



TRANSPARENCY INTERNATIONAL MALAYSIA

# NEWSLETTER

A Nation without corruption, a Society with integrity

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## ► President's Message

Dear TI-Malaysia Member and Friends,

In 2016, Transparency International Malaysia (TI-M) has been more vocal than before in raising the grievances faced by the Rakyat due to the lack of transparency and accountability of the government, and we will continue to do so for the remaining year. TI-M has highlighted the importance of upholding the independence of the Malaysian Anti-Corruption Commission (MACC), its financial autonomy to ensure impartiality in investigation, and the independent appointment of the MACC Chief. TI-M also stresses the need for the implementation of reform to the political funding law, the separation of power between the Attorney General and the Public Prosecutor, the importance of bringing about transparency to the “beneficial ownership” of corporations in relation to the Panama Papers leak, and the significance of the Election Integrity Pledge.

TI-M strongly feels that the government of the day and its politicians should be transparent and put the interest of the public first by solving the woes faced by them. Only by truly walking the talk will the government be able to gain the confidence and trust of the public to remain relevant.

On a brighter note, TI-M has also expressed its appreciation towards certain individuals and agencies that have done well in maintaining the values of transparency. Nevertheless, it is clearly evident that there is much more to be done in promoting and instilling a general awareness of the critical importance of transparency across the board, not only within the government sector, as the scourge of corruption in this country is rearing its ugly head in virtually every sphere of society.

Hence, TI-M will be taking a more onfield approach in promoting transparency, accountability, and integrity, and in so doing, will contain and prevent corruption. In this regard, TI-M has lined up specific projects, initiatives, and events that would take TI-M directly to the people. TI-M will create awareness, encourage them to play an active role in the fight against corruption, and engage with relevant public, private, and civil society organizations to raise their awareness of the significance of transparency and integrity in the fight against corruption.

Looking inwards, I also feel that it is timely for me to remind TI-M Members, especially members of the Exco, that it is very important that we must “walk the talk”. We have to be exemplary in our decorum and set a good example in public and private, especially since TI-M is not just an ordinary NGO, but comes under the microscope of the public and the government all the time. Our every action and statement, even more so those of the TI-M Exco (including myself), are being observed.

We have to be whiter than white.



With this call I wish to thank everyone in TI-M for their time, effort, and personal sacrifice in carrying out their various duties. As I have mentioned earlier, a tremendous amount of work lies ahead of us as we play our role in complementing the efforts of the authorities in promoting greater transparency and integrity, which are the most basic tools in the fight against corruption. However, the public must also play an active role in the fight against corruption. Do not indulge in corruption.

Report corruption by calling the TI-M hotline at 1800-22- 0122, or the MACC anti-corruption toll-free hotline at 1-800- 88-6000.

Best wishes,  
Dato' Akhbar Satar

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## Editorial Board

Puan Faridah Rohani (Executive Committee Member)

Ms Bavani Jayadevan. R (Senior Executive)

# Strategic Plan 2016 – 2020

By R.J. Bavani



*Dr. Mohan (Secretary General, TI-M), leading the Strategic Planning Session among other TI-M Exco members and staffs*

An internal brain-storming session was conducted among some of the TI-M Executive Committee (Exco) members and staffs in efforts to establish a direction for the Strategic Plan meeting workshop that was scheduled a month later. Basic ideas were laid out at the session and were presented at the Strategic Planning Workshop in which a larger number of Exco members participated.

At the brainstorming session, the relevance of past vision, mission, values, goals, projects and strategies used to achieve the goals were analysed. Upon analysis, changes were made to TI-M's Vision and Core values. TI-M ExcOs' discussion on the relevance of current projects and the ways to go about maintaining and enhancing some of the projects produced recommendations that will be implemented in the current TI-M's Strategic Plan. A SWOT analysis of TI-M was generated at the discussion and it was used as a major tool in assessing the current situation of TI-M and to ascertain the steps that need to be taken in the next 5 years to ensure further productiveness and effectiveness of TI-M in the role of advocating for integrity and curbing corruption.

In light of the brainstorming session, TI-M acknowledges that there would be a need for change in terms of its approach to certain project and activities. Thus, following the guidance given



*Exhibit 1: Three Main Thrusts-By TI-S*

by **Transparency International-Secretariat (TI-S)**, TI-M's strategy would be the followings:

- 1) **People and Partner** - TI-M hopes to reach out to a wider crowd, in order to advocate works in relation to integrity and anti-corruption and to establish networks/coalitions that could work alongside to fulfil its vision and mission. TI-M specifically aims at gathering more women and the youth to join its course. Besides that, TI-M

also hopes to expand its membership circle in order to bring in more individuals who are qualified and capable.

- 2) **Prevention, Enforcement and Justice** - TI-M seeks to play an active role in the implementation of appropriate law reforms and policies that addresses corruption, specifically in the field of governance.
- 3) **Strong Movement** - TI-M aims at building larger and stronger coalition with other CSOs, private & public Institutions with strong values

of integrity. Under this thrust, TI-M hopes to co-create and engage on more projects and activities that cultivate the value of integrity and curbs corruption.

The end product of the Strategic Planning Workshop was a clear direction that would be followed through by TI-M’s exco members and staffs for the year of 2016-2020 as well-defined envisioned deliverables have been mapped out. The strategic plan would serve as framework that would guide TI-M in sustaining itself as an effective NGO that promotes Integrity.

### TI-M’S KEY INITIATIVES / PROJECTS

Membership Drive - Focus particularly on Youths and Female
Election Integrity Pledge – Gather more politicians to sign the Pledge
Business Integrity Programme – Engagement with Private Sectors to promote ISO 37001
Hosting Open Governance Partnership (OGP) related initiatives
Research Development – Youth Integrity Survey (YIS) & Malaysian Corruption Barometer (MCB)
Youth Integrity Debate
Youth Workshops
Promote “Speak Up” among Women and Corporate Sector
Increase joint Initiatives and collaborations with other CSOs
More engagement with the Media

## ▶ 18<sup>th</sup> Annual General Meeting

By Chak Tze Chin

The 18<sup>th</sup> Annual General Meeting was held on 12<sup>th</sup> March, 2016 at Royal Selangor Club, Bukit Kiara. The meeting was commenced at 10.00 am, and 18 members were present at the beginning of meeting. The President, Dato Akhbar Satar gave his opening speech for the 18<sup>th</sup> AGM followed by a presentation by the Secretary General, Dr Muhammad Mohan on the latest TI-M’s strategic plan (2016-2020). The quorum did not increase to the required quorum stated by the Constitution, which is 20 members by 10:30am, the President

announced that the Annual General Meeting the 18th Annual General Meeting (AGM) was adjourned until further notice in 30days.

