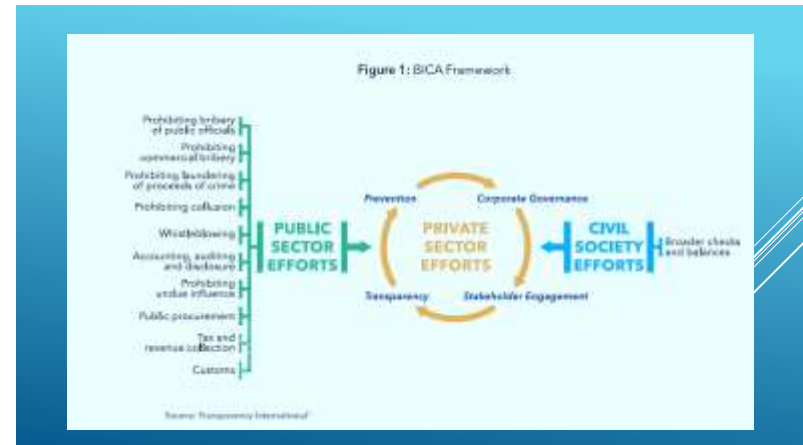


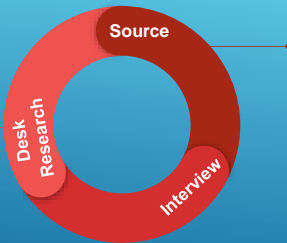
# BUSINESS INTEGRITY COUNTRY AGENDA (BICA) MALAYSIA ASSESSMENT REPORT 2018

Nurirdzuana Ismail  
13/3/2018



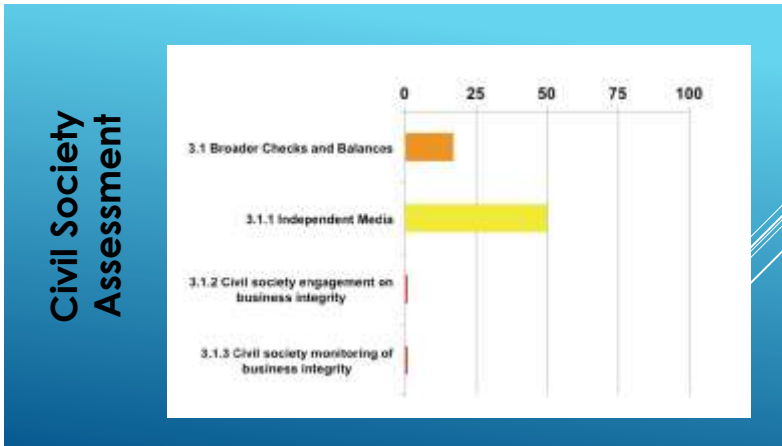
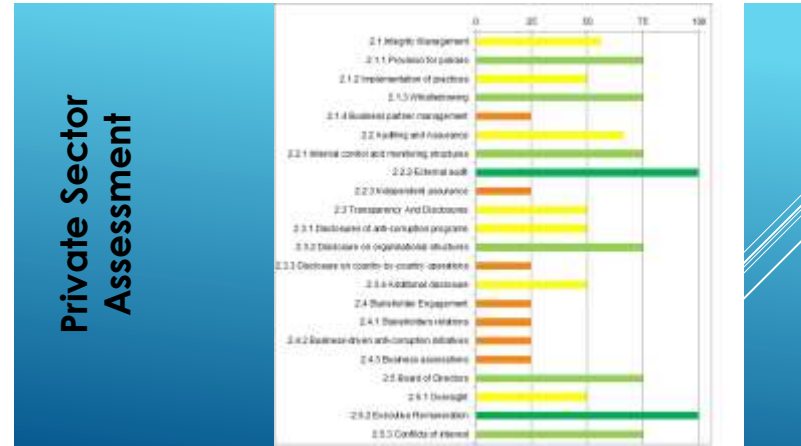
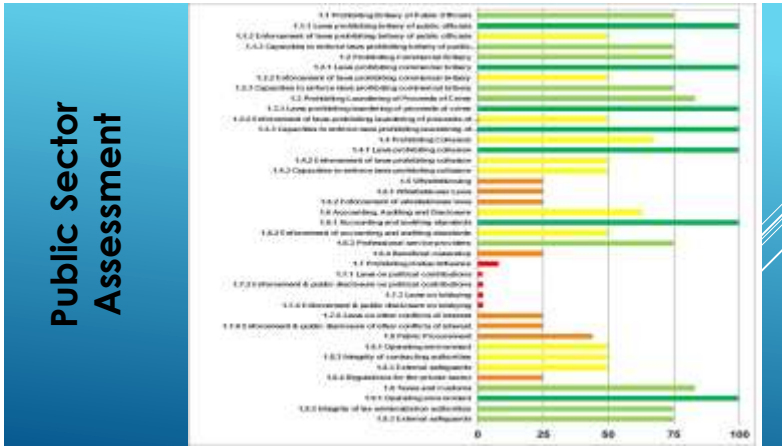
## DATA

- Relevant laws
- Annual reports
- Website
- Academic research
- Media reports

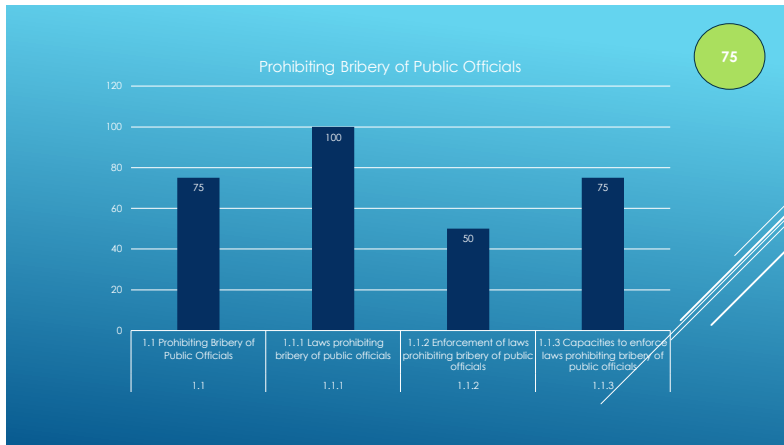


Private sector :  
30 selected companies  
comprised of 28  
PLCs, one non-  
PLC, and one  
statutory body (a  
state owned  
enterprise  
involved in  
business  
activities)

INDICATOR	QUALITATIVE JUDGEMENT	VISUALIZATION
0	The scoring question is answered with "no, not at all". The evidence collected for the assessment criteria indicates that none of the requirements are met at all.	
25	The scoring question is answered with "to a limited extent". The evidence collected for the assessment criteria indicates that a few of the requirements are met or that many requirements are met to a limited extent.	
50	The scoring question is answered with "to some extent". The evidence collected for the assessment criteria indicates that roughly half of the requirements are met or that most requirements are met or that most requirements are met to some extent.	
75	The scoring question is answered with "largely". The evidence collected for the assessment criteria indicates that many of the requirements are met or most requirements are met to a large extent.	
100	The scoring question is answered with "yes, fully". The evidence collected for the assessment criteria indicates that almost all of the requirements are met.	



PUBLIC SECTOR ASSESSMENT RESULTS



**Score: 100**

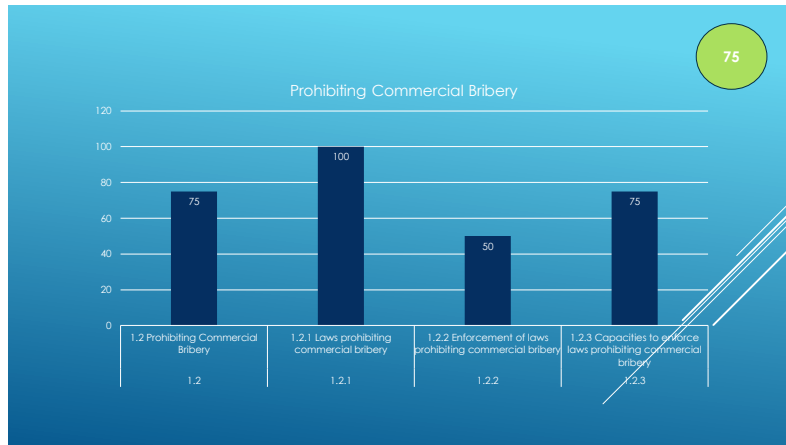
Indicator name:	Laws prohibiting bribery of public officials
Indicator number:	1.1.1
Scoring question:	Do the country's laws prohibit bribery of national and foreign public officials?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>active bribery of national and foreign public officials as well as officials of a public international organisation is criminalised (offering, promising, giving of an undue advantage), including direct and indirect bribery;</li> <li>passive bribery of national and foreign public officials as well as officials of a public international organisation is criminalised (accepting, solicitation of an undue advantage), including direct and indirect bribery;</li> <li>deductibility of bribes for tax purposes is prohibited;</li> <li>undue advantages offered to or requested from public officials are not limited to financial benefits or other material goods;</li> <li>facilitation payments to national and foreign public officials as well as officials of a public international organisation are prohibited.</li> </ul>
Assessment reference(s):	United Nations Convention against Corruption (2004): Articles 15, 16
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

