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## **Finnvera's Anti-bribery Policy (export financing)**

### **1. General**

Finnvera's anti-bribery policy is based on the anti-bribery recommendation confirmed by the OECD on 14 March 2019 (Recommendation of the Council on Bribery and Officially Supported Export Credits): <http://www.oecd.org/trade/topics/export-credits/bribery-and-export-credits/>.

The anti-bribery policy is applicable to all export and import credit guarantees,<sup>1</sup> apart from those Documentary Credit Guarantees and Bank Risk Guarantees that have a short repayment period (less than two years) as well as the Finance Guarantees not associated with an export transaction being defined. Short Documentary Credit Guarantees and Bank Risk Guarantees are excluded from the scope of the policy because in these guarantee types, the exporter is not always aware of a guarantee application submitted by the bank. Non-export trade Finance Guarantees are excluded as they do not fall within the scope of application of the OECD anti-bribery recommendation.

### **2. Due diligence, normal risk assessment in application processing**

#### **2.1 Agent information**

In the application form, the applicant must state agent-related information: the name of the person and/or enterprise acting as the agent, the country and information about the total remuneration paid or payable to this person and/or enterprise. Whenever a domestic content calculation report is attached to the application, the agent's name, country, costs as well as remuneration and commissions must be specified in connection with it, too.

If the agent remuneration amount exceeds 5% of the transaction price<sup>2</sup>, the Finance Manager who processes the guarantee application contacts the client and requests a clarification regarding the grounds and purpose of the agent remuneration and the ordinariness and reasonability of the amount. At the same time, more specific information about the agent as well as details that facilitate the identification of the agent, such as the exact address of the agent, are requested. The agent remuneration amount must also be mentioned in the decision proposal.

#### **2.2 Screening of application parties**

After the financing application has been received, the KYC team conducts the necessary bribery-related KYC screenings for the following application parties: the exporter, the buyer and the agent, if any, the main contractor and the local supplier. The team saves the resulting documents in the document management system and delivers a separate report to the account manager.

With regard to bribery, the KYC screening includes checking whether any of the transaction parties is on a bribery-related black list of the World Bank or other similar bodies as well as whether any of the parties or their management/employees have, during the last five years, been convicted of bribery, subjected to

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<sup>1</sup> Buyer Credit Guarantee, Credit Risk Guarantee, Export Receivables Guarantee, Receivables Purchase Guarantee, Documentary Credit Guarantee, Bank Risk Guarantee, Investment Guarantee, Bond Guarantee, Finance Guarantee and Raw Material Guarantee.

<sup>2</sup> Contract price including local costs.

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another equivalent official penalty or public arbitral tribunal ruling for bribery or under charge or formally under investigation for bribery.

## 2.3 Anti-bribery declarations

Finnvera's Finance Manager who processes the guarantee application is responsible for ensuring that anti-bribery declarations are requested from the exporter<sup>3</sup> and the bank acting as the guarantee holder. In Credit Risk Guarantees and Export Receivables Guarantees, the declaration is part of the guarantee agreement. In other guarantees, a separate declaration form is required<sup>4</sup>.

The Finance Manager processing the guarantee application must check from the Trade Register that the declaration received is signed in a manner that binds the enterprise. In case of a foreign exporter, the Finnish parent company (or, if there is none, a Finnish subsidiary or sister company) must confirm that the declaration has been signed by parties authorised to do so. A lawyer must be consulted with regard to the wording of the confirmation.

Finnvera requires declarations before a guarantee offer is given, or at the latest before the guarantee agreement is signed.

## 2.4 Details about a foreign main contractor or a foreign local supplier

In some transactions guaranteed/financed by Finnvera, the Finnish exporter is not in a direct contractual relationship with the end user of the equipment to be delivered but sells the equipment to a (foreign) main contractor, who in turn has a transaction agreement with the end user. Finnvera may also guarantee/finance transaction agreements of (foreign) local suppliers so that the local supplier in question has an agreement with the buyer (or the main contractor), parallel to an agreement with the Finnish exporter.

Unlike in connection with financing Finnish exporters' transactions, Finnvera does not usually know these main contractors and/or local suppliers in advance. However, as these foreign enterprises are directly associated with the export transaction financing arrangement, Finnvera must receive sufficient details about these parties.

