



AXA – GULF REGION

FRAUD CONTROL POLICY AND PROCEDURES

Policy owner: Ajay Kumar C, Head of Regional Compliance, on behalf of the Audit Committee
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(Authorized to sign on behalf of the Audit Committee which approved the policy in their meeting held on and ratified by the Board Executive Committee in their meeting held on)

The following is a brief summary of the most recent revisions to this document.

| Version No. | Date | Author | Scope / Remarks |
|--------------------|---------------|---------------|---|
| Version 1.0 | November 2008 | Ajay Kumar C | Initial issue |
| Version 2.0 | October 2011 | Ajay Kumar C | Changed to incorporate requirements of AXA Group Fraud control policy |
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AXA GULF FRAUD CONTROL POLICY

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1. POLICY STATEMENT

AXA is a global leader in the provision of financial protection and wealth management and is committed to conducting its business according to the highest standards of honesty and fairness. This commitment to observing the highest ethical standards is designed to ensure compliance with laws and regulations in the various jurisdictions where we operate, to earn the continued trust of our clients, shareholders, personnel and business partners.

AXA Gulf is committed to fraud control with an emphasis on proactive prevention and detection measures in an effort to reduce opportunities which could lead to fraud. The Company's approach to fraud control centers on maintaining a legal and ethical climate which encourages all stakeholders to protect the Company's assets and escalate any suspicion of fraud.

AXA has a zero tolerance to fraud. AXA Gulf shall demonstrate their approach to achieving the zero tolerance culture.

When a fraud is detected, suspected or alleged, AXA Gulf will fully investigate the matter, and implement measures (e.g. containment of the area under investigation, sanction, police/judicial claim..) to recover and minimize any loss to the Company. Loss may be financial, reputational or regulatory. AXA Gulf also considers fraudulent all intentional wrongdoings intended at causing a loss to AXA Gulf but detected before the occurrence of such loss. Internal controls will be reviewed in the light of frauds to reinforce mitigation measures.

This policy is based on AXA Group's Fraud Control Policy of July 2011 which intends to establish certain minimum Group-wide requirements and guiding principles for all AXA companies. This Policy is not intended to be an exhaustive guide to all the detailed anti-fraud rules and regulations that may be applicable to AXA Gulf Regional entities. Local fraud policies implemented in the different countries/entities in the region may only expand some aspects of the Group policy but shall restrict neither its scope nor its definitions unless such limitations result from local laws and regulations.

2. RELATED STANDARDS

This policy should be read in conjunction with the AXA Group Standard on Fraud Control and other Group and/or local policies like The Anti-Money Laundering and Counter Terrorist Financing Charter, The Compliance and Ethics guide including the whistleblowing and employee complaints policies and any other relevant local policies.

In the event that this policy conflicts with applicable laws and regulations requirements, the policy (or specific provision) will not apply to the country/entity until such time as these conflicts have been resolved in a manner consistent with the applicable legal, contractual and corporate governance requirements.

3. OBJECTIVE AND SCOPE

A. Objective

This Policy outlines an organisational approach to managing fraud. It:

- Defines what fraud means for AXA
- Sets out the elements of the Fraud Control Framework for the Group:
 - Roles and responsibilities of management and staff in proactively reducing fraud, through prevention and detection controls
 - Required elements of an investigation response function
 - Reporting requirements to AXA Group

B. Scope

This policy applies to all types of fraud that may be experienced by AXA, regardless of the origin of that risk.

Unless otherwise specified, this policy applies to all entities in the Gulf Region meaning all branches and subsidiaries of AXA Gulf.

The policy applies to all staff, be they employed on a permanent or temporary basis, regardless of seniority and position in the organisation. Management should ensure that all staff are required to make themselves aware of this policy.

4. DEFINITIONS

AXA defines fraud as a deliberate action or omission carried out by an individual or organisation which intends to create a loss to AXA or its business partners, or a gain to the perpetrator.