**Score: 50**

Indicator name:	Enforcement of laws prohibiting bribery of public officials
Indicator number:	1.1.2
Scoring question:	Are sanctions and incentives applied in practice to deter bribery of public officials?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>law enforcement agencies show active enforcement of cases of bribery of public officials;</li> <li>discretionary, proportionate effective sanctions are applied for bribery of national and foreign public officials and officials of public international organisations <ul style="list-style-type: none"> <li>for bribery against any person who directs or works, in any capacity, for a private sector entity;</li> <li>for insufficient oversight/abdication of supervisory duty by any person who directs or manages, in any capacity, a private sector entity;</li> <li>against legal persons;</li> </ul> </li> <li>long and adequate statute of limitation periods apply;</li> <li>corporalistic, persuasive and effective mitigation incentives (for example, absence of inappropriate defences) in the form of reduced or suspended sentences for legal and natural persons are applied (for example, leniency programmes).</li> </ul>
Assessment reference(s):	United Nations Convention against Corruption (2004): Chapter III United Nations Convention against Corruption (2004): Articles 12(2), 29 United Nations Convention against Corruption (2004): Articles 12, 26, 29 United Nations Convention against Corruption (2004): Article 12
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

**Score: 75**

Indicator name:	Capacities to enforce laws prohibiting bribery of public officials
Indicator number:	1.1.3
Scoring question:	Do relevant public authorities possess adequate capacities for enforcing laws prohibiting bribery of public officials?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>adequate funding and staff for enforcement authorities is available;</li> <li>enforcement authorities have operational independence;</li> <li>national anti-corruption agencies, prosecution offices, competition and tax authorities, and financial regulators cooperate on enforcement;</li> <li>national authorities cooperate with foreign law enforcement authorities on investigation and enforcement (mutual legal assistance).</li> </ul>
Assessment reference(s):	United Nations Convention against Corruption (2004): Articles 36, 40 United Nations Convention against Corruption (2004): Articles 37, 38, 43, 46, 47, 48 United Nations Convention against Corruption (2004): Articles 15, 16
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)



**Score: 100**

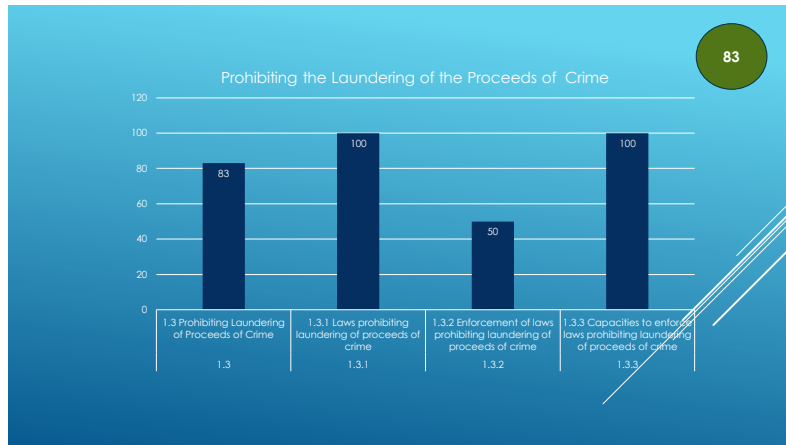
<b>Indicator name:</b>	Laws prohibiting commercial bribery
<b>Indicator number:</b>	1.2.1
<b>Scoring question:</b>	Do the country's laws prohibit commercial bribery?
<b>Assessment criteria:</b>	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>active commercial bribery is prohibited (offering, promising, giving of an undue advantage to any person who directs or works, in any capacity, for a private sector entity), including direct and indirect bribery;</li> <li>passive commercial bribery is prohibited (accepting, solicitation of an undue advantage by any person who directs or works, in any capacity, for a private sector entity), including direct and indirect bribery;</li> <li>undue advantages offered to or requested from private sector entities are not limited to financial benefits or other material goods;</li> <li>deductibility of bribes for tax purposes is prohibited.</li> </ul>
<b>Assessment reference(s):</b>	United Nations Convention against Corruption (2004): Article 21
<b>Proposed data collection method:</b>	Mainly through desk research; additional expert interviews (if needed)

**Score: 50**

<b>Indicator name:</b>	Enforcement of laws prohibiting commercial bribery
<b>Indicator number:</b>	1.2.2
<b>Scoring question:</b>	Are sanctions and incentives applied in practice to deter commercial bribery?
<b>Assessment criteria:</b>	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>law enforcement agencies show active enforcement of cases of commercial bribery of public officials;</li> <li>discretionary, proportionate, effective sanctions are applied for commercial bribery:             <ul style="list-style-type: none"> <li>for bribery against any person who directs or works, in any capacity, for a private sector entity;</li> <li>for insufficient oversight/violation of supervisory duty by any person who directs or manages, in any capacity, a private sector entity;</li> <li>against legal persons;</li> </ul> </li> <li>long and adequate statute of limitation periods apply;</li> <li>proportionate, persuasive and effective mitigation incentives (for example absence of inappropriate defences) in the form of reduced or suspended sanctions for legal and natural persons are applied (for example leniency programmes).</li> </ul>
<b>Assessment reference(s):</b>	United Nations Convention against Corruption (2004): Article 21
<b>Proposed data collection method:</b>	Mainly through desk research; additional expert interviews (if needed)

**Score: 75**

<b>Indicator name:</b>	Capacities to enforce laws prohibiting commercial bribery
<b>Indicator number:</b>	1.2.3
<b>Scoring question:</b>	Do relevant public authorities possess adequate capacities for enforcing laws prohibiting commercial bribery?
<b>Assessment criteria:</b>	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>adequate funding and staff for enforcement authorities is available;</li> <li>enforcement authorities have operational independence;</li> <li>national anti-corruption agencies, prosecution offices, competition and tax authorities, and financial regulators cooperate on enforcement;</li> <li>national authorities cooperate with foreign law enforcement authorities on investigation and enforcement (mutual legal assistance).</li> </ul>
<b>Assessment reference(s):</b>	United Nations Convention against Corruption (2004): Article 21
<b>Proposed data collection method:</b>	Mainly through desk research; additional expert interviews (if needed)



**Score: 100**

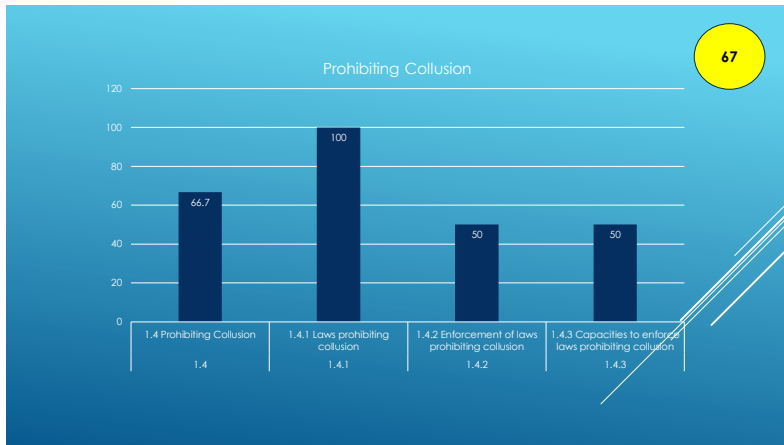
Indicator name:	Laws prohibiting laundering of proceeds of crime
Indicator number:	1.3.1
Scoring question:	Do the country's laws prohibit laundering of proceeds of crime?
Assessment criteria:	<p>A full score is earned if the laundering of the proceeds of crime is prohibited under national law, including:</p> <ul style="list-style-type: none"> <li>the conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property;</li> <li>disposal or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to property, knowing that such property is the proceeds of crime;</li> <li>acquisition, possession or use of property, knowing, at the time of receipt, that such property is the proceeds of crime;</li> <li>participation in, association with or conspiracy to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the above offences.</li> </ul>
Assessment reference(s):	United Nations Convention against Corruption (2004), Articles 14, 23 United Nations Convention against Transnational Organized Crime (2003) Financial Action Taskforce (2012): The FATF Recommendations: Recommendation 3
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

**Score: 50**

Indicator name:	Enforcement of laws prohibiting laundering of proceeds of crime
Indicator number:	1.3.2
Scoring question:	Are sanctions and incentives applied in practice to deter the laundering of proceeds of crime?
Assessment criteria:	<p>A full score is earned if:</p> <ul style="list-style-type: none"> <li>law enforcement agencies show active enforcement of cases of laundering of proceeds of crime;</li> <li>dissuasive, proportionate, effective sanctions are applied for cases of laundering of proceeds of crime: <ul style="list-style-type: none"> <li>against any person who directs or works, in any capacity, for a private sector entity;</li> <li>against legal persons;</li> </ul> </li> <li>long and adequate statute of limitation periods apply;</li> <li>additional, deterrent and effective sanction bonuses (for example, absence of inappropriate defences) in the form of reduced or suspended sanctions for legal and natural persons are applied (for example, leniency programmes).</li> </ul>
Assessment reference(s):	United Nations Convention against Corruption (2004), Articles 14, 23 United Nations Convention against Transnational Organized Crime (2003) Financial Action Taskforce (2012): The FATF Recommendations: Recommendations part D
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