If a main contractor or a local supplier is involved in the export transaction, the Finance Manager who processes the guarantee application is responsible for ensuring that Finnvera receives the following:

1. *the main contractor and the local supplier* give an anti-bribery declaration. In addition, as we cannot check the signatures on the form, the guarantee holder confirms (in writing, e.g. by e-mail) that the representatives of the main contractor and/or the local supplier are authorised to sign the declaration on behalf of the enterprise they represent
2. *the guarantee holder* writes a short (e.g. half a page) description of the main contractor and/or the local supplier. The description does not include an assessment of creditworthiness or ability to deliver; and
3. *the guarantee holder* confirms (in writing, e.g. by e-mail) that it has conducted its ordinary "know-your-customer" analysis about the main contractor and/or the local supplier and that nothing out of the ordinary was revealed by it.

<sup>3</sup>The term "exporter" used in this policy can also refer to an importer or an investor, depending on the guarantee type.

<sup>4</sup> English forms for the exporter (Anti-Bribery Declaration of the Exporter) and the guarantee holder (Anti-Bribery Declaration of the Guarantee Holder) can be found on Finnvera's website, in the online service and in ProVeera.

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## 2.5 Reinsurance cases

When Finnvera is the reinsurer and the direct insurer is a member of the OECD, the direct insurer can be trusted to take care of appropriate anti-bribery measures in accordance with the same OECD principles as Finnvera.

When Finnvera is the reinsurer, the Finance Manager who processes the guarantee application is responsible for ensuring that the direct insurer(s) is (are) aware of potential public, resolved or unresolved bribery-related issues that we know of, involving any of the guarantee-related parties.

## 3. Enhanced due diligence

### 3.1 When to apply the procedure

If it becomes evident at the application phase that any of the parties associated with the application:

- (i) is on a bribery-related black list (see Section 4); or
- (ii) has, during the last five years, been convicted of bribery, under charge or formally under investigation for bribery or subjected to an official penalty or public arbitral tribunal ruling for bribery

enhanced due diligence is always applied in the processing of the application to ensure that there is and will be no bribery involved with the transaction. Similarly, enhanced due diligence must be applied if the Finance Manager who processes the case otherwise has a reason to suspect bribery.

### 3.2 How to apply the procedure

The enhanced due diligence process is coordinated by the compliance function together with the Finance Manager who processes the guarantee application.

The party who, on the basis of the screening, is on a black list or has been, during the last five years, convicted of bribery, under charge or formally under investigation for bribery, subjected to an official penalty or public arbitral tribunal ruling for bribery must provide Finnvera with a **clarification** of its anti-bribery operating principles, guidelines and internal controls, with which it strives to ensure in advance that the enterprise's business does not involve bribery.

The clarification must provide the following information:

- 1.) why the party or its representative is on the black list / why the enterprise or its representative has been charged for bribery, convicted of bribery or subjected to another penalty for bribery
- 2.) what measures it has taken with regard to detected or suspected bribery and what evidence there is of the measures it has taken, after the inclusion in the black list, the pressing of charges, the conviction or another penalty, to prevent bribery in the enterprise's operations in future (e.g. potential business reorganisation, terminations of employment, personnel changes and external audits)
- 3.) the party's current anti-corruption policy; this must be submitted together with an assessment by the enterprise's auditor/an external consultant to prove that the policy meets the requirements that can be set for an enterprise of this type. An anti-corruption policy is required even if the enterprise is small. Particular attention must be paid to the concrete implementation of the policy in the

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organisation. How has it been implemented in practice as part of business and internal control processes?

- 4.) how the party has ensured, with regard to the application at hand, that the export transaction in question has not involved bribery
- 5.) a detailed report of the agents' tasks and potential responsibilities, the grounds and amounts of agent remuneration and the comparison of remuneration paid to the agent with average practices applied in the field.
- 6.) as far as agents are concerned, it is also determined which other enterprises the agent in question represents.

In addition to the written clarifications requested from the party, Finnvera's KYC team collects additional details related to the case from KYC databases, the Internet and other public sources.

