



Whistleblower Policy for National Development Bank

Date: 30/06/2020
Next Scheduled Review:
Version: 1.0



WHISTLEBLOWER POLICY

Operational policy for NDB adopted by Board of Directors June 2020.

OVERVIEW

NDB recognizes that it is not free from fraud and corruption risk. In recognition of this, NDB adopted or enacted the Whistleblower Policy (the Policy) to mitigate the risks associated with fraudulent and or improper activities.

PURPOSE & SCOPE

The Policy effectively encourages and facilitates reporting of complaints or concerns about lending and credit, finance and accounting, internal controls, property acquisition, management and disposal, MIS and electronic banking systems, human resources, credit oversights, mortgage disclosures and other suspected violations of or auditing matters, violations of Code of Conduct and policies, laws or regulations that govern NDB. The NDB Board of Directors has established these procedures for confidential, anonymous complaints by NDB board members, employees and volunteers about violations or suspected violations. This Policy applies to all current board members, management, employees and volunteers or temporary employees including related parties of NDB.

COMPLAINTS ABOUT ACCOUNTING OR FINANCE MATTERS

Accounting or finance matters include the following:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the NDB;
- Fraud or deliberate error in recording and maintaining financial records of the NDB;
- Deficiencies in or noncompliance with the NDB's internal controls;
- Misrepresentation or false statement to or by the Managing Director or CFO, the Chair or members of the Finance Committee, finance staff in Head Office or the auditor about a matter in the financial records, financial reports or audit reports of the NDB; or
- Deviation from full and fair reporting of the NDB's financial condition;
- Deviating or misreporting financial statement inconsistent with the accounting rules governed under IFRS 9 standards in all fairness;

Complainants should forward complaints about accounting or finance matters on a confidential or anonymous basis to whistleblower@devbank.com.pg.



COMPLAINTS ABOUT LENDING & CREDIT MATTERS

Lending and matters include the following:

- Fraud or deliberate error in the preparation, evaluation, review or approval of any loan application of the NDB;
- Fraud or deliberate error in recording and maintaining lending records of NDB;
- Deficiencies in or noncompliance with the NDB's lending and credit policies;
- Misrepresentation or false statement to or by the Managing Director or Head of Lending, the Chair or members of the Lending and Credit Committee, Lending and Credit staff in Head Office or the Branches about a matter in the loan applications, inspection reports, security valuation reports of NDB; or
- Deviation from full and fair presentation and approval of NDB's loan customers.

Complainants should forward complaints about lending and credit matters on a confidential or anonymous basis to whistleblower@devbank.com.pg.

COMPLAINTS ABOUT ASSET MANAGEMENT AND RECOVERIES

- Fraud or deliberate act to collaborate with bidders to foreclose on a mortgage below market value;
- Provide misleading and inside information that compromises bank's impartiality and credibility on mortgagee sales;
- Deliberate act to force a sale outcome that is damaging for NDB's integrity as a professional entity with court reprisals;
- Accepting a bribe and / or kickback by a deliberate act that could entice NDB to enter into sale contracts that are costly and unsubstantiated;
- Accepting a bribe and/or kickback by conspiring with a bad debtor in providing inside information that manipulates court process that delivers an outcome detrimental for NDB;
- Fraud or deliberate error in recording and maintaining Asset Management records of NDB;
- Misrepresentation or false statement to or by Manager Asset Management, the Chair or members of the Tender Committee, AMU staff or the branches about a matter in the AMU register, bad debt accounts or information.



Complainants should forward complaints about mortgage foreclosures, tenders and general recoveries on a confidential or anonymous basis to whistleblower@devbank.com.pg.

COMPLAINTS ABOUT PROPERTY ACQUISITION, MANAGEMENT & DISPOSAL MATTERS

Property Acquisition, Management and Disposal matters include the following:

- Fraud or deliberate error in the preparation, evaluation, procurement, review or audit of any properties of NDB;
- Fraud or deliberate error in recording and maintaining property records of the NDB;
- Deficiencies in or noncompliance with the NDB's internal controls for acquisition, management and disposal of property;
- Misrepresentation or false statement to or by the Managing Director or Head of Properties, the Chair or members of the Tender Committee, properties staff in Head Office or the branches about a matter in the property register, financial reports or audit reports of NDB; or
- Deviation from full and fair reporting of NDB's properties and their condition;

Complainants should forward complaints about property acquisition, management and disposal matters on a confidential or anonymous basis to whistleblower@devbank.com.pg.

COMPLAINTS ABOUT MIS & ELECTRONIC BANKING SYSTEMS

MIS and Electronic Banking Systems matters include the following:

- Fraud or deliberate error in the preparation, evaluation, procurement, review or audit of any MIS and Electronic Banking Systems of NDB;
- Fraud or deliberate error in recording and maintaining MIS and Electronic Banking Systems records of NDB;
- Deficiencies in or noncompliance with NDB's internal controls for acquisition, management and disposal of MIS and Electronic Banking Systems;
- Misrepresentation or false statement to or by the Managing Director or Head of MIS and Electronic Banking, the Chair or members of the MIS Committee, MIS and Electronic Banking staff in Head Office or the branches about a matter in the MIS and Electronic Banking register, financial reports or audit reports of the NDB; or
- Deviation from full and fair reporting of NDB's MIS and Electronic Banking Systems and their condition;



Complainants should forward complaints about MIS and Electronic Banking Systems matters on a confidential or anonymous basis to whistleblower@devbank.com.pg.

