

MACC TODAY

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FIGHT CORRUPTION

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MACC OPEN DAY

PROMOTING PUBLIC-PRIVATE PARTNERSHIP IN COMBATING CORRUPTION

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REPORT CORRUPTION

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MACC Strengthens Public-Private Partnership to Fight Graft

By Yip Ai Tsin



MACC Deputy Chief Commissioner (Prevention) Datuk Mustafar Ali. *MACC Images*

Strategic alliance between the public and private sectors coalition is vital in preventing structural, systemic and endemic corruption, said the Malaysian Anti-Corruption Commission (MACC) Deputy Chief Commissioner (Prevention) Datuk Mustafar Ali.

“This commitment and conviction to combat corruption would ensure MACC is not alone but working together in partnership with the public and private sectors,” he said during the MACC inaugural Open Day, held in conjunction with the International Anti-Corruption Day 2014 on 9 December in Kuala Lumpur.

This year’s theme for the International Anti-Corruption Day is “Break the Corruption Chain”.

The Open Day programme aimed to enable the public to foster a closer partnership with MACC, in accordance with the approach on Making MACC Public Friendly as well as fostering cooperation with people from

all strata of society and cultivating support and public confidence towards achieving the goal of fighting corruption.

“Eradicating corruption is a collective effort between the government and the public, therefore it is important for the MACC to interact with ordinary citizens and win their cooperation in fighting corruption,” Mustafar added.

Mustafar stressed that the ‘coalition chain’ between the public and private sectors

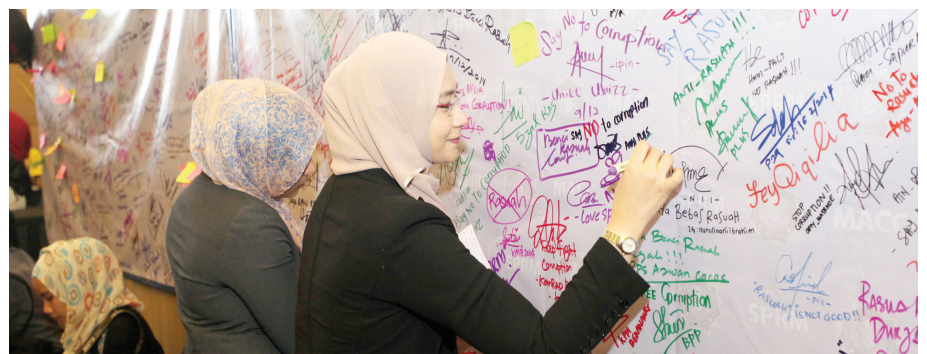
should not be broken in line with the theme of the MACC Open Day, ‘Public-Private Partnership in Combating Corruption: Issues and Challenges’.

A forum was held in the morning. Moderated by the Malaysian Institute of Integrity Director of Public Sector Mohd Nizam Mohd Ali, panel speakers comprising Petronas, Chief Integrity Officer Datuk Samsiah Abu Bakar, SME Corp Chief Executive Officer Datuk Habsah Hashim, Top Glove Corporation Berhad Executive Director Lim Cheong Guan and the Special Task Force to Facilitate Business (Pemudah) co-chairman Datuk Saw Choo Boon, spoke on the integrity-enhancement measures they have initiated in their respective organisations.

During a dialogue session, Minister in the Prime Minister’s Department, Senator Dato’ Paul Low Seng Kuan was present alongside Mustafar to discuss various issues including the corporate liability provision and political funding.

Various other interesting activities were lined up for the Open Day, which have attracted many visitors until 9.00 pm.

Several corporations that have signed the Corporate Integrity Pledge (CIP) opened up exhibition booth where the public can learn how these companies have successfully nurtured a culture of zero tolerance to corruption among their employees.



