

ANNEX A

Representations and Covenants Regarding Corrupt, Fraudulent, Coercive, Collusive and Obstructive Practices, Anti-Money Laundering and Combating the Financing of Terrorism

1. Definitions. Capitalized terms used but not defined in this Annex A shall have the meanings set forth in the Agreement.

“**AML/CFT**” means anti-money laundering and combating the financing of terrorism.

“**AML/CFT Officer**” means a senior officer of EDGE Certification Provider whose duties include oversight or supervision of the implementation and operation of, and compliance with, EDGE Certification Provider’s anti-money laundering and combating the financing of terrorism (AML/CFT) policies, procedures and controls.

“**Coercive Practice**” means the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

“**Collusive Practice**” means an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

“**Corrupt Practice**” the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

“**Fraudulent Practice**” means any action or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation.

“**Obstructive Practice**” means (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of IFC’s access to contractually required information in connection with a World Bank Group investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice.

“**Sanctionable Practice**” means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, or Obstructive Practice, as those terms are defined herein and interpreted in accordance with the Anti-Corruption Guidelines attached to this Agreement as Annex A-1.

2. Corrupt, Fraudulent, Coercive, Collusive and Obstructive Practices

- (a) Representation.** EDGE Certification Provider represents and warrants that neither EDGE Certification Provider, nor any of its affiliates, nor any person or entity acting on its or their behalf, has committed or engaged in, with respect to the EDGE Program, the EDGE Materials or any transaction contemplated by this Agreement, any Sanctionable Practice.
- (b) Covenant.** EDGE Certification Provider shall not engage in (and shall not authorize or permit any affiliate of EDGE Certification Provider or any other person or entity acting on its behalf to engage in) with respect to the EDGE Materials or any transaction contemplated by this Agreement, any Sanctionable Practices. EDGE Certification Provider further covenants that, should IFC notify the EDGE Certification Provider of its concerns that there has been a violation of the provisions of this Section 2(b), it shall cooperate in good faith with IFC and its representatives in determining whether such a violation has occurred, and shall respond promptly and in reasonable detail to any notice from IFC, and shall furnish documentary support for such response upon IFC's request.

3. Money Laundering; Financing of Terrorist Activity

- (a)** EDGE Certification Provider shall at all times institute, maintain and comply with appropriate internal procedures and controls for AML/CFT consistent with the business and customer profile of EDGE Certification Provider, in compliance with national laws and regulations, and in furtherance of applicable international AML/CFT best practices. Such procedures and controls also should ensure that EDGE Certification Provider will not enter into any transaction with, or for the benefit of, any of the persons or entities named on lists promulgated by, or related to any activity prohibited by, the United Nations Security Council or its committees pursuant to any resolution under Chapter VII of the United Nations Charter.

ANNEX A-1

ANTI-CORRUPTION GUIDELINES FOR IFC TRANSACTIONS

The purpose of these Guidelines is to clarify the meaning of the terms "Corrupt Practice", "Fraudulent Practice", "Coercive Practice", "Collusive Practice" and "Obstructive Practice" in the context of IFC operations.

1. Corrupt Practices

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

INTERPRETATION

- A. Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.
- B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor's books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.
- C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates applicable law.
- D. Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.
- E. The World Bank Group¹ does not condone facilitation payments. For the purposes of implementation, the interpretation of "Corrupt Practices" relating to facilitation

¹ The "World Bank" is the International Bank for Reconstruction and Development, an international organization established by Articles of Agreement among its member countries and the "World Bank Group" refers to the International Bank for Reconstruction and Development, the International Development

payments will take into account relevant law and international conventions pertaining to corruption.

2. Fraudulent Practices

A "Fraudulent Practice" is any action or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

INTERPRETATION

- A. An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a "Fraudulent Practice" for purposes of this Agreement.
- B. Fraudulent Practices are intended to cover actions or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group. Frauds on other third parties are not condoned but are not specifically sanctioned in IFC, MIGA, or PRG operations. Similarly, other illegal behavior is not condoned, but will not be considered as a Fraudulent Practice for purposes of this Agreement.

3. Coercive Practices

A "Coercive Practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

INTERPRETATION

- A. Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.
- B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes.

4. Collusive Practices

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

INTERPRETATION

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. Obstructive Practices

An "Obstructive Practice" is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) an act intended to materially impede the exercise of IFC's access to contractually required information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

INTERPRETATION

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

GENERAL INTERPRETATION

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.

