legal framework

Nefco has a robust and comprehensive Legal Framework in place to ensure that our activities are carried out according to high ethical standards. Nefco's Legal Framework is benchmarked against and aligned with member country legislation, international standards and best practices applied by other IFIs.

All public policies and rules relating to ethics and compliance at Nefco are available [on our website](#).

In 2025, Nefco's accountability framework was further strengthened.

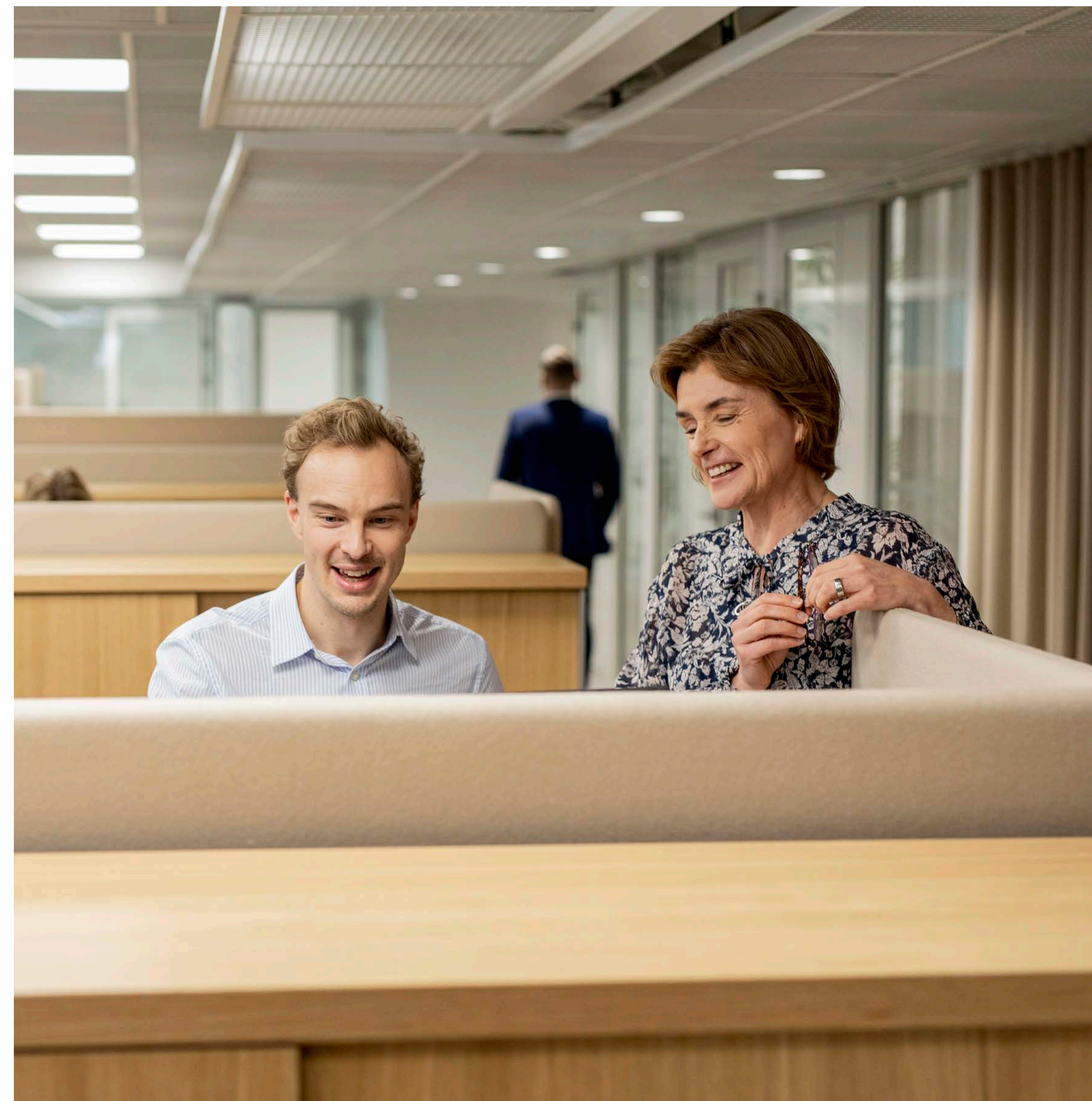
A new staff grievance mechanism was established to provide Nefco staff with a mechanism to challenge decisions they consider to be in breach with the Legal Framework for the Staff of Nefco. Under the Rules for Staff Grievance Review, which entered into force on 24 March 2025, decisions may, upon the request of a staff member, be reviewed by the Managing Director, or, as a second step, an external, independent legal expert.¹

