

**ALLIEDBANKERS INSURANCE  
CORPORATION**

**ANTI-FRAUD, BRIBERY , Whistle-blowing &  
CORRUPTION POLICY**

Effective date: 1st July, 2016

## 1. Company Statement

The Board and Management of ALLIEDBANKERS INSURANCE CORPORATION have no tolerance for financial crime. This policy supports a zero-tolerance approach to any acts of fraud, bribery or corruption committed to gain a business advantage. It is recognised that such acts pose significant regulatory, legal and reputational risks to the company and should be severely dealt with.

## 2. Purpose

This Policy establishes the principles and approach for managing and mitigating risks of fraud, bribery and corruption.

Acts of fraud, bribery and corruption can greatly impact our profitability and reputation, as well as undermine our customers' confidence in our products and services. There may also be an indirect impact on policyholders through premium increases arising from high claims cost as a result of fraudulent activities.

## 3. Definitions

- a) "Fraud" is any dishonest activity causing actual or potential loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity.

This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal financial benefit.

- b) "Bribery" is the act of making a payment in money or in kind to another individual which will or is intended to cause a person to act in a way that is contrary to the interests of his or her principal or employer's policy on a given issue or is against the public interest.

Such payments will typically be paid without the knowledge or agreement of the principal or employer and include payments intended to influence the outcome of a specific action or event, as well as the actions over a period of time.

- c) "Corruption" is any dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of the entity and abuses his or her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.

## 4. Roles and Responsibilities

It is the responsibility of every employee to adopt a rigorous approach to managing the risks of fraud, bribery and corruption. This ownership of risk is supported by Company's culture, the Board and dedicated risk management personnel with the responsibility for maintaining and implementing the Policy.

#### **4.1 The Board of Directors**

- Approve and review the Anti-Fraud, Bribery & Corruption policy annually to ensure its continual effectiveness in preventing acts of fraud, bribery and corruption;
- Ensure that management has adequate resources, expertise and support to effectively implement the fraud, bribery and corruption management strategies, policies and procedures.

#### **4.2 Executive Management**

- Establish appropriate processes for fraud, bribery and corruption risk assessment, identification, measurement, control, monitoring, as well as the investigating and reporting of such acts;
- Review the Anti-Fraud, Bribery & Corruption Policy annually and recommending it to the Board for approval;
- Encourage the reporting of fraud, bribery or corruption cases and provide support as necessary for these employees or others who make such reports; and

#### **4.3 All Employees**

- Adhere to the company rules and regulationst;
- Must ensure due responsibility to protect company's assets, including information and maintain integrity in all transactions;
- Undertake fraud, bribery and corruption risk awareness training, and champion the prevention of fraud, bribery and corruption within the business and functional units;
- Report any actual or suspected cases of fraud, bribery and corruption; and
- Be vigilant for any unusual signs and patterns which may suggest that an act of fraud, bribery or corruption is taking place;

#### **4.4 Agents**

- 4.4.1 Conduct their business with utmost good faith and integrity;
- 4.4.2 Undertake fraud, bribery and corruption risk awareness training conducted by the Company and
- 4.4.3 Report any actual or suspected cases of fraud, bribery and corruption, where it relates to Company's business transactions.

### **5. Fraud, Bribery & Corruption Risk and Control Assessment**

An assessment of the risks of fraud, bribery and corruption needs to be undertaken annually. This is completed as part of the company risk assessment based on the Risk Management Strategy.

Each factor should be assessed on how significant an impact it is likely to have on Company's overall vulnerability level. This will be based on the RMS rating scale of Critical, High, Medium and Low.

### **5.1 Risk & Control Assessment**

Business entity should also identify areas of the Company's business where fraud, bribery or corruption risks could have a potential material impact. These risks typically could emanate from various parts of the key business process; e.g. Claims, Finance, Procurement or Underwriting.

Key controls must be put in place to effectively reduce or mitigate the risks. The Company must regularly monitor and review any changes to its risk profile and the effectiveness of its controls in managing the identified risks, and ensure that the risk and control assessment is kept as updated as soon as possible to reflect any significant changes in the business or risk environment.

