

Panama Banking Sector: Anti-Corruption Integrity Guide

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Miller & Chevalier

900 16th Street NW
Black Lives Matter Plaza
Washington, DC 20006
www.millerchevalier.com

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I. INTRODUCTION

The Inter-American Development Bank (IDB) has requested that Miller & Chevalier Chartered (Miller & Chevalier) assist with the preparation of an integrity guide specifically tailored for use by banks and financial institutions operating in Panama and geared toward addressing corruption-related risks that such banks may face in the course of their business.

In 2007, the IDB established the Transparency Fund (AAF) to help increase the institutional capacity of Inter-American Development Bank (IDB) member countries to curb corruption and promote transparency and integrity. The AAF was the result of an agreement with the Royal Ministry of Foreign Affairs of Norway. The AAF successfully expanded its volume of operations through additional funding from the Government of Canada, and the Governments of Italy and Sweden. The Mastercard Corporation and Microsoft provided complementary funding and resources to the AAF activities.

The AAF supports institutional and regulatory reforms to improve transparency and integrity through three closely related approaches: (i) alignment with international regulations and standards; (ii) targeted transparency; and (iii) the use of innovation and technology.

This project was built upon key IDB milestones that define its approach towards the promotion of transparency and integrity. First, the Report of the Expert Advisory Group on Anti-corruption, Transparency and Integrity in Latin America (2018). The document recommends a multi-layered approach based on collective action by governments, the private sector, civil society, and international institutions.

Second, the Work Plan of the Americas Business Dialogue (ABD). The ABD is a private sector led initiative facilitated by the IDB aimed at fostering a high-level, public-private policy dialogue between business and government leaders of the Americas on the region's priorities, challenges, and opportunities for economic growth and development. The Action Plan includes 42 recommendations across five key themes: (i) strengthening transparency and integrity; (ii) digitizing growth; (iii) trading for tomorrow, (iv) powering development; and (v) upskilling for the future. One of these recommendations is to encourage the private and public sector to adopt comprehensive integrity mechanisms, including the implementation and periodic review of an effective ethics and compliance program.

The IDB Update to the Institutional Strategy (2019) that lays down the IDB's cross-cutting approach to transparency and integrity, including reforms aimed at enhancing private sector integrity.

The IDB Transparency and Integrity Sector Framework Document (2020) defines the roadmap for the IDB Group to strengthen public integrity, improve control systems and support the private sector to stimulate a collective action to prevent corruption.

More recently, the IDB adopted Vision 2025 Reinvest in The Americas: A Decade of Opportunity (2021). Vision 2025 supports transparency and integrity by developing and implementing reforms aimed at improving the quality of institutions and regulations, expanding access to information, and strengthening the role of the agencies responsible for promoting public and private sector integrity.

Vision 2025 proposes to strengthen the rule of law, good governance and promote transparency and integrity reforms, including strengthening institutions and regulatory frameworks to attract private capital to achieve sustainable investments and support equitable economic growth.

Based on this consistent institutional mandate, the IDB supports countries in implementing transparency and integrity reforms aligned with international standards, with an emphasis on institutional strengthening and access to information. The reforms aim to improve the quality of institutions, promote the adoption of clear rules to prevent abuse of authority, increase information for collective action, and ensure the effectiveness of control agencies.

Following this institutional mandate, the AAF designed and approved the Regional Technical Cooperation RG-T3755 (TC) to support IDB member countries in their efforts to increase the capacity of the public sector to promote transparency and integrity in the private sector by implementing corporate integrity and governance standards. Through this TC, the IDB Group is supporting the adoption of comprehensive integrity mechanisms, including corporate governance standards and codes of conduct in selected LAC countries.

In this context, the Superintendency of Banks of Panama has requested IDB the preparation of an integrity guide specifically tailored for use by banks and financial institutions in Panama.

This integrity guide is intended to serve as a practical guide - non-binding- for banks in Panama that are seeking to develop or enhance their anti-corruption compliance programs. This guide describes the various components of an effective compliance program based on international best practices and universally accepted anti-corruption measures.

Having a robust, effective internal controls environment is critical to a successful enterprise and adds value to a bank. Investors, clients, and other external stakeholders often seek to do business only with banks that have established compliance programs aimed at mitigating a wide range of risks, including corruption-related risks. In several countries, it is a legal mandate for companies to have anti-corruption compliance programs. To manage legal and reputational risks, it is important for the banking sector to consider carefully the implementation of anti-corruption compliance programs that complement and enhance their existing compliance infrastructure. Relatedly, it can be prudent for banks to be transparent and open about their compliance programs, which can include providing external stakeholders with key information about their programs and internal control environment.

In considering the design and implementation of anti-corruption compliance programs for banks in this sector, Miller & Chevalier recognizes the inherent diversity of the banks that comprise the banking sector in Panama. By way of example, there are international banks operating in the country, local banks focused exclusively on Panama, state-owned banks, and banks operating in Panama under different licenses offering a variety of products and services. Each bank has its own unique risk profile based on a variety of potential factors including, for example, the license upon which it relies to operate in the country, its customer base, the products and services offered, its level of reliance on third parties, and the nature of its interactions with government officials and government entities, among other factors.

As a result, while similarities may exist across the banking sector in the country, each bank should establish and develop an anti-corruption program responsive to and commensurate with its size, risk profile, and

unique circumstances. In light of the diversity that exists with the Panamanian banking sector, this guidance should be read as a guideline permitting flexibility, not as a strict set of rules to which each bank must adhere. Banks operating in the country should consider their own risks and particular circumstances when evaluating and enhancing their anti-corruption compliance programs and take steps to tailor responses to the specific risks that the bank is facing or could face in the future.

To that end, this guide is structured to address the different components of an effective anti-corruption compliance program. Throughout the guide, we discuss specific risks that, based on our research with the support of the Association of Banks in Panama (ABP) and the Superintendency of Banks of Panama (SBP), we understand the banking sector in Panama may be facing and the compliance measures and other internal controls that can be implemented to mitigate those particular risks.

During the course of our review, it was evident that many banks operating within Panama have already taken critical steps to implement sophisticated anti-money laundering compliance programs and have invested resources to mitigate such risks.

It is important to recognize that anti-money laundering risks have important distinctions from anti-corruption compliance risks and that they require distinct controls. For example, anti-money laundering risks tend to arise when third parties use a bank as a conduit of illicit conduct and proceeds. In contrast, corruption-related risks focus on the corrupt conduct of the bank itself, in particular, the risks that employees of the bank will offer or make improper payments to others, including to government officials, for the benefit of the bank. A money laundering violation often means the bank's client or third party engages in the predicate criminal conduct. A corruption violation, in contrast, means that the bank itself has engaged in the corruption violation.

To be sure, banks can leverage and build upon the anti-money laundering and other compliance infrastructure they have in place to establish anti-corruption controls. In this way, compliance strategies usually interact. At the same time, those controls do not always take the place of specific anti-corruption controls. This guide is intended to serve as a reference for developing compliance features targeting corruption-related risk specifically.

A. Methodology

To develop this guidance, Miller & Chevalier first considered and analyzed international best practices, including the World Bank Group Integrity Compliance Guidelines, the United Nations' National Anti-Corruption Strategies, the U.S. Department of Justice's (DOJ) Evaluation of Corporate Compliance Programs, the Inter-American Investment Corporation's Integrity Framework, and the Inter-American Development Bank's Transparency and Integrity Sector Framework Document, among other leading guidance in this area.

In addition, we conducted a series of interviews with compliance personnel across a variety of banks within Panama. Miller & Chevalier spoke with compliance personnel from: (1) international banks operating in Panama; (2) local Panamanian banks of various sizes focused on providing services to the local community; and (3) a local state-owned bank. In addition, Miller & Chevalier spoke with representatives from SBP and ABP.

The primary purpose of these discussions was to understand the banking sector in Panama, the corruption-related risks that banks in this jurisdiction currently face or could face in the future, and the current compliance orientation observed by banks in the country. In addition, the various interviews helped to identify certain areas for focus or enhancement as banks in Panama further develop their anti-corruption compliance programs.

B. Overview of the Legal Regimes and Corruption Risks Facing the Banking Sector in Panama

The banking sector operating in Panama may be subject to a variety of anti-bribery and anti-corruption laws and legal regimes, both in Panama and abroad. It is important, therefore, that such banks in Panama be committed to compliance with all applicable anti-bribery and corruption laws and regulations.

Global anti-bribery laws generally make it illegal to engage in any form of corruption and bribery. The laws of several countries, such as the United States Foreign Corrupt Practices Act (FCPA), focus exclusively on the bribery of government officials, while other laws, such as the United Kingdom Bribery Act 2010, prohibit both the bribery of government officials and commercial bribery (*i.e.*, the bribery of commercial actors). Multilateral development bank (MDB) integrity programs prohibit corruption among other prohibited practices by those participating in MDB-financed projects, and their sanctions systems require a relatively low burden of proof to establishing such prohibited practices. Many global anti-corruption laws also require companies to keep books, records, and accounts in reasonable detail which accurately and fairly reflect their foreign and domestic transactions. Notably, certain anti-corruption laws provide an affirmative defense for banks that have established an effective compliance program. Moreover, even if an anti-corruption law does not establish such a defense, regulators often provide substantial benefits to banks that have demonstrated the effective functioning of their compliance programs.