The adjourned 18<sup>th</sup> AGM was held on 9th April, 2016 at Royal Selangor Club, Bukit Kiara and 16 members have attended. Dato Akhbar welcomed the members to the AGM. He briefed the members the Corruption Perceptions Index (CPI) 2015, and stated that Malaysia’s has dropped 4 placed on the CPI ranking, and dropped from ranked 50th

## ANNUAL GENERAL MEETING ATTENDANCE

1	Aaron Lau U-Tsoi	9	Mohamed Raslan Abdul Rahman
2	Chew Phye Keat	10	Mohd Noor Ahmad
3	Dato' Akhbar Satar	11	Ramachandran Raman
4	Dr. Loi Kheng Min	12	Sivasangaran Nair
5	Dr. Pola Singh	13	Tan Check Foong
6	Dr. Peter Gan	14	Tan Sri James Alfred David
7	Lawrence Chew Seng Chen	15	Tan Sri Salleh Bin Mohd. Nor
8	Lee Chong San	16	Goh Chiang Fein (Federation of Malaysian Manufacturers)

to 54<sup>th</sup>, and the score was also dropped from 52pts to 50pts. He commented that Malaysia is scoring a C grade in the CPI. As TI-M was coorganizing the International Anti-Corruption Conference with TI Secretariat and the Malaysian Government, TI-M managed to raise some money from organizing conference. The IACC has received good feedbacks from the participants especially on the issues and challenges that the Malaysians are facing. Fundraising for core funding remains the major challenges for TI-M to keep on the work going. Dato Akhbar encouraged the members to assist TI-M in raising funds or offering their knowledge and expertise to help TI-M in organizing activities or workshops.

He also commented that the “Speak Up” campaign supported by the High Commission of Canada and TI-S received good responses from the public and the authorities (MACC). Following Dato Akhbar’s speech, the Secretary General, Dr Muhammad Mohan briefed the members on the annual reports and the Treasurer, Mr Kanakaraja explained to the members on the audited financial report. The members have adopted both the annual report and also audited financial report. and Dato thanked the members for attending the AGM and he announced the meeting was adjourned at 11:51am.

## ADJOURNED ANNUAL GENERAL MEETING ATTENDANCE

1	Balbeer Singh	9	Munawar Kabir Mohd bin Zainal Abidin
2	Dato' Akhbar Satar	10	Ong Hock Lai
3	Dr. Loi Kheng Min	11	Ramachandran Raman
4	Dr. Muhammad Mohan	12	Tan Check Foong
5	Dr. Pola Singh	13	Tan Sri James Alfred David
6	Kanakaraja Muthusamy	14	Tan Sri Salleh Bin Mohd. Nor
7	Lawrence Chew Seng Chen	15	Vickram Ragnath
8	Mohd Yunos bin Yusop	16	Goh Chiang Fein (Federation of Malaysian Manufacturers)

# “Youth Speak” Forum 2016

By Janis Daniel

On 22<sup>nd</sup> January 2016 TI-M was invited by AIESEC Malaysia for the ‘Youth Speak’ Forum 2016 held at Universiti Teknologi Petronas which attracted over 500 participants. The ‘Youth Speak’ forum organised by AIESEC was an effort to bring together young and senior leaders, sharing inspiring stories and discussing pressing global issues. Unilever, Shell, Teach for Malaysia were among other organisations present at the forum.

The youth representatives showed great interest in the work of TI-M and so our Senior Executive, Bavani, and Janis, our Carlo-Schmid-Fellow at the time, prepared and provided a track presentation and a workshop to over a hundred of them.

The track presentation gave a broad overview of the work of TI-M, during the 3-hour workshop. The youth representatives proactively proposed to develop solutions to contemporary corruption problems in the Malaysian context. The students were divided into 10 groups, briefed on project design, process problem identification, solution development, funding and sustainability and the creation of a results framework.

In the course of the Forum, it was revealed that many youths do not know that corruption exists in other platforms besides the political arena. The role that businesses, financial corporations and banks play in corruption was not very well understood by the youth. TI-M staffs then took opportunity to explain and cite some examples of how corporations indulge in corruption.



The youths came up with numerous promising and inspiring ideas that were brought back to the office and reported to the management. But more importantly the participants engaged in purposeful discussions on contemporary corruption Issues in Malaysia and tried to develop solutions themselves. In the process, they learned a lot about limitations and possible solutions from their peers as well as from the TI-M representatives who facilitate the process. Safe to say, that TI-M’s presence at the Youth Speak Forum 2016 raised awareness for issues pertaining to corruption and integrity about future Malaysian leaders. Furthermore some of the participants expressed their interest to continue supporting TI-M in the future.

The experience gained through this workshop has made TI-M realize this knowledge needs to be spread to other youth members, hence as part of its strategic plan of 2016-2020, TI-M has decided to conduct regular workshops and seminars among other universities, especially targeting the outskirts of Malaysia.

# 2<sup>nd</sup> Cross Regional Business Integrity Workshop

By Chin Fang Pang

The 2<sup>nd</sup> Cross Regional Business Integrity Workshop was successfully held by Transparency International – Secretariat (TI-S) on the 14<sup>th</sup> – 16<sup>th</sup> of March 2016 in Berlin, Germany. This annual workshop is a major building block to facilitate network of TI chapters to transform and build more effective approaches to engage the business sector.

