



The HMO Subsidiary of Insular Life Assurance Company, Ltd.

## ANTI-FRAUD & ANTI-CORRUPTION POLICY





Makati City, Philippines  
February 2020

Magandang araw!

We at InLife Health Care continue in the pioneering spirit of our parent company, Insular Life (InLife), the first and largest Filipino life insurance company with an unbroken service record of more than a hundred years. Like our parent company, InLife Health Care has an unbroken service record which now spans almost three decades.

Acknowledging that our continued success largely depends on our reputation, our Company is conscientious in adhering with laws and applicable rules and regulations of the industry. Toward this end, this Anti-Fraud Policy is implemented in order to facilitate the development of controls that will aid in the detection and prevention of fraud within our organization. Together with it, an Anti-Corruption Policy is also relevant in order to have a full functioning ethical organization.

It is our aim to promote consistent ethical organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations against fraudulent activities and corrupt practices. Each member of the organization is expected to strictly adhere with this Anti-Fraud and Anti-Corruption Policy as well as with other Company guidelines and rules and regulations.

More than sustaining an organization where we can all be proud to be part of, this is about doing the right thing.

**MARIA NOEMI G. AZURA**  
President and CEO

**Wellness for a Lifetime**

## I. Policy Statement

While the management shall be primarily responsible for the detection and prevention of fraudulent activities, corrupt practices, misappropriations and other irregularities, each member of the Company is expected to strictly adhere with this Anti-Fraud and Anti-Corruption Policy to prevent such acts and practices.

Each member, especially those of the management team, should be familiar with the types of improprieties that might occur within one's area of responsibility and be alert for any indication of irregularity or fraud. Any irregularity that is detected or suspected must be reported immediately in order to avoid or prevent potentially adverse financial and reputational ramifications and to achieve the legitimate business objectives of the Company for the benefit of all its stakeholders.

## II. Scope

This policy applies to fraudulent or irregular activities and corrupt practices, whether actual or reasonably suspected, involving officers, employees, agents, brokers, vendors, contractors, accredited health partners and other entities with business relationship with InLife Health Care, including government agencies.

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

## III. Definition of Fraud

In the broadest sense, fraud can encompass any irregular act, whether for gain or other personal objective, that uses deception as its principal method of operation. More precisely, fraud is defined as *"a knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his/her detriment"*. For the purpose of this Policy, fraud may involve, but is not limited to:

- manipulation, falsification or alteration of records or documents;
- suppression or omission of the effects of transactions from records or documents;
- theft, misappropriation, willful destruction or loss of assets including cash and property;
- deliberate misapplication of accounting or other regulations or policies;
- bribery and corruption;
- usurpation of corporate interests for personal gain;
- payment or receipt of bribes, kickbacks or other inappropriate payments;
- participation in sham or fraudulent transactions.

## IV. Types of Fraud

### Members Fraud

This type of fraud is committed by member-clients. An example of which is making misrepresentation in order to get or benefit from coverage which they are not entitled to under the proper health care agreement.

### Intermediaries/ Agents/ Brokerage Fraud

This type of fraud is committed against the Company by its intermediaries, agents and/or brokers. Most common frauds of this type are forgeries, tampering of proposals and other similar acts.

### Partner/Affiliate/Third-Party Fraud

This type of fraud is committed by InLife Health Care's partners and affiliates such as hospitals, clinics, and/or doctors, and third-party suppliers or contractors. Most

common frauds of this type are padding of receivables or willful deliveries of substandard goods and services.

## Internal Fraud

This type of fraud is committed by officers and employees. Most common frauds of this type are tampering of official Company records and connivance with other persons to commit fraud.