At their core, global anti-bribery laws make it unlawful to offer, promise, pay, or authorize the extension of "anything of value" to any government official or private sector individual to help the bank obtain or keep business or secure some other improper business advantage. This prohibition applies whether the offer or payment is made directly or through another party. Violations of the anti-bribery laws could result in various sanctions, such as civil and criminal enforcement, debarment and exclusion from government processes, fines, incarceration for individuals, and meaningful penalties. Additionally, entities such as multilateral development banks, can also apply sanctions, including debarment, to certain banks that engage in improper conduct based on the contractual relationships they have with the banks.

In light of the requirements and prohibitions of these laws and the robust manner in which they are enforced, there are several areas of risk for the banking sector. It is helpful to keep these risks in mind when considering the development of each bank's anti-corruption compliance program. In discussing potential corruption-related risks with compliance personnel of several such banks in Panama, we identified certain risks that are specific to the Panamanian banking sector. These risks include:

- ▶ The need for frequent interactions with the government in connection with a variety of matters, including licenses and permits, the provision of financing for government projects, concession agreements, among others
- ▶ Government entities as clients and the gifts, travel, entertainment, hospitality or other benefits

provided for improper purpose and in exchange for a business advantage (*i.e.*, developing business with government clients)

- ▶ Other sector-relevant benefits provided to government customers, such as loan forgiveness, credit extension and other unique items of value in exchange for a business advantage
- ▶ Clients who are classified as politically exposed persons (PEPs)
- ▶ Acquisition of and merger with other entities to provide a wider range of services, including non-financing services that implicate new government touchpoints
- ▶ Participation as equity partners in joint ventures or consortia, where the bank could be liable for the conduct of its consortium partners
- ▶ Reliance on third parties to provide lobbying services, particularly as the banking industry undergoes changes and develops new products (*e.g.*, the rise of FinTech products and services that necessitate new government regulations), and the third parties assist with government interactions on behalf of the bank

This is not an exhaustive list of bribery and corruption risks, nor does each risk listed apply to every bank in Panama. This list, however, is illustrative of the types of corruption-related risks that such banks in Panama may face and the risks that these banks may need to mitigate.

This integrity guide provides broad guidance with respect to anti-corruption compliance. Throughout the document are references to these specific risks that the banking sector in Panama may face in order to help guide banks in taking steps to address and mitigate those risks.

C. Anti-Corruption Compliance Programs

There are several steps that banks can take to mitigate their corruption risks. The most effective compliance programs are "risk-based," that is they are designed to respond to risks that the bank is currently facing or could be facing. As a general matter, effective and risk-based anti-corruption programs include a collection of basic components, which are described in detail in this guide and include: (1) risk assessments; (2) policies and procedures, including specific guidance on Codes of Conduct and Anti-Bribery and Corruption Policies; (3) training and communications; (4) tone at the top; (5) independence; (6) confidential reporting; (7) incentives and sanctions; (8) investigations; (9) third-party management; and (10) ongoing monitoring.

SMALL AND MEDIUM-SIZED BANKS

Because banks **range in size and type** from banks with Panamanian subsidiaries, to local banks, not all banks will have the same resources and means to adopt all detailed programmatic components raised in these guidelines. Instead, **banks should consider the guidelines on a sliding scale, based on each bank's resources, personnel, and capacity**. Indeed, smaller banks can show the **same level of commitment to ethics** but with less formality than larger banks. For example, they can **adopt email address** reporting mechanisms rather than engage external providers to set up and manage telephone hotlines. For purposes of due diligence on third party intermediaries, they can **rely on existing systems to implement the concepts outlined in these guidelines rather than** invest in more sophisticated diligence and tracking systems. Trainings can be **integrated into periodic staff meetings** rather than performed as stand-alone initiatives. Internal Audit can take on responsibility for compliance audits and assessments. Smaller banks can **find creative ways to reaffirm cultures of compliance**, for example with basic statements at staff meetings that are documented in minutes. **Most important is to demonstrate that smaller banks are still embracing the principles laid out in these guidelines, such as engagement by senior leadership, a track record of reasonable compliance actions, and indications of a culture of ethical conduct.**

II. RISK ASSESSMENTS

To develop and implement an effective anti-corruption compliance program, an important first step is to assess each bank's anti-corruption risk profile. In certain instances, corruption-related risks may overlap with other risks that banks may be facing, such as anti-money laundering risks or fraud risks. In other instances, a review of corruption-related risks may present a new set of risks for the bank to consider and address. As noted in Section I above, the various banks operating in Panama have different risk profiles, and it is necessary to understand those risks in order to establish a meaningful and effective anti-corruption compliance program.

In Panama, a regulatory requirement exists to conduct an annual risk assessment and report the assessment results, as well a description of the methodology employed, to the SBP. We understand that the mandated risk assessment focuses, among other items, on anti-money laundering risks and terrorist financing risks. As a result, banks in Panama have established practices of conducting these sorts of assessments and can leverage that experience to incorporate additional corruption-specific risks into their periodic risk assessments.

A. Potential Corruption-Related Risks

While corruption-related risks vary in nature, an illustrative set of risks that may be of particular relevance to the banking sector in Panama follows:

- ▶ **Interactions with Government Officials:** Banks in Panama have several reasons to be in close contact with government officials and other public agencies. For example, banks operating in Panama are subject to government-issued licenses. Certain banks may provide financing to government projects or may participate in government tenders. These interactions carry risk of potential corrupt payments to government officials. In addition, employees who work at state-owned banks may be considered government officials under applicable laws and regulations, and as a result, there may be a risk that those employees are bribed or are offered bribes, for example, to avoid fees, forgive loans, or for other purposes.
- ▶ **Facilitation Payments:** Facilitation payments are typically small payments made to secure or expedite a routine government action. Facilitation payments are not prohibited by all anti-corruption laws and regulations; however, they represent a "gray" area, and a facilitation payment can often be interpreted to be a bribe. Nevertheless, it is generally considered a best practice to prohibit facilitation program when establishing an anti-corruption program.
- ▶ **Mergers, Acquisitions, and Other Transactional Activity:** Some banks are increasingly providing non-financing services (*e.g.*, assisting with the procurement of houses or vehicles) and are partnering with other enterprises to do so. This might involve acquiring other entities and engaging in broader transactional activity. This sort of transactional activity carries risks because the bank could be responsible for the actions of its business partners and could inherit liability from prior misconduct of the acquired entity as a result of the transaction (*e.g.*, successor liability).
- ▶ **Conduct of Third-Party Intermediaries and Representatives:** Under certain anti-corruption laws, banks could be responsible for the conduct of the agents, consultants, advisors, and other

intermediaries retained to act on their behalf. There are a number of scenarios in which risks relating to third-party relationships could arise. For example, a bank could be responsible for the conduct of agents retained to assist the bank with obtaining or securing permits and licenses from government agencies or when using third parties to advocate for regulatory reform that could affect the banking industry. Similarly, risks can arise when banks participate in joint ventures or consortia. A bank may serve as an equity participant in a consortium and could be liable for the conduct of its consortium partners in the event that the partners engage in improper conduct to advance the interests of the consortium. This risk does not require the bank's direct contact with government agencies but rather focuses on the bank's participation in the consortium and efforts, or lack thereof, to ensure that the consortium acts with integrity.

- ▶ **Gifts and Entertainment:** While gifts and entertainment can be legitimate business expenses, they can also serve as a form of bribery if used for improper purposes. This may be especially true when hospitality is offered to government officials or government clients to secure or develop additional business. For this reason, it can be important to assess the bank's gift, entertainment, and hospitality practices to determine whether they present a corruption-related risk.
- ▶ **Charitable Donations:** While banks may make reasonable contributions to charities and other not-for-profit local organizations, it is important to keep in mind that corrupt payments can be made under the guise of charity, and as a result, charitable donations could give rise to a corruption risk.
- ▶ **Political Donations:** Political donations may be in violation anti-corruption laws if made for corrupt purposes, and as a result, may also pose corruption risk.

In addition to the more explicit corruption-related risks outlined above, adjacent risks may include anti-money laundering risks, anti-competitive conduct, and conflicts of interest.

B. Performing the Risk Assessment

The Risk Department with support and participation from the Compliance Department typically leads the assessment and reports violations to the Board of Directors. The risk assessment typically includes various workstreams, such as: (1) document review; (2) interviews of relevant personnel; and (3) analysis and documentation.

- ▶ **Document Review:** It is often helpful to collect a targeted universe of documents that may shed light on existing compliance risks. Relevant documents may include the results of prior risk assessments, reports reflecting analyses and reviews conducted by the Internal Audit or Risk Departments, documents reflecting due diligence conducted on third parties retained to act on behalf of the bank or in connection with contemplated transactional activity, materials submitted to the government for any purpose (*e.g.*, to secure a license or to participate in a tender), and documents reflecting the bank's charitable or political donations, entertainment, gifts, and hospitality spending, among others. These documents can often serve as a starting point to shed light on existing practices that may give rise to risk and require additional internal controls or monitoring.