COMPLAINTS ABOUT HUMAN RESOURCES

Human Resources matters include the following:

- Fraud or deliberate error in the preparation, evaluation, recruitment, review or audit of any Human Resources matters of NDB;
- Fraud or deliberate error in recording and maintaining Human Resources records of NDB;
- Deficiencies in or noncompliance with the NDB's internal controls for recruitment, management and termination of Human Resources;
- Misrepresentation or false statement to or by the Managing Director or Head of Human Resources, the Chair or members of the HR Committee, Human Resources staff in Head Office or the branches about a matter in the Human Resources register, financial reports or audit reports of NDB; or
- Deviation from full and fair reporting of NDB's Human Resources and their condition;

Complainants should forward complaints about Human Resources matters on a confidential or anonymous basis to whistleblower@devbank.com.pg.

COMPLAINTS ABOUT GOVERNANCE MATTERS (RISK & COMPLIANCE)

Governance matters include the following:

- Violations of provincial, local or municipal laws that could result in fines or civil damages payable by NDB, or that could otherwise significantly harm NDB's reputation or public image;
- Fraud or deliberate error in recording and maintaining records of NDB;
- Deficiencies in or noncompliance with the NDB's internal controls for acquisition, management and disposal of property;
- Conduct which may reasonably be construed as unbecoming or detrimental to the interests of the NDB;
- Unethical conduct in violation of any NDB policies or NDB Code of Business Conduct & Ethics; or

Complainants should forward complaints about governance matters on a confidential or anonymous basis to whistleblower@devbank.com.pg.



COMPLAINTS ABOUT FRONTLINE MATTERS

Frontline matters include the following:

- Violations of provincial, local or municipal laws that could result in fines or civil damages payable by NDB, or that could otherwise significantly harm NDB's reputation or public image;
- Conduct which may reasonably be construed as unbecoming or detrimental to the interests of the NDB;
- Fraud or deliberate error in recording and maintaining records of NDB;
- Deficiencies in or noncompliance with the NDB's internal controls for acquisition, management and disposal of property;
- Unethical conduct in violation of any NDB policies or NDB Code of Business Conduct & Ethics; or
- Risk to the health, safety or wellbeing of NDB employees, volunteers or members, or the general public.

Complainants should forward complaints about frontline matters on a confidential or anonymous basis to whistleblower@devbank.com.pg.

PROCEDURES FOR COMPLAINTS

A. REGISTERING DISCLOSURES AND INITIAL ASSESSMENT

To assist NDB in its investigation and response, the complaint should contain as much specific, factual information as possible to allow proper assessment of the nature, extent and urgency of the subject matter of the complaint, including, without limitation and to the extent possible, the following:

- The alleged event, matter or issue that is the subject of the complaint;
- The name of each person involved;
- If the complaint involves a specific event or events, the approximate date and location of each event; and
- Any additional information, documentation or other evidence available to support the complaint.

To assist with the initial assessment process, disclosures are to be made by completing the whistleblower template found in NDB website under Corporate Governance page and email to whistleblower@devbank.com.pg.

B. RESPONSE TO COMPLAINTS / INVESTIGATION AND REPORTING



Investigation will be undertaken with findings of the report & recommendations to be provided to Executive Management team, Managing Director & Board Audit Committee for review and determination and decide what further actions will be taken.

C. CONFIDENTIALITY/ANONYMITY & PROTECTED DISCLOSURE

The NDB will maintain the confidentiality or anonymity of any complainant to the fullest extent reasonably practicable within the bounds of the law and of any ensuing evaluation or investigation.

D. PROTECTION FROM RETALIATION

If the complainant is an employee of NDB, he or she will not be discharged, demoted, suspended, threatened, harassed or treated in any manner deemed to be discriminatory or retaliatory if the complaint is made in good faith.

E. WHISTLEBLOWER IMPLICATED IN IMPROPER CONDUCT

The NDB acknowledges that the act of whistle blowing should not shield whistleblowers from reasonable consequences flowing from any involvement in improper conduct. A person's liability for his or own conduct is not affected by the person's disclosure of that conduct.

F. REPORTING AND RETENTION OF COMPLAINTS AND INVESTIGATIONS

The Manager Internal Audit will maintain a log of all complaints, tracking their receipt, investigation and resolution and will prepare a summary of the log to present to the Executive Managers, MD and Board of Directors on request. Copies of complaints and the log will be maintained by the Manager Internal Audit in a confidential manner.

REVIEW OF POLICY

This policy will be reviewed annually to ensure it complies with relevant laws and remains relevant and effective.