**Score: 100**

Indicator name:	Capacities to enforce laws prohibiting laundering proceeds of crime
Indicator number:	1.3.3
Scoring question:	Are adequate enforcement capacities available for enforcing laws prohibiting laundering of proceeds of crime?
Assessment criteria:	<p>A full score is earned if:</p> <ul style="list-style-type: none"> <li>adequate funding and staff for enforcement authorities is available;</li> <li>enforcement authorities have operational independence;</li> <li>national anti-corruption agencies, prosecution offices, competition and tax authorities, and financial regulators cooperate on enforcement;</li> <li>national authorities cooperate with foreign law enforcement authorities on investigation and enforcement (mutual legal assistance).</li> </ul>
Assessment reference(s):	United Nations Convention against Corruption (2004), Articles 14, 23 United Nations Convention against Transnational Organized Crime (2003) Financial Action Taskforce (2012): The FATF Recommendations: Recommendations part D
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)



Score: 100

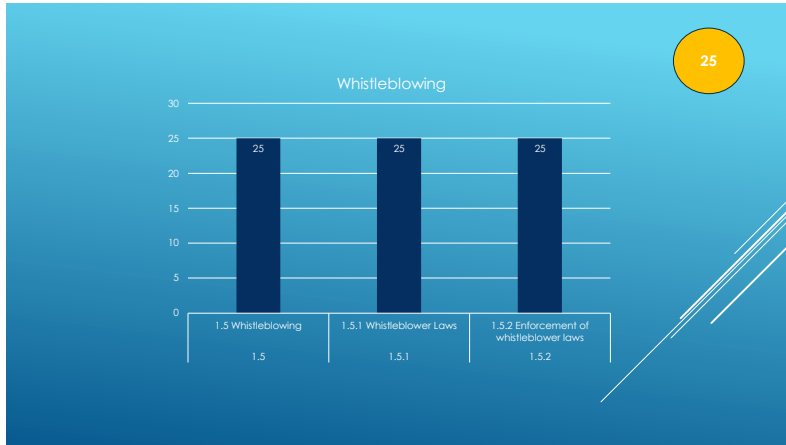
Indicator name:	Laws prohibiting collusion
Indicator number:	1.4.1
Scoring question:	Do the country's laws prohibit collusion?
Assessment criteria:	<p>A full score is earned if laws prohibit hard core cartels, including at a minimum the following collusion activities:</p> <ul style="list-style-type: none"> <li>fixing prices;</li> <li>making rigged bids (collusive tenders);</li> <li>establishing output restrictions/quotas;</li> <li>sharing or dividing markets by allocating customers, suppliers, territories or lines of commerce.</li> </ul>
Assessment reference(s):	<p>Transparency International Policy Position #07/2009: Countering Cartels to End Corruption and Protect the Consumer</p> <p>OECD (1998): Recommendation of the Council concerning Effective Action against Hard Core Cartels.</p>
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

Score: 50

Indicator name:	Enforcement of laws prohibiting collusion
Indicator number:	1.4.2
Scoring question:	Are sanctions and incentives applied in practice to deter collusion practices?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>law enforcement agencies show active enforcement of cases of collusion;</li> <li>disasters, proportionate, effective sanctions are applied for cases of collusion:             <ul style="list-style-type: none"> <li>against any person who directs or works, in any capacity, for a private sector entity;</li> <li>against legal persons;</li> </ul> </li> <li>long and adequate statute of limitation periods apply;</li> <li>proportionate, persuasive and effective collusion incentives (for example, absence of inappropriate defences) in the form of reduced or suspended sanctions for legal and natural persons are applied (for example, leniency programmes).</li> </ul>
Assessment reference(s):	<p>Transparency International Policy Position #07/2009: Countering Cartels to End Corruption and Protect the Consumer</p> <p>OECD (1998): Recommendation of the Council concerning Effective Action against Hard Core Cartels.</p>
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

Score: 50

Indicator name:	Capacities to enforce laws prohibiting collusion
Indicator number:	1.4.3
Scoring question:	Are adequate enforcement capacities available for enforcing laws prohibiting collusion?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>adequate funding and staff for enforcement authorities is available;</li> <li>enforcement authorities have operational independence;</li> <li>national anti-corruption agencies, prosecution offices, competition and tax authorities, and financial regulators cooperate on enforcement;</li> <li>national authorities cooperate with foreign law enforcement authorities on investigation and enforcement (mutual legal assistance).</li> </ul>
Assessment reference(s):	<p>Transparency International Policy Position #07/2009: Countering Cartels to End Corruption and Protect the Consumer</p> <p>OECD (1998): Recommendation of the Council concerning Effective Action against Hard Core Cartels.</p>
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)



**Score: 25**

Indicator name:	Whistleblower laws
Indicator number:	1.5.1
<b>Scoring question:</b>	Do the country's laws provide for protection to public and private sector whistleblowers regarding corruption?
<b>Assessment criteria:</b>	<p>A full score is earned if laws that:</p> <ul style="list-style-type: none"> <li>• Comprehensive coverage of organizations (for example, law or too "broad-based");</li> <li>• Broad definition of offenses encompassing that range of offenses that the public interest the sector, including corruption, financial misconduct and other legal, regulatory and ethical offenses);</li> <li>• Broad definition of "whistleblowers" whose disclosures are protected (for example, including employees, contractors, volunteers and other insiders);</li> <li>• Comprehensive requirements for organizations to have internal disclosure procedures (for example, including requirements to establish reporting channels, to have internal investigation procedures, and to have procedures for supporting and protecting internal whistleblowers from point of disclosure);</li> <li>• Protections apply to a wide range of retaliatory actions and dominant outcomes (for example, relief from legal liability, protection from prosecution, direct reparation, adverse employment policies and harassment);</li> <li>• Comprehensive and enforceable civil and/or employment remedies for whistleblowers who suffer detrimental action (for example, compensation rights, injunctive relief, with ability to sue on damages or other remedies to demonstrate detrimental action was related to disclosure);</li> <li>• Reasonable internal and/or discipline penalties against those responsible for retaliation.</li> </ul>
<b>Assessment reference(s):</b>	<ul style="list-style-type: none"> <li>• United Nations Convention against Corruption (2004) Article 33, 38</li> <li>• Transparency Whistleblower Principles (2013)</li> <li>• Transparency International, Money, Politics, and Power: Corruption Made in Europe (2012)</li> <li>• Transparency International (2014) Whistleblowing in Korea – Legal Protections for Whistleblowers in the EU</li> <li>• Transparency International Austria, The University of Malawi, Giffels (2014) Whistleblower Protection Laws in 100 Countries – Principles for Action</li> </ul>

**Score: 25**

Indicator name:	Enforcement of whistleblower laws
Indicator number:	1.5.2
<b>Scoring question:</b>	To what extent does the public sector enforce the laws protecting whistleblowers in the public and private sector?
<b>Assessment criteria:</b>	<p>A full score is earned if:</p> <ul style="list-style-type: none"> <li>• A full range of internal (organizational) and regulatory agency reporting channels exists;</li> <li>• Transparent and accountable enforcement exists (including annual public reporting, and provisions that override confidentiality clauses in employer-employee settlements);</li> <li>• Internal disclosure procedures used by public and private organizations to adequately protect employees who report wrongdoing;</li> <li>• There are anonymous channels for employees to report sensitive information to auditors or regulators without fear of being exposed;</li> <li>• Independent agencies to investigate whistleblowers' disclosures and complaints of whistleblower laws exist;</li> <li>• Oversight by an independent whistleblower investigation/complaints authority or tribunal.</li> </ul>
<b>Assessment reference(s):</b>	<ul style="list-style-type: none"> <li>• United Nations Convention against Corruption (2004), Articles 33, 38</li> <li>• Transparency Whistleblower Principles (2013)</li> <li>• Transparency International (2013) Whistleblowing in Europe – Legal Protections for Whistleblowers in the EU</li> </ul>
<b>Proposed data collection method:</b>	Many through desk research; additional expert interviews (if needed)



Score: 100

Indicator name:	Accounting and auditing standards
Indicator number:	1.6.1
Scoring question:	Does the country's accounting and auditing regulatory framework adhere to internationally recognised standards (for example, International Financial Reporting Standards)?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>companies are required to prepare regular financial statements that follow internationally recognised accounting standards, such as International Financial Reporting Standards;</li> <li>standards prohibit inappropriate accounting acts;</li> <li>companies are required to maintain accurate books and records available for inspection that properly and fairly document all financial transactions;</li> <li>companies are required to maintain effective internal control systems, supported – where warranted by size or risk levels – by an internal audit function;</li> <li>companies that are publicly traded, as well as large non-listed or privately held companies with substantial international business, are required to have accounts externally audited and published on an annual basis according to internally recognised auditing standards, such as International Standards on Auditing (ISA).</li> </ul>
Assessment reference(s):	United Nations Convention against Corruption (UNCAC), 2004, Articles 12 (2)(f), 12(3) and 12(4)
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