- ▶ **Interviews:** Successful anti-corruption risk assessments typically involve discussions or interviews with a cross-section of employees to gain a deeper understanding of the bank's operations and to identify touchpoints with government officials and agencies, either directly or indirectly, where corruption-related risk may exist. For example, it may be helpful to speak with employees in the Compliance, Risk, Internal Audit, Legal, or Human Resources Departments, as well as employees who have a role in government relations (*e.g.*, applying for the requisite permits and licenses or interacting with regulators), client-facing interactions, financing services, and mergers or acquisitions. Certain functions, including Compliance, Legal or Internal Audit, may provide a high-level overview of potential risks that the bank may face, while discussions with operational departments may help reveal additional risks from the institution's day-to-day operations.
- ▶ **Analysis:** After completing these steps, it is important to analyze the results of the fact gathering, to list the risks identified, and to consider rating the severity of the risk, as well as the impact of the risk, in light of the bank's operations. During this phase of the assessment, it is also important to consider the internal controls that may already exist to mitigate the identified risks. To the extent that risks are identified for which there are inadequate controls, that gap analysis can guide the bank in determining where to enhance its internal control environment. This final step can ultimately serve as a roadmap for the development of the anti-corruption compliance program and can help inform the bank of areas where it may be necessary to devote compliance-related resources. Once the risks are identified, the bank is well-positioned to develop an anti-corruption compliance program that is based on and responds to the most significant risks or vulnerabilities.
- ▶ **Ongoing Assessment:** As described in Section XI below, the risk assessment is a helpful snapshot of the entity's risks at the time of the risk assessment. Most effective programs have an ongoing process to update periodically the risk assessment based on changes to the entity's risk profile, operations, and general business practices.

III. POLICIES AND PROCEDURES

Following the identification of corruption-related risks, the bank is in a strong position to develop, revise, or enhance policies and procedures tailored to mitigate or reduce the risks identified. Policies provide employees and other stakeholders with specific guidance and articulate permissible and impermissible conduct. When developing a collection of compliance policies, it is helpful to ensure that the policies are consistent and work together to provide an integrated, comprehensive compliance framework.

At a high level, compliance policies function to prevent, detect, investigate, and remediate potential forms of misconduct. To do this, the policies should:

- ▶ Provide clear guidance and outline permissible conduct and prohibited conduct
- ▶ Identify to whom the policy applies (*e.g.*, all employees, certain departments within the bank, third parties acting on behalf of the bank, etc.)
- ▶ Identify the bank officer or employee responsible for overseeing the policy
- ▶ Provide a mechanism for employees to seek guidance or report potential concerns of misconduct

- ▶ Explain the possible repercussions and sanctions applied in the event that the policy is violated (up to and including termination)
- ▶ Make a clear statement that employees who make reports in good faith will not be subject to retaliation

The policies that a bank implements should be driven by the result of the risk assessment. The bank's operations, risk profile, and the degree to which the risk may impact the bank are all factors to consider when determining topics to address in the policies. As a general matter, when considering particular corruption-related risks, it may be prudent to consider developing and implementing the following types of policies and procedures:

- ▶ Code of Business Conduct and Ethics (see discussion below)
- ▶ Anti-Bribery and Corruption Policy (see discussion below)
- ▶ Conflict of Interest Policy
- ▶ Procedures governing interactions with government officials
- ▶ Third-party due diligence procedures
- ▶ Monitoring procedures
- ▶ Policies and procedures governing gifts, travel, entertainment, and related forms of hospitality
- ▶ Policies and procedures concerning charitable donations or political contributions
- ▶ Policies governing transactional activity, such as mergers, acquisitions, and joint ventures

E X A M P L E

Certain banks operating in Panama may have **extensive interactions** with government officials. These interactions could concern a wide range of issues, including the need to acquire **permits and licenses**, collaborating with the government to provide **financing** to government projects, or **interacting** with government clients.

A bank that has high frequency of interactions with government officials may want to consider **establishing a policy** that specifically addresses the bank's expectations for those interactions. The policy may include, for example, a requirement that, at a minimum, **two employees from different units within the bank attend any meeting** with government officials, a requirement to **memorialize the meeting in writing** following the interaction, and a requirement that any **gifts or entertainment provided to government officials must be pre-approved** by the compliance function.

E X A M P L E

Given that the banking sector in Panama is increasingly **providing non-banking services** and partnering with other companies to do so, some banks may wish to **develop a policy or procedure** that sets out the expectations when **exploring transactional activity**.

The policy could require that the bank **conduct specific integrity due diligence** on the potential business partner that includes assessing the business partner's corruption-related risk and to include appropriate compliance representations and warranties in the operative contracts.

These types of controls will help the bank **reduce the risks associated with the transactional activity** and ensure that it is better protected in connection with the transaction.

The various policies implemented within an organization should be readily available and easily accessible for all employees (*e.g.*, through an internal website or portal) to allow employees to consult them as necessary. It can also be helpful to provide training sessions for employees to explain and discuss the requirements of each policy (see Section VII).

At a minimum, banks seeking to enhance their anti-corruption compliance program may want to consider establishing or refreshing two policies in particular: (1) Code of Business Conduct and Ethics that generally describes the bank's values and ethics and approach to decision-making; and (2) an Anti-Bribery and Corruption Policy that provides detail on corruption-related risks, defines prohibited practices, and describes the bank's expectations with respect to those risks. Below is a discussion of each document.

A. Code of Business Conduct and Ethics

For all entities, it makes sense to develop and implement a Code of Business Conduct and Ethics. The Code is the set of rules, values, principles, and expectations that guides the conduct of all employees and, in many cases, third parties acting on behalf of the institution. The purpose of the Code is to provide a decision-making framework for employees to follow, particularly when faced with difficult questions or when they are in difficult circumstances.

Similar to other compliance policies, it is important for the Code to:

- ▶ Establish a tone from the top expressing zero tolerance for all forms of misconduct, including bribery and corruption
- ▶ Provide clear guidance and outline permissible conduct and prohibited conduct
- ▶ Identify to whom the policy applies (*e.g.*, all employees, third parties acting on behalf of the bank, etc.)
- ▶ Identify the official or employee responsible for overseeing the policy
- ▶ Provide a mechanism for employees to seek guidance or report potential concerns of misconduct
- ▶ Explain the possible repercussions and sanctions applied in the event that the policy is violated

(up to and including termination)

- ▶ Send a clear message that employees who make reports in good faith will not be subject to retaliation

At a high level, the Code may address the following types of topics, subject to the bank's particular values and conduct expectations:

- ▶ **Senior Management's Values and Conduct Expectations:** This message often comes in the form of a letter or introduction from the senior-most members of management, reiterating the bank's values and commitment to operating ethically and transparently.
- ▶ **Workplace Environment:** This section typically discusses the bank's expectations with respect to workplace conduct (*e.g.*, anti-harassment position), diversity, healthy, safety, and security.
- ▶ **Business Practices:** This section typically addresses the bank's commitment to complying with laws and regulations and may highlight certain areas of particular risk, such as insider trading, antitrust considerations, gifts and entertainment, and interactions with the government.
- ▶ **Conflicts of Interest:** Typically, the Code explicitly prohibits conflicts of interest to ensure that no personal or financial interests interfere with employees' ability to work in the best interest of the bank. The Code often requires disclosure of outside activities and affiliations that could influence performance while working at the bank.
- ▶ **Intellectual Property and Confidential Information:** This section serves to discuss the bank's confidential information, appropriate use of confidential information, and expectations with respect to retention of the bank's documents.
- ▶ **Community Involvement:** To the extent applicable, this section can cover a wide range of sub-topics, including, for example, charitable contributions, political activities and contributions, and the bank's commitment to the environment and sustainability.

Many organizations find it helpful to have employees sign a certification on an annual basis, agreeing to adhere to the expectations set forth in the Code. Additionally, it can be important for employees to be introduced to the Code immediately upon the start of their tenure at the bank. As a result, the Code is often provided to employees as part of the onboarding procedures.

In addition, it can be helpful for external stakeholders to have access to the Code. It may make sense for the document to be published on the bank's external website. Note that many institutions also opt to establish a separate code for suppliers and business partners. The Code of Conduct for Suppliers often substantively overlaps with the Code but tends to be principle-based.

B. Anti-Bribery and Corruption Policy

Developing an Anti-Bribery and Corruption Policy is one of the initial steps in establishing an anti-corruption compliance program. This policy, like others, should be tailored to the bank's size, risk profile, business relationships, and business practices, and should be consistent with local laws and regulations, as well as with applicable foreign laws. While a bank's Code of Business Conduct and Ethics may generally

address anti-corruption concerns and prohibit bribery of all forms, the Anti-Bribery and Corruption Policy provides additional details and information about the prohibited conduct and specific areas of risk. The two documents are intended to work together to provide employees and certain third parties with conduct expectations and guidance with respect to the bank's business, and as such their provisions should be consistent with one another.

1. Components of an Anti-Bribery and Corruption Policy

As with other policies, it is important for the Anti-Bribery and Corruption Policy to:

- ▶ Provide clear guidance and outline permissible conduct and prohibited conduct
- ▶ Identify to whom the policy applies (e.g., all employees, employees working in certain departments, third parties acting on behalf of the bank, etc.)
- ▶ Identify the officer or employee responsible for overseeing the policy
- ▶ Provide a mechanism for employees to seek guidance or report potential concerns of misconduct
- ▶ Explain the possible repercussions and sanctions applied in the event that the policy is violated (up to and including termination)
- ▶ Make a clear statement that employees who make reports in good faith will not be subject to retaliation

A comprehensive Anti-Bribery and Corruption Policy contains a meaningful level of detail and nuance. Below is a description of some of the topics that the bank may wish to address in its Anti-Bribery and Corruption Policy.

2. Statement Prohibiting Bribery and Defining Bribery

First, the Anti-Bribery and Corruption Policy should clearly state the prohibited conduct. In this instance, a blanket statement prohibiting all types of bribery and corruption may be appropriate, such as:

The Bank takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly, and with integrity in all its business dealings and relationships. It is the goal of the Bank to avoid acts that might reflect adversely upon the integrity and reputation of the Bank and its employees.

