

MALAYSIA DEBT VENTURES BERHAD  Document no: IACSOP-V1/2019	RESTRICTED INTEGRITY & ANTI-CORRUPTION STANDARD OPERATING PROCEDURES		
	Effective Date 2019	Version No. 1	Revision No. -



# INTEGRITY & ANTI-CORRUPTION STANDARD OPERATING PROCEDURES

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## Abbreviations

AML/CFT	-	Anti-Money Laundering and Counter Financing of Terrorism
BOD	-	Board of Directors
BRMC	-	Board Risk Management Committee
BSSF	-	Business & Support Services Function
BTA	-	Business & Technology Advisory Division
CEO	-	Chief Executive Officer
Company/MDV	-	Malaysia Debt Ventures Berhad
CRM	-	Corruption Risk Management
CSR	-	Corporate Social Responsibility
EKP	-	Enterprise Knowledge Portal
EVP	-	Executive Vice President
HCD	-	Human Capital Department
HOD	-	Head of Divisions/ Departments
IACSOP/SOP	-	Integrity & Anti-Corruption Standard Operating Procedures
KRI	-	Key Risk Indicator
KRP	-	Key Responsible Person
KYC	-	Know Your Customer
MACC	-	Malaysian Anti-Corruption Commission
MOF	-	Ministry of Finance
ORA	-	Operational Risk Advocate
RAMCI	-	Rating Agency Malaysia Credit Information
RCSA	-	Risk Control Self-Assessment
RFP	-	Request for Proposal
RMC	-	Risk Management Committee
RMD	-	Risk Management Division
SAVP	-	Senior Assistant Vice President
SRC	-	Sports & Recreation Committee
SVP	-	Senior Vice President
UN	-	United Nations
VP	-	Vice President

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## Document Revision History

Version	Date	Document No.	Summary of Changes
1	14/8/2019	IACSOP-V1/2019	Original Document

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## **Preface**

### **Policy Statement**

MDV adopts a zero tolerance policy against all forms of bribery and corruption. The MDV's Code of Conduct sets out MDV's core principles on this matter. The document, namely MDV's Integrity and Anti-Corruption Policy & SOP (hereinafter referred to as "IACP" or "the Policy" and "IACSOP" or "the SOP") will elaborate on these principles, by providing guidance to employees on how to deal with any improper solicitation, bribery and other corrupt activities and issues that may arise in the course of doing business.

### **Related Documents**

This IACSOP shall be read together with other related internal policies/ frameworks/ procedures/ guidelines/ manuals (including but not limited to Code of Conduct Policy, Anti-Fraud Policy, Whistleblowing Policy & Procedures, Fit & Proper Policy & SOP, Integrity & Anti-Corruption Policy, Employee Handbook and other Human Capital's Policies and SOPs) and /or external policies/ frameworks/ procedures/ guidelines/ manuals issued by the governing authorities.

### **Getting Help**

Should any clarification and explanation is required, the employee is to consult their immediate supervisor/HODs and/or SAVP/VP/SVP/EVP of the respective division/department who shall refer the matter to RMD.

### **Change Request**

For any amendments or changes that need to be made to this document, please forward the recommendations to RMD.

### **Document Creation Information**

This SOP is created by RMD, to be reviewed and approved by RMC.

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## Introduction

This SOP is issued pursuant to sub-section (5) of section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) ("MACC Act 2009"), as stated in the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("Amendment Act 2018").

The provision of section 17A under MACC Act 2009 (Amendment Act 2018) established the principle of an organisation's criminal liability (corporate liability) for the corrupt practices of its associated persons (i.e. the director, partner or an employee of the organisation or the person who performs services for or on behalf of the organisation) where such corrupt practices are carried out for the organisation's benefit or advantage; whilst the organisation does not have adequate policy/ procedures on anti-corruption in place.

In conjunction to the above, MDV adopts the anti-bribery management process. The need to implement this process supports sustainable development goal by combating corruption. This further showcases MDV's commitment in upholding the highest level of ethics and integrity in the daily conduct of doing the business.

This SOP is not intended to provide definitive answers to all questions regarding bribery and corruption. Rather, it is intended to provide employees with basic guidelines on how MDV combats bribery and corruption in furtherance to the Company's commitment to lawful and ethical behaviour at all times.

### 1.0 Objectives of the SOP

The principal objectives of this SOP are:

- 1.1 To foster the growth of a business environment that is free of corruption.
- 1.2 To ensure all MDV staff takes reasonable measures to ensure their daily activities do not involve in corrupt activities.
- 1.3 To provide guidance on how to recognise and deal with bribery and corruption issues.

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- 1.4 To avoid penalty from the relevant authorities due to non-compliance on any acts related to integrity and anti-corruption.

## **2.0 Coverage of the SOP**

- 2.1 This SOP shall apply to all MDV staff.
- 2.2 It is also expected that all customers, contractors, subcontractors, consultants, solicitors, agents, representatives and others performing works or services for or on behalf of MDV will comply with the relevant parts of this SOP when performing such works or services.

## **3.0 Compliance with Laws and Regulations**

This SOP shall at all times comply with and be subject to the laws and regulations of Malaysia. In the unlikely event of any conflict or inconsistency between the provisions of IACSOP and the laws and regulations of Malaysia, the latter shall prevail.

The staff are required to report any suspicions on breaches of the Policy in accordance with MDV's Whistleblowing Policy & Procedures. MDV shall make a report to the relevant enforcement authority upon actual conviction by the staff i.e. breach of regulation or statutory law following the investigation and final decision made by the Whistleblowing Committee.

