



FRAUD RISK MANAGEMENT POLICY

A. CONTACT INFORMATION AND RELEVANT DATES

Document number:	DBN001		
Document Version Number	V012020		
Document owner:	Risk & Compliance		
Document Custodian	Risk & Compliance		
Document Approver:	DBN board of directors		
Review Frequency	Triennially		
Next submission:	Q2-2023		
Parent Document	ALL DBN Policies		
Document Replacement	Yes	No	Replaced Document Name
		X	

Approval:

Signed on behalf of the document approver: 

Tania Hangula

Board Chairperson

03 September 2020

Name

Designation

Date



Development Bank of Namibia

Expect more.

FRAUD RISK MANAGEMENT POLICY

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Document number:	DBN001		
Document Version Number	V202009		
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Review Frequency	Triennially		
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Board Chairperson

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B. Document Circulation

Risk & Compliance	Reviewed Draft
Executive Management Team/RCMC	1 st review, recommend for approval
HRC	2 nd review and recommend for approval
ARCC	3 rd review and recommend for approval
Board	Approval

C. Version Control and Change History

Version number	Approval date	Changes approved by	Change history	Author
V102015	04/11/2015	Board	Page 1, , pg 5, par 9, pg 6-par 9.9; pg 9 –par 14 and pg 10,11,12,13 annexed. Policy name change 10,11,12,13 annexed.	HRC
V102016	02 February 2016	Board	Pg 4, all pages (heading), pg 10 ,Word addition; Policy name alignment, word removal	HRC
V012020		Board ARCC	Changed name of the Policy from Fraud Risk Management Policy to Fraud Risk Policy and Guidelines Adopted the Policy new template	HRC
V012020	25 Feb 2020	Board ARCC	Policy referred for correction	HRC

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DEFINITIONS, ACRONYMS AND TERMS USED

ARCC	Audit, Risk and Compliance Committee
BOD	Board of Directors
CEO	Chief Executive Officer
DBN	Development Bank of Namibia Limited
EXCO	Executive Management Committee
HRC	Head: Risk and Compliance
Fraud	Fraud shall mean any acts of dishonesty, intentional deception or wilful misrepresentation that may result in actual or potential prejudice to DBN and/or its employees, and business partners. Any reference in this policy to Fraud shall include but not limited to attempted Fraud.
Business Partners	Business partners means any company, business or individual that conducts business with DBN and the respective employees, agents and representatives of such company, business or individual. Business partners shall include but not be limited to Suppliers, Consultants and Customers.
Forgery	Is defined as the unlawful and intentional making of a false document to the actual or potential prejudice of another.
Theft	Is defined as the unlawful appropriation of moveable corporeal property belonging to another with intent to deprive the owner permanently of the property.
Bribery	Is defined as the offering, acceptance, or receipt of “anything of value” intended to influence behaviour contrary to honesty/integrity
Insider trading	Is defined the illegal practice of using inside knowledge to one’s own advantage through having access to confidential information for one’s own advantage.
Corruption	Is defined as the misuse of entrusted power or public office for private gain. It covers a range of criminal offences that includes bribery and other crimes (e.g. fraud, extortion and money laundering).
Personal Gain	Personal Gain means any form of benefit, tangible or intangible, that accrues whether directly and/or indirectly to an employee, the employee’s family and/or

	friends and/or business partners, which is not due to them within the ordinary scope of such employee's employment by DBN or business partner's business.
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SECTION A

1. INTRODUCTION

The DBN is committed to high ethical behavior, moral and legal standards that include Service, Integrity, Transparency and accountability in terms of zero tolerance approach. The Fraud Risk Policy is established to address fraud, corruption and other acts of dishonesty by all employees, business partners and stakeholders either directly or indirectly against the Bank, as well as the fraud reporting mechanisms available, providing guidelines and assigning responsibility for development of controls and conduct of investigations

All members of staff are expected to share this commitment. The company will manage fraud risk by:

- 1.1 Defining, setting and maintaining cost effective control procedures to prevent, identify and deter fraud;
- 1.2 Ensuring key controls are complied with;
- 1.3 Investigating all incidences of actual, attempted or suspected fraud, and all instances of major control breakdowns;
- 1.4 Encouraging staff to be vigilant and raising fraud-awareness at all levels;
- 1.5 Providing staff with effective confidential reporting mechanisms and encouraging their use;
- 1.6 Taking action against individuals and organisations perpetrating fraud against the company, its shareholders, or its customers;
- 1.7 Seeking restitution of any asset fraudulently obtained and the recovery of costs; and
- 1.8 Co-operating with the law enforcement and other appropriate authorities in the investigation and prosecution of those suspected of fraud.
- 1.9 In need, Lifestyle audits on staff would be conducted where warranted in order to ensure that everything possible was done to follow – up on reported incidents of misconduct where evidentiary proof is lacking
- 1.10 Business Code of Conduct and Ethics and all other supporting Policies and procedures to be aligned with the Fraud Risk Policy as approved and amended from time to time.

2. PURPOSE OF THE POLICY

This policy is intended to convey the expectations of the board of directors and senior management regarding managing fraud risk.

- 2.1 Establish procedures and assign responsibility for the investigation of fraud and related offences.
- 2.2 Provide guidance to those employees who find themselves having to deal with suspected cases of theft, fraud and corruption.
- 2.3 To ensure that DBN conducts its business legally with transparency and honesty, equally by all employees, business partners and stakeholders.
- 2.4 To avoid the negative effect of fraud and corruption in relation to revenue and profits, retention of customers and operational efficiency of the business.
- 2.5 To create an ethical culture and environment within DBN by eradicating actual or potential fraud and corruption.
- 2.6 To ensure that all instances of fraud and corruption and any other dishonest activities of a similar nature will be investigated and actions instituted against those found responsible.

3. POLICY SCOPE

The policy applies to any irregularity, or suspected irregularity, involving directors and employees as well as shareholders, consultants, vendors, contractors, outside agencies and/or any other parties with a business relationship with DBN (also called the Company).

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position / title, or relationship to the Company.

4. ASSOCIATED POLICIES

This policy should be read in conjunction with the following policies

- DBN Code of Business Conduct and Ethics
- DBN Disciplinary Policy and Code and Grievance Procedures
- DBN Fraud Prevention Policy
- DBN Compliance Policy
- DBN Anti-Money Laundering Policy
- Legal Risk Policy
- Information Technology Security Plan

5. POLICY STATEMENT

All employees are responsible for the detection and prevention of fraud.

- 5.1 Each member of the management team will be familiar with the types of improprieties that may occur within his or her area of responsibility and be alert for any indication of irregularity.
- 5.2 Frauds or irregularities detected or suspected, should be reported without delay to the Head: Risk and Compliance, or the available reporting tools as indicated under Annexure F. The Head Risk & Compliance will coordinate the necessary investigations with management, Human Capital, Legal Counsel and external parties, as required.
- 5.3 DBN is responsible for implementing a Fraud Risk Management System under auspices of the Risk and Compliance Department who shall introduce safe and reliable reporting tools for customer/client complaints and employees or other stakeholder who want to report suspected fraud but who wish to remain anonymous. The service is further to be enhanced with a fraud response plan to continuously manage fraud and corruption within the Bank. The Head: Risk and Compliance is required to take appropriate measures in the shortest space of time and with the utmost of discretion, whenever an incident is reported.
- 5.4 All reported matters shall be held in utmost confidentiality whilst integrity of suspected parties shall be preserved throughout the course of such investigations.

6. LEGISLATION APPLICABILITY

The Fraud Risk Policy and Guidelines to support the current legislative and regulatory framework, including the Financial Intelligence Act (refer to the DBN AML policy). Regular reviews of DBN's legislative and regulatory framework should be undertaken to ensure that the Fraud Risk Policy and Guidelines is at all times aligned to the laws.