Second, it is helpful for the policy to clearly define bribery, the definition of may be broader than one may expect or anticipate. For example, a policy may state the following:

*Bribery is offering, giving, promising, soliciting, or accepting **anything of value** (financial or non-financial) to a **government official or any other person**, directly or indirectly through a **third party**, to improperly influence that person in the performance of a duty or to obtain or retain business or any undue business advantage.*

Third, there are certain terms of art often used when defining bribery that may require further clarification. For example, the phrase "anything of value" has been broadly defined and may require additional attention. In the context of a bank operating in Panama, it may be important to note that "anything of value" can include gifts, hospitality, meals, travel, loan forgiveness, extensions of credit, and employment or internship opportunity to government officials or the friends and family members of government officials, among other benefits.

In addition, it may be important to define "government official," which is often interpreted broadly and may include, for example:

- ▶ Any employee or member of a local, regional, or national government body, department, or ministry, whether in the executive, legislative, administrative, or judicial branches of government (such as banking regulatory officials or tax inspectors)
- ▶ Any employee or official of a state-owned or controlled company or instrumentality, even if operated like a privately-owned corporation (such as a government-owned or -controlled bank)
- ▶ Anyone acting in an official capacity for or on behalf of the government
- ▶ Any political party, party official, or candidate for political office
- ▶ Any employee or official of a public international organization such as the World Bank, Inter-American Development Bank, or one of their departments or agencies
- ▶ The close relatives of a Government Official (such as a sibling, spouse, child, or other dependent)

It can also be helpful to explain the differences between public bribery (to government officials) and commercial bribery (to officials of private entities). For example, the bank may wish to include a statement like the following to describe the two types of corruption:

This Policy applies to the two primary forms of corruption: (1) public corruption and (2) commercial bribery. Public corruption involves bribery of government officials. Commercial bribery involves bribery of private sector business partners, clients, and others. Both forms are prohibited and may subject you and the Bank to civil and criminal penalties.

3. Addressing Areas of Risk

A comprehensive Anti-Bribery and Corruption Policy generally describes the areas of corruption risk that organizations may face and provides guidance on those particular risks, such as:

- ▶ **Third Party Intermediaries and Representatives:** The use of third parties to interact with government entities and officials may present a risk for certain banks because banks can be held responsible for the acts of third parties. As a result, under these circumstances, it is often helpful for the Anti-Bribery and Corruption Policy to explain the bank's procedures for retaining third party intermediaries. A bank should establish a practice that certain categories of third parties be vetted or subject to integrity due diligence prior to being retained. This due diligence process may include, for example, requesting that the third party complete a questionnaire that elicits

information about its business, ownership structure, relationship with government officials, compliance program, history of corruption or fraud investigations, and references. This type of information allows the bank to assess the third party's expertise, affiliation with government officials, compliance orientation, and broader reputation for ethical business. Examples of due diligence questionnaires and related due diligence materials are attached hereto as Appendices A-C.

- ▶ **Transactional Activity:** Transactional activity can present corruption-related risks. For that reason, conducting integrity due diligence prior to closing the transaction allows the bank to gain a better understanding of the entity it may acquire or the entity with which it is partnering for a business venture and related risks. As such, the Anti-Bribery and Corruption Policy may want to expressly include a requirement that due diligence be conducted on contemplated counterparties prior to finalizing any transactional activity. The policy may permit flexibility to allow the due diligence to be tailored to the particular transaction.
- ▶ **Gifts, Travel, and Entertainment:** The Anti-Bribery and Corruption Policy may want to include guidance on gifts, travel, entertainment, and other forms of hospitality and describe how to approach both receiving and giving such hospitality. Many Anti-Bribery and Corruption policies distinguish between gifts and hospitality to government officials from those provided to private parties, creating tighter restrictions for hospitality with government officials. It is often most protective of the organization to include very strict guidelines to monitor closely any contemplated gifts hospitality involving government officials. It may be important, for example, to require employees to receive prior approval for all hospitality provided to government officials by completing a standard form that is reviewed by the compliance office (an example of which is attached hereto as Appendix D). For private parties, the bank may choose to provide different guidance in consideration of the fact that the legal risks associated with providing gifts and hospitality to third parties is often lower. Rather than require prior approval of all gifts and hospitality to third parties, the bank may choose to require employees to require approval only for items above a certain monetary threshold or disclose such gifts or hospitality to or from private parties after the event or gift-giving has occurred, which enables monitoring and addressing issues if they do in fact arise.
- ▶ **Charitable Contributions and Political Donations:** The Anti-Bribery and Corruption Policy may provide guidance on a range of additional topics, such as charitable contributions and political donations. For example, given that charitable contributions and political donations can be misused to serve as corrupt payments, the bank can require prior approval of such contributions. This would entail having employees submit proposals for contributions and having compliance review and consider the requests before any payment is made.

4. Additional Requirements

The policy can discuss certain additional requirements, such as the requirement for employees to attend periodic compliance trainings, information regarding policy oversight, and the requirement for employees to submit annual or periodic certifications.

Compliance training is an effective way to ensure compliance with the policy and to provide employees

with a forum to ask questions about the policy. It is often suggested that training on the Anti-Bribery and Corruption Policy take place annually (either in-person or online) and that attendance at the training be monitored and tracked.

As with other policies, the Anti-Bribery and Corruption Policy should clearly identify the employee or officer responsible for overseeing the policy and may require that employee or officer to conduct periodic reviews to ensure that the policy is effective and working as intended.

IV. TONE AT THE TOP

In addition to the various policies, procedures, and infrastructure implemented as part of the anti-corruption compliance program, it is important for banks to establish a culture of ethics and compliance throughout the bank. Establishing this sort of compliance orientation and culture requires the commitment of employees throughout the organization, and, in particular, of senior- and mid-level employees.

The bank's key leaders, including the executive leadership team and the Board of Directors, can set the tone and culture throughout the organization. Regularly reiterating the importance of compliance and of conducting business ethically and transparently is important to setting a compliance-related tone within the bank.

As such, senior leadership should endeavor to take concrete steps like regularly reminding employees (in writing and orally) of the bank's commitment to compliance and by modeling compliance-focused conduct. Using these communications, senior leaders can encourage and remind employees to act ethically, consistent with the organization's values.

It is equally important for senior management to discuss the bank's commitment to compliance externally with other stakeholders to remove any doubt about the bank's business practices and values.

Below is an example of an internal communication from senior leadership addressing the importance of compliance:

Our bank's reputation is one of our most valuable assets, and preserving it is essential to retaining our talented employees and loyal customers. We've worked hard over many years to build our reputation as a values-based bank, a distinction earned through the actions of our employees. Like any reputation, all it takes is one questionable act to damage it.

Our Code of Business Conduct and Ethics and our Anti-Bribery and Corruption Policy were developed to provide clear guidelines to help you make ethical decisions as we do business every day. These important policies are a statement of my strong commitment, and the bank's commitment, to anti-bribery, anti-corruption, non-discrimination, and transparency to ensure we are operating according to our core values.

Our continued success hinges on our employees conducting business with integrity every day. This is why we encourage you to report employee

misconduct when suspected. Every time you report a concern regarding a violation of our Code of Business Conduct and Ethics, you are making a difference for everyone at the Bank and you have my full support and appreciation.

Sincerely,

The President/CEO

V. INDEPENDENCE

A critical factor of any compliance program is ensuring that the compliance function is sufficiently independent and empowered to act in the best interest of the bank. This is important because the compliance function is called upon to review, assess, and evaluate conduct and activities and must do so in an objective matter and without undue influence by others within the organization. Relatedly, it is important for the compliance function to be respected within the organization and for senior compliance personnel to be seen as leaders.

Depending on the size of the bank and the shape of its compliance program, the independence of the program can take different forms. Below are examples of ways that the compliance function can establish and maintain independence:

- ▶ The Board of Directors and senior management of each bank should authorize the compliance officer with sufficient authority and independence to implement and administer the compliance program, such as implementing corrective measures as necessary.
- ▶ Each bank should provide administrative support, consistent with the size and nature of the bank, to the compliance officer.
- ▶ It is usually prudent for the compliance officer to have a direct reporting line to the full Board of Directors to provide a forum for independent discussion without influence from senior management.
- ▶ Supporting the independence of the compliance unit demonstrates that senior management openly supports the compliance function.
- ▶ The compliance function can participate in high-level business meetings with the role of contributing a perspective of legal compliance.
- ▶ Perhaps the clearest way of supporting compliance is by ensuring that the compliance function is adequately resourced and can use its budget without influence of management.
- ▶ The Compliance Department should also have access to data and information necessary to perform its function (particularly for purposes of ongoing monitoring and testing).

There are a number of advantages to establishing an independent compliance function. Perhaps most relevant, it allows the compliance function to operate as intended without the risk of falling prey to improper influence, such as political influence and changes in the banks' senior management team.

VI. TRAINING AND COMMUNICATIONS

Providing training to employees, and potentially certain third parties, on a bank's compliance expectations is critical to establishing an effective compliance program. Compliance training provides an opportunity to reinforce the importance of compliance within the bank, communicate compliance expectations, and discuss compliance risks that are specific to the bank. Compliance trainings should aim to be reasonable and practical and are usually most effective when conducted in person and when "real life" examples are used to illustrate the primary lessons and objectives.