The complaints review mechanism, established in 2021, has been updated to reflect the introduction of a secure IT platform for the intake of all submitted reports and complaints and their initial external review by a law firm, as well as the authority of the Managing Director to decide on interim measures to prevent possible adverse effects. To emphasise the principal importance of this mechanism, the review procedures are now established through the approval of the Policy and Procedures for Complaints Review by the Board of Directors. The new Policy entered into force 1 January 2026.

Extensive work has also been done to update the existing Rules on Integrity Due Diligence (IDD Rules) to reflect updated processes, new international standards and requirements and a changing sanctions landscape.² The updated IDD Rules were approved in January 2026.

¹ Chris de Cooker has been appointed as the independent legal expert for the purpose of the Staff Grievance Mechanism until March 2027

² With support from the law firm Dittmar & Indrenius



Preventive integrity work

Proactive prevention work is an important part of our integrity and compliance efforts. By providing advice, support, information and training, the Ethics and Compliance Department aims to ensure that Nefco staff members and counterparties understand Nefco's standards and expectations regarding compliance and integrity.

Integrity Due Diligence

A core element of Nefco's preventive integrity work is the assessment of existing and potential counterparties to identify and manage actual or potential integrity risks. Nefco's IDD process is benchmarked against international Know Your Customer (KYC) standards and other IFIs.

All new potential counterparties to Nefco, including those involved in, e.g., project implementation, financing transactions or consultancy contracts, are subject to an IDD review. In general, the review covers the identification of beneficial ownership, analysis of legal and corporate structure, mapping of relevant jurisdictions, screening for sanctions and politically exposed persons (PEPs), and adverse

media analysis. Nefco applies a risk-based approach, adjusting the scope and depth of its review to assumed or identified integrity risks.

For full IDD reviews, Nefco requires information on all ultimate beneficial owners (UBOs) holding a 10 per cent or greater share of a counterparty. Depending on the assessed risk, information on UBOs below this threshold may also be collected and screened against relevant sanctions lists. Where relevant, additional information may be requested from counterparties to follow up on possible risk indicators.

The analysis of IDD information results in a compliance risk rating - low, medium, or high - reflecting the integrity risks identified. IDD reviews are updated on a regular basis depending on the assigned risk rating and the specific circumstances of each project.

Where a medium risk rating is proposed, appropriate mitigating measures are identified. In such cases, the review is considered by the integrity analyst and project manager as well as the head of the relevant department and the Chief Ethics and Compliance Officer prior to finalisation.



During 2025, a total of 386 IDD reviews were initiated and 392 were completed¹, of which 210 were full IDD reviews. The remaining reviews consisted of updates to existing IDD assessments or simplified reviews, which are applied to low value contracts that present a low compliance risk.

In 2025, Nefco handled two IDD reviews that resulted in a high compliance risk rating, which as a general rule falls outside Nefco’s risk tolerance. Both IDD reviews concerned country-related sanctions and the permissibility of engaging with a counterparty under the applicable sanctions regimes. Each case was subject to an enhanced assessment in line with Nefco’s internal procedures, and it was confirmed that no beneficiaries of the funds were subject to sanctions.

During 2025, a substantial update of the internal rules and guidelines on IDD reviews was prepared. The update included, inter alia, ensuring the risk-based approach is further incorporated into the IDD process, that the process reflects the unprecedented degree of current international sanctions and an increased focus on information verification.

Training and outreach

The Ethics and Compliance Department’s preventive work includes providing information and training to Nefco’s staff and counterparties, ensuring clarity on the ethical and integrity standards that apply when working at or with Nefco.