### **5.2 Due Diligence**

Due diligence process should include the following:

- a) For employees during recruitment:
  - Disclosure of any conflict of interest situations
  - Declarations of civil or criminal records (past and current)
  - Background screening at recruitment stage, including character reference checks
- b) For agents prior to appointment:
  - Disclosure of any conflict of interest situations
  - Declarations of civil or criminal records (past and current)
  - Character reference checks
  - Corporate searches on bankruptcies, insolvencies, etc. where available
- (c) For third parties prior to entering into contract:
  - There is a policy to obtain at least 3 quotations, unless not practical with reasons properly documented
  - Disclosure of any conflict of interest situations
  - Review track record of third parties, including searches on public databases

## **6. Declaration of Conflict of Interest**

All employees are expected to maximise their full working time and efforts to Company's interests and to avoid any activity which may result in a conflict of interest with the Company's operation.

The Board of Directors are also required to make a declaration of any potential conflicts of interest which may arise due to personal, financial or other reasons. This is done annually or when the conflict situation arises.

## **7. Code of Conduct Signoff**

Alliedbankers rules and regulations cover the following guidelines on:

- Employee Conflict of interest
- Dealing honestly with customers (which include insured, agents, brokers and outside suppliers)
- Providing gifts, entertainment and other business courtesies to any customers
- Acceptance of business courtesies from customers or suppliers for procurement
- Dealing with any government or foreign officials

It is against Company's policy to:

- Give kickbacks to any customers;
- Contribute or donate Company's funds, products, services or other resources for any political cause, party or applicant.

All employees are also required to annually sign their acceptance of the rules and regulations, employee contracts and company's memos to indicate that they have read through the policy and that they understand the behaviour which is expected of an employee of Alliedbankers Insurance Corporation.

## **8. Risk Awareness & Training**

Every employee should have a general awareness of fraud, bribery and corruption and how he or she should respond if such activity is detected or suspected. This could be heightened through a fraud, bribery and corruption awareness training on a regular basis to raise their overall awareness. The training should include:

- A clear definition of the types of behaviour which constitute fraud, bribery and corruption;
- The measures which are currently in place within the company to manage the risks of fraud, bribery and corruption;
- A reminder on the severity of such offences, as well as the consequences if an employee is found guilty of them; and
- An unequivocal statement that such practices will not be tolerated within the Company.

## **9. Detection, Reporting & Investigation**

A developed detection and monitoring system should also be in place to increase the likelihood of detecting fraud, bribery or corruption within the Company. This includes:

- Identifying fraud, bribery and corruption risk indicators for the various areas of business – in the event that an indicator is triggered, a more in-depth investigation and follow-up actions should be taken;
- Post-transactional reviews by personnel unconnected with the business unit in which the transactions were effected; and
- Analysis of management accounting reports to identify suspicious trends.

### **9.1 Reporting Process**

All employees must report all cases of fraud, bribery or corruption or any attempt to cover up such behaviour as soon as it is discovered without delay. These should be reported to their respective appointed Officers, who will then prepare an incident report for submission to the Management.

The incident report should, at the minimum, comprise the following details:

- Date of the incident;
- Name and identification of the alleged offender;
- Relationship between the offender and Alliedbankers.
- Brief description of the offence;
- Estimated amount involved in the offence; and the
- Recommended management action plan.

## **10. Whistle-blowing Policy**

For the purposes of this policy, an incident is reportable if the misconduct by a person (or persons) connected with the Company, which, in the view of the whistleblower acting in good faith, is:

- Misappropriation of company's funds, including premiums collected;
- Receiving kickbacks/money in return for favours from intermediaries, suppliers, consultants, amongst others;
- Giving kickbacks/money to employees of clients, contractors, vendors, etc. in return for business contracts awarded;
- Fraudulently disposing assets of company without proper authorization, including salvage disposals;
- Colluding with others to cheat the company;
- Forging documents or signatures, including those of clients, intermediaries or staff;
- Engaging in illegal activities (including illegal drug use, threatened violence against another person);
- Unethical conduct (including sexual harassment); and
- Any other conduct which may be detrimental to the interests of the Company.

