
ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

NMB BANK LTD

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Revision History and Version Control

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1	1.1	20 th Jan, 2021	CRM and Legal & Compliance Department	NA
2				
3				

ABBREVIATION

ABC Policy	Anti-Bribery and Anti-Corruption Policy
NMB	NMB Bank Limited
AML	Anti-Money Laundering and Counter Financing of Terrorism
Board	Board of Directors
ALPC	Assets Laundering Prevention Committee of Bank
CEO	Chief Executive Officer of the bank.
CSR	Corporate Social Responsibility
HRC	Human Resource Committee.
GDS	Gifts, Donations and Sponsorship
HOD	Head of Department
HR	Human Resources
LoA	Limits of Authority
PEP(s)	Politically Exposed Person(s)
EC	Executive Committee

Approval Sheet

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1. DEFINITIONS

“**NMB**” or “**The Bank**” means NMB Bank limited having its register office at NMB Bhawan, Babarmahal, Kathmandu, Nepal.

“**NMB Group**” or “**the Group**” means NMB Bank limited and its subsidiaries (NMB Capital and NMB Microfinance)

“ABC Policy” or “**This Policy**” means this Anti-Bribery and Anti-Corruption Policy.

“**NMB Bank’s Policy**” means all applicable policies and procedures, Employees Bylaws, Code of Conduct and Limits of Authorities of NMB.

“**Board of Directors**” means a governing body of the organization or entity.

“**Board members**” means individuals elected/nominated to represent the shareholders of the respective group to act as a corporate body to supervise the activities of an organization.

“**Entertainment, Corporate Hospitality**” means anything of value which includes but is not limited to accommodation, travel tickets, event tickets, meals provided or hosted by a third party directly or indirectly through its representatives, agents, business associates to develop, foster or to continue a relationship.

“**Facilitation payment**” means any payment (financial or non-financial) made directly or indirectly intending to secure or expedite the performance of a person carrying out a routine or administrative duty or function.

“**Gift**” means anything of value, be it in kind or cash, that is given to or received from a third party,

“**Money Laundering**” means a process whereby criminals attempt to hide and disguise the true origin and ownership of the proceeds from their criminal activities thereby avoiding prosecution, conviction and confiscation of the criminal funds.

“**Nepotism**” means the act of influence whereby any directors or higher officer of the bank seeks unfair advantage for his or her family member employed or to be employed within NNB Group.

“**Politically Exposed Person (PEP)**” means people entrusted with a prominent public function, having a high profile *political* role or *someone* who is in their prominent or influential position.

“**Stakeholders**” means internal and external parties that have dealings with the bank which includes Board of Directors, heads, senior managers, managers and individuals at all levels including permanent, temporary and contract employees; and trainees or interns as well as third parties including customers, suppliers, contractors, vendors, agents, consultants, representatives, distributors, Subsidiaries of the bank and other external stakeholder(s) acting for or on behalf of the bank.

“Terrorist Funding” means those acts as describe as terrorism funding by prevailing Laws of Nepal.

“Third parties” means suppliers, contractors, vendors, agents, consultants, representatives, distributors, joint venture partners and other external stakeholder(s) acting for or on behalf of the bank.

“Whistle blowing” means the whistle blowing defined by Whistle blowing Policy of the bank.

2. INTRODUCTION

NMB Bank intends to ensure that its entire operations, activities and decisions are made remaining within the provisions in prevailing internal and external laws, acts, policies and procedures. The Bank understands that any influence by any form of bribery or corruption can potentially expose the Bank to significant reputational risk, financial loss and create legal hassles. Thus, prevention of bribery and corruption is considered utmost important by NMB.

The Bank is committed to conduct business with zero tolerance to any forms of bribery and corruption and hence conduct business in a fairly, impartial and in full compliance with all applicable laws and regulations of the country. This is policy is prepared with the intent to apply anti-bribery and anti-corruption standards at all level of its organizational hierarchy and to strengthen anti-bribery and anti-corruption practices and culture within the Bank.

3. SCOPE

This Policy is applicable to the Board and all staff of NMB Bank who must ensure remaining within the scope of this policy while dealing with internal as well as external stakeholders of the Bank.

This policy shall serve as a complementary guideline without being exhaustive or invalidating the Bank's Conflict of Interest Policy, Related Parties Transaction Policy, HR Code of Conduct, Director's Code of Conducts, and other related policies/procedures.

