COORDINATING AMONG PUBLIC AND PRIVATE STAKEHOLDERS IN FIGHTING CORRUPTION: MALAYSIA’S EXPERIENCE

Presented by:
Chuah Chang Man
Malaysian Anti-Corruption Commission (MACC)
Preventive and Community Education Functions
Sec. 7 MACC Act 2009 (Act 694)

(c) To examine the practices, systems and procedures of public bodies in order to facilitate the discovery of offences under the MACC Act and to secure the revision of such practices, systems or procedures as in the opinion of the Chief Commissioner may be conducive to corruption;

(d) To instruct, advise and assist any person, on the latter’s request, on ways in which corruption may be eliminated by such person;

(e) To advise heads of public bodies of any changes in practices, systems and procedures compatible with the effective discharge of the duties of the public bodies as the Chief Commissioner thinks necessary to reduce the likelihood of the occurrence of corruption;

(f) To educate the public against corruption; and

(g) To enlist and foster public support against corruption
PART I
CORPORATE INTEGRITY PLEDGE (CIP)
BACKGROUND

Anti-Corruption Principles for Corporations (ACPC) 2011
CORPORATE INTEGRITY PLEDGE

- A unilateral declaration that allows companies/corporations to make a commitment to uphold the ACPC
- Consists five principles to demonstrate their commitment toward creating a business environment that is fair, transparent and free from corruption
Anti-Corruption Principles for Corporations (ACPC) 2011

- Committing to promoting values of integrity, transparency and good governance
- Strengthening internal systems that support corruption prevention
- Complying with laws, policies and procedures relating to fighting corruption
- Fighting any form of corruption
- Supporting corruption prevention initiatives by the Malaysian Government and MACC
Committing to promoting values of integrity, transparency and good governance

- To prohibit bribery and corruption in any form, whether direct or indirect, in the business place and all business relationships, including suppliers, contractors, customers and other third parties
- To ensure full compliance with codes of ethics at all times
- To create a positive culture that upholds integrity in order to create a clean business
- To give recognition and reward those having high integrity and ethics
- To create a secure and accessible channel through which employees and others may report violations
Strengthening internal systems that support corruption prevention

- To develop an anti-corruption programmes that articulate values, policies and procedure to be used to prevent corruption
- To improve existing systems and procedures to prevent any corrupt practices
- To conduct constant internal audit in order to deter misuse of fund and asset
Complying with laws, policies and procedures relating to fighting corruption

To ensure that all laws and company policies and procedures relating to fighting corruption are strictly complied with
Fighting any form of corrupt practices

To take proportionate action against any employee, staff or other person involved in corruption in relation to business, regardless of position and status.
Supporting corruption prevention initiatives by the Government and the MACC

- To support anti-corruption efforts by the Government and the MACC
- To provide full cooperation to the Authorities, oversight agencies and the MACC in the prevention and enforcement of anti-corruption legislation
- To continuously organize corruption prevention programmes
- To maintain relationships with the authorities, regulators and the MACC
- To constantly develop training modules based on corruption prevention, ethics and integrity
Dual Approach

Zero Tolerance for Corruption

Integrity Enhancement and Corruption Prevention Programme
A company, by signing the pledge, makes a declaration as follows:

- will refrain from all forms of corrupt activities
- will work towards creating a business environment that is free from corruption
- will uphold the Anti-Corruption Principles for Corporations in the conduct of its business and in its interactions with its business partners and the Government
Purpose of CIP

• To introduce/create awareness programmes on the offences of corruption and bribery

• To promote awareness on the offences of corruption and bribery in collaboration with the MACC

• To introduce compliance programmes in respect of the relevant code of conduct in the execution of project

• To establish an independent monitoring system

• To impress the importance of disclosure of interest and/or conflict of interest among the Parties’ top management

• To place procedures on the prevention of corrupt practices
The Principles in Action

Pledge
Companies sign pledge

Self-assess
Companies work to self-assess strength of their corporate integrity system
Companies identify an action plan to strengthen systems

Close Gaps
Action plans implement e.g.
- Adopt anti-corruption business principles
- Establish infrastructure; e.g. Governance & Ethics Board Committee
- Conducting Training

Report
Companies include anti-corruption elements in audits
Companies include reporting on anti-corruption measures in annual reporting
Monitoring of CIP

- Inclusion of anti-corruption elements in audits
- Periodic Pledge Synchronization Meetings
- Monitoring of Reports on Anti-corruption Efforts
- Enclosure of implemented anti-corruption initiatives in annual reports
Implementation of CIP

- A total of 131 companies have signed the CIP
- Out of this total, 18 Organizations (companies and their subsidiaries)\(^*\) have signed the CIP with the MACC and the balance of 113 were signed (on line) with the Malaysian Institute of Integrity (IIM)

\(^*\) Included in the 18 Organizations, the EU-Malaysia Chamber of Commerce and Industry represented 14 companies and Pilgrims Fund Board represented 7 of its subsidiaries while 5 are from the Malaysian Business Community
EU COMPANIES SIGN INTEGRITY PLEDGE
IKRAR INTEGRITI KORPORAT
WARGA KERJA BANK ISLAM MALAYSIA BERHAD

Kehormatan kami, seterusnya warga kerja Bank Islam Malaysia Berhad berikut:

- akan berusaha bertanggungjawab meningkatkan dan mempertahankan budaya kerja berintegriti sesuai dengan prinsip-prinsip Syariah yang menjadi dasar operasi perusahaan kami.
- akan selalu berusaha berbuat baik dan menjalankan tugas dan tanggung jawab kerja secara jujur dan patut.
- akan menggunakan hak dan kewajiban dengan bijak dan patut agar dapat dinikmati dan digunakan dengan bijak untuk kebaikan dan kemajuan perusahaan.
- akan memberikan bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan.
- akan menciptakan lingkungan kerja yang kondusif dan aman bagi para karyawan serta pelanggan.
- akan bekerja dengan integritas dan transparansi dalam setiap aktivitas yang dilakukan.
- akan memberikan bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan dan pengarahan kepada bimbingan.
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Dari wawasan dan pemahaman ini, kami pasti akan selalu berusaha bertanggungjawab dan mempertahankan budaya kerja berintegriti sesuai dengan prinsip-prinsip Syariah yang menjadi dasar operasi perusahaan kami.

Bank Islam Malaysia Berhad

[Signature]

CABANG SILOH SIMATUPANG
Pengurusan Umum
Bank Islam Malaysia Berhad

[Signature]

MARIAH HJ ABU
Seimbang Syariah
Bank Islam Malaysia Berhad
Malaysian Corporate Integrity Pledge

Recognising that:

- the Anti-Corruption Principles, as may be amended or revised from time to time, are principles to which companies in Malaysia should commit, to promote integrity, transparency and good governance in all aspects of its operations;
- to conduct business free from corruption and in accordance with the Anti-Corruption Principles for Corporations in Malaysia is to ultimately act in the best interests of the Company and its shareholders, as corruption destroys shareholder value, undermines the confidence of investors, and is the antithesis of sustainable growth;

The Company hereby pledges that it shall:

- not, through any of its employees, representatives or agents, commit any corruption offence under any law, such as the MACC Act 2009 or Penal Code;
- not conduct any business practices or activities that would require or encourage any of its employees, representatives or agents to commit such offences; and
- work together with its business partners, regulators and law enforcement agencies to create a business environment that is free from corruption, and
- uphold the Anti-Corruption Principles for Corporations in Malaysia in the conduct of its business and in its interactions with its business partners and the Government.

Signed by

For and on behalf of
Felda Global Ventures Holdings Berhad

Dato' Sabri Ahmad
President/Chief Executive Officer

Date: 9th April 2012

Witnessed by

Malaysian Anti-Corruption Commission

Dato' Sri Haji Abu Kassim Mohamed
Chief Commissioner
Malaysian Anti-Corruption Commission
Malaysian Corporate Integrity Pledge

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SIGNED BY

for and on behalf of

TELEKOM MALAYSIA BERHAD

(Company No. 128740-P)

in the presence of

Name: DATO’I SULZAMZAHARRI BIN ISMAIL
Designation: Group Chief Executive Officer
Telekom Malaysia Berhad

Name: MOHD NAZLIN ABDUL AHMEM
Designation: Chief Financial Officer
Group Executive Capital Management
Telekom Malaysia Berhad (128740-P)

Date: 27 APR 2011
CIP Activities/Programmes

- Integrity assessment checklist for Organization
- Lectures on corruption offences and its prevention targeted at vendors/suppliers
- Chief Integrity Officer (CeIO) programmes
- Seminar and training on Integrity Enhancement
- Corruption Risk Management Training/Courses
Benefits/Effects for executing the Corporate Integrity Pledge

Encourage a company to work on their own anti-corruption programme and internal systems and processes

A company will be making a clear stand on how it operates

Positive impact - increased level of confidence for domestic and foreign investment

A company can use this pledge to set itself apart from its peers
PART II
INTEGRITY PACT (IP)
The Integrity Pact comprises of a declaration process by bidders not to offer or give any form of bribes as a means to obtain a contract or to facilitate certain processes in Government Procurement.

Bidders and civil servants are required to sign a pact to refrain from getting involved in corrupt practices throughout the procurement processes until the project is completed.
Objectives

- To avoid bidders from offering or giving bribes
- To require bidders to report any bribery/act of corruption to the authorities
- To ensure the Government does not incur "unnecessary cost" in carrying out Government Procurement
Implementation of IP

• In the implementation and execution of the Project, the owner and the contractor agree to introduce appropriate measures necessary from time to time, to assist the Parties in creating awareness amongst their employees and agents in their efforts to comply with anti-bribery laws and legislation. These measures are known as Integrity Pact.

• By year end of 2011 a total of 132,459 Integrity Pacts had been signed between the Government and its vendors/suppliers.
Sanctions against Non-Compliance

- Charged for offences under the Malaysian Anti-Corruption Commission Act 2009 and on conviction be fined not less than 5 times the amount of corruption involved or RM 10,000 whichever is the higher and imprisonment up to 20 years.

- Black listing of companies from doing business with the Government up to five years if found to have been involved in corruption.
PART III
MEGA PROJECT MONITORING BY INTEGRITY GOVERNANCE COMMITTEE
Mega Projects

- Development Projects that involves a cost of RM 500 million (approx. € 129 million or US$ 161 million) and above; and/or

- Projects that of public interest that has an impact on the community, environment and its financial resources
Functions

- Identify weaknesses in policies, laws, regulations and procedures to identify corruption risks
- Monitor compliance with policies, laws, regulations and procedures
- Detect any non-compliance with contractual agreements (cost, time, quality, quantity)
- Strengthen the integrity among officers working / executive officer either at the department / agency, government or private
- As dissemination of information / complaints related to corruption
Example of Implementation

Mass Rapid Transit (MRT) costing RM 36 Billion (approx. € 9.3 billion or US$ 11.6 billion) and impacting 6 million users in the Kuala Lumpur and its surrounding areas.

Monitoring carried out by three sub-committees:

- **Land Acquisition** – Chaired by Director General Land and Mines Department
  Responsible to monitor the process of land acquisition and risk in manipulation of the compensation value of land acquired.

- **Integrity Pact** – chaired by TI-Malaysia
  Responsible to verify IPs prepared by the project owner and project delivery partner and contractor.

- **Anti-Corruption Communication and Education** – Chaired by MACC
  Responsible for implementing anti-corruption education programmes for those involved in this mega project.
Codes of Ethics in Business: Collaboration Between MACC and SME Corp

- The MACC and SME Corp are also coming up with a SME Code of Ethics for SMEs. The purpose of the codes is to ensure all SMEs will not involve in corruption, abuse of power and malpractices.

- By having codes of ethics, it assists to reduce corruption bad effect in those sectors and at the same time enhancing quality of the product, safe human life (consumer) and undermine business trust.

- By strengthening the integrity in those sectors, directly will increase product quality.

- The codes of ethics in those sector will eliminate the sources of corruption in which the parties involve will be more transparent, high integrity and less greedy. Above all the sectors will implement good governance in their business.
CAPACITY AND CAPABILITY BUILDING

- The MACC, the Malaysian Institute of Integrity and Transparency International Malaysia will provide training to the companies to enhance the level of integrity within the organization.

- The training module is based on the outcome of the assessment of the company corporate integrity systems.

- MACC through its Inspection and Consultancy Division also provides assistance to companies in formulating the Code of Ethics as well as advises on ways to strengthen the system and procedure to plug any loopholes for corruption.
ANTI-CORRUPTION CLAUSE IN GOVERNMENT CONTRACTS

- On 28 February 2009 the Ministry of Finance has issued Special Circular to instruct all parties involved in government contracts not to commit any corrupt practices in any government procurement.

- All agencies are required to include a corruption offence clause in government contract documents, at all levels of the process including document preparation, tender invitation / quotation / e-Bidding.

- This clause was initiated by MACC based on the findings reported in the Auditor General’s Reports.
MACC is tasked with the responsibility in the fight against corruption with Chief Commissioner acting as the Coordinator under the National Key Result Area (NKRA) – Fighting Corruption initiative. There are nine core initiatives which are identified as Big Wins and one of that directly involves with private sector is the Disclosure of Procurement Information.

The Ministry of Finance through this initiative has publicized the Government Procurement information through its MyProcurement Portal on 1 April 2010.

The success of this initiative also enables the Public Private Partnership Unit (UKAS) to create the MyPartnership Portal in disclosing information on privatization projects. The portal is perceived to enhance the level of transparency, integrity and accountability in Government procurement.
Thank You