Visitors writing down their anti-corruption messages on a large whiteboard to demonstrate their support for the MACC’s war against corruption. *MACC images*

More Bite For The **MACC**, Says Paul Low



Minister in the Prime Minister's Department, Senator Datuk Paul Low Seng Kuan. *Bernama Images*

Minister in the Prime Minister's Department, Senator Datuk Paul Low Seng Kuan, said the MACC Act would be amended to include a Corporate Liability provision that will make companies liable if their employee commits corruption in the course of doing business.

"The government has given its consent for the amendment and it will be tabled in Parliament for approval in March 2015," he said in a press conference at the MACC Open Day recently.

Currently only the employee is liable if found guilty of committing bribery, although in many instances the employer either knew of or colluded with the bribe giving.

When the Corporate Liability provision comes into play, the company as a business entity would also have to face the consequences of their employee's action unless it can furnish proof that it has put in place a comprehensive policy and procedures to prevent corruption.

"With the Corporate Liability provision in place, companies will have to rethink how they do business. They need to make sure that there are adequate anti-corruption compliance policies and procedures," he added.

Low said the amendment would also cover extraterritorial jurisdiction similar to that in the United Kingdom and Europe, whereby a locally incorporated company will be liable for the corrupt act done abroad by its employee in the course of business.

Other development in the pipeline includes recommendations by the Special Committee on Corruption (SCC) to amend sections 23 and 36 of the MACC Act.

Currently, under section 26, which relates to conflict of interest, it is not an offence under the law if the head of the organisation discloses his or her interest before excusing themselves in the decision-making process where a contract is awarded to their family member.

To eliminate cronyism, the amendment to this section will bar direct relatives of cabinet ministers and state executive committee members from being awarded a public contract.

Meanwhile, under Section 36, the MACC can only ask for asset declaration if there is a report alleging corruption.

The amendment to this section would empower the MACC to investigate individuals who have seemingly acquired assets that are beyond their means.

The SCC has also proposed for the establishment of the MACC Services Commission to deal with the appointment, confirmation, promotion or dismissal of MACC staff.

This includes alleviating the office of the Chief Commissioner equal to that of the Attorney-General, the Auditor-General and the Chief Justice.

Building a culture of integrity at PETRONAS

Datuk Samsiah Abu Bakar was the Malaysian Anti-Corruption Commission (MACC) Director of Community Education Division. She is on a two-year secondment to PETRONAS to promote best practices in anti-corruption measures in the national petroleum corporation.

As the Chief Integrity Officer at PETRONAS, Samsiah played a leading role in developing the PETRONAS Code of Conduct and Business Ethics (CoBE)

PETRONAS has adopted a 'No Gift Policy', came up with an Anti-Bribery and Corruption Manual and Guideline (ABC Manual), and established a PETRONAS Integrity Awareness Committee to ensure the company is always transparent in its business dealings.

The ABC manual provides guidance on how to deal with integrity issues that may arise in the course of day-to-day business operations.

integrity is beyond reproach, she added.

Transparency International (TI) conducted research into the public reporting practices of 100 emerging markets companies using the list of Global Challengers 2011 identified by Boston Consulting Group. TI released its report on 'Transparency in Corporate Reporting: Assessing Emerging Market Multinationals' on October 17, 2013.

Petronas was ranked fifth highest in



Petronas Chief Integrity Officer Datuk Samsiah Abu Bakar. *MACC Images*

replacing the 2006 PETRONAS Code of Conduct and Discipline.

The CoBE, which is being implemented in phases in PETRONAS' operations worldwide, emphasises the principles of discipline, good conduct, professionalism, loyalty, integrity that are vital to the image and success of the PETRONAS Group of companies.

It contains detailed policy statements on the standard of behavior and ethical conduct to be abided by PETRONAS employees including sub-contractors, consultants, agents, representatives and those who perform work or services on behalf of PETRONAS.

"More than 27,000 employees have undergone face-to-face training on the CoBE and the ABC manual and PETRONAS plans to provide online CoBE and ABC training programmes to reach out to more employees," Samsiah said.