7. ACTIONS CONSTITUTING FRAUD

For the purposes of this policy, the term: "Fraud" can interchangeably be used with the other commercial crimes such as **corruption, bribery, theft, forgery and insider trading**. In this context, actions constituting fraudulent behavior include, but are not limited to:

- 7.1 Any dishonest or fraudulent act;

- 7.2 Defalcation, embezzlement, misappropriation;
- 7.3 Forgery or alteration of any document or account belonging to DBN;
- 7.4 Forgery or alteration of a cheque, bank transfer or any other financial document;
- 7.5 Theft or misappropriation of funds, securities, supplies, or other assets belonging to DBN or those held by DBN on behalf of business partners.
- 7.6 Impropriety/maladministration in the handling or reporting of money or financial transactions or other assets.
- 7.7 Transacting in securities or financial instruments using insider knowledge of company or customer activities, irrespective of whether a profit or loss is made;
- 7.8 Unauthorised disclosure or manipulation of sensitive, confidential or proprietary information or related activity involving alteration, malicious cyber activity, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of DBN-owned software.
- 7.9 The offering or taking of inducements, gifts, or favours which may influence the action of any persons. This includes accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to DBN. Exceptions include accepting small token gifts of thanks from a customer or supplier, such as a box of chocolates, a bottle of wine or an invitation to a sporting event or a meal. It is however, required that all Gifts, exchanges and invitations up to the amount of N\$ 500 should be recorded in the Bank's Gift Register sent out monthly by the Risk and Compliance Department whilst items in excess of a N\$ 500 should be approved by the respective Heads of Departments and/or CEO where required in the instances the latter is not declined. (DBN Code of Business Conduct and Ethics – Paragraph 7:7.1.1; 7.1.2 and 7.5 also bears reference)
- 7.10 Willful destruction, removal or inappropriate use of records or company assets;
- 7.11 Engage in any practices or pursue any private activities which conflict in any way with DBN's interests;
- 7.12 Making a profit from insider knowledge
- 7.13 Making a payment to or on behalf of any official (including government officials) for the purpose of obtaining or retaining business for or with, or directing business to any person; and/or
- 7.14 Any similar or related inappropriate conduct.
- 7.15 Disclosing confidential proprietary information to outside parties
- 7.16 Irregularly requesting or accepting anything of material value from contractors, suppliers, researchers or other persons providing services and/or goods to DBN
- 7.17 Irregularly offering or giving anything of value to contractors, suppliers, researchers or other persons providing services and/or goods to DBN

- 7.18 Irregular destruction, removal, or abuse of records (including intellectual property and other assets) and equipment
- 7.19 Deliberately omitting or refusing to report or act upon reports of any such irregular or dishonest conduct
- 7.20 Forgery or alteration of any DBN document
- 7.21 Any misappropriation of funds
- 7.22 Any irregularity in the handling or reporting of money transactions
- 7.23 Misappropriation of furniture, fixtures and equipment
- 7.24 Unauthorised use or misuse of DBN property, equipment, materials or records
- 7.25 Any claim for reimbursement of expenses that are not made for the exclusive benefit of DBN
- 7.26 Deception, forgery, theft, misappropriation
- 7.27 Abuse of power, or the use of company powers and authority for any unauthorised use or personal gain
- 7.28 Any similar or related irregularity.

DBN'S Code of Business Conduct and Ethics places a fiduciary duty on all employees to disclose such activities. Failure to disclose could result in disciplinary action being taken against the employee concerned. Any queries as to what actions could constitute fraud, the Head: Risk and Compliance, Manager Risk & Compliance, and Company Secretary may be contacted for guidance in this regard.

8. OTHER IRREGULARITIES

Irregularities concerning an employee's moral, ethical or behavioral conduct should be resolved by departmental management and the Human Resources department. If there is any question whether an action constitutes fraud, contact the Manager: Risk & Compliance or Head: Risk & Compliance.

9. AUTHORISATION FOR INVESTIGATING SUSPECTED FRAUD

The following table indicate the mandate for investigations.

