

Corporate Integrity Pledge
and
Anti-Corruption Principles for
Corporations in Malaysia
(2011)

Malaysian Institute of Integrity

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Explanatory Note

The Anti-Corruption Principles for Corporations in Malaysia (2011) (“the Principles”) sets out principles for corporations to adopt to demonstrate their commitment toward creating a business environment that is fair, transparent and free from corruption.

The Principles are intended to act as guidance on areas that corporations can focus on to play their role in contributing toward anti-corruption efforts in Malaysia, in line with the objectives of the National Key Result Area of “Fighting Corruption” under the Government Transformation Programme, introduced by the Prime Minister, YAB Dato' Sri Mohd Najib bin Tun Abdul Razak.

The Anti-Corruption Principles for Corporations in Malaysia (2011) represents a key nexus between reforms taking place in the public sector and the continued improvements taking place in the private sector, to drive the nation’s progress towards becoming a developed nation. The principles were the result of discussions among the following:

Bursa Malaysia Berhad
Companies Commission of Malaysia
Malaysian Institute of Integrity
Malaysian Anti-Corruption Commission &
NKRA Corruption Monitoring & Coordination Division
Securities Commission Malaysia
Transparency International Malaysia
Performance Management and Delivery Unit (PEMANDU), Prime Minister’s Office

Anti-Corruption Principles for Corporations in Malaysia

A company shall strive to create a Malaysian business environment that is free from corruption through the following actions:

- 1. COMMITTING to promoting values of integrity, transparency and good governance**
 - 1.1 To prohibit bribery and corruption in any form, whether direct or indirect, in the business place and in all business relationships, including with suppliers, contractors, customers and other third parties;
 - 1.2 To ensure full compliance with codes of ethics at all times; and
 - 1.3 To create a positive culture that upholds integrity in order to create a clean business environment.

- 2. STRENGTHENING internal systems that support corruption prevention**
 - 2.1 To develop an anti-corruption programme that articulates values, policies and procedures to be used to prevent corruption from occurring in all business activities;
 - 2.2 To improve existing systems and procedures to prevent any corrupt practices;
 - 2.3 To include corruption prevention, ethics and integrity as areas for training and development for management, employees and staff;
 - 2.4 To create a secure and accessible channel through which employees and others may report violations in confidence and without risk of reprisal.

- 3. COMPLYING with laws, policies and procedures relating to fighting corruption**
 - 3.1 To ensure that all laws and company policies and procedures relating to fighting corruption are strictly complied with; and
 - 3.2 To ensure that the good governance is practiced, checks and balances put in place, and business is conducted with transparency and accountability to avoid conflicts of interest, abuses of power and misconduct.

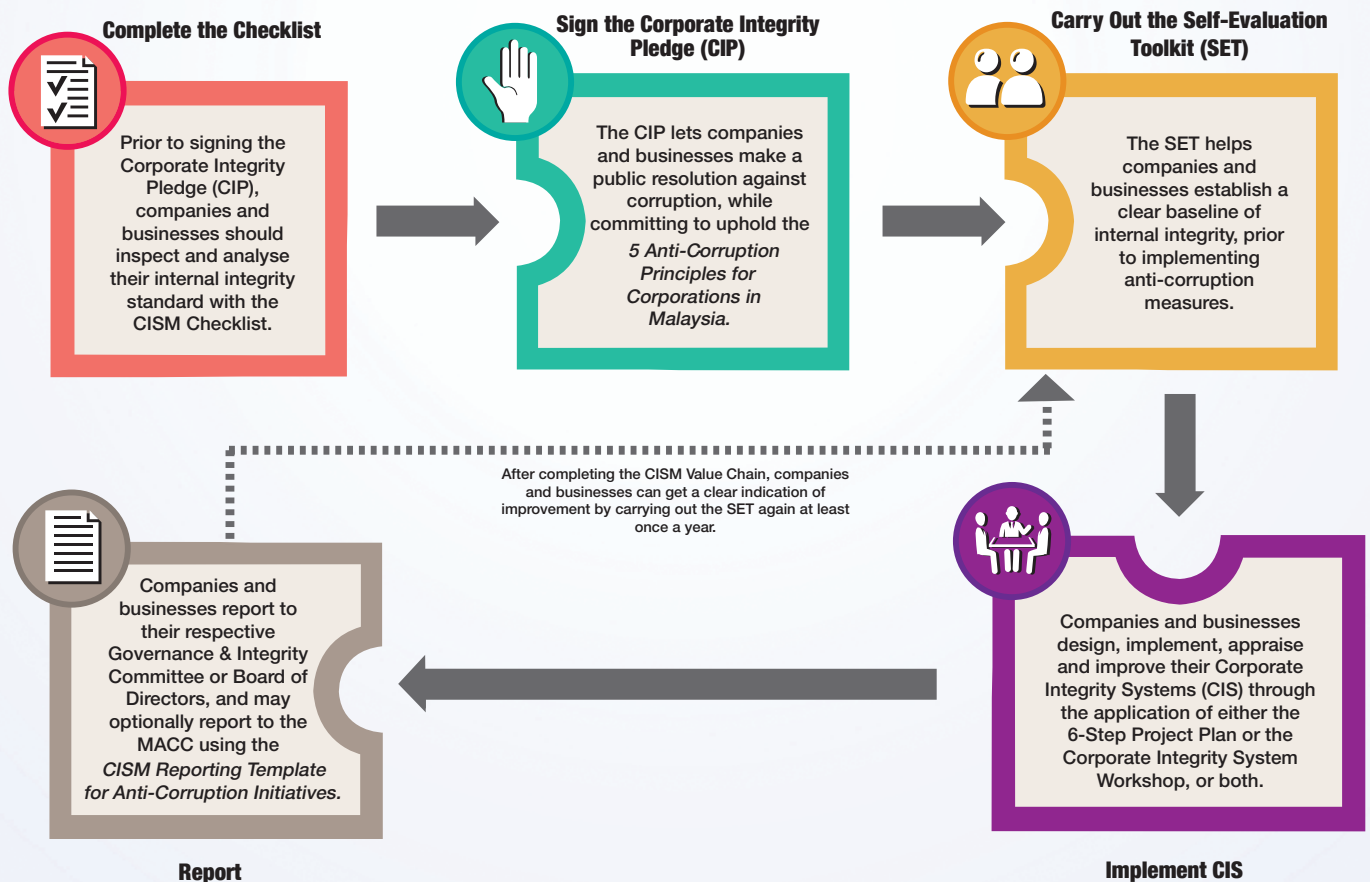
- 4. FIGHTING any form of corrupt practice**
 - 4.1 To take proportionate action against any employee, staff or other person involved in corruption in relation to the business, regardless of position and status; and
 - 4.2 To report any corrupt practice that occurs in the business place to the appropriate authority.

