



FRAUD AND WHISTLEBLOWER POLICY

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1. OVERVIEW

1.1 Context

The Fraud and Whistleblower Policy ensures that risks associated with fraudulent activities are minimized.

1.2 Purpose

The purpose of the Policy is to:

- Define BSP Life's principles and mandatory requirements for the prevention of fraud.
- Create an environment where the staff feel free, confident and encouraged to reveal any serious concerns they may have about the conduct of employees at all levels in BSP Life, rather than overlooking a problem or "blowing the whistle" outside BSP Life, without fear of victimization, subsequent discrimination or being disadvantaged in any way.
- Ensure that all staff are aware that they will be held accountable for any actions or activities they undertake that is not in line with BSP Life's policies and guidelines.

1.3 Scope

The Policy applies to all directors, employees, temporary staff, contractors, insurance agents and service providers.

2. DEFINITIONS

2.1. Fraud

Fraud conduct is:

- Taking or obtaining by deception, money or any other benefit from BSP Life when not entitled to the benefit; or
- Attempting to do so and includes evading a liability to BSP Life.

Fraud also includes, but is not limited to, offences involving dishonest or deceitful conduct with intent to obtain some financial advantage or property of another.

2.1.1 *Corrupt conduct*

Corrupt conduct is when a staff:

- Carries out their duties dishonestly or unfairly, breaches customer trust, misuses BSP Life information or resources, or becomes involved in matters such as bribery, fraud or violence.
- Is aware of corrupt dealings or practices but fails to report it to the appropriate stakeholder. This is seen as being negligent.

2.1.2 *Conspiracy*

Conspiracy is any conduct between two or more BSP Life employees or a BSP Life employee and an external party to do an unlawful act, or to commit an unlawful act by unlawful means.

2.1.3 Maladministration

Maladministration is conduct that involves action or inaction of a serious nature that is unlawful, against BSP Life policies, unreasonable, unjust, oppressive, discriminatory, or is based on improper motives.

2.1.4 Serious and substantial waste

Serious and substantial waste is the loss or waste of BSP Life's funds or resources.

2.1.5 Breaches of any law or internal policy

A material or systemic breach of any applicable law, regulation, code, license or internal policy.

2.1.6 Other misconduct behavior

Misconduct, in these circumstances, may include, but is not limited to:

- Unacceptable practices that do not reflect BSP Life values
- Irregularities or conduct of an offensive nature (e.g. verbal abuse, physical threat)
- Breach of PNG laws, including non-compliance
- Misrepresentation of facts
- Decisions made, and actions taken, outside established BSP Life policies and procedures
- Abuse of Delegated Authority
- Misuse or unauthorized use of BSP Life assets
- Disclosure of confidential information to unauthorized parties
- Health and safety risks including risks to the public and employees
- Sexual harassment or physical or sexual abuse of employees, customers and suppliers
- Unethical conduct (e.g., lying or providing false information)
- Serious failure to comply with appropriate professional standards
- Abuse of power, or use of BSP Life's powers and authority, for any unauthorized use, or personal gain
- Breach of Code of Conduct
- Deliberate breach or misrepresentation of facts, including misreporting to statutory reporting authorities
- Deliberate breach of approved BSP Life policy

2.2. Fraud Type

2.2.1 Internal (employee)

BSP Life employees, temporary staff, contractors or service providers who commit fraud against BSP Life or its customers. This also includes employees who:

- issue or make misleading financial statements with the intent to deceive the investing public and the external auditor; or
- engage in bribes, kickbacks, influence payments and illegal or immoral schemes for their benefit; or
- who conspires to commit same with one or more persons

2.2.2. External

Customers or parties not employed by BSP Life who commit fraud against BSP Life or its customers.

2.3 Service Provider

Persons, contractors or organizations which provide services to BSP Life under written business arrangements, non-disclosure and contractual agreements.

3. POLICY PRINCIPLES

The principles set the underlying intentions from which the following mandatory requirements, and associated documents, are derived.

