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Integrity & Incidents Policy

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1. General Statement of Principle

Fundashon Kas Popular (hereinafter referred to as *FKP*) considers integrity as an essential condition for a sound business operation. The reputation and integrity of an organization can irreparable be damaged in case of involvement in illegal activities, such as money laundering, financing of terrorism, providing customer information to third parties, corruption or fraud. These are just a few examples of illegal activities that can harm the confidence of customers in *FKP*. This does not only concern reputational damage, but also financial damage. Even the most advanced systems, procedures and controls lose their effectiveness if the employee is not competent or does not act with integrity. It is therefore very important for *FKP* to not only have a policy to know your customer, but also to know your employee. Apart from an integrity policy, including the know your employee, an incident policy is fundamental to maintain the integrity within *FKP*. By keeping an incident register and analyzing this, *FKP* can make the necessary changes and update the policy and procedures.

Integrity concerns the way we interact, work and collaborate with each other. An integrity policy is necessary for *FKP* to guarantee quality and integrity of its organization. Integrity not only promotes the efficiency, internal transparency and collaboration, but also the trust and loyalty of the customers. Integrity can be seen as a quality characteristic of a company.

1.1 Definitions

In this policy document, the following terms shall have the following meaning (these are taken from the CBCS policy rule for sound business operations in cases of conflict of interest, incidents and integrity -sensitivity positions dated July 2013):

1. *Conflict of interest*: mingling private interests of persons employed by the institution or group who (co-)determine and control the policy, with the corporate interests of the institution or group and its customers.

Example of persons employed by the institution consist of:

- a. persons who are (co-)policymakers of the institution;
- b. persons who are (co-)policymakers of the group to which the institution is affiliated;
- c. members of the supervisory body within the institution charged with the supervision of the policy and the general course of affairs of the institution, i.e. the Board of Supervisory Directors; d. other employees or other persons who perform work for the institution upon instructions of the institution on a structural basis.

2. *Incidents*: occurrences posing a serious risk for the institution's sound business operations. This concerns a course of action or occurrence of a (co-)policy-maker or other staff member of the institution, of another (legal) person who carries out work for the institution or for a third party that entails a serious risk for the sound business operations or integrity of the institution concerned.

3. *Integrity-sensitive positions*: positions designated as such by the institution, including (a) executive officers who fall under the (co-)policymakers tested for integrity by Regulators as well as other (co-)policymakers, and (b) the so called key positions to which an authority is attached that contains an actual risk for the sound business operations of the institution and that are related to:

- the disposition of or the business operations of equity or securities of the institution or third parties, or the entry into commitments on the institution's behalf (positions of trust, including the positions of 'legal counsel' and 'operations managers');
- the access to person - or company-sensitive information about the institution or third parties (high risk positions, including the positions of 'account manager' and that of 'operation manager'); and
- the performance of monitoring or supervisory duties with regard to the administrative organization and the institution's internal control system and the compliance with applicable rules and internal regulations (other positions, including the positions of 'internal auditor', 'risk manager', and 'compliance officers').

The positions defined above, that are performed by persons not employed-by the institution on the basis of an employment contract (for example, hired-in personnel, temporarily deployed staff) also are considered integrity-sensitive positions.

2. Objective

The objective of this policy is:

- To guarantee that employees hired by FKP, not only are qualified, but also have a good reputation and show integrity in their work;
- To guarantee that employees hired by FKP will represent FKP without conflict of interest;

- To apply a risk based approach in the screening policy by:
 - adapting the scope of the screening based on the integrity sensitivity of the position;
 - establishing the timeline in which the screening will be performed;
 - defining who should be screened;

- To maintain and promote the integrity of new and existing employees and creating an integrity-conscious corporate culture
- To ensure that the required and corrective actions are taken in the event of an incident, as well as preventive action in order to avoid recurring event.

3. Roles and Responsibilities

The Management of FKP approves this policy and is ultimate responsible for the implementation of this policy.

The Compliance Officer is responsible to monitor whether FKP complies with the standards and obligations as set in this policy. This position is at a management level and act independently. The prevention of conflict of interest and the maintenance of recorded incidents and integrity-sensitive positions within FKP are entrusted to the Compliance Officer.

