



## MAA General Assurance Phils., Inc

**Subject: ANTI-CORRUPTION POLICY**

**Revision Status :00**

**No. of pages: 5**

**Document Ref.: MAAGAP-CG-PLC-003**

**Effective Date: 6 June 2017**

**Prepared and Endorsed for Approval by:**

*[Signature]*  
**Atty. Lady Lanie C. Esquivel, Manager - Legal & Corporate Compliance**

**Approval by:**

**Board of Directors of MAAGAP  
represented by:**

*[Signature]*  
**Daniel C. Go  
President/CEO**

### 1.0 PURPOSE

This Anti-Corruption Policy, as adopted from the policy plan of its parent company, shall apply to MAA General Assurance Phils., Inc. ("MAAGAP"), its subsidiaries and affiliates, as applicable and intended to:

- mitigate corrupt practices such as, but not limited to, bribery, fraud, extortion, collusion, conflict of interest and money laundering
- encourage employees to report corrupt practices and outlines procedures on how to combat, resist and stop these corrupt practices

### 2.0 TOP-LEVEL COMMITMENT

The Board and the Risk Management Committee sets the tone from top down and is responsible in ensuring that the company practices the highest level of integrity and ethics, complies fully with applicable laws on anti-corruption and effectively manages the key corruption risks of organization.

The main duty of top-level management is to provide assurance to all stakeholders that MAAGAP operates in compliance with its internal Anti-Corruption policies and the law, thereby, spearheads and supports the organization's efforts to constantly improve the effectiveness of its;

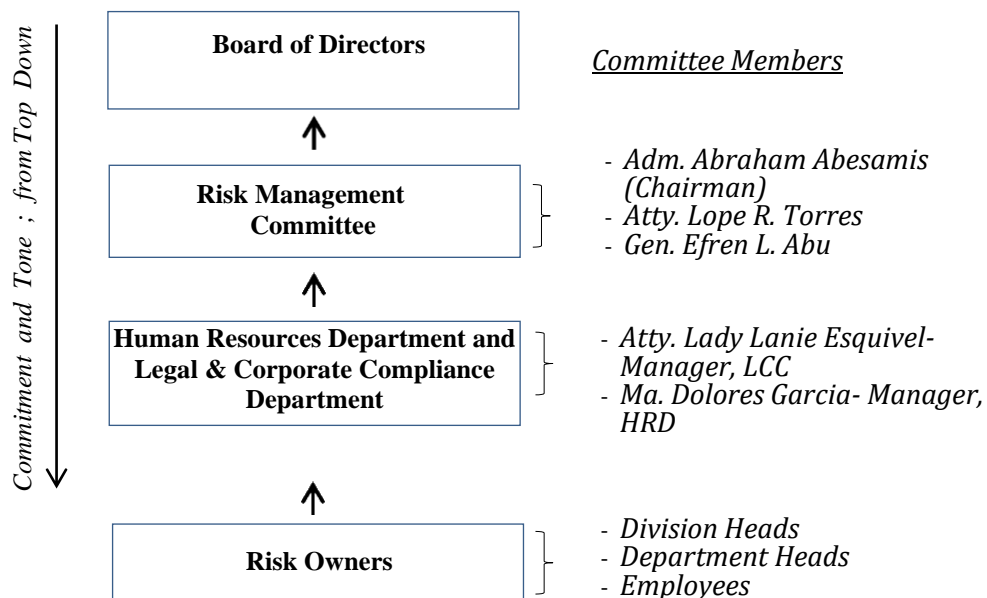
- corruption risks management framework
- internal control procedures
- review and monitoring system
- training and communication

The Board should maintain a sound system of internal control to safeguard shareholders' investment and the company's assets and as such, assume the following responsibilities;

- Identify principal risks and ensure the implementation of systems to manage risks
- Review the adequacy and the integrity of the company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines

The diagram below establishes the current structure of the organization, and helps illustrate the reporting structure of every employee in the fight to eradicate corruption.

*Diagram 1: Reporting Structure*



### 3.0 RISK ASSESSMENT

The Board together with its Risk Management Committee is responsible in supervising and managing the Company's Anti-Corruption efforts. As such, the committee is responsible to conduct corruption risk assessments every 3 years, in fact sooner, if there is a change in the law.