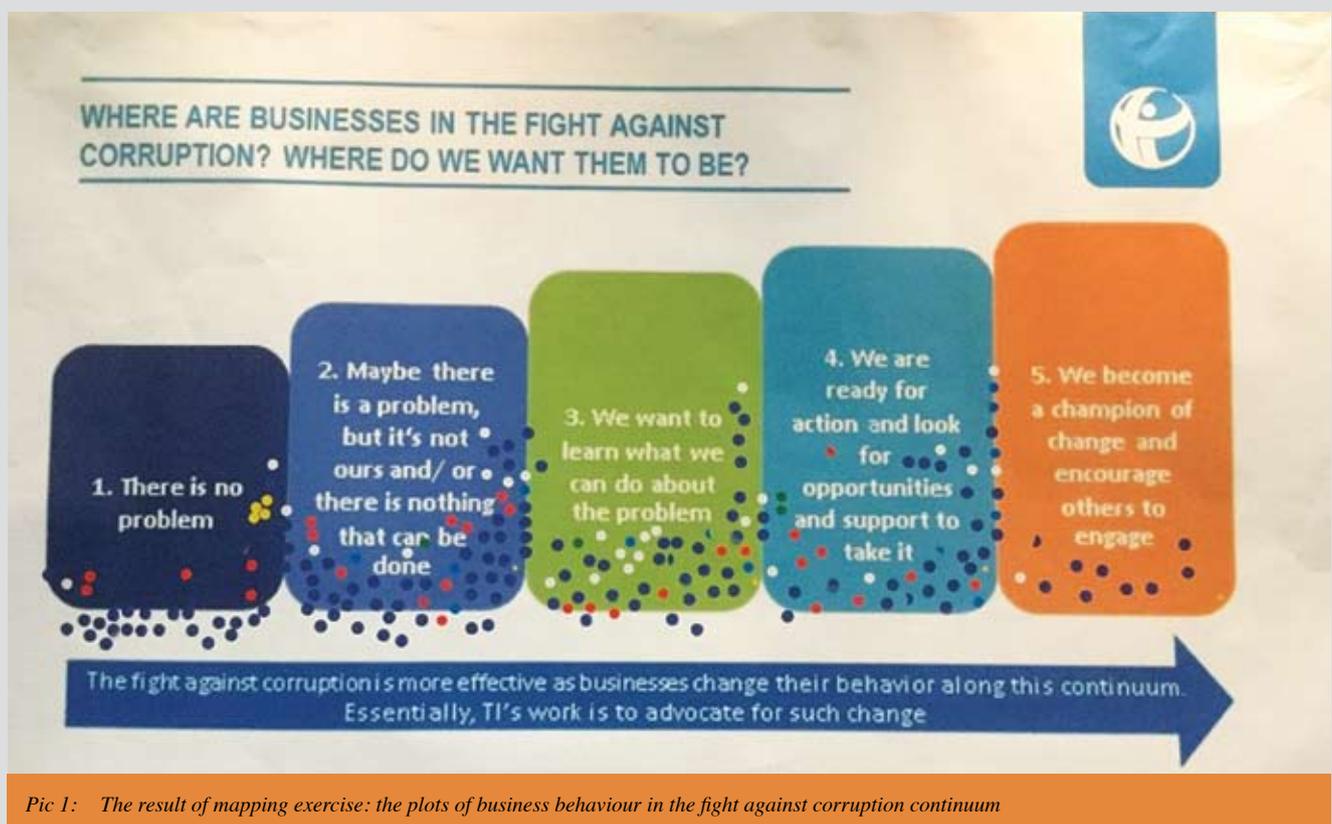
A total of 63 representatives from 40 countries met to, identify key areas for collective actions with one common goal – to deliver real change to combat private sector corruption. We believe that by joining forces to scale up the work, we are on the right track to achieve TI's 2020 strategy on business integrity work, i.e. to ensure a cleaner business environment with the highest standards of integrity, accountability and transparency.

While maintaining the spirit of providing opportunity for chapters working on business integrity to know each other and building a

network to work together, this year's main focus were:

- *To share ideas and experiences between Chapters to further develop a community of practice*
- *To learn via TI or external experts about specific business-related topics*
- *To identify key tools and concrete support needed by chapters to carry out business integrity work*
- *To shape common goals and identify issues that TI Chapters can work on and advocate for, collectively*

The workshop covered TI's business integrity tools & support, national chapters' initiatives, stories and achievement, best practice sharing sessions from private sector and also global development within three days. Participants were informed of TI's



Pic 1: The result of mapping exercise: the plots of business behaviour in the fight against corruption continuum

tools, including Transparency in Corporate Reporting research (TRAC), Corporate Political Engagement Index, Integrity Pact (IP), Business Integrity Country Agenda (BICA) and e-procurement, and had the opportunity to generate more ideas on topics through open discussion, the Bar Camp, Q & A sessions.

Another highlight of the workshop was the introduction of new anti-bribery management system standard that is due to be published in September 2016 as ISO 37001. As TI-Malaysia is positioned as a mover to promote this standard in the country, an in-depth discussion was carried out among participants to gain more insights on TI's collective position towards the standard. A position paper was expected to be ready for discussion at the upcoming International Anti-corruption Conference (IACC) in Panama.

An interesting mapping exercise was carried out to assess the current behaviour of businesses

towards the fight against corruption in participants' own country. They were required to plot five paper dots (each representing 20% of the businesses in their country) on the banner displaying five types of behaviour. (Pic 1). Although the result may not reflect the real situation, it indicated that there are still much work to be done to advocate for behavioural change among businesses despite the challenges and resistance.



*Pic 2: Susan Côté-Freeman, the Head of Business Integrity Programme, TI-S was presented the past year work during opening session*



*Pic 3: Bruno Andrade Brandao, TI-S Brazil Programme Lead shared the lesson learnt from corporate corruption case – The Petrobras Scandal*

The main takeaway for me would be the spirit of combating corruption in business sector as a global movement with clear strategy and well-planned roadmap. The knowledge, constructive inputs and precious experiences gained from the workshop are very helpful for National Chapters to develop and conduct effective business integrity programmes and approaches.

# Integrity Dialogue on Climate Change



*Representatives at the Dialogue*

The “**Dhaka Integrity Dialogue on Climate Change Adaptation Finance: Transparency, Accountability and Participation**” was held on 29<sup>th</sup> March 2016 at the Bangabandhu International Conference Center (BICC). It was attended by a group of climate change activists and experts from Australia, Germany, India, Indonesia, Kenya, Malaysia, the Maldives, Nepal, the Netherlands, Sri Lanka and the USA.

Following the Paris Climate Agreement signed during the climate conference (COP21) in December 2015, this group urged the governments of climate vulnerable countries to ensure the highest level of integrity, transparency and accountability in the management of their respective adaptation funds. Under this enduring, legally binding agreement on climate action, 187 countries are now having emission reduction commitments starting 2020.

Dato Akhbar, represented Transparency International Malaysia (TI-M), sharing the knowledge on the implementation of Forest



*Dato' Akhbar Satar (President, TI-M), joins in the discussion*

Governance Integrity Project (FGIP) and some of the relevant policies in climate change in Malaysia. Malaysia intends to reduce its greenhouse gas (GHG) emissions intensity of GDP by 45% by 2030 relative to the emissions intensity of GDP in 2005, sectors covered for GHGs reductions are: Energy, Industrial Processes, Waste, Agriculture



*Climate change activists and experts at the dialogue.*

One of the biggest challenges on this emission policy was balancing the economic development and protecting environment.

At the workshop, the panellists are of the view that adaptation to climate change risk has already put additional strain on development efforts in some countries such as Bangladesh. They also voiced concerns on the absence of concrete and time-bound commitment from the developed countries, meager flow of grant-based public fund, mal-adaptation or non- consideration of the local climate risks in adaptation projects and programmes and non-disclosure of project-related information. Other areas of concern included the inadequate participation of local communities in adaptation planning and monitoring of the implementation projects, absence of meaningful grievance redress system and complicated finance and accounting system.

The Paris Agreement aims to enhance ‘adaptive capacity, strengthening resilience and reducing vulnerability to climate change’ (Article 7.1). The Agreement specifies that countries should put more emphasis on adaptation planning based on which Parties should strengthen their cooperation, including through the transfer of funds (Article 7). The final text of the Paris Agreement in Articles 9.5 and 9.7 clearly oblige developed country Parties to communicate biennially indicative quantitative and qualitative information about projected levels of financial resources to assist developing country Parties with respect to both mitigation and adaptation. The Agreement also calls for transparent and consistent information on support provided for developing country.

