December 2020

Anti-Corruption Charter
of the Council of Europe Development Bank (CEB)

1. The CEB's commitment

As a development bank and, what is more, one with a social vocation and placed "*under the supreme authority of the Council of Europe*", the CEB is committed to promoting a culture of integrity and respecting the principles of good governance.

As such, the Bank attaches great importance to the fight against fraud, corruption and money laundering, not only within the Bank itself, but also within the framework of the projects it finances.

The CEB is fully aware of the threats and the risks that fraud and corruption pose to the bank's capacity to uphold its mandate, its reputation and, following on from that, to the confidence and support of its shareholders that are so vital to it.

2. Definitions

The CEB bases itself on the definitions adopted by the Multilateral Development Bank's Working Group's Uniform Framework for preventing and combating Fraud and Corruption (2006), as periodically reviewed and updated by the members of the Working Group, peers and relevant international Organs.

The Bank defines **corruption** as the abuse/misuse of one's function or position for improper personal gain or gain of others.

"External corruption" refers to cases of presumed corruption involving third parties maintaining relations with the Bank.

"Internal corruption" refers to cases of presumed corruption within the Bank.

"Corrupt Practice" means any act of offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.

"Fraudulent Practice" 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.

"Coercive Practice" means any act of 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.

"Collusive Practice" means any arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

"Obstructive Practice" means in relation to an investigation into a Coercive, Collusive, Corrupt or Fraudulent Practice, (a) any act of deliberately destroying, falsifying, altering or concealing of evidence material to the investigation; (b) any act of threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; and/or (c) any act intending to materially impede the exercise of the contractual rights of audit or access to information.

3. General principles

The CEB's has zero tolerance for fraud and corruption and is committed to following highest standards of ethics, transparency and accountability in order to fulfil its mission.
The Bank's whole action is thus guided by the combination of the following principles:

1. clarity and transparency, through an overall framework for the Bank's action that is accessible to all and a practice of transparency based on control and responsibility;
2. responsibility of each individual, which is accompanied by a clear definition of the rules of answerability, and also the obligation for the Management to be accountable to the bank's shareholders and other stakeholders;
3. prevention, detection and corrective action, placing emphasis on prevention and incentive measures, but without overlooking the corrective component, which guarantees the credibility of the fight against corruption.

These general principles are set forth in priority objectives.

4. Priority objectives

In the light of the above, the aims of the CEB's anti-corruption Charter are:

- to maintain and advance, within the bank, operating conditions that are in compliance with the '*raison d'être*' of a development bank promoting social cohesion such as the CEB. This implies:
  1. a clear and articulate governance structure,
  2. appropriate conduct by staff members and Appointed Officials,
  3. and a coherent set of procedures and controls capable of containing the threat of corruption and preventing any risks being incurred in respect of the bank's reputation;
- with regard to third parties maintaining relations with the Bank, to ensure the social effectiveness of projects, which necessarily implies:
  1. overall "readability" of the CEB's mandate and its Loan and Project Financing Policy,
  2. adoption of adequate risk-based measures based on portfolio and specific risk assessment,
  3. continuous enhancement of the compliance, monitoring and evaluation functions.

These objectives must be given operational expression that is both systematic and appropriate.

5. The CEB's internal functioning (principal provisions)

1. The Bank's governance framework is regulated by its Articles of Agreement and by the Rules of Procedures of each of its three Collegial Organs- the Governing Board, the Administrative Council and the Auditing Board.

Within this framework, it is the Governor's responsibility to report on the management that is entrusted to him by the Bank's shareholders, and thereby to enable the Collegial Organs, each in compliance with their respective scope of competence, to exercise their functions of piloting or controlling the activity in the most appropriate conditions.

Within the Management, the conduct and monitoring of the activity is organised around internal committees such as the General Management Committee and the Credit Risk Committee.

2. Moreover, the Bank also expects from its Appointed Officials, staff members and to contractual collaborators or service providers behaviour that is in accordance with the ethics and values of the CEB.

These requirements are featured in the CEB's Code of Conduct applying to the Governor, Vice-Governors, staff members and to contractual collaborators or service providers, CEB's Code of Conduct applying to the Chairpersons and members of the Collegial Organs (Governing Board and Administrative Council) and the Code of Conduct applying to the members of the Auditing Board.