The Compliance Officer shall specifically take care of:

1. Formulating, developing, and implementing the integrity policy, procedures, and measures related to the prevention of conflict of interest within FKP, handling of incident and creating an integrity-conscious corporate culture;

2. development and implementation of a policy for the handling and screening of (prospective) staff in integrity-sensitive positions by means of policy procedures and organizational measures;

3. reporting identified shortcomings or deficiencies, and periodic review of the internal control systems with regard to their effectiveness and actuality and taking care of any necessary updates, safeguarding an integrity-conscious corporate culture, among other things.

The actual execution of the simple and enhanced screenings of personnel will be performed by the Compliance Officer. If deemed necessary, a third party may assist the Compliance Officer with the screenings. A third party will perform the intensified screenings of management. This third-party reports directly to the Compliance Officer. Each employee is responsible to fill in the screening form completely and truthfully.

The Human Resource department (hereinafter referred to as *HR*) must notify the Compliance Officer of all new hires and promotions/changes of positions within FKP.

4. Legal and Regulatory Framework

FKP is under integrity supervision of FIU Curacao. FKP is in this context obliged to adhere itself to the *National Ordinance Reporting Unusual Transaction (NORUT)* and *National Ordinance Identification when Rendering Services (NOIS)*. According to article 5f of the NOIS FKP should implement proper policy and procedures to prevent that the organization is used to launder money and finance terrorism.

All FKP employees are bound by this policy as part of their own contractual employment with FKP. Violation of this FKP policy, including the code of conduct will lead to disciplinary measures.

Furthermore the *National ordinance personal data protection* is applicable. This national ordinance prescribes that the processing of personal data should be done in a careful and legitimate manner. Personal data does not only relate to information such as name, birthdate and address, but all information that somehow can be tracked to a specific person.

Based on the national ordinance, personal data can only be collected for a specifically defined legitimate purpose. Collecting personal data for an employee file complies with this.

However employees should be duly informed about the purpose for which the information will be collected. Personal information of the employee that is not relevant for the purpose of the screening may not be collected. Through the implementation of this policy and clear formulation of the objective FKP has comply to this.

5. Know your Employee

This integrity policy pursues to ensure sound business operations within FKP and on the structure and operation of the systems of risk analysis and risk control with respect to the following risk areas or areas of concern:

- a) Conflict of interest and harming the interests of third parties;
- b) Incidents constituting a serious risk for the sound business operations of the institution;
- c) Persons holding an integrity-sensitive position;
- d) Money laundering and terrorist financing;
- e) Criminal acts or other violations of the law committed by FKP or its directors or employees, which may undermine the trust in FKP;
- f) Relations with consumers, customers or other third parties, which may undermine the trust in FKP; and
- g) Other acts committed by the organization or its employees, which, according to unwritten law are so contrary to generally accepted standards that they can seriously undermine the trust in FKP.

This implies that an important part of ethical business operations and risk management in this regard, depends on the employees. In order to manage this risk, FKP will screen its new employees, as well as the existing employees that changing position. In this way it can be prevented that FKP inadvertently becomes involved in potential integrity violations through its employees.

FKP therefore recognizes and endorses its reputation and integrity to a large extent depends on the quality and integrity of its employees. FKP considers it of great importance that its employees are screened about their competence and integrity. By means of this policy FKP confirms the importance to employ reliable and ethical staff members and or third parties.

The integrity policy of FKP implicates that all employees comply with the following:

- Cooperate in the integrity screening upon entering employment or change of position where the new position is an integrity-sensitive position;
- Comply with FKP's internal code of conduct, which must be signed every year by every employee;
- Comply with anti-money laundering procedures and terrorist financing. These procedures can be viewed in the compliance manual;
- Report incidents (or facts that could lead to incidents) to the Compliance Officer.

Attention will also be given to the screening of temporary employees and persons who work for FKP through an external party (cleaners, security, consultants etc). Depending on their work they have after all, access to FKP's offices and possibly to sensitive information.

To guarantee that the screening of personnel is proportional to the integrity risks related to certain functions, FKP applies a risk-based approach. The size and scope of the screening will be adapted to the integrity sensitivity of the position: the greater the integrity sensitivity and therefore the risks, the more extensive the screening will be.

