MALAYSIAN ANTI-CORRUPTION GOVERNANCE AND INITIATIVES

The Australian Public Sector Anti-Corruption Conference 2013
Vision.Vigilance.Action
Sydney, Australia
27 November 2013

By
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Director
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Malaysian Anti-Corruption Commission
PRESENTATION OUTLINE

1. MACC – BACKGROUND, FUNCTION AND GOVERNANCE
2. LEGISLATIONS
3. TONE FROM THE TOP
4. INITIATIVES - PUBLIC SECTOR
   • INTEGRITY MANAGEMENT SYSTEM OF MALAYSIA GOVERNMENT
   • CERTIFIED INTEGRITY OFFICER
   • INTEGRITY UNIT
   • CORRUPTION OFFENDERS’ DATABASE
5. INITIATIVES – PRIVATE SECTOR
   • MACC TRANSFORMATION
   • CORPORATE INTEGRITY PLEDGE
   • INTEGRITY PACT
MACC’S BACKGROUND

1 JANUARY 2009
MALAYSIAN ANTI-CORRUPTION COMMISSION

13 MAY 1982
ANTI-CORRUPTION AGENCY

29 AUGUST 1973
NATIONAL BUREAU OF INVESTIGATION

1 OCTOBER 1967
ANTI-CORRUPTION AGENCY

BEFORE 1967
SPECIAL CRIME (POLICE DEPARTMENT)
MACC’S STRATEGIC FUNCTIONS

- Detect corruption offences
- Investigate corruption offences
- Detect the risk of corruption in work practices, systems and procedures
- Advise on the likelihood of the occurrence of corruption
- Educate the public against corruption
- Enlist and foster public support against corruption
MACC GOVERNANCE

MACC AIMS TO BE A PROFESSIONAL ANTI-CORRUPTION COMMISSION IN ENFORCING THE LAW AND EDUCATING THE PUBLIC AGAINST CORRUPTION

- **INDEPENDENT**
  THE MACC IS INDEPENDENT IN PERFORMING AND DISCHARGING ITS DUTIES WITHOUT HAVING TO REFER TO ANY GROUP OR PARTY

- **TRANSPARENT**
  THE MACC’S ACTIVITIES ARE MONITORED AND DULY ADVISED BY FIVE (5) OVERSIGHT EXTERNAL BODIES, FOLLOWED BY THE PRESENTATION OF ITS ANNUAL REPORT TO THE PARLIAMENT

- **PROFESSIONAL**
  THE OFFICERS OF THE MACC ARE BOUND BY ITS OWN LEGAL PERIMETERS AND CODE OF ETHICS. THEY ARE EQUIPPED WITH THE NECESSARY SKILLS AND KNOWLEDGE IN EXECUTING THEIR DUTIES IN AN EFFECTIVE AND COMPETENT MANNER
EXTERNAL OVERSIGHT BODIES (CHECK AND BALANCE MECHANISM)

