



NORDIC
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BANK

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Enforcement Policy

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Table of Contents

1 INTRODUCTION	1
2 SCOPE	1
3 RECOGNITION OF DEBARMENTS IMPOSED BY MDBs.....	1
4 SANCTIONS PANEL	1
4.1 Composition	1
4.2 Administrative matters	2
4.3 Rules of procedure	2
5 TEMPORARY SUSPENSION	2
6 SANCTIONS PROCEEDINGS.....	3
6.1 Commencement of the Sanctions Proceedings	3
6.2 Statute of limitations	3
6.3 Initial review of the Statement of Case.....	3
6.4 Notice of Sanctions Proceedings	3
6.5 Subject's response to Notice of Sanctions Proceedings	3
6.6 CCO's reply to Subject's response	3
6.7 Submission of additional material	4
6.8 Distribution of materials	4
6.8.1 Redacted materials	4
6.8.2 Sensitive materials	4
6.9 Hearings.....	4
6.10 Evidence	4
6.10.1 Forms of evidence.....	4
6.10.2 Privileged material.....	4
6.10.3 No discovery	5

6.11 Standard of proof.....	5
6.12 Decision by the Sanctions Panel	5
6.12.1 Possible sanctions	6
6.13 Notice of decision by the Sanctions Panel	6
6.14 Effectiveness of the Sanctions Panel decision	6
6.15 Information to the Board of Directors	7
7 DISCLOSURES	7
7.1 Disclosures to the public.....	7
7.2 Distribution of decisions and settlements within NIB	7
7.3 Sharing materials with third parties	7
8 APPEALS PROCEEDINGS	7
8.1 The Appeals Committee	7
8.2 Submitting an Appeal	7
8.3 Basis for an Appeal	8
8.4 Appeals decision	8
9 SETTLEMENT AGREEMENTS	8
9.1 Conditions for a settlement agreement	8
9.2 Stay of proceedings.....	9
9.3 Review of the settlement agreement and concurrence	9
9.4 Effect of a settlement agreement	9
9.5 Compliance with settlement agreements	9
10 REFERRAL TO NATIONAL ENFORCEMENT AUTHORITIES	9
11 ADDITIONAL PROVISIONS	9
11.1 Extensions of time	9
11.2 Confidentiality	10
11.3 No waiver of Privileges and Immunities	10
11.4 Complementary guidance.....	10

Definitions

"External Party(ies)" means, any entity or individual external to NIB connected to any actual or intended NIB Operation or NIB Financed Activity.

"Misconduct" means an intentional or reckless serious violation of the Staff Regulations, the Code of Conduct for Staff, or any other professional obligation laid-out in NIB's Legal Framework.

"NIB Operation(s) or NIB Financed Activity(ies)" means any activity occurring i) as part of NIB's internal operations, or ii) in relation to an activity financed in whole or in part, by NIB.

"Prohibited Practice" means:

- (i) a corrupt practice, which means the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- (ii) a fraudulent practice, which means 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;
- (iii) a coercive practice, which means 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 a party;
- (iv) a collusive practice, which means an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- (v) theft, which means the misappropriation of property belonging to another party;
- (vi) obstruction, which means deliberately destroying, falsifying, altering, or concealing evidence material to an investigation; making false statements to investigators in order to materially impede an investigation; failing to comply with requests to provide information, documents, or records in connection with an investigation; threatening or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or materially impeding NIB's contractual rights of audit or inspection or access to information;
- (vii) money laundering, which means intentional conversion or transfer of property derived from criminal activity to conceal or disguise its illicit origin; concealment or disguise of the true nature, source, location, disposition, movement or ownership of property known to have been derived from criminal activity; acquisition, possession or use of property known to have been derived from criminal activity; participation, or assistance, in the commission of any of the activities above; and/or
- (viii) terrorist financing, which means the provision or collection of funds, by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out terrorist activities.

"Sanctioned Party(ies)" means any Subject who has been found by the Sanctions Panel to having engaged in a Prohibited Practice and, as a result, is subject to sanctions.

"Sanctions Proceedings" means a proceeding initiated in accordance with this Policy.

"Statement of Case" means the document(s) produced by the Chief Compliance Officer which includes (i) the specific accusation(s) of Prohibited Practice(s); (ii) the Subject(s) alleged to have engaged in such practices; (iii) the summary of the facts constituting the accused Prohibited Practice(s); (iv) the evidence in support of the accusations, together with any exculpatory or mitigating evidence; (v) any request to impose a temporary suspension (if applicable); and (vi) the

proposed sanction. The Statement of Case may also include any response received from the Subject during the course of the investigation.