## **4.0 Infringement of the SOP**

Any infringement of this SOP shall constitute a serious misconduct or offence warranting disciplinary action against the offender.

## **5.0 Responsibility for the SOP**

RMD shall be the custodian of the SOP and shall be responsible for developing, recommending, communicating and reviewing the SOP. RMD may cooperate with HCD for the purpose of sourcing and implementing the psychometric test to the KRPs/ all staff



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as well as new hires. IAD shall be involved in assessing the performance/ efficiency/ effectiveness of the anti-corruption programme (such as vetting of the gift declaration form collected by HCD, review of the IACSOP etc.).

## **6.0 Changes to the SOP**

- 6.1 Any changes to the SOP shall be approved by the RMC unless the power to approve is delegated to the CEO.
- 6.2 RMD shall review the recommendation for changes before submitting to the RMC for approval.

## **7.0 Validity and Review of the SOP**

- 7.1 The effective date of this SOP shall be immediately upon approval by the RMC.
- 7.2 This SOP shall be reviewed every three (3) years or as and when deemed necessary by the RMC.

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## Part I : Integrity vs Corruption

### 1.0 Definition of Integrity

1.1 Integrity is the practice of being honest and showing a consistent and uncompromising adherence to strong moral and ethical principles and values.

### 2.0 Definition of Corruption

2.1 Corruption is defined as the abuse of office or position for personal gain or the misuse of position to help others in improperly enriching themselves or getting power.

2.2 Corruption can be any form of abuse of entrusted power for private gain and may include, but is not limited to bribery.

2.3 Bribery is commonly described as intentional inducement or reward offered, promised or provided in order to gain any commercial, contractual regulatory or personal advantage.

2.4 Both bribery and corruption are punishable offences under the MACC Act 2009 (Amendment Act 2018).

2.5 There are four (4) main offences prescribed by MACC Act 2009 (Amendment Act 2018):

2.5.1 Soliciting/ Receiving Gratification (Bribe) as per section 16 & 17(a);

2.5.2 Offering/ Giving Gratification (Bribe) as per section 17(b);

2.5.3 Intending to Deceive (False Claim) as per section 18; and

2.5.4 Using Office or Position for Gratification (Bribe) as per section 23.

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- 2.6 Failure to report on the above could lead to regulatory reprimand and fine as prescribed under MACC Act 2009 (Amendment Act 2018).

### 3.0 Forms of Corruption

- 3.1 **Kickbacks** - These are bribes fulfilled after a company has awarded a contract to a customer. They take place in purchasing, contracting, or other departments responsible for decisions to award contracts. The supplier provides the bribe by kicking part of the contract fee back to the buyer, either directly or through an intermediary.
- 3.2 **Facilitation payments** - These are typically small payments made to secure or expedite the performance of a routine or necessary action to which the payer is entitled, legally or otherwise.
- 3.3 **Charitable and political donations, sponsorship, travel, and promotional expenses** - These are legitimate activities for entities but can be abused by being used as a subterfuge for bribery.
- 3.4 **Conflict of interest** - A conflict of interest occurs where a person or entity with a duty to the organisation has a conflicting interest, duty, or commitment. Having a conflict of interest is not in itself corrupt, but corruption can arise where a director, employee, or contracted third party breaches the duty due to the organisation by acting in regard to another interest.
- 3.5 **Bid rigging** - The way that conspiring competitors effectively raise prices in situations where purchasers acquire goods or services by soliciting competing bids.
- 3.6 **Cartels** - A secret agreement or collusion between organisation to commit illicit actions or fraud.

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- 3.7 **Price fixing** - An agreement among competitors to raise, fix, or otherwise maintain the price at which their goods or services are sold. Price fixing can take many forms, and any agreement that restricts price competition may violate applicable competition laws.
- 3.8 **Revolving door** - This is corruption linked to the movement of high-level employees from public sector jobs to private sector jobs and vice versa. The main concerns relate to how the practice by an organisation can compromise the impartiality and integrity of public office. For organisations, there may be risks in discussing or promising future employment to public officials or using former public officials as board members, employees, or consultants.
- 3.9 **Patronage** - Favouritism in which a person is selected, regardless of qualifications, merit, or entitlement, for a job or benefit because of affiliations or connections.
- 3.10 **Illegal information brokering** - The brokering of corporate confidential information obtained by illegal methods.
- 3.11 **Insider trading** - Any securities transaction made when the person behind the trade is aware of non-public material information, and is hence violating his or her duty to maintain confidentiality of such knowledge.
- 3.12 **Tax evasion** - The illegal non-payment of tax to the government of a jurisdiction to which it is owed by a person, enterprise, or trust who should be a taxpayer in that place.