# Making the Change in Myanmar - How businesses can combat corruption

By Maaz Mahboob



On 16<sup>th</sup> March 2016 more than one hundred participated in the anti-corruption workshop held in Yangon Myanmar. Transparency International Malaysia was represented by the Secretary General, Dr. Muhammad Mohan. ‘Making the Change in Myanmar’ was a practical workshop focusing on how businesses can combat corruption.

With an overwhelming turnout for the event following the current political transformations and recent victory of Aung San Suu Kyi’s party and Htin Kyaw sworn in as president, the audience consisted mostly representatives from private sectors. Among top multinational corporations, Coca Cola, Unilever and Ogilvy & Mather were represented.

Dr Muhammad Mohan shared his expert opinion backing up with facts and figures with his hands on experience in the introduction of Business Integrity Programme. He stressed that corporate

corruption can be dealt by integrating corporate integrity system. He explained in brief about corporate Integrity system and the elements to strengthen corporate integrity, sharing lessons learned and success stories of Malaysia, and PKNS (Selangor State Development Corporation) by achieving full Corporate Integrity System, no Gift Policy and strengthening of tendering procedure. Dr Muhammad Mohan also discussed and pushed for implementation of ISO 37001 Anti Bribery Management System, which is designed to help an organization to establish anti-bribery management system.

The variety and richness of discussions at the workshop made it possible to draw together in the final discussion all the insights, observations and proposals for action that had emerged during the course of the talk. Dr Muhammad Mohan ended his talk by urging the people of Myanmar to take this great opportunity to transform the country and improve their Corruption Perception Index.

# MACC Reform

By R.J. Bavani



Azrul Khalib (Manager, External Relations, IDEAS), Cynthia (Founder & Director, C4), Wan Saiful (Founding Chief Executive, IDEAS) & Hon Kai Ping (Member, Pahang State Bar Committee)

TI-M in coalition with, Centre to Combat Corruption & Cronyism (C4), Institute for Democracy and Economic Affairs (IDEAS) and the Bar Council, is advocating for the reformation of the MACC and a change in the current legal and institutional policies in order to improve MACC's effectiveness in combating corruption.

As part of the initiative, TI-M joined the public forum organized by IDEAS at the Vistana Hotel in Kuantan on the 28<sup>th</sup> of January. The coalition also took the opportunity to visit the bauxite mining area to gain some insights into the environmental crisis faced by the people of Pahang.

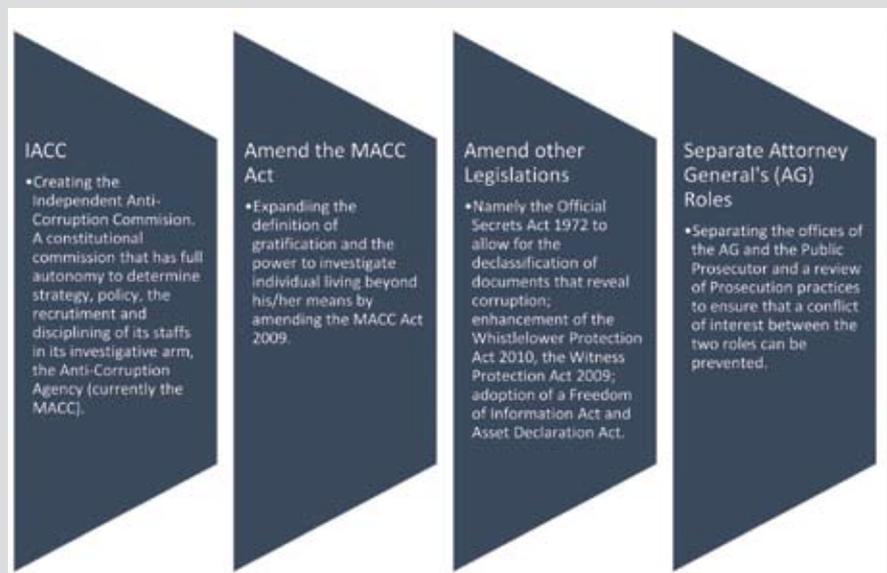
The forum was intended to gain the support of the general public by educating them on how MACC reform would benefit Malaysia and its citizens. The speakers for the forum were Cynthia Gabriel, Founder & Director of C4, Wan Saiful Wan Jan, CEO of IDEAS and Hon Kai Ping, Pahang State Bar Committee.

## *The suggested amendments are;*

The forum kick started with Wan Saiful speaking of the need to have an independent AG. The office of the AG and of the office of the Public Prosecutor are currently overlapping,

causing concerns in regards to conflict of interest when investigating and prosecuting members from the government. Without a reform to the AG's role, efforts to improve MACC's independence and the quality of its investigations would be pointless.

Cynthia spoke of the importance on making amendments to some of the Acts that hinders the investigation processes of MACC. Citing the case of Taib Mahmud, former Chief Minister of Sarawak, she pointed out that the MACC had many investigation papers against him, but they were however unable to proceed further due to the fact that they had no powers to prosecute and also because there are no provisions that allow them to start an investigation based on the sole glaring reason that a certain person is living beyond his/her means.



Besides that, Cynthia also stressed that enhancements are needed to the Whistleblower Protection Act 2010 and the Witness Protection Act 2009 in order to effectively bring the corrupt to justice. Both the Acts should not be overridden by the Official Secrets (OSA) Act 1972. The OSA should also be amended in a way that allows the people to know the reality of where their tax money has been channelled to.

The forum ended with some closing remarks from, Hon Kai Ping, who expressed full support to the proposed amendments which have been acknowledged to be crucial to safeguard the nation against escalating corruption which seems to be escalating.

To get a better understanding of the current environmental crisis caused by the bauxite mining in Pahang, the coalition visited some of the bauxite mining areas. In speaking with some of the locals, the coalition recognized that the unethical conduct of certain irresponsible quarters including

the Pahang State Government, has caused much damage to the plantations, water quality and the health of the people living nearby. Although arrests in relation to the scandal has been made by the MACC, higher officials involved could have been missed out due to MACC's limiting power and interference from the powers that be.



Wan Saiful & Cynthia submitting the MACC Reform Proposal to Hon Kai Ping



Port of Stockpiled Bauxite, The Giat Coalition Visits the Kuantan Harbour

# Editorial



“Corruption is the misuse of public power for private gain. Period!”

While putting pen to paper to draft this Editorial, I am reminded of the inspiring words of US President Bill Clinton during his tenure in the White House. Mr. Clinton said, “Though government has an important role to play in meeting the many challenges that remain before us, we are coming to understand that no organization, including government, will truly succeed, without the active participation of each of us. Volunteers are vital to enabling this country to live up to its true promise of heritage”.