A. Compliance Training Attendees

While basic compliance training should generally be offered to the majority of bank employees, officers, and directors, in practical terms the bank should consider applying a risk-based approach to prioritize the training of certain groups of employees. Certain employees, by virtue of their functions at the bank, are in positions that face higher risks than other employees. For example, employees who interact with government officials and develop new government-facing business hold positions that are inherently riskier than employees who interact only with private customers. Employees in control functions at the institution, such as treasury and internal audit, should also be prioritized in training on anti-corruption policies and rules. Similarly, employees on the executive leadership team and human resources may also face higher risk, and training for those employees should be prioritized.

Finally, it may make sense to consider training certain categories of third parties, such as those who have authority to act on behalf of the bank and interact with government officials on the bank's behalf.

B. Compliance Training Content

The anti-corruption compliance training should focus on covering and addressing the main requirements of the bank's anti-bribery and corruption program. The training may cover a basic overview of anti-corruption laws, the bank's policy on bribery and corruption, and specific guidance on key areas of risk (such as gifts, entertainment, and hospitality). In addition, it is often helpful to include "real life" examples of potential risks which tend to be more tangible and illustrate how corruption risks can affect employees' daily work and operations.

It may also be important to provide targeted trainings to certain groups. For example, for employees working in the Legal Department, training can highlight transactional due diligence requirements and analyze those requirements in greater depth. A similar approach may be warranted for employees in the Human Resources and Finance Departments, as well as executives in key business development roles.

C. Ongoing Compliance Communications

Compliance personnel should consider circulating periodic reminders about the anti-corruption compliance program and highlight specific aspects of the program. For example, each month or quarter, the Compliance Department may wish to send an e-mail communication highlighting a particular compliance resource (such as the reporting hotline) or reminding employees of a requirement of the policies (such as the gift and hospitality requirements in advance of the holiday season). These communications serve not only to remind employees of the elements of the compliance program, but

also serve to underscore the importance of compliance throughout the organization and set an important tone from the top.

VII. THIRD-PARTY RISK MANAGEMENT

Under many anti-corruption laws, banks can be legally responsible for the misconduct of third parties. If a third party acting on a behalf of a bank pays a bribe, and the bank knew or should have known of the bribe – including by ignoring certain "red flags" that the third party might pay bribes – the bank can be held liable as if it actually knew of the bribe. As a result, it is important for banks to conduct risk-based due diligence on third party agents, consultants, intermediaries, or others that act on their behalf. Such due diligence helps banks avoid working with questionable third parties. It can also serve as a mitigating factor or affirmative defense under some legal regimes if the third party pay a bribe despite the bank's best effort to avoid it.

Banks in Panama may retain third parties to assist with securing government licenses, participating in a government tender, identifying government-related customers, or seeking modification to a government concession agreement, among other purposes. While third parties are valuable resources, relying on third parties to interact with government officials presents heightened risk considerations that should be properly addressed.

A comprehensive anti-corruption program, therefore, includes a mechanism for vetting, retaining, and monitoring these third-party intermediaries.

A. Anti-Corruption Due Diligence

Prior to engaging third parties to interface with governments officials or government actors, banks should consider implementing a process to vet the third party. This due diligence process is important for several reasons: (1) it allows the bank to confirm the business rationale for retaining the third party; (2) it provides the bank with an opportunity ensure that the third party does not have reputational or compliance-related red flags; (3) it allows the bank to confirm that the third party has the necessary expertise to conduct the work for which it is retained; (4) it provides the bank with information about the third party's relationships to government officials, if any; and (5) the due diligence process also allows the bank to confirm that the third party's payment terms are appropriate and consistent with market value.

The nature of due diligence expected is often deeper than the prohibited party screenings conducted pursuant to Anti-Money Laundering policies. For higher-risk third parties, banks are expected to perform thorough media and background checks, check public records, issue questionnaires to the third party, and check references of the third party.

To the extent that red flags are identified during the due diligence process, the bank may decide not to retain the third party or to consider implementing additional controls around the third-party relationship. For example, for third parties presenting particular risks, the bank may want to require additional certifications or representations in which the third party agrees to adhere to certain conduct expectations. For highest-risk third parties, banks may wish to provide compliance training or other training to ensure that the third party is aware of compliance risks. Depending on the nature of the red flags identified, banks may choose to terminate the preexisting relationship with the third party.

B. Responding to Red Flags

In hiring and working with third parties, banks should be sensitive to circumstances that signal corruption risks or suggest a reason to know of an illegal payment by a third party. Such circumstances are commonly referred to as "red flags." The presence of red flags suggests a need for greater scrutiny and safeguards against potential misconduct. It does not necessarily mean that the relationship cannot go forward.

Red flags that warrant further investigation when selecting or working with a third party are varied and numerous. The following are a few examples:

- ▶ Excessive compensation, or compensation above the "going rate"
- ▶ Agreements that include only vaguely described services
- ▶ The third party is in a different line of business than that for which it is being engaged
- ▶ The third party has a flawed background or reputation
- ▶ The third party is a current or former government official (or owned/controlled by one)
- ▶ The third party has a close personal or family relationship, or a business relationship, with a government official or relative of such individuals
- ▶ The third party is suggested by a government official, particularly one with discretionary authority over the bank's work
- ▶ The third party objects to anti-corruption and anti-bribery compliance representations in agreements
- ▶ The third party requests unusual contract terms or payment arrangements that raise local law issues, such as payment in cash, payment in another country's currency, payment to an offshore bank account or the third party is located in an offshore jurisdiction
- ▶ Due diligence reveals that the third party is a shell company or has some other unorthodox corporate structure
- ▶ The only qualification the third party brings is influence over government officials

In general, any fact that puts into question whether the third party is providing a necessary service at a reasonable market price is a red flag. If due diligence uncovers any red flags, such as those discussed above, more in-depth inquiry may be required.

C. Contractual Covenants, Representations, and Warranties

In addition to conducting due diligence on the third party, should the bank proceed with the engagement, the bank may wish to consider including certain compliance-related representations and warranties in the operative contracts. These covenants, representations and warranties may include, for example, a provision stating that the third party has complied and will continue to comply with laws generally, stating that the third parties has complied and will continue to comply with specific anti-corruption requirements, a statement that the third party has not and will not agree not to offer, authorize or extend payments or

(any other benefits) to government officials in exchange for a business advantage, and an agreement to allow the bank to audit the third party's books and records, if necessary.

D. Ongoing Monitoring

In addition to conducting due diligence and imposing compliance-based requirements, the bank should establish a process of monitoring or overseeing third-party conduct. This monitoring process may include, for example, reviewing the third party's work to ensure that it is consistent with the contractual terms, ensuring that payment is made through appropriate means (*i.e.*, no cash payments) and properly recorded, meeting with the employee who "owns" the third-party relationship to ensure that there are no concerns about the work performed, meeting with the third party periodically to ensure an understanding of the bank's compliance concerns and expectations, exercising audit rights as necessary, and periodically refreshing the due diligence conducted.

To the extent that concerns or red flags are identified at any time during the lifecycle of the third-party relationship, including after contract execution, it is important that the bank be proactive in addressing and remediating the identified red flags.

VIII. CONFIDENTIAL REPORTING

An important aspect of an anti-corruption compliance program is ensuring that employees and others have a mechanism through which to report concerns, allegations, or potential breaches of the Code of Business Conduct and Ethics and other compliance policies. A confidential or anonymous option whereby reporters can freely report misconduct without fear of retaliation is particularly critical. To that end, many organizations choose to establish an internal email address where reports can be filed or retain a third-party vendor to manage an anonymous reporting line. The reporting line need not be limited to use for confidential reports, but can also serve as a helpful and meaningful way for employees and others to ask questions and seek guidance about the compliance program and compliance expectations.

Banks should also ensure that the reporting mechanisms are regularly advertised throughout the organization to ensure that employees are aware of the reporting channels and how they can be used.

In addition to establishing the reporting mechanism, banks should establish a system whereby reports received are reviewed and promptly routed to appropriate personnel. For example, workplace conduct concerns should be directed to the Human Resources Department; anti-corruption-related allegations should be directed to the Compliance and Legal Departments; and accounting-related concerns should be directed to the Audit Committee. This allows the bank to ensure that reports requiring further review are properly investigated.

Finally, banks should track and monitor the reports that are submitted. This tracking process may include identifying the type of misconduct at issue, who was involved in the misconduct, the bank's response to the misconduct, and remedial action implemented. These reports can provide valuable information to the bank's compliance personnel and highlight patterns of misconduct and risk, and may be equally important to other stakeholders, such as the Board of Directors to understand the types of misconduct commonly at issue.

IX. INCENTIVES AND SANCTIONS

An important element of an effective anti-corruption compliance program is the establishment of incentives for compliance with and sanctions or disciplinary action for non-compliance with the program. The purpose of establishing this kind of system is to ensure that the bank is rewarding and incentivizing positive, compliance-focused behavior and deterring undesired conduct. The bank should also take steps to ensure that the compliance program is *consistently* enforced throughout the organization.

Incentives provide positive reinforcement and often serve to drive compliance and further encourage compliant behavior. The type of incentives and sanctions may look different at each bank. For example, certain banks may choose to include ethics and compliance as a metric during periodic employee performance reviews, ultimately tying compensation and promotion decisions to attention to compliance matters. The metric might serve to assess, for example, the employee's understanding of the program or the employee's general commitment to ethics and compliance.

The other side of the spectrum concerns sanctions and disciplinary action for employees who have violated or breached compliance expectations, as set forth in the various policies and procedures. Sanctions can vary widely, depending on the conduct at issue, and can range from warnings to economic repercussions to termination. The sanction imposed should be commensurate with the breach or violation and should be applied consistently throughout the bank. This means that employees in different roles, regardless of seniority, would receive a similar sanction for similar misconduct.