Score: 50

Indicator name:	Enforcement of accounting and auditing standards
Indicator number:	1.6.2
Scoring question:	Is the adherence of the country's accounting and auditing regulatory framework enforced in practice?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>law enforcement agencies show active enforcement of cases of non-adherence to accounting and auditing standards;</li> <li>the country's institutional oversight system contributes to the effective enforcement of accounting and auditing standards;</li> <li>effective, proportionate and dissuasive civil, administrative or criminal penalties for failure to keep or for omissions and falsification of books, records and accounts for the purpose of concealing corruption are applied;</li> <li>enforcement activities are periodically reported to the public, providing at least information on the enforcement policies adopted and decisions taken in individual cases, including accounting matters.</li> </ul>
Assessment reference(s):	United Nations Convention against Corruption (UNCAC), 2004, Articles 12 (2)(f), 12(3) and 12(4)
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

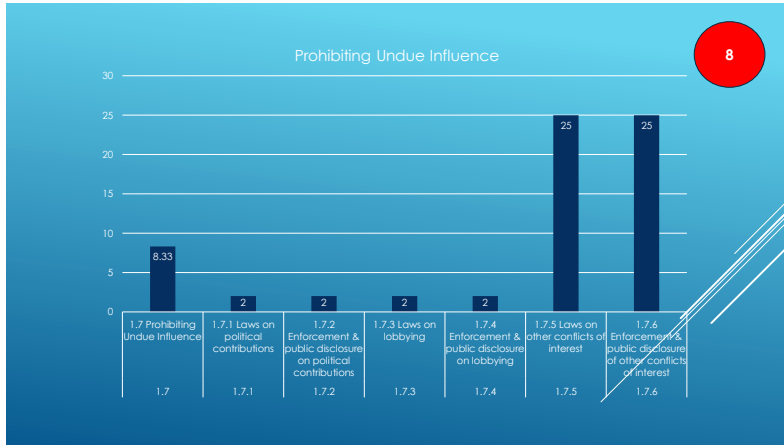
Score: 75

Indicator name:	Professional service providers
Indicator number:	1.6.3
Scoring question:	Are the country's professional service providers (for accounting, auditing, rating or other related advisory services) required to comply with internationally recognised standards?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>professional service providers (including trust and company service providers) are subject to formal licensing;</li> <li>professional service providers perform their services autonomously, ensuring independence from government agencies and companies;</li> <li>professional oversight bodies exist to exercise technical oversight and to impose sanctions for poor performance and unethical behaviour.</li> </ul>
Assessment reference(s):	
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

Score: 25

Indicator name:	Beneficial ownership
Indicator number:	1.6.4
Scoring question:	Do the country's laws require public information on beneficial ownership for companies, trusts and other legal structures?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>public registers showing beneficial ownership of companies are freely accessible and in machine-readable format;</li> <li>public registers include full name, birth date, nationality, address of the registered office and the private place of business (if different), as well as a description of how the ownership or control is exercised (such as the percentage of shares held);</li> <li>entities are required to collect information on the beneficiaries and address of the trusts they administer, to make such information accessible to tax and law enforcement authorities and to report suspicious activities;</li> <li>entities holding directors or shareholders are disclosed on request, including the name of the beneficial owner behind the nominee;</li> <li>effective implementation of beneficial ownership information provides grounds for criminal and civil penalties, including the possibility of imprisonment;</li> <li>failure to disclose nominee holding directors or shareholders are grounds for criminal and civil penalties, including the possibility of imprisonment.</li> </ul>
Assessment reference(s):	Transparency International Policy Brief 02/2013 Transparency International, Fighting Money Laundering in the EU: From Secret Ownership to Public Registers (2014) Government of Sicily Assesio (2011)
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)





**Score: 0**

Indicator name:	Laws on political contributions
Indicator number:	1.7.1
Scoring question:	Is undue influence in the form of political contributions from the private sector to political parties and/or individual candidates prohibited by law?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>there is a transparent and equitable mechanism to determine direct public funding for electoral campaigns;</li> <li>the use of State resources in favour of or against political parties and individual candidates is prohibited;</li> <li>there is a ban on anonymous contributions;</li> <li>financial and in-kind contributions, as well as loans to political parties and individual candidates, must be reported;</li> <li>there are limits on corporate donations to political parties and individual political candidates.</li> </ul>
Assessment reference(s):	Transparency International, Money, Politics, and Power: Corruption Risks in Europe (2012)
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

**Score: 0**

Indicator name:	Enforcement and public disclosure on political contributions
Indicator number:	1.7.2
Scoring question:	Is the prohibition of undue influence in the form of political contributions from the private sector to political parties and/or individual candidates monitored in practice?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>political finance information is monitored by an independent oversight authority;</li> <li>political parties and individual candidates report itemised contributions and expenditures both during and outside electoral campaign periods;</li> <li>citizens can easily access the financial information of all political parties and individual candidates;</li> <li>the results of investigations or audits by authorities are published.</li> </ul>
Assessment reference(s):	Transparency International, Money, Politics, and Power: Corruption Risks in Europe (2012)
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

**Score: 0**

Indicator name:	Laws on lobbying
Indicator number:	1.7.3
Scoring question:	Is undue influence in the form of lobbying by the private sector prohibited by law?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>lobbying regulations define lobbyists broadly (including private sector-based public affairs consultancies, corporate lobbyists, professional associations, trade unions and law firms);</li> <li>lobbying regulations define lobbying targets broadly (including members of national and sub-national legislative and executive branches, and high-level officials in national and sub-national public administrations, regulatory bodies and private bodies performing public functions);</li> <li>a mandatory public register for lobbyists is required;</li> <li>lobbyists are required to publicly and regularly disclose relevant personal and employment information, information on lobbying objectives and clients, who they are targeting, what they are advocating and lobbying expenditures;</li> <li>a "legislative hotspot" procedure is required for key pieces of legislation, which documents the time, person and subject of a legislator's contact with a lobbyist or stakeholder giving input into draft legislation;</li> <li>there is a "cooling-off" period for of at least two years for public officials (elected or appointed) and sector staff onwards leaving government and working as lobbyists.</li> </ul>
Assessment reference(s):	Transparency International, Controlling Corporate Lobbying and Financing of Political Activities (2009)
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

Score: 0

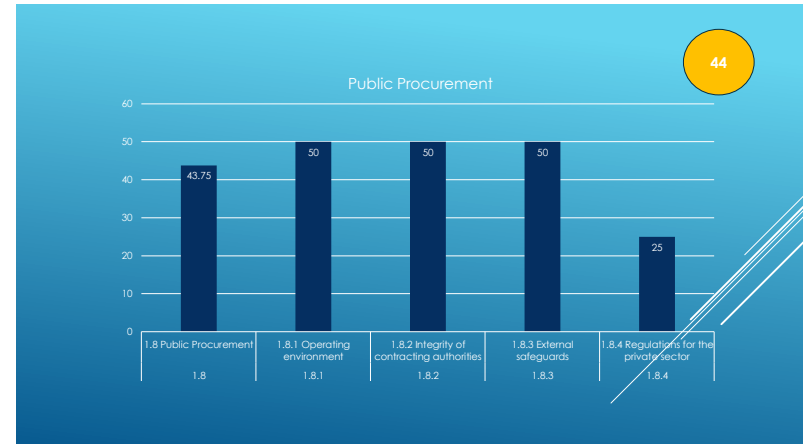
Indicator name:	Enforcement and public disclosure on lobbying
Indicator number:	1.7.4.
Scoring question:	Is the prohibition of undue influence in the form of lobbying by the private sector monitored in practice?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>an independent, mandated and self-resourced oversight body exists that manages registration of lobbyists, offers guidance to individuals and organizations, and investigates apparent breaches or anomalies;</li> <li>a mandatory public register for lobbyists collects data and makes it accessible online in a machine-readable format;</li> <li>lobbyists regularly disclose relevant personal and employment information, information on lobbying objectives and clients, who they are targeting, what they are advocating and lobbying expenditures;</li> <li>if "legislative footprint" is applied to key pieces of legislation which documents the time, person and subject of a legislator's contact with a lobbyist or stakeholder giving input into the draft legislation.</li> </ul>
Assessment reference(s):	Transparency International, Controlling Corporate Lobbying and Financing of Political Activities (2009)
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

Score: 25

Indicator name:	Laws on other conflicts of interest
Indicator number:	1.7.5.
Scoring question:	Is undue influence in the form of other conflicts of interest between the private and the public sector prohibited by law?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>public officials and senior civil servants need to declare publicly and regularly             <ul style="list-style-type: none"> <li>paid and unpaid positions in private sector entities (for example, as a strategic advisor or board member);</li> <li>financial investments in companies;</li> <li>gifts, benefits and hospitality received from private sector entities;</li> </ul> </li> <li>there is a "cooling off" period for of at least two years" for:             <ul style="list-style-type: none"> <li>public officials (elected or appointed) and senior civil servants moving to the private sector (post-public employment); and for</li> <li>corporate executives to senior public offices and posts in government (pre-employment).</li> </ul> </li> </ul>
Assessment reference(s):	Transparency International Policy Position #36/10: Regulating the revolving door
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

Score: 25

Indicator name:	Enforcement and public disclosure of other conflicts of interest
Indicator number:	1.7.6.
Scoring question:	Is the prohibition of undue influence in the form of other conflicts of interest between the private and the public sector monitored in practice?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>conflicts of interest are monitored by an independent oversight authority;</li> <li>public officials and senior civil servants publicly and regularly declare their relationship with the private sector (for example, paid and unpaid positions in private sector entities, financial investments in companies, gifts, benefits and hospitality received from private sector entities);</li> <li>the "cooling-off" pre-employment period for of at least two years for post-public employment is monitored.</li> </ul>
Assessment reference(s):	Transparency International Policy Position #36/10: Regulating the revolving door
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)