- Fraud risks should be managed in accordance with the following requirements:
 - BSP Life's Risk Management Policy;
 - BSP Group's Code of Conduct;
 - BSP Group's Occupational Health, Safety and Welfare; and
 - BSP Group's Information Security Policy
- Fraud risks should be managed at a level in line with business objectives.
- Policies and standards related to fraud must be set and managed at appropriate levels.

4. POLICY REQUIREMENTS

4.1 General Requirements

- Fraud risk must be managed by staff members at all levels;
- BSP Life has Zero Tolerance for any form of fraudulent, corrupt or unethical behaviors by employees, contractors or service providers;

4.2 Country Manager and Senior Managers

- Must identify and assess fraud risks and take remedial actions where appropriate.
- Must implement and maintain adequate controls to address fraud and misconduct behaviors.
- Must protect all products and services reliant on BSP Life's assets from unauthorized access, disruption and degradation by implementing and maintaining effective fraud measures.
- Must establish procedures for monitoring implementation of, and adherence to the Fraud and Whistleblower Policy;
- Must record all instances of non-adherence to the Policy, and report to Head of Group Operational Risk and BARCC.

4.3 Employees

- Must ensure that they are aware of their fraud prevention responsibilities and obligations.
- Must adhere to the relevant fraud standards, guidelines and procedures.

4.4 Operational Risk

The Quality Assurance and Compliance Manager in liaison with Head of Group Operational Risk will:

- Develop and/or approve the underlying fraud standards, guidelines and procedures.
- Identify all operational risks (including fraud) within BSP Life and report them accordingly to the Executive Committee and Board Audit Risk and Compliance Committee (BARCC).
- Coordinate the management of fraud risks to ensure that they are addressed across all areas of BSP Life in the most effective and efficient manner.
- Coordinate with Security Services and/or Internal Audit on internal and external fraud investigations.
- Ensure that all reported cases of fraud or unethical behavior are treated with confidentiality and integrity.
- Perform a periodic review of the Fraud and Whistleblower Policy, taking into account reported incidents, instances of non-adherence, emerging threats, risks and best practice.

4.5 Whistleblower

Employees are encouraged to report to management when they believe someone is in breach of BSP Life's policies, procedures and values.

Where the CEO or the Board is the subject of any fraud or whistleblowing matter, a confidential report can be made direct to BPNG.

4.5.1 Reward

Safeguarding the human and material assets of BSP Life is a moral responsibility shared by all our employees and customers. Recognizing that fraud causes a financial loss to BSP Life, and will exercise its discretion in rewarding whistleblowers that have provided information that successfully prevents a fraud or helps identify those who have committed a fraud.

4.5.2 Contacts

BSP Life has arrangements in place similar to BSP Group wide procedures to receive phone calls and/or e-mails concerning suspected violations or wrongdoings. Anonymous reporting also can be via telephone or email to the following designated contacts:

Designated Contact: Nilson Singh, Country Manager

- Employee Hotline: +675 305 6361
- Email: nsingh2@bsp.com.pg

Designated Contact: Carl Nuyda, Head of Group Operational Risk & Compliance

- Employee Hotline: +675 305 6202
- Email: cnuyda@bsp.com.pg

4.5.3 Non Discrimination

No discriminatory action will be taken against any employee, who in good faith, reports a suspected violation of this policy or participates, in any subsequent investigation by BSP Life.

"In good faith" means you genuinely believe wrongdoing has occurred.

Deliberately making a false report about an employee's behavior is a breach of this policy.

All such reports will also be investigated confidentially, consistent with a thorough and complete investigation, and remedied as appropriate.

5. GOVERNANCE

5.1. Policy review

The Country Manager in conjunction with the Head of Group Operational Risk & Head of Group Compliance and AML will conduct a periodic review of the Fraud and Whistleblower Policy which will take into account business experience in implementing the policy and industry practice.

When reviewed, factors including, but not limited to the following should be considered:

- Matters reported to BSP Group EXCO and/or BARCC: operational losses, significant control weaknesses and audit issues;
- Amendments to regulatory requirements/guidelines/standards;
- Industry events; and
- Development and release of enhanced monitoring mechanisms.

A copy of this approved policy or any revised versions should be submitted to BPNG.