Yes, all of us at Transparency International - Malaysia, from the President onwards, are volunteers. We believe in the nobility and urgency of the *raison d’être* of this organization. The word “urgency” here takes on a greater significance given that last year’s Global Corruption Perception Index (CPI) indicates that Malaysia has dropped 4-places (from 50th to 54th out of 168-countries), with the 1MDB issue and the RM2.6 billion deposit into the personal account of our Prime Minister largely contributing to this worsening ranking.

Perhaps it may be useful for us to look again at what the Global CPI ranking signifies. It clearly shows that 68% of countries worldwide have a serious corruption problem, and it also worryingly evidences that not a single country in the world today is corruption free.

It appears as if financial corruption is here to stay, globally, especially in 68% of the world. And it also tells us that public sector corruption is definitely about so much more than just missing money.

Personally, I believe that ‘corruption’ is not confined to money matters, taking on the concept of corruption developed by Professor Emeritus Dr. Petrus van Duyne of Tilburg University, Netherlands. The learned professor said: “Corruption is an improbity or decay in the decision-making process

in which a decision-maker consents to deviate or demands deviation from the criterion which should rule his or her decision-making, in exchange for a reward or for the promise or expectation of a reward, while these motives influencing his or her decision-making cannot be part of the justification of the decision. Prof. van Duyne further said that ‘when it comes to corruption in politics, no one is immune. Both parties (i.e. the giver and the taker) have had their share.

In Prof. Duyne’s concept, ‘reward’ is not confined to financial reward. It can mean other forms of reward expectations such as expectation of votes for a high position in a supposedly fair balloting process; or expectation of support to hold an existing position of authority. Indeed, corruption in law enforcement has been a nationwide problem for many years.

For a developing country like Malaysia, corruption adds to the cost of doing business here. It blunts our competitive edge, especially when the whole region is going all out to attract Foreign Direct Investments or FDI’s. This aside, foreign investors also place significant emphasis on the ease, and speed, of setting up business in a foreign country, and clearly this calls for a transparent bureaucracy and, laws and regulations which are clear, with no additional hidden procedures or requirements which need to be resorted to, to “get things done”. Consequently, corruption is directly linked to a country’s economic well being and economic growth in the long term.

We are all very aware that it will take a really massive and concerted effort with united and unwavering political will to contain the spread of corruption in this country. Therefore, TI-M must continue to roll up our sleeves, as one cohesive unit, as we endeavor to do our civic duty to uphold the noble mission of TI-M to the best of our ability, in doing whatever we can in this fight against corruption.

All is not lost yet. Unlike in some other countries, corruption has not yet become a way of life, and there are still plenty of honest Malaysians out there, in the public sector as well as in the private sector, in politics, amongst the Gen-Y population especially, and within the ranks of ordinary Joes like most of us, who do not condone the evil of corruption.

Let me close by suggesting: “Corruption is the misuse of public power for private gain. Period!”.

Faridah Rohani

*Editor & Executive Committee*

# Visit by a Delegation of Young Dutch Civil Servants

By Janis Daniel



On 6<sup>th</sup> May 2016 TI-M received a visit by a delegation from the Organisation for Young Civil Servants in the Kingdom of the Netherlands at the TI-M office. The young civil servants were greeted by TI-M President, Dato' Akhbar Satar, our Secretary General; Dr. Muhammad Mohan as well as ExCo-Members Puan Faridah and Tan Sri James Alfred.

Chin gave our guests a brief overview of our work, highlighting especially our efforts in youth engagement. This presentation led to a lively Q & A Session fuelled by questions about the current status of anti-corruption efforts in Malaysia which

went on even when snacks and refreshments were served. The delegation visited Singapore earlier in the week and will ultimately draft a report comparing the state of integrity as well as the anti-corruption efforts between the two countries. Besides this meeting at our office, the delegation also met with PEMANDU, Members of the Parliament and the Dutch Embassy as part of their itinerary.

Thank you for visiting us, it was a pleasure exchanging ideas with you and we wish you all the best for your future careers!

## ► Youth Integrity Debate 2016

By Janis Daniel

TI-M hosted the Youth Integrity Debate 2016 at Sunway University on 23<sup>rd</sup> April this year. The showcase debate featured 6 high profile Malaysian debaters with highly successful in international debating experience and are well known in the Malaysian debating scene. The Motion of the debate was: "This house would ban private settlements in defamation suits". The debate was held in Asian-Parliamentary format, which means

that the debaters were split into two teams of three. Amira Natasha Moore, Amrit Agastia and Patrick Cheang represented the government in proposing the motion, Deborah Woong, Siron Pareira and Jainah Jaafar sat down on the opposition bench.

The judging panel consisted of Dato' Akhbar Satar (President, Transparency International – Malaysia), Mr. George Varughese (Vice-President,



Malaysian Bar) and Prof. Dr. Stephen Hall (Head of the Centre for English Language Studies, Sunway University). After a deliberation break Prof. Dr. Stephen Hall took to the stage to explain the judge's ruling and declared that the opposition team had won the debate.

In addition to our debaters, speakers, judges and volunteers the debate attracted over 70 guests which is nearly twice as much as last year. A big part of the audience engaged in the surrounding activities before and after the event and learned more about Transparency International – Malaysia



(TI-M) with some of them even taking the first steps in speaking up against corruption themselves. Our Anti-Corruption Photo Booth drew a big crowd as usual and numerous participants signed up either for our Youth Ambassador Programme or as future volunteers.

If you have missed our Youth Integrity Debate this year, don't fret: We will be back next year!

In the meantime, you can watch this year's debate on YouTube or on our Facebook page (<https://www.youtube.com/watch?v=1TDnJtee1X8>).

## ► Youth Integrity Debate – A Debater's Point of View

By Deborah Woong

As competitive debating becomes increasingly popular in Malaysia and the debating community continues to expand, the Youth Integrity Debate is a timely initiative to raise awareness about the power that we hold as youths. To me, the event challenges debaters to walk our talk, and for once make a speech not for the sake of winning, but rather to contribute to an important social cause. Once we received the debate topic (This House Would Ban Private Settlements in Defamation Suits), my teammates and I started doing research concerning out of court settlements and defamation. We compiled a list of local examples to make the debate more relatable to our audience, and integrated those examples into our arguments. Fun fact: all of the debaters involved have known

each other for a long time and are close friends (the debating community is very close-knit). That made the preparation a lot more fun.

In my opinion, the winning team won because we successfully defended the status quo and people's choice to settle out of court. We raised very practical concerns such as the overburdening of courts and long-drawn processes that disadvantages average citizens against big corporations.

At the end of the session, the audience was surprised to know that not all of the debaters are lawyers or law students. In fact, most of us are young adults just like them, struggling to survive university life and have interests in various fields.

