
EXHIBIT A - General Principles on Prohibited Practices

I. Introduction

1. The Green Climate Fund ("Fund") is strongly committed to preventing and combating fraud, corruption, Money Laundering, Terrorist Financing and other Prohibited Practices (as defined below), in accordance with international standards. In that regard, it expects all individuals and entities involved in Fund-related Activities (as defined below) to observe the highest standards of ethics and to take appropriate measures to prevent and combat such Prohibited Practices.

II. Scope

2. These General Principles shall apply to all:
 - a. "**Fund-related Activities**", which means any activity which is financed, administered or supported by the Fund, either with its own resources or those of others, or any activity that materially affects or may affect or otherwise be relevant to the Fund, and
 - b. "**Counterparties**", which means any party that contributes to, executes, implements, bids for, benefits from, or in any way participates in, Fund-related Activities, including receiving, or being a beneficiary of, a grant, loan or other form of financing or support from the Fund,

in respect of "**Prohibited Practices**" as defined in paragraph 4 below, including attempts to commit or suspicions thereof. For the avoidance of doubt, Fund-related Activities include Funded Activities as defined in the Agreement, and Counterparties include the Accredited Entity and any Executing Entity.

III. General Requirements of all Counterparties in relation to Fund-related Activities

3. The Fund requires all Counterparties to:
 - a. adhere to the highest ethical standards;
 - b. take all appropriate measures to prevent or mitigate fraud, corruption, and other Prohibited Practices; and
 - c. refrain from engaging in Prohibited Practices in connection with Fund-related Activities.
4. **Prohibited Practices.** The practices defined in this paragraph are prohibited ("Prohibited Practices")¹⁵ in relation to Fund-related Activities:
 - a. "Corrupt practice" means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value (including but not limited to gifts, gratuities, favors, invitations, and benefits of any kind) to influence improperly the actions of another party.
 - b. "Fraudulent practice" means any act 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.

¹⁵ The definitions of corruption, fraud, coercion, and collusion are harmonized definitions adopted by multilateral development banks consisting of the Africa Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank Group (IADB), and the World Bank (WB).

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- c. "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.
 - d. "Collusive practice" means an arrangement between two or more parties designed to achieve an improper purpose, including to improperly influence the actions of another party.
 - e. "Obstructive practice" includes (i) deliberately destroying, falsifying, altering, or concealing evidence material to an investigation; (ii) making false statements to investigators in order to materially impede an investigation; (iii) failing to comply with requests to provide information, documents or records in connection with a Fund investigation; (iv) 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 (v) materially impeding the Fund's contractual rights of audit or access to information.
 - f. "Abuse" means theft, misappropriation, waste or improper use of property or assets related to Fund-related Activity, either committed intentionally or through reckless disregard.
 - g. A "conflict of interest" is any situation in which a party or any of its staff involved in the relevant decision making process has interests that could, or could be deemed to, improperly influence its performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations.¹⁶
 - h. "Retaliation against whistleblowers or witnesses" means any detrimental act, direct or indirect, recommended, threatened or taken against a whistleblower or witness, or person associated with a whistleblower or witness, in a manner material to a complaint because of the report or cooperation with a Fund investigation by the whistleblower or witness.
 - i. "Money Laundering" has the meaning as set forth at paragraph a below.
 - j. "Terrorist Financing" has the meaning as set forth at paragraph b below.
5. **Additional Terms and Definitions** - For the purposes of this document, the following terms have the meanings ascribed to them below:
- a. "**Money Laundering**" refers to: (a) the conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property or of helping any person who is involved in the commission of the crime to evade the legal consequences of his or her action; (b) the concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to property, knowing that such property is the proceeds of crime¹⁷; or (c) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offence.

¹⁶ A conflict of interest may not, in all cases, in and of itself, constitute a Prohibited Practice.

¹⁷ Refer to Article 5 of the United Nations Convention against Transnational Organized Crime, 2000 (the Palermo Convention).