RP- Receive & Prepare, **MI**- Mandate Investigation, **I** – Inform of Decision, **RM** - Receive and Mandate

Investigate suspected fraud mandate	HRC	CEO	Board Members	Ministry of Finance	ARCC Chair	Board Chair	ACC & FIC
Cases Involving all employees	RM	I	I		I	I	Inform only and provide required evidence when investigation is completed.
Cases Involving Executives	RP	I	I	I	I	RM	
Cases Involving Board Members	RP	I	I	RM	RP	RM	
Cases Involving other Stakeholders	RM	I	I		I	I	

The HRC has the overall responsibility for investigations. The HRC after following all the procedures in Phase 1 of Annexure B will make the decision whether to investigate or not. In the event where matter to be investigated are complex, the HRC may discuss with the ARCC Chairperson and together they will decide on the action to be taken. All cyber related investigations are done in accordance with procedures stated into Information Technology Security Plan.

Members of the Risk & Compliance team will have:

1. Free and unrestricted access to all company personnel records and premises (subject to notification to Senior Management as appropriate).
2. The authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities, including but not limited to electronic storage mediums, on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation. Risk & Compliance will obtain approval for access to electronic records as required in terms of DBN'S policy.
3. Where required, independent professionals will be appointed to ensure investigations are done in an objective manner.

10. INVESTIGATIVE PROCEDURES

10.1 Phases of an investigation:

Receipt of allegation and mandate to investigate:

- 10.1.1 For external forensic consultants a signed mandate is required.
- 10.1.2 For internal forensic investigators a signed letter of instruction is required.
- 10.1.3 When an allegation is received the investigator must evaluate the allegation together with other information that has been provided.
- 10.1.4 If limited information is available or if any doubt exists as to whether a crime has been committed; it may be preferable to conduct a preliminary investigation.
- 10.1.5 If there is sufficient information available and it is clear that a crime or crimes have been committed, proceed to planning and execution phase.

10.2 The preliminary investigation:

The purpose of the preliminary investigation is as follows:

- 10.2.1 To determine whether the allegations that a crime has been committed can be verified or refuted.
- 10.2.2 To determine the nature of the crime.
- 10.2.3 To determine the possible extent of the crime.
- 10.2.4 To determine, if possible, who the suspects are.
- 10.2.5 To determine what resources will be required to conduct a full scale investigation.
- 10.2.6 To determine whether it is worth expending resources on the investigation by evaluating the chances of success of the investigation.

10.3 Assessment, preliminary reporting and planning:

- 10.3.1 The results of preliminary investigation should be evaluated to determine whether the investigation should continue or whether allegations were unfounded;
- 10.3.2 If the preliminary investigation yielded positive results the execution phase must continue.
- 10.3.3 An investigation plan cannot pre-determine every procedure that may be necessary.

10.4 The execution phase:

- 10.4.1 The purpose of executing the investigation is to gather all evidence necessary for a successful prosecution.
- 10.4.2 Important elements of all investigations are:
 - Taking statements and gathering and interpretation of documentary evidence
 - Compiling a report and the investigation diary
- 10.4.3 Investigators should know the law relating to investigations
- 10.4.4 Procedures in the execution phase:
- 10.4.5 Identify the suspects and obtain statements from complainants
- 10.4.6 Questioning suspects and witnesses
- 10.4.7 Processing all possible exhibits and documentary evidence and reporting

10.5 Reporting:

The contents of a factual findings report are as follows:

- 10.5.1 Covering letter, Title page (cover page), Index, Background/introduction, Mandate/scope; Purpose and objectives of report Report Format; Qualifications; Procedures performed/Methodology; Factual Findings; Summary of Findings; Conclusion; Recommendations; Executive Summary; Annexure and exhibits and Source of documentary evidence.

10.6 Other matters:

- 10.6.1 Reports should be issued in draft format, enabling the user to consider the content and make recommendations.
- 10.6.2 Report should therefore be clearly marked as “draft” until it is issued in its final format.
- 10.6.3 Distribution of reports should be carefully controlled.