Beyond raising awareness about the workings of our justice system, I also hope the debaters' diverse background inspired them; you do not have to be a lawyer, or be rich, or be a working adult to be able to make a change for our society. Everyone holds a bit of power, and every bit of effort counts.



*Dato' Akhbar Satar (President, TI-M) presents the certificate to the winners (Deborah, Don Sivon Pareira & Jainah Jaafar)*

## ► New Standards for Public-Listed Companies

By R.J. Bavani

All listed companies in Malaysia would soon have the opportunity to implement a new anti-bribery standard in their operations. The department of Standards Malaysia is all set to adapt the new Anti-bribery management systems (ABMS) standard which comes under the International Standardisation Organisation (ISO) 37001. The standard is expected to be released at the end of 2016.

Standards Malaysia has been representing Malaysia as one of the 162 member countries of the National Standards Bodies (NSB) since 1969. The agency has sent experts to all plenaries and has hosted the fourth ISO/PC278 Plenary meeting in Kuala Lumpur late September last year. Dr Loi Kheng Min (Deputy President, TI-M), is the Vice Chairman of ISO/PC278 Expert Committee involved in developing ABMS standard.

The ISO 37001 ABMS includes a chain of measures and controls that represents global anti-corruption good practices which can help corporations establish, implement, maintain and improve anti-bribery management compliance programme. The standard could be used by all types of organisations - large organisations, small and medium enterprises, public and private sectors and NGOs.

The standard comprises (i) anti-bribery policy, procedures and controls (ii) top management leadership, commitment and responsibility (iii) oversight by senior level (iv) training (v) risk assessment (vi) due diligence (vii) reporting, monitoring, investigation and review and (viii) corrective action and continuous improvement.

Dr. Loi believes that although the ISO 37001 ABMS would not be able to completely eradicate corruption, it would however still be able to provide the tools and systems to greatly reduce the occurrence of corruption and minimize the impact should there be an occurrence of corruption within an organisation. He adds that, the standard benefits PLCs in terms of trust, confidence and governance to doing business.

As Malaysia is looking forward to implementing the corporate liability provision into the proposed Malaysian Anti-Corruption Commission Act 2009 (MACC Act), corporations would have to establish appropriate corporate governance that addresses bribery and corrupt practices. Hence, implementing these measures and control described in the ISO 37001 provides corporate entities the opportunity to ensure that corporate governance is in place, explains Dr. Loi.

*(Reference: 22nd April 2016, Focus Malaysia)*

# ISO 37001 Anti Bribery Management System in Mexico City

By Dr. Loi Kheng Min

The 4<sup>th</sup> Plenary Meeting of ISO/PC 278 was held at Mexico City from 30<sup>th</sup> May – June 3<sup>rd</sup>. the ISO/PC 278 committee meeting was intended to finalize the ISO 37001-Anti-Bribery Management System (ABMS) which is to be adapted by corporations (Refer to article above: New Standards for Public-Listed Companies). Neill Stansbury (the original chair of the working committee), was not able to chair the meeting due to unforeseen circumstances, hence TI-M Deputy President, Dr. Loi Kheng Min chaired the meeting.

60 international standard experts went through 610 comments submitted by country members. All comments were resolved within the week of the Plenary and the International Standard is now ready to be published by end of 2016.

The committee believes that they can develop and publish this International Standard on Anti- Bribery Management System which specifies requirements and provides guidance for establishing, implementing, maintaining, evaluating and improving an anti-bribery management system, or an integrated anti-bribery element of an overall management system that addresses bribery risks in relation to the organization's activities. In fact, the International Federation of Consulting Engineers (FIDIC) is in support for the proposed standard which incorporates core principles embodied in their FIDIC Integrity Management System, FMIS, which they have been advocating for the last fifteen years to consulting firms.

The ISO 37001-ABMS standard will come in handy to be used as management tool to put in place management controls to address anti-bribery practices so as to meet the compliance of our newly proposed amendment of Malaysian Anti-Corruption Commission (MACC) Act with a new provision on 'Corporate Liability' provision. The amendment is to ensure that when an employee takes or gives a bribe, the company can be charged for not taking adequate measures to prevent it. The



*TI-M Deputy President, Dr Loi Kheng Min chairing 4th Plenary Meeting of ISO/PC 278 : ISO 37001 Anti Bribery Management System in Mexico City*

organization has to have adequate procedures in place to address this Corporate Liability provision and one of best tools is, none other than, ISO 37001-ABMS. PEMANDU has been mooted the idea of Corporate Liability Provision which enables action to be taken against private corporations involved in corrupt practices. It is a legal responsibility of a corporation for criminal actions, or the failure to act in some cases, committed by the corporation's employees. If the actions of employees were done for the benefit of the corporation, are a result of negligence or if they occurred due to a lack of responsible management by the corporation, the entity can be prosecuted and punished.

Slowly but surely, a picture is starting to come together. What needs to be done is putting in place some of these anti-bribery management system and tools to address the long arm of corporate liability requirements. It is about going beyond signing an Integrity Pledge and Pact, all organisations should fully adopt the new ISO 37001-ABMS: which is designed to help organizations fight bribery by establishing a culture of integrity, transparency and compliance. Once again, while the standard cannot guarantee that no bribery has or will occur, it can help organizations implement effective measures to prevent and address it, should the corporate liability provision is enacted into MACC Act soon.

# Why rules and regulations are not enough when it comes to building trust



By [Eduardo Leite](#), Chairman, Executive Committee, Baker & amp; McKenzie

## Published

Thursday 16 June 2016

Eighteen months ago we hosted an event at Baker & McKenzie in London on “Trust Matters”. The theme resonated very strongly with our clients and our people.

The importance of cultivating trust by way of greater transparency, accountability and integrity in a period of exceptional economic, political and cultural change has become even more accentuated following the event.

As the CEO of a law firm whose work is based on advising global companies to comply with the law, particularly across borders, I firmly believe that building trust goes far beyond just a legal requirement. That is true for all organizations and more so for professional services firms, the essence of which is people.

As I said at that event in London, in business, trust is the glue that binds employees to employers,

customers to companies – and companies to their suppliers, regulators, government and partners. Yet several years on from the global financial crisis, trust levels remain low and greater efforts to rebuild trust are in order.

Most companies appreciate that high trust levels lead to a stronger reputation, sustainable revenues, greater customer advocacy and increased employee retention. It is also likely that companies with higher levels of trust will bounce back from future crises far quicker than others.

Trust is an asset that companies need to understand, but also manage and nurture in order to succeed, particularly in this highly interconnected and global world where news – especially bad news – travels fast. So how do we go about doing this?

Organizations must do more than just comply with rules and regulations. They must also be seen to be doing the right thing and must have good corporate governance practices in place. Second, we must focus on building trust in the rule of law. Both businesses and economies can only thrive if there

are clear rules, consistent enforcement of such rules, high level of certainty about the parameters of decision-making and clear consequences for unlawful behavior.