In light of the Corporate Liability provision which is expected to be enforced in March 2015, PETRONAS has made enculturation of integrity will be included as one of the elements in the Chief Executive Officer's key performance index (KPI).

As the PETRONAS Chief Integrity Officer, I have the responsibility to ensure the company is always transparent in its business dealings and that PETRONAS'

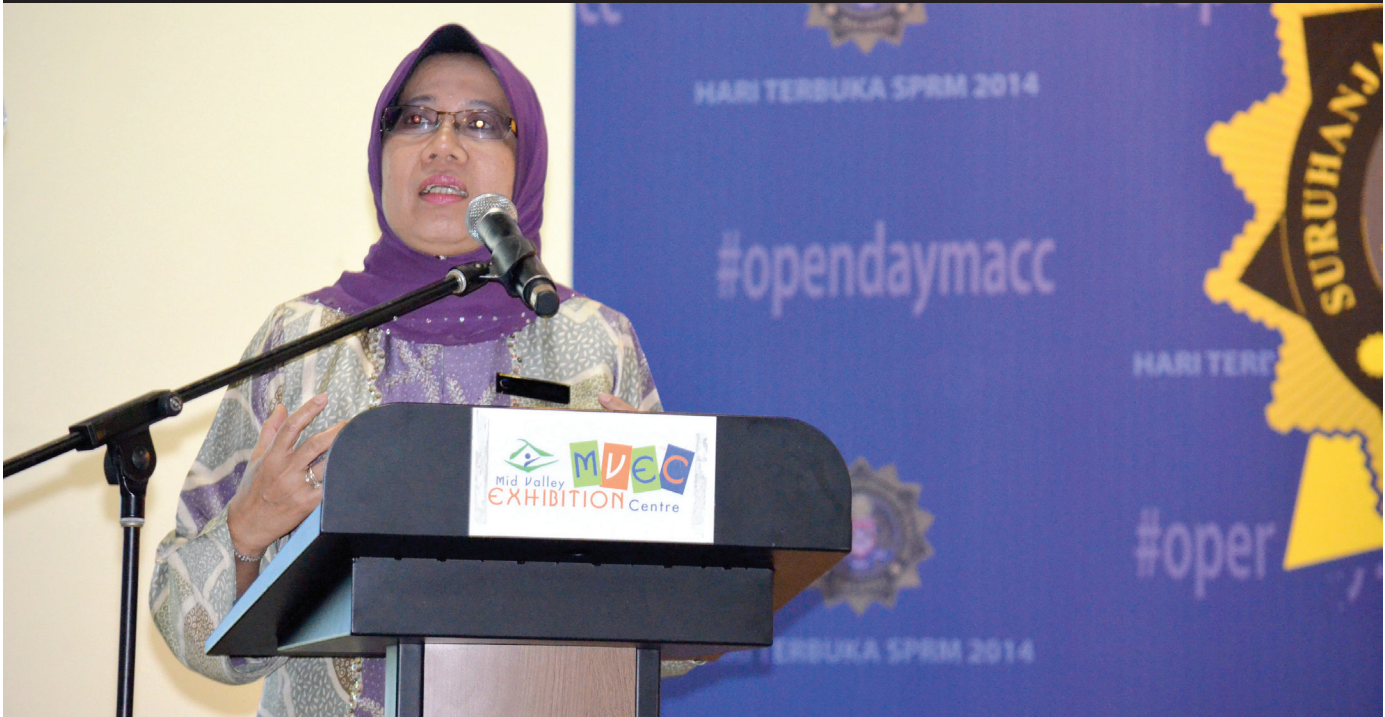
the overall index for the one hundred companies that were selected for the study, scoring 100% in the area of Organisational Transparency. The company also achieved the highest score in the Best Unlisted Companies category.

