



# AXA LIFE EUROPE

## Fraud Policy

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

AXA has a zero tolerance to fraud. All AXA companies, including AXA Life Europe, shall demonstrate their approach to achieving the zero tolerance culture.

When a fraud is detected, suspected or alleged, all AXA companies will fully investigate the matter, and implement measures to recover, minimise and prevent further loss to the Group. Loss may be judged in financial, reputational or regulatory terms. AXA considers as fraudulent all wrongdoings intended to cause a loss but detected before the occurrence of such loss. Internal controls will be reviewed in the light of detected fraud events to further reinforce mitigation measures.

## 2. Related Standards and Policies

This policy should be read in conjunction with the AXA Life Europe Whistleblowing and Breach reporting policy, Anti-Money Laundering Manual, Gift and Entertainment Policy and the AXA Group Compliance and Ethics Guide.

## 3. Objectives and Scope

### a) Objectives

This Policy outlines an organisational approach to managing fraud. In particular, it:

- Defines what fraud means for AXA Life Europe
- Sets out the elements of the Fraud Control Framework for AXA Life Europe:
  - 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 the fraud risk. Unless otherwise specified, this policy applies to all the legal entities which make up AXA Life Europe.

The policy applies to all staff, be they employed on a permanent or temporary basis, regardless of their seniority and position in the organisation. All staff are required to familiarise themselves with 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 one 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 a duty to disclose and intends by doing

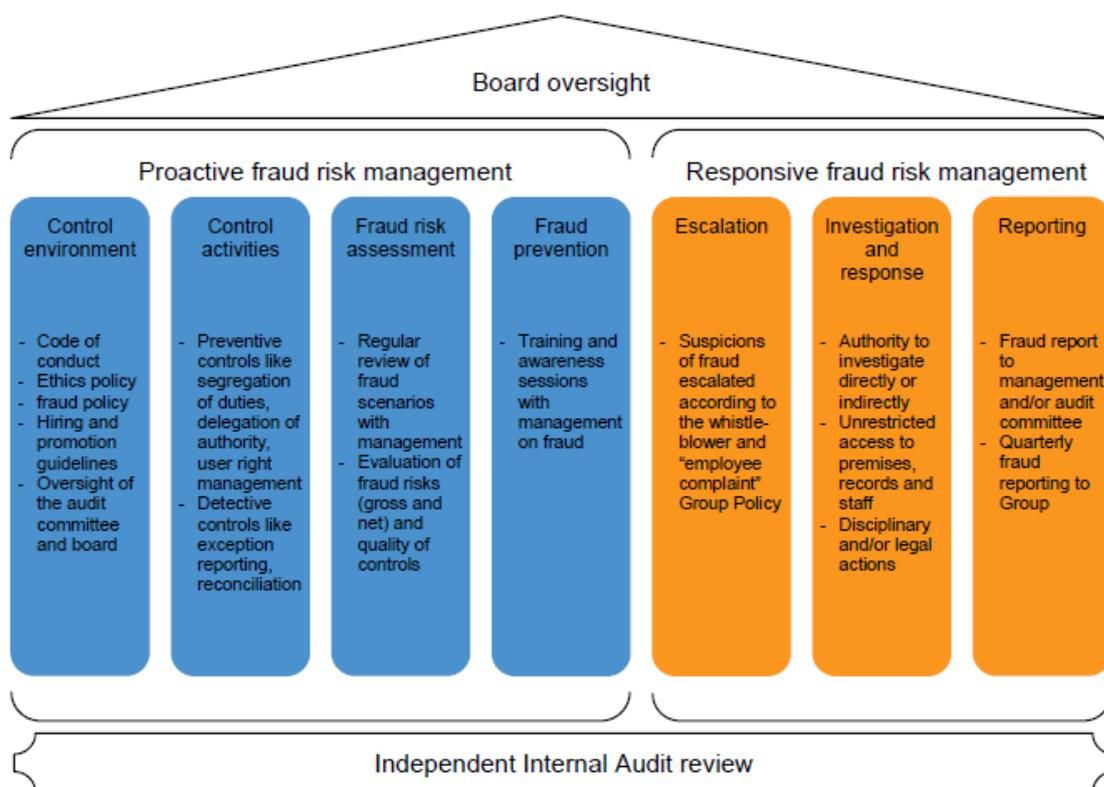
so to make a gain for himself or another, or to cause loss to another, or to expose another to a risk of loss.

- **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. AXA Group Fraud Control Framework

The AXA Group has adopted a fraud control environment based on 7 pillars divided into two groups:



## 6. Roles and responsibilities

### a) The Board

The Board of Directors of AXA Life Europe has the overall responsibility for overseeing the Fraud Control Framework and is responsible for approving, reviewing and monitoring compliance with the Policy for the Company. The Board has delegated this responsibility to the Audit Committee.

The AXA Group has adopted the three lines of defence model for its Fraud Control Framework:

<b>AXA Boards</b> Board committees: Audit, Compensation, Finance, Ethics & Governance		
1 <sup>st</sup> line	<b>Management and staff</b> <i>Executive management, management and staff</i>	Management and staff are responsible for implementing and operating the necessary controls to mitigate fraud risks. Fraud prevention and detection is primary responsibility of management.
2 <sup>nd</sup> line	<b>Risk / control functions</b> <i>Risk management, Compliance, Fraud detection and investigation, Legal and Finance</i>	These functions are responsible for facilitating the implementation of the fraud control framework and monitoring its effectiveness. Fraud investigation should be handled by specialist staff remote from day-to-day operations, who may also guide the 1 <sup>st</sup> line of defence in such activities where trained resource is available.
3 <sup>rd</sup> line	<b>Internal Audit</b>	Internal Audit provides independent assurance on the effectiveness of the Fraud Control Framework. It may also be in charge of anti-fraud activities whose effectiveness shall then be assessed by non Internal Audit personnel.
<b>External review</b> <i>External audit, Regulators, Rating Agencies</i>		

The preferred organisational structure of the Fraud Control Framework locates anti-fraud functions in the 2<sup>nd</sup> line of defence. In the case of AXA Life Europe this responsibility sits with the Head of Compliance and Legal as Fraud Control Officer. In fulfilling this role, the Head of Compliance and Legal must have unrestricted access to the Audit Committee to safeguard independence and objectivity.

**b) Management**

Management is responsible for establishing and maintaining an effective control system at a reasonable cost. This includes designing and operating fraud controls.

**c) Staff**

All permanent, temporary and contract staff are required to familiarise themselves with this policy, report all suspicions of fraud to the Head of Compliance, and to co-operate fully with investigations.

**d) The Fraud Control Officer**

The Fraud Control Officer has overall responsibility for the oversight of fraud controls in AXA Life Europe. The Fraud Control Officer is responsible for:

- Implementation of a fraud policy approved by the local 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,
- Oversight of the assessment of fraud risk,
- Promoting 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 FraudReporting”

The Fraud Control Officer must have direct access to the CEO of AXA Life Europe and to the Chair of the Audit Committee(s) to escalate concerns. The Fraud Control Officer must maintain oversight of all fraud investigations carried out and is authorised to access any data and personnel in the context of fraud investigations.

**e) Internal Audit**

Professional Standard 1220 of the *Institute of Internal Auditors* requires internal auditors to apply due professional care with respect to fraud detection in conducting audit engagements. This means:

- 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 must also provide assurance on the effectiveness of the Fraud Control Framework.

**7. Reporting suspected cases of fraud**

AXA Life Europe encourages all employees to escalate suspicions of fraud within the framework set out in the Company's Whistleblowing and Breach Reporting procedure.

**8. Investigation and Response****a) Statement of intent**

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

**b) Investigation Standard**

All fraud investigations will be overseen by the Fraud Control Officer. The Fraud Control Officer will determine which resources need to be involved in investigating a suspected case of fraud in compliance with local laws and regulations.

Investigations will culminate in a final report detailing the allegation, inquiries undertaken, findings, conclusions, actions to be taken to remediate the fraud and any improvements which need to be made to existing controls. When drafting this report, the Fraud Control Officer will be mindful of the need to avoid prejudicing any subsequent legal and criminal prosecution.

**c) Investigation Objectives**

A fraud investigation consists in 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 within 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**

Where suspicions are confirmed by the facts, AXA Life Europe will take such actions as it deems appropriate:

- Disciplinary action if the matter involves employees, in compliance with relevant Human Resources policies and regulatory requirements.
- Civil action to recover funds from the alleged perpetrator(s).
- Criminal action. In all cases of confirmed fraud, AXA Life Europe will consider reporting the matter to the local Police or other regulatory authorities.

- Internal control breakdowns will be reported to Internal Audit who will inform other Internal Audit teams across AXA as part of the continuous improvement of the control framework. Group Audit may subsequently initiate transversal reviews where trends are identified.

**e) Group Fraud Reporting**

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 to the AXA Group all fraud events according to the following table:

	<b>Internal fraud</b>	<b>External fraud</b>
<b>Threshold</b>	All fraudulent events from 0€	All fraudulent events from €10k
<b>Frequency of reporting</b>	Every quarter on the 10 <sup>th</sup> working day of the following month: - 10 <sup>th</sup> working day of April for Q1 - 10 <sup>th</sup> working day of July for Q2 - 10 <sup>th</sup> working day of October for Q3 - 10 <sup>th</sup> 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.