“Subject(s)” means the External Party(ies) who has allegedly engaged in a Prohibited Practice.

ENFORCEMENT POLICY

1 INTRODUCTION

The Nordic Investment Bank (“**NIB**”) expects its employees, borrowers, counterparties and other stakeholders to maintain high ethical standards and conduct their business practices in line with NIB’s integrity framework.

As established in the Integrity and Compliance Policy and in line with the Uniform Framework on Preventing and Combating Fraud and Corruption by the International Financial Institutions (“**IFI**”)¹ and the additional guidance adopted by the Multilateral Development Banks (“**MDBs**”)², NIB imposes sanctions against individuals or entities who have been found to have engaged in Prohibited Practices through the investigative process established in the Investigation Policy. The sanctions are determined by an independent body, the Sanctions Panel. The process and the sanctions are administrative in nature.

2 SCOPE

This Enforcement Policy (“**Policy**”) sets out the process for determining a case of Prohibited Practices in connection with an NIB Operation or NIB Financed Activity investigated and substantiated in accordance with the Investigation Policy, and imposing sanctions against External Parties.

The disciplinary process applicable to NIB employees who have been found to have engaged in Misconduct, including Prohibited Practices, is described in NIB’s Staff Regulations.

3 RECOGNITION OF DEBARMENTS IMPOSED BY MDBs

NIB has unilaterally decided to recognise the debarments which exceed eighteen months issued by other MDBs and cross-debar those individuals and entities, unless decided otherwise.

The MDBs cross-debarment website is available through this link [Cross Debarment \(adb.org\)](https://www.adb.org/cross-debarment).

NIB will not notify affected subjects nor publish a NIB cross-debarment. Nonetheless, the affected individual or entity can seek clarification from NIB.

4 SANCTIONS PANEL

4.1 Composition

The Sanctions Panel is an independent body established by the Board of Directors to determine a case of Prohibited Practices by an External Party and impose sanctions if deemed appropriate.

The Sanctions Panel comprises of three members; two external members appointed by the Board of Directors for a term of five years, renewable only once, and one internal staff member appointed by the President for the duration of a specific Sanctions Proceeding, provided that there is no

¹ The framework was signed on 17 September 2006 by the African Development Bank Group, Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank Group, International Monetary Fund, Inter-American Development Bank Group and the World Bank Group.

² Include, but is not limited to the Agreement for Mutual Enforcement of Debarment Process adopted on 9 April 2010, the General Principles and Guidelines for Sanctions adopted on 8 July 2021, the MDB Harmonized Principles on Treatment of Corporate Groups adopted on 10 September 2012, the MDB General Principles for Settlements adopted on 8 July 2021, and the MDB General Principles for Business Integrity Programmes adopted on 14 March 2023.

conflict of interest in the captioned case. The longest serving external member acts as the Chair of the Sanctions Panel (“**Chair**”).

The external members shall have adequate and relevant expertise in a field of operations similar to NIB’s and be familiar with the concepts of Prohibited Practices and sanctions processes of other IFIs.

4.2 Administrative matters

The President shall appoint an NIB employee, who is unrelated to the matter giving rise to the Sanctions Proceeding, to provide administrative support for a Sanctions Proceeding and any related appeal.

The Integrity and Compliance Office (“**ICO**”) shall otherwise provide support to the operations of the Sanctions Panel.

Costs incurred in by the Sanctions Panel in the course of carrying out its responsibilities, including without limitation, costs of translation, printing of documents, travelling and accommodation, or other types of support, shall be borne by NIB.

Remuneration and allowances payable to the external members of the Sanctions Panel are decided by the Board of Directors.

4.3 Rules of procedure

The Sanctions Panel is convened by the Chair when commencing the Sanctions Proceeding for a case of Prohibited Practices substantiated as a result of an investigation conducted pursuant to the Investigation Policy.

The Chief Compliance Officer (“**CCO**”) may also convene a meeting of the external members of the Sanctions Panel under other circumstances when deemed appropriate.

Decisions are made on a majority basis and require the participation of all three members.

The working language of the Sanctions Panel is English, and all written material submitted shall be in English. However, evidence may be in the original language with the relevant parts translated into English.