#### **10.1 Executive Management**

- Support and actively promote the reporting of all actual or suspected cases of inappropriate activity
- Provide the necessary support for employees or others who make such valid reports, whether they are subsequently proven true or not; and
- Ensure that the whistleblowing process is effectively implemented which acts as an effective deterrent to cases of inappropriate activity.

#### **10.2 HR/ERM Team**

- Review and update the Whistleblowing Policy annually, or following a material change to the governance structure of the operation; and carry out regular refresher training to all employees on the whistleblowing process outlined in the policy.

#### **10.3 All Employees**

10.3.1 Adhere to the Company's rules and regulations;

10.3.2 Have a due responsibility to protect business assets, including information, goodwill and physical property;

- 10.3.3 Be vigilant for any unusual signs and patterns which may suggest that inappropriate activity is taking place;
- 10.3.4 Undertake regular refresher training conducted by the ERM team, and be familiar with the entire whistleblowing process;
- 10.3.5 Adhere to the whistleblowing process set out in this Policy when reporting any cases of inappropriate activity.

#### **10.4 Basis of Whistle blowing**

All employees have the duty and obligation to report while undertaking duties pertaining to their role. Employees , who come across an incident which they believe is either illegal or contrary to Company's guidelines, including the rules and regulations can report such an incident to management.

All reports or complaints should be made in good faith and with the reasonable belief that inappropriate activity has occurred or may occur in the future.

If the complaint is found to have been made maliciously or in bad faith, the employee who made the report will face appropriate disciplinary action from the Company. This is to avoid any undue injustice to any individual person.

#### **10.5 Whistleblowing procedures**

All employees are required to report actual or suspected cases of inappropriate activity to their respective Department Heads, who will then prepare an incident report for submission to the Executive Management and to the Board of Directors, respectively.

In the case where the employee's Department Head is suspected to be involved in the inappropriate activity itself, the employee shall make a direct report to the President & CEO, who will then prepare an incident report in consultation with him or her for submission to the Board of Directors.

The incident report should include full details of the alleged conduct and any relevant documents.

#### **10.6 Anonymous Reporting**

Employees may also submit a report or complaint anonymously if they so choose through:

- a) Head of HR Department
- b) Head of Risk Management
- c) Executive Officers
- d) Board of Directors

All reports or complaints should be marked “Confidential” or “Private” where possible, and should contain as much factual information as possible as and avoid any mere speculation and guessing.

The anonymous report or complaint should include at a minimum the details of the parties involved, dates or period of time, the type of concern and evidence substantiating the complaint, where possible.

## 11. Escalation and Investigation Procedures

Upon the receipt of an incident report, an investigation will be undertaken. The investigation could be handled by designated persons depending on the case in question as follows:

The key roles and responsibilities of the personnel involved in the investigation procedure are stated below.

- Conduct a proper investigation of the alleged reportable misconduct;
- Handle all related documentation confidentially, taking care not to divulge sensitive information inappropriately;
- Observe the law of natural justice to ensure a fair and reasonable determination of conduct and parties involved in the incident;
- Maintain a file on the incident report with the relevant details and outcome of the investigations; and

## 12. Confidentiality and Protection of Whistleblower

The protection of any employee making a whistleblowing report will be treated in the **strictest confidence** and be dealt with expeditiously in a sensible and sensitive manner.

With the Policy Statement above, no personal disadvantage will occur to any employee who reports an inappropriate activity in which they themselves are not a participant of.

The term “disadvantage” here refers to the dismissal, demotion, discrimination, harassment or prejudice of the employee. It also includes any threats of any such

conduct directly or indirectly, to the employee or any member of the employee's family.

If the employee has any concerns about his or her treatment as a result of making the report or complaint, he or she should contact the Head of HR, Executive Management and the Board of Directors.

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Sgd.

**DR. LUCIO C. TAN**  
Chairman of the Board

**REBECCA B. DELA CRUZ**  
President