10.7 Assistance to disciplinary and/or legal process:

- 10.7.1 The investigator when requested should be able to testify about all the aspects in a court of law.
- 10.7.2 The investigator should be familiar with all the processes with respect to physical evidence from the time it was identified on the crime scene until giving evidence in court.
- 10.7.3 The investigator should provide litigation support when required which is assistance in obtaining documentation necessary to support or refute a claim, review such

documentation, review opposing expert's report; assistance with settlements and negotiations, attend proceedings to hear testimony of opposing expert and provide assistance with cross-examination

11. ROLES & RESPONSIBILITIES

11.1 Managers at all levels, have a responsibility to:

- 11.1.1 Promote the highest levels of ethical and lawful conduct and embrace good corporate governance to report any conduct which may be regarded as unethical, unlawful or in breach of good corporate governance, or which has the potential to tarnish the good name and reputation of DBN.
- 11.1.2 Set the tone at the top. An organisation's culture plays an important role in preventing, detecting, and deterring fraud. Management needs to create a culture through words and actions where it is clear that fraud is not tolerated, that any such behaviour is dealt with swiftly and decisively.
- 11.1.3 Be familiar with the types of improprieties that might occur within his/her area of responsibility and be alert for any indication of irregularity.
- 11.1.4 Ensure that an adequate system of internal controls exists within their areas of responsibility and that controls operate effectively.
- 11.1.5 Ensure that the DBN's Code of Business Conduct and Ethics and Fraud Risk Policy and Guideline are well communicated to all staff within their area of responsibility.
- 11.1.6 In consultation with Legal and Human Capital, take appropriate legal and/or disciplinary action against perpetrators of fraud.
- 11.1.7 Take disciplinary action against employees where employee negligence has contributed to the commission of the fraud.

11.2 All Employees

All employees have a responsibility to:

- 11.2.1 Ensure that they are familiar with, and comply with DBN's Code of Business Conduct and Ethics.
- 11.2.2 Ensure they are familiar with, and comply with controls and procedures in their area of responsibility.
- 11.2.3 Employees should understand how their job procedures are designed to manage fraud risks and when non-compliance may create an opportunity for fraud to occur or go undetected.
- 11.2.4 Have a basic understanding of fraud and be aware of the red flags.

- 11.2.5 Recognise any specific fraud risks within their own area of responsibility. All employees have a duty to ensure that these risks are identified and addressed. Where an employee believes that an opportunity for fraud exists, whether because of poor procedures or oversight, the employee should discuss it with their line manager and / or a member of Risk & Compliance.
- 11.2.6 Report any suspected irregularities in accordance with DBN's Code of Business Conduct and Ethics, Fraud Risk Policy and Guideline and Whistle Blower Policy.
- 11.2.7 Co-operate in investigations.
- 11.2.8 Treat information relating to fraud investigations as confidential.

11.3 Risk and Compliance

The Risk and Compliance department is responsible for:

- 11.3.1 Co-ordination of the investigations into all suspected fraudulent acts
- 11.3.2 Reporting the results of fraud investigations, actions that have been taken to manage fraud risks and the effectiveness of the fraud risk management programme to appropriate Management and the Board through the Audit, Risk and Compliance Committee.
- 11.3.3 Adopting a pro-active approach to providing management support in detecting, preventing, and monitoring fraud risks.
- 11.3.4 Provide a source of information to Management as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.

11.4 Internal Audit (the service provider appointed by DBN from time to time)

Internal Audit is responsible for:

- 11.4.1 Providing advice and assistance on risk and control issues.
- 11.4.2 Reviewing control systems once an investigation has been completed to identifying any weaknesses which contributed to the fraud; and if necessary, make recommendations for remedial action.

11.5 Investment, Portfolio Management & Credit Risk

The **Investment, Portfolio Management & Credit Risk** Departments are required to:

- 11.5.1 Perform "Know Your Customer" ("KYC") due diligence on all new parties and a due diligence of all new operations in order to detect possible compliance or integrity concerns. Such due diligence is performed in accordance with the requirements of the Financial Intelligence Act as documented in the DBN AML policy.

- 11.5.2 Any concerns arising during the loan appraisal process should be reported to Risk and Compliance immediately for follow up and action.
- 11.5.3 Ongoing due diligence on existing clients and reporting such anomalies to Risk & Compliance.