ANTI-CORRUPTION ADVISORY BOARD
ESTABLISHED BY SEC 13 OF MACC ACT

SPECIAL COMMITTEE ON CORRUPTION
ESTABLISHED BY SEC. 14 OF MACC ACT

COMPLAINTS COMMITTEE
ESTABLISHED BY SEC. 15 OF MACC ACT

OPERATION REVIEW PANEL
ADMINISTRATIVELY FORMED

CONSULTATION AND CORRUPTION PREVENTION PANEL
ADMINISTRATIVELY FORMED
# MAIN CORRUPTION OFFENCES

<table>
<thead>
<tr>
<th>OFFENCES</th>
<th>MACC ACT</th>
<th>PENALTY</th>
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<tbody>
<tr>
<td>BRIBERY</td>
<td>GIVING OR ACCEPTING GRATIFICATION (SECTION 16 &amp; 17)</td>
<td>IMPRISONMENT FOR A TERM NOT EXCEEDING 20 YEARS AND FINE NOT LESS THAN 5 TIMES THE SUM OR VALUE OF THE GRATIFICATION OR RM10,000.00, WHICHEVER IS HIGHER</td>
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<td>FALSE CLAIMS</td>
<td>FALSE CLAIMS TO DECEIVE PRINCIPAL (SECTION 18)</td>
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<td>WITHDRAWAL OF TENDER</td>
<td>CORRUPTLY PROCURING WITHDRAWAL OF TENDER (SECTION 20)</td>
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<tr>
<td>CONFLICT OF INTEREST / ABUSE OF AUTHORITY</td>
<td>USING OFFICE OR POSITION FOR GRATIFICATION (SECTION 23)</td>
<td></td>
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<tr>
<td>BRIBING FOREIGN PUBLIC OFFICIALS</td>
<td>BRIBERY OF FOREIGN PUBLIC OFFICIALS (SECTION 22)</td>
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<tr>
<td>ATTEMPTS TO COMMIT THE OFFENCES</td>
<td>ATTEMPTS, PREPARATIONS, ABETMENTS AND CRIMINAL CONSPIRACY TO COMMIT THE OFFENCES (SECTION 28)</td>
<td></td>
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<tr>
<td>NOT REPORTING BRIBERY</td>
<td>FAILURE TO REPORT BRIBERY (SECTION 25)</td>
<td>FINE NOT EXCEEDING RM100,000.00 OR IMPRISONMENT NOT EXCEEDING 10 YEARS OR BOTH</td>
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Malaysian Anti-Corruption Commission
LEGISLATIONS

EXISTING

- PENAL CODE (ACT 574)
- ANTI-MONEY LAUNDERING AND TERRORISM FINANCING ACT 2001 (AMLATFA)
- MUTUAL ASSISTANCE IN CRIMINAL MATTERS ACT 2002
- MALAYSIAN ANTI-CORRUPTION COMMISSION ACT 2009

LATEST ADDITIONS

- WITNESS PROTECTION ACT 2009
- WHISTLEBLOWER PROTECTION ACT 2010
Determined to fulfil the nation’s aspiration of becoming a high-income nation by the year 2020, the Malaysian Government made bold move by making fighting corruption a priority.

“THE IMPORTANCE OF CULTIVATING THE APPROPRIATE SOCIAL NORMS AND VALUES ARE CRITICAL FOR THE WAR AGAINST CORRUPTION”

“This makes the behavior of those in positions of leadership, be it in politics, government, business, civil society, education and the home, especially important in instilling the right values and basics of ethical conduct”

YAB DATUK SERI NAJIB TUN RAZAK
THE MALAYSIAN PRIME MINISTER
AT THE OPENING CEREMONY OF THE 6TH ANNUAL CONFERENCE AND GENERAL MEETING OF THE INTERNATIONAL ASSOCIATION OF ANTI-CORRUPTION AUTHORITIES (IAACA) IN 2012
PRIME MINISTER DIRECTIVE NO. 1 OF 2009

PRIME MINISTER DIRECTIVE NO. 1 OF 2009 – INTEGRITY MANAGEMENT SYSTEM OF MALAYSIA GOVERNMENT ADMINISTRATION

- ESTABLISHMENT OF COMMITTEE ON INTEGRITY GOVERNANCE (CIG) IN ALL GOVERNMENT MINISTRIES AND DEPARTMENTS, CHAIRED BY MINISTER AND HEAD OF DEPARTMENT, RESPECTIVELY
PRIME MINISTER DIRECTIVE NO. 1 OF 2009,
SERIES 1 NO. 1 YEAR 2011

PRIME MINISTER DIRECTIVE NO. 1 OF 2009, SERIES 1 NO. 1 YEAR 2011 – IMPLEMENTATION OF CERTIFIED INTEGRITY OFFICER (CeIO) PROGRAM

- CeIO TRAINING PROGRAM FOR PUBLIC OFFICIALS
- EXTENDED TO PRIVATE SECTORS
GOVERNMENT SERVICE CIRCULAR NO. 6 OF 2013

GOVERNMENT SERVICE CIRCULAR NO. 6 YEAR 2013

- ESTABLISHMENT OF INTEGRITY UNIT IN ALL FEDERAL AND STATE GOVERNMENT AGENCIES WITH A CERTIFIED INTEGRITY OFFICER (CeIO) AS ITS HEAD
CORRUPTION OFFENDERS’ DATABASE

<table>
<thead>
<tr>
<th>No.</th>
<th>Nama</th>
<th>No KP/No Pasport</th>
<th>Tarikh Sabitan</th>
<th>Klik untuk maklumat lanjut</th>
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**SAMPLE**

Details of offenders and case listed.

Charge and other case details also listed.