Fighting corruption cannot work without political will. It is a top-down approach; a successful fight against corruption must come from the top.

Datuk Samsiah Abu Bakar

Fighting Corruption is all about Discipline

By Mohd Azhar Ibrahim



SME Corp Chief Executive Officer Datuk Hafsa Hashim. *Bernama Images*

SME Corp Chief Executive Officer Datuk Hafsa Hashim congratulated the Malaysian Anti-Corruption Commission (MACC), Malaysian Institute of Integrity (MII), NKRA Against Corruption (Anti-COR NKRA) and the Performance Management & Delivery Unit (PEMANDU) for the improvement in Malaysia's Corruption Perception Index (CPI) 2014 ranking.

"However, we must not rest on our laurels. We must look at Singapore and emulate what they are doing so that we can progress in our battle with corruption," Hafsa added, saying that Malaysia must also find ways to emulate the Scandinavian countries which have dominated the top rankings in the CPI since it was introduced in 1995.

Hafsa received the inaugural 'APEC Business Ethics Lighthouse Award' at the APEC Business Ethics Forum: Building the Ethics Capacity of SMEs in Nanjing, China on 2 September 2014.

Introduced by the United States, the award was as a recognition of an individual or organisation that has served as a bright and steady light to bringing a more ethical business environment to the APEC region.

According to Hafsa, ninety-five percent of businesses in Malaysia fall under the small and medium-size enterprise (SME) cluster, which by definition, are companies that employ not more than two hundred workers and have an annual turnover of not more than fifty million ringgit.

SMEs account for around 90 percent of all businesses in the APEC countries and employ as much as 60 percent of the work force. The SMEs are the key driver in the country's economy – as long as they are able to operate and innovate in an open, ethical business environment.

Corruption has a debilitating effect on the SMEs. It increases the cost of doing business, lowers the ability to penetrate new markets, and constricts access to capital. This would make it difficult for Malaysian SMEs to compete with low-cost producers like Thailand, Vietnam and Cambodia, where the cost of doing business is very much lower, Hafsa said.

Hafsa was speaking at the forum on 'Public-Private Partnership in Combating Corruption: Issues and Challenges' held in conjunction with the MACC Open Day.

SME Corp is amongst the earliest

companies to sign the Corporate Integrity Pledge with MACC. The company has worked closely with the MACC to come up with the SME Pledge, which provides the framework for the enhancement of integrity in an SME.

SME Corp has also collaborated with the MACC to host the 'APEC SME Train-the-trainer Workshop for Voluntary Codes of Business Ethics in the Medical Device, Biopharmaceutical and Construction Sectors' in August 2013.

Working in collaboration with University Teknologi PETRONAS (UTP) and Universiti Teknologi MARA (UiTM), SME Corp has produced a book titled 'Business Ethics' which is about how businesses can combat corruption by enhancing integrity and transparency in their operations.

Fighting corruption is all about discipline. If you say 'No' to temptation, then you must put in effort to resist temptation

Datuk Hafsa Hashim

Integrity is Tops at Top Glove

By Mohd Azhar Ibrahim

Founded in 1991, Top Glove Sdn Bhd started with 100 staff producing rubber gloves in one factory. Today, Top Glove has a workforce of 11,000 people working in 27 factories spread across six countries. The company is now the world's largest rubber glove manufacturer, producing some 42.6 billion gloves a year, which it exports to 195 countries. Top Glove produces one out of every four rubber gloves worn today.

employees. Those who have any grouses are encouraged to lodge their complaints to the TGPAC.

Top Glove was among the first to sign the Corporate Integrity Pledge (CIP) with the Malaysian Anti-Corruption Commission (MACC) when it was introduced in March 2011. The company frequently engages with, the MACC, Malaysian Institute of Integrity (IIM) and Transparency

every year, said Lim who was a panel speaker at the forum on 'Public-Private Partnership in Combating Corruption: Issues and Challenges' held in conjunction with the MACC Open Day recently.