4. OBJECTIVES

This policy aims to:

- i. Outline principles for conducting business with integrity and ethical standards by ensuring adherence to all applicable regulations and legislation of the country.
- ii. Promote a culture of honesty and fairness among all stakeholders of the Bank.
- iii. Provide information and guidelines to the Board and staff of the Bank on how to assess situations or circumstances that can or may be perceived to be improper, unethical or related to bribery and corruption.
- iv. Enable the Bank to ensure proper and intended use of its resources.
- v. Create awareness and educate the Board and staff of the Bank on value of uncompromised integrity, and the expected conduct thereof.

5. PROHIBITED ACTIVITIES

This policy prohibits any form of bribery, corruption, gratification or bribe, etc. that are against the prevailing rules and regulations of the country. The details of the prohibited activities are elaborated below.

i. Bribery

Bribery is an act of directly or indirectly giving/offering or requesting or receiving/accepting or promising to give/offer or receive/accept anything of value or gratification with the intention of influencing a person's actions or decisions to obtain or retain an improper advantage.

Example of Direct Bribery:

Accepting or offering gifts, donations, rewards, advantages, etc. for extending or soliciting any services/ products/ support.

Example of Indirect Bribery:

Promise to or to direct business to a supplier in return for any benefit, whether gifts, hospitality (such as attendance at sporting or cultural events or other recreational activities) or any other benefit.

ii. Corruption

Corruption involves the misuse of office or position or power for gain to oneself, relatives or associates, by directly or indirectly offering, giving, receiving or promising a gratification of value (which could be financial or non-financial), to/from any person one is dealing with to obtain or retain business or to gain an improper business advantage which is illegitimate, immoral or incompatible with ethical standards.

iii. Gratification

Gratification may be in any form, monetary or otherwise, to obtain or retain an undue business or personal advantage, which includes but is not limited to:

- a) Cash or cash equivalent:** This includes but not limited to money, loan, valuable security (Debenture, Shares etc.), rebates, commissions, discounts and jeweler.
- b) Gifts and hospitality:** This includes but not limited to providing or receiving hotel and air travel, tour packages for self and/or family.
- c) Promises** or the award of contract, employment or business opportunity to any Stakeholder (directly or indirectly) in breach of our governance instruments; and
- d) Offers** of free services of whatever nature to any Stakeholder.

6. GUIDELINE FOR ETHICAL CORPORATE PRACTICES:

It is important for Board members and staff to have unquestionable 'integrity' at all time. Having 'integrity' means behaving honorably and responsibly at work even when no one is watching. Integrity is the quality of being honest, and having strong moral principles. A person with integrity is trustworthy, responsible, hardworking and honest among other things. To comply with ethical standards prescribed by the Bank it is essential to maintain 'integrity' by each and everyone. Minimum ethical standards to be complied by everyone is as follows:

i. Gifts, Entertainment and Corporate Hospitality

All Stakeholders as well as their family members, who are acting for and on behalf of the bank, directly or indirectly, are discouraged from giving or accepting gifts, entertainment and corporate hospitality.

Bank recognizes that occasional acceptance or offer of modest gifts, entertainment and corporate hospitality may be a legitimate contribution to good business relationships. The Board and staff of the Bank are required to observe the following principles before accepting or providing gifts, entertainment and corporate hospitality:

a) Intention– Gifts, entertainment and corporate hospitality should be offered in ‘good faith’ and not convey an expressed or perceived “advantage” or “benefit”, monetary or otherwise, to the individual or entity making or receiving the offer.

b) Proportionality – Gifts, entertainment and corporate hospitality should be proportionate to the nature, scale of business activities. This would be determined on a case-by-case basis through taking into account all relevant considerations, including cross-cultural sensitivities.

Examples of acceptable gifts are fruit baskets, flowers, caps, mugs, pen drives, and other tokens of the bank’s corporate gifts that are priced within approved threshold.

c) Value – Gifts, entertainment and corporate hospitality should not be lavish, excessive, outside the norm or exceed the maximum or equivalent threshold as more particularly mentioned in the related guidelines issued by the CEO from time to time.

d) Timing – Gifts, entertainment and corporate hospitality shall not be within business transaction or and business association or proposed business association for receiving parties.