## V. Prevention and Control of Fraud

The management shall advocate and develop a corporate culture of honesty and integrity, establish controls and procedure designed to eliminate the likelihood of fraud and to receive, investigate, report and recommend a remedial course of action with respect to suspected or voiced concerns of fraud or fraudulent behavior. More specifically, the management shall:

- Lead by example in complying with the Company's rules and regulations, including this Anti-Fraud and Anti-Corruption Policy;
- Notify employees of the opportunity and procedure for anonymously reporting wrongdoings and dishonest behavior through an established Whistle-blowing Policy and other available channels of communication;
- Establish a procedure to reduce the potential occurrence of fraud through protective approval, segregation of duties and periodic compliance reviews. For those risk areas of fraud occurrence such as inaccurate financial reporting, exceeded authorization and information systems, the management shall establish necessary internal control activities.

The Audit Committee, through the Compliance Officer, shall be responsible for establishing and maintaining a sound system of internal controls that support the achievement of the Company's aims and objectives.

The system of internal controls shall be designed to respond to the fraud risks that the Company faces or most likely to face. The system of internal controls shall be based on an on-going process designed to identify the principal fraud risks, to evaluate the nature and extent of those risks and to manage them effectively by:

- Establishing appropriate mechanisms for reporting fraud risk issues and significant incidents of fraud;
- Making sure that all employees and staff are aware of this Anti-Fraud Policy and the Whistle-blowing Policy, and they understand what their responsibilities are in relation to combating fraud;
- Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected;
- Ensuring that appropriate legal and/or disciplinary action is taken against perpetrators of fraud;
- Ensuring that appropriate action is taken to minimize the risk of similar fraud incidents occurring in future.

The Internal Audit function shall be responsible for the following:

- Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls commensurate with the extent of the potential exposure or risk in the various activities of the department's operations;
- Ensuring that the management has reviewed its risk exposure and identified the possibility of fraud as a business risk;
- Assisting the management in conducting fraud investigations.

Each employee shall be responsible for the following:

- Acting with propriety in the use of Company property and resources, in the handling and use of funds, and in dealings with suppliers.
- No officer, employee or staff should accept gifts, hospitality or benefits (of any kind and nature) from a third-party which might be considered or seen to compromise one's integrity;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Immediately reporting details of fraudulent acts or corrupt practices through the appropriate channel when one knows or one has reasonable grounds to believe that such activity has been committed, is being committed or is about to be committed.

The Company must observe strict accounting requirements using generally accepted best practices and must develop a system of internal accounting controls including periodic audits. In particular, accounting-related employees must:

- Follow the Company's accounting requirements as set out in the Accounting Manual of Operations;
- Accurately record all transactions even if a transaction possibly violates a law, rule or regulation; provided however that, in case of a reasonable ground to believe that a transaction possibly violates a law, rule or regulation, the employee must immediately inform the Legal Department and the Risk Division.
- Accurately record all payment receipts and requests with sufficient detail to permit full transparency;
- Never agree to requests for false invoices or for payment of expenses that are unusual, excessive, inadequately described, or otherwise raise questions under these guidelines; and
- Never make any payments to anonymous (i.e., "numbered") accounts that are in the name of neither the payee nor an entity known to be controlled by the payee.

## VI. Prohibited Acts

- No employee shall directly or indirectly give, offer, promise, request or approve payment of anything of value or any other advantage to a government official, in order to influence any act or decision in their official capacity for the purpose of obtaining or retaining business, or securing any improper business advantage;
- No employee shall directly or indirectly, give, offer, promise, request or approve payment of anything of value or any other advantage to a third-party supplier or vendor, contractor, or health care partner in order to obtain or retain business or any improper commercial advantage or benefit for the Company;
- No employee shall directly or indirectly, give, offer, promise, request or approve payment in circumstances where they have any reason to suspect that any portion of that payment will be used for any of the purposes described above;
- No employee shall directly or indirectly, receive or agree to receive anything of value or other advantage that may reasonably be regarded as a bribe.

The prohibition on bribery applies to the giving of anything of value, not only money. This includes providing business opportunities, favorable contracts, stock options, gifts and entertainment except as provided hereunder.

## VII. Business Hospitality, Travel Expenses, Meals and Gifts

This Policy allows certain exceptions to the general anti-fraud principles when paying for entertainment, meals, travel-related expenses or gifts for a government official and/or a third-party. Expenses of this kind are permitted if they are of modest value, reasonable, a matter of simple common courtesy under local custom, incidental to conducting legitimate and bona fide business, building business relationships or showing appreciation, and not used with the aim of exerting improper influence, or the expectation of reciprocity, and always provided that any such payment does not contravene the anti-fraud policy of the other party involved.

It is vital to avoid even the appearance of improper conduct with any government official and/or third-party. If in doubt, the employee must seek guidance from the departmental supervisor and avoid making any such payment until clearance is obtained.

### VIII. Recordkeeping and Reporting Requirement

The Company, through the Compliance Officer, shall maintain records of reported fraudulent activities and corrupt practices in reasonable detail and keep the same in a secure storage for future reference.

### IX. Third-Parties and Government Dealings

InLife Health Care abhors making corrupt remuneration of anything of value to any person, including government officers, knowing that all or any portion of the payment will be offered, given or promised for a corrupt purpose. The term “*knowing*” includes conscious disregard, deliberate ignorance and willful blindness. In other words, an employee may violate this Policy if one has “*reason to know*” or “*should have known*” that a payment or monetary consideration would have been for bribery, corruption, or illegal payments.

In determining acts of corruption, bribery, fraudulent, or illegal payments, certain circumstances must be considered as “*red flags*” that would warrant further investigation when selecting or working with a third-party. The following are non-exclusive examples of red flags:

- The transaction involves a party known for corrupt practices;
- The third-party objects to anti-corruption provisions and representations in Partnership agreements;
- The third-party requests unusual contract terms or payment arrangements that raise local law issues, such as a payment in cash, payment in another country’s currency, or payment in a third country;
- The third-party is suggested by a government official, particularly one with discretionary authority over the business at issue;
- The third-party’s commission or fee exceeds fair and reasonable compensation for the work to be performed.

In all cases, whether these red flags are present, an employee must consult and seek endorsement from the Legal Department under the Risk Division before entering into any special arrangement with a third-party.

### X. Due Diligence

The Company shall not enter a relationship with a third-party without conducting an inquiry into such party’s background, qualifications and reputation.

Any issues raised during this due diligence review must be addressed to the satisfaction of the Company prior to entering a relationship. The amount of time and effort required for due diligence shall depend on the number and complexity of issues raised during the review process.

### XI. Confidentiality

The Company shall treat all information received in connection with this Anti-Fraud and Anti-Corruption Policy confidentially.

Any employee who suspects any fraudulent activity or corrupt practice should notify the Compliance Officer or the Head of Internal Audit, as the case may be, through the Whistle-blowing Policy and

should not attempt to personally conduct investigations, interviews and/or interrogations related to any of such suspected fraudulent activity or corrupt practice.

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

## XII. Responsibility of the Investigating Officer

The Compliance Officer or the Head of Internal Audit, as the case may be, shall have the primary responsibility for the investigation of all suspected fraudulent activities or corrupt practices. If the investigation substantiates that fraudulent activities or corrupt practices have occurred, these shall be reported to appropriate designated personnel and, if appropriate, to the Board of Directors through the Audit Committee.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation shall be made with the Company's legal counsel and senior management, as with final decisions on disposition of a case.

## XIII. Authorization for Investigating Suspected Fraud

Members of the Investigation team shall have:

- Free and unrestricted access to all Company records and premises, whether owned or rented.
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

## XIV. Reporting Procedure

Reporting procedure shall be governed by a separate Whistle-blowing Policy.

## XV. Responsive Action

Any employee who breaches this Policy may be subjected to disciplinary action by the Company, up to and including termination of one's employment. Investigations on any breach shall also consider whether there has been any failure of supervision. When this has occurred, appropriate disciplinary action shall also be taken against the supervisor and such other persons who may be found to be responsible through one's acts or omissions.

## VXI. Review of Policy

The Compliance Officer, with the assistance of the Legal Department, shall be responsible for the administration, revision, interpretation, and application of this Policy. Review and revision may be done, as needed, subject to ratification by the Company's Board of Directors.

## XVII. Effectivity

This Policy shall take effect immediately upon approval of the Company's Board of Directors.