The main element in risk assessment is to establish appropriate processes, systems and controls to mitigate corruptions risks that the organization may be exposed to, in its day-to-day activities and communicate these processes to all employees, and business partners. It has been decided assessment be incorporated into the general risk register of the organization.

Risk Assessments; may include but not limited to the following;

- study opportunities of corruption and fraud in the organization's internal procedures
- search for financial transactions that may be disguised as payments
- question business activities in countries where corruption is known to be high
- ensure compliance of external parties and agents representing the organization
- query relationships with third parties in the organization's supply chain

3.1 Principles of Risk Assessment focus on the following areas of operations;

- Integrity & Reputation
- Strategic & Operations
- Financial & Legal
- Human Resources
- Customers

3.2 Enterprise Risk Management (ERM); ERM is the process of planning, leading, organizing, and

controlling the activities of an organization in order to minimize the effects of risk and corruption on an organization. ERM expands the process to include not just risks associated with accidental losses, but also financial, strategic, operational, and other risks.

Guiding Principles of the ERM focuses on the following;

- Protects Value
- Integral part of the organization's processes
- Part of decision making
- Addresses uncertainty
- Systematic, structured and timely
- Based on best available information
- Takes human and cultural factors into account
- Transparent and inclusive
- Dynamic, Interactive and responsive to change
- Facilitates continuous improvement

3.3 Risk Identification; risks are segregated into two main types

- Inherent risks
- Controllable risks

3.4 Risk Analysis; the four (4) steps processes in risk analysis are;

- Step 1 - Analyze Gross Risk rating
- Step 2 - Analyze existing Control Effectiveness
- Step 3 - Decide on Net Risk Rating
- Step 4 - Determine Level of Risk

3.5 Risk Evaluation; risk evaluation is the rating of a risk based on the probability of the risk occurring and the severity impact of that risk. Once risks have been identified, an analysis of possible impact and probability of occurrence will be made using parameters that will enable the development of a corporate risk profile

To this extent, Key Risk Indicators (KRIs) are developed by Risk Owners (i.e., Division and Department Heads) for risk monitoring purposes as they are fundamental and objective measures of key risk across the organization.

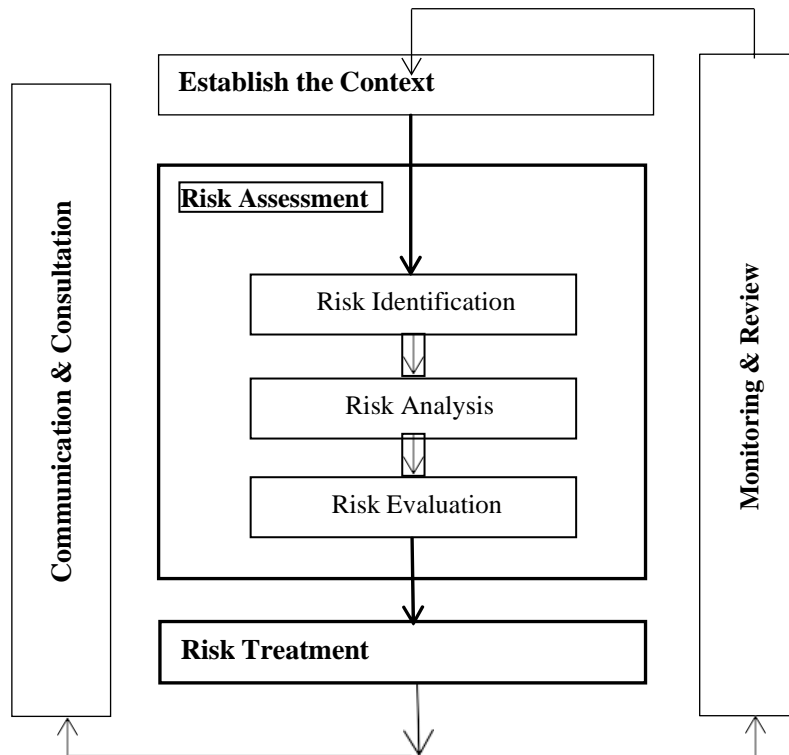
KRIs should be properly defined and include the relevant thresholds. The KRIs will eventually form part of the Risk Owners' performance assessment and where possible, such performance assessment be cascaded down to other key employees.