This certainty is especially needed when entering a new market or in other unfamiliar situations, such as when dealing with new business models or using new technologies such as 3D printing or driverless cars, to take two examples.

All these developments will need new laws, new ways of ensuring all parties can look each other in the eye and know they will get a fair reward for a fair transaction. In short, that they can trust each other.

Most importantly, to really win back trust, organizations must show their dedication to a broader purpose. They need to prove they are not just driven by quick profits, but also by values.

The tone for building trust has to come from the top in any organization. Without that commitment and leadership, a culture of integrity, of both seeing to be and actually doing the right thing, falls away.

In my own firm I would point to three concrete examples in the last year where I believe we have made a real difference in creating that greater transparency and integrity, which is so important to building that trust.

We have recently revised our code of conduct which is applicable to all 13,000 of our lawyers and business staff. The code not only sets out clearly our cultural and behavioural expectations from all our people but also has a clear set of training requirements to reinforce those expectations. The guiding principles by which we operate are just as

important, if not more so, than any formal rules. Second, we introduced a new whistle blower policy so that it is safe for people to speak up as a cultural enabler. We want all of our people to be accountable to and for one another, to make the right choices and do the right things, and to report concerns up the chain for appropriate investigation.

In June last year, I was delighted to sign on behalf of Baker & McKenzie the UN Global Compact which pledges to support and promote ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. Its principles align with our firm's values and are reflected in our strategy, culture and day to day operations. We take great pride in being a good corporate citizen and signing the Compact is an expression of this commitment.

I see a lot of connections between what we are doing as a firm with the great work the World Economic Forum is doing through the [Partnering Against Corruption Initiative \(PACI\)](#), including the importance of setting the tone at the top. The legal sector, which is often accused of being opaque, old fashioned and out of touch with reality, is going through significant changes at the moment. I believe membership of an organization like PACI is an important signal of a promise to all our internal and external stakeholders of the importance we place as a firm on the value of transparency and integrity and I welcome PACI's continued efforts to promote dialogue in this important area.

*(Source: <https://www.weforum.org/agenda/2016/06/why-rules-and-regulations-are-not-enough-when-it-comes-to-building-trust/>)*

# Malaysia's 1MDB scandal shatters business confidence



By [Qingzhen Chen](#) , August 11, 2015

*Malaysia's once fast growing economy – buoyed by cheap labour and high quality products – risks losing its attractiveness to foreign investors as probe into the 1Malaysia Development Berhad scandal unfolds.*

Set up in 2008, the 1Malaysia Development Berhad, (1MDB) is a wholly state-owned company that aims to foster strategic global partnerships and promote foreign direct investment in Malaysia. However, barely a year into operations, 1MDB already drew criticisms regarding its credentials and the transparency of its bidding process.

In recent months the scandal ratcheted up to a new level when the Wall Street Journal on July 2nd reported that \$700 million from an unknown source had been deposited into the Prime Minister Najib Razak's account. This event in turn has added weight to allegations that the prime minister may be personally benefitting from 1MDB.

Prime Minister Najib has denied such allegations and argues that they are part of a campaign to throw him out of office. His claim may be correct, but the alternative is no less suspicious. The Malaysian Anti-Corruption Commission on August 5th said the donations had been verified, and did not come from the debt-ridden state investment firm, instead emanating from the Middle East.

## **Cabinet reshuffle may cause more problems than it solves**

Allegations revolving around 1MDB are the biggest threat to the Prime Minister's credibility since he came to power in 2009, and threaten his long-ruling United Malays National Organization, as party members become divided over the government's handling of the scandal. Cabinet ministers and former Prime Minister Tun Dr Mahathir Mohamad have asked Mr Najib to explain the source of the \$700 million and have repeatedly called for him to resign.

Seeking to maintain party unity, the Prime Minister has reshuffled his cabinet. Among those fired was the deputy Prime Minister Muhyiddin Yassin. Replacing cabinet members with individuals who are more loyal to him, the Prime Minister might have reduced internal criticisms; however, such a move in the long term, “will only raise concerns about the political stability in Malaysia”, said the law professor Eugene Tan of Singapore Management University.

If the situation deteriorates any further, Mr Najib might face uprisings in areas such as Jhor, Muhyiddin’s home state. Furthermore, the controversy is not going to disappear by installing pro-1MDB/pro-Najib ministers.

### **Instability rising in wake of scandal**

In the wake of the graft scandal, Malaysia’s media crackdown has also widened. The Home Ministry has imposed three month suspensions on the two top Malaysian financial publications, (The Edge Weekly and The Edge Financial Daily), with the government describing their coverage of the scandal as “prejudicial to public and national interest”.

The two publications had reported extensively on the issue and the suspension brought about 400 people including journalists, lawyers, and human rights activists to the street protesting against the suspension and calling for freedom of speech and media. Furthermore, the scandal is acting as a catalyst causing other latent issues to surface, making more mass demonstrations increasingly likely.

The 1MDB scandal also involves funds in Mr Najib’s personal account that are suspected to have been used for [vote-buying](#) during the 2013 general election. In 2013, electoral irregularities led tens of thousands of people to join opposition rallies following the election.

While sentiments surrounding this issue have cooled down, as the 1MDB scandal unfolds, the issue of electoral fraud will likely to return to the public arena. In fact, Malaysian electoral-reform group [Bersih](#) has already called for mass street protests in Kuala Lumpur, Kuching and Kota Kinabalu for the weekend of Aug 29th to 30th.

The scandal has also increased resentment regarding the state of social inequality in Malaysia. Over the last few years, living costs in Malaysia have substantially increased, with many blaming the Najib administration for this trend. Furthermore, allegations of large-scale graft and embezzlement are certain to fuel social tensions and push the public into the streets.

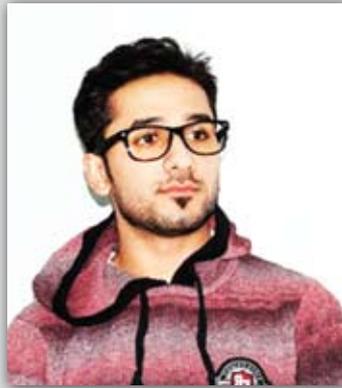
### **Business confidence plunges amid scandal, structural problems**

In response to the uncertainty in Malaysia, foreign investors are selling Malaysian stocks at the fastest rate in any Asian economy. Malaysia’s currency – the ringgit – has also declined to a historical lows not seen since the Asian financial crisis in 1998. Experts have warned that the stock market is likely to worsen if the scandal leads to further tensions: “[the] already shaky trust of foreign investors is being eroded. Further outflows are possible,” according to Nomura Holdings Inc. strategist Mixo Das.