In March 2025, a publication was issued providing an overview of Nefco’s ethics and compliance requirements, as well as the checks and controls it carries out, with the intention of providing clear and concise information to Nefco counterparties. [The publication is available in English and Ukrainian.](#)

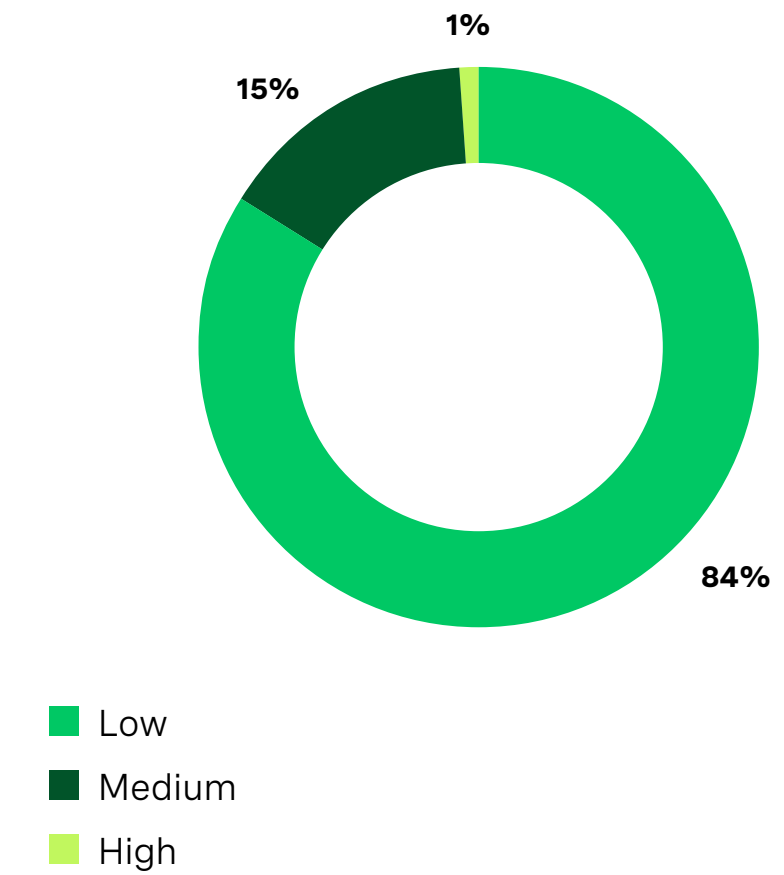
Internally, one of the focus areas was to promote awareness and understanding of the complaints review process to Nefco staff working with the Green Recovery Programme for Ukraine to ensure concerns from civil society are handled efficiently and in accordance with Nefco’s Legal Framework.