**Score: 50**

Indicator name:	Operating environment
Indicator number:	T.8.1.
Scoring question:	To what extent do the country's public procurement processes ensure that contracts are awarded in a fair and impartial manner?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>information regarding the key aspects of the public procurement process (planning, bidding, evaluation, implementation and monitoring) is made publicly available, ideally digitally and in widely used formats;</li> <li>administrative processes limit the scope for discretionary decision-making (for example, e-procurement);</li> <li>contracts between the procuring agency and its contractors, suppliers and service providers require the parties to comply with strict anti-corruption policies;</li> <li>public contracts above a certain threshold, which is defined in law or regulations, should:             <ul style="list-style-type: none"> <li>be subject to competitive bidding;</li> <li>consider requiring "Integrity Pacts".</li> </ul> </li> </ul>
Assessment reference(s):	Transparency International, Curbing Corruption in Public Procurement: A Practical Guide, 2014
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

**Score: 50**

Indicator name:	Integrity of contracting authorities
Indicator number:	T.8.2.
Scoring question:	To what extent do the country's contracting authorities and their employees adhere to internationally recognised standards of integrity and ethical behaviour?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>the contracting authorities and their employees commit to a strict anti-corruption policy as part of a code of conduct;</li> <li>the contract authorities and their employees receive regular training on the anti-corruption policy;</li> <li>internal control and auditing bodies function independently;</li> <li>financial asset reports for senior managers of the contracting authorities are available to the public;</li> <li>safe, anonymous mechanisms for whistleblowers are provided;</li> <li>dispositive, proportionate sanctions are in place for contracting authorities and its employees upon a determination of corruption;</li> <li>procurement positions are adequately remunerated.</li> </ul>
Assessment reference(s):	Transparency International, Curbing Corruption in Public Procurement: A Practical Guide, 2014
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

**Score: 50**

Indicator name:	External safeguards
Indicator number:	T.8.3.
Scoring question:	To what extent do the country's public procurement processes include external safeguards for detecting and reporting violations?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>external control and auditing bodies function independently and their reports are publicly available;</li> <li>robust, independent and effective appeals processes are in place for aggrieved bidders;</li> <li>independent and effective complaints mechanisms for reporting allegations of corruption are in place;</li> <li>a voluntary disclosure programme is provided that allows companies to report on corruption in return for mitigation sanctions;</li> <li>the participation of civil society organisations as independent monitors at all stages of the procurement process is promoted.</li> </ul>
Assessment reference(s):	Transparency International, Curbing Corruption in Public Procurement: A Practical Guide, 2014
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

**Score: 25**

Indicator name:	Regulations for the private sector
Indicator number:	T.8.4.
Scoring question:	To what extent do the country's public procurement processes require integrity measures in bidding entities?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>companies are permitted to tender only if they have implemented a code of conduct which the company and its employees commit to a strict anti-corruption policy and verify that they have not engaged in illegal conduct as part of their bid;</li> <li>companies are permitted to tender only if its ownership structure is clear and publicly available, including the disclosure of their beneficial owner as well as the ultimate beneficiary of associated and parent companies;</li> <li>sanctions against companies and their representatives are effective, proportionate and dispositive and include monetary and non-monetary penalties (for example, debarment);</li> <li>settlement mechanisms and procedures are publicly available;</li> <li>genuine incentives are offered for companies with effective anti-corruption programmes in place (for example, favourable procurement conditions).</li> </ul>
Assessment reference(s):	Transparency International, Curbing Corruption in Public Procurement: A Practical Guide, 2014 Transparency International Policy Position 02/2018 Recommendation of the Council for Further Centralising Military of Foreign Public Officers in International Business Transactions (2006) Article IX, X.C. 8)
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

83

Taxes and Customs



Score: 100

Indicator name:	Operating environment
Indicator number:	1.9.1
Scoring question:	Are the country's tax and customs administration (collecting) processes in accordance with international recognised standards?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>processes to determine, pay and collect are simple, standardised and transparent (including the number of taxes or customs, the regulation of taxes among federal and local authorities, the level of tax and custom rates and the number of, and criteria for, tax exemptions) and rely on few interventions between payers and tax and custom officials, leading officials' discretionary power;</li> <li>where feasible, technology is used in the administration of taxes and customs, such as electronic filing, paying tax or custom liabilities, generation of identification numbers, and providing online information on company rights;</li> <li>there is transparency in information on taxes and custom fees collected and their sources;</li> <li>there is transparency in tax deals made with national and multinational companies, including advance tax agreements.</li> </ul>
Assessment reference(s):	World Customs Organization (2013): Declaration of the Customs co-operation council concerning good governance and integrity in customs (The Revised Anusha Declaration) ESO Anti-Corruption Working Group Report to the ESO Office and Taskforce Chairs
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

Score: 75

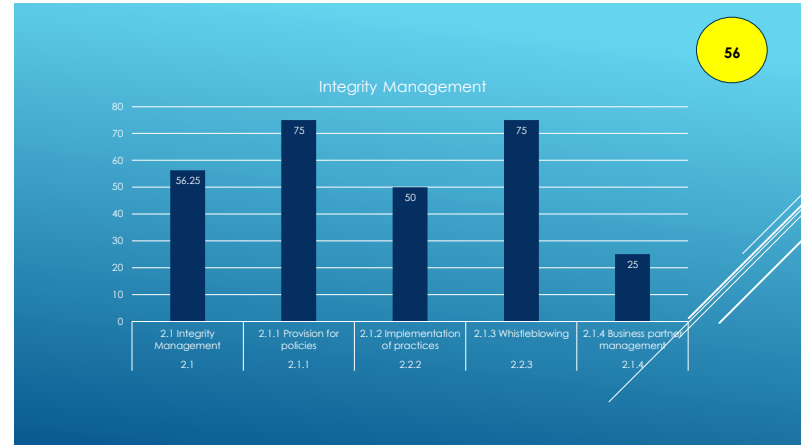
Indicator name:	Integrity of tax administration authorities
Indicator number:	1.9.2
Scoring question:	Are the country's tax and customs administration and its employees committed to internationally recognised standards of integrity and ethical behaviour?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>the tax and custom administration(s) and its employee(s) commit to a strict anti-corruption policy as part of a code of conduct;</li> <li>the tax and custom administration(s) and its employee(s) receive regular training on the anti-corruption policy;</li> <li>internal control and auditing bodies function independently, effectively and efficiently;</li> <li>discussive and proportionate sanctions are in place for tax and custom administration employees as well as private sector staff with a determination of corruption;</li> <li>safe, anonymous mechanisms for whistleblowers are provided;</li> <li>tax and custom official positions are adequately remunerated.</li> </ul>
Assessment reference(s):	World Customs Organization (2013): Declaration of the Customs co-operation council concerning good governance and integrity in customs (The Revised Anusha Declaration) World Customs Organization (2012): Revised Integrity Development Guide
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)

Score: 75

Indicator name:	External safeguards
Indicator number:	1.9.3
Scoring question:	Are the country's tax and revenue collection processes integrating external safeguards for detecting and reporting violations?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>a single tax and custom identification number for companies is used;</li> <li>external control and auditing bodies function independently and their reports are publicly available;</li> <li>independent and effective complaints mechanisms for reporting allegations of corruption are in place;</li> <li>a voluntary disclosure programme is provided that allows companies to report on corruption in return for mitigation sanctions.</li> </ul>
Assessment reference(s):	World Customs Organization (2013): Declaration of the Customs co-operation council concerning good governance and integrity in customs (The Revised Anusha Declaration) World Customs Organization (2012): Revised Integrity Development Guide
Proposed data collection method:	Mainly through desk research; additional expert interviews (if needed)



PRIVATE SECTOR ASSESSMENT RESULTS



Score: 75

Indicator name:	Provision of policies
Indicator number:	2.1.1
Scoring question:	To what extent do companies establish formal policies to counter corruption?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>companies establish clear, visible and accessible formal policies prohibiting corruption;</li> <li>these policies address the most prevalent risks of corruption, such as conflicts of interests, bribes, political contributions, charitable contributions and sponsorships, facilitation payments, gifts, hospitality and expenses, money laundering and collusion;</li> <li>policies are visible to all parties within and outside the company;</li> <li>adherence to policies is mandatory and applies to all levels, functions and areas of the company.</li> </ul>
Assessment reference(s):	Transparency International, Business Principles for Countering Bribery (2013)
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews

Score: 50

Indicator name:	Implementation of practices
Indicator number:	2.1.2
Scoring question:	To what extent do companies have anti-corruption programmes in place?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>companies implement a programme that reflects their particular business risks, circumstances and culture;</li> <li>the Chief Executive Officer or owner of the company is responsible for ensuring that the programme is carried out consistently with due care of authority;</li> <li>companies implement a risk-based programme that results in a return: <ul style="list-style-type: none"> <li>Human resources practices that the company's commitment to the programme (for example recruitment, promotion, performance evaluation);</li> <li>training of managers and employees;</li> <li>internal communication;</li> <li>feedback mechanisms and other internal processes supporting the continuous improvement of the programme;</li> </ul> </li> <li>compliance with the programme is mandatory for all employees;</li> <li>appropriate sanctions for violations of the programme are applied;</li> <li>companies regularly review and evaluate their programme;</li> <li>companies cooperate appropriately with relevant authorities in connection with corrupt investigations and prosecutions.</li> </ul>
Assessment reference(s):	Transparency International, Business Principles for Countering Bribery (2013)
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews

Score: 75

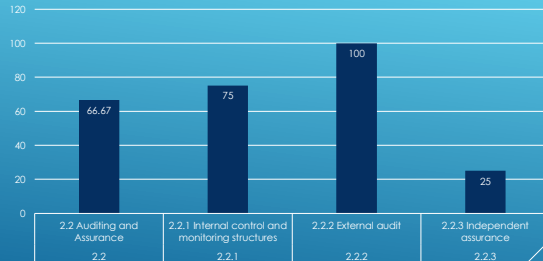
Indicator name:	Whistleblowing
Indicator number:	2.7.3
Scoring question:	To what extent do companies provide secure and accessible channels to raise concerns and report violations (whistleblowing) in confidence and without risk of reprisal?
Assessment criteria:	A full score is earned if <ul style="list-style-type: none"> <li>secure and accessible channels are provided to report information about actual, suspected or perceived corruption in the company;</li> <li>employees alerting the management of abuses are protected from victimisation and retaliation;</li> <li>the information provided by reporting persons is handled promptly and through an orderly follow-up process, and any further course of action undertaken is communicated to the reporting person.</li> </ul>
Assessment reference(s):	Transparency International, Business Principles for Countering Bribery (2013)
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews.

Score: 25

Indicator name:	Business partner management
Indicator number:	2.1.4
Scoring question:	To what extent do companies apply their anti-corruption programme to relevant business partners?
Assessment criteria:	A full score is earned if <ul style="list-style-type: none"> <li>companies implement their programme in all business entities over which they have effective control (for example, subsidiaries);</li> <li>companies use their influence to encourage an equivalent programme in business entities in which they have a significant investment or with which they have a significant business relationships but no effective control;</li> <li>companies undertake due diligence of business entities when entering into a relationship, including mergers, acquisitions and significant investments;</li> <li>companies perform reasonable and proportionate monitoring of its significant business relationships, including the right of inspection of books and records.</li> </ul>
Assessment reference(s):	Transparency International, Business Principles for Countering Bribery (2013)
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews.

67

Auditing and Assurance



Score: 75

Indicator name:	Internal control and monitoring structures
Indicator number:	2.2.1
Scoring question:	To what extent do companies establish internal control and monitoring structures that seek to detect and prevent corruption?
Assessment criteria:	A full score is earned if <ul style="list-style-type: none"> <li>companies establish and maintain an effective system of internal controls over corruption, comprising financial and organisational checks and balances over accounting and record-keeping practices and other business processes;</li> <li>companies maintain available for inspection accurate books and records that properly and fairly document all financial transactions;</li> <li>companies have independent, sufficiently resourced internal audit employees in place;</li> <li>the effectiveness of the internal audit function is, at least once every three years, assessed by a qualified, independent reviewer, or by an external review team;</li> <li>an Audit Committee (or equivalent body) assists in the oversight of the integrity of the company's financial statements, and its compliance with legal and other regulatory requirements;</li> <li>the CEO and the Head of the Finance Function certify in a written statement to the Board of Directors that the financial statements present a true and fair view of the affairs of the company.</li> </ul>
Assessment reference(s):	Transparency International, Business Principles for Countering Bribery (2013); Transparency International, Policy Position #932009, Strengthening Corporate Governance to Combat Corruption
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews.

Score: 100

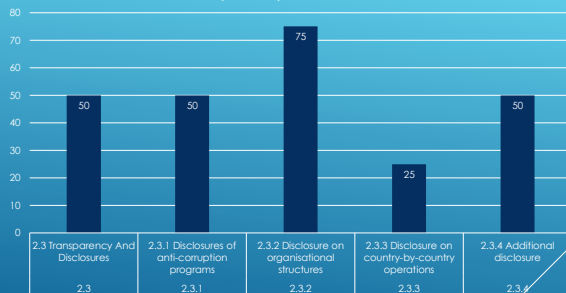
Indicator name:	External audit
Indicator number:	2.2.2
Scoring question:	To what extent do companies subject their financial reporting to external audits?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>annual audit is conducted by an independent, competent and qualified auditor in order to provide external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects;</li> <li>companies utilize licensed external auditors;</li> <li>the companies' external audit service providers are rotated frequently;</li> <li>external auditors are independent of company officers, board members and their families and do not have any other substantive contracts with the audited company;</li> <li>companies publicly report on their external audits.</li> </ul>
Assessment reference(s):	Transparency International, Policy Position #23/2009: Strengthening Corporate Governance to Combat Corruption
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews.

Score: 25

Indicator name:	Independent assurance
Indicator number:	2.2.3
Scoring question:	To what extent do companies undergo voluntary independent assurance on the design, implementation and/or effectiveness of the anti-corruption programme?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>companies undergo voluntary independent assurance on the design, implementation and/or effectiveness of the programme;</li> <li>external assurance practitioners follow internally recognised standards, such as International Standard on Assurance Engagements (ISAE 3000);</li> <li>companies publicly disclose related assurance opinions.</li> </ul>
Assessment reference(s):	Transparency International, Business Principles for Countering Bribery (2013) Transparency International, Assurance Framework for Corporate Anti-Bribery Programmes (2012)
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews.

50

Transparency and Disclosures



Score: 50

Indicator name:	Disclosures of anti-corruption programmes
Indicator number:	2.3.1
Scoring question:	To what extent do companies report publicly on their anti-corruption programmes?
Assessment criteria:	<p>A full score is earned if companies publicly disclose</p> <ol style="list-style-type: none"> <li>the details of their anti-corruption programmes;</li> <li>their commitment to be in compliance with all relevant laws, including anti-corruption laws;</li> <li>their leadership's support for anti-corruption;</li> <li>that their code of conduct/anti-corruption policy explicitly applies to all employees, agents and other intermediaries, as well as contractors, subcontractors and suppliers;</li> <li>that they have an anti-corruption training programme for employees and directors in place;</li> <li>that they have a policy offering appropriate/incentive gifts, hospitality and travel expenses;</li> <li>that there is a policy that explicitly forbids facilitation payments;</li> <li>that the company provides education for reporting violations of the anti-corruption policy;</li> <li>that there are channels through which employees can report potential violations of the anti-corruption policy or seek advice in confidence;</li> <li>that the company carries out regular monitoring of its anti-corruption programme;</li> <li>that the company has a policy on political contributions that either prohibits such contributions or, if it does not, requires such contributions to be made public.</li> </ol>
Assessment reference(s):	Transparency International, Transparency in Corporate Reporting, Methodology for "Disclosure anti-corruption programmes"
Proposed data collection method:	Transparency International Methodology for "Transparency in Corporate Reporting"

Score: 75

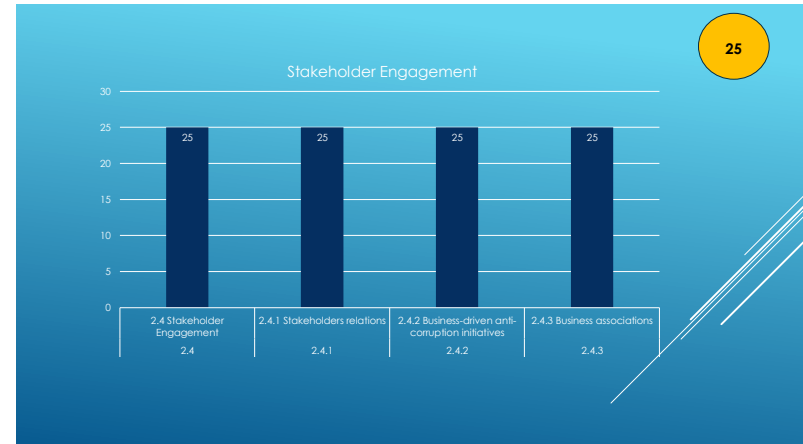
Indicator name:	Disclosure on organisational structure
Indicator number:	2.3.3
Scoring question:	To what extent do companies report publicly on their organisational structure?
Assessment criteria:	A full score is earned if companies publicly disclose <ul style="list-style-type: none"> <li>the full list of their fully consolidated subsidiaries;</li> <li>the percentages owned in fully consolidated subsidiaries;</li> <li>the countries of incorporation of fully consolidated subsidiaries;</li> <li>the countries of operations of fully consolidated subsidiaries;</li> <li>the full list of its non-fully consolidated subsidiaries;</li> <li>the percentages owned in non-fully consolidated subsidiaries;</li> <li>the countries of incorporation of its non-fully consolidated subsidiaries;</li> <li>the countries of operations of its non-fully consolidated subsidiaries;</li> <li>the names of beneficial owners.</li> </ul>
Assessment reference(s):	Transparency International, Transparency in Corporate Reporting, Methodology for "Organisational transparency"
Proposed data collection method:	Transparency International methodology for "Transparency in Corporate Reporting"

