

14 December 2023

# Policy

Anti-Corruption



## 1. Scope and introduction

IFU, the Danish state-owned Development Finance Institution (DFI), provides equity, loans and guarantees on commercial terms to private sector investments in developing countries and emerging markets. IFU's objective is to promote investments which support sustainable development in developing countries in its three dimensions – economic, social and environmental - in a balanced and integrated manner and contribute to the realisation of the UN Sustainable Development Goals (SDGs).

This Anti-Corruption Policy is part of the IFU sustainability policy framework that guides IFU's efforts towards supporting global sustainable development. IFU's Sustainability Policy is the main policy document, whereas the underlying thematic policies elaborate on IFU's commitment in relation to major global sustainability issues. This Anti-Corruption Policy further explains how IFU approaches anti-corruption issues and implement responsible business conduct measures.

IFU recognises that corruption is one of the greatest barriers to sustainable development with a disproportionate impact on developing countries, and that combating corruption is a key element in poverty alleviation.

IFU defines corruption as the abuse of entrusted power for private gain. Corruption covers bribery of public officials, private-to-private transactions and other aspects of corruption such as fraud and money laundering of the proceeds of corruption. Facilitation payments made to a government official to secure or expedite the performance of a routine action or service is also considered a form of bribery.

## 2. Commitments

IFU is committed to maintaining a zero-tolerance policy regarding corruption, including bribery, fraud and facilitation payments, The central instruments are the UN Convention against Corruption and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and both are incorporated in Danish law, which IFU is subject to.

IFU participates in the Danish Ministry of Justice's working group on the implementation of the OECD Convention into Danish law.

IFU ensures that investment companies take a clear stand against corruption, and responds immediately to any allegations of corruption, implementing corrective and preventive measures.

Furthermore, IFU is guided by the UN Global Compact's Principle 10: "Businesses should work against corruption in all its forms, including extortion and bribery" and is a member of Transparency International Denmark.

## 3. Implementation

### IFU requirements to project companies

In addition to complying with legislation in the country in which it operates, the project company must take a clear, written stand against corruption. The commitment to fighting corruption must be communicated to the entire organisation and any agents, intermediaries and consultants acting on behalf of the company as well as to major suppliers, contractors and other business partners.



The project company must identify and assess the risk of becoming involved in corruption in all parts of company operations and in relation to both the public and the private sector and initiate the necessary preventive measures to counter the identified risks.

The project company must create and maintain an organisational culture that does not tolerate corruption and train all relevant employees to avoid and deal with corruption, including facilitation payments. Employees should be introduced to good business practices such as always sending two or more people to critical meetings to discourage bribery. Employees must also be introduced to dilemmas and how to handle them.

The project company must prepare employees in advance to avoid facilitation payments and instruct them how to handle the payment, only if it cannot be avoided, e.g., by requesting a receipt and reporting it to management. Project companies must also establish a procedure for recording facilitation payments.

#### **IFU's response to corruption**

IFU's approach to responding to allegations of corruption is cooperation in good faith with our partners in determining whether a violation has occurred, and which actions should be taken. In case of non-compliance with IFU's anti-corruption policy, IFU will require an investigation of the project company and recommend measures for continuous operations within the law.

If IFU receives information about any incident in an IFU investment that gives rise to a credible suspicion of foreign bribery involving any Danish individuals or companies, IFU will report such credible suspicion to the Danish law enforcement authorities. In cases where there is a credible suspicion of bribery in an IFU investment not involving Danish individuals or companies, IFU will pass on information to local or Danish law enforcement authorities. As a last resort, IFU is entitled to demand repayment of a loan or to sell our shares on the terms set out in its standard legal agreements.

Before deciding to invest in a project company, IFU screens the company against its internal anti-corruption warning list of companies and partners. IFU also requires project companies disclose if any of their employees or entities have been convicted of corruption offences and IFU systematically verifies publicly available debarment lists of national and multilateral financial institutions.

IFU has established a whistleblower-scheme, maintained by an external law firm, which enables employees and other stakeholders to anonymously raise a concern of corruption or submit other complaints related to any of IFU's investments. Such reported concerns or complaints are processed by the external law firm and IFU's Investigations Oversight Committee and in accordance with IFU's Whistleblower Policy and internal procedures.

IFU has an obligation to assess and report suspicions of irregularities in its investments to certain key stakeholders such as the Danish Foreign Ministry, the European Commission and the Danish Auditor General.

#### **4. Approval and feedback**

This policy was approved by IFU's board of directors in February 2015. Minor corrections were approved by IFU's board of directors for communication purposes in May 2019, October 2021, and on 14 December 2023.



Date: 14 December 2023  
Owner: Sustainability  
Approved by: Board of Directors

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