An overview of IDD reviews in 2025

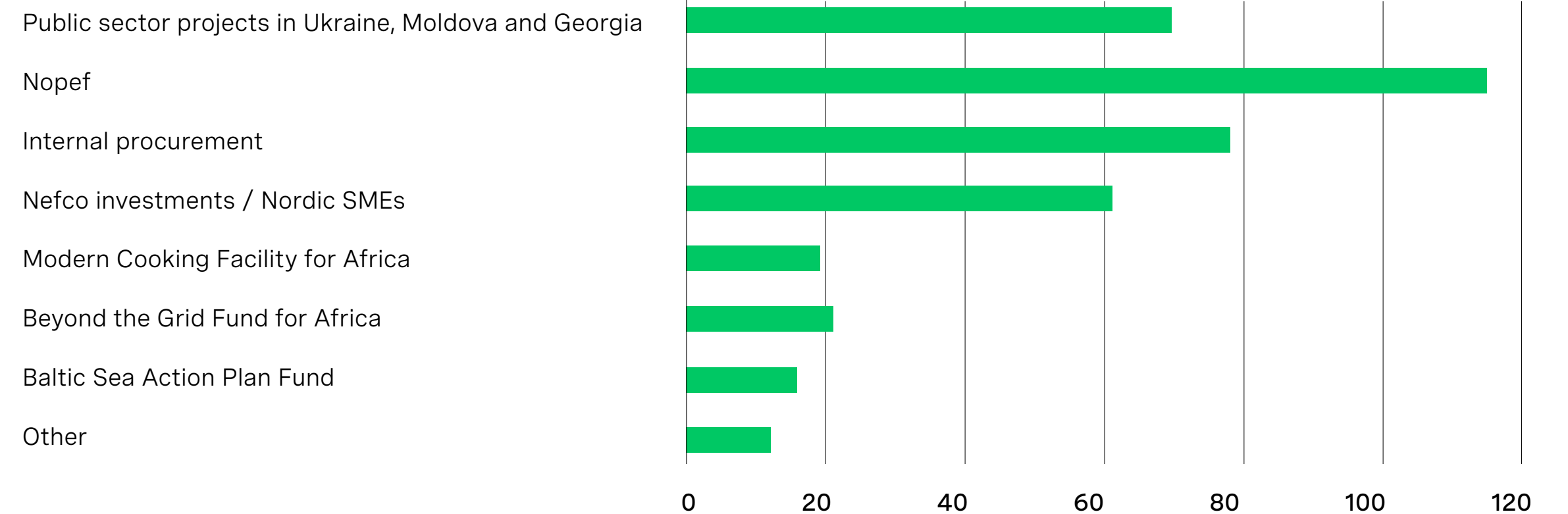
Country of counterparty

Ukraine	66
Finland	60
Denmark	58
Sweden	58
Norway	35
The United Kingdom	12
Zambia	12
Moldova	11
Kenya	9
Iceland	6
Mozambique	6
Austria	5
Uganda	5
Other (25 other countries)	43

Compliance risk rating



Type/Product



¹ The number of completed IDD reviews include also IDD reviews which were initiated in 2024

Investigations and complaints

According to Nefco's Legal Framework, suspected breaches of Nefco's standards and requirements in the area of ethics and integrity shall be reported to the Ethics and Compliance Department, which will investigate the matter in accordance with applicable policies and rules and make recommendations for measures where relevant.

Whistleblowing

To ensure easy access to a secure mechanism for reporting, any form of report, concern or complaint can be submitted through a secure platform¹ with a dedicated procedure for Nefco. Information on the process is available in all languages relevant for Nefco projects and reports can also be submitted in any of these languages with the guarantee of complete anonymity.

Any report provided through the platform is first reviewed by an independent law firm², which will then forward it to the Ethics and Compliance

Department if it is established to be related to a Nefco activity or Nefco funds and the substance of the complaint is covered, or should be covered, by Nefco's Legal Framework. If any part of the report relates to the Ethics of Compliance Department, the report will be handled outside the department. During 2025, all reports and complaints submitted through the platform were forwarded to the Ethics and Compliance Department after the initial review.