Allows for searches by I.C. number.
MACC INTERNAL INITIATIVES FOR PRIVATE SECTOR

SECONDMENT OF OFFICERS

TM, PETRONAS, FELDA, (TNB), (ARB)

MACC TRANSFORMATION

PRIVATE SECTOR INVESTIGATION
PRIVATE SECTOR PREVENTION
CORPORATE INTEGRITY PLEDGE (CIP)

CIP WAS FORMULATED IN MARCH 2011 IN A COLLABORATIVE EFFORT BETWEEN MACC, MALAYSIA INSTITUTE OF INTEGRITY, PERFORMANCE MANAGEMENT AND DELIVERY UNIT, COMPANIES COMMISSION OF MALAYSIA, SECURITIES COMMISSION MALAYSIA AND BURSA MALAYSIA WITH TRANSPARENCY INTERNATIONAL

A COMPANY IS MAKING A UNILATERAL DECLARATION BY SIGNING A PLEDGE THAT IT WILL NOT COMMIT CORRUPT ACTS, WILL WORK TOWARD CREATING A BUSINESS ENVIRONMENT THAT IS FREE FROM CORRUPTION AND WILL 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
ANTI-CORRUPTION PRINCIPLES FOR CORPORATIONS IN MALAYSIA

1. COMMITTING TO PROMOTING VALUES OF INTEGRITY, TRANSPARENCY AND GOOD GOVERNANCE

2. STRENGTHENING INTERNAL SYSTEMS THAT SUPPORT CORRUPTION PREVENTION

3. COMPLYING WITH LAWS, POLICIES AND PROCEDURES RELATING TO FIGHTING CORRUPTION

4. FIGHTING ANY FORM OF CORRUPT PRACTICE

5. SUPPORTING CORRUPTION PREVENTION INITIATIVES BY THE MALAYSIAN GOVERNMENT AND MACC
CIP IMPLEMENTATION

Corporate Integrity Pledge Value Chain

**Pledge**
Companies sign integrity pledge

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

**Close gaps**
Action plans are implemented, e.g.:
- Adopt an anti-corruption business principles
- Establish infrastructure: e.g. Governance & Ethics Board committee
- Conduct training

**Report**
Companies include anti-corruption elements in audits
Companies include reporting on anti-corruption measures in annual reporting
EXAMPLE OF CIP EFFECTIVENESS

Star, 23 June 2013

KL RCA declares war on corruption

Arbitration centre collaborates with MACC, Pemarada and Bar Council

KL RCA, or the Klang Valley Regional Corruption Arbitration Centre, is a collaborative effort by the MACC, Bar Council and Pemarada to address the scourge of corruption in the region.

Star, 27 June 2013

Ex-TIM man pleads guilty in bribe case

KL RCA/LNMPAR: An ex-mal rearmed technician anddescripcion Malaysia Berhad (STB) pleaded guilty to the Sudden Assault of a company and was convicted of theft. The accused, who was working as a technician at STB, was found guilty of theft and assault.

Senior Petronas Officers Charged with Bribery and Money Laundering

KUALA LUMPUR, July 6, 2013 - Two senior officials of Petronas were charged at the Sessions Court today on 32 charges related to bribery and money laundering, amounting to more than RM151 million.

He was accused of having received bribes between RM75,000 and RM200,000 from 15 individuals between 2008 and 2010. He was also charged with money laundering in relation to the receipt of 50 cheques amounting to RM100,000 each.

Best Scores in Organisational Transparency: 100%

- Emirates Airlines (UAE, Consumer services, state-owned)
- Johnson Electric (China, Industries, publicly listed)
- Petronas (Malaysia, Oil and gas, state-owned)
- Shanghai Electric (China, Industries, publicly listed)
- United Company Rusal (Russia, Basic materials, publicly listed)

Best Unlisted Companies:

- Petronas (state-owned) - best overall index score 6.3
- Votorantim Group (private) and Petronas (state-owned) - best in reporting on anti-corruption programmes, 85%
- Emirates Airlines (state-owned and Petronas (state-owned) - best in organisational transparency, 100%
- Votorantim Group (private) - best country-by-country reporting, 85%
INTEGRITY PACT

