

ANTI-FRAUD POLICY

Version 4.0

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TABLE OF CONTENTS

1.0	INTRODUCTION	1
2.0	OBJECTIVE, SCOPE & RESPONSIBILITIES	1
3.0	AMB GROUP FRAUD POLICY	1
4.0	DEFINITION OF FRAUD.....	1
5.0	ANTI-FRAUD GOVERNANCE AT AMB GROUP	2
5.1	Board of Directors.....	2
5.2	Audit Committee	2
5.3	Senior Management.....	2
5.4	Employees.....	2
5.5	Integrity Committee.....	2
5.6	Anti-Fraud Coordinator (Internal Fraud)	3
5.7	Claims Fraud Manager	3
5.8	Underwriting Fraud Manager	3
5.9	Protection and Resilience	3
6.0	FRAUD AWARENESS AND TRAINING.....	3
7.0	FRAUD RISK ASSESSMENT.....	3
8.0	FRAUD DETECTION.....	4
9.0	FRAUD INVESTIGATION	4
10.0	REPORTING	4
11.0	MONITORING	5
12.0	AUDITING.....	5
	APPENDIX 1: RESPONSIBILITIES FOR ANTI-FRAUD COORDINATOR AND FRAUD MANAGERS .	6

Definition of Terms

- Business Partners** : include all agents, representatives, consultants, distributors, counsels, brokers, vendors, joint venture partners or outsourcing partners or other third parties seeking future business with Allianz.
- Corruption:** : activity that involves the abuse of position or power for an improper personal or business advantage, the term covers both Corruption in the public or private sectors and active (paying) or passive (receiving) Corruption.
- Employee** : includes all employees, directors and officers at all levels of the AMB Group.
- Management Override** : management overruling of prescribed policies and procedures for illegitimate purposes with the intent of personal gain or enhanced presentation of an entity's financial condition or compliance status.
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1.0 INTRODUCTION

- 1.1 The insurance activities of Allianz Malaysia Berhad (“AMB”) and its subsidiaries, Allianz Life Insurance Malaysia Berhad (“ALIM”) and Allianz General Insurance Company (Malaysia) Berhad (“AGIC”) (collectively called “AMB Group”) is based upon trust. Our customers, shareholders, employees and public expect integrity in every conduct and activity of the AMB Group. Therefore, it is vital that the AMB Group strives to maintain the highest possible ethical standards and seeks to avoid any impropriety and fraud in the actions of its management, employees and sales force.

2.0 OBJECTIVE, SCOPE & RESPONSIBILITIES

- 2.1 This Anti-Fraud Policy (“Policy”) sets out AMB Group’s minimum standards relating to fraud prevention, detection and response. It applies to all divisions, departments, branches and employees of the AMB Group.
- 2.2 This Policy is based on the Allianz Standard for Anti-Financial Crime Compliance.

3.0 AMB GROUP FRAUD POLICY

- 3.1 The AMB Group does not tolerate any attempt to commit fraud and considers this a serious offence. This principle is absolute and of a primary nature. This principle applies regardless whether AMB Group itself or any other internal party (such as an Employee, tied agent, intermediary and/or any third parties acting on behalf of AMB Group) benefits from the fraud. AMB Group will take appropriate actions to protect itself and third parties from losses due to fraud. This includes taking prompt action against Employees, others acting on behalf of AMB Group as well as third parties who may be perpetrating fraud against AMB Group. It also includes appropriately protecting customer and third-party data in order to help prevent fraud against those parties.

- 3.2 Code of Conduct

The AMB Group had adopted the Allianz Group Code of Conduct. The Code promulgates principles to deal with fair business conduct, acceptance of gifts, conflict of interest, protection of company property and ethical business conduct – all of which encourage a culture of compliance at the AMB Group.

4.0 DEFINITION OF FRAUD

Fraud means any intentionally committed deceptive act or omission for the purpose of obtaining an illegitimate or unlawful benefit or advantage for the perpetrator or a third party, which jeopardizes the material or immaterial assets of the Allianz Group or of a third party. The following types of fraud are included in the definition:

- 4.1 Internal Fraud

Any fraud committed by an AMB Group Employee, a person acting on behalf of AMB Group and/or a person acting under the direct supervision of AMB Group, such as an external consultant or working student.

- 4.2 Collusion

A type of internal fraud involving the participation of an AMB Group Employee along with one or more external parties.

- 4.3 External Fraud

Defined as any theft of assets or information, hacking or forgery executed by an external party without the assistance of an internal party, such as an AMB Group Employee or tied agent.

4.4 System Security Fraud

Unauthorized access to AMB Group's data files for profit or illegitimate purposes.

4.5 Underwriting Fraud

Misstatement, misrepresentation or non-disclosure of information at the point of sale or at renewal, which is intended to result in AMB Group paying out monies it would not otherwise have or receiving less money than it should for the risk presented.

4.6 Claims Fraud

Acts, omissions or the false statements made with the objective of obtaining a benefit from or evading a liability to AMB Group or its entities under an insurance contract.

5.0 ANTI-FRAUD GOVERNANCE AT AMB GROUP

5.1 Board of Directors

The Board of Directors of the AMB Group ("Board") is responsible to ensure and have oversight over an adequate Anti-Fraud Governance at the AMB Group.

The Board ensures that roles and responsibilities are applied and that an Integrity Committee, is implemented. Furthermore, Board has nominated a contact person for the following functions: Anti-Fraud Coordinator, Protection and Resilience (for External Fraud and System Security Fraud), Underwriting Fraud Manager and Claims Fraud Manager.

5.2 Audit Committee

The Audit Committee of AMB is responsible to review the findings and reports of fraud cases from the Integrity Committee; and approve the pertinent recommended action items including the closure of the cases.

5.3 Senior Management

The Senior Management is responsible for setting the tone at the top for Anti-Fraud and cascading down the message to all employees of the AMB Group. Senior Management plays a role model for employees by demonstrating commitment to integrity and high ethical values through their attitudes and actions. Management is also responsible for implementing an effective Anti-Fraud Policy and Anti-Fraud Best Practices including establishing the appropriate internal controls in the Company to prevent and detect fraud.

5.4 Employees

Every employee at the AMB Group is responsible for:

- Maintaining vigilance towards preventing and detecting fraud (whether perpetrated internally or externally) and misconduct (perpetrated internally);
- Mitigating fraud risks;
- Ensuring AMB Group's assets, reputation, resources and information are properly protected;
- Reading, understanding and complying with AMB Group's policies and procedures; and
- Bringing risks, potential breaches of procedure, and suspected fraud to the attention of the Management.

5.5 Integrity Committee

The Integrity Committee has the role of coordinating the AMB Group's activities concerning fraud prevention, detection and response; and the handling of whistleblowing complaints. The Committee's detailed objectives are contained in its Terms of Reference which has been documented.

5.6 Anti-Fraud Coordinator (Internal Fraud)

The Anti-Fraud is the main point of contact for Internal Fraud related issues and oversees the design, implementation and enforcement of the Anti-Fraud Program and efforts at AMB Group. The Anti-Fraud Coordinator's detailed responsibilities are as listed in Appendix 1.

5.7 Claims Fraud Manager

The Claims Fraud Manager is responsible for coordinating the prevention and detection of claims fraud and ensuring the delivery of superior services in fraud identification within claims procedures and handling of fraudulent claims. This role also acts as a key point of contact for all aspects of Claims Fraud and is in exchange with the Anti-Fraud Coordinator for Internal Fraud related matters. The Claims Fraud Manager's detailed responsibilities are as listed in Appendix 1.

5.8 Underwriting Fraud Manager

The Underwriting Fraud Manager is responsible for coordinating the AMB Group's activities concerning the prevention, detection and management of Underwriting Fraud in the underwriting process. This role also acts as a key point of contact for all aspects of Underwriting Fraud and is in exchange with the Anti-Fraud Coordinator for Internal Fraud related matters. His/her detailed responsibilities are listed in Appendix 1.

5.9 Protection and Resilience

The Protection and Resilience department of at AMB Group is responsible for implementing procedures for preventing, detecting, investigating External Fraud and System Security Fraud including the identification and reporting of such matters based on the Allianz Group's Protection and Resilience Standard and Functional Rules. Protection and Resilience is not responsible for managing Underwriting and Claims Fraud.

6.0 FRAUD AWARENESS AND TRAINING

- 6.1 In order to create and maintain an effective fraud awareness culture and environment, the Anti-Fraud Coordinator, Claims & Underwriting Fraud Managers and Protection and Resilience Department shall design an appropriate and comprehensive fraud training programme for the AMB Group employees. Fraud training should be held for employees periodically in order to inculcate a high level of fraud awareness of the AMB Group's policy of zero tolerance for Fraud.
- 6.2 Besides training, the Anti-Fraud Coordinator, Claims & Underwriting Fraud Managers, Protection and Resilience Department should also utilise formal communication channels in the Group to disseminate anti-fraud messages to the relevant employees.
- 6.3 Employees should be made aware of the systems or channels through which they can raise Fraud related concerns or compliance failures related to the requirements of this Standard. This may be via the internal whistleblowing tool or via other channels as described in this Policy.

7.0 FRAUD RISK ASSESSMENT

- 7.1 In order to manage Fraud risks, there must be a process of identifying and assessing the AMB Group's exposure to Fraud risks. Fraud risks vary and depend upon the business environment, the structure of the organisation and its internal processes.
- 7.2 When assessing fraud risks the following should be considered:
 - Possible exposure or value-at-risk within a process;
 - State of the implemented controls;
 - Vulnerability of a process to management override and potential schemes to circumvent

- existing controls;
- Potential for fraudulent financial reporting, misappropriation of assets and unauthorised or improper receipts and expenditures; and
- Motives and possible schemes.

7.3 For the purpose of determining Fraud exposure levels at the AMB Group, the Anti-Fraud Coordinator shall conduct an annual identification and assessment exercise to ascertain the inherent risks and residual risks arising from Fraud. Based on the risk assessment performed, appropriate internal controls must be instituted in the AMB Group to effectively prevent and detect Fraud. These internal controls include but are not limited to:

- Code of Conduct and Whistleblowing channel;
- Safeguarding of assets – controls should be established for restricting physical and system access to authorised employees;
- Segregation of Duties – a fundamental element of internal control is segregation of duties. A proper segregation of duties deters employees from being able to both create and conceal errors or fraud in the normal course of their duties;
- “Four-eyes” Principle – security precaution that requires at least two employees to approve certain activities;
- Approvals, Authorisations, and Verifications (Preventive) - Management should authorise employees to perform certain activities and to execute certain transactions within limited parameters. In addition, Management should specify those activities or transactions that need supervisory approval before they are performed or executed by employees. A supervisor’s approval (manual or system-enabled) implies that he or she has verified and validated that the activity or transaction conforms to established policies and procedures;
- Reconciliations (Detective) - reconciliation is a comparison of different sets of data to one another, identifying and investigating differences, and taking corrective action, when necessary, to resolve differences. Reconciling monthly financial reports from the Accounting Department (e.g., Statement of Accounts, Ledger Sheets, etc.) to file copies of supporting documentation or departmental accounting records is an example of reconciling one set of data to another;
- Employee and agent background checks; and
- Tender offer procedures (Procurement process).
- Quality assurance processes for customer communication – To document process for the review, approval and regularly monitoring of Information to Customer.

8.0 FRAUD DETECTION

8.1 Detective controls constitute strong deterrents against fraudulent behavior. They include for example effective reporting procedures, internal controls/processes and Proactive Data Analysis. Proactive Data Analysis is the automated testing of a large number of transactions by applying a certain set of rules or criteria that are known to identify control weaknesses that can be exploited (e.g. double payments). Fraud detection techniques should be applied within the confines of local laws and regulations.

9.0 FRAUD INVESTIGATION

9.1 Escalated incidents of Fraud should be investigated diligently and in a timely manner. The Anti-Fraud Coordinator will play the role to coordinate and where applicable, perform fraud investigations in the AMB Group. He/she should follow the investigation process and procedures as stipulated in the AMB Group Internal Investigation Protocol.

10.0 REPORTING

10.1 All employees have the obligation to report any suspicions on Fraud. The channels that are available for an employee to report Fraud are:

- i) Trusted direct manager; or
- ii) Compliance Department where employee suspects the Fraud involves his/her immediate manager;

or

- iii) Anonymous AMB Group Compliance Officer email : compliance.officer@allianz.com.my; or
- iv) AZAP Compliance e-mail: azapcompliance@allianz.com.sg; or
- v) AZAP Compliance portal: [Allianz Asia Legal & Compliance | Allianz Connect](#); or
- vi) Group Compliance e-mail: compliance@allianz.com; or
- vii) Group Compliance portal: [Group Compliance | Allianz Connect](#); or
- viii) Group Speakup@Allianz: [SpeakUp@Allianz tool in English](#).

10.2 Employee reported Fraud cases must be reported to the Integrity Committee, the Audit Committee and to Group Compliance in accordance prescribed reporting rules, by the Anti-Fraud Coordinator.

10.3 In terms of regulatory reporting, it is a requirement to report all detected fraud to Bank Negara Malaysia (“BNM”) through the Operational Risk Integrated Online Network (“ORION”) system. Such reporting is prescribed in the BNM’s Guidelines on Operating Risk Reporting Requirement – ORION.

11.0 MONITORING

11.1 Management is responsible to assess whether the implemented anti-fraud controls are sufficient and effective. In cases of changes to organisational structures and processes, fraud risk should be re-evaluated to determine whether the existing internal controls are still sufficient to address these risks. An important part of the regular supervisory activities of Management is the evaluation of whether implemented anti-fraud controls are effective.

11.2 Activities that help to ensure this include:

- regular monitoring of the performance of implemented controls;
- regular re-assessing of possible risks and implemented controls;
- discussing with appropriate parties (those charged with governance, Head of Human Resources, In-House Legal Counsel and Anti-Fraud Coordinator) of instances of possible or actual policy violations or abuses of anti-fraud programs and controls; and
- review of a summary of reported instances or concerns of misconduct or unethical behavior, including questionable accounting matters.