The scandal has also distracted the government from dealing with economic issues such as the effect of falling global oil prices on oil-dependent Malaysia’s government debt. As if this were not enough, household debt in Malaysia is high, and the ringgit is one of the globe’s worst performing currencies. Unless the new cabinet is able to restore public confidence and stability, and focus their efforts on the economy, Malaysia’s status as a safe haven in the region will deteriorate further.

*(Source: <http://globalriskinsights.com/2015/08/malaysia-1mdb-scandal-shatters-business-confidence/>)*

## TI-M's Current Interns



**Maaz Ali (March 2016 – June 2016)**

Currently pursuing his bachelor degree in Business and Knowledge Management at Multimedia University Melaka and Bachelor of Business and Quality Management at Hamdan Bin Mohammed Smart University Dubai, Maaz is active member of Emirates Red Crescent Society, previously volunteered and participated in events in spreading health awareness and education within the Emirates and neighbouring countries. Drawing on those experiences Maaz joined TI-Malaysia to support the team with the projects and to complete his three-month compulsory internship as a part of his studies.

Maaz hopes to be able to bring innovative ideas to TI-Malaysia as well as to undergo unique experiences in a new and challenging working environment during his three month stint.



**Tashaa Devarajoo (May 2016 – August 2016)**

Tashaa a second year student of HELP University who currently pursuing her studies in Bachelor's Degree in Psychology. In completion of her degree, a three month Internship is compulsory and she joined Transparency International-Malaysia as an intern to fulfill the requirement. Besides being involved with the organizing of the Defence Workshop that would be held in August 2016, Tashaa is focusing on developing anti-corruption activities for the youth under TI-M's Youth Initiative. Tashaa hopes to learn more about the corruption and governance and deliver the best during her three month-internship in TI-Malaysia.

## Press Releases of TI-M, Jan – June 2016

<b>Jan</b>	27	Corruption Perceptions Index 2015
<b>Mar</b>	17	Restoring Public Confidence in the Criminal Justice System
	23	Kudos to MACC for a great job!
<b>April</b>	5	Bringing Integrity to Elections
	11	IMDB: Mismanagement or Misappropriation? The Jury is still out!
	20	Come Out Clean after CIMB Review by Third Party
<b>May</b>	5	Integrity for Sarawak Election
	16	TI-M supports calls made by Deputy Prime Minister for investigation on possible corruption-linked flash flooding
<b>June</b>	4	Campaign Expenditure for Upcoming Twin By-Elections
	7	Integrity matters for Twin By-Election
	23	Maintaining MACC's Independence

## ► TI-M's Upcoming Events

Event	Date
Defense Workshop	Aug
OGP Workshop	October
TI-M Youth Ambassador	September
Annual Walk against Corruption	December
CPI Launch	December

# Summary of TI-M's Activities, Jan – June 2016

## January

- CPI Launch
- University Technology PETRONAS - 'Youth Speak' Forum
- Pahang - MACC Public Reform + Bauxite Visit

## February

- TI-M's Strategic Plan

## March

- TI-M's 18th AGM
- Berlin - Business Integrity Workshop
- Dhaka Integrity Dialogue on "Climate Change Adaptation Finance: Transparency, Accountability and Participation"
- "Making the Change in Myanmar - A practical workshop on how businesses can combat corruption"

## April

- Adjourned 18th AGM
- Youth Integrity Debate

## May

- Stakeholder consultation meeting on UNCAC Review
- Mexico - ISO 37001 Meeting
- Dutch delegates visits TI-M

## June

- Inti University - Law Awareness Week

# Lend Your Voice...

Do you believe in the values that uphold **GOOD GOVERNANCE**?

Do you believe that **COLLECTIVE ACTION** could bring about a positive change to the nation?

Do you wish to be a part of a team that promotes **INTEGRITY**?

Do you wish to be a part of **THE VOICE** against corruption?

**COME JOIN US @TRANSPARENCY INTERNATIONAL-MALAYSIA!**



TI-M currently has 63 Individual members (including 10 ExCo members), and 13 corporate members. In efforts to gather more skilled and passionate individuals and organizations in to our pool of members, TI-M would like to extend an invitation to all you capable readers!

As a TI-M member, you would be able to contribute your ideas and initiatives that builds the nation through anti-corruption works and promoting of integrity.

You would also be able to lead TI-M and its projects and initiatives should you be elected to be part of the ExCo. (*note: election is held every two years*)

## Annual Fees

Individual Membership: RM 100

## Corporate Membership:

Category	Annual Fee
Organisations and companies without paid up capital and companies with paid-up capital of up to RM2.5 million	RM 1, 000
Companies with paid-up capital exceeding RM2.5 million but not exceeding RM10.0 million	RM 3, 000
Companies with paid-up capital exceeding RM10 million	RM 5, 000

**SEE REVERSE TO REGISTER YOUR INTEREST**

# Get Involved – Report Corruption

Malaysians now have the chance to report their complaints in relation to corruption to TI-Malaysia and receive free legal assistance on issues of corruption through the ‘Speak Up’ Hotline’.

Working alongside the Malaysian Anti-Corruption Commission, TI-M can guide you through the redress mechanisms available, the process of submitting a complaint, or information about the Protection Act 2010 for Whistleblowers. TI-M aims to encourage people to speak up against wrong doings and therefore contribute to a nation free of corruption. TI-M currently specifically aims to promote the ‘Speak Up’ facility among the women and the corporate sector.

**Report Corruption!** Call Hotline **1800-220122**, Monday to Friday, 9am to 6pm

## ► Support Us! Fight Corruption!

Your contribution will support TI-Malaysia’s research, advocacy, awareness raising and public outreach and education programmes in working towards yours and our vision: a nation that is free of corruption.

You can also show your support by volunteering your time and through financial contributions.

Support us today for lasting change.

Cheques or cash can be banked in to TI-Malaysia’s Public Bank Account and made payable to “The Malaysian Society for Transparency and Integrity”. The details are as follows:

### **BANK ACCOUNT DETAILS**

**ACCOUNT HOLDER’S NAME** : THE MALAYSIAN SOCIETY FOR TRANSPARENCY AND INTEGRITY  
**BANK NAME IN FULL** : PUBLIC BANK BERHAD  
**ADDRESS** : 6, JALAN SULTAN SULAIMAN, 50000 KUALA LUMPUR  
**TOWN** : KUALA LUMPUR  
**COUNTRY** : MALAYSIA  
**ACCOUNT NUMBER** : 3131434022  
**SWIFT-BIC CODE** : PBBEMYKL

Name : \_\_\_\_\_  
Profession : \_\_\_\_\_  
Contact no : \_\_\_\_\_  
E-mail ID : \_\_\_\_\_

\* Please return the slip to No. 8, Lorong 12/17C, Seksyen 12, Petaling Jaya. Selangor 46200.  
Alternatively, you could email us at [bavani@transparency.org.my](mailto:bavani@transparency.org.my) to register yourself as a member, or call 03 – 7960 6630 for further details.