5 TEMPORARY SUSPENSION

At any time during the investigative process or the Sanctions Proceedings, ICO may submit to the Sanctions Panel a request for temporary suspension of a Subject if the CCO believes that there is sufficient evidence to support a finding of a Prohibited Practice against a Subject, and it is necessary to protect NIB’s interests or reputation. The Sanctions Panel may, on its own accord, also decide to impose temporary suspension during the Sanctions Proceedings.

Temporary suspension may relate to (i) the suspension of eligibility of the Subject to become a counterparty of NIB, and/or (ii) the suspension of the eligibility of the Subject to receive payments in respect of the NIB Operation or NIB Financed Activity.

The Subject shall be notified of the temporary suspension decision and may submit an objection to the Sanctions Panel within thirty calendar days from the date of receipt of the decision. The objection shall include information and arguments as to why the Subject should not be the subject of temporary suspension. The Sanctions Panel shall consider the information and arguments presented and shall issue a decision on whether to terminate or uphold the temporary suspension

decision within thirty calendar days from the date of the receipt of the objection and shall promptly notify the CCO and the Subject. There will be no appeal against such decision.

6 SANCTIONS PROCEEDINGS

6.1 Commencement of the Sanctions Proceedings

The CCO will seek to initiate Sanctions Proceedings against an External Party if as a result of an investigation, the CCO believes that there is sufficient evidence to support a finding of one or more Prohibited Practices.

In order to initiate Sanctions Proceedings, the CCO shall submit to the Chair the Statement of Case which includes: (i) the specific accusation(s) of Prohibited Practice(s); (ii) the Subject(s) alleged to have engaged in such practices; (iii) the summary of the facts constituting the accused Prohibited Practice(s); (iv) the evidence in support of the accusations, together with any exculpatory or mitigating evidence; (v) any request to impose a temporary suspension (if applicable); and (vi) the proposed sanction (see Section 6.12.1 for more details). The Statement of Case will also include any response received from the Subject during the course of the investigation.

Upon receipt of the Statement of Case, the Chair will convene the Sanctions Panel and request NIB's President to appoint a NIB staff member to the Sanctions Panel.

6.2 Statute of limitations

Sanctions Proceedings may not be initiated in respect of a Prohibited Practice that took place ten years prior or more to the date of which the Statement of Case is submitted to the Sanctions Panel.

6.3 Initial review of the Statement of Case

If the Sanctions Panel determines that the accusations in the Statement of Case are supported by sufficient evidence, the Sanctions Panel shall issue a Notice of Sanctions Proceedings.

If the Sanctions Panel determines that the accusations in the Statement of Case are not supported by sufficient evidence, the Sanctions Panel may request the CCO to (i) supplement the Statement of Case in order to clarify matters in the Statement of Case; (ii) provide additional information and/or consider alternative Prohibited Practices; or (iii) close the case.

6.4 Notice of Sanctions Proceedings

The Notice of Sanctions Proceedings shall include the Statement of Case, the sanction proposed by the CCO, append a copy of the Enforcement Policy, as in effect at the time of notification, and, if applicable, any temporary suspension imposed against the Subject(s).

6.5 Subject's response to Notice of Sanctions Proceedings

Within ninety calendar days after delivery of the Notice of Sanctions Proceedings, the Subject may contest the case by submitting to the Sanctions Panel a written response to the accusations and/or the recommended sanction, including evidence to support the response.

6.6 CCO's reply to Subject's response

Within thirty calendar days after the Sanctions Panel delivers the Subject's response to the CCO, the CCO may submit to the Sanctions Panel a written reply to the arguments and evidence contained in the Subject's response.

6.7 Submission of additional material

In the event that additional material evidence becomes available to the CCO or to the Subject after the applicable deadlines for the submission of written materials have passed, but prior to the determination by the Sanctions Panel, the Sanctions Panel may, as a matter of discretion, authorise such additional evidence to be submitted, together with a brief argument predicated upon such evidence. The Sanctions Panel may also authorise either the CCO or the Subject to submit, within a reasonable timeframe, additional arguments and evidence in response to the evidence and arguments contained in the additional materials presented by the other party.

6.8 Distribution of materials

Other than redacted and/or sensitive material as described in Sections 6.8.1 and 6.8.2, all parties to a Sanctions Proceeding shall have access to the material submitted to the Sanctions Panel.