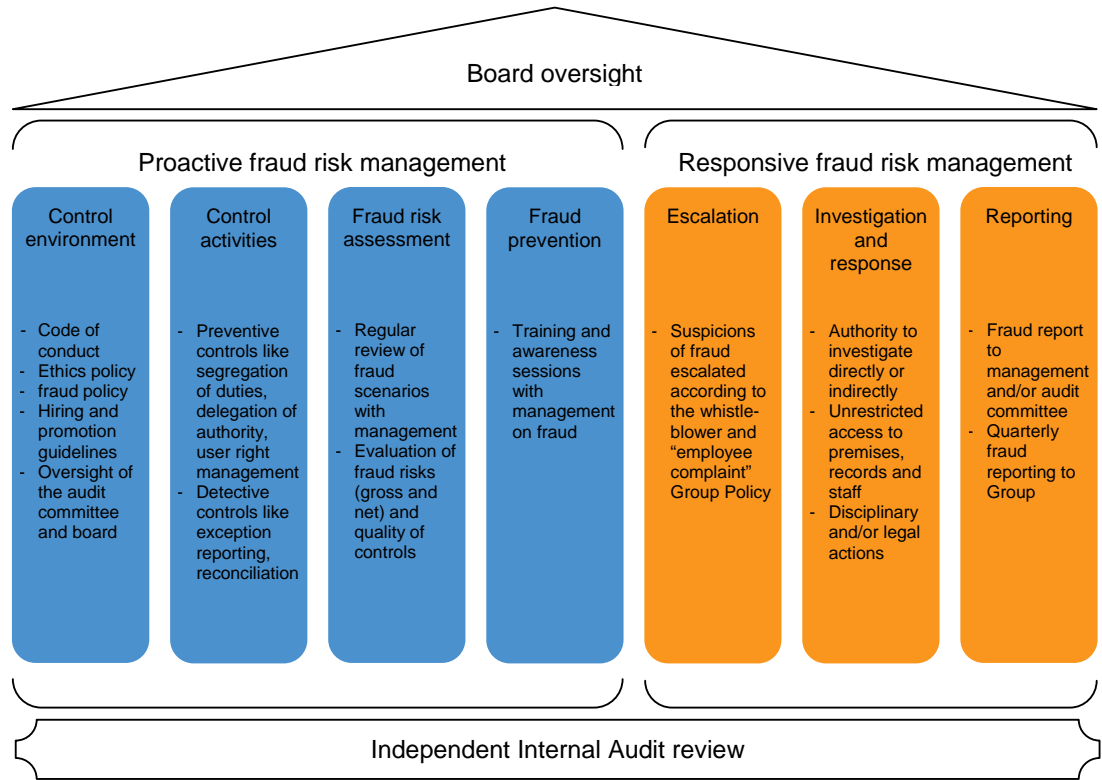
Fraud is a conduct issue, having at least of the following features:

- False representation or misstatement – a representation is false if it is untrue or misleading and if the person making it knows that it is or might be untrue or misleading
- Failure to disclose information – a person becomes a fraudster if he dishonestly fails to disclose to another person information which he has duty to disclose and intends by doing so to make a gain for himself or another, or to cause loss to another, or to expose another to a risk of loss.
- Abuse of position – a person becomes a fraudster if they dishonestly fail to safeguard the financial interests of another person, in a way that exposes that person to the risk of or actual financial loss. A genuine error becomes a fraud if the responsible person fails to disclose it to management, and AXA suffers a loss.

Any intentional wrongdoing intended to cause a loss but which is prevented by controls is still considered to be a fraud. The actual or suspected loss to AXA or its business partners and gain to the perpetrator may be of a financial, regulatory and reputational nature.