MINISTRY OF FINANCE ISSUED INTEGRITY PACT DIRECTIVE ON 1ST APRIL 2010; GUIDELINES ON 16 DECEMBER 2010

• OFFICIAL INVITATION TO PARTICIPATE IN TENDER/QUOTATIONS

• DECLARATION OF ABSTENTION FROM BRIBERY – BY ALL PARTIES, AT ALL STAGES OF CONTRACTING (INCLUDING REGISTERING AS A SUPPLIER/ FIRMS)

• FORMULATION OF CODE OF CONDUCT

• CONTRACTUAL PROVISION TO ABSTAIN FROM BRIBERY
THE TRUTH OF THE MATTER IS THAT YOU ALWAYS KNOW THE RIGHT THING TO DO. THE HARD PART IS DOING IT

– GENERAL NORMAN SCHWARZKOPF
Malaysian Anti-Corruption Commission (MACC)

Slides presentation: Malaysian Anti-Corruption Governance and Initiatives
Author/Presenter: Norazlan Mohd. Razali
Deputy Commissioner, Director, Integrity Management Division, MACC
Presented at: The Australian Public Sector Anti-Corruption Conference 2013 – Topical Issues: International Perspective
Sydney, Australia
Date: 27 November 2013

Introduction

Good afternoon distinguished guests, ladies and gentlemen.

I would like to thank the host agencies, Independent Commission Against Corruption, New South Wales; Crime and Misconduct Commission, Queensland; and Corruption and Crime Commission, Western Australia for the invitation to speak in APSAC Conference.

I will be sharing with you the highlights of key measures that the Malaysian government as well as Malaysian Anti-Corruption Commission has initiated in relation to our anti-corruption governance and initiatives.

MACC – Background, Function and Governance

In Malaysia, the Malaysian Anti-Corruption Commission or its acronym MACC is the lead law enforcement authority task with the prevention of corruption.

MACC was established as an agency on 1st October 1967 and known then as the Anti-Corruption Agency. It went through a few name and structure changes and finally on 1st January 2009 was transformed into its recent entity.

From Malaysia’s experience, the anti-corruption initiatives for the public and also the private sectors involve a workable and sustainable framework which is supported by a strong policy and commitment from leaders. The fight against corruption is strategized along the three pillars of Integrity Infrastructures which are (1) Education and Awareness, (2) Prevention and Governance, and (3) Detection and Consequence Management.

As such, MACC has aligned its strategic functions centred along these pillars focusing with equal weight on **Enforcement**, **Prevention** and **Community Education** to detect and investigate corruption offences; to detect the risk of corruption in work practices, systems and procedures and advise on the likelihood of the occurrence of corruption; and to educate the public against corruption as well as to enlist and foster their support in combating corruption.

Having an **independent, professional and competent law enforcement body** is one of the key criteria to an effective anti-corruption regime in any country. This is the aims of MACC in its mission against corruption. In doing so, **MACC’s governance** dictate that MACC shall be independent and free to perform and discharge its duty without having to refer to any group or party. Its officers are also bound by their own legal perimeters and code of ethics and equipped with the necessary training to execute their duties in a competent manner. But, most importantly, MACC’s activities are transparent for which it is being monitored and duly advised by **five (5) oversight external bodies**, followed by the presentation of its **annual report to the Parliament**.

The five (5) external oversight bodies provide the **check and balance mechanism** to all MACC’s activities and initiatives. The MACC’s Chief Commissioner reports annually to a **Parliamentary Special Committee on Corruption**, which then advises the Prime Minister and MACC on policy and related matters. The other oversight bodies are the **Anti-Corruption Advisory Board**, the **Complaints Committee**, the **Consultation and Corruption Prevention Panel** and the **Operations Review Panel**.

These panels serve to ensure that the functions and roles of the MACC are implemented **efficiently, effectively, independently, with transparency and professionally**. Members of these bodies represent the general public and comprise of former senior government officials, politicians from both the ruling party and opposition, professionals from the business and corporate sector, academicians, lawyers and well respected individuals².

**Legislations**

Law of anti-corruption in Malaysia is enforced through the **Malaysian Anti-Corruption Commission Act of 2009**. This law has a **comprehensive criminalization of corruption offences** which are applicable to both the **public and private sectors**. Hence, corruption is an offence if it involves Private to Public or Private to Private or Public to Private or Public to Public.