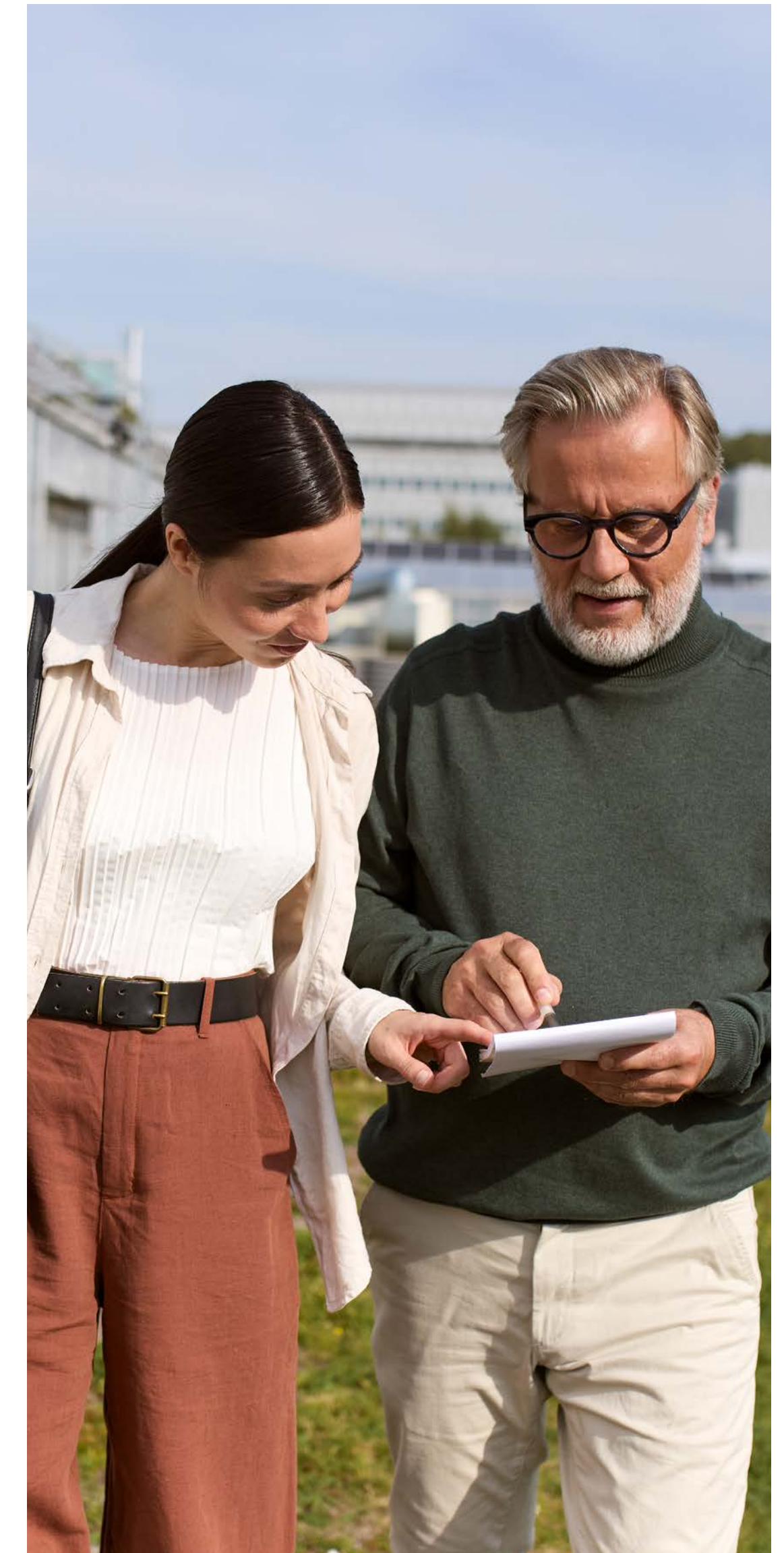
Complaints

A complaint can be submitted by anyone who feels that they have been adversely affected by a decision or action taken by Nefco or a Nefco counterparty in breach of Nefco's Legal Framework. Complaints are reviewed by the Ethics and Compliance Department, following which a report with conclusions and, when relevant, recommendations, is sent to the Managing Director for a decision on further action in accordance with the Rules and Procedures for Complaints Review³, available

on nefcoint.com. Complainants are informed of the outcome of any review.

During 2025, nine complaints were handled by the Ethics and Compliance Department, of which eight related to projects in Ukraine and one to the Nopef facility. Throughout the year, the Department completed the reviews of seven complaints; the remaining two are expected to be finalised in 2026.

The complaints review mechanism is a good tool to address the concerns of external stakeholders to ensure that Nefco carries out its operations in a fair and transparent manner and to help guarantee that Nefco complies with its own Legal Framework. The complaints review mechanism also provides a useful opportunity for Nefco to review its procedures and practical routines to identify possible risks or gaps. Generally, at the conclusion of a complaints review, Nefco introduces measures to improve Nefco's methods of working. These improvements are implemented whether or not the complaint is found to be substantiated.



¹ Provided by NAVEX - WhistleB

² Wiersholm, Norway

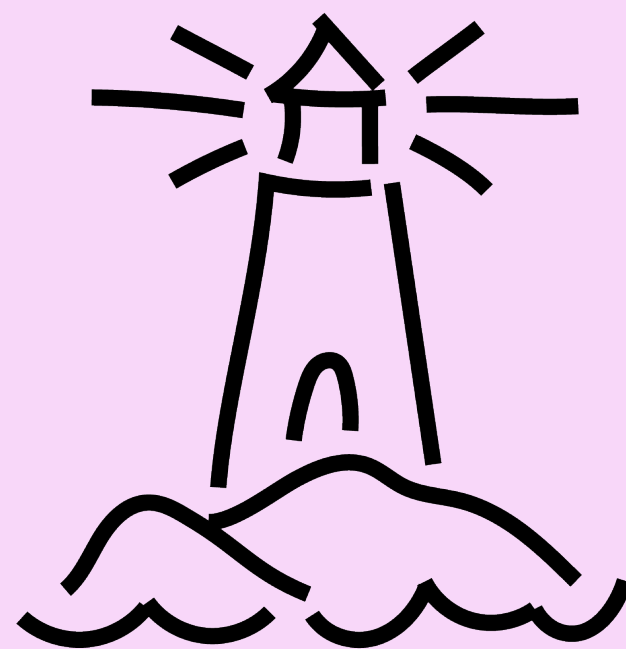
³ From 1.2.2026 Policy and Procedures on Complaints Review

Prohibited Practices

During 2025, four investigations related to possible Prohibited Practices were carried out. In one case, relating to the alleged misuse of funds, it was concluded that Prohibited Practices could not be substantiated. The other three investigations are still ongoing, with the aim for them to be completed during 2026.