3.6 Risk Treatment; Risk treatment is the process of formulating, selecting and implementing control measures to modify the risk according to the department's/subsidiary's risk appetite.

It can be of the following four options:

1. Tolerate – risk is accepted and controls are sufficient
2. Treat – risk is accepted but controls are required to minimize risk
3. Transfer – risk is accepted but function is to be outsourced
4. Terminate – risk is unaccepted and must be terminated

Diagram 2: ERM processes



## 4 BASE POLICIES

### 4.1 Anti-Corruption Policy Statement

MAA General Assurance Phils., Inc. (MAAGAP) and its subsidiaries are fully committed to eradicating corruption. The company maintains a strict, zero tolerance position against corruption, bribery or any kind of abuse of power. We expect our directors, senior officers, employees and business partners to operate in full compliance with the company's Anti-Corruption policy, with the highest standard of ethical conduct, integrity and professionalism. No member of the group should ever assume that the company's interest takes precedence over this belief.

### 4.2 Code of Conduct and Ethics

MAAGAP's Code of Conduct and Ethics is a set of prescribed values and principles by which MAAGAP is committed to. It is designed to provide a frame of reference against which to measure all activities. All of us play an important role in establishing, maintaining and enhancing the reputation and brand of the organization.

It is obligatory that all directors, senior officers and employees display the highest level of character, ethics and professionalism in all aspects of their work, and in doing so, act in the best interest of the organization, guided by the following positive attributes and principles;

- a. Honor & Selflessness
- b. Integrity & Honesty
- c. Objectivity & Reliability
- d. Morality & Fair Dealing
- e. Discretion & Confidentiality

#### f. Respect & Decency

The full version of the organization's Code of Conduct and Ethics is available in the company's website.

Upon employment, employees are issued with the organization's Code of Conduct and Ethics as well as this policy on anti-corruption. Employees are required to read and sign an Employee Personal Affirmation Form; not only to confirm his understanding of this Code of Conduct and Ethics and this policy, but also, his full observation of the various other policies practiced in the organization.

#### 4.3 Conflict of Interest

A Conflict of Interest arises when an employee has a personal interest sufficient to appear to influence the objective exercise of his official duties; some of which may be, but not limited to;

- Self-interest dealings with business partners, agents, suppliers and customers
- Unauthorized commissions from sale of products or services offered by the Group
- Awarding contracts to family members, relatives or personal friends
- Involved in part-time employment outside of his work hours without approval
- Any employee (other than a board member), holding the position as company director (except unless for a non-profit, public service, social welfare or charitable organization)

None of the above is regarded as allowable or acceptable conduct.

Directors, senior officers and employees are expected to avoid any actual or apparent conflict between their personal interest and that of the organization.

A full version of the organization's policy on Conflict of Interest is available in the company's public folder; issued by Group HR. It should be read alongside its policy on Code of Conduct and Ethics.

Employees are reminded to complete a Conflict of Interest Disclosure Form (Appendix 3) should they ever feel that in carrying out their duties and responsibilities, they may be exposed to such conflicts.

#### 4.4 Gifts

MAAGAP sanction a "No Gift" policy to the receiving or giving of gifts from any business partners or third party who has any direct or indirect official relationship with the group.

However, the organization recognize that the gesture of receiving or giving small inexpensive mementos for officiating events or delivering a public talk is a form of sincere appreciation; therefore, inexpensive items such as plaques, pennants, handicraft or printed materials are allowed. Under no circumstance, should the acceptance or giving of any gift compromise the values, position and image of the organization. There must not be any expectation of special favors or improper advantages from the accepting or giving of gifts.

#### 4.5 Entertainment

Hosting and accepting a meal is allowed, but in no way must the meal be that of an extravagant affair and in no way must the meal be an enticement for favors.

The intent matters; and lavish, extravagant meals, entertainment such as karaoke sessions, concert tickets, travel tickets, hospitality vouchers, etc. are considered as bribes.