To establish an incentives and disciplinary program, it may be helpful to create a committee of relevant stakeholders, such as members of the Compliance Department and Human Resources Department, that can review recommendations for disciplinary action and can ensure that incentives and sanctions are appropriate and consistently applied.

X. INVESTIGATIONS

Once the bank learns of potential misconduct or breaches of its policies, through whatever mechanism, it is important for the bank to determine whether an investigation is necessary. The bank should consider which red flags or violations warrant investigation compared to the ones that do not require in-depth review. For example, reports concerning fraud, conflicts of interest, and potential bribes to or improper interactions with the government should be escalated and investigated. To that end, it may be helpful for the bank to establish an investigations procedure outlining the characteristics or red flags warranting further review and the type of such review.

A. Investigation Characteristics

To the extent the bank believes it is necessary to conduct an investigation, the investigation should be independent and objective. Moreover, the investigation should be prompt and substantive and focus on identifying broader control failures or system vulnerabilities. Importantly, the investigation should be "properly scoped" to allow for a full review of the issues raised and any potentially adjacent concerns.

B. Determining Who Should Conduct the Investigation

When a decision is made to investigate a report of misconduct, the bank should consider who is best positioned to conduct the investigation. Here, it is important to consider the nature of the allegations and whether internal personnel can objectively and independently review the allegations or whether it would be prudent to call upon external actors to assist with the review. A number of factors may be considered when determining who should conduct the investigation, including: (a) the resources required for the investigation and which party has the available resources; (b) the potential investigator's ability to conduct an independent investigation; (c) how to maintain and ensure that any applicable professional secret is established and maintained attorney-client privilege throughout the course of the investigation (for example, in the United States, it is often advisable for attorneys to lead investigations to ensure that the materials generated in connection thereto are subject to the professional privilege applicable to attorney work – this helps to prevent disclosure of the investigation and investigative materials to third parties); and (d) whether particular expertise is needed to conduct the investigation.

C. Determining How to Properly Scope the Investigation

It is important for investigations to be properly scoped. They should thoroughly address the concerns at issue and avoid being either too narrow or too expansive. The first step is often to identify the various issues outlined by the report. Next, it is helpful to consider how to collect the evidence that will shed light on the issues. The evidence gathering may require review of documentation and interviewing witnesses. In other instances, it may be helpful to conduct forensic testing and track the flow of funds. Each investigation is different, should be evaluated on a case-by-case basis, and tailored to issues identified.

D. Responding to Identified Misconduct

Once the investigation is completed, it is important to review the results of the work performed to identify the underlying causes of the conduct (often referred to as "root-cause analysis") and whether the misconduct was the result of systemic weaknesses or vulnerabilities. It is equally important to consider appropriate remedial action aimed at decreasing the likelihood of recurrence and to address directly the "root cause" of the misconduct. For example, it may be necessary to implement additional internal controls or perform additional trainings to ensure that employees understand the requirements under the compliance program.

In addition, it may be necessary to take disciplinary action against bad actors. Disciplinary action can vary from a warning to required attendance at a targeted training session to economic sanctions to termination. Disciplinary action should be proportional to the severity of the misconduct and should be applied consistently throughout the organization.

XI. ONGOING MONITORING AND TESTING

An effective anti-corruption compliance program is committed to improving, enhancing, and adapting to new risks and challenges in a constant way. As with all businesses, the bank's business and operations may change over time, as well as the legal and regulatory environment in which the bank operates. These changes can give rise to new risks and circumstances. As a result, it is important for business leaders and compliance personnel to ensure that the compliance program is up-to-date and remains current and

responsive to the risks that the bank faces. The compliance program should be a living program that does not grow stale.

To ensure that the compliance program is responding in real-time to the bank's circumstances, it is important to establish a process of periodic review of the effectiveness of the program to determine if any changes are necessary. Periodically evaluating the compliance program can take different forms, and compliance personnel can rely on several sources of information to evaluate program effectiveness.

- ▶ **Internal Audits:** Internal Audits can provide additional information and insight into the bank's internal control environment and can leverage expertise from other departments. To that end, it may be prudent for the compliance and internal audit functions to collaborate and jointly establish a schedule of internal audits that can be used by the compliance program to identify areas requiring enhanced controls.
- ▶ **Ongoing Risk Assessments:** Ongoing risk assessments can help identify new or changed risks facing the institution. They can inform compliance personnel of changes to the business and its operations that might require modified controls.
- ▶ **Review Collected Data:** Data collected from hotline reports and internal investigations, among other compliance initiatives, can help provide valuable information regarding the risks and challenges the bank is facing. They may highlight patterns or misconduct of other system failures. Reviewing these materials periodically can help the bank identify recurring themes or other signs of misconduct which informs the need for compliance improvements or enhancements.
- ▶ **Surveys:** Employee surveys provide input into employee perceptions of the compliance program and the culture of compliance with the organization. Periodically circulating surveys and receiving input can also help ensure that compliance has been integrated into the fabric of the bank.

These types of reviews can be performed periodically and continuously to enable the bank to make necessary changes to keep compliance programs relevant and effective.

XII. COLLECTIVE ACTION AND INTEGRITY PACTS

As banks consider, design, implement, or enhance their anti-corruption compliance programs, they should consider opportunities for ongoing external engagement and collective action as ways to obtain additional support and understand standards for effective compliance programs in the industry. Collective action focuses on the challenges that individual banks may be facing by acting in a cooperative manner. For many companies and banks operating in the same sector, it can be beneficial to communicate on compliance efforts and initiatives. Collective action creates a forum through which compliance officers of banks can interact on substantive issues and allows for sector-wide accountability.

This kind of collective action can take various forms. For example, banks operating in Panama may leverage their participation in ABP's Compliance Committee. Alternatively, Integrity Pacts tend to be based on common integrity rules shared among the participating banks. They may establish an Integrity Pact through which participating banks publicly agree to refrain from bribery, corruption, and other forms of misconduct and to work together to share compliance-related advice and support.

These types of collective action initiatives can have concrete benefits. They enable participants to benchmark compliance programs elements across the industry and identify key information about those programs, such as the number of banks that have a standalone anti-corruption policy, the number of banks that have externally published their anti-corruption policy, banks' approaches to third party integrity due diligence practices, and common pre-approved hospitality value threshold amounts under which bank personnel can incur expenses on government officials. Banks can utilize these fora to share information about emerging risks in the industry. This kind of collective action and external engagement is particularly beneficial as banks begin implementing their programs to ensure that program elements are commensurate with market practices and expectations.

For collective action to be effective, banks need to be transparent and open about their compliance programs and trust the other banks in the sector. Transparency is critical to the collective action effort, and banks should be prepared to share information, such as their own policies and statistics about their compliance programs to benefit from the collective action and feedback.

APPENDIX A: THIRD PARTY BUSINESS JUSTIFICATION FORM

(To be completed by the relevant bank employee)

This form is intended for use in obtaining appropriate approval **prior** to engaging any third party (Candidate) for or on behalf of bank (the Company). This form should be completed by the bank employee who proposed or is responsible for dealing with the Candidate. This form should be populated with the most complete and accurate information available. Please consult the Chief Compliance Officer (CCO) for more guidance regarding this process if needed.

IDENTIFYING INFORMATION			
Third Party Candidate			
Address			
Telephone		Website	
Email		Contact	
Type of Business			

PRELIMINARY CLASSIFICATION		
<input type="checkbox"/> LEVEL I (LOW RISK) <ul style="list-style-type: none"> • Private suppliers, vendors and other service providers that do not interact with others on the bank's behalf and are not affiliated with a Government Official¹ • Professional services providers, such as law firms and tax practitioners that have no more than clerical interactions with government/Government Officials • BUT NOT Third Parties that: (a) may interact with government entities or Government Officials on the bank's behalf; (b) will be paid fees or commissions totaling \$75,000 or more; or (c) have red flags associated with them. 	<input type="checkbox"/> LEVEL II (MEDIUM RISK) <ul style="list-style-type: none"> • Processing, logistics, and manpower services providers that may interact with others on the bank's behalf, such as immigration agents, licensing consultants, customs brokers, freight forwarders, and transportation companies • Third Parties with red flags 	<input type="checkbox"/> LEVEL III (HIGH RISK) <ul style="list-style-type: none"> • Lobbyists, consultants, agents or other Third Parties that may interact with government entities or Government Officials on the bank's behalf, such as a consultant engaged to secure a crucial government license/registration • Third Parties that represent the bank in tender or bid processes with government entities • Third Parties that represent the bank before the government in legal or regulatory disputes • Third Parties owned, directly or indirectly, by government entities, Government Officials or former Government Officials • Third Parties with red flags

¹The term "Government Official" is defined in full in the bank's *Anti-Bribery and Corruption Policy*. In brief, the term includes: an employee, official or representative of a government body, agency or instrumentality, including a state-owned or controlled commercial enterprise; an employee or official of public international organization; a political party official; a candidate for political office; or the family member of any of the aforementioned (collectively, Government Official).

BUSINESS INFORMATION

Type of services or products to be provided by the Candidate:

Will the Candidate interact with government entities or Government Officials?	<input type="checkbox"/> No	<input type="checkbox"/> Yes. If yes, describe below:	
Proposed term of relationship:		Proposed compensation:	

SELECTION PROCESS

Why would the Candidate's service be valuable to the Company?			
How did you locate the Candidate?	Suggested by: <input type="checkbox"/> Company employee? <input type="checkbox"/> Government Official? <input type="checkbox"/> Other?		
Why did you select the Candidate?			
What other candidates did you consider? If none, why were no other candidates considered?			
How did you arrive at the proposed compensation?			
How does the proposed compensation compare to other similar transactions in this country/area by:	The Company?	Other organizations?	

