



# PHINMA Anti-Fraud Policy

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## GENERAL POLICY STATEMENT

Guided by a firm, unequivocal commitment to Integrity as one of its Core Values, PHINMA maintains a “zero tolerance” policy towards fraud and takes all appropriate measures to prevent and detect fraud. As such, all employees, shareholders, directors, officers, consultants, vendors, contractors and other outside agencies doing business with PHINMA are prohibited from engaging or participating in fraudulent activities and are expected to report any suspected case of fraud to the appropriate designated personnel.

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## PURPOSE

This Anti-Fraud Policy forms part of the PHINMA Integrity Assurance Program and sets out to achieve the following:

- <sup>35</sup><sub>17</sub> Promote a transparent, ethical and anti-fraud culture within the organization by declaring PHINMA’s “zero tolerance” policy towards fraud
- <sup>35</sup><sub>17</sub> Define the responsibilities for preventing, detecting, reporting and investigating fraud
- <sup>35</sup><sub>17</sub> Identify the procedures to be followed in the event of fraud being detected or suspected

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## SCOPE

This policy applies to any fraud, or suspected fraud, whether it is completed, ongoing or attempted, involving employees, as well as officers, directors, shareholders, consultants, vendors, contractors, or outside agencies doing business with PHINMA.

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## DEFINITION

- ❖ The terms “**Fraud**” and “**Fraudulent Activity**” encompass a wide range of illegal activities, misconduct or irregularities characterized by intentional, false representation or concealment of a material fact for the purpose of gaining a benefit and injuring another. This policy will also refer to certain actions as Fraud, though these may also be legally defined and/or more commonly known as Corruption.

- ❖ **PHINMA** is an encompassing term that is used throughout the policy to describe the member companies under the PHINMA Group.

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## RESPONSIBILITIES

### *Audit Committee*

- <sup>35</sup><sub>17</sub> Approves the PHINMA Fraud Policy
- <sup>35</sup><sub>17</sub> Performs oversight on:
  - Implementation of this policy,
  - Management's actions to prevent and detect fraud
  - Fraud investigations

### *Management*

- <sup>35</sup><sub>17</sub> Ensures effective and efficient implementation of this policy
- <sup>35</sup><sub>17</sub> Primarily responsible for the prevention and detection of fraud by ensuring that adequate internal controls exist within their areas of responsibility, and that these controls continue to operate effectively.
- <sup>35</sup><sub>17</sub> Informs the Integrity Officer of any reported fraud

### *Integrity Officer*

- <sup>35</sup><sub>17</sub> Receives, evaluates and, if necessary, initiates the investigation of suspected fraudulent activities
- <sup>35</sup><sub>17</sub> Periodically report to the Audit Committee the significant fraud reports received, status of investigations performed and outcomes reached

### *Internal Audit*

- <sup>35</sup><sub>17</sub> Assist the Integrity Officer in the conduct of investigations, as required
- <sup>35</sup><sub>17</sub> Provide advice and assistance on risk and control issues
- <sup>35</sup><sub>17</sub> Perform periodic reviews to evaluate the effective implementation of this policy

### *All PHINMA Officers and Employees*

- <sup>35</sup><sub>17</sub> Read, understand and comply with this policy
- <sup>35</sup><sub>17</sub> Alert their immediate superior when they believe the opportunity for fraud exists because of poor internal controls
- <sup>35</sup><sub>17</sub> Report details of (a) any perceived or actual fraud, or (b) any suspicious acts or events
- <sup>35</sup><sub>17</sub> Assist in official investigations by making available all relevant information and by cooperating in interviews.

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## POLICIES

### A. ACTIONS CONSTITUTING FRAUD

The term “Fraud” refers to, but is not limited to the following:

- **Fraudulent reporting – intentionally causing a misstatement or omission of a decision-critical information in a report** (e.g., deceitful management reports, improper revenue recognition, overstatement of assets or understatement of liabilities, false credentials)
- <sup>35</sup><sub>17</sub> **Misappropriation of assets – stealing or misusing the company’s resources** (e.g., embezzlement, check tampering, unremitted collections, payroll fraud and theft)
- **Corruption – misusing one’s authority or inducing others to do so in order to improperly gain a direct or indirect benefit** (e.g, giving or accepting bribes or inappropriate gifts, double dealing, under-the-table transactions, manipulating bids, extortion)
- **Bribery** - the promise, offering or giving, directly or indirectly, of an undue advantage or benefit to any person who directs or works, in any capacity, for a private sector entity, for the person himself or herself or for another person, in order that he or she, in breach of his or her duties, acts or refrains from acting.

### B. REPORTING AND CONFIDENTIALITY

All employees, shareholders, directors, officers, consultants, vendors, contractors and other outside agencies doing business with PHINMA who discover or suspect fraudulent activity are expected to report such information to the Integrity Officer.

Reports of this nature shall be covered by the PHINMA Whistleblowing and Non-Retaliation Policy, including its provisions for Confidentiality and Non-retaliation, provided that it satisfies the requirements for Good Faith Disclosure.

### C. INVESTIGATION AND RESOLUTION

The Integrity Officer has the primary responsibility for receiving, evaluating and monitoring reports of suspected fraudulent acts. After determining the validity of the report, the Integrity Officer shall initiate an investigation process following the PHINMA Response Policy.

D. **ADMINISTRATION/REVISION**

The Integrity Officer is responsible for the administration, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

Implementing guidelines and procedures in support of this policy may be prepared by the Integrity Officer subject to the approval of the SBU Head.

E. **APPROVAL**

This policy shall be approved by the Audit Committee upon recommendation of the Integrity Officer.