For Example:

a) During an active or anticipated procurement or tender exercise.

b) During process of approval or analysis of the loan or during negotiation with any agreement/contract.

c) During interview or appointment of staffs- person involve in this process or his family members or any associated person or entity of such person shall not take gift, entertainment and corporate hospitality from these parties.

e) Reciprocity – Gifts, entertainment and corporate hospitality would not offend or transgress the rule of reciprocity in customary gift-giving, namely whether the act of giving can reciprocate the act of receiving.

f) Doubtful parties – Gifts, entertainment and corporate hospitality from doubtful parties (*such as those without prior business dealings*) shall be considered as inappropriate.

g) Culture–Where gift, entertainment and hospitality is a culture of particular society and necessary for business activities, transactions or dealings it shall be consider as appropriate. While accepting cultural gift, entertainment and hospitality utmost care must be taken to ensure any gift, entertainment and corporate hospitality that is to be accepted or given, which

may be considered appropriate under local culture, is in accordance with or conforms to this Policy.

h) Conflict of interest – While taking or accepting gifts, entertainment, and corporate hospitality utmost care must be taken to ensure the compliance of bank's Conflict of interest policy.

i) Coverage - This Policy covers offers/acceptance, or promises to offer/accept gifts, entertainment and corporate hospitality to or from any of the Stakeholders. Prior approval from supervisor should be obtained prior to expenditure on gifts, entertainment and corporate hospitality by employee.

The Board members/Staff are bound by 'Code of Ethics' signed at the time of on-boarding. If a Board member or staff are found to have violated 'Code of Ethic', they will be subject to a disciplinary action as per the Bank's Policy.

ii. Business Promotion:

Bank under its business promotion budget makes donation, provides gifts, hospitality and participates in sponsorship to the prospective customers or even to the customer or non customer of the bank. While making expenses under this heading following guideline shall be followed:

- a) The donations, gift, hospitality, sponsorships or any other business promotion activities should not be made to secure any improper advantage or retain any personal business relationship of approver or his higher authority.
- b) Good judgment and due diligence must be exercised to assess the purpose and intention of the donation or sponsorship, and the reputation or status of the beneficiaries.
- c) All sponsorships or donations shall be offered and made transparently in accordance with Corporate Governance Policy of the Bank.

iii. Donations and Sponsorships

Bank under corporate social responsibility (CSR) carries out various social activities in line with Nepal Rastra Bank Directive No. 6 Clause 16. The Bank makes various social contributions without expecting any advantages or return. Such activities are carried out in line with the Bank's core values and NRB Directives guidelines. While providing donations/sponsorships under CSR activities, the bank shall follow the following guideline:

- a) CSR activities must be carefully examined and assessed for legitimacy and genuineness in not being carried out to improperly influence a business outcome.
- b) The proposed recipient must be a legitimate organization and the rightful recipient.
- c) Appropriate due diligence must be conducted to ascertain whether any Public/Government Officials are affiliated with the organization.
- d) There should be a transparent selection and decision-making process, with proper records kept.

- e) Prohibits any kind or form of political contributions or donations.
- f) Must not use the bank's funds and resources to make contributions or donations to any political campaigns, political parties, political candidates or their respective offices/officials or any Stakeholder affiliated organizations.

7. FACILITATION APPROVAL/ PAYMENTS

Facilitation for approval or payments are gratification or inducements to secure or expedite a routine function which one person shall be or is responsible for performing as part of his/her daily roles and responsibilities. Stakeholders are prohibited to directly or indirectly offer, promise, give, solicit or accept, agree to accept, or attempt to obtain anything that might be regarded as a facilitation payment in any form.

There may be certain exceptional situations or circumstances where Stakeholder(s) may have to make facilitation payments under duress or coercion, including life threatening and actual or potential loss of life, limb and liberty situations. However, it must be immediately reported to Head HR or Corporate Governance officer of the bank and appropriate document(s) of such incident along with the reasons must be provided and recorded.

8. CONFLICT OF INTEREST:

Bank have board approved Conflict of Interest Policy. Board and staff of the Bank shall recognize and follow the Conflict of Interest Policy to avoid situations of conflict of interest (actual, real, perceived or potential) to maintain integrity and develop trust by making professional and impartial business decisions.