11.6 Risk and Compliance Committee

- 11.6.1 The Risk and Compliance Committee is responsible for evaluating all instances of fraud, corruption, possible conflicts of interests, violation of the Code of Business Conduct and Ethics or any other ethics related matter.
- 11.6.2 All instances of fraud must be reported to the Risk and Compliance Committee which will oversee appropriate periodic reporting to the Board Audit, Risk and Compliance Committee.

11.7 The Board and Audit, Risk and Compliance Committee

The Board and ARC committee mandate requires it to:

- 11.7.1 Review the appropriateness and effectiveness of policies and procedures for preventing or detecting fraud.
- 11.7.2 Direct and supervise internal audit investigations into matters within the committee's scope, for example, evaluations of the effectiveness of the Company's internal control, cases of employee fraud or supplier fraud, forensic investigations, misconduct or conflict of interest.
- 11.7.3 Receive and review reports on the prevention, detection and investigation of fraudulent activity or misconduct within DBN.
- 11.7.4 Review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Company.
- 11.7.5 Continuous monitoring of transactions for identification of suspicious transactions as required by the Financial Intelligence Act.

12. REPORTING RESPONSIBILITIES

Any employee who suspects dishonest or fraudulent activity should notify their direct supervisors, line managers, Head: Risk & Compliance.

However, in instances where an employee does not believe that the issues can or should be addressed using the above procedures, alternatives for anonymous reporting are provided within the DBN highly safe and confidential anonymous "Hotline" and supplemented by the "Complaint" box found at all DBN reception.

The employee or other complainant will remain anonymous and protection is offered per whistle blowing policy. The company's external auditor must be advised of any fraud that could affect the company's financial statements.

13. CONFIDENTIALITY

DBN treats all information received confidentially. Any employee who suspects dishonest or fraudulent behavior must report it immediately, and should not attempt to personally conduct investigations or interviews / interrogations related to any suspected fraudulent act.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Company from potential civil liability.

14. INVESTIGATIVE RESPONSIBILITIES

The company is committed to investigating all reported cases of fraud in order that appropriate action can be taken.

Risk & Compliance has the primary responsibility for coordinating the investigation of all frauds in consultation with the Board ARCC Chairperson. The Company Secretary shall assume responsibility in the absence of the Head: Risk and Compliance. Investigations are to be performed in accordance with the protocols set out in Annexure "A"

15. RECOVERY OF LOSSES

The HRC in conjunction with the CEO will endeavor to ensure that the amount of any loss is quantified. Repayment of losses will be sought in all cases. Where the loss is substantial, legal advice should be obtained about what processes may be available to preserve the suspects assets, pending conclusion of the investigation. Legal advice may be obtained about prospects for recovering losses through the civil court, where the perpetrator refuses repayment. The Bank will normally expect to recover costs in addition to losses.

16. POLICY GOVERNANCE

Structure

The DBN management, supported by the Risk & Compliance function, is responsible for the implementation of this Policy in their respective business unit. Risk & Compliance will facilitate and co-ordinate the implementation of this Policy on a Bank-wide basis.

Ownership and Review

Ownership of this Policy is vested with the DBN Board of Directors (“the Board”). The Risk & Compliance function will, at least once every three (3) years coordinate a revision to keep the Policy up to date. Changes may be effected as and when the Whistleblowing standards changes or legislative amendments are made.

Approval

This Policy shall be approved by DBN EXCO/ the Board and its Committee. Management should ensure that this Policy is implemented within their respective areas of responsibility.

SECTION B

ANNEXURE A. INVESTIGATION PROTOCOL

A. Investigation Protocols:

1. Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.
2. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the HRC.
3. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: “I am not at liberty to discuss this matter.” Under no circumstances should any reference be made to “the allegation,” “the crime,” “the fraud,” “the forgery,” “the misrepresentation,” or any other specific reference.
4. The whistle blower awareness should include the following:

- a. Do not contact the suspected individual in an effort to determine facts or demand restitution.
 - b. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so in the case where anonymity is not an option.
5. Once an allegation is received, Risk & Compliance will conduct an initial evaluation of the allegation and determine the course of action to resolve it. The allegation will be examined to determine whether it involves a potential violation of law, rules or company policy. Depending on the nature and severity of the allegation, other departments may need to be consulted such as Legal Counsel / Company Secretary and HC.
6. All investigations will be carried out objectively, and independently of the line management for the area in which the irregularity has occurred or is suspected.
7. The rights of individuals will be respected at all times.
8. Investigations will comply with applicable legislation regarding gathering information and interviewing witnesses.
9. Securing evidence: evidence should be protected so that it is not destroyed and so that it is admissible in legal proceedings.
10. Time sensitivity: investigations will be prioritised where necessary due to legal requirements and to mitigate potential losses or harm.

If the investigation substantiates that fraudulent activities have occurred, Risk & Compliance will issue reports to appropriately designated personnel and, if appropriate, to the Board of Directors through the Audit, Risk & Compliance Committee.

ANNEXURE B. CORRECTIVE ACTIONS

Any action taken must be appropriate to the circumstances, applied consistently to all levels of employees, and should be taken only after consultation with the individuals responsible for such actions.

1. Internal Disciplinary Action

When an employee has committed an offence, disciplinary action should be taken in accordance with the Company's Disciplinary Code.

2. Criminal Action

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies, including the Namibian Police, for independent investigation will be made in conjunction with legal counsel, senior management and the Board. Law

enforcement has access to additional information and resources that may aid the case. Additionally, referrals for criminal prosecution may have a deterrent effect.

The responsible bodies as set out in paragraph 7 above need to ensure that adequate and comprehensive records are kept of every incident of fraudulent activity so as to facilitate and assist with any future legal action.

3. Civil Action

The company may wish to pursue its own civil action against the perpetrators to recover funds. Management consultation with legal counsel is required before taking civil action.

The responsible bodies as set out in paragraph 7 above need to ensure that adequate and comprehensive records are kept of every incident of fraudulent activity so as to facilitate and assist with any future legal action.

4. Extended investigation

In certain cases, Risk & Compliance and/or Management will conduct a root cause analysis and perform an extended investigation to identify similar misconduct elsewhere in the organisation.

5. Internal Control Remediation

Risk & Compliance will review the relevant control systems to identify any weaknesses which contributed to the fraud; and if necessary, make recommendations to reduce the risk of similar frauds in future.

6. Communication of Investigation

The DBN Corporate Communications will in conjunction with the CEO and Legal Counsel decide whether any information relating to corrective actions taken or sanctions imposed, regarding incidents of fraud or corruption should be brought to the direct attention of any person or made public through any other means in line with the Bank's Communication Policy and procedures.

ANNEXURE C: DECISION MATRIX

R- Responsible; A - Accountable; I - Inform; C - Consult

Action Required	Risk & Compliance	Finance	HOD per department	Company Secretary / Legal services	Marketing & Corporate Communication	Executive Management	Board
Controls to prevent and detect fraud	C	R	R			A	I
Recommendations to prevent fraud	R	I	I	I		A	I
Reporting of incidents to Internal Audit	A	I	I			R	I
Investigation of fraud	R			C		I	A
Referrals to law enforcement	A		I	C		R	I
Recovery of monies lost due to fraud	C	C	C	R		A	I
Monitoring of recoveries	I	R	I			A	
Communications, publicity and press releases	I		I	C	R	C	
Civil litigation	I			R		A	

Fraud education and training	R		R	C		A	
Fraud risk assessment	R	C	R	C		I	
Hotline	R		I	R		I	

ANNEXURE D: CONTACT DETAILS

The following contact details are provided to report any suspected fraudulent activities:

Risk & Compliance:

Name	E-mail address	Telephone
Saima Nimengobe	SNimengobe@dbn.com.na	(+264 61) 290 8056 +264 811 244 604
Reginald Van Rooi	Rvanrooi@dbn.com.na	(+264 61) 290 8107 +264 81 203 1150

Tip-offs Anonymous hotline:

www.tip-offs.com – Website
0800 290 8000 (Landline only)
dbn@tip-offs.com anonymous email
Fax: 0800 007788