Taking its cue from a recent World Bank research that showed women are less prone to corruption; Top Glove has an all-women staff policy for its procurement division. The company is currently working



Top Glove Executive Director, Lim Cheong Guan. *Bemama Images.*

Ethics and integrity is an integral part of Top Glove's operations. The company's reputation for professionalism, honesty and integrity is such that in doing business with Top Glove, customers have no qualm paying upfront deposit online without ever meeting company officials.

"We believe having a workforce that is highly ethical is the key to gaining public trust," Top Glove Director, Lim Cheong Guan said.

In early 2009, the company established the Top Glove Prevention and Anti-Corruption Committee (TGPAC) to promote an anti-corruption mindset and instill honest and transparent practices amongst all its

International Malaysia (TI-M) in drawing up its in-house integrity and anti-corruption framework.

Lim said the message of integrity is everywhere at Top Glove. The company prominently displays its integrity posters on the front gate, in the office premises and the production floor. Employees proudly wear their Integrity Badge on their shirt pockets without fail. It is the first item shown on the slide at every company meeting. The company also gives them away to visitors as souvenirs.

Top Glove always reminds its employees to live within their means. They are also required to sign an anti-corruption pledge

on its Business Licensing Support System (BLESS) which is targeted to reduce opportunities for corruption.

The time has come for the private sector to make the transition from expressing good intentions to producing concrete results in the war against corruption.

Lim Cheong Guan

Reducing Red Tape In Public-Private Sector Business Dealings



PEMUDAH Co-Chairman, Datuk Saw Choo Boon. *Bernama Images*

Established in 2007, the Special Task Force To Facilitate Business (PEMUDAH) aims to improve service delivery, facilitate the ease of doing business in Malaysia, reduce costs and eliminate red tape.

"We want to create a friendly environment where the licensing process does not hamper but facilitate those who want to set up business in Malaysia," PEMUDAH Co-Chairman, Datuk Saw Choo Boon said.

The two most important aspects that would encourage foreign investors to set up business in the country are that there should not be any unnecessary red tape with regard to licensing procedures, and a zero tolerance for corruption.

PEMUDAH has computerised business licensing process and procedures wherever possible to eliminate the opportunity for corruption.

The implementation of electronic payment systems has made it easier for businesses to pay taxes and execute contracts.

Regulatory reforms such as merging the company, tax, social security, and employment fund registrations at a one-stop centre have reduced the time required

to start a business from 37 days in 2005 to less than 6 days today.

According to a recent World Bank survey on the ease of doing business in 189 countries, the ranking for Malaysia has increased to 18th placing in 2014 compared to 20th in 2013.

Malaysia is also in the top five among economies in East Asia and the Pacific in seven areas: protecting minority investors, trading across borders, starting a business, getting credit, enforcing contracts, paying taxes, and resolving insolvency.

"These improvements reflect the initiatives undertaken by the Government through the Government Transformation and Economic Transformation Programmes, as well as the work undertaken by PEMUDAH," said Saw, who is also the President of the Federation of Malaysian Manufacturers.

PEMUDAH is currently working on the Business Licensing Electronic System (BLESS) which is an online one-stop service centre that facilitates all aspects in applying for a business license in Malaysia, from the submission of application to the issuance or renewal.

BLESS facilitates company representative to select relevant licences, fill up the online application forms, submit online and track the progress of the application throughout the process until notification of approval or otherwise.

At the same time, BLESS provides an online communication platform for the licensing agencies to communicate directly with the company for any clarification and justification on the licence applications which effectively save time and resources for both parties.

Under Phase 1 of its implementation, BLESS only covers application of business licences for the Manufacturing, Construction and Hotel Sectors and with manufacturing, construction and hotel facilities located within the Klang Valley.

Computerising the business licensing process will reduce the opportunity for corruption

Datuk Saw Choo Boon

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