In addition to the written clarification, the representative of the compliance function may, on its discretion, interview the representatives of the party. Furthermore, the Finnish embassy in the country in question is contacted, if necessary, to enquire if they have additional information about the bribery case that caused the party's inclusion in the black list/the suspicion/the charge/the conviction/another penalty. If other export credit agencies are involved in the transaction, they are contacted as well.

On the basis of the clarification received, the representative of the compliance function prepares a separate written statement on the case. Finnvera cannot grant financing before receiving a satisfactory clarification. The decision on the sufficiency and reliability of the clarification is made by the Executive Vice President of the Large Corporates unit or the SMEs unit, based on the statement of the representative of the compliance function.

Factors that absolutely prevent Finnvera's financing are:

- if there is a justified suspicion of bribery in the export credit guarantee project associated with the application to Finnvera. This prevents financing until a final, acquitting decision is made for the bribery charge or the charge lapses; OR
- if anti-bribery declarations, as defined in the policy, have not been given

### 3.3 Bribery detected after a positive guarantee decision – special considerations

If bribery is detected after a positive guarantee decision:

- the enhanced due diligence procedure, described in Section 3.2 above, will always be launched.

If suspected bribery is related to a transaction other than the one for which Finnvera has granted an export credit guarantee:

- a case-specific decision will be made regarding the processing of the granted export credit guarantee on the basis of the additional information yielded by the enhanced due diligence procedure.

If suspected bribery is related to an export credit guarantee that Finnvera has already granted:

- a) if an export credit guarantee offer has not been given to the client yet, the offer cannot be given before a final, acquitting decision or before the suspicion is otherwise considered manifestly unfounded.
- b) if a guarantee offer has already been given to the client, the aim is to suspend the transaction processing for the duration of the clarification. In this case, the processing of the transaction can

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only be continued when it has become clear that no charges will be pressed in the case or, if a charge has been pressed, when a final, acquitting decision is made.

- c) if the transaction is already at the guarantee agreement phase, efforts should be made to prevent any further drawing.

The cases mentioned above should always be considered on a case-by-case basis and the decision is made by the Executive Vice President of the Large Corporates unit or the SMEs unit after consulting the Finance Manager who processed the transaction, the Finance Manager responsible for the sector and the compliance function.

If the bribery conviction is related to a transaction guaranteed by Finnvera with a Credit Risk Guarantee or an Export Receivables Guarantee:

- a) if the conviction is given only after the guarantee agreement is signed, Finnvera will not compensate for receivables related to this transaction.
- b) if the guarantee in question is a Buyer Credit Guarantee or an Investment Guarantee, the exporter must be informed of the fact that in a potential compensation case, Finnvera will require compensation from the exporter for compensation, if any, payable on the basis of the guarantee.
- c) if Finnvera has already paid compensation, Finnvera will start recovery proceedings targeted at the exporter.

The decision on recovery proceedings is made by the Executive Vice President of Finnvera's Large Corporates or SMEs unit after consulting the Finance Manager who processed the transaction, the Finance Manager responsible for the sector and the compliance function.

#### 4. Public bribery black lists

The World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank and the African Development Bank maintain public black lists of enterprises and persons that have conducted bribery or other fraudulent activities in development bank projects. The lists are available at the following Internet addresses:

[World Bank](#)

[Asian Development Bank](#)

[Inter-American Development Bank](#)

[African Development Bank](#)

#### 5. Notification to authorities

Finnvera must inform Finnish law enforcement authorities of bribery taking place if Finnvera has credible allegation or evidence of foreign authorities having been bribed in the transaction. In Finland, the pre-trial investigation authority is the police.

According to the OECD anti-bribery recommendation, credible allegation or evidence refers to evidence of a quality which, after critical analysis, a court would find to be reasonable and sufficient grounds upon which to base a decision on the issue if no contrary evidence was submitted.

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In a case in which Finnvera's employee processing the transaction has a reason to suspect bribery, the employee is obligated to inform their supervisor and compliance officer, who initiates the related investigation process in accordance with the principles and practices of this policy. If the investigation confirms that bribery has taken place, the Executive Vice President of Finnvera's Large Corporates or SMEs unit processes the case and informs Finnvera's CEO. In a case in which Finnvera has credible evidence of bribery taking place, the decision on a notification to the police is made by Finnvera's CEO upon the presentation of the compliance function. Finnvera's compliance function is responsible for submitting the notification to authorities.