OWNERSHIP/RELATIONSHIP/REPUTATION

To your knowledge, is this Candidate:

if a company, owned (wholly or partly) or controlled by a Government Official or a close relative of an official?	<input type="checkbox"/> No	<input type="checkbox"/> Yes. Please give details:
if an individual, a Government Official, a close relative of a Government Official or a former Government Official?	<input type="checkbox"/> No	<input type="checkbox"/> Yes. Please give details:
Have you inquired of the Candidate whether any of its owners, directors, officers or employees are themselves Government Officials or otherwise related to or affiliated with Government Officials?	<input type="checkbox"/> No	<input type="checkbox"/> Yes. Please give details:

What is the Candidate's reputation? On what basis have you formed this opinion?

Has the Candidate engaged in business with government entities or Government Officials on other occasions?
--

<input type="checkbox"/> No

<input type="checkbox"/> Yes. If so, please describe any inquiries you have made regarding the Candidate's reputation in those dealings (including information learned).
--

Please describe any reference checks or other "due diligence" performed on the Candidate; please also attach any background information you have on the Candidate.

CERTIFICATION

To the best of my knowledge, all information set forth in this Third Party Business Justification Form is correct and complete and does not omit any fact that might be important to the Company's evaluation of the qualifications, reputation, and associations of the Candidate.

Signed [Name and Title]:

Dated:

NEXT STEPS

Once completed, this form and, if necessary, the **Third Party Due Diligence Questionnaire** (completed by the Candidate) should be submitted to the CCO along with all supporting documents.

APPENDIX B: THIRD PARTY DUE DILIGENCE QUESTIONNAIRE

(To be completed by the proposed third party)

As part of the compliance of the bank, its affiliates and subsidiaries (the Company) with applicable anti-bribery, corruption, and economic sanctions laws, the Company requires due diligence on all third parties that conduct business or provide services on the Company's behalf (the Third Party or Third Parties). Such due diligence must be conducted before the relationship with any Third Party commences or services are provided by any Third Party. Part of the Company's due diligence is to request that all Third Parties provide specific information about their business. Accordingly, you are requested to complete the following questionnaire (the Third Party Due Diligence Questionnaire) fully and completely and return the completed questionnaire to your contact at the Company. Please also sign the affirmation of accuracy and responsibility (the Affirmation), attached to this Third Party Due Diligence Questionnaire.

If there is insufficient space in this Third Party Due Diligence Questionnaire for your response, please attach as many additional sheets of paper as necessary and include those extra sheets in your response. It is important to provide answers that are as complete as possible. Incomplete or vague responses will delay the approval process for the engagement of the Third Party by the Company.

If you have any questions about this Third Party Due Diligence Questionnaire, please contact your relevant contact at the Company.

A. GENERAL INFORMATION

1. Name of Business: _____
2. Name of Business Owner(s)/Principal(s): _____

3. Business address: _____

4. Business telephone: _____
5. Business facsimile: _____
6. Business email address: _____
7. Any other trade names or business names used by the Third Party over the last seven years:

8. Identity of Business's bank: _____

9. Business's bank address: _____

10. Currency of account held at Business's bank: _____

B. BUSINESS INFORMATION

1. Describe briefly the nature and history of your business: _____

2. If you are an individual/independent worker/sole proprietorship, please provide a curriculum vitae. If your business is a corporate entity or other organization, please provide a copy of your commercial registration and charter documents for the country in which you are incorporated/registered and for the country of intended business activity on behalf of the Company. Please indicate if the requested materials are attached: Yes No (If no, please explain why)

3. Please state number of business employees (both at your head office and overall) and include an organizational chart for your business: _____

4. Your principal lines of business, including products represented:

5. Specific services to be provided to the Company: _____

6. Any anticipated interactions with government entities (government departments, ministries, agencies, legislatures, political parties, or government-owned companies) or officials of such entities (employees, elected or appointed officials) on the Company's behalf: _____

7. Business locations other than business address provided above: _____

8. List of all subsidiaries and affiliates in countries in which you will be performing work for the Company: _____

9. Is the approximate annual revenue in the past five years (or if your business is a new venture, estimated turnover/revenue for the next business year) for your business less than US\$100,000; between \$100,000 and \$500,000; or more than US\$500,000?: _____

10. Do you plan to use any other parties (sub-contractors, consultants, venture partners, business associates, etc.) to provide services related to the proposed agreement with the Company? If yes, please identify each other party and detail the role/function it will perform: _____

11. List all previous or current relationships, if any, that you, your employees, or your business have with the Company: _____

C. BUSINESS OWNERSHIP AND MANAGEMENT

1. Are you a publicly held company? YES NO

a. If YES, please provide a copy of your most recent public filing showing your company's shareholders, partners, and owners including any indirect or ultimate beneficial owners.

If the public filing does not list major shareholders (*i.e.*, those holding more than 5% of your company's outstanding voting shares), or indirect or ultimate beneficial owners, please provide that information along with their respective nationality and country of current residency.

b. If NO, please provide the full name, nationality, and country of current residency of each of your direct and indirect owners and partners, including ultimate beneficial owners and partners. If any of your shareholders is a company, please provide that company's direct and indirect owners, including any ultimate beneficial owners.

2. Please provide the full name, nationality, and country of current residency of each member of your board of directors or other supervisory board.

3. Please provide the full name, title, and nationality of each person who will be performing services for the Company under the proposed agreement.

4. Do any of the persons listed in response to Question C.3., above, hold a position as director, officer, or other management position with any other company or entity?

YES NO

- a. If YES, please provide, for each person, the name of each company and the title of the position held.

5. Please identify the ultimate beneficial owner(s) (UBOs) of the Company.

D. GOVERNMENT AFFILIATIONS

NOTE—For purposes of the following questions, the following definitions shall apply:

Government Entity means (i) any department, ministry, agency or body of any national, regional or local government; (ii) any government instrumentality, including any business or entity that is owned wholly or partially or otherwise controlled by the government (for example, state-owned banks); (iii) any public international organization such as the United Nations or World Bank; and (iv) any political party.

Government Official means: (i) any employee or official of a Government Entity; and (ii) any candidate for political office.

- 1. Are any persons identified in response to Questions C.1., C.2., or C.3. (or any close family members of such persons) any of the following:
 - a. A current Government Official? YES NO
 - b. A person who formerly was a Government Official at any time during the previous five years? YES NO
 - c. Currently involved in any business relationship, including acting as a Third Party or consultant for, or holding common ownership of any business enterprise or partnership with, any current Government Official (or close family member of a Government Official)? YES NO
 - d. In a position to exercise direction or influence over the purchasing decisions of any Government Entity? YES NO

2. If any response to Questions D.1.a. through D.1.d. is YES, please provide the following information:

a. The name of the Government Official and/or the full name of the Government Entity.

A description of the Government Official’s responsibilities.

b. The dates of the Government Official’s service with respect to the Government Entity.

c. Are the individuals identified in the response to Question D.2.a. permitted under local law to perform services on behalf of the Company?
 YES NO

E. ECONOMIC SANCTIONS

- 1. Are any persons identified in response to Questions C.1., C.2., or C.3. any of the following:
 - a. Included on the Specially Designated Nationals and Blocked Persons List (“SDN List”) maintained by the U.S. Department of Treasury, Office of Foreign Assets Control (“OFAC”) or 50 percent or more owned, directly or indirectly, by persons included on the SDN List? YES NO
 - b. Included on the Sectoral Sanctions Identifications List (“SSI List”) maintained by OFAC or 50 percent or more owned, directly or indirectly, by persons included on the SSI List? YES NO
 - c. Included on any other lists of restricted parties maintained by relevant economic or trade sanctions authorities, including but not limited to: United Nations Security Council; the Department of Commerce, Bureau of Industry and Security (“BIS”); the U.S. Department of State; or equivalent authorities of any relevant jurisdiction? YES NO

2. If any response to Questions E.1.a. through E.1.c. is YES, please provide the following information:

a. The name of the individual and/or the full name of the entity.

b. A description of the restricted party list(s) on which the individual and/or entity appears.

c. The date on which the individual and/or entity was added to the restricted party list(s).

d. The role the individual and/or entity has at your company, including any legal or intermediate ownership interest.

- 3. Do you currently engage in any business, partnership, or joint venture with any individual or entity that is: included on the SDN List or SSI List; 50 percent or more owned, directly or indirectly, by individuals or entities included on the SDN List or SSI List; or included on any list of restricted parties maintained by OFAC, BIS, the U.S. Department of State, or equivalent authorities of any relevant jurisdiction?
 YES NO

- a. If YES, please describe, for each person, the name of the individual and/or entity and the nature of your business with each.

F. COMPLIANCE WITH APPLICABLE LAWS

1. During the past five years, has your company been involved in or the target of any government investigation, inquiry, or audit involving anti-bribery or anti-corruption laws, or filed any disclosure to the government of actual or potential violations of anti-bribery or anti-corruption laws? YES NO

If YES, please describe the specific matter and whether/how the issue was resolved.

2. Have you or your company, or any officers, directors, shareholders or employees of your company, been investigated or charged with any offense including bribes, corruption, kickbacks, money laundering, or conflicts of interest?

If YES, please provide details.

3. Are you or your company aware of any actual or potential violations of applicable anti-bribery or anti-corruption laws by your company, its employees or officers, or any affiliates or third parties? YES NO

If YES, please provide details.

4. Are you or your company aware of any actual or potential violations of applicable economic sanctions laws by your company, its employees or officers, or any affiliates or third parties? YES

NO

If YES, please provide details.

5. Does your company have any codes of conduct, anti-bribery/anti-corruption compliance manuals or guidelines, a formalized system of accounting controls, or any other compliance-related policies, whether formally adopted or informal, applicable to your company and its employees? YES NO

If YES, please provide a copy of any such documents.

G. REFERENCES

Please provide the names and contact information for at least three commercial references.

Reference 1

Company/business name: _____

Individual contact: _____

Address: _____

Telephone: _____ Fax: _____

Email: _____

Reference 2

Company/business name: _____

Individual contact: _____

Address: _____

Telephone: _____ Fax: _____

Email: _____

Reference 3

Company/business name: _____

Individual contact: _____

Address: _____

Telephone: _____ Fax: _____

Email: _____

H. AFFIRMATION

Please sign and return the Affirmation provided on the following page.

AFFIRMATION

By signing below, I affirm the following:

All information submitted in this Third Party Due Diligence Questionnaire response, including information in all attachments and exhibits thereto, is complete and accurate;

I agree to provide any and all notices and to obtain any and all consents from individuals and entities that I identify in the Third Party Due Diligence Questionnaire response for the purpose of sharing information with the Company and for the purposes described in the Third Party Due Diligence Questionnaire;

I expressly consent to the transfer of the information provided in the Third Party Due Diligence Questionnaire response, including personally identifiable information, to a jurisdiction that may not provide equivalent privacy protection as the laws in my home country;

I expressly authorize the Company to take such steps as the Company considers necessary to verify the information provided in connection with the Third Party Due Diligence Questionnaire; and

I understand that the provision of false or misleading information in connection with the Third Party Due Diligence Questionnaire may result in termination of any relationship that may develop in the future between my company and the Company and that the Company reserves such other remedies and rights as may be appropriate should such termination occur.

I acknowledge that I have the authority to sign this Affirmation on my company’s behalf.

Name of Certifying Official

Title

Signature

Date

APPENDIX C: THIRD PARTY DUE DILIGENCE CHECKLIST

(To be completed by the bank Employee/Officer proposing Third Party)

This form is intended to assist the CCO in reviewing proposed Third Parties (or Candidates) covered by the bank's (the Company) Anti-Bribery and Corruption Policy. Prior to completing this form, review the completed Appendix A: Third Party Business Justification Form, Appendix B: Third Party Due Diligence Questionnaire, and any attachments, reference checks, and/or background reports.

IDENTIFYING INFORMATION			
Candidate Name			
Category of Third Party	<input type="checkbox"/> Level I (Low Risk) <ul style="list-style-type: none"> • Private suppliers, vendors, and other service providers that do not interact with others on the bank's behalf and are not affiliated with a Government Official² • Professional services providers, such as law firms and tax practitioners that have no more than clerical interactions with government/Government Officials • BUT NOT Third Parties that: (a) may interact with government entities or Government Officials on F the Bank's behalf; (b) will be paid fees or commissions totaling \$75,000 or more; or (c) have red flags associated with them. 	<input type="checkbox"/> Level II (Medium Risk) <ul style="list-style-type: none"> • Processing, logistics and manpower services providers that may interact with others on the bank's behalf, such as immigration agents, licensing consultants, customs brokers, freight forwarders, and transportation companies • Third Parties with red flags 	<input type="checkbox"/> Level III (High Risk) <ul style="list-style-type: none"> • Lobbyists, consultants, agents or other Third Parties that may interact with government entities or Government Officials on the bank's behalf, such as a consultant engaged to secure a crucial government license/registration • Third Parties that represent the bank in tender or bid processes with government entities • Third Parties that represent the bank before the government in legal or regulatory disputes • Third Parties owned, directly or indirectly, by government entities, Government Officials or former Government Officials • Third Parties with red flags
Bank Employee Sponsor			
Approver			

²The term "Government Official" is defined in full in the bank's Anti-Bribery and Corruption Policy. In brief, the term includes: an employee, official or representative of a government body, agency or instrumentality, including a state-owned or controlled commercial enterprise; an employee or official of public international organization; a political party official; a candidate for political office; or the family member of any of the aforementioned (collectively, Government Official).

REFERENCES

Contact at least two references provided by the Candidate and provide comments below:

Reference	Date(s) Contracted	Comments

BACKGROUND

Indicate which of the following reports/inquiries were completed, and attach reports:

*Initial Due Diligence (Level I Requirements for **All** Candidates)*

- Completed Third Party Business Justification Form
- Screened government restricted party lists
- Inquired whether any of Candidate's key personnel are Government Officials
- Conducted basic online media search of the Candidate and its key personnel for information about the Candidate's past activities and/or government affiliation
- Conveyed anti-corruption compliance expectations to Candidate (via written compliance commitments)

Additional Requirements for Level II Candidates (as Deemed Appropriate by CCO Based on Specific Risks Presented)

- Secured completed Third Party Due Diligence Questionnaire from Candidate
- Depending on risks identified during initial due diligence and on Candidate responses to Third Party Due Diligence Questionnaire, CCO may direct Employee Sponsor to undertake one or more of the following:
 - Check business references provided by Candidate
 - Conduct local governmental records searches (e.g., corporate registries, credit reports, bankruptcy and litigation records)
 - Site visit (or other evidence of the Candidate's legitimate operations)
 - Conduct interview of Candidate
 - Additional requirements based on red flags:

Additional Requirements for Level III Candidates (as Deemed Appropriate by CCO Based on Specific Risks Presented)

- Any additional requirements based on red flags?

CHECKLIST

Any negative references?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is any of the information provided by the Candidate inaccurate or suspicious (<i>e.g.</i> , no local business registration; no letterhead; third party email address; irregular business hours; address same as home address; frequent address or number changes; “shell” offices or website; aliases or fictitious names; other red flags)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is the Candidate listed on any government restricted lists?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is the proposed compensation unreasonable or outside the normal range for the same country and services (<i>e.g.</i> , high costs; payments made through third parties; use of offshore accounts; or in cash)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Does the Candidate lack the qualifications to perform the services (<i>e.g.</i> , lacks licenses or sufficient staffing, technical resources, or expertise)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are there any negative financial indicators or conditions (<i>e.g.</i> , recent bankruptcies, poor bank references, poor credit ratings)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Does the Candidate have a relationship to current or former (within the last five years) government officials or any government entities?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is the Candidate unwilling to make representations and covenants about anti-corruption compliance and make anti-corruption compliance certifications as requested by the Bank?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Does the draft contract with the Candidate lack appropriate anti-corruption terms?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

If you answered **yes** to any of the above, identify the basis for the response and, where applicable, explain why the Company should nevertheless consider entering a relationship with the Candidate (including any mitigating factors):

To the extent not addressed above, describe any other negative information:

EMPLOYEE/OFFICER RECOMMENDATION

Based on the information outlined above, we recommend approving / rejecting the proposed relationship with the Candidate for purposes of anti-corruption compliance due diligence for the reasons outlined below:

[APPROVER] SIGNATURE:		DATE:	
NAME/TITLE:			
[APPROVER] SIGNATURE:		DATE:	
NAME/TITLE:			

[APPROVER] SIGNATURE:		DATE:	
NAME/TITLE:			

CCO RECOMMENDATION

Based on the information outlined above, I approve / reject the proposed relationship with the Candidate for purposes of anti-corruption compliance due diligence.

CCO SIGNATURE:		DATE:	
NAME/TITLE:			

APPENDIX D: GIFTS AND HOSPITALITY APPROVAL FORM

(to be completed by the relevant bank employee)

In accordance with the Anti-Bribery and Corruption Policy (“Policy”), bank Personnel must submit this form to the Chief Compliance Officer (“CCO”) or the CCO’s designee in connection with giving anything of value (including gifts, meals, entertainment, travel, and other similar activities and expenses, as described in the Policy) to a Government Official (as the term is defined in the Policy). The Policy sets forth the circumstances under which this form is required, including **the monetary limits and other conditions under which CCO pre-approval is required** before an expense can be incurred or hospitality received. If you anticipate a scenario that may require CCO pre-approval, you should contact the CCO early in the process to ensure that a thorough review may be conducted in a timely manner.

Below please describe each proposed expense or receipt in reasonable detail that accurately and fairly reflects all requested and relevant circumstances (if you need more space or have supporting documentation, please attach additional pages to this Form). Fill out a separate page for each anticipated expense, unless the recipients are part of a group from the same country and with the same non-U.S. entity/organization.

REQUESTOR INFORMATION

Request date			
Name			
Position		Department	

EXPENSE AND RECIPIENT (OR PROVIDER) DETAILS

Description of payment or expense *(including the nature of the gift, meal, entertainment, travel, or other hospitality)*:

Approximate value		Date of proposed expenditure	
Will this be provided or received?		Was the proposed payment or expense requested by the recipient (provider)?	
Recipient’s (provider’s) name			
Recipient’s (provider’s) nationality		Recipient’s (provider’s) official capacity/job	

Does the Bank currently have or expect to have business (including any authorizations, such as permitting requests) before the recipient (provider) or his/her government department? (if ‘Yes,’ please provide details.)

Other party(ies)
involved

Reason for payment or expense:

CCO REPORT

Date request received

CCO'S RECOMMENDATION

Approve

Reject

Modify (see below)

ANALYSIS

OTHER COMMENTS

CCO CERTIFICATION

Signature:

Date: