

Business Integrity Management As A Core Antecedent To Our National Anti-corruption Efforts

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19 October 2022

About Us

Transparency International Malaysia (TI-M) is an independent, non-governmental and non-partisan organization committed to the fight against corruption. Founded in 1998, TI-M is registered with the Registrar of Societies Malaysia as the Malaysian Society for Transparency and Integrity and is the accredited National Chapter of the Berlin-based Transparency International.

Our Vision: A Nation without Corruption; A Society with Integrity.

Our Mission: To eradicate corruption and promote Transparency, Integrity and Accountability throughout Society.



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What is Corruption?

Corruption is the act of **giving or receiving of any gratification or reward** in the form of cash or in-kind of high value for performing a task in relation to his/her job description.

Malaysian Anti-Corruption Commission
(MACC), 2020

Corruption is the **abuse of entrusted power** for private gain.

Transparency International, 2020



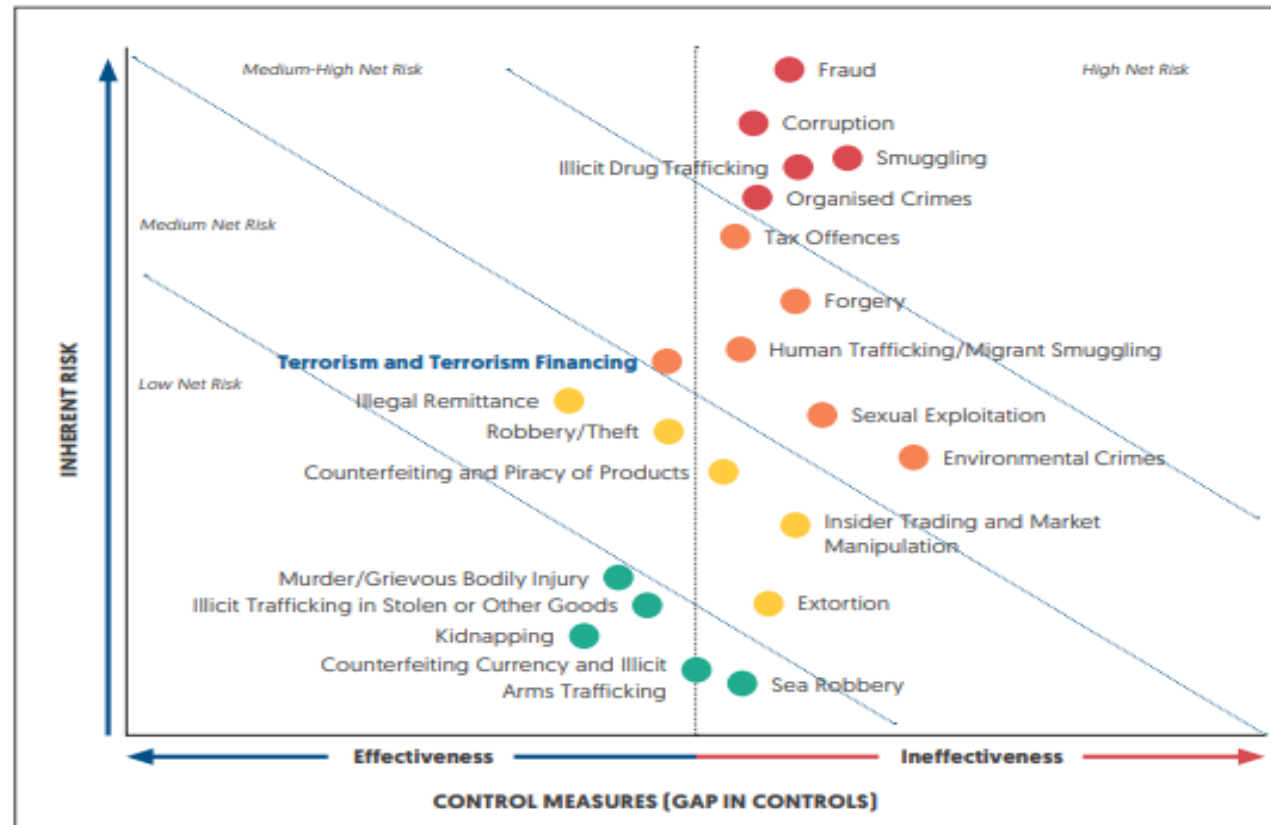
Key legislation In Malaysia

FORMS	OFFENCES
Bribery	Accepting/Receiving/Soliciting/Demanding/Attempting to obtain gratification Giving/Offering gratification (Section 16 & 17, MACC Act 2009) Receiving/Obtaining Valuables without due consideration (Section 165, Penal Code)
Embezzlement	Theft (Section 381, Penal Code)
Fraud	False Claims (Section 18, MACC Act 2009) Cheating (Section 420, Penal Code) CBT (Section 409, Penal Code)
Extortion	Extortion, putting fear to a person (Section 385-389, Penal Code)
Favouritism	Using office or position for gratification (Section 23, MACC Act 2009)
Nepotism	Using office or position for gratification (Section 23, MACC Act 2009)



National Risk Assessment 2020

Summary Findings



Source: <https://amlcft.bnm.gov.my/publications>

Highlights on Key Crimes

Fraud

- **Cheating** and **illegal investment schemes** are the most prevalent and severe fraudulent activities respectively.
- Increasing number of mule accounts are used to move illicit proceeds over the last few years.
- Strategic partnerships among agencies in various initiatives including monitoring, sharing of information, public awareness and investigation are important in preventing fraudulent activities.

Corruption

- Concerns remain over widespread systemic corrupt practices.
- Intensified efforts by Malaysian Anti-Corruption Commission (MACC) to pursue graft cases remain key.
- In addition to enforcement actions, strong political commitment is critical to ensure the success of the national **anti-corruption plan** and **initiatives**.

Smuggling

- Challenges posed by large-scale illicit trade activities and smuggling syndicates persist.
- While border control has improved, the **long and porous borders** with numerous illegal entry points pose inherent challenges.
- Addressing the loopholes in current legislation and resource limitations are key to combat the crime.

Illicit Drug Trafficking

- Malaysia remains vulnerable to illicit drug trafficking due to its proximity to **Asia's Golden Triangle**.
- Positive development in targeting proceeds of crimes in drug enforcement and prosecution but concerted international efforts remain critical.

Organised Crimes

- Perceived to have **strong interconnectedness** with most, if not all, serious crimes.
- Greater coordination between law enforcement agencies is key to combat organised crimes effectively.

Terrorism and TF

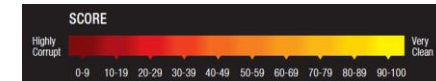
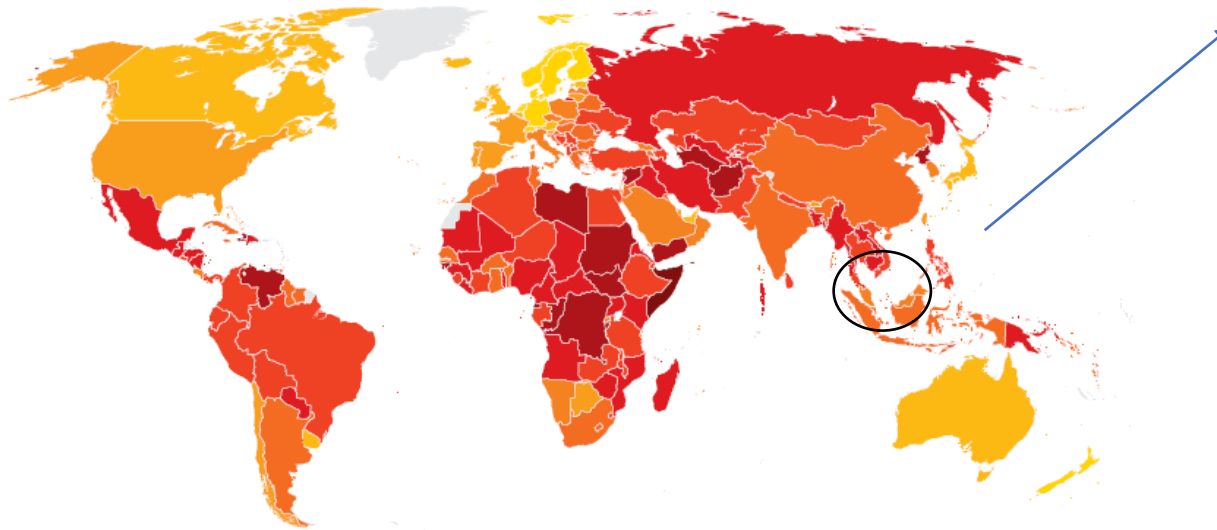
- Terrorism and TF showed a decreasing trend due to the **decline of Islamic State (IS)**.
- Challenges in detecting **under-the-radar** movement of cash in small amounts remain.
- Enforcement actions hindered the propagation of terrorism threats on social media.

Source: <https://amlcft.bnm.gov.my/publications>



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Corruption Perceptions Index 2021



S: 48/100

P: 62/180

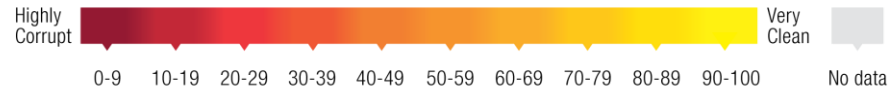
YEAR	SCORE ¹	RANK ²
2019	53	51
2020	51 ↓	57 ↓
2021	48 ↓	62 ↓

Notes: 1. 100 (very clean) to 0 (highly corrupt)

2. 180 countries ranked for all 3 years



SCORE



SCORE COUNTRY/TERRITORY

88	Denmark
88	Finland
88	New Zealand
85	Norway
85	Singapore
85	Sweden
84	Switzerland
82	Netherlands
81	Luxembourg
80	Germany
78	United Kingdom
76	Hong Kong
74	Canada
74	Iceland
74	Ireland
74	Estonia
74	Austria
73	Australia
73	Belgium
73	Japan
73	Uruguay
71	France
70	Seychelles

69	United Arab Emirates
68	Bhutan
68	Taiwan
67	Chile
67	United States of America
65	Barbados
64	Bahamas
63	Qatar
62	Korea, South
62	Portugal
61	Lithuania
61	Spain
59	Israel
59	Latvia
59	Saint Vincent and the Grenadines
58	Cabo Verde
58	Costa Rica
57	Slovenia
56	Italy
56	Poland
56	Saint Lucia
55	Botswana

55	Dominica
55	Fiji
55	Georgia
54	Czechia
54	Malta
54	Mauritius
53	Grenada
53	Cyprus
53	Rwanda
53	Saudi Arabia
52	Oman
52	Slovakia
49	Armenia
49	Greece
49	Jordan
49	Namibia
48	Malaysia
47	Croatia
46	Cuba
46	Montenegro
45	China
45	Romania
45	Sao Tome and Principe

45	Vanuatu
44	Jamaica
44	South Africa
44	Tunisia
43	Ghana
43	Hungary
43	Kuwait
43	Senegal
43	Solomon Islands
42	Bahrain
42	Benin
42	Burkina Faso
42	Bulgaria
41	Timor-Leste
41	Belarus
41	Trinidad and Tobago
40	India
40	Maldives
39	Kosovo
39	Colombia
39	Ethiopia
39	Guyana
39	Morocco

Challenging conditions put corporate integrity standards at risk in emerging markets

- EY Global Integrity Report shows growing pressures on ethical conduct in emerging markets
- 62% of respondents believe it is challenging for organizations to maintain integrity standards in tough economic conditions
- Worsening market conditions (36%) and declining financial performance (31%) top risks to ethical conduct in emerging markets



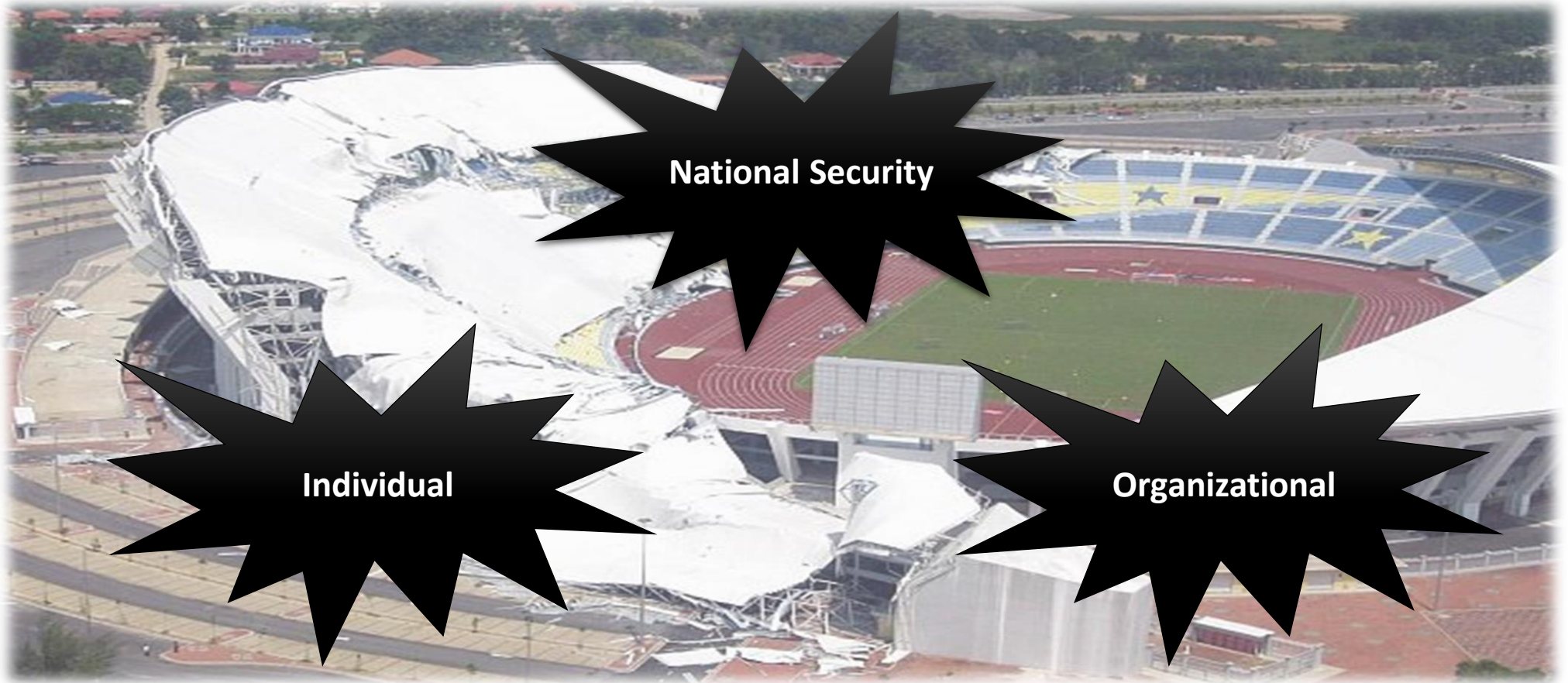
The report canvassed the views of more than 2,750 employees, managers, and board directors from 33 emerging markets and found that the current geopolitical and economic environment — in the aftermath of the COVID-19 pandemic — poses a significant threat to ethical business conduct.

Source: https://www.ey.com/en_gl/news/2022/09/challenging-conditions-put-corporate-integrity-standards-at-risk-in-emerging-markets



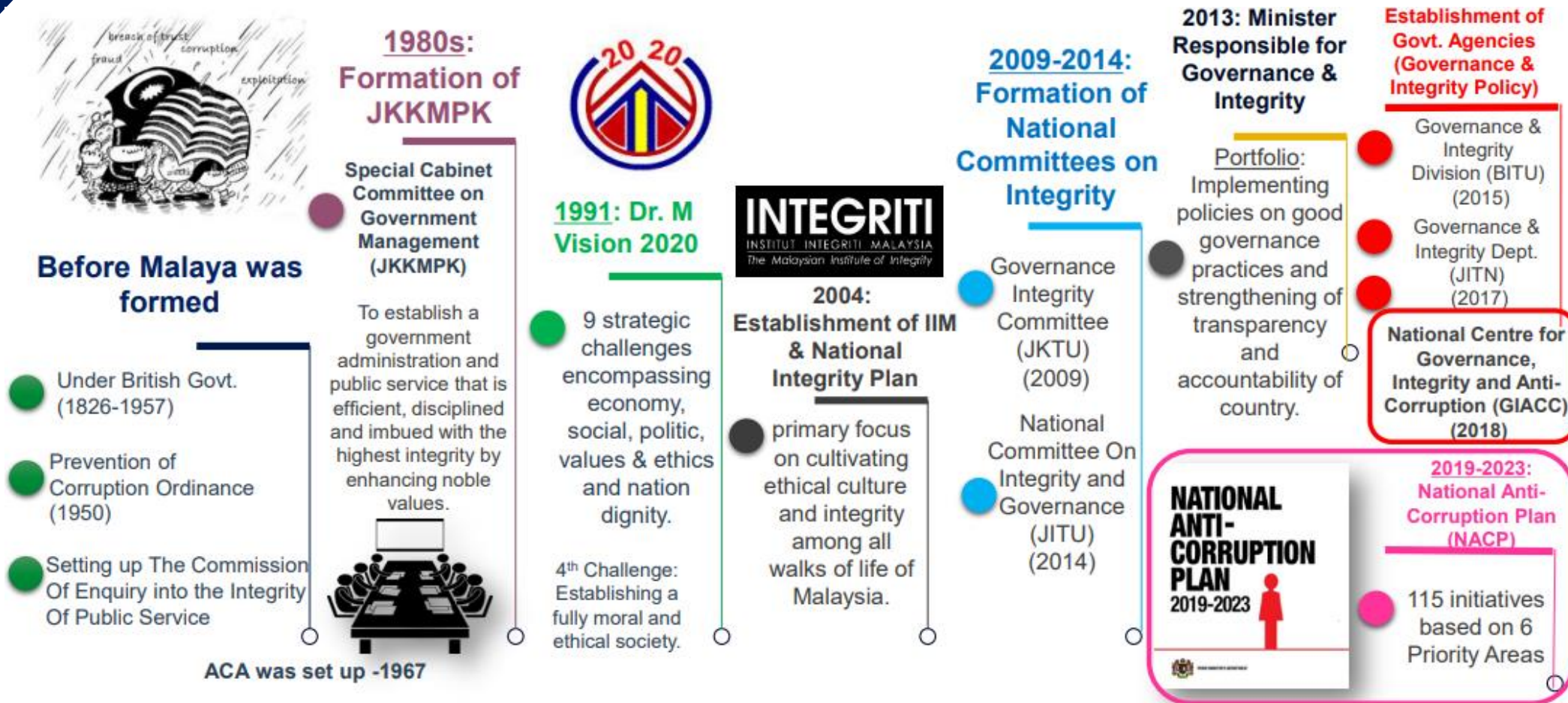
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Effects of Corruption





The Malaysian Journey – So Far





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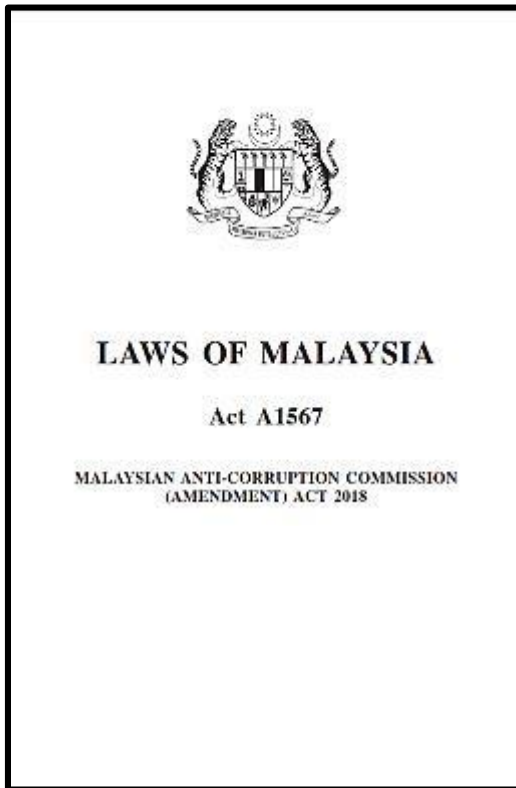
The NACP 2019-2023





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Rationale behind amendments to MACC Act 2009 (gazetted on 4th May 2018)



MACC Amendment Act 2018

➤ Amended 8 sections within the Act.

➤ Two (2) new sections:

Section 17A

- An offence committed by commercial organization

Section 41A

- On admissibility of documentary evidence

➤ Tabled at Parliament in March/April 2018 & gazetted on 4 May 2018

➤ Moratorium to prepare & implement Section 17A by **1 June 2020**

➤ **Ministerial Guidelines based on Subsection (5)** issued in December 2018



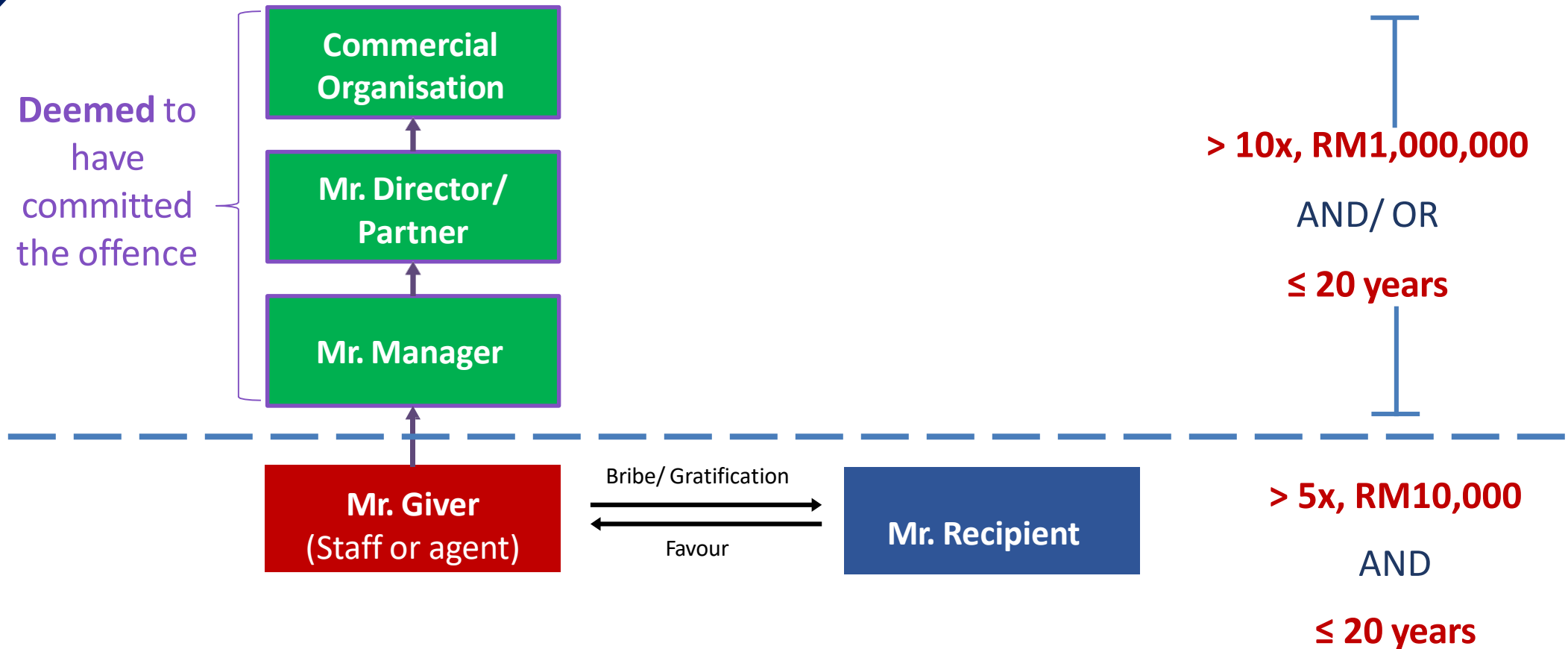
Corporate Liability Provision - Section 17A

A **commercial organization** commits an offence if a **person associated** with the commercial organization corruptly **gives, agrees to give, promises or offers to any person any gratification** whether for the benefit of that person or another person with intent:-

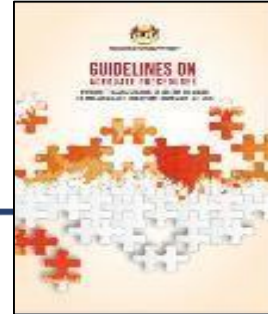
- (a) to obtain or retain **business** for the commercial organization; or
- (b) to obtain or retain an **advantage** in the conduct of business for the commercial organization.



Plausible scenario (summary)



Five (5) Principles of Adequate Procedures

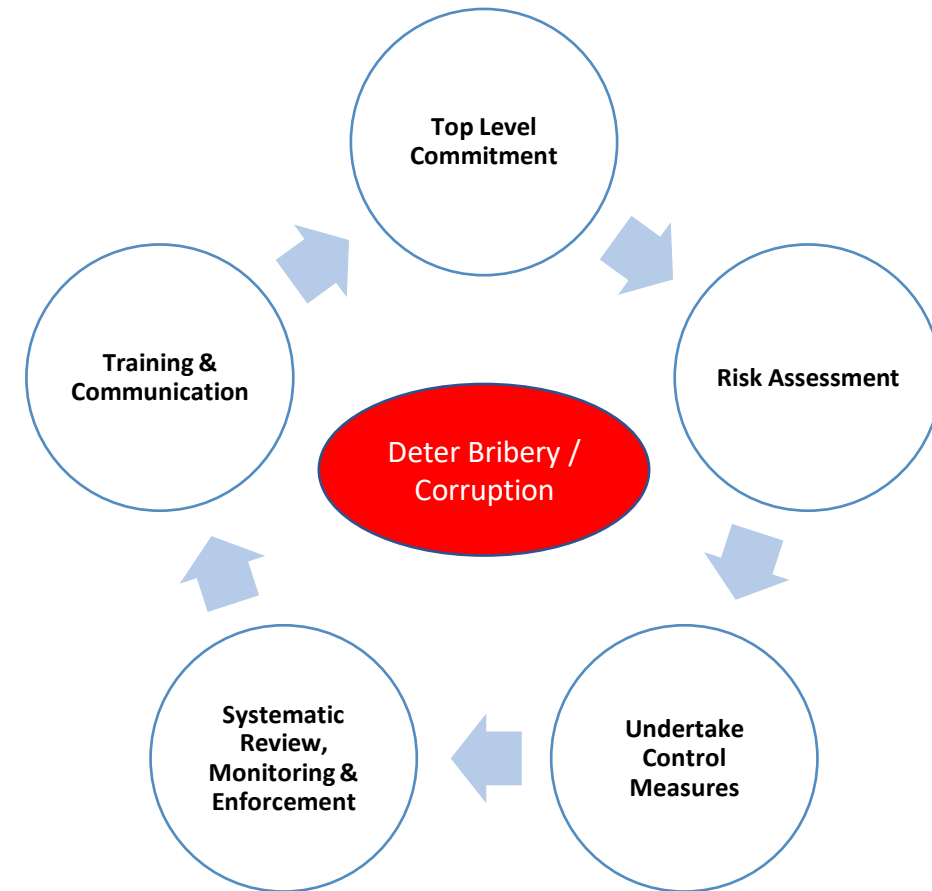


Principle I	Principle II	Principle III	Principle IV	Principle V
T op level commitment	R isk assessment	U ndertake control measures	S ystematic review, monitoring & enforcement	T raining & communication

The rationale behind “Adequate Procedures”

Pursuant to Subsection (5) of Section 17A, MACC Act 2009.

“The aim is to foster the growth of a business environment that is free of corruption, and to encourage all commercial organizations to take the reasonable and proportionate measures to ensure their businesses do not participate in corrupt activities for advantage or benefit.”



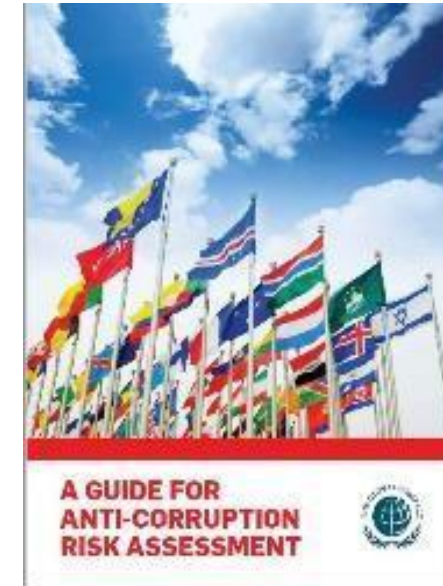
Global Standards as Guidance for the Business Sector



**ISO37001:2016
Anti-Bribery
Management Systems**



**ISO37002:2021
Whistleblowing
Management Systems**

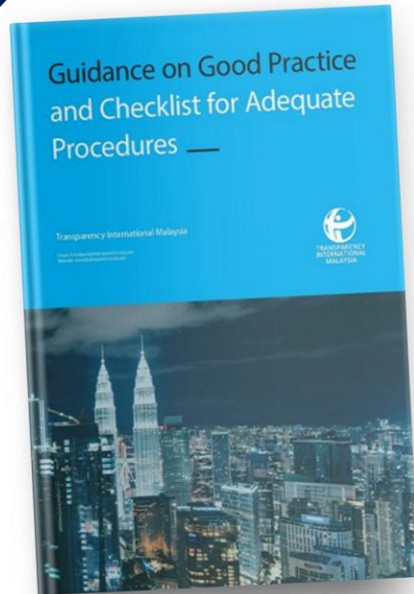


**United Nations Global
Compact - Risk
Assessment Guide**



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Local Resources as Guidance for the Business Sector



Guidance for Good Practice and Checklist for Adequate Procedures



**Section 17A:
Employers Handbook**



Section 17A: Standard Manual for Training & Communication



Corporate Integrity Systems Management (CISM)

Supporting Environment, Social and Governance (ESG) with anti-corruption monitoring..



Environmental	Social	Governance
<ul style="list-style-type: none"> Carbon emissions / climate change Energy management Environmental impact minimisation Waste management Water use and sourcing Natural resources stewardship Biodiversity protection 	<ul style="list-style-type: none"> Health and safety Human rights Human capital Employee rights Data privacy Gender equality 	<ul style="list-style-type: none"> Board structure & composition Executive compensation Enterprise risk management Compliance monitoring & reporting Business ethics Anti-bribery and corruption



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