The screening process of employees will be aimed on their background, honesty, reputation, and integrity. All employees have the responsibility to support and carry the norms and values FKP stands for. In addition, it is a requirement that all employees have good and thorough knowledge and act in accordance with the laws, regulations, standards, procedures and guidelines that apply to FKP.

The management leads by setting a good example and takes adequate measures to ensure that all employees conduct their work ethically, in accordance to regulatory and legal obligations as well as with the internal code of conduct. The so-called "tone at the top" is essential for the success of this integrity policy.

The internal code of conduct together with this integrity policy are the instruments of FKP to communicate the behavior rules to all employees. Employees that do not adhere to these policies count on disciplinary action, including termination of employment in a worst case scenario.

5.1 Scope of screening

The following categories are within the scope of this policy related to screening, and employees falling into one of these categories will be screened based on the established risk classification:

- New employees (Pre-employment screening);
- In case of changed position (In-employment screening), there will be assessed whether the new position requires screening based on the classification of integrity sensitivity as indicated in appendix A.
- Third parties that are contracted (temporary) by FKP to perform a specific job (e.g. cleaners, security).

5.2 Execution of screening

The table below describes per category when and how the screening will take place.

Table 1			
Category	When	How	Remark
New employees	Before the end of the probation period	Based on the integrity sensitivity in appendix A.	In the contract that FKP offers to potential employees must be stated that the outcome of the screening will determine the continuation of the contract. In case of negative outcome, the employee will maintain its old position.
	Before starting with the new position	Based on the integrity sensitivity in appendix A.	
Change of position	Before start of contract/project	Through contractual agreements with the relevant third party	
Third parties			

In case the screening is not completed at the end of the probation period, FKP reserves the right to tie the continuation of the contract based on the results of the screening. The contract for the new employee can be withdrawn if the results of the screening cause for concern, in a manner that it does not consider it desirable for the employment to be continued.

5.3. Screening content

As mentioned in the previous paragraphs FKP applies the risk-based approach in its screening policy. The scope and frequency of the screening depends on the risk category in which the position is classified.

The risk category of the position depends on the integrity sensitivity of the position. The integrity sensitivity is decided by elements such as: access to confidential information, access to resources of FKP, responsibilities with regard to reporting unusual transactions, etc.

The table below shows what kind of screening will be performed per category risk. Please note that FKP can request a screening at any time to employees who deviates from the overview below in case they deemed it necessary.

Table 2

Risk category	Screening level	When	Execution by
Enhanced Intensified - Management Intensified - Board of Supervisory Directors	Additional screening Additional and third party screening	- When offering a contract - Change to an integrity sensitive position - In case of any indication that a screening is considered necessary.	Compliance Officer
Simple	Basic screening	- When offering a contract - Change to an integrity sensitive position - In case of any indication that a screening is considered necessary.	Compliance Officer
Additional screening Additional and third party screening	Additional screening Additional and third party screening	- When offering a contract - Change to an integrity sensitive position - In case of any indication that a screening is considered necessary.	Compliance Officer (if deemed necessary a Third Party will be included)
Before starting at the position	Third party screening	When offering a contract	Third party and SBTNO
SBTNO	Before starting at the position	When offering a contract	SBTNO

The risk classification per position is included in Appendix A. However, this is not a static one time classification, changes can be made based on new insights, experiences and / or requirements of regulators. Furthermore the list will be updated and revised annually. For an up-to-date list of the positions and risk classification applied by FKP an employee can contact HR at any time.

The table below indicates what is screened on per risk category. It should be noted that if the results of the screening induct to, there are aspects that can be added and / or modified.

Table 3

Simple	Enhanced
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Collect information on the screening form

such as:

- Basic information (name, address, birth date)
- Education
- Work experience
- Criminal history

Simple +

Financial background

- Statement current financial situation
- Kadaster
- Check civil and bankruptcy register
- BKR NL in case the employee lived in Holland less than 3 years ago.
- Caribbean Credit Bureau

Verification of identification (Bevolkingsregister)

Certificate of good conduct

Reference prior work experience

Verification of education

Open sources (including social media)

The intensified screening is not mentioned since this is not performed under supervision or mandate of FKP.

5.4 Negative screening results

FKP reserves the right to terminate the employment contract during probation period . In case of existing employee FKP may offer the employee another position if appropriate as a result of the screening, if there are doubts about the integrity of the employee.