The Malaysian Anti-Corruption Commission Act 2009 (MACCA 2009) also criminalizes offences of soliciting, offering, giving, receiving, abuse of power, corruptly procuring withdrawal of tender, false claims, bribery of foreign public officials, attempts to commit any of the offences, abetments or criminal conspiracy to commit the offences, and also failure to report bribery. All of the offences are also **liable outside of Malaysia** for citizens and permanent residence. The penalty for corrupt offences in Malaysia carry an imprisonment for a term of not exceeding 20 years; and a fine of not less than 5 times the sum or value of gratification or RM 10,000 (about AUD 3,000) whichever is higher.

Besides the normal investigative powers provided to any law enforcement authority such as the power to detain and arrest, the MACCA 2009 also provides the power of seizure, freeze and forfeiture to MACC. MACC is also empowered to enforce the **Anti-Money Laundering and Anti-Terrorism Financing Act 2001** as corruption is listed as one of the serious offences under the said act.

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² MACC webpage, www.sprm.gov.my
Under the MACCA 2009, the **definition of public body** is spread to include the Government of Malaysia; the Government of a State; any local authority and any other statutory authority; any society registered under the Societies Act 1966; any sports body registered under the Sports Development Act 1997; any co-operative society registered under the Co-operative Societies Act 1993; any trade union registered under the Trade Unions Act 1959; any youth society registered under the Youth Societies and Youth Development Act 2007 [Act 668]; any company or subsidiary company over which or in which any public body has controlling power or interest.

The **officer of a public body** is defined as any person who is a member, an officer, an employee or a servant of a public body, and includes a member of the administration, a member of Parliament, a member of a State Legislative Assembly, a judge of the High Court, Court of Appeal or Federal Court, and any person receiving any remuneration from public funds.

Public officer in Malaysia is also governed by the **Public Officers’ (Conduct and Discipline) Regulations 1993**.

The MACC Act of 2009 provides protection to informers and information that they provide. Further protection under the law to person(s) who lodge a report on corruption matters is given through the Whistleblower Protection Act 2010 and Witness Protection Act 2009. Other laws that also enforceable and relevant to MACC are the Penal Code and Mutual Assistance in Criminal Matters Act 2002.

**Tone From The Top**

Anti-corruption initiatives would not be successful if it is not supported by a **strong political will and full commitment** from the government. The honourable Malaysian Prime Minister, Datuk Seri Najib Tun Razak, in his speech at the opening ceremony of the 6th Annual Conference and General Meeting of the International Association of Anti-Corruption Authorities (IAACA) in 2012 had said “the importance of cultivating the appropriate social norms and values are critical for the war against corruption….this makes the behavior of those in positions of leadership, be it in politics, government, business, civil society, education and the home, especially important in instilling the right values and basics of ethical conduct”.

It is important to note that the Malaysian government has included the fight against corruption in its **Government Transformation Programme (GTP)**. GTP is launched along with the **Economic Transformation Programme (ETP)** to improve the socio-economic growth of Malaysians. As such, the fight against corruption has been included as **one of the seven (7) National Key Results Areas (NKRA)** under the **GTP**. The Reducing Corruption NKRA (COR NKRA) has introduced a number of initiatives in the GTP to transform the way the monitoring and enforcement of corruption, which addressed the issue from the top-down.

**Initiatives - Public Sector**

**Integrity Management System of Malaysia Government**

Corruption in the public sector hampers the **efficiency of public services, undermines confidence in public institutions and increases the cost of public transactions**. Integrity is essential towards building strong institutions resistant to corruption.

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The government, through the **Special Cabinet Committee on Government Management Integrity, chaired by the Right Honorable Prime Minister**, works toward creating a government administration and public service that is efficient, disciplined and imbued with the highest integrity. The Committee focuses on efforts to overcome problems and weaknesses particularly in the government financial management, public administration, handling of disciplinary cases, corruption, abuse of power and malpractices.

Towards this, the government has issued a directive through the **Prime Minister’s Directive No. 1 of 2009 for the establishment of Committee on Integrity Governance (CIG)** in all government ministries and departments, **chaired by minister and head of department**, to improve and strengthen the government administrative and management system, enhance governance and reduce bureaucratic red-tape to prevent corruption. This directive is an enhancement of its predecessor, the Management Integrity Committee which was previously established through Prime Minister’s Directive No. 1 of 1998.