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## Part II : Gifts, Entertainment, and Corporate Hospitality

### 1.0 No-Gift Policy

- 1.1 MDV adopts a “No-Gift Policy” whereby all employees shall not solicit or accept any gifts from any third party that may have direct or indirect business interest with MDV.
- 1.2 MDV requires all employees to abide by this policy to avoid conflict of interest between MDV and the external parties as a gift can be seen as a bribe that may tarnish MDV’s reputation or be in violation of anti-bribery and corruption laws.
- 1.3 As set out in MDV’s Code of Conduct Policy, a conflict of interest arises in a situation in which an individual is in a position to take advantage of his or her role in MDV for his or her personal benefit, including the benefit of his or her family and friends. This would undermine the duties of good faith, fidelity, diligence and integrity as expected by MDV from its employees in the performance of their duties and obligations.
- 1.4 Any gift of cash or cash value (e.g. vouchers, coupons, shares, commissions, etc.) is strictly prohibited at all times.
- 1.5 The exception to the above is for fruits, flowers, and token gifts/ promotional items (such as diaries, pens, umbrellas, shirts, etc.) with an approximate/ actual value of less than RM100 (the recipients must properly estimate the gift value) as well as hampers (any value) which shall be shared amongst team members or placed in common area/ pantry for staff consumption. In such a case, the staff could choose to accept the item without having to make the declaration.
- 1.6 Any gift which violates the terms of “No-Gift Policy” must be declined/returned with an explanation note from the employees thanking the third party for the gift but explains politely about MDV’s “No-Gift Policy” and proceeds to decline/return the gift accordingly.

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## 2.0 Receiving Gifts

- 2.1 The Company is very much aware that in certain cultures or situations, gift giving is a central part of business etiquette. Despite acknowledging MDV's "No-Gift Policy", some external parties may still insist in providing gifts to MDV's employees and/or their family members.
- 2.2 In the event the employee is unable to decline/return a gift with an approximate/actual value of RM100 and more, the employee must declare and surrender such gift to HCD. HCD will in turn seek the CEO's direction on what is the best way to dispose the gift. The CEO, subject to his due considerations, will have the right to decide based on the following:
- (i) Donate the gift to charity; or
  - (ii) surrender it to SRC to be used for the club's activities; or
  - (iii) register it as a company property to be used publicly by all employees; or
  - (iv) designate it as a display item; or
  - (v) share it with other employees; or
  - (vi) retain all the gifts and consume later as lucky draw items during company's event etc.; or
  - (vii) permit it to be retained by the employee.
- 2.3 The exception to clause 2.2 above is for meals provided/ paid for by a third party. In this case, the staff could accept any meals provided/ paid by a third party to them regardless of value but must declare it via the quarterly declaration form.
- 2.4 All declarations (with or without any gift, including entertainment and corporate hospitality) must be submitted to HCD on quarterly basis by the 5<sup>th</sup> of the following month and signed by the staff and HOD. For instance, Q1 declaration must be submitted to HCD on/ before 5<sup>th</sup> April.

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- 2.5 Should any dispute pertaining to this SOP arise, the final and decisive interpretation, clarification and decision will be made by the CEO.
- 2.6 The process flow of receiving gifts is shown under **Appendix II**.
- 2.7 In the case of directors/ board members, they shall be governed by the "No-Gift Policy" as designated by MOF/ government.

### 3.0 Receiving Corporate Hospitality & Entertainment

- 3.1 MDV strictly prohibits employees from soliciting corporate hospitality and entertainment nor are they allowed to accept hospitality and entertainment that is excessive, inappropriate, illegal or given in response to, in anticipation of, or to influence a favourable business decision, particularly from parties engaged in a tender or competitive bidding exercise.
- 3.2 MDV recognises that the occasional acceptance of an appropriate level of hospitality and entertainment given in the normal course of business is usually a legitimate contribution to building good business relationships. However, it is important for employees to exercise proper care and judgement before accepting the hospitality and entertainment. This is not only to safeguard the Company's reputation, but also to protect employees from allegations of impropriety or undue influence.
- 3.3 Examples of entertainments could include golf, movies, karaoke, spa, orchestra, theatre, concerts etc. As for corporate hospitalities, the examples could include dining, conference, training, open-house, event tickets or invitation for events, additional discounts given on items bought from customer's companies etc.
- 3.4 In the event the employees find that the corporate hospitality is beneficial to foster healthy business relationship, the staff could pursue the same but it has to be declared to HCD.

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- 3.5 For the purpose of this SOP, travelling is defined as corporate hospitality which typically involves travelling cost within the country or overseas paid by the third party.
- 3.6 If the employees have any doubts on the appropriateness of a corporate hospitality and entertainment offered by an external party, they should either decline the offer or consult with HOD first (subsequently to seek CEO's approval at the advice of HOD, if deemed necessary).
- 3.7 The process flow for accepting corporate hospitality and entertainment is shown under **Appendix III**.

#### 4.0 Providing Gifts

- 4.1 Generally all employees are not allowed to provide gifts to third parties with the exception of CEO and any other officers (approved by the CEO) whereby the gift-giving are MDV's corporate gift mainly as a business courtesy or the gifts are distributed during a corporate event (bearing MDV's name or logo).
- 4.2 All expenses incurred to provide the corporate gifts must be properly kept, documented and recorded by the respective division/ department for audit purposes.

#### 5.0 Providing Entertainment

- 5.1 MDV recognises that providing modest entertainment is a legitimate way of building business relationships and a common practice within the business environment to foster good business relationships with external clients and other third parties. As such, eligible employees are allowed to entertain third parties through a reasonable act of hospitality as part of business networking as well as a measure of goodwill towards the recipients.