Sexual Exploitation, Sexual Abuse and Sexual Harassment

One investigation covered an alleged breach of Nefco's Policy on Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment linked to a Nefco project. The allegations could not be substantiated and the investigation was closed.



1 One complaint was lodged by a local organisation, suggesting suboptimal project implementation, an unjustified increase in tariffs for local customers, numerous potential violations during the procurement process, and the alleged bribery of a local decision-maker. Part of the complaint was not covered by the complaints review as it was not linked to Nefco. Following the review, no maladministration was identified and the case was closed without further action.

2 One complaint was submitted by an inhabitant of one of the local communities, who complained about the poor performance of the professional duties by the officials of the Local Joint Territorial Office, regional housing company, and disproportionate charges for the services

provided to the residents of the community. Following the preliminary assessment of this complaint and the applicable framework, it was established that the complaint was outside the scope of the complaints review mechanism.

3 One complaint was submitted by a self-identified member of the local parliament in a community where Nefco recently implemented a project. The complainant raised issues of potential non-transparency in the procurement process, which may have led to cost inflation. Nefco reviewed the information related to project implementation and performance. No major cost overruns or shortcomings were identified that would suggest the presence of violations.

4 Two complaints of a similar nature from different complainants raised concerns about the implementation of the same project. The complainants claimed that construction work had been performed in violation of parts of the local construction framework. In collaboration with the project implementation team at Nefco, the nature and scope of the potential violation could be identified. During the complaint review, the Ethics and Compliance Department confirmed a minor deviation by the contractor from the initial construction plan.

Nefco suggested immediate corrective measures to address this issue and the monitoring of their implementation.

5 One complaint was submitted by an unsuccessful bidder who challenged the outcomes of a tender process and subsequent contract awarded in a Nefco project. The Ethics and Compliance Department reviewed the matter but could not identify any non-compliance with Nefco's Procurement Policy and Procedures or other forms of maladministration or shortcomings.

6 One complaint was considered particularly serious by Nefco. The complainant alleged that emergency services in one of the towns where Nefco is implementing a project were unable to access the site of an emergency due to obstacles reportedly caused by excavation works associated with a water supply modernisation project. The concern was addressed without undue delay and it was established that no obstacles were present that would have impeded access by emergency services. This was confirmed by the representatives of local authorities and the communal enterprise, which is partially responsible for the proper completion of the project.

Personal data protection

Nefco's Legal Framework on protection of personal data consists of six documents and is benchmarked against relevant national and EU legislation. The Chief Ethics and Compliance Officer is appointed to act as the Data Protection Officer at Nefco.

Nefco has an e-learning course on how to handle personal data. The course is compulsory for all staff members.

No complaints or requests relating to data subject rights were received by Nefco in 2025.



Planned activities for 2026

In 2026, our focus will be on outreach and training. With the new Rules on Integrity Due Diligence in place, training sessions will be held for all Nefco staff to ensure there is solid understanding of the purpose and process of IDD reviews. Efforts will also be made to strengthen communication with counterparties in relation to the IDD review process.

In spring 2026, Nefco will host an event for donors and partner organisations focusing on current anti-corruption efforts in Ukraine and on how we integrate integrity measures throughout our project cycle.

To continue developing Nefco's Legal Framework, we will draft a separate policy on whistleblower protection and renew the rules for investigations.