Managers whose jobs come with entertainment allowances and therefore, entertain business partners and associates on a regular basis are advised to exercise strong moral judgement in this area and be mindful of the stipulations allowed by the MAAGAP in accepting invitations or hosting.

#### 4.6 CSR, Donations & Corporate Sponsorships

Donations to charitable foundations and corporate sponsorships to private companies are allowed with the approval of the President or Chief Executive Officer.

Donations and sponsorships of this nature must be within the law to ensure there is no corrupt or criminal intent involved and irrespective of the amount, all donations and sponsorships must be recorded in the organization's accounting books for transparency.

#### 4.7 Political Donations

MAAGAP's policy is to abstain from making any donations to political candidates and political parties.

In rare instances, where the law permits, written approval must be obtained from the Board of Directors for these kinds of donations. Employees making any such donations without the approval of the Board, are deemed to be acting in their own personal capacity and not on behalf of MAAGAP.

#### 4.8 Facilitation Payments

Facilitation payment is a payment made to an official to facilitate approval of some type of business transaction or activity. In some countries, this is disguised as unofficial fees rather than bribes, but most countries do not subscribe to this distinction.

As an employee of the organization, any type of facilitation payment or commissions is strictly prohibited. Employees are forbidden from proposing, offering or receiving anything of this nature. Employees are further advised, any payment received in cash or kind from any unknown person(s) must be reported to the Human Resources Department.

#### 4.9 Business Partners & Third-Party Agencies

Under various business agreements or joint ventures, a company or an individual may be eligible for payment acting on behalf of the organization; such as, an agent, an intermediary, contractor or consultant.

Such business relations must be clearly spelt out in an official, legally bound Contract for Service and subjected to terms and conditions, legal stamping, procedures and deliverables required of the parties involved.

All business associates, in doing or planning to enter into business transactions with MAAGAP will be made aware of the Anti-Corruption policy practiced by the company and its subsidiaries.

#### 4.10 Approvals, Permits, Licenses & Inspections

No employee is to make any payment or give any advantage to government officials beyond what is required by law to obtain a permit, license or any other necessary approval. Instead, employees are advised to solve these challenges pro-actively by allocating sufficient time to obtain such approvals. Seek advice from the Anti-Corruption Managing Committee or the Human Resources Department on the nextcourse of action.

Similarly, no employee is to make payments or give any advantage to government officials in order to avoid any inspection, influence any report or to avoid any fine. Employees are advised to look out for local officials who just happen to appear without any reason or justification at the work place for impulsive inspections, requesting a 'fee' for a 'perfect' report.

#### 4.11 Procurement

MAAGAP adheres to a series of strict Internal Control Procedures (ICP) on supplier selection. Depending on the amount of the business outlay, different variations of quotes are required from different suppliers, vendors and companies for a transparent, final decision.

#### 4.12 Recruitment

MAAGAP's HRD must ensure there is no Conflict of Interest exists in the hiring of any candidate. The recruitment of directors, senior officials and employees for the organization will be fair, non-discriminatory and impartial.

Due diligence and background checks (i.e. former employer check, CTOS and CCRIS) must be conducted to identify prior convictions and credit reports before employment starts.

A more detailed and comprehensive background check (e.g. police vetting) must be conducted for senior management positions, especially those tasked with decision making obligations, those dealing with government officials and in finance.

During an interview, HRD must look out for red flags, occurrences such as;

- Inability of the candidate to open a bank account for salary crediting
- Candidate's request for unusual method of payment for wages
- Any strange reluctance to provide full personal and family information in forms
- Signs of unwillingness and reluctance to sign a contract. The hiring of such individuals is prohibited.

#### 4.13 Red Flags

Detection and prevention are paramount to eradicating corruption. To assist employees in the recognition of corrupt behaviors, the following may be considered as red flags;

MAA General Assurance Phils., Inc.	Revision Status: 00
Document Ref: MAAGAP-CG-PLC-001	Effective Date: 6 June 2017

- Abuse in decision making process
- Payments to off-shore accounts
- Invoices in excess of contractual or agreed amount
- Use of agent with poor reputation and with links to a foreign government
- Unusual bonuses paid out to with little or no supporting documentation
- Payments without the official paperwork and non-compliance with internal ICPs
- Unexplained preferences to certain business associates, suppliers and contractors
- Large payment and commissions where an agent does not seem to be providing any service

Employees are advised to be sensitive and alert to other indicators and report any suspicious behavior to the Anti-Corruption Managing Committee or the HRD for further investigation.