3. Lastly, the Bank ensures that the conduct of its activity is regulated by a particularly rigorous financial and non-financial risk control and management framework.

In matters of overall control of the activity, the system of organisation set up by the CEB is today based on three major pillars:

- the role played by each of the Bank's three Collegial Organs;
- the internal control framework;
- assessments by external actors (including the external auditor, rating agencies and environmental and social responsibility rating institutions).

6. Environmental and Social effectiveness of projects (main provisions)

1. As the development bank in Europe with an exclusive social mandate the CEB is committed to Corporate Social Responsibility (CSR) and, more broadly, sustainability of its operations and project financing. This is operationalised through the Bank's Environmental and Social Safeguards Policy, which is based on the CEB's commitment to the "European Principles for Environment" that was developed in partnership with other European-based multi-lateral development banks and endorsed by the European Commission.

Pursuant to its vocation, mandate and privileged relationship with the Council of Europe, the Bank endorses human rights values enshrined in the Council of Europe Conventions.

2. The CEB's commitment to the prevention and fight against corruption, fraud, money laundering and terrorist financing is enshrined in its policies that are made public in line with the principles of transparency, accountability and trust. This commitment of the CEB is transposed into application through the policies and regulations, as periodically updated and renewed:

a. The Loan and Projects Financing Policy
b. The Compliance Policy
c. The CEB Policy on non- compliant/uncooperative jurisdictions
d. The Whistleblowing Policy
e. The Environmental and Social Safeguards Policy
f. The Public Information Policy
g. The Procurement Guidelines

and other internal rules that set the framework for the CEB's operations.

3. The Bank places emphasis on the continuous strengthening of its assistance and monitoring missions as well as its evaluation and control functions, both upstream and downstream of projects.

7. International cooperation, standards and practices

The CEB participates in the general movement undertaken by the international community to fight against all forms of corruption and, more widely, to promote the best possible governance.

To do this, it naturally takes inspiration from the best practices adopted by the banking sector in general and by the IFIs in particular in the introduction of an anti-corruption framework adapted not only to the specific characteristics of its activity but also to its size.

Within this framework, the CEB keeps an effective watch on recent developments in such matters and targets its participation in accordance with its staff numbers.

8. Guidelines in the case of suspected fraud or corruption

The CEB shall endeavour to show diligence in its handling of allegations of fraud, corruption and any other form of illegal activity affecting the interests of the Bank, in the course of its activities.

The investigation undertaken within this framework must be thorough, rigorous and respectful of the parties concerned. They must also be objective, impartial and equitable.

Any information given concerning a case of presumed fraud or corruption, or pertaining to it in any other way, and the identity of the suspect shall be treated with the strictest confidentiality. The identity of the person who reports these facts shall remain confidential during the investigations.

The Bank's staff and the members of its Organs must in no case suffer any inequitable or discriminatory treatment as a result of any information communicated on the subject.

The conditions of reporting or corrective actions must come within the respect of the above-mentioned principles, appropriate information and the respective competencies of the CEB's Organs as they are defined in the Articles of Agreement.

The handling of allegations of this type shall comprise two major steps:

1. <u>the reception of allegations and their preliminary validation</u>. At this stage, the examination concerns the credibility of the source, the evidence presented and the extent to which the Bank is concerned. According to the result of this examination, it shall then be decided whether a preliminary investigation is required;
2. <u>the actual investigation itself.</u>

If the investigation concludes that fraud or corruption is likely to have occurred, the Bank undertakes to apply all the measures appropriate to the case in question (e.g. administrative and disciplinary measures, early reimbursement or even cancellation of a loan, civil and/or judicial cases brought before the local courts).

Any disciplinary measure taken against a staff member on the basis of the conclusions of the above-mentioned assessment shall naturally be taken in compliance with the provisions contained in the Staff Regulations. Any decision relative to the lifting of immunity shall be taken in conformity with the provisions contained in the "*Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe*".

9. Complements

The principles set forth in this Anti-Corruption Charter of the CEB are transposed in the detailed procedures within the mandates of the Office of the Chief Compliance Officer at the Bank, and other functions where needed and appropriate.

The Charter will be reviewed by the Administrative Council in the light of acquired experience and whenever necessary, on the Governor's proposal.