11.3 If an internal control is ineffective or insufficient, Management intervention is necessary to correct the deviation.

12.0 AUDITING

12.1 Internal Audit Department has the responsibility to review the adherence to this Policy by conducting periodic audits on the AMB Group’s Anti-Fraud Governance, Programme and Standards.

APPENDIX 1: RESPONSIBILITIES FOR ANTI-FRAUD COORDINATOR AND FRAUD MANAGERS

Anti- Fraud Coordinator (“AFC”)

The main responsibilities of the AFC include:

- Create and maintain Anti-Fraud Program for AMB Group (e.g. local policies and communication)
- Drive the establishment of an Anti-Fraud infrastructure through definition of role and functions, cross departmental agreements and the implementation of governance.
- Perform an annual Fraud Risk Assessment. The AFC should also coordinate with AMB Group’s risk function in the performance of the Fraud risk assessments.
- Design and provide training for Fraud awareness
- Coordinate, perform or at least be made aware of Fraud Investigations, including the monitoring of the handling of the external Fraud by appointed business units in order to be vigilant over possible suspicions of collusions.
- Act as a key contact point and develop relevant internal and external relationships with Underwriting Fraud Managers, Claims Fraud Managers, Anti-Money Laundering Officers (“AMLOs”), private organizations, law enforcement agencies and insurance industry bodies.
- Perform Fraud reporting within AMB Group and to Allianz Group.

Claims Fraud Manager (“CFM”)

The main responsibilities of the CFM include:

- The area of Fraudulent claims, including the provision of technical and behavioral leadership to claims handlers, team Fraud specialists and Fraud specialists.
- Develop and implement strategies and actions to prevent Fraud, both internally (with the AFC and Underwriting Fraud Manager) and externally.
- Ensure compliance with Best Practice and local Fraud management guidelines.
- Conduct regular performance evaluations and ensure improvement actions are taken to close individual Fraud specialist performance gaps (based on open file reviews)
- Analyse closed file review results and ensure improvement actions are taken to close team performance gaps.
- Ensure fraud indicators are current and relevant.
- Support and develop Claims Fraud identification through IT based data analytics (internal or external tools)
- Act as a key contact point and develop relevant internal and external relationships with AFC, Underwriting Fraud Manager, Global Claims, AMLOs, private organizations, law enforcement agencies and insurance industry bodies.
- Ensure ongoing training and best in class know how regarding fraudulent claims within the organization.

Underwriting Fraud Manager (“UFM”)

The main responsibilities of the UFM include:

- Engage relevant stakeholders to develop and maintain an underwriting Fraud strategy with clear objectives and targets.
- Engage relevant stakeholders to review the underwriting process, policy wordings and product designs for Fraud weaknesses and take necessary corrective actions.
- Support and develop underwriting Fraud identification, reporting and measuring through IT based data analytics (internal or external tools).
- Ensure underwriting Fraud indicators are current and relevant.
- Ensure ongoing training and best in class know how regarding underwriting Fraud within the organization.

- Act as a key contact point and develop relevant internal and external relationships with AFCs, Underwriting, CFMs, AMLOs, private organizations, law enforcement agencies and insurance industry bodies.

Protection and Resilience Department (“PRD”)

The main responsibilities of the PRD include:

- Ensure procedures for managing external fraud cases and other misconduct related issues caused by external parties with clear responsibilities implemented.
- Handle incidents - Identify, investigate and report all external fraud and System Security cases.
- To setup and foster an internal and external network regarding criminal acts as well as to steer and/or handle inquiries by the authorities regarding criminal acts related to AMB Group.

Document Information:

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Author(s):	Patrick Lim/ Derrick Lim / Manogari Murugiah
Area of Application:	Allianz Malaysia Berhad Allianz Life Insurance Malaysia Berhad Allianz General Insurance Company (Malaysia) Berhad

Amendments & Updates:

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1.0	29 September 2009	New document	Charles Ong / Mok Kian Tong
2.0	17 May 2013	Amended to align with Group Compliance's new Anti-Fraud Policy	Patrick Lim/ Derrick Lim / Manogari Murugiah
3.0	May 2015	Amended to : i) insert paragraph on role of Audit Committee in section 5; ii) Amendments to the fraud reporting channels in paragraph 10.1 – inclusion of AZAP and Group reporting email; and iii) Correction to the AZAP Compliance Portal web's Uniform Resource Identifier (URL) in paragraph 10.1.	Patrick Lim/ Malathi Muniandy
3.1	25 April 2022	Update latest reporting violations channel of AZAP and Group (minor editorial changes) under paragraph 10.1	Compliance
4.0	23 November 2022	Amended to align with Allianz Group Standard for Ant-Financial Crime Compliance Policy and Allianz Functional Rule for Anti-Financial Crime Compliance	Compliance