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- 5.2 Employees should always bear in mind that this is an area where perception is often regarded as more important than facts and therefore they should always exercise proper care and judgment when providing entertainment to third parties especially when it involves public officials to ensure compliance with local anti-bribery and corruption laws.
- 5.3 Employees are strictly prohibited from providing or offering to provide entertainment with a view to improperly cause undue influence on any party in exchange for some future benefit or result. Any acts of this nature, whether provided directly or indirectly through an intermediary, may be construed as an act of bribery and contrary to the general values and principles of the Code of Conduct Policy.
- 5.4 All staff are required to comply with the policies and procedures of HCD, and maintain expenses within the entitlement limits when carrying out entertainment activities. Any breach of limit shall obtain CEO's approval via email (at least 3 working days prior to the event).
- 5.5 All expenses incurred to provide the entertainments must be properly kept, documented and recorded for audit purposes.

## **6.0 Providing Corporate Hospitality**

- 6.1 MDV recognises that providing corporate hospitality to all stakeholders be it through corporate events, sporting events or other public events, is a legitimate way to network and build goodwill in business relationships.
- 6.2 It is customary for MDV to issue complimentary invitations in the form of passes, tickets or invitations to third parties for events organised or sponsored by MDV as well as events organised or sponsored by external organisations.
- 6.3 While providing corporate hospitality is a reflection of MDV's courtesy and goodwill, the staff and respective HOD must exercise proper care to protect the Company's reputation against any allegations of impropriety or the perception

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of bribery especially when the arrangements could influence or be perceived to influence the outcome of a business decision.

- 6.4 There should also be explicit, clear and internally transparent criteria to determine the selection of guests to be invited to MDV's corporate hospitality event. Reasonable due diligence should be exercised, particularly when the arrangements involve public officials.
- 6.5 All expenses incurred to provide the corporate hospitality must be properly kept, documented and recorded by the respective division/ department for audit purposes.
- 6.6 For corporate hospitality, the respective division/ department/ committee has been given a specific budget. Any breach of the approved budget limit shall warrant the respective division/ department/ committee to seek approval from CEO via email (at least 3 working days prior to the event).
- 6.7 Likewise, if the division/ department wishes to provide corporate hospitality which is not under the business plan or budgeted programme, approval shall be sought from CEO via email (at least 3 working days prior to the event).
- 6.8 The process flow for providing corporate hospitality and entertainment is presented under **Appendix IV**.

## 7.0 Dealing with Public Officials

- 7.1 Public official means an individual having public official functions or acting in a public official capacity, and includes any of the following:
- (i) Yang Di-Pertuan Agong, Yang Dipertua Negeri, Sultan, Raja Muda, and Tengku Mahkota;
  - (ii) An official or employee of any government, or any agency, statutory body, ministry or department of the government (of any level);

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- (iii) Police, military and judicial official (of any level);
- (iv) Member of Dewan Undangan Negeri and Dewan Negara;
- (v) Senator;
- (vi) Member of Parliament;
- (vii) Any individual acting in an official capacity for a government (of any level);
- (viii) Official or employee of a company/ an enterprise wholly or partially state-owned (of any level);
- (ix) A political party or official of a political party (of any level); and
- (x) A candidate for political office.

7.2 Public officials include immediate family members, close associates and companies related to such individuals in their capacity as directors, members of management or beneficial owners.

7.3 Family members are individuals who are related to a public officials either directly (consanguinity) or through marriage. A family member of the public officials include his/ her parents, siblings, spouse, children, and spouse's parents (biologically and non-biologically).

7.4 A close associate is any individual closely connected to public officials, either socially or professionally.

7.5 An individual who is closely connected to a public official may include the public official's:

- (a) extended family members, such as relatives (biological and non-biological relationship);
- (b) financially dependent individuals (i.e. persons salaried by the public official such as drivers, bodyguards, secretaries);
- (c) business partners or associates;
- (d) prominent members of the same organisation as the public official;
- (e) individuals working closely with the public official (i.e. work colleagues); or
- (f) close friends.

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- 7.6 Any business relationship with MDV involving interests of a public official who otherwise has a direct relationship with MDV, and which interests are not prohibited by the MDV's Code of Conduct Policy, requires disclosure. In addition, management's specific approval for establishing business relationships with such customers must be obtained at the appropriate committee level.
- 7.7 All MDV staff are prohibited from paying for non-business travel, entertainment and hospitality for any public official or his/her family members at any amount without permission from the CEO.
- 7.8 If approval is obtained to provide gift, entertainment or corporate hospitality to public officials, the staff must ensure that the gift (only corporate gift is allowed), entertainment or corporate hospitality is not excessive and lavish, and must commensurate with the official designation of the public official and not his personal capacity.

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## Part III : CSR, Donations and Sponsorships

### 1.0 CSR, Donations and Sponsorships

- 1.1 Any CSR, donations and sponsorship activities conducted must not be used as a conduit to circumvent, avoid, or evade the laws or regulatory requirements. More importantly, it shall not be used to facilitate corruption, illegal and money laundering activities.
- 1.2 All CSR, donations and sponsorship requests must be carefully examined for legitimacy and not be made to improperly influence a business outcome.
- 1.3 The proposed recipient must be a legitimate organisation and appropriate due diligence must be conducted in particular to ascertain that the benefits reach their intended recipients whilst the programmes meet the intended objectives.
- 1.4 No CSR, donation and sponsorship shall be made to any beneficiary who is controlled or influenced by any political officials.
- 1.5 All CSR, donations and sponsorship shall be made in accordance with the approval limits/ budget and must obtain approval from the CEO.
- 1.6 All employees to use good judgment and common sense in assessing the requests. When in doubt, employees should seek further advice from HOD and CEO.