**Certified Integrity Officer**

To further enhance efficiency and mitigate the risk of corruption in government agencies, the Special Cabinet Committee on Government Management Integrity has requested for MACC to assist in **establishing the chief integrity officer’s position in government agencies**. Subsequently, MACC through its Corporate Integrity Development Center (CIDC) of the Malaysia Anti-Corruption Academy (MACA), developed the **Certified Integrity Officer (CeIO) program** to train government officers in preparation of them assuming the Chief Integrity Officer’s position. The CeIO is a training program certified by CeIO’s accreditation board and recognized by the Malaysian government.

CeIO is tasked to **oversee integrity matters in an organization** and helps to ensure compliance on organization’s rules and procedures, to advise management on integrity matters, to oversee organization delivery system and to assist Committee on Integrity Governance.

Following the directive of Special Cabinet Committee on Government Management Integrity, the **Prime Minister’s Directive No. 1 of 2009, series 1 no. 1 of 2011** was issued **to institutionalize the CeIO program** and to also **extend it to the private sectors**.

As of today, **155 officers** from public and private sectors have been trained as CeIO.

**Integrity Unit**

The latest initiative taken by the government, upon recommendation by MACC, to further enhance integrity in the public sector is the establishment of Integrity Unit in all federal and State government agencies. This policy is issued through the **Government Service Circular No. 6 of 2013**. The role of CeIO, as explained previously, is prominently featured in this policy when the Circular place them as **a Head of the Integrity Unit**.

The Integrity Unit is a dedicated unit embed in the organizational structure of an agency and have “ownershp” to all matters regarding integrity. The unit’s strategic roles are to **manage and implement effective initiatives** to institutionalize integrity, managing complaints, prevention, compliance, detection and disciplinary actions in government agencies.

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[4] Prime Minister’s Directive No. 1 of 2009 for the establishment of Committee on Integrity Governance
[5] Ibid.
In setting up the Integrity Unit, MACC conducted corruption risk assessment on the agencies based on weightage data of complaints or reports of corruption; investigation, intelligence and inspection papers; numbers of arrest; numbers of employee charged in court; agency’s annual development budget; and corruption perception level. The agencies are then rated and structured according to the respective models which are High, Medium and Low.

To assist the government agencies in carrying out the Integrity Unit’s functions, MACC has established Integrity Management Division to develop internal policies, to develop best practices and to coordinate all integrity initiatives.

**Corruption Offenders’ Database**

Among one of the anti-corruption initiatives introduced by the Reducing Corruption NKRA (COR NKRA) under the Government Transformation Programme (GTP) is the Corruption Offender’s Database. The Database contains details of person convicted after a court trial, the charges and the Penalty. The Database is housed on the MACC website, www.sprm.gov.my, and it is intended to create greater awareness on the seriousness of the crime of corruption in an effort to curb it.

Details of those convicted are made available for public viewing and remains on the website for a maximum of three years. Recently, the database has been an effective reference by the immigration, the banking fraternity and also foreign embassies for applications pertaining to entry permits, financial services and entry visas⁶.

Another major anti-corruption initiatives undertook by the Reducing Corruption NKRA (COR NKRA) is the establishment of fourteen (14) Special Corruption Sessions Court throughout Malaysia in 2011. These courts have helped in expediting corruption cases trials by completing the cases within a year.

**Initiatives – Private Sector**

**MACC Transformation**

Besides the public sector, MACC has also placing more concentrated efforts to improve its capabilities in addressing corruption in the private sectors. In recent years many MACC officers have been placed in a secondment term in large corporations in Malaysia such as in Petronas, an oil and gas company; Telekom Malaysia, a communication company; Felda Global Ventures, a commodity company, etc.

The seconded officers helped the companies to set up integrity or ethic office and implement anti-corruption policies and initiatives in the companies. The secondment initiative has also brought new technical expertise to MACC as the officers would also acquire new knowledge on how each industry works and operates their businesses.

Beginning of year 2011 through 2012, MACC embarked on transformational measures involving its operations and human capital, and starting of this year, on its prevention. In moving ahead with the Transformation agenda, the Transformation Executive Committee or JET is tasked to spearhead MACC’s Transformation.

The transformation on Operations involved seven (7) areas which were Royal Commission Inquiry, Pro-active Investigation, Private Sector Investigation, Forensic Accounting, Legal, Complaints

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⁶ On the Road to Corruption-Free Nation: Anti-Corruption Initiatives in Malaysia, Malaysian Anti-Corruption Commission, September 2012
Management and Team Based Investigation. Investigation is now carried out on a Team-Based approach which leads to the introduction usage of Investigation Operation Room. These two measures have become a new standard operating procedure for investigation strategy.