Score: 25

Indicator name:	Disclosure of key financial data a country-by-country basis
Indicator number:	2.3.3
Scoring question:	Do companies report publicly on their countries of operation?
Assessment criteria:	A full score is earned if companies publicly disclose <ul style="list-style-type: none"> <li>revenues/sales in country X for each country of operations;</li> <li>capital expenditure in country X;</li> <li>pre-tax income in country X;</li> <li>income tax in country X;</li> <li>community contribution in country X.</li> </ul>
Assessment reference(s):	Transparency International, Transparency in Corporate Reporting, Methodology for "Country-by-country disclosure"
Proposed data collection method:	Transparency International methodology for "Transparency in Corporate Reporting"

Score: 50

Indicator name:	Additional disclosures
Indicator number:	2.3.4
Scoring question:	To what extent do companies publish information on charitable contributions, sponsorships and lobbying activities both domestically and internationally (for example corporate reporting or corporate social responsibility reports)?
Assessment criteria:	A full score is earned if companies publicly disclose all their charitable contributions, including <ul style="list-style-type: none"> <li>all their sponsorships;</li> <li>all their lobbying activities.</li> </ul>
Assessment reference(s):	Transparency International, Business Principles for Countering Bribery (2013), 5.3 and 5.4
Proposed data collection method:	Transparency International methodology for "Transparency in Corporate Reporting"





Score: 25

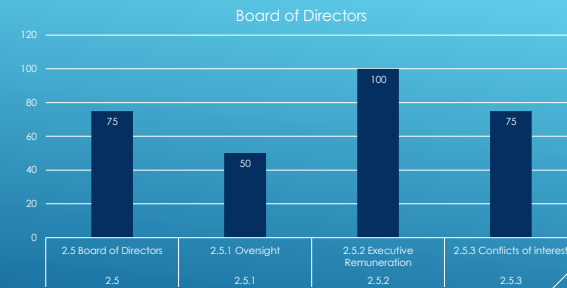
Indicator name:	Stakeholder relations
Indicator number:	2.4.1
Scoring question:	To what extent do companies engage in multi-stakeholder initiatives aimed at reducing corruption?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>companies encourage active co-operation with their stakeholders in creating – among other things – the sustainability of financially sound enterprises;</li> <li>stakeholders participating in corporate governance processes have access to relevant, sufficient and reliable material information on a timely and regular basis (including financial and operating results of the company, company objectives, major share ownership and voting rights, foreseeable risk factors, governance structures and policies);</li> <li>stakeholders, including individual employees and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the Board of Directors (or other equivalent body) and their rights should not be compromised for doing this;</li> <li>shareholders have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental corporate changes.</li> </ul>
Assessment reference(s):	OECD, OECD Principles of Corporate Governance (2004)
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews.

Score: 25

Indicator name:	Business-driven anti-corruption initiatives
Indicator number:	2.4.2
Scoring question:	To what extent do companies engage in multi-stakeholder initiatives aimed at reducing corruption?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>companies regularly and widely collaborate with stakeholders from the public sector and/or civil society to strengthen the anti-corruption principle (for example, in the form of principle-based initiatives);</li> <li>companies collaborate with industry peers, aiming to jointly counter corruption (for example, sector coalitions);</li> <li>companies publicly promote the benefits of engaging in multi-stakeholder anti-corruption initiatives.</li> </ul>
Assessment reference(s):	
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews.

Score: 25

Indicator name:	Business associations
Indicator number:	2.4.3
Scoring question:	To what extent do business associations support companies in fighting corruption?
Assessment criteria:	<p>A full score is earned if all major business associations</p> <ul style="list-style-type: none"> <li>take a visible stance against corruption;</li> <li>provide supporting materials for companies on how to strengthen their anti-corruption efforts;</li> <li>offer further help/support to companies or even take an active role in supporting anti-corruption (for example, in the form of certifying business coalitions, support desks).</li> </ul>
Assessment reference(s):	
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews.



Score: 50

Indicator name:	Oversight
Indicator number:	2.5.1
Scoring question:	To what extent is the Board of Directors responsible for the oversight of their company's anti-corruption programmes?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>responsibility for monitoring the effectiveness of the company's governance practices is formally assigned to the Board of Directors or equivalent body in the company;</li> <li>compliance with the company's anti-corruption programme is mandatory for the Board of Directors;</li> <li>the Board of Directors receive appropriate training on the programme (for example, fiduciary awareness);</li> <li>the Board of Directors receives regular status reports from the company's senior management on the programme and is informed on cases of major incidents and corrective actions.</li> </ul>
Assessment reference(s):	Transparency International, Business Principles for Countering Bribery (2013)
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews.

Score: 100

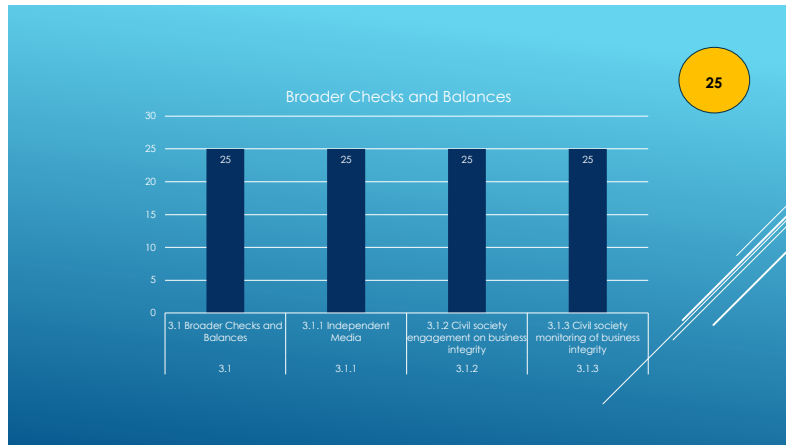
Indicator name:	Executive remuneration
Indicator number:	2.5.2
Scoring question:	To what extent are the Board member and senior executive remuneration of companies determined according to good corporate governance standards?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>the company's remuneration policy and employment contracts for Board members and key executives are handled by a special committee of the Board of Directors;</li> <li>Board and senior executive remuneration and benefits packages are made public;</li> <li>board and senior executive remuneration and benefits packages are tied to sustainable performance and determined by independent, non-executive directors;</li> <li>the remuneration packages of individual board members and senior executives (including long-term incentives, stock options and pensions) require shareholder approval.</li> </ul>
Assessment reference(s):	Transparency International, Policy Position #03/2009: Strengthening Corporate Governance to Combat Corruption
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews.

Score: 75

Indicator name:	Conflicts of Interest
Indicator number:	2.5.3
Scoring question:	To what extent are safeguards in place to govern Board of Directors conflicts of interest?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>Board of Directors are independent from company management to ensure proper and effective oversight;</li> <li>safeguards are in place to deal with Board of Directors insider trading;</li> <li>information on potential conflicts of interest from Board of Directors (and other senior representatives) is publicly available, including outside appointments, parallel internal positions, financial investments and employment of relatives;</li> <li>potential conflicts of interest of management, board members and shareholders (including misuse of corporate assets and abuse in related party transactions) is monitored and managed effectively.</li> </ul>
Assessment reference(s):	Transparency International, Policy Position #03/2009: Strengthening Corporate Governance to Combat Corruption
Proposed data collection method:	Desk-based research, for example studies from accounting companies or business associations; if such data is not (sufficiently) available, the researcher should conduct expert interviews.



CIVIL SOCIETY ASSESSMENT RESULTS



**Score: 25**

Indicator name:	Independent media
Indicator number:	3.1.1
Scoring question:	To what extent is the country's media perceived as being free and independent?
Assessment criteria:	<p>A full score is earned if the media</p> <ul style="list-style-type: none"> <li>is objective and independent of the private sector (including financial autonomy);</li> <li>is objective and independent and free from the government;</li> <li>are adhering to the highest standards of fairness and accuracy;</li> <li>have a proven track record of successfully uncovering corruption in and from the private sector.</li> </ul>
Assessment reference(s):	
Proposed data collection method:	Existing international data sources such as Freedom House Press Freedom Index, IREX Media Sustainability Index, Reports without Borders
Global/regional data sources (examples):	

**Score: 25**

Indicator name:	Civil society engagement in business integrity
Indicator number:	3.1.2
Scoring question:	To what extent are civil society organisations engaged with companies in order to strengthen their commitment towards integrity, accountability and transparency?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>civil society has a track record of convening and support short- or long-term initiatives on key area for the private sector, such as public procurement and co-operation with law enforcement;</li> <li>such initiatives involve anti-corruption stakeholders from the public sector, private sector and civil society;</li> <li>such initiatives result in tangible outcomes and commitments from all participating stakeholders, for example publicly documented in an action plan.</li> </ul>
Assessment reference(s):	UNCAC Coalition, Civil Society Guide – UNCAC and the Private Sector (2013)
Proposed data collection method:	Desk-based research and expert interviews

**Score: 25**

Indicator name:	Civil Society monitoring of business integrity
Indicator number:	3.1.3
Scoring question:	To what extent does the country have an active and engaged civil society monitoring private sector corruption?
Assessment criteria:	<p>A full score is earned if</p> <ul style="list-style-type: none"> <li>civil society's watchdog role regarding business integrity in the private sector is well-developed;</li> <li>there are many examples of high-profile and successful civil society activities in this regard;</li> <li>there are widespread civil society advocacy campaigns and public events with regard to business integrity;</li> <li>there are common instances where businesses have taken positive action following Civil Society Organisation advocacy.</li> </ul>
Assessment reference(s):	
Proposed data collection method:	Desk-based research and expert interviews

## OTHER KEY OBSERVATIONS

- ┌ Malaysian business culture? - Malaysians generally have a very complacent attitude towards having the right business practices. If a certain practice for good business governance and management is not made mandatory by the law and authorities, Malaysian companies do not usually adapt the suggested practices. Only when the practice become a compulsory rule/law, Malaysian businesses strive to comply.
- ┌ Not many relevant entities were willing to respond to their queries when approached for an interview or data and statistics.
- ┌ The data provided by MACC is too general. It does not give a specific breakdown on the cases based on the type of corruption (e.g., bribery, false claims, abuse of power).