In the event that a third party through which employees are placed within FKP (security, employment agencies) is demonstrably negligent in its screening of employees employed at FKP, FKP will no longer be employ persons of the third party until the concern regarding their screening is resolved.

When an employee applies for a new position, which is classified as enhanced risk category, a screening shall be executed based on the requirements in this policy.

If the results of the screening give cause to doubt the integrity, the employee will not be eligible for the new position but will keep his/her current position.

FKP will not enter into an employment contract with a potential employee if he/she refuses to cooperate with the screening. This also applies to existing employees who are eligible for a new position.

If the results of the screening raise questions about the integrity of the concerning employee, the employee will be given the opportunity to provide additional information and / or a to provide further explanation. This will then be included in the final screening reporting. The employee will therefore be given the opportunity to defend and / or clarify or explain matters.

In case the provided information of outside activities result in a possible conflict of interest, this will be discussed with the Management of FKP, who will ultimately decide on further action in this regard. For example, the employee can be asked to terminate the outside activity or a further explanation is requested. In the further action to be determined, it is important to consider whether the relevant side activity has been reported by the employee on the screening forms or has been identified by the screening investigation.

6. Confidentiality

Based on the National Ordinance on the Protection of Personal Data, all screening reports are treated confidentially and can only be viewed by the HR manager, Compliance Officer,

Management and if desired / necessary the Board of Supervisory Directors. The screening reports will not be provided to third parties.

Based on the same National Ordinance, an employee is always entitled to view his/her personnel file.

7. Retention of screening reports

The screening reports will be kept in the personnel file of the concerning employee. They will be kept for a period of at least 5 years after termination of the contract with the concerning employee. Screening reports of potential employees with who no employment contract has been entered, will be kept in a separate file for a period of at least 1 year. After expiration of the minimum period, the screening report can be destroyed.

Appropriate technical and procedural measures will be taken by FKP for the access to and security of the reports.

8. Integrity with regard to market conduct

This item relates to the soundness of the institution's market conduct.

- An example is the prevention of price manipulation.
- Another example is the providing of insufficient information to customers, as for instance on product information leaflets, or the concealment of additional expenses in the newspapers and manipulation through small print in advertisements.

Fair competition laws are intended to promote vigorous competition in a free market. It is in FKP best interest to promote free and open competition. FKP considers compliance with these laws of vital importance. When conducting FKP business, all partners must:

- Not discuss pricing, production or markets with competitors
- Not set resale prices with customers or suppliers
- Always present FKP services and products in a manner consistent with our core values
- Not induce a third party to breach an existing agreement
- Never act in a manner that could be seen as an attempt to exclude present or potential competitors or to control market prices.

9. Incidents

This document guarantees that FKP will take the necessary measures for sound handling of incidents. All occurrences posing a serious risk for FKP's sound business operations will be detected, recorded and after internal analysis reported to FIU if required. The Management of FKP shall be notified of the incident in writing.

Incidents also serve to take corrective measures that lead to prevent recurrence in order for such integrity risks to be controlled as much as possible. Appropriate measures may include:

- measures against the person who caused the incident (in case of culpable behavior);
- improving internal procedures
- adjusting the policy

Hence, it is the duty of FKP to limit negative internal and external consequences (risk mitigation) and to prevent a recurrence of the incident. No integrity policy can exclude incidents to occur. Adequate response to (suspected) incidents is of crucial importance.

The way FKP handles the incident helps restore and even strengthen confidence in FKP after an incident has occurred.

It is very important for the Management to handle conscientious against breach of integrity. It is also essential that Management communicates this clearly to the employees, for them to be aware that unethical behavior will not be tolerated. In case insufficient action are taken against integrity breaches, is this a signal to the employees that not enough value is given to integrity. The consequence of unpunished unethical behavior will provoke other employees into unethical behavior.

There is also a risk that initially small violations in the absence of correction develop into larger violations.

9.1 Recording of incidents

The Compliance officer will take care of a sound administrative system for the recording of incidents, featuring at least the following:

- a) the characteristics of the incident;
- b) data on those who caused the incident;
- c) the measures taken with regard to the incident (how it was resolved, and what measure were taken to prevent it from happening again).