5. FRAUD CONTROL FRAMEWORK

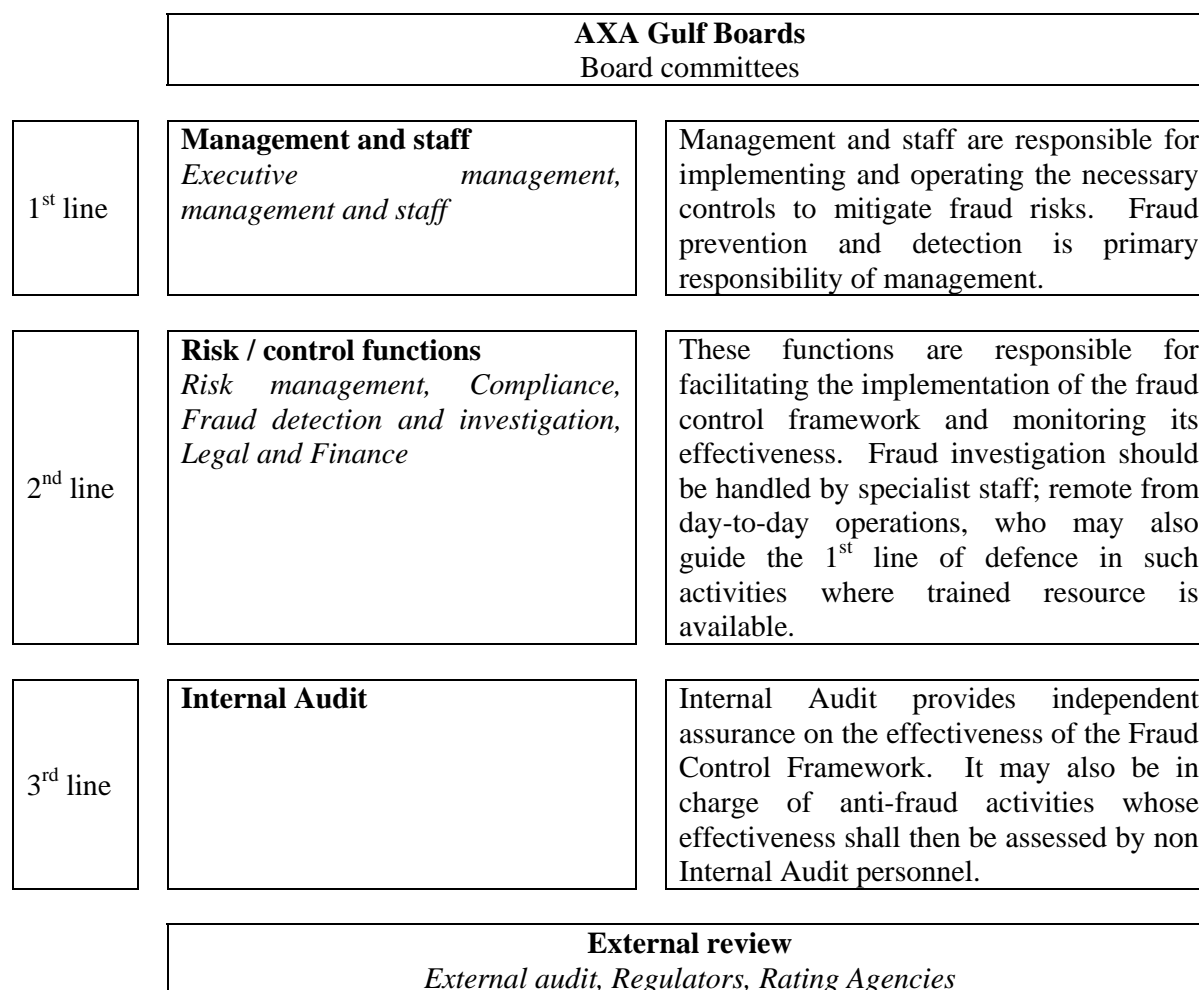
The AXA Fraud Control Environment is composed of 7 pillars gathered in two groups:



6. ROLES AND RESPONSIBILITIES

A. The Board

The Board of Directors has the overall responsibility for overseeing the Fraud Control Framework and is responsible for approving, reviewing and monitoring compliance with the Policy. The Board may delegate this responsibility to the Board Executive Committee and Audit Committee. The management of the Fraud Control Framework is outlined below in the “three lines of defence” model.



The preferred organisational structure of the Fraud Control Framework locates anti-fraud functions in the 2nd line of defence either as a distinct team or integrated in larger teams. This Fraud Team must report to a sufficiently senior level in the organisation and have unrestricted access to the Audit Committee to safeguard independence and objectivity.

For further information please refer to the section “Investigation and Response”.

B. The management

Management is responsible for establishing and maintaining an effective control system at a reasonable cost. This includes designing and operating fraud controls. Strict adherence to KPI may show fraud have occurred.

Fraud investigation responsibilities and the Fraud Control Officer role must be formally appointed by the management in co-operation with the Group Fraud Control Officer.

C. Staff

All permanent, temporary and contract staff are required to make themselves aware of this policy, report all suspicions of fraud to the Fraud Team or management, and to co-operate fully with investigations.

D. Fraud Control Officers

(i) Group Fraud Control Officer

The Group Fraud Control Officer is in charge of steering the anti-fraud framework of the Group. Specific responsibilities are to:

- Updating the Fraud Control Standard and Policy at least every two years.
- Assessing the effectiveness of the anti-fraud efforts carried out in AXA companies.
- Co-ordinating the anti-fraud efforts by initiating a fraud community whereby best practices may be transferred.
- Follow-up on most significant frauds and remediation plans.
- Reporting to the Group Audit Committee.

(ii) AXA Gulf Fraud Control Officer

The Fraud Control Officer must be formally appointed by Senior Management, and has overall responsibility for the oversight of fraud controls in AXA Gulf. The Local Fraud Control Officer is responsible for:

- Implementation of a fraud policy approved by the Audit Committee on behalf of Board.
- Organisation of fraud awareness campaigns to increase staff understanding of the impact of fraud risks on the firm,
- Co-ordination of fraud control efforts across local businesses to include,
 - Oversight of the assessment of fraud risk,
 - Foster fraud detection and prevention controls,
 - Oversight of adequate resources and implementation of procedures to respond to fraud events as they are detected,
 - Dissemination of fraud control best practice,
- Provision of regular reports to the Board, the Audit Committee and Executive Committee on the impact of frauds detected and the measures taken to mitigate identified fraud risks,

- Reporting to the Group Fraud Control Officer all detected, suspected or alleged internal and external frauds in accordance with the reporting standard described in section “Group Fraud Reporting”.

Fraud Control Officer must have direct access to the CEO of their company and to the Chairman of the Audit Committee to escalate concerns. Fraud Control Officer must maintain oversight of all fraud investigations carried out, will be authorised to access any data and personnel in the context of fraud investigations.

The CEO shall nominate a staff member from the Compliance Department as the Fraud Control Officer of the Company. This role will currently undertaken by:

C Ajay Kumar, Head of Regional Compliance who can be contacted as follows:
 Phone: +973 17202208; Fax: + 973 17227377; E-mail: ajay.kumar@axa-gulf.com / compliance@axa-gulf.com

E. The Internal Audit

Professional Standard 1220¹ of the Institute of Internal Auditors requires internal auditors to apply due professional care with respect to fraud detection in conducting audit engagements. This means²:

- Consider fraud risks in assessments of control designs
- Have sufficient knowledge of fraud to identify red flags
- Be alert to opportunities that could allow fraud such as control weaknesses
- Evaluate the indicators of fraud and decide whether any further action is necessary
- Notify the appropriate authorities within the company when fraud has occurred and recommend investigation

Internal Audit should provide assurance on the efficiency of the Fraud Control Framework. In the event anti-fraud responsibilities are allocated to the Internal Audit (IAD), the IAD charter should specifically recognise that this restricts the Internal Audit’s ability to fulfil its assurance role.

7. ESCALATION

AXA encourages all employees to escalate suspicions of fraud within the framework set out in the Compliance and Ethics Guide.

AXA encourages any complaint to be nominative to facilitate the investigation.

Nevertheless the complainant’s name can be kept confidential at all stages of the investigation if required so by the complainant.