The transformation on Human Capital has resulted into several improvements to the MACC organisation structure which saw new divisions being established such as in the area of Strategic Communication and International Relations, Forensic, Finance and Legal Advisor; introduction of Human Capital Management System based on competency; and a flexible talent management system by engaging external experts in specialised fields to improve MACC’s operations.

The transformation efforts together with existing and new initiatives introduced by the government and MACC has been reflected in the improved of 85% conviction rate in the lower court; improvement of Transparency International’s (TI) Corruption Perception Index (CPI) score of 4.9 in 2012 as compared to 4.4 in 2011 and 4.3 in 2010 and improvement of the confidence level of the public on MACC efforts which rose to 64% as compared to 42.5% in 2011 based on the results of the Perception of Corruption and Effectiveness of MACC Efforts Survey conducted by the National University of Malaysia.

Currently in 2013, MACC is working on the transformational measures for prevention sector. The transformation on Prevention involved six (6) areas which are Corruption Prevention in Private Sector, Political Engagement, Task Force Based Inspection, Media and Communication, Curriculum Development, and Civil Society Engagement.

**Corporate Integrity Pledge**

The current initiative undertaken by MACC to further strengthen the anti-corruption drive in the private sector is the Corporate Integrity Pledge (CIP). CIP is a voluntary act by a private company in making a unilateral declaration that it will not commit corrupt acts, will work toward creating a business environment that is free from corruption and will 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.

CIP was formulated in March 2011 in a collaborative effort among the law enforcement, regulators and ethics organizations namely MACC, Companies Commission of Malaysia, Securities Commission Malaysia, Bursa Malaysia (Malaysia stock exchange), Malaysia Institute of Integrity, Transparency International and Performance Management and Delivery Unit (PEMANDU).

CIP consists of five (5) Anti-Corruption Principal as follows:

- 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 corrupt practice
- Supporting corruption prevention initiatives by the Malaysian Government and Malaysian Anti-Corruption Commission (MACC)

In the long-term, CIP is expected to create an effective system to increase integrity in the Malaysian corporate sector through practicing good governance, including anti-corruption measures. It is intended to see companies gradually moving toward self-assessment, identifying gaps and action.
plans to close them and eventually reporting on anti-corruption measures, in line with the UN Reporting Guidance on the 10th Principle under the Global Compact. Companies could make the assessment by using the Corporate Integrity Assessment Questionnaire which can be assessed and downloaded from the Corporate Integrity System Malaysia’s portal (www.cism.my).

As of 4 November 2013, a total of 288 entities comprising of private limited company, government link company (state enterprises), multinational companies, companies from the small and medium enterprises, companies from the small and medium industry, non-governmental organizations, government departments and professional bodies had signed the CIP (PLC 20, GLC 59, MNC 35, SME/SMI 147, NGO/Others 4, Govt./Prof 23).

Some of the highlights of CIP effectiveness involved the Kuala Lumpur Regional Centre for Arbitration which had collaborated with MACC after signing the CIP and has been able to uncover a RM 6 million or about USD 2 million corruption case involving one of the arbitrators. Another company, Telekom Malaysia, has initiated several anti-corruption initiatives such as implementation of integrity pact in its procurement; training for its business partners i.e. suppliers and vendors in collaboration with MACC; MACC vetting for senior management post and increase of civil sanctions against suppliers and vendors (suspension/termination). Petronas is another company that has benefited from the CIP where it has been recognized by TI in its 2013 Transparency in Corporate Reporting: Assessing Emerging Market Multinationals as having the best score i.e. 100% in organizational transparency and as one of the best unlisted companies with the overall score of 6.3.

Integrity Pact

The components of CIP are also in line with the government initiatives to enhance government procurement process where it now requires the signing of integrity pact in all stages of contracting right from the registration to the signing of the contract. A directive to such effect has been issued by the Ministry of Finance on 1st April 2010 and the implementation guidelines on 16th December 2010. This is also in conjunction with the launching of MyProcurement portal launched on 1st April 2010 to increases transparency in government procurement by listing down the details of the contracts including their value.

End Closing

Ladies and gentlemen,

With that I end my presentation and I thank you for your kind attention.