9.2 Reporting of incidents

The basic element for a sound incident policy is the reporting of incidents. Incidents should be reported to the Compliance Officer, without intervention of the direct supervisor or Management. An incident may refer to employees exhibiting or involved in unethical behavior, but also to other kinds of events that can affect the reputation and integrity of FKP.

The compliance officer shall notify Management and Board in writing, at its own initiative and without delay about incidents referred to in chapter 1 of this policy, in the event of:

- a) notification or intended notification hereto to the judicial authorities;
- b) discovery of serious shortcomings in the setup and functioning of the measures for sound business operations on the part of the institution including loss of reputation, financial loss and/or other forms of damage as a consequence of insufficient prevention or repressive action on the part of the competent authorities in response to the (unwitting) involvement in money laundering activities by customers, intermediaries or employees of the institution, the lack of Administrative Organization/Internal Control procedures, lack of an Internal Audit Department and a non-functioning or badly functioning Board of Supervisory Directors;
- c) the dealings of the institution with natural persons and/or legal persons involved in money laundering, terrorism or criminality, or the financing thereof;
- d) all other cases, whereby the seriousness, the magnitude, or other circumstances of the incident, make it indisputably clear that Management and Board must be notified:

The phrases "in writing" and "without delay" as used above are understood to mean: in writing within 48 hours, or within 2 workdays after the incident is detected. If the institution needs more time for internal processing of the incident, it must notify Management and Board of this need. The compliance officer shall report monthly to Management and Board on all incidents and integrity related issues.

10. Independent testing on integrity

At least once a year an independent testing of the functioning of this policy and its procedures will be carried out by an adequately staffed internal audit department. The extent of the tests and the test results must be recorded in writing and shortcomings, if any must be reported to Management and/or the Board of Supervisory Directors and the Compliance officer, with the request to adopt immediate corrective measures within a specified period of time.

Appendix A

Function	Screening
1 Managing Director	Intensified
2 Financial Director	Intensified
3 Sociaal Coördinator	Simple
4 Hoofd Customer Service	Enhanced
5 Customer Service Medewerker	Simple
6 Receptioniste	Simple
7 Telefoniste	Simple
8 Hoofd Bewonerszaken	Enhanced
9 Medewerker Bewonerszaken	Simple
10 Bewonersbegeleider	Simple
11 Hoofd Bedrijfsbureau	Enhanced
12 Materiaal Inkoop	Simple
13 Projectleider Werkvoorbereiding	Simple
14 Technisch Medewerker Werkvoorbereiding	Simple
15 Magazijnbeheerder	Simple
16 Medewerker Magazijn	Simple
17 Hoofd Projectuitvoering	Enhanced
18 Projectleideruitvoering	Enhanced
19 Technisch Opzichter/Begeleider	Simple
20 Hoofd Onderhoud	Enhanced
21 Allround Onderhoudsmedewerker	Simple
22 Uitvoerder Onderhoud	Simple
23 Allround Assistant	Simple
24 Hoofd Financiële Administratie	Enhanced
25 Senior Medewerker Financiële Administratie	Simple
26 Medewerker Financiële Administratie	Simple
27 Kassiere	Enhanced
28 Hoofd Incasso	Enhanced
29 Medewerker Incasso	Enhanced
30 Applicatiebeheerder	Enhanced
31 ICT Support Medewerker	Enhanced
32 Manager Customer Service Operations	Enhanced
33 Manager Human Resource Management	Enhanced

34	Manager Business Development & Investments	Enhanced
35	Manager Corporate & Financial Support Services	Enhanced
36	Controller	Enhanced
37	Financial Advisor	Enhanced
38	Risk & Compliance Officer	Enhanced
39	HRM Officer	Enhanced
40	Salaries Administrator	Simple
41	HRM Administrative Medewerker	Simple
42	Hoofd Juridische Zaken & Compliance	Enhanced
43	Jurist	Enhanced
44	Juridisch Medewerker	Enhanced
45	Hoofd Facilitaire Zaken	Enhanced
46	Hoofd Secretariaat & Archief	Enhanced
47	Directie secretarisse	Enhanced
48	Hoofd Internal Audit	Enhanced
49	Medewerker Internal Audit	Enhanced
50	Hoofd Informatie en Communicatie Technologie	Enhanced
51	Systeembeheerder	Enhanced
52	Management Ondersteuning	Enhanced
53	Public Relations & Marketing Officer	Simple