- 5. SUPPORTING corruption prevention initiatives by the Malaysian Government and Malaysian Anti-Corruption Commission (MACC)**
 - 5.1 To support anti-corruption efforts by the Government and MACC; and
 - 5.2 To maintain relationships with the authorities, regulators and MACC and provide full cooperation in relation to corruption detection, prevention and enforcement of laws against corruption.

Appendix I – Pledging to uphold the Principles

In order to realise a comprehensive and rigorous anti-corruption corporate culture, there is an urgent need for Malaysian companies and businesses to put in place preventive measures that reinforce ethical leadership, good governance, transparency, accountability and respect for the rule of law in their operational procedures.

The Corporate Integrity System™ Malaysia (CISM) Value Chain identifies gaps and obstacles faced by companies and businesses pursuing corporate integrity. Implementation of the CISM requires all stakeholders to take ownership and have a long-term commitment to the initiative. This is in line with the corporate integrity and business ethics goals of the New Economic Model (NEM), the Economic Transformation Programme (ETP), the Government Transformation Programme (GTP) – specifically the NKRA Against Corruption – and the National Integrity Plan (NIP).



Impact of signing the Corporate Integrity Pledge

Companies can signal their commitment to:

- a high standard of governance, transparency and accountability; and
- contributing toward of improving the business environment in Malaysia,

to their investors and other stakeholders, by pledging to uphold the Principles in their business operations, using the attached format of the Malaysian Corporate Integrity Pledge.

Any company that has executed the pledge can inform their stakeholders via an update through the Malaysian Institute of Integrity website. Companies that seek to be included on the list of signatories carried on the website can inform Malaysian Institute of Integrity by depositing a copy of the executed pledge with them at the address below, through post, fax or email:

Director
Private Sector
Level 7, Menara Integriti
Persiaran Duta Off Jalan Duta
50480 Kuala Lumpur

Fax: 03-62092067
Email: swasta@iim.com.my
Tel: 03-62092061/62/66

Stakeholders of a company can access this list directly at the Malaysian Institute of Integrity website or through the website of Bursa Malaysia Berhad or the Companies Commission of Malaysia.

It is important to note that this pledge is a tool to be used by companies themselves, on a voluntary basis, to improve the quality of their governance mechanisms and the level of integrity of their business operations; it is in the long run to be given force through self-reporting by the company, to meet the demands of its stakeholders. The signing of the pledge by a company and the inclusion of any company's name in a list of signatories does not in any way imply any certification, review or assessment has been conducted by Malaysian Institute of Integrity or any of the regulatory authorities or other parties collaborating on this tool to vouch for the integrity of the signatory.

Malaysian Corporate Integrity Pledge

Recognising that:

- the Anti-Corruption Principles for Corporations in Malaysia, 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.

Execution by affixing the company seal)
THE COMMON SEAL of _____ on)
_____ the affixing of which was)
witnessed by:)

Name:

Signature:

Name:

Signature:

Appendix II - Corporate Integrity Agreement

Companies can also leverage on the Principles by mutually committing to uphold the Principles with their contractual counterparts in business relationships. Companies may either execute Integrity Agreements with each other or incorporate the provisions by reference, in their own contracts, guided by the following format.

Integrity Agreement

Between

_____ hereinafter referred to as “[Party X]”,

And

_____ hereinafter referred to as “[Party Y]”

Preamble

[Party X] intends to enter into a contract(s) for [name of contract] with [Party Y]. The parties commit to full compliance with all relevant laws, rules, and regulations and to strive to adopt good business practices relating to anti-corruption, in line with the Anti-Corruption Principles for Corporations in Malaysia (“the Principles”).

Commitments of the parties

1. The Parties commit to take all measures necessary to prevent corruption in their dealings with [name of contract] (“the Contract”). The Parties:
 - a. [have entered into the Integrity Pledge to observe Anti-Corruption Principles for Corporations in Malaysia];
 - b. undertake to each other to adhere to the Principles in the execution of [name of contract];
 - c. [have each implemented a No-Bribery Policy/Code of Conduct that prohibits corruption and in the case of:
 - i. [Party X], it shall at all times abide by [title of company code of conduct];
 - ii. [Party Y], it shall at all times abide by [title of company code of conduct].]

Reporting violations

2. If any Party obtains knowledge of conduct of an employee, agent, representative or an associate, whether its own or of the other Party, which constitutes corruption, or if any Party has substantive suspicion in this regard, that Party will inform the same to the Malaysian Anti-Corruption Commission.