## STRENGTH & WEAKNESSES

### STRENGTH

- ▶ First of its kind study in Malaysia, emphasizing on private sector A-C and Integrity initiatives
- ▶ External factors i.e public sector and CSO sector taken into consideration

### WEAKNESS

- ▶ Restricted access to information, particularly from public entities
- ▶ Limited information on initiatives of SMEs

## PUBLIC SECTOR RECOMMENDATIONS

### Short-term

- Parliament should expedite the amendment of the MACC Act 2009 by incorporating the Corporate Liability clause into the Act (policies)
- Section 23 of the MACC Act 2009 should be amended to include provisions on conflict of interest among public officials, these being currently governed by Service Circulars. (policies)
- Section 36 of the MACC Act 2009 should be amended to compel an individual in certain circumstances to declare his/her finances or assets without the MACC initiating a formal corruption investigation, i.e "Living beyond means" as an alternative corruption indicator (policy)
- MACC should target a 95% annual success rate in the conviction of bribery cases in the Special Corruption Session Court. (enforcement)
- MACC needs to improve the skills of its investigation officers and provide the latest tools and technology so that corruption cases will not fail in the courts due to inadequate evidence on technicalities: a high conviction success rate will be then achieved. (capacity)
- MACC should enhance the English proficiency and competency of its officers in order to more effectively fight commercial bribery. (capacity)
- IIM should intensify its ethics and integrity education and training programmes for civil servants. (capacity)
- Public Service Department should mandate all public officials to undergo anti-corruption training before confirmation and promotion. (capacity)

## CONT.

- MyCC needs to strengthen its enforcement division, with increased capacity to take on more cases and speed up investigation of anti-competitive behaviour and practices. (enforcement)
- MyCC should be made independent of the Domestic Trade, Cooperative and Consumerism Ministry and funded separately. (enforcement & capacity)
- The Competition Act 2010 needs to be amended to include provisions on mergers and acquisitions. (policy)
- The AOB should intensify enforcement of accounting and auditing standards and punitive sanctions should be meted out for non-compliance among auditors. (enforcement)
- The WPA 2010 should be amended to remove any ambiguities within the law and inconsistencies with OSA 1992, while Section 203A of the Penal Code should be removed in order to provide greater protection to whistleblowers. (policy)
- NCCPF recommendations on political funding/contributions should be immediately translated into legislation and approved by Parliament. (policy)
- A law on lobbying should be promulgated to regulate lobbying in the country and a register of lobbyists established to monitor their activities. (policy)
- Legislation should be enacted to include provisions for the "cooling-off" period for public officials and senior civil servants moving to the private sector (postpublic employment), and for corporate executives to senior public officers and posts in governments (pre-employment) (policy)
- Public declaration of assets by elected representatives holding public office. (policy)
- Mandatory declaration of beneficial ownership for companies bidding for public projects exceeding RM500 million in value. (policy)

## CONT.

- Rigorous enforcement of Integrity Pacts used in the procurement process by MACC. (enforcement)
- Implementing Integrity Pacts for Public Private Partnerships (PPP) or mega projects exceeding RM500 million in value, including strong financial sanctions for transgressions. (policy)
- Integrity testing for public officials holding positions with high risk/responsibility.

### Long-term

- MACC should be funded by Parliament in order to remain fully independent. (policy)
- MACC needs to intensify its efforts with the private sector and civil society to support anti-corruption programmes. (capacity)
- Government to mandate all contracting parties in government procurement system to implement MS ISO37001/ISO 37001 Anti-Bribery Management System. (policy)

## PRIVATE SECTOR RECOMMENDATIONS

### Short-term

- All companies must establish anti-corruption policies regulated by Bursa for PLCs. Additionally, it is highly recommended that Companies Commission of Malaysia (SSM) adopts similar practices.
- Companies, especially PLCs, need to develop websites with clear information to support activities related to anticorruption programmes and promote awareness of these.
- All companies (PLCs, SMEs and non-PLCs) must develop and implement whistleblowing policies that are consistent with the WPA 2010. Companies need to ensure their whistleblower policy and process is visible; that channels are available and accessible; and that the highest level of confidentiality is assured and maintained.
- Two-way reporting channels need to be instituted in companies to maintain anonymity for whistleblowers.
- Companies should require business partners to commit to integrity pacts/pledges when dealing at business-to-business level.
- Companies' internal control mechanisms should focus on eliminating corruption as well as enhancing accounting procedures.
- Companies need to enhance their staff competencies through training in detecting bribery and corruption through corruption risk management in order to improve their capabilities to detect and deter corruption.
- Auditing and assurance activities by additrs should be proactive rather than reactive so as to be one step ahead of perpetrators of corruption.

## CONT.

- Business regulators should require companies to implement the ISAE 3000 standard and ISO 37001 Anti-Bribery Management System and disclose this in their annual report.
- SC and Bursa Malaysia need to be transparent in providing information on noncompliance and corruption to the public.
- Regulators need to mandate companies' to disclose financial data and CSR activities and contributions on a country-by-country basis in their annual report.
- Companies need to work closely with stakeholders to develop anti-corruption initiatives and conduct research on their impact.
- IIM should intensify its engagement with companies on anti-corruption programmes in the private sector.
- Companies should disclose their organization structure publically.

- BOD members and CEOs should commit to anti-corruption statement and attend anti-corruption training to demonstrate top-level commitment to combating corruption and disclose it in the annual report.
- Companies need to enhance website reporting to provide crucial information i.e. corruption cases, to the public.
- Companies should make explicit commitments to comply with anticorruption, anti-money laundering and whistleblowing legislation made visible in the policy and published in the website.
- Compliance with Codes of Conduct/Ethics should be made mandatory for all company members and their third parties. In line with the amendment of the Corporate Liability clause in the MACC Act 2009, companies and their directors should be made liable for the corrupt actions of their employees, unless they can demonstrate adequate anti-corruption procedures are in place and practiced.

## CONT.

### Long-term

- The private sector needs to increase its effort by working closely with MACC on anticorruption programmes.
- Companies need to develop awareness campaigns to increase the level of understanding on corruption and its damaging effects on business.
- Companies need to increase the level of understanding on WPA 2010 among their employees to educate them on appropriate behaviour as well as having adequate safeguards.
- CCM needs to increase penalties for noncompliance with accounting and auditing standards among companies in order to reinforce the importance of compliance.
- Regulators should impose a rotation requirement on auditors and audit partners to improve the independence of auditing and audit quality in companies.
- Regulators need to shift from the practice of random checking of compliance to a more extensive checking of auditing and assurance in order to defeat corruption.
- BOD members convicted of corruption and other charges need to be sanctioned. CCM should de-list them from current directorships and ban them from holding any future directorships.
- All BODs need to disclose details of their remuneration and benefits packages in the annual report.
- Policy on political contributions needs to be formulated and information publicly disclosed in annual reports.
- Full disclosure of information on subsidiaries and non-consolidated companies needs to be established.
- Continual improvements should be made in the process of identifying and empowering independent directors to allow them to exercise their independent function. This is particularly applicable for non-listed entities which use public funds such as State Owned Enterprises (SOEs) and Public Interest Entities (PIES).

## CSO RECOMMENDATIONS

### Short-term

- Printing Presses and Publication Act 1984 needs to be revised in order to create conditions for the development of an independent and free press/media.
- To intensify pathways for citizens to engage and participate in government and private sector events on anti-corruption should be developed.
- Government should enhance digitalization to enable citizens to connect and engage with stakeholders, such as government, media and academia, in order to champion issues related to corruption.
- NGOs need to engage and collaborate more actively with businesses on anticorruption issues, including the development and implementation of anticorruption programmes.

- Investigative journalism should be encouraged and wider public discussion held on issues related to governance and integrity.

### Long-term

- Government needs to deregulate the press/ media industry and allow for self- or coregulation in order to enable the development of an independent and free press/media.
- NGOs and businesses should develop partnership to foster zero-tolerance towards corruption and bribery
- NGOs, government and businesses should collaborate to promote ethical lifestyles to foster a corruption-free society.
- Registrar of Societies (ROS) should mandate NGOs to show evidence of practising good governance in their organization structure and reporting.