6.8.1 Redacted materials

The CCO, in her/his sole discretion, may redact particular parts or pieces of evidence presented to the Subject or the Sanctions Panel, by: (i) removing references to NIB staff; and (ii) removing references to other third parties (together with other material that would permit such third parties to be identified), in cases where the identity of such parties is not relevant to the case.

6.8.2 Sensitive materials

The Sanctions Panel may, in its discretion and upon request by the CCO, agree to the withholding of particular evidence submitted to the Sanctions Panel, upon a determination that there is a reasonable basis to conclude that revealing the particular evidence (i) might endanger the life, health, safety, or well-being of a person, or (ii) would constitute a violation of any confidentiality undertaking by NIB. In the event that the Sanctions Panel denies the CCO's request, the CCO shall have the option to withdraw such evidence from the record or to request withdrawal of the Notice of Sanctions Proceedings.

6.9 Hearings

The Sanctions Panel may decide, upon the request of the CCO and/or the Subject, to hold hearings. The process for the conduct of any hearings will be determined by the Sanctions Panel.

6.10 Evidence

6.10.1 Forms of evidence

Any kind of evidence may form the basis of arguments presented in a Sanctions Proceeding and conclusions reached by the Sanctions Panel. The Sanctions Panel has discretion to determine the relevance, materiality, weight, and sufficiency of all evidence offered. The Sanctions Panel shall have the discretion to infer purpose, intent and/or knowledge on the part of the Subject, or any other party, from circumstantial evidence.

6.10.2 Privileged material

Communication between an attorney, or a person acting at the direction of an attorney, and a client for the purpose of providing or receiving legal advice and writings reflecting the mental impressions, opinions, conclusions or legal theories of an attorney in connection with a legal representation shall be considered as privileged and exempt from disclosure.

6.10.3 No discovery

Except as expressly provided for in this Policy, the Subject shall have no right to review or obtain any information or documents in the NIB's possession.

6.11 Standard of proof

The Sanctions Panel shall determine if, based on the evidence, *it is more probable than not* that the Subject has engaged in the suspected Prohibited Practice and impose sanctions against the Subject.

6.12 Decision by the Sanctions Panel

If the Sanctions Panel determines that it is more probable than not that the Subject did not engage in a Prohibited Practice, the Sanctions Proceedings shall be terminated.

If the Sanctions Panel determines that it is more probable than not that the Subject did engage in the suspected Prohibited Practice, it shall determine the sanction to the Subject.

The review and deliberation of the Sanctions Panel will be restricted to the written submissions of arguments and evidence submitted by the CCO and the Subject in connection with the Statement of the Case, notices, responses and replies. The determination will be confidential and not available to the public.

In imposing sanctions, the Sanctions Panel shall take account of the General Principles and Guidelines for Sanctions issued by the MDBs, including the following factors:

- characteristics and severity of the Subject's conduct;
- degree of involvement of the Subject in the Prohibited Practice(s), including whether the conduct involved was "active" or "passive";
- magnitude of any losses and damage caused by the Subject to NIB, its counterparties, or the NIB Operation or NIB Financed Activity;
- past conduct of the Subject involving Prohibited Practice(s);
- mitigating circumstances, including the extent to which the Subject cooperated in the investigation and whether such cooperation has been of substantial benefit to NIB's investigation;
- if applicable, period of temporary suspension imposed on the Subject; and
- any other factors that the Sanctions Panel deems relevant for considering the issues at hand as a whole.

Sanctions imposed against the Subject shall, as a rule, also apply to entities that are considered successors or assignees of a Sanctioned Party.

The decision by the Sanctions Panel shall be in writing and include the relevant facts, the determination as to the culpability of the Subject, any sanction to be imposed and the reasons therefor.

The Sanctions Panel decision may also include a recommendation to refer a case to national authorities, in which case the procedures described in Section 10 apply.

6.12.1 Possible sanctions

The sanctions available are:

- a) Reprimand. The Sanctioned Party is reprimanded in the form of a formal "Letter of Reprimand" of the Sanctioned Party's conduct.
- b) Conditional Non-Debarment. The Sanctioned Party is required to comply with certain remedial, preventative or other conditions as a condition to avoid debarment from NIB projects or operations. Conditions may include (but are not limited to) verifiable actions taken to improve business governance, including the adoption or improvement and implementation of an integrity compliance program, restitution and/or disciplinary action against or reassignment of employees.
- c) Debarment with conditional release or reinstatement. The Sanctioned Party may be reinstated, or may benefit from a reduced debarment period upon compliance with conditions imposed by NIB at the time the sanction is issued (including the adoption and implementation of a voluntary compliance program³)
- d) Debarment. The Sanctioned Party is ineligible, either indefinitely or for a stated period of time, (i) to be awarded or otherwise benefit from a NIB financed contract, financially or in any other manner; (ii) to be a nominated sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a NIB financed contract; and (iii) to receive the proceeds of any loan made by NIB or otherwise to participate further in the preparation or implementation of any NIB Operation or NIB Financed Activity.
- e) Permanent or indefinite Debarment. Permanent or indefinite debarment of natural persons, and companies closely held by such persons, where there appears no reasonable ground that the sanctioned party can be rehabilitated through compliance or other conditions.

The base sanction is three-year debarment (with or without conditional release), which may be decreased or increased taking into account mitigating and/or aggravating factors and/or circumstances.

6.13 Notice of decision by the Sanctions Panel

The Sanctions Panel will notify the Sanctioned Party of its decision.

In case of sanctions being imposed, the notice of decision to the Sanctioned Party shall include a copy of the Sanctions Panel decision. The document may be redacted to protect the identity of witnesses and any personal information, and any sensitive information (see Section 6.8).

6.14 Effectiveness of the Sanctions Panel decision

The Sanctions Panel's decision becomes effective after twenty-one calendar days counted from the notification of the decision to the Sanctioned Party provided that no appeal has been received by NIB.

In case an appeal has been received, the effectiveness of the decision shall be suspended until the appeal has been handled and decided upon by the Appeals Committee (see Section 8).

³ Further guidance on what a compliance program may include can be found in the MDB's General Principles for Business Integrity Programmes.

6.15 Information to the Board of Directors

The CCO shall inform the Board of Directors of the Sanctions Panel decision at its first meeting after the decision has been made.

At the same meeting, the President shall inform the Board of Directors if she/he has received an appeal (see Section 8).

7 DISCLOSURES

7.1 Disclosures to the public

Information concerning the identity of each Sanctioned Party and the sanctions imposed shall be publicly disclosed in NIB's website.

7.2 Distribution of decisions and settlements within NIB

The decisions of the Sanctions Panel or a settlement agreement (see Section 9 for more information) may be shared by the CCO with NIB governing bodies, the President, ICO's staff members, the relevant head of department, the General Counsel; and such other units or persons within NIB as the Sanctions Panel or the CCO may determine.

7.3 Sharing materials with third parties

NIB may, at any time, make materials submitted by the CCO or the Subject available to a MDB, or other IFI, if NIB determines that doing so would be in the interest of the Sanctions Proceedings and/or an investigation of Prohibited Practices conducted by another MDB, provided that the recipient of such materials agrees to keep them confidential on terms and conditions acceptable to NIB.

8 APPEALS PROCEEDINGS

8.1 The Appeals Committee

The Appeals Committee of the Board of Directors of NIB ("**Appeals Committee**") is a sub-committee of the Board of Directors that manages appeals related to decisions made by the Sanctions Panel. It is comprised of the Chair and Deputy Chair of the Board of Directors.

Meetings of the Appeals Committee are convened by the President upon receipt of an appeal in accordance with Section 8.2 below.

8.2 Submitting an Appeal

A Sanctioned Party may appeal the Sanctions Panel's decision to the Appeals Committee. An appeal shall be filed with NIB's President within twenty-one calendar days counted from the date of notification of the decision.

The President shall, without delay, forward the appeal to the Appeals Committee together with the Sanctions Panel's decision, the Statement of Case and any other information submitted to the Sanctions Panel by the Sanctioned Party and the CCO.

Any appeal must be in writing, and clearly and concisely state the basis for the appeal to the Sanctions Panel's decision.

8.3 Basis for an Appeal

The Appeals Committee will only consider appeals submitted by a Sanctioned Party on the following basis:

- i. There is new information that was not available or known or could not reasonably have been known to the Sanctioned Party during the investigative process and this information could change the considerations by the Sanctions Panel in part or whole.
- ii. The Sanctioned Party considers that the process and principles described in this Policy have not been complied with.

8.4 Appeals decision

The Appeals Committee shall decide to:

- i. uphold the Sanctions Panel's decision.
- ii. refer the case back to the Sanctions Panel for review, including reviewing the severity of a sanction. As a result, the Sanctions Panel may request the CCO to provide clarifications or further information; or
- iii. reverse the Sanctions Panel's decision.