### 2.0 Political Contributions

- 2.1 As a matter of general policy, MDV does not make or offer monetary or in-kind political contributions to political parties, political party officials or candidates for political office.

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- 2.2 The Company encourages employees to participate in the political election process by voting. Employees may choose to make personal political contributions as appropriate within the limits established by the law.
- 2.3 MDV has the right to engage and communicate its views and position on issues of public interest that have an important impact on the Company.

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## Part IV : Facilitation Payment

### 1.0 Making Facilitation Payment

- 1.1 Facilitation payment is defined as payments made to secure or expedite the performance by a person performing a routine or administrative duty or function.
  
- 1.2 Offering, promising or requesting facilitation payments is just as prohibited as actually paying or receiving facilitation payments. Facilitation payments need not involve cash or other financial asset, it can be any sort of advantage with the intention to influence them in their duties.
  
- 1.3 MDV prohibits accepting or obtaining, either directly or indirectly, facilitation payments from any person for the benefit of the employee himself or for any other person. The reason underlying this prohibition is that facilitation payment is seen as a form of bribery and corruption.
  
- 1.4 All persons must not offer, promise, give, request, accept or receive anything which might reasonably be regarded as a facilitation payment. If the staff receive a request or offered facilitation payments, he/she must immediately report to HOD/CEO (or as provided under MDV's Whistleblowing Policy & Procedures).

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## Part V : Due Diligence on Third Parties

### 1.0 Dealing with Third Parties

- 1.1 MDV's dealings with third parties, which include customers, contractors, vendors, suppliers, solicitors, agents, consultants, joint venture partners, introducers/ government intermediaries etc., must be carried out in compliance with all relevant laws and consistent with the values and principles of the Code of Conduct Policy. As part of this commitment, all forms of bribery and corruption are unacceptable and will not be tolerated.
- 1.2 For the purpose of this SOP, the third parties shall include all legitimate business entities ranging from public limited companies and private limited companies to partnerships and sole-proprietorships.
- 1.3 MDV expects that all third parties acting for or on its behalf to share the Company's values and ethical standards as their actions can implicate MDV legally and tarnish the Company's reputation. Therefore, where we engage with or lend-out to third parties, we are obligated to conduct appropriate counterparty due diligence to understand the business and background of the prospective business counterparties before entering into any arrangements with them. This is to safeguard that MDV deals with counterparties that subscribe to acceptable standard of integrity in the conduct of their business.
- 1.4 To help ensure that MDV only do business with third parties that share MDV's standards of integrity, the staff must exercise the following:
- (i) Conduct due diligence to assess the integrity of MDV's prospective business counterparties. Do not enter into any business dealings with any third party reasonably suspected of engaging in bribery and improper business practices unless those suspicions are investigated and resolved.



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- (ii) All third parties are made aware of the principle innards of MDV's Code of Conduct, Anti-Fraud, Whistleblowing and Integrity & Anti-Corruption policies and SOPs.
- (iii) All third parties must sign the declaration form (refer to **Appendix V**) which states that:
  - a) They understand and will comply with all applicable laws and regulations relating to code of conduct, anti-fraud, integrity, anti-corruption, and whistleblowing. Besides, they must be ready to commit to the anti-corruption principles which includes promoting values of integrity, transparency, accountability and good corporate governance, prevention of corruption, fighting any form of corrupt practice, as well as supporting anti-corruption initiatives led by the government and the local authorities (hereinafter collectively referred to as "the requirements").
  - b) They have not been convicted nor subject to any investigation, inquiry or enforcement proceedings by the relevant authorities of any actual or suspected breach and will report any actual or suspected breach as soon as reasonably practicable and to the extent permitted by the law, to MDV.
  - c) They undertake to promptly inform MDV of any breach and/ or alleged/ suspected breach of the requirements and cooperate with MDV in any investigation of such breach involving MDV's staff.
  - d) They acknowledge that the provisions set out in the declaration form shall form part of the terms and conditions of their appointment and/ or contract of service.
  - e) They further acknowledge that MDV has the right to suspend or terminate their contract/ agreement/ job and disqualify them

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from tendering for future contracts/ jobs if they were found to have breached the requirements or any other terms and conditions which may be implemented by MDV pursuant to the contract/ agreement/ job.

- (iv) Continue to be aware of and to periodically monitor third party's performance and business practices to ensure ongoing compliance.

**Note:** For the purpose of the declaration form, it is applicable to non-customers only such as MDV's contractors, vendors, suppliers, solicitors, agents, consultants, joint venture partners, introducers/ government intermediaries etc. with contract/ agreement/ job value of more than RM5,000-00.

At some instances, MDV may also engage with online vendors/ service providers such as for the purchase of air flight tickets, travel insurance etc. Such vendors are excluded from the requirement to sign the declaration form. Nevertheless, the staff is still required to ensure reasonable due care is exercised to protect the Company's interest at all times.

1.5 If at any point during the due diligence exercise or in the dealings with a third party, there are conflicts of interest or "red flags" being raised, these warrant further investigation and must be sufficiently addressed before the engagement of the third party can progress. Examples of common "red flags" involving third parties include:

- (i) The transaction involves a country known for a high incidence of corrupt payments.
- (ii) Family, business or other "special" ties with government or public officials.
- (iii) A reference check reveals a flawed background or reputation of the third parties.

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- (iv) Objection to anti-bribery representations and warranties in commercial agreements or negative response when told of such requirements.
- (v) Convoluted payment arrangements such as payment in cash, payment to a third party or requests for upfront payment for expenses or other fees.
- (vi) The third party requires that his/ her identity not to be disclosed as part of the business transaction.
- (vii) Inadequate credentials for the nature of the engagement or lack of an office or an established place of business.

- 1.6 MDV requires its employees to use good judgment and common sense at all times in assessing the integrity and ethical business practices of third parties.
- 1.7 Employees should seek advice from their HODs whenever particular questions arise relating to third parties that the Company is considering appointing or financing.
- 1.8 For the detailed due diligence checklist on the third party, please refer to **Appendix VI**. The staff is to take note that the due diligence checklist is non-exhaustive and is strongly encouraged to add own measures into the checklist for a meaningful and thorough assessment on the third party.

## 2.0 High Risk Third Parties

- 2.1 Third parties that present the biggest risk of corruption or perception of corruption are those that are public officials, connected to public officials or third parties that are likely to interact with public officials in the course of the performance of the contract.

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- 2.2 This is because a public official is in a position of influence and could use this influence in relation to the contract or the contract could affect decision making in their official role.
- 2.3 The public official and third party could be working in concert, with corrupt payments being made to the public official. Even if there is no evidence of corrupt activity, the mere association of a public official could create the perception of a corrupt relationship.
- 2.4 Accordingly, contracts with third parties who are public officials, connected to or likely to interact with public officials are high risk. Therefore, the due diligence conducted by the respective division/ department in lieu of the public officials shall always be more extensive than the dealing with non-public officials.

### **3.0 Due Diligence Process**

- 3.1 The purpose of due diligence is to serve as a guide to the employees in making a decision whether to continue the relationship with the third party. Any unsatisfactory answer to the non-exhaustive due diligence checklist shall be treated as red flags by the employees.
- 3.2 If all identified red flags are sufficiently mitigated, then the employees could proceed with the relationship. Similarly, if no red flags have been identified, then the employee can proceed with the engagement (to satisfy that reasonable steps had been taken to address the corruption risk of the third party).
- 3.3 If red flags have been identified but not sufficiently mitigated, then it is critical that further work is undertaken prior to entering into any contract or relationship. All red flags will need to be resolved or mitigated.

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- 3.4 The most common/ direct way of resolving a red flag will be to contact the third party directly. In particular, the third party should be asked what measures they have taken to resolve the corruption issue which had taken place in their company.
- 3.5 MDV does not in any way limit the methods or mechanisms used by the employees to conduct the third party's due diligence so long as the same is permitted by the law.
- 3.6 Nevertheless, the staff must ensure that they have maximised the due diligence facilities provided by the Company such as subscribing to the KYC features provided by RAMCI (which include AML/CFT) on top of existing litigation records and seeking BTA to conduct screening on the third party.
- 3.7 If the red flags relate to a historic investigation in corrupt activity where no convictions happened, then the red flag can be considered mitigated (though it is prudent to seek further information or background of the circumstances).
- 3.8 The division/ department may also consider imposing conditions to reduce any perceived risk such as training for the third party's employees or imposing anti-corruption policies on the third party. This could be reinforced via contractual provisions.
- 3.9 In some circumstances, the red flags are unsubstantiated rumours which have not been formally investigated by the authorities or law enforcement agencies or proven in a court, tribunal or equivalent. Under this scenario, the division/ department may proceed with the contract. Nevertheless, it is advisable that the division/ department to continuously monitor the situation and immediately highlight to the Management if any adverse findings noticed.

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- 3.10 Where the division/ department finds that the red flags still could not be mitigated or resolved despite all of the non-exhaustive measures, the division/ department shall not proceed with the relationship with the third parties.
- 3.11 For any third party with positive public officials trace, and the division/ department has decided to commence the relationship whereby the interests are also not prohibited by MDV's Code of Conduct Policy, the disclosure in the financing requisition/ RFP etc. is a mandatory.

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## Part VI : Financial & Non-financial Controls

### 1.0 Separation of Duties and Approving Powers

- 1.1 MDV adopts a clear separation of duties for all jobs functions either it is financially or non-financially related.
- 1.2 For jobs related to non-financial activities, there must be at least two-layers of checking i.e. maker and checker. Nonetheless, in most circumstances, the non-financial jobs functions will have a three layers of checking.
- 1.3 For jobs related to financial activities, MDV had since adopted four-layers of checking which shall comprise of the maker, checker and approver/ internal audit verification.
- 1.4 Further, for financial activities (such as disbursement and payment activities), MDV strictly adopts multiple signatories to further mitigate any corruption risk.

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## Part VII : Corruption Risk Management

### 1.0 Corruption Risk Management

- 1.1 CRM is a management process that helps to identify structural weaknesses that may facilitate corruption, provides a framework for all staff to take part in identifying risk factors and treatments, and embeds corruption prevention within a well-established governance framework.
- 1.2 All organisations are exposed to corruption risks. Corruption risks may exist at all levels of management, in all functions and activities, and potentially involve internal and external stakeholders.
- 1.3 CRM serves as an important pillar in corruption prevention initiative.
- 1.4 Effective CRM requires commitment from MDV's leadership/ employees in building a sound risk culture based on integrity and honesty, clarity in the expression of corporate values, and a comprehensive policy framework.

### 2.0 Risk Management Approach

- 2.1 Risk management is an accepted management tool as part of good corporate governance for many organisations in both public and private sectors.
- 2.2 The risk-based approach to prevent corruption helps MDV to focus on key processes or activities that have high exposure to potential corruption risks.
- 2.3 MDV's CRM approach incorporates the international risk management methodology, the ISO 31000:2009 – Risk management: Principles and guidelines, and UN's Global Compact: "A Guide for Anti-Corruption Risk Assessment".



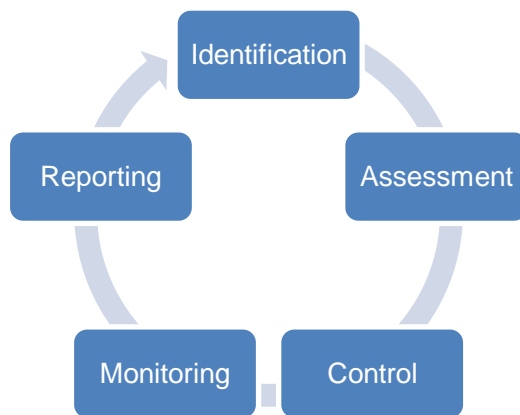
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2.4 These guidelines encourage a top-down approach where critical risks are linked to the strategic goals and objectives of the Company. A risk management approach is the most appropriate way to ensure that these risks are identified and effectively managed.

2.5 CRM focus on analysing root causes, impact to the Company and its risk treatment plans. If corruption does occur, the short and long-term consequences for the Company include:

- (i) loss of reputation;
- (ii) loss of public confidence;
- (iii) financial loss;
- (iv) wasted resources;
- (v) the financial and resource cost of an internal and/or MACC investigation; and
- (vi) damage staff and the morale of the Company.

### 3.0 Corruption Risk Assessment Process



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### 3.1 Risk Identification

Identifying all potential risks relate to corruption, bribery, donations, sponsorships etc. in each and every process, activity and system. Two typical questions could be used to assist in identifying the risk i.e. "what can happen" and "how can it happen".

### 3.2 Risk Assessment

To estimate the magnitude of each type of corruption risk which had been identified i.e. the likelihood and impact. For this purpose, staff/ORA could rely to the likelihood and impact matrix as outlined under the RCSA.

### 3.3 Risk Control

The relevant staff/ ORA shall list down all existing controls in place. If the relevant staff/ ORA finds that the existing controls are insufficient to mitigate the corruption risk, then he/ she could adhere to the following three steps: i) enhancing existing controls through better supervision, improved systems, policies and SOPs; ii) implementing new controls which are practical and doable; and iii) introducing new methods of detecting corrupt behaviour that could result from a particular risk. All these steps shall be treated as the action plans which staff pledge to comply (normally within a year after the ORA/ risk owner stated in the RCSA).

### 3.4 Risk Monitoring

The monitoring of corruption risk, controls, and action plans by relevant staff, ORA and risk owner shall be on continuous basis. An effective monitoring process is essential in detecting and correcting any deficiencies in the divisional/ departmental policies, SOPs and processes.

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### 3.5 Risk Reporting

The reporting of any corruption risk shall be immediately upon seven (7) working days of the occurrence. To reaffirm on this, all ORAs/ risk owners are further required to report on any loss events and KRIs breach to RMD on monthly basis to avoid any potential oversight.

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## Part VIII : Record-keeping

### 1.0 Overview

- 1.1 All divisions/ departments have to maintain written records evidencing that due diligence has taken place and that any risks identified have been carefully considered and mitigated as practicably as possible.
- 1.2 Records should be retained for a significant period of time in order to comply with the local law as well as Company's policy/ SOPs.

### 2.0 General Retention Policy

- 2.1 The division/department must retain for at least **seven (7) years**, all records, operational work documents, other documents, and transactions to enable MDV to comply with any requests from the relevant authorities.
- 2.2 The division/department must keep **permanently** the records, operational work documents, other documents, and transactions in EKP/ repository/ system.

### 3.0 Specific Retention Policy

- 3.1 Records on customer's identification, business correspondence, and security documents are kept by the division/department for up to **seven (7) years after** the relationship is terminated/exited/completed.

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## Part IX : Recruitment

### 1.0 Corruption & Bribery Screening

- 1.1 The recruitment of employees should be based on approved selection criteria to ensure that only the most qualified and suitable individuals are employed. This is crucial to ensure that no element of corruption is involved in the hiring of employees.
  
- 1.2 In line with this, proper background checks should be conducted in order to ensure that the potential employee has not been convicted in any bribery or corruption cases. More detailed background checks should be taken when hiring employees that would be responsible in management positions, as they would be tasked with decision-making obligations.
  
- 1.3 HCD may opt to conduct psychometric test, on top of the fit & proper assessment to all new recruits and all staff/ KRPs to ascertain the level of integrity of all staff/ KRPs as well as the new hires.

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**Appendix I**



**MALAYSIA DEBT VENTURES BERHAD (578113-A)**  
**Gifts, Entertainment and Corporate Hospitality Declaration Form**

This declaration form is in accordance with the Company's "**No-Gift Policy**". Therefore, all employees must declare all gifts (which is valued at **RM100 or more**), entertainment and corporate hospitality within **three (3) working days** upon receiving the same to HCD. Similarly, any meal treats (any value) accepted must also be declared in this form. The **physical gifts** valued at RM100 or more must be deposited to HCD within **three (3) working days** upon receipt of the same. HCD will seek CEO's direction on best way to dispose the gift. For gifts worth less than RM100, staff could accept the same with no declaration is required. As for **hampers** (any value), no declaration is required **but** the staff **must** share the hampers amongst colleagues/ placed at pantry or common areas.

All declarations (with or without any gift, including entertainment and corporate hospitality) must be submitted to HCD on quarterly basis by the 5<sup>th</sup> of the following month and signed by the staff and HOD. For instance, Q1 declaration must be submitted to HCD on/ before 5<sup>th</sup> April.

Employee Name	:					
Position	:					
Division/Department	:					
Declaration Period ("x" the relevant box)	:	<input type="checkbox"/> Q1	<input type="checkbox"/> Q2	<input type="checkbox"/> Q3	<input type="checkbox"/> Q4	Year : <input type="text"/>

A. Without any gifts, meal, entertainment and corporate hospitality to declare

I confirm that to the best of my knowledge, there are no gifts, meals, entertainment and/or corporate hospitality items which I need to declare for this quarter.	:	Staff Signature:  Date:
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B. With gifts, meal, entertainment and corporate hospitality to declare

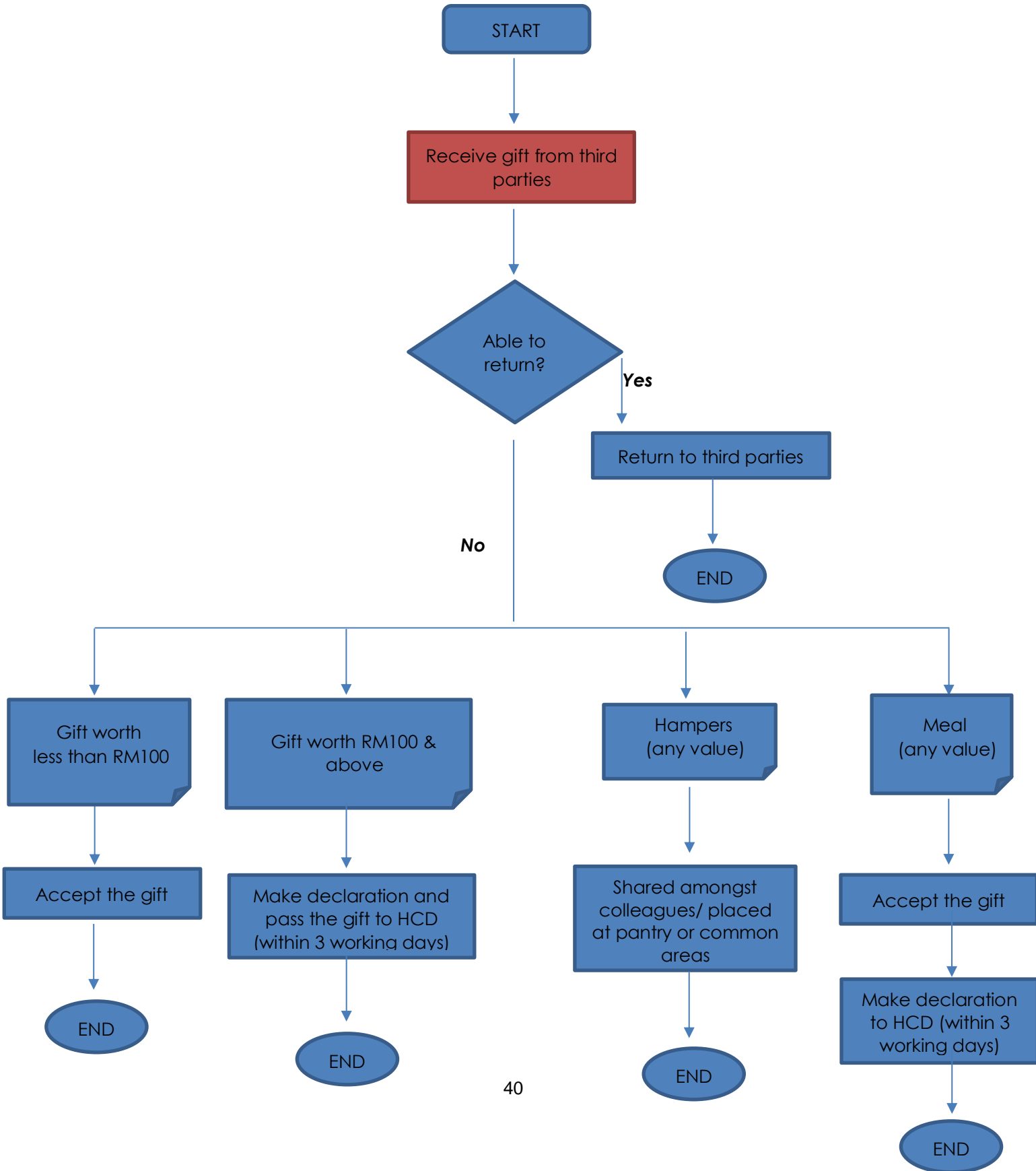
Item Received/Meal Date	Description of Item/Meal (for meals please include venue)	Estimated/Actual Value (RM)	Given by (giver name and organisation)	Remarks
1.				
2.				

Please add rows as necessary

I confirm that to the best of my knowledge, my declaration above is true, complete and is according to the prevailing "No-Gift Policy".	:	Staff Signature:
		Date:

Administrative		
HOD's Remarks:	:	Name : Signature : Date:
HCD's Remarks	:	Name : Signature : Date:
CEO's Remarks	:	Name : <b>NIZAM MOHAMED NADZRI</b> Signature : Date:

