



Promoting Ethical Culture and Conduct Across the Employee Lifecycle

**A HUMAN RESOURCES BEST PRACTICE PAPER
FROM THE INSURANCE CULTURE AND CONDUCT STEERING COMMITTEE**

March 2022

TABLE OF
CONTENTS

I. Overview 02

II. Hiring 03

III. Training 06

IV. Consequence Management 09

V. Exit Management 11

Appendix A: Internal Disciplinary Action Policy 12

(A reference template contributed by Wong Partnership)

1. Application and Scope 13

2. Guiding Principles 13

3. Effective Date 13

4. Standards of Conduct 14

5. Misconduct 15

6. Disciplinary Action 16

7. Reporting Misconduct 17

8. Stages of the Disciplinary Process 18

9. Inquiry Committee / Approving Authority 19

1. OVERVIEW

The Insurance Culture and Conduct Steering Committee (ICCSC) was established in December 2019 as an industry initiative involving the Monetary Authority of Singapore (MAS), General Insurance Association, Life Insurance Association and Singapore Reinsurers' Association to foster sound culture and strengthen standards of conduct among insurers in Singapore. Through the ICCSC, the MAS seeks to promote (i) prudent risk-taking and robust risk management that support an insurer's safety and soundness, and (ii) ethical business practices that safeguard consumer interest and ensure fair dealing. Individual Accountability & Conduct Guidelines from the MAS have served as an important backdrop to the ICCSC, extending MAS's drive in recent years to improve ethical culture and conduct, while mitigating risks for Financial Institutions.

This paper recommends best practices for insurance companies (including intermediaries) to embed key phases of the employee lifecycle that will help them create, strengthen, and sustain a culture of ethical conduct in their organisations and by doing so, elevate the overall culture and conduct of the insurance industry in Singapore. Ethical culture and conduct are outcomes of sustained practices by an organisation over the long-term, and this paper elaborates on sustaining the practices.

The key phases of the employee life cycle that are addressed in this paper are:

1. Hiring
2. Enterprise Training
3. Consequence Management
4. Exit Management

During the hiring process, the company should consider incorporating its culture and conduct expectations into the assessment and selection process. There are industry best practice approaches, validated psychometric tools and interview processes that can be considered for this assessment to ensure candidates demonstrate the requisite understanding and approach to behaving ethically. They must also be seen to uphold integrity in their personal conduct.

Once employees are onboarded, they should be put through robust enterprise training programmes that further foster a culture of good conduct in the workplace. From the outset, senior leadership should set the tone with employees about the firm's expectations on culture and conduct and build awareness of a zero-tolerance policy for any misconduct or lack of integrity. Also, as a good practice for a Financial Institution's management, staff should be regularly reminded about the firm's core values and the code of conduct.

This paper shares some foundational requirements for enterprise training programmes as well as the need for support to maintain the programmes and update content regularly for such a culture to truly become ingrained and adopted by employees.

This paper will specifically touch on consequence management, by providing various best practices that organisations can adopt to strike a balance between driving home the key messages on zero tolerance for malicious misconduct and unethical practices, as well as providing guidance and support to re-educate and cultivate greater awareness for those who may inadvertently act out of poor judgement without malicious intent. This paper will provide some guidance on the penalty framework and disciplinary process that tiers the penalty according to the severity and intent of the misconduct. Further, this paper emphasises the importance of enterprise communication to cascade examples/case studies among employees to build awareness and provide positive reinforcement to good ethical conduct.

Finally, this paper recommends a framework for insurance companies to manage the exit process smoothly when employees decide to leave the organisation, as this is also a crucial phase to ensure outgoing employees do not compromise or breach the security of organisational assets, knowledge or data, and maintain ethical standards. Exit interviews are an important avenue to gather genuine feedback and input on the prevailing culture and conduct within the company, as well as to gain insights on the organisation's processes and controls that may give rise to concerns and provide a way for the outgoing employee to whistle-blow if needed. The paper provides some guidance on the questions that can be asked to solicit this feedback.

2. HIRING

Hiring right is an essential first step to ensuring ethical culture and conduct at the workplace. From the front desk to the executive office, every employee represents the face of an organisation to their customers and the public. Hiring an unethical person can cause financial loss and reputational damage to an organisation. Therefore, organisations should conduct thorough interviews, selection and background checks to get the hiring right.

2.1 Purpose of Interviews

The purpose of interviewing or assessing candidates for jobs in the organisation is to be able to predict or estimate what people will do in a given set of circumstances, the skills and attributes they will be able to bring to complete the job or assignment effectively, and how well they will fit into the organisation. Interviewers need to be equipped with the tools that will enable them to accurately assess candidates and predict how they may behave in certain circumstances.

It is possible to identify “right fit” through direct techniques like behavioural event interviews, where candidates can share how they successfully demonstrated key traits in the recent past with the exact abilities and skills needed for the job, as well as highlight if they acted with integrity in their day-to-day work.

However, it is also important to note that the information interviewers look for does not always ‘occur’ during the interview. The additional information may come from the backdrop of a series of learnings and performing patterns over many years rather than only seen inherent in a single story or event.

One way for companies to actively seek out these desired behavioural traits is at the hiring stage in the recruitment process. Applicants can be assessed through scenario-based questions, case studies, role play and the use of behavioural/psychometric testing models, to assess their fit.

Follow-up reference checks can also add data, either verifying what the interviewer had already concluded, or generate new information, good or bad, that did not surface during the interview. Impressions from the actual interview may not always be enough to be able to predict standards of professionalism an organisation may look for.

2.2 Behavioural Event Interviews

Conducting consistent structured interviews based on key competencies being assessed and a shared understanding of key questions to ask, expected examples of experience, or proficiency to be observed and noted will increase the chances of forming an accurate impression.

Knowing what to assess to determine high standards of ethical conduct will ensure a consistent interviewing process for all candidates. Below are some sample questions and themes to look out for in an ethics and values interview.

2. HIRING

ETHICS & VALUES

Sample Definition:

Adheres to an appropriate and effective set of core values and beliefs during both good and bad times; acts in line with those values; rewards the right values and disapproves of others; practices what he/she preaches.

Sample Questions:

Dimension 1:

Been there, done that - had direct experience involving them being a key player

- Have you ever been around a major breach of ethics? What happened and how did you navigate it?
- Have you ever had to present an unpopular proposal/point of view that you believed in?
- Tell me about a senior manager you initially had trouble dealing with due to differences in ethics or values.
- How much are you willing to bend your values to support business decisions?

Dimension 2:

Seen or been around others who were involved in the competency - good/bad and learns from others about self

- Contrast the most and least ethical/values-based people you know.
- Have you ever considered anyone in your life a strong model of ethical conduct? Please describe that person.
- Have you ever watched someone fail/get fired due to a lack of ethics/values? Please describe that person/incident.
- Who do you approach to seek advice on ethics/values or when in doubt about a decision?

Dimension 3:

Knows how the competency works in theory, shows understanding

- Have you ever been a coach or mentor to someone who had problems with ethics/values?
- Have you ever recognised or rewarded someone for being more ethical/value based?
- What are consequences you have observed for someone who is poor at walking their talk?
- How do you think people develop ethics and values?

Dimension 4:

Personal change and sensibility; learned it in one place and applied it in another; can compare and contrast experiences, changes viewpoints across time; can explain personal development or personal growth related to the competency

- Compare and contrast examples of times when you've been ineffective and effective at practicing what you preach
- Have you ever made a life choice or career decision based on values or ethics?
- What event or decision had the most impact on your ethics and values?

Themes to look for:

- Ability to articulate ethical values, and differentiate good and bad ethical conduct
- No shift in ethical values during crisis/tough times
- Admitting to changing over time/learning from mistakes
- Courage
- Trust in relationships with people around them
- Know where their values come from
- Know how to focus on issues
- "Walking the talk" personally
- Too much rigidity/bullying

2. HIRING

DEFINITION OF CORPORATE CULTURE

One aspect of culture is a company's operating environment or "how work gets done". As a set of industry-wide generic behavioural traits will be considered too restrictive and impractical, **it is recommended that every company identify the behavioural traits that are key to achieving their vision, mission and values**, to assess candidates against at the selection stage.

Example:

An insurer uses a set of **Generic Skills and Competencies (GSCs)** that **new hires** should possess: **Accountability, Customer Orientation, Decision-making, Developing People, Developing Self, Exploring Possibilities and Teamwork**. Through the interview assessment, the insurer focuses on identifying these GSCs in applicants. For existing staff, the insurer goes a step further using what they term as the "software" and "hardware" approach to how they want to shift behaviours on culture and conduct.

The "software" approach revolves around culture and assesses the expected behaviours from senior management ("tone from the top") and employees' perception of the current environment ("echo from the bottom"). Baseline scores are attained through an annual culture survey and programmes are then implemented to close any gaps. Key conduct indicators ("hardware"), such as assessment of compliance and conduct around policies, are

used to complete the loop. The key conduct indicators will provide senior management and the board an overall view of the company's operating environment.

Findings from a Culture Survey (which provides an assessment of the promulgation of GSCs/behavioural traits within the company - "Software - How We Are Behaving") and the Employee Compliance and Conduct Indicators* (which provides an assessment of the employee conduct outcomes - "Hardware - What We Have Done") are then captured in a dashboard.

Finally, behavioural shifts are then measured through the annual culture survey.

* *Examples include non-timely completion of mandatory courses, non-compliance of block leave, breach of insider trading policies, PDPA breaches, non-compliance of data governance policies and technology risk management statistics (on cyber security).*

2.3 Reference Checks

The ICCSC recommends that Financial Institutions (FIs) refer to the **MAS' Response to Consultation on Revisions to Misconduct Reporting and Proposals to Mandate Reference Checks** issued on 14 May 2021.

When responding to reference check requests, FIs should provide true and accurate information and not act with malice. FIs should exercise reasonable care in preparing and communicating references that are accurate, objective, clear, balanced and based on verifiable facts. FIs should also not selectively disclose information, if withholding certain information will render the reference incomplete, inaccurate or unfair.

3. TRAINING

Ethics training supports employees in making consistently good decisions when serving clients/customers, colleagues, and themselves. Important aspects in developing and deploying ethics training include ensuring it is:

- (i) Congruent with the company's code of conduct and desired culture;
- (ii) Identified, regularly reviewed and updated for relevance;
- (iii) Advocated by senior leaders to ensure a consistent tone from the top;
- (iv) Measured and monitored to ensure participation and understanding; and where possible; and
- (v) Delivered engagingly with a flexible approach.

3.1 Congruent with Code of Conduct and Desired Culture

Organisations should initiate discussions around their code of conduct, core values and principles with senior leadership teams, compliance leaders and Human Resources to focus on key elements they would like to emphasise to employees in building a strong ethical culture within the organisation.

The following activities and processes provide a framework for organisations to define, articulate, communicate, educate and reinforce the desired ethical culture to embed desired staff behaviours:

- **Define the common purpose** that employees contribute to in the organisation, through a clear vision, mission and goals.

- **Establish a consistent tone from the top and regular touchpoints** to further embed core values awareness and understanding, including new hire orientation, senior management fireside chats, organisation-wide values/principles/ethics training or campaigns, etc.

- **Articulate the desired culture** through core values and principles, defining how employees are to contribute towards this common purpose.

- **Align organisational structure, systems and processes** to the company's core values and principles, including performance management, rewards and incentives, policies and procedures, individual accountability and conduct framework, etc.

- **Ensure organisation-wide awareness and understanding** of the company's core values and principles through various communication channels, including intranet, company collaterals, townhalls, etc.

- **Emphasise proactive recognition of staff and teams** that have exemplified the company's core values and principles, further reinforcing desired behaviours and positively demonstrating success through applying core values and principles.

3. TRAINING

Some best practice examples on initiating communications and training aligned to the code of conduct and desired culture include:

- Organising core values or culture and conduct campaigns (e.g., annual ethics or core values days/weeks to further awareness of core values. Consider activities and rewards to engage and recognise staff to share and reinforce exemplification of core values and positive behaviours.
- Fireside chats with senior management about difficult business decisions and the resulting outcomes to help staff understand the impact of decisions based on ethics and values and decisions not based on ethics and values.
- Sharing general background of desired behaviours and/or misconduct cases to highlight key learning points as part of ethics and conduct training within the organisation.
- Immediate clarification in relevant policies and procedures to incorporate learning points from misconduct cases.
- Encouraging employee feedback on how to call-out potential risks and misconduct through whistle-blowing channels, feedback through managers or direct feedback.
- Organising workshops led by Compliance and other control functions on case studies of relevant ethics topics (e.g. conflicts of interest, market abuse, fraud, etc).

3.2 Identify, Regularly Review and Update Relevant Ethics Training

A structured learning curriculum focused on targeted offerings for senior managers, material risk personnel, senior executives, people leaders and individual contributors could help to foster ethical behaviours and create awareness of potential issues, ethical dilemmas in the workplace, as well as highlight to employees how to report breaches where potential risks may arise.

FOUNDATIONS FOR ETHICAL CONDUCT AND VALUES

- Understanding organisational values
- Ethical conduct guidelines/ code of ethics
- Fraud awareness
- Common ethical dilemmas
- Whistle-blowing channel and other feedback processes

REGULATORY & COMPLIANCE TRAINING

- Insider Trading
- Anti-Money Laundering and Terrorist Financing Awareness
- Competition & Anti Trust Law
- Local/ Regional External Regulatory training

DATA & CYBER ETHICS

- Data protection and Customer Privacy
- Phishing Awareness
- Data Breach incident training
- Internal compliance reporting/ incident logging training
- Responsible social media usage

Workshop content should be updated regularly to include the latest developments externally and internally to impart relevant knowledge. Organisations may also involve senior leaders, compliance and legal team members who can provide insights and examples from their experience and about incident management procedures and consequence management frameworks within the organisation. Ideally, during the new hire orientation program, specific ethics and compliance training modules should be required to set the tone for the employee's tenure.

The objective of different types of ethics training is to teach employees to make good decisions that are consistent with the company's culture. This may need to be reinforced in a variety of scenarios over time as the insurance industry and landscape in Singapore change. Keeping the content in training modules current and relevant is essential. It is important to have clear ownership within the training and development team on who would own the content creation, maintenance and deployment of the various modules working closely with the compliance function.

3. TRAINING

3.3 Training Advocated by Senior Leadership

Senior leaders should be active advocates of high standards of compliance and ethical conduct in the organisation, which would cascade to all levels of employees and resonate across teams. If your leadership is not fully behind ethics training for employees, they may be sending the message that ethics are not important. It is recommended that senior leadership conduct relevant employee sessions to emphasize the importance of ethical behaviour and highlight the perils of non-compliance. Ensuring senior leaders reinforce key messages on good conduct, corporate citizenship and ethics are integral to how employees perceive the importance of being diligent in completing training on time and regularly. Failure to complete required training should also result in stringent controls being applied to adopt a zero-tolerance message.

3.4 Measuring and Monitoring Training Data to Ensure Participation and Understanding

Reporting training metrics on completion of the curriculum-based training module at a desired frequency to senior management will ensure the process is closely monitored and managed for maximum efficiency. There should also be a system-driven approach to remind employees to stay vigilant about possible lapses or delays in their training completion and take personal ownership for timely completion.

Further, organisations may also consider providing case studies, including questions to test understanding, incorporating a minimum pass-rate and e-completion certificates that employees can download for easy reference and to track their completion of required training.

3.5 Engage Employees with a Flexible Training Approach

Hiring ethical employees is the first step and it is likely they may practice high standards of ethics and conduct in the organisation after joining. While it may be appropriate to have discussions about ethical behaviour and to role-play tricky situations, employees may need to be informed about regulation updates or changes to compliance legislation. Consider micro-learning options to deliver this type of information, just in time and where it is needed.

Online training can be rolled out in interactive and bite-sized modules across the organisation and certification processes should be transparent and tracked by Compliance and Human Resources teams.

For extended conversations, both e-learning and instructor-led training have their advantages. While e-learning allows employees to complete activities and training flexibly, supplementing online activities with interactive, in-person conversations provides variety and interactions to clarify often difficult material.

Where possible, explore digitising and gamifying training content, as well as making them available on mobile devices to make learning easy and fun for employees. Online certifications and “badge” rewards can also encourage more participation and completion.

4. CONSEQUENCE MANAGEMENT

Consequence management can broadly be defined as the application of appropriate consequences for desired and undesired behaviours in an organisation. Organisations articulate their desired behaviours through their code of conduct, core values, guiding principles, policies, and procedures. Defining and communicating desired behaviours help guide and point employees towards how the organisation conducts its business and sets the parameters on what is considered acceptable or unacceptable staff conduct. To ensure employees are clear about these parameters, organisations should further define unacceptable staff conduct through their misconduct framework and institute for all employees their responsibility to call out unacceptable behaviours by way of a whistle-blowing channel, direct feedback, or feedback to management. An appropriate misconduct framework includes establishing a fair and independent process to determine the severity of the misconduct and corresponding disciplinary action. Whilst this forms the foundation of consequence management, the tone from the top, education, communications and reinforcement of the right conduct are critical to embedding among staff an organisation's culture and way of doing business.

This section provides best practices on consequence management by organisations to strike the right balance between driving home the key message on zero tolerance for malicious misconduct practices as well as providing guidance and support to re-educate and create greater awareness for those who misstep inadvertently without malicious intent. The section will provide guidance, including a disciplinary action policy template, on the **penalty framework** and a **fair disciplinary process** with tiered penalties according to severity and intent. As provided in the section on training, this paper also highlights the importance of communicating good and bad practices as case studies for creating awareness and positive reinforcement.

Managing unacceptable behaviours and misconduct

Despite efforts to promote and establish desired behaviours in an organisation, there will be instances of undesired behaviours and misconduct. Thus, organisations should have a disciplinary policy/framework that provides clarity on unacceptable behaviour and misconduct, the channels for reporting misconduct, including a fair and independent process for determining the severity of misconduct and the corresponding disciplinary action. The implementation of effective consequence management and a disciplinary framework is important to deter and ensure accountability for misconduct. This would include introducing a disciplinary action policy with appropriate governance structures, such as a disciplinary committee, to oversee investigations, attribute accountability and determine disciplinary actions.

Key guiding principles when putting together a disciplinary action policy should include the following:

- (i) Misconduct allegations are reviewed in a fair, timely, robust, consistent, and transparent manner;
- (ii) Ensure disciplinary actions are proportionate to acts of misconduct and consistently applied;
- (iii) Employees should have a fair opportunity to present their case before disciplinary action is taken;
- (iv) Consider a fair, transparent and robust framework to assess the severity of misconduct and level of accountability, including factors such as intention behind the act, seniority and role of the employee(s) involved, benefits the employee may have received as a result, extent of impact on the organisation, accountability of supervisor(s) involved;
- (v) Set up an inquiry or disciplinary committee, with an appropriate mix of representatives including consideration for independence, involvement of control functions, appropriate seniority levels, relevant experience, and expertise to oversee investigations, attribute accountability and consequential disciplinary actions
- (vi) Ensure confidential avenue(s) for reporting of misconduct with appropriate protection of retaliation for staff making such reports have been put in place and informed to staff; and
- (vii) Regular review of the disciplinary policy/framework to consider evolving business practices, emerging risk areas and regulatory changes.

4. CONSEQUENCE MANAGEMENT

Finally, effective consequence management should not only focus on the management of undesired behaviours or misconduct issues through the disciplinary action policy. A holistic approach includes shaping an organisation's culture through reinforcement of positive behaviours and continuous engagement of employees through regular education, discussions and communications to achieve a shared understanding of its desired culture. As presented in the Training section, communications and sharing of key learning points, whether positive or negative, should be incorporated into organisation conversations, fostering deeper understanding amongst employees about how the organisation conducts its business.

A good practice template for disciplinary action policy, containing a general guideline for determining the severity of misconduct, is provided in **Appendix A**.

5. EXIT MANAGEMENT

Managing the exit process when employees decide to leave the organisation is also crucial to ensure outgoing employees do not compromise or breach organisational assets, knowledge or data and maintain ethical standards. Exit interviews are an important avenue to gather genuine feedback and input on the prevailing culture and conduct within the company as well as to gain insights on the organisation's processes and controls that may give rise to concerns and provide a way for the outgoing employee to whistle-blow if needed. This section provides best practices on exit management and guidance on questions that could be asked during the exit interview.

5.1 Exit Interviews

Staff members leaving the organisation are an opportunity to gain valuable insights into the organisation's culture and conduct. As such it is advisable to implement a process to collect feedback from exit interviews in the employee offboarding process. An exit survey in a standardised form provides data points for the organisation to learn and improve, as employees may be hesitant to express their opinion in person while they are still in active employment with the company. Recommendations for improvement should be encouraged to learn more about situations of which the organisation was not aware, or which did not surface before. Thereafter such problem areas should be analysed further to resolve potential workplace issues. Additionally, this is an opportunity for staff to make suggestions on how the organisation's culture and conduct can be improved.

Some best practice exit interview/questionnaire questions include:

- Did you experience any situations that go against our Culture and Conduct framework or our Code of Ethics?
* If yes, please specify and speak with a Human Resources representative.
- Does the organisation have adequate processes and controls in place to ensure the code of ethical conduct is followed? If not, please provide your suggestions for improvement.
- Did your manager create an open culture of communication / responsibility / feedback?

Feedback from exit interviews should be evaluated and considered to improve training, policies and processes to further elevate culture and conduct in the organisation.

5.2 Protection of Assets and Intellectual Capital

Ensure the organisation is protected against security and legal risks and take measures to reduce the risk of compliance breaches. This requires implementing an offboarding process that ensures legal compliance (i.e. by using a termination template), revoking digital access rights (corporate email, employee portal, phone, systems, etc.), ensuring that sensitive information is secured and sensitive organisation and related data is wiped from personal devices (if applicable).

Also ensure that the organisation retrieves company assets, such as keys, access cards and other physical items (i.e. IT equipment, mobile phone, sensitive data in printed form, corporate credit card, etc.) and be prepared to take appropriate care of returned assets and take necessary action in the event of loss or damage (i.e. change of keylocks, reporting of missing IT equipment, etc.).

Prepare paperwork and documentation (letter of resignation, termination, retirement, etc.), clarify pay, tax and social security consequences as well as company regulations (i.e. overtime, holiday entitlement, etc.), supply additional documentation, (i.e. nondisclosure and non-compete agreements, reference letters, benefits or insurance documents, etc.) and ensure an audit trail of paperwork to protect both the employee and the organisation in the event of disputes.

5.3 Knowledge Transfer

Finally, companies should ensure proper knowledge transfer to complete the exit process.

Employees leaving the organisation take their skills and institutional knowledge with them, thus a process to initiate the knowledge transfer systematically ensures business continuity as well as compliance.

Proper documentation of handover activities and clear responsibilities for staff, managers and involved counterparts help protect the organisation and ensure the code of ethical conduct is followed.

Appendix A: Internal Disciplinary Action Policy **(A reference template contributed by Wong Partnership)**

- I. Overview
- II. Hiring
- III. Training
- IV. Consequence Management
- V. Exit Management

Appendix A: Internal Disciplinary Action Policy

(A reference template contributed by Wong Partnership)

(A) Overview

- 1. Application and Scope
- 2. Guiding Principles
- 3. Effective Date
- 4. Standards of Conduct

(B) Misconduct and Disciplinary Action

- 5. Misconduct
- 6. Disciplinary Action
- 7. Reporting Misconduct

(C) Disciplinary Process

- 8. Stages of the Disciplinary Process
- 9. Inquiry Committee / Approving Authority

(A)OVERVIEW

1. Application and Scope

- 1.1. This policy establishes the framework for discipline in [Company Name] ("**Company**"). It sets out the standards of conduct expected of employees, as well as the procedures for disciplinary action and imposition of measures ("**Disciplinary Process**").
- 1.2. The Company is committed to conducting our business in compliance with applicable laws and regulations and in accordance with the highest ethical practices. Employees should conduct themselves with integrity, in a manner that not only does not breach legal requirements, but also complies with ethical standards. Breaches of legal compliance and/or unethical conduct amount to misconduct covered by this policy. This policy applies to all employees of the Company.

2. Guiding Principles

- 2.1. Investigations into allegations of misconduct shall be fair, timely, robust, consistent, and transparent, and disciplinary actions shall be proportionate to acts of misconduct.
- 2.2. Employees have a fair opportunity to present their case before disciplinary action is taken.
- 2.3. In assessing the severity of misconduct, the Company will consider not only the act of misconduct itself, but also factors including, but not limited to, the seniority and role of the employee(s) involved, the intention behind the act, the harm that may have been caused to the Company's customers, the benefits the employee may have received as a result, and the extent of the regulatory, reputational, and financial impact of the misconduct on the Company. [The good financial performance of an employee shall not be a mitigating factor in all cases of alleged breaches of Regulatory Obligations (as defined in section 4).]
- 2.4. All employees are obliged to report that misconduct may have occurred. Employees should feel safe to do so, and to highlight issues, without fear of reprisals or repercussions, including issues relating to managers, supervisors and/or senior management. Employees who report misconduct in good faith, and who cooperate with the Company's investigation into such misconduct, are assured of protection from retaliation. For the avoidance of doubt, retaliation is an act of misconduct, and the Company shall investigate complaints of retaliation in accordance with this policy. [Specific Company Whistleblowing policy if applicable to be referenced]
- 2.5. All parties involved in any matter within the scope of this policy, including the Disciplinary Process, must ensure that they maintain confidentiality. Such an obligation shall not, however, restrict the Company's sharing of appropriately anonymised examples of misconduct, and disciplinary actions taken in respect of the same, with employees as case studies for training and development.

3. Effective Date

This policy takes effect on the date indicated below.

4. Standards of Conduct

- 4.1. Employees are expected to uphold the highest standards of integrity, efficiency, ethical conduct and competence, and are to abide by the terms and conditions of their employment ("**Conditions of Employment**"), and [Code of Conduct and all other policies applicable to conduct / ethics/ business conduct/ harassment/ confidentiality / compliance] ("**Policies**"), as well as comply with the law in Singapore. If you do not do so, you may face disciplinary action. This includes but is not limited to:
- (a) Complying with all applicable laws, rules, and regulations, including, but not limited to, [the Insurance Act, Financial Advisers Act, and Monetary Authority of Singapore ("**MAS**") notices] ("**Regulatory Obligations**");
 - (b) Complying with the ethical standards expected by the Company and the industry, which includes not acting dishonestly or improperly, even if it may not be explicitly prohibited by Regulatory Obligations;
 - (c) Being responsible for the integrity of information, reports and records under their control and shall ensure that all business processes are recorded completely;
 - (d) Being accountable for their professional actions; and
 - (e) Assisting in any audit, or regulatory investigation, into the Company.
- 4.2. In addition, employees carrying out any activity regulated by the Monetary Authority of Singapore are expected to be fit and proper. This means being competent and honest, having integrity, and being financially sound.
- 4.3. All employees are required to know their obligations and comply with the same, and any lack of knowledge or any regulation, rule, policy, or procedure will not be tolerated or accepted as a defence to misconduct. Employees are expected to remain up to date on all applicable Company Policies and procedures [If applicable, insert links to internal resources for policies, relevant laws, compliance matters, etc.].
- 4.4. In addition to the above, [managers / business leads / supervisors / all other relevant designations in a managerial position] shall, as part of their supervisory responsibilities:
- (a) Lead by example, and maintain a working environment aligned with the Company's Policies and Regulatory Obligations;
 - (b) Ensure employees who report to them remain aware of, and observe, the Company's Policies and Regulatory Obligations; and
 - (c) Report all instances or allegations of misconduct to [designation / department], without delay, and take steps to ensure that all information, communications, and documents relating to the alleged misconduct are preserved.

(B) MISCONDUCT AND DISCIPLINARY ACTION

5. Misconduct

5.1. Misconduct may vary in severity, from minor instances of misconduct to gross misconduct, depending on the circumstances,

- (a) Minor misconduct includes instances of isolated unintentional misconduct, which would have minimal impact on, for example, the continuity, efficiency and integrity of work. Examples of minor misconduct include issues of punctuality, failure to abide by dress code, failure to notify of sick leave promptly, minor misuse of company assets such as phones.
- (b) Repeated instances of minor misconduct, or more intentional instances of misconduct, may constitute moderate misconduct.
- (c) Serious misconduct includes repeated instances of misconduct or significant breaches of the expected standards of conduct. Serious misconduct warrants more serious disciplinary action. Examples of serious misconduct include acts that impact the employee's honesty or integrity, acts in breach of ethical standards, instances of bringing the company into disrepute, for example, being drunk and disorderly outside working hours in a situation where the company may be identified, wrongful disclosure of confidential information to third parties, and/or abuse of sick leave provisions.
- (d) Gross misconduct is conduct that is serious enough to destroy the working relationship between the employer and employee. This includes acts that impact the employee's honesty or integrity, deliberate damage to property, acts of physical violence or threatening behaviour including cases of bullying, harassment and discrimination, acts in breach of laws and/or rules and/or regulations and/or professional standards and/or ethical standards, and/or procedures applicable to the Company, acts which may lead to serious harm, loss, or damage to the company, serious or gross negligence or wilful misconduct on the part of the employee.

5.2. Examples of misconduct include, but are not limited to:

- (a) Unauthorised absence;
- (b) Failure to follow instructions and non-compliance with Conditions of Employment;
- (c) Suspicion of, or being charged with, theft, criminal breach of trust, fraud, bribery, corruption, or any other offences under the laws of Singapore or any conduct involving dishonesty and/or issues going to the integrity of the employee;
- (d) Disclosure of confidential information (including client information) to third parties and/or parties not entitled to receive such information;
- (e) Misrepresentation or inadequate disclosure of information, negligence in providing professional advice, and falsification or concealment of records;
- (f) Breaches, including infractions, circumvention or deviation, from laws, rules, regulations, professional standards, ethical standards and/or procedures applicable to the Company, its business, and the employees conducting such business;
- (g) Accessing, or attempting to access, confidential information the employee is not authorised to obtain;
- (h) Misuse or mishandling of Company property, assets, equipment, and files;
- (i) Purporting to act as a representative of the Company on business unauthorised by the Company;

- (j) Serious breach or neglect of duty, or engaging in actions detrimental to the Company's reputation or relationship with its partners and clients;
- (k) Inappropriate, unprofessional, or immoral acts or behaviour, whether at the workplace or otherwise, which would bring the Company into disrepute, whether during working hours or otherwise;
- (l) Engaging in activities or businesses in competition with the Company;
- (m) Assault, harassment, sexual harassment, abuse of authority, or discrimination;
- (n) Breach of the Conditions of Employment and/or Company's Policies;
- (o) Failure to disclose any interest or relationship with a third party, whose interest may conflict with that of the Company;
- (p) Failure to disclose the receipt of gifts, remuneration, or other benefits received from third parties;
- (q) Failure to cooperate in a duly authorised audit or investigation; and
- (r) Aiding, abetting, concealing, or conspiring to commit, or attempt to commit, any of the above.

5.3. The examples above are non-exhaustive, the Company may still act against an employee for instances of misconduct not listed above. For the avoidance of doubt, depending on the nature of the misconduct, even if it is cited as an example of a particular form of misconduct, where the breach is sufficiently significant or egregious, it could amount to a more serious form of misconduct. By way of illustration, certain acts could be construed as serious or gross misconduct, depending on the facts of the case.

6. Disciplinary Action

6.1. Disciplinary actions that may be taken are set out below. Depending on factors such as, for example, the extent of damage or impact, the disciplinary actions may not be implemented in sequence.

- (a) **Informal verbal warning** – generally issued for minor conduct issues, which may be managed by direct supervisors or managers in the course of work. Informal verbal warnings do not qualify as formal disciplinary action. Hence, the disciplinary process at Section (C) below will not be triggered. The direct supervisor or manager shall take note of such warnings (for example via email or meeting minutes) after discussion with the employee and serves to ensure the employee is aware of the issue and that the matter has been recorded.
- (b) **Formal verbal warning** – generally issued for sustained or repeated minor misconduct (whether preceded by an informal verbal warning or otherwise). A formal verbal warning may be issued after Stage 1 of the disciplinary process at Section (C) below, or immediately following the misconduct, if the conduct is not so serious as to warrant a disciplinary inquiry. A formal verbal warning shall be recorded in an employee's personal file. [Please refer to the explanatory note below for further details.]
- (c) **Written warning** – generally issued in cases of moderate to serious misconduct or sustained or repeated misconduct after having received a formal verbal warning. A final written warning shall generally be issued in the event of repeated misconduct following a formal written warning, or where the nature of a first offence of misconduct is sufficiently serious, a final written warning can be issued even though no prior warnings have been issued. A final written warning shall be recorded in an employee's personal file. [Please refer to the explanatory note below for further details.]
- (d) **Dismissal** – in cases of gross misconduct and/or repeated misconduct, following due inquiry.

Explanatory note: The warnings in (b) and (c) will remain in force for disciplinary purposes for 6 to 18 months, depending on the severity of the misconduct. The Company may consider implementing further disciplinary action or extending the period the warnings are to remain in force if conduct does not improve within such a period. For the avoidance of doubt, such warnings shall remain in the employee's personal file following the period they are to remain in force.

6.2. In conjunction with the various actions set out in 6.1, the following may also be imposed:

- (a) **Downgrading of grade/review of promotion** – which may be affected in cases of moderate to serious misconduct or sustained or repeated misconduct after having received a formal verbal warning. The downgrading of grade may be reviewed after a specified period (e.g., 6 months).
- (b) **Suspension** – from work without pay for a period not exceeding one week for **serious misconduct**.
- (c) **Compensation adjustment/clawback** – of bonuses, incentives, or other variable remuneration, particularly in misconduct involving breaches of Regulatory Obligations.

6.3 The table below is intended as a guide and includes an assessment of both the severity of the misconduct and any mitigating or aggravating factors, to facilitate disciplinary action that is (a) fair and even-handed, (b) consistent with reference to precedent cases, and (c) proportionate with the misconduct.

SEVERITY OF MISCONDUCT	DISCIPLINARY ACTION TO TAKE	MITIGATING / AGGRAVATING FACTORS	
Minor	Verbal/Formal Verbal Warning	Additional sanctions which may be imposed (for e.g., suspension), and which may impact grade/ performance review/ compensation	[These may be organisation specific, such as whether the misconduct was in violation of Regulatory Obligations, impact on the Company, whether customers were involved, financial loss, insufficient supervision by managers, etc.]
Moderate	Written Warning		
Serious or repeated misconduct	Final Written Warning		
Gross or repeated misconduct	Dismissal (following due inquiry)		

7. **Reporting Misconduct**

- 7.1. All instances and/or allegations of misconduct must be reported to [designation / department], directly. If reports are made to the relevant managers instead, such managers must forward such report to [designation / department] immediately and will be held accountable for any omission to do so. The personnel the misconduct is to be reported to should be from an independent control function, such as compliance or internal audit.
- 7.2. In the event the allegation involves or implicates the [designation / department in the preceding clause], the allegation shall be reported to [office overseeing the next level of escalation].
- 7.3. For the avoidance of doubt, reports relating to [reference specific policies] shall be made in accordance with the requirements of those policies. (If there are Company-specific reporting channels or avenues specific to certain policies, e.g., grievance/harassment, reference to reporting being made in accordance with those policies may be set out here.)
- 7.4. Optional: If the Company has deployed an independent third-party reporting system for employees this may be referenced here.
- 7.5. The [designation / department] shall refer all instances and/or allegations of misconduct to the Inquiry Committee, who shall decide if such instances or allegations warrant a Disciplinary Process.

(C) DISCIPLINARY PROCESS

8. Stages of the Disciplinary Process

8.1. Depending on the severity of the misconduct and available evidence of the same, not all stages of the Disciplinary Process may be observed.

8.2. At the Company's discretion, any employee who is the subject of a disciplinary investigation may be placed on suspension during the investigation. Save for the first week of the suspension where the employee will be paid in accordance with the relevant provisions of the Employment Act, the employee will continue to receive his full basic salary and benefits during the period of suspension. Whilst suspended, the employee shall not be present at the Company's premises or contact any of the Company's customers or staff unless otherwise instructed to do so. Suspension is not considered to be an indication of guilt. Arrangements relating to any suspension will be confirmed in writing prior to its imposition.

8.3. STAGE 1 – PRELIMINARY FACT FINDING

- (a) The Inquiry Committee (defined in 9.1) will nominate a member of the Business Unit and Human Resources to conduct a preliminary fact-finding exercise to gather information on the alleged misconduct, including recording relevant witness statements, and establish the facts.
- (b) Witnesses and concerned parties may be required to execute non-disclosure agreements for confidentiality reasons.
- (c) Relevant documentation and other evidence, whether written or electronic, shall be documented and, where necessary, preserved.
- (d) All witness statements, documentation and other evidence, and assessment of the same, including any inconsistencies and remaining issues related to the alleged misconduct, shall be compiled for assessment by the Inquiry Committee for their determination on:
 - (i) Whether a disciplinary inquiry (Stage 2) should commence; or
 - (ii) Whether the matter may instead be referred to the employee's supervisors or managers to be managed as set out in 6.1(a); or
 - (iii) Whether no further action is required, in which case the Inquiry Committee shall record its reasons for reaching such a conclusion and close the matter.

8.4 STAGE 2 – DISCIPLINARY INQUIRY

- (a) If a Disciplinary Inquiry is warranted following Stage 1, the employee will be given reasonable written notice:
 - (i) To attend an inquiry (including the date, time and venue of such inquiry, and the composition of the Inquiry Committee, which shall conduct the inquiry). If the employee fails to attend the first meeting of the inquiry, it shall be adjourned to a new date to provide the employee with ample opportunity to present his case. There will be no further adjournments of the inquiry if the employee were to absent himself from any subsequent inquiries without a reasonable excuse, which should be provided prior to the date of the scheduled inquiry;
 - (ii) Of the nature of the concerns and / or misconduct to be addressed during the inquiry and possible disciplinary sanctions in relation thereto; and
 - (iii) To prepare his case.
- (b) The employee may request for witnesses to be called for the inquiry, and for a summary of the fact-finding exercise (which may be anonymised) in Stage 1 to be provided to him/her.
- (c) Failure to attend an inquiry without reasonable excuse for the absence, or to co-operate with the Disciplinary Process, is a misconduct in itself, and the Inquiry Committee may make a recommendation to the Approving Authority (defined in 9.4) based on the information available to it.

8.5. STAGE 3 - OUTCOME AND APPEAL

- (a) The outcome of the inquiry, setting out the misconduct, reasons for the Approving Authority's decision, disciplinary sanctions to be applied (if any), and corrective action required by the employee, will be conveyed in writing to the employee.
 - (b) Employees will have the right to appeal against any disciplinary sanction or corrective action determination if he feels that the action taken is wrong or unjust. Such appeal should be made in writing, with full grounds of the appeal stated, within 5 working days of the employee being given the outcome of the inquiry.
 - (c) Should the employee wish to appeal the Approving Authority's decision, the appeal will be heard by Company personnel not previously involved, directly or indirectly, with the prior Disciplinary Process, and who may be senior to the Inquiry Committee members who had conducted the Disciplinary Inquiry.
 - (d) The Company's decision following the appeal, which shall be conveyed to the employee in writing, is final.
- 8.6 Where required by the relevant authorities to report the conduct or outcome of any Disciplinary Process, such a report shall be made in compliance with the same.

9. Inquiry Committee/Approving Authority

9.1. The Inquiry Committee shall comprise:

Senior members of staff and should include representatives from Human Resources, Compliance, and Legal functions. Due care should be taken, when including business leaders, that independent personnel are included to ensure a fair and impartial Disciplinary Process.

- (a) Chairperson: A representative from the affected [Business unit], who is a [Deputy Director] and above in grade; preferably from a different department as the affected employee and not a direct supervisor of the employee while reasonably familiar with business operations.
 - (b) Advisors: A representative each from (i) Human Resources, (ii) Legal and/or Compliance; and
 - (c) Secretariat: A representative from Human Resources, who shall oversee record-keeping in respect of all matters relating to the deliberations of the Inquiry Committee and the Disciplinary Process.
- 9.2. The Inquiry Committee may seek the assistance of subject matter experts to assist it.
- 9.3. At the conclusion of the Disciplinary Process, the Inquiry Committee shall recommend the appropriate disciplinary action to be taken to the approving authority ("**Approving Authority**"). All recommendations of the Inquiry Committee shall be a collective one.
- 9.4. The Approving Authority shall be comprised of:
- (a) For recommended disciplinary actions not involving dismissal or suspension: Director grade representatives of the Business Unit or Human Resources.
 - (b) For disciplinary actions involving dismissal or suspension: Managing Director grade representatives of the Business Unit, Human Resources, and Compliance.
- 9.5. For avoidance of doubt, the Inquiry Committee may, at its discretion, initiate the Disciplinary Process in any instance where it takes the view that the employee's conduct warrants a formal disciplinary process.

Issued on 15 March 2022
Last revised 15 March 2022

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A Human Resource Best Practice Paper Published
By the Human Resources Sub-Committee of
the Insurance Culture and Conduct Steering Committee

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