The decision of the Committee shall be unanimous.

The Appeals Committee shall inform the appellant Sanctioned Party about the decision taken by the Appeals Committee.

Decisions of the Appeals Committee shall be final, binding and not subject to further appeal.

The Board of Directors shall be informed of the appeals decision in the next meeting following the decision.

9 SETTLEMENT AGREEMENTS

9.1 Conditions for a settlement agreement

At any time during the investigation and Sanctions Proceedings, but before the Sanctions Panel issues its decision, the Subject(s) and the CCO, acting on behalf of NIB, may enter into settlement discussions to define the corresponding sanction and related conditions through agreement.

For a settlement agreement to be entered into, the following minimum conditions, as determined by the CCO, are required:

- the Subject has admitted (or will admit) or does not contest (or will not contest) culpability/responsibility for the Prohibited Practice(s);
- the Subject is cooperating (or has agreed to cooperate) with NIB's investigation; and
- the Subject has implemented or commits to implement an integrity compliance programme to the MDB's standards⁴ within a specific time frame.

⁴ MDB General Principles for Business Integrity Programmes as issued from time to time.

9.2 Stay of proceedings

Negotiation of a settlement agreement does not automatically stay the investigation or Sanctions Proceedings.

The CCO and the Subject may jointly request in writing that the Sanctions Panel stay the investigation or Sanctions Proceedings for the purpose of conducting settlement negotiations. An initial stay of proceedings may be granted for no longer than sixty calendar days but may be renewed upon request by the CCO and the Subject, acting jointly, for another thirty calendar days, together with written confirmation by both parties that they continue to be actively engaged in negotiating a settlement agreement.

Requests for a stay of Sanctions Proceedings shall be granted as a matter of course.

9.3 Review of the settlement agreement and concurrence

The CCO will submit to the Sanctions Panel any decision to enter into a settlement agreement with a Subject. The Sanctions Panel must concur with the decision to enter into a settlement agreement prior to signing the agreement.

9.4 Effect of a settlement agreement

A signed settlement agreement shall have the same effect as sanctions imposed by the Sanctions Panel; however, the sanction contained in the settlement agreement and the other terms and conditions (once agreed) are not subject to appeal.

9.5 Compliance with settlement agreements

Unless the settlement agreement expressly provides otherwise, all determinations as to the compliance by the Subject with the terms and conditions of the settlement agreement, and any controversy between the parties as to the interpretation or performance thereof, shall be taken by the CCO.

10 REFERRAL TO NATIONAL ENFORCEMENT AUTHORITIES

The Sanctions Panel may decide to recommend to the Board of Directors to refer a case to national authorities for investigation.

Prior to making a decision, the Board of Directors shall consult with the President and the General Counsel regarding the legal aspects of the referral and, in particular, its potential implications for NIB's status, privileges and immunities.

If the Board of Directors decides to refer a case to national authorities, the decision shall identify the information that may be disclosed and direct the CCO to liaise with the relevant authorities as and when appropriate.

Any such referral shall be without prejudice to any action available to NIB under this Policy or contractually.

11 ADDITIONAL PROVISIONS

11.1 Extensions of time

Upon request by the CCO or the Subject with sound justification, the Sanctions Panel, upon its own discretion, may grant a reasonable extension of any deadline set forth in this Policy or in a relevant notice, by notice to both parties.

11.2 Confidentiality

Neither the Subject nor the Bank shall disclose to, or discuss with, any third party any part of the record, or information relating thereto, except as follows: (i) the Subject may disclose any part of the record in its possession in accordance with this Policy to legal counsel engaged for the purpose of representing or advising the Subject in the proceedings to which the record relates (ii) NIB may disclose materials and other information in accordance with sections 7 and 10.

11.3 No waiver of Privileges and Immunities

Nothing in this Policy shall be considered as a waiver of NIB's privileges and immunities as set forth in the Constituent Documents⁵ or in applicable national or international law.

11.4 Complementary guidance

Matters and clarifications related to the administration of the Sanctions Proceeding not provided for in this Policy will be addressed by the Sanctions Panel and the CCO upon consultation.

⁵ NIB's constituent documents include the Agreement between Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden concerning the Nordic Investment Bank of 11 February 2004 and the related Statutes, as amended from time to time, and the Host Country Agreement between the Government of Finland and the Nordic Investment Bank of 20 October 2010. These documents are available on NIB's website, www.nib.int.