#### 4.14 Whistleblowing & Reporting of Corruption

MAAGAP have always had, and practiced a whistle-blowing policy that provides whistle blowers an avenue for the reporting of malpractices, abuses and mismanagement. This full policy is available in the Legal Department's filing.

Employees must at all times, comply with MAAGAP's Anti-Corruption policy and report any suspected acts of corruption to the organization's Risk Committee or the Anti- Corruption Managing Committee who will treat all complaints, confidential and private.

The Risk Committee is the primary investigator that will conduct an immediate initial investigation to determine if the report is genuine, document initial findings and report these findings to the main board for the organization's next course of action and onward reporting to Legal Department, as required by law.

The Board and the Risk Committee guarantees, that no whistle blower will be discriminated against, suffer any consequences or experience retaliation if he is to raise genuine concerns in good faith, for the good of the organization.

However, making false claims against a colleague based on unfounded information and hearsay is a very serious matter and action will be taken against him for malicious false allegation and abuse of the whistle blowing policy itself.

To make a report directly with the Legal Department, the contact details are;

By telephone: 8867-2452 Loc. 212

Email: [lanie.esquivel@maa.com.ph](mailto:lanie.esquivel@maa.com.ph) cc. [clarence.casipe@maa.com.ph](mailto:clarence.casipe@maa.com.ph)

#### 4.15 Record Keeping

Proper Documentation and record keeping is vital to the organization, especially during an audit. Apart from the forms used in the organization's day-to-day operations, the following declaration forms in line with this policy will be distributed and acknowledged by all employees for compliance purposes;





MAA General Assurance Phils., Inc.	Revision Status: 00
Document Ref: MAAGAP-CG-PLC-001	Effective Date: 6 June 2017

- Commitment Pledge
- Understanding the Code of Conduct & Ethics
- Conflict of Interest Disclosure Form
- Gift Declaration Form

External business associates, third party agencies, agents, suppliers etc. will also be made to sign to declare his understanding of MAAGAP's Anti-Corruption policy.

#### 4.16 Financial Controls

All of HR and Accounting & Finance ICPs are made available in HR and Legal Department's public folder for employee's reference and observance. All ICPs, under the jurisdiction of MAAGAP's HR and Accounting & Finance are constantly reviewed and enforced within the organization;

Employees are reminded to read these ICPs from time to time to ensure compliance throughout their employment with MAAGAP.

Internal Audit on various departments and Interim & Quarterly financial reporting are also conducted to ensure the organization comply with the laws and regulation of the country.

#### 4.17 Non-Financial Controls

Every department will operate with a set of guidelines involving their area of responsibilities.

As such, each and every department must have the following three (3) articles carefully drafted, approved by management and prominently displayed;

- Standard Operating Procedure (SOP)
- Work Instructions
- Underwriting and Claims Guidelines

## **5.0 SYSTEMATIC REVIEW, MONITORING AND ENFORCEMENT**

### 5.1 Review of Policy

The Board with the assistance of the Risk Management Committee will review this policy on a yearly basis to assess the effectiveness of the policy in the organization's overall Anti-Corruption efforts.

### 5.2 Monitoring of Policy

The Human Resources Department and Legal & Corporate Compliance Department will monitor and enforce this policy with the assistance of all Division and Department Heads.

### 5.3 Enforcement of Policy



MAA General Assurance Phils., Inc.	Revision Status: 00
Document Ref: MAAGAP-CG-PLC-001	Effective Date: 6 June 2017

The Board with the assistance of HR will conduct disciplinary proceedings against employees who fail to comply or found to be non-compliant with this policy or any other policy issued by the organization.

#### 5.4 Compliance with the Policy

As employees of MAAGAP, you are bound to the policies, procedures, rules and regulations of the organization. Severe consequences will arise from failure to adhere or comply with any of the organization's policies.

#### 5.5 Non-Compliance

Violation of the organization's Anti-Corruption policy constitutes a criminal offence, and the organization is duty bound to report the matter to the authorities.