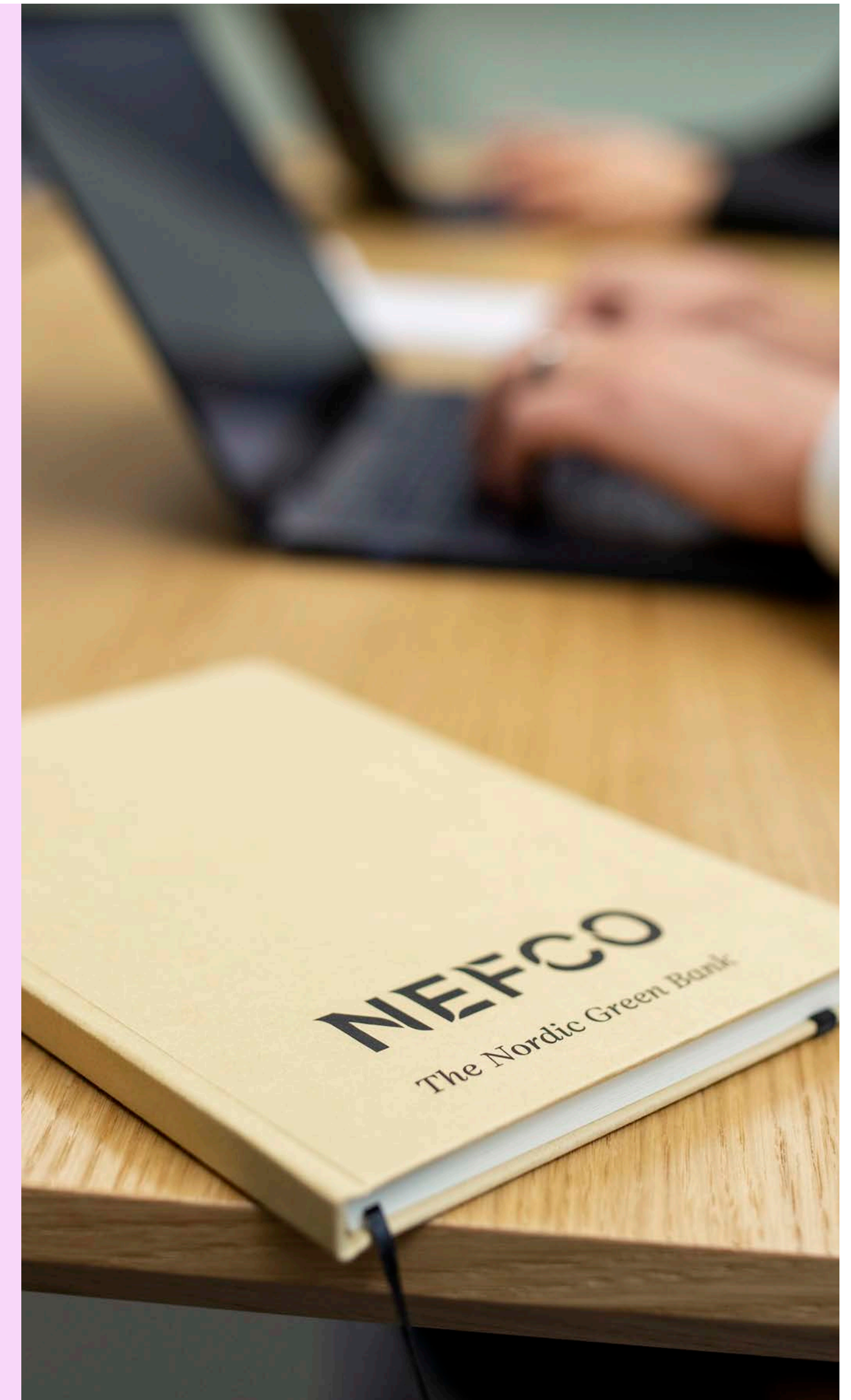
A secure platform for reporting suspicions or wrongdoings

We encourage anyone who has witnessed or suspects any form of Prohibited Practices (abuse, coercion, collusion, corruption, fraud, obstruction, money laundering, financing of terrorism), misconduct or other types of wrongdoing in the course of Nefco's activities to submit a report through our secure platform, WhistleB.

Any individual, group of individuals or legal entity in their adversely affected by a decision or action taken by Nefco or a Nefco counterparty, or in the course of a Nefco funded project, in breach of Nefco policies, rules and/or procedures may file a complaint with Nefco through the dedicated platform.

All reports are initially reviewed by the law firm Wiersholm, Norway.

→ [WhistleB](#)



NEFCO

The Nordic Green Bank

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