- b. **“Terrorist Financing”** means the act of, directly or indirectly, providing or collecting funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out terrorist acts.¹⁸

IV. Action to be taken by Counterparties to Combat Prohibited Practices in relation to Fund-related Activities.

- 6. All Counterparties shall take timely and appropriate measures to:
 - a. ensure that Fund-related Activities are carried out in accordance with these General Principles;
 - b. disclose and address conflicts of interest in a Fund-related Activity. If a conflict of interest or deemed conflict of interest arises, the Counterparty will promptly inform the Fund thereof and shall follow the instructions of the Fund on how to address such conflict or deemed conflict;
 - c. prevent Prohibited Practices from occurring in relation to a Fund-related Activity, including adopting, implementing, and enforcing appropriate fiduciary and administrative practices and institutional arrangements to ensure that the Fund proceeds in the form of a grant, loan, contract award, or other forms of financing or support are used only for the purposes for which such financing or support was granted;
 - d. promptly inform the Fund of allegations of Prohibited Practices found, suspected or alleged in connection with a Fund-related Activity;
 - e. investigate allegations of Prohibited Practices and report preliminary and final findings of investigations to the Fund;
 - f. respond to, mitigate, and remedy Prohibited Practices that are found to have occurred in a Fund-related Activity and prevent their occurrence;
 - g. cooperate fully with the Fund in any Fund investigation into allegations of Prohibited Practices related to a Fund-related Activity, and take all appropriate measures to ensure the full cooperation of relevant persons and entities subject to such investigation, including, in each case, allowing the Fund to meet with relevant persons and to inspect all of their relevant accounts, records and other documents and have them audited by or on behalf of the Fund; and
 - h. ensure that individuals or entities sanctioned by the Fund do not participate in Fund-related Activities in violation of their sanction.

V. Actions to be taken by the Fund in cases of Prohibited Practices in relation to Fund-related Activities.

- 7. The Fund, through the Integrity Unit or any office of the Fund duly authorised to receive reports, investigate, and address allegations or suspicions of Prohibited Practices prior to the establishment of the Integrity Unit, shall:
 - a. inform a Counterparty of credible and material allegations or other indications of Prohibited Practices related to a Fund-related Activity;

¹⁸ According to Article 2 of the International Convention for the Suppression of the Financing of Terrorism, a person commits the crime of financing of terrorism if that person by any means, directly or indirectly, unlawfully and wilfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out an offence within the scope of the Convention: (a) An act which constitutes an offence within the scope of and as defined in one of the treaties listed in the annex; or (b) Any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organisation to do or to abstain from doing any act.

- b. have the right to investigate allegations independently or in collaboration with competent authorities and/or the Counterparty;
- c. inform the Counterparty of the outcome of any investigation;
- d. have the right to reject or disqualify a proposal for a Fund-related Activity if it determines that the Counterparty has directly or indirectly engaged in any Prohibited Practices;
- e. have the right to sanction any Counterparty for engaging in Prohibited Practices in accordance with the Fund's policies, guidelines and procedures, as may be adopted and amended from time to time; sanctions may result in that Counterparty's exclusion from participating in a Fund-related Activity indefinitely or for a stated period of time;
- f. without limiting the generality of the foregoing, have the right to impose one or more of the following measures on a Counterparty for engaging in Prohibited Practices in connection with a Fund-related Activity:
 - i. Reprimand – the Fund may send a formal letter of reprimand of the Counterparty's behaviour;
 - ii. Cancellation or suspension – the Fund may cancel or suspend a portion of Fund proceeds allocated to a Counterparty but not yet disbursed under a financing agreement or contract for goods or services;
 - iii. Debarment – the Fund may declare a Counterparty, either indefinitely or for a specified period of time, ineligible:
 - 1) To be awarded future financing from the Fund;
 - 2) To be awarded a contract financed by the Fund;
 - 3) To benefit from a contract financed by the Fund, financially or otherwise, for example as a subcontractor; and
 - 4) To otherwise participate in Fund-related Activity, in whole or in part;
 - iv. Conditional Non-Debarment – the Fund may require the Counterparty to comply, within specified time periods, with certain remedial, preventative or other measures as a condition to avoid debarment. In the event the Counterparty fails to demonstrate its compliance with the prescribed conditions within the time periods established, a debarment may automatically become effective for a period of time;
 - v. Restitution of funds – the Fund may require restitution of improperly used or diverted Fund proceeds; and
- g. have the right to (i) share information on sanctions imposed pursuant to subparagraphs e and f with other international organisations, multilateral institutions and competent authorities, and (ii) recognise sanctions determined by other international organisations, multilateral institutions and competent authorities, if appropriate.