¹ New release of Standards issued in May 2010

² 2010 Fraud Examiners Manual issued by the ACFE (Association of Certified Fraud Examiners)

8. INVESTIGATION AND RESPONSE

A. Statement of intent

AXA will maintain cost effective mechanisms that ensure suspected fraud is thoroughly and appropriately investigated, so that the firm understands the impacts and root causes of all such events, and responds consistently to each issue as it arises.

B. Investigation Standard

All fraud investigations will be overseen by a local Fraud Team.

Entities will maintain escalation criteria, response procedures and protocols which describe how they will manage identified fraud events, which specifically describe the resources which will be made available to undertake investigations in compliance with local laws and regulations. These protocols must be reviewed by the Group Fraud Control Officer. The escalation process for AXA Gulf is covered in Section 9 - REPORTING OF SUSPECTED FRAUD.

Investigations will be concluded with a final report detailing the allegation, inquiries undertaken, findings, conclusions, resolution and corrective steps to be undertaken, and control improvements recommended. The report will be prepared in a manner which meets the needs of the Audit Committee/Board whilst complying with local legal requirements to avoid putting prejudicing legal and criminal prosecution.

C. Investigation Objectives

A fraud investigation consists of gathering sufficient information to determine whether fraud has occurred, who was involved, the methods used to circumvent controls, and the loss or exposures arising. Investigations will be sensitive to the rights of individuals but will be conducted on an independent basis regardless of the suspected wrongdoer's length of service or position in the organisation.

Key elements which must be taken into account in undertaking an investigation include

- Confidentiality
- Maintaining the integrity of the investigator, ensuring no possible conflict of interest with the area being investigated
- Evidence collection, preservation and presentation standards
- Documentation of the investigation steps and decisions taken

D. Response to Investigation Findings

AXA considers a fraud event as "significant" when it meets any of the following criteria:

- Foreseeable net financial loss exceeds €1m
- Extended reputational risk occurs (for example, one-off adverse national media coverage, an inability to service customers for extended period of time, frequent major impacts on customers)

- Severe legal and regulatory risk arises (from for example a breach in regulations, or where a product is required to be withdrawn by the regulator)

The local Fraud Control Officer must report all fraud events according to the following table:

| | Internal fraud | External fraud |
|------------------------|--|---------------------------------|
| Threshold | All fraudulent events from 0€ | All fraudulent events from €10k |
| Frequency of reporting | Every quarter on the 10th working day of the following month: - 10 th working day of April for Q1 - 10 th working day of July for Q2 - 10 th working day of October for Q3 - 10 th working day of January for Q4 | |

Internal fraud relates to all fraudulent behaviours and acts perpetrated by salaried staff of the Group or by tied agents (commercial external parties under a contract of exclusivity to represent AXA).

External fraud relates to all fraudulent behaviours and acts perpetrated by non-tied distributors, vendors, contractors, consultants, outside agencies, governmental or non-governmental organisations and any unrelated party.

Insurance claim frauds are perpetrated by customers or third party claimants declaring false or exaggerated claims. Organised crime occurs when a number of otherwise disparate events are believed to be influenced by an overarching co-ordinating force. This does not include suspicious events that are deemed to be similar, but where there is no evidence of collusion or co-ordination between the parties. Organised claims fraud is within the scope of this Policy and must be reported. Other claims fraud only involving customers or third parties acting alone should not be included in the Group Fraud Reporting.

Reporting must be made in English using the Operational Risk System (ORS) deployed by Group Risk Management. Fraud Control Officers are responsible for making the information available on time and with the adequate level of detail necessary to understand the fraud scheme, and for updating ORS fraud reports when appropriate.

The 2011 IFC manual includes reporting needs on frauds impacting IFC controls. In agreement with Group IFC, fraud control officer is expected to stress out frauds that occurred due to a deficiency in an IFC control. This detail is required twice a year (Q2 and Q4 returns).

The following process is suggested:

- Local IFC and Fraud control officer get together to flag the IFC related events. Failure description should be written jointly to ensure adequate explanation on the IFC failure (type of control involved)
- Fraud Control officer reports frauds in ORS
- Fraud Control officer indicates to Group Fraud Control Officer in his/her accompanying e-mail which of the reported events were jointly flagged “IFC related” (ORS event number or Excel flag)

Group Fraud Control Officer will report relevant items to Group IFC on the same frequency.

The Group Fraud Control Officer is in charge of collecting the information and reporting to the Group Audit Committee in an agreed format. Any fraudulent events below €100k individual loss impact will be considered as an “incident”. Any fraudulent event above €1m individual loss will be reported with additional detail to be provided.

9. REPORTING OF SUSPECTED FRAUD

- a) The prevention of fraud and the protection of the Company is the responsibility of every member of our staff. Where Management or staff become aware of an actual fraud, or have satisfied themselves that there is a strong possibility that a fraud is being committed, they are encouraged to report promptly within 24 hours of having obtained the information.
- b) A It is not possible to provide an exhaustive list of incidents and conditions that should be reported. However, below are incidents that **MUST** be reported even in cases where there is some element of doubt.
 - Fraud, alleged or suspected fraud, business or financial irregularities, and any other doubtful transactions concerning AXA or a third party involving employees;
 - Requests by police or similar official bodies for information, documentation or a witness statement, except for questions on the existence of compulsory insurance cover;
 - Known, alleged, or suspected forgery of documents or signatures, irrespective of the source;
 - Theft or unaccountable loss of any assets owned by, or in the care of AXA Gulf
 - Malicious damage to offices and equipment, including computer systems and data by viruses or similar related security threats;
 - Anonymous letters or phone calls containing either threats or allegations of wrongdoing against the company by any employee;
- c) Where the following apply to an employee, a report should also be made:
 - The questioning, arrest, impending prosecution or conviction by the local authority for serious offences either committed or alleged;
 - The unexplained disappearance from their usual place of business, employment, or residence
 - The institution of bankrupt proceedings or the insolvency of any company that they may have been involved with, where malpractice is suspected and which results or may result in a loss to AXA Gulf.

- Activities designed to defraud the company are regarded as theft. Where fraud is established, a report to the authorities is a likely outcome.
- d) As per the AXA Gulf Whistleblower policy, any person with a complaint or concern has the option of –
- Informing
 - a) their immediate supervisor, who will report it to:
 - **Internal Audit Office** (email: ting.chai@axa-gulf.com)
 - **Fraud Control Officer** (email: compliance@axa-gulf.com)
 - **a representative of your company's Human Resources**
 - **Legal Department** (email: sadiq.alaali@axa-gulf.com)

b) Directly to any of the above offices

OR

- Where it pertains to **Accounting, Internal Accounting Controls, or Audit Related Issues**, submitting such complaint directly to:

Mr. John K. Skinner, Chairman of the AXA Gulf Audit Committee, Fax: +973 17229122 email: johnskinner@ybakanoo.net
- e) The information can be in writing or orally - with as much specific factual information possible. Identity of person reporting should always be disclosed while submitting the report, except where:
- (1) relates to accounting, internal accounting control or auditing matters (including fraud in connection with any of these matters, and
 - (2) relates to an employee whose responsibilities provide them with a role or knowledge in these areas.

For these two situations, the report can be made anonymously if so desired by the person reporting.

- f) Anyone reporting in good faith any practices or actions that he/she believes to be inappropriate will be protected against retaliation. Any AXA Associates (ie directors, officers or employees) involved in retaliation will be subject to serious disciplinary action by the AXA Group. Furthermore, the AXA Group could be subject to criminal or civil actions for acts of retaliation against AXA Associates who “blow the whistle” on certain violations.
- g) Anyone who makes a report in bad faith or otherwise abuses the reporting system may be subject to disciplinary action and may also be subject to legal action.

10. REVIEW AND CHANGES

A review on this document shall be carried out once in two years or when there is a material change in the procedure during anytime during the intervening period.

A review of the document is also to be carried out and appropriate modifications be carried out in line with any change in AXA Group Anti-Fraud Policy and Guidelines.