9. DEALING WITH THIRD PARTIES OR BUSINESS PARTNERS:

The bank's success is built upon knowing our business partner who shares the same ethical values and beliefs. Bank builds trust and a constructive business relationship or enters into a contractual agreement with third parties which include vendors, suppliers, agents and intermediaries, contractors and sub-contractors, consultants, customers and any person or organization working for and on behalf of the bank. Therefore Bank adopts the following guiding principles:

- i. Before engaging or establishing business relationships with third parties, an appropriate level of due diligence must be performed and documented.
- ii. If "red flags" are detected during the due diligence, the assessor must escalate and resolve the issues before engaging the third party.

- iii. Bank monitors third parties with active contractual relationships to identify and assess potential risks, and to determine whether they consistently demonstrate professionalism, provide exceptional performance and conduct business with integrity and transparency.
- iv. Agreements and contracts with third parties shall include Banks expectations to embrace and observe the bank's existing code of conduct and provisions in this policy.

10. INTERACTIONS WITH PUBLIC/GOVERNMENT OFFICIALS AND POLITICALLY EXPOSED PERSONS (“PEPS”):

- i. Any dealing/ interactions with public/government officials and politically exposed persons Bank's official shall be as per the Anti Money Laundering Prevention Policy of the bank.
- ii. Bank shall never improperly influence a Public/Government Officials and PEPs to seek or retain business advantage and will make committed efforts to transact in a fair and transparent manner.
- iii. A high degree of caution and diligence shall be exercised in all dealings and interactions with regulators, Public/Government Officials and PEPs.
- iv. Shall follow ABC Policy and applicable laws, and all applicable rules and regulations while dealing and/or interactions with Public/Government Officials.

11. MERGERS, ACQUISITIONS AND INVESTMENTS

The bank may acquire or merge other bank and financial institution to extend its reach to area where it has low reach or for expansion of business to drive growth or competitiveness. Any form of merger and acquisition could give rise to potential fraud, bribery and corruption risks etc. Therefore, appropriate controls must be in place to mitigate or minimize those associated risks such as conducting comprehensive due diligence. ABC due diligence shall be applied to all such types of merger and acquisition on a risk-based approach, with the extensiveness and comprehensiveness of the due diligence. Due diligence processes shall take place before and post-acquisition. The working committee handling the merger or acquisition shall ensure that the target has the equivalent of the bank's Corporate Governance framework.

12. AVOIDING NEPOTISM

- i. Bank adheres to a transparent and fair manner in its recruitment process and does not discourage multiple family members from working for the bank. However, the bank strictly condemns nepotism and is committed to minimizing potential, actual or perceived conflicts of interest which may arise when an employee reports to another employee or is bound by work authority in addition to family relationships, intimate relationships and such similar relationships.

- ii. Bank also reserves the right to take relevant action when relationships of its employees impact work ethics.
- iii. Any requests/references for employment received from member of board, public officials, third parties or customers shall undergo regular recruitment due process and shall be identified separately (*irrespective of whether appointed or rejected*).
- iv. Acceptance or offer of anything of value or in kind for such cases is strictly prohibited.
- v. In case a relative of a Public/Government Official or customer is to be hired on merit ground, the same must be declared to the CEO, and due diligence should be conducted on the individual before recruitment.

13. RESPONSIBILITIES

Board and all staff of the Bank are required to comply with this policy at all times. The responsibilities of key stakeholders shall be as follows:

I) Responsibilities of Board of Directors:

- a. Adhere to and uphold the value of uncompromised integrity in any decision-making process.
- b. Empower and recognize the management to conduct business by upholding the highest ethical standards.
- c. Embrace the Bank's core values in all their decisions.
- d. Create and encourage a positive, open, honest and transparent environment where all the stakeholders are comfortable to raise and report concerns.
- e. Not tolerate or allow discrimination or retaliation against those who raise or report genuine concerns.
- f. Adhere to Code of Conduct, NRB Guidelines and the applicable Labour laws of Nepal.

II) Responsibilities of the Corporate Governance Committee:

- a. Oversee adherence of this policy by all stakeholders of the Bank.
- b. Support and flourish the culture of corporate governance within the Bank.
- c. Encourage employee and third party to speak up against bribery and corruption.

III) Responsibilities of Corporate Governance Officer:

- a. Provide advice and guidance to personnel on ABC matters.
- b. Take appropriate steps to ensure that adequate monitoring, measurement, analysis and evaluation of ABC is performed.
- c. Report on the performance and monitoring of ABC to the top management and CEO regularly.
- d. Appropriate resources shall be provided for the effective operations of ABC and the Corporate Governance officer shall be staffed by persons who have the appropriate competencies, status, authority and independence.

IV) Responsibilities of Employee:

- a. Adhere to this Policy and that provision more specifically mentioned in the staff service by law of the bank during the performance of and carrying out of duties for or on behalf of the bank.
- b. Embrace the principle of not operating outside the law or being inconsistent with the policies and values.
- c. Acknowledge ABC compliance and attend regular training on ABC-related matters.
- d. Raise or speak up regarding suspected or actual concerns, violations or non-compliance.

V) Stakeholders of the Bank:

- a. Understand and share the same core and ethical values as bank.
- b. Act in accordance with this Policy that is consistent with bank values during the performance of its work for or on behalf of bank.
- c. Using bank's personnel, assets, facilities, equipment and resources to support any government party candidates or political campaigns
- d. Contributing or donating to a charity of a Public/Government Official's choice.

14. POLICY COMPLIANCE

The Board and staff are required to adhere to the provisions in this Policy. The Corporate Governance Committee and dedicated Corporate Governance Officer of the Bank shall be responsible to oversee compliance of the policy by all stakeholders.

15. NON-COMPLIANCE TO ABC POLICY

- i. Failure to comply with this Policy and Human Resource code of conduct may subject to disciplinary action as per the Staff Service Bylaw of the Bank.
- ii. Non-compliance to this Policy or any such violation should be escalated immediately through the available reporting channels more particularly mentioned in the Whistle blowing Policy of the Bank.
- iii. Such escalations shall be investigated confidentially in line with the whistle blowing policy of the bank.
- iv. Any Failure on the part of the policy by any member of the board of directors shall be escalated to External Auditors of the bank or appropriate authority. This shall not be treated as breach of confidentiality.
- v. Relevant ABC provisions will include in third-party contracts, including the right to conduct audits and inspections on its third parties and business partners.
- vi. If the third party and/or business partners are found to have breached this ABC Policy, or any laws or regulations of the bank, such breach may result in termination of the agreement/contract(s) and if required, be subject to legal proceedings.

- vii. The bank is committed to protect, within reason and means, anyone who reports or raises a concern in good faith, and those who participate in or conduct an investigation, from any kind of retaliation from any persons or member of executive committee or board.

16. ANTI-MONEY LAUNDERING/COUNTER TERRORISM FUNDING

Bank strictly prohibits money laundering/terrorism funding under the applicable laws and regulations in Nepal. To prevent money laundering and terrorist finance the bank have separate policy which shall adhere by the all stake holders. The bank has separate Board level ALPC committee to oversee the policy level issues and management Level Committee to oversee the implementation of AML policy. Non compliance of the banks' AML policy, procedure and guidelines shall be treated as breach of terms of service by stakeholder and disciplinary action accordingly.

17. RECORD-KEEPING AND DOCUMENTATION

The bank is committed to maintain accurate and detailed books and records that always fairly reflect all transactions of the bank. All transactions shall be accounted in a transparent manner and accurately reflect and disclose the business rationale, purpose, substance and legality of all local and cross-border transactions, payments and expenses such as Gifts, Entertainment, and Corporate Hospitality received by or given to Stakeholders, Public/Government Officials, and others. All the stake holders of the bank shall follow bank's policy on record management, documents destruction and document retrieval. The Bank affirms that it will not:

- i. Alter, conceal any information, falsify and omit or misrepresent the facts of any record;
- ii. Encourage or allow anyone else to compromise the accuracy and integrity of the records;
and
- iii. Engage in any scheme to defraud anyone.

18. SPEAK UP CHANNEL

In order to encourage employees, suppliers, business partners, contractors, customers and other Stakeholders to voice their concerns, including actual or suspected misconduct, illegal or unethical behavior the Bank has formulated Whistle blowing Policy. The speak up channel for bribery /corruption shall be as per the Whistle blowing policy. Reporting channel shall be available 24 hours a day, 7 days a week in a channel mentioned in the policy.

19. TRAINING AND COMMUNICATION:

Bank shall arrange training and awareness program on ABC Policy to its employees as required in consideration to their roles and responsibilities.

The necessity to comply with this Policy shall also be communicated to concerned stakeholders/ parties at the outset of business relations through the appropriate communication channels.

20. REVIEW AND UPDATES OF THIS POLICY:

This Policy shall be monitored and reviewed at least in every two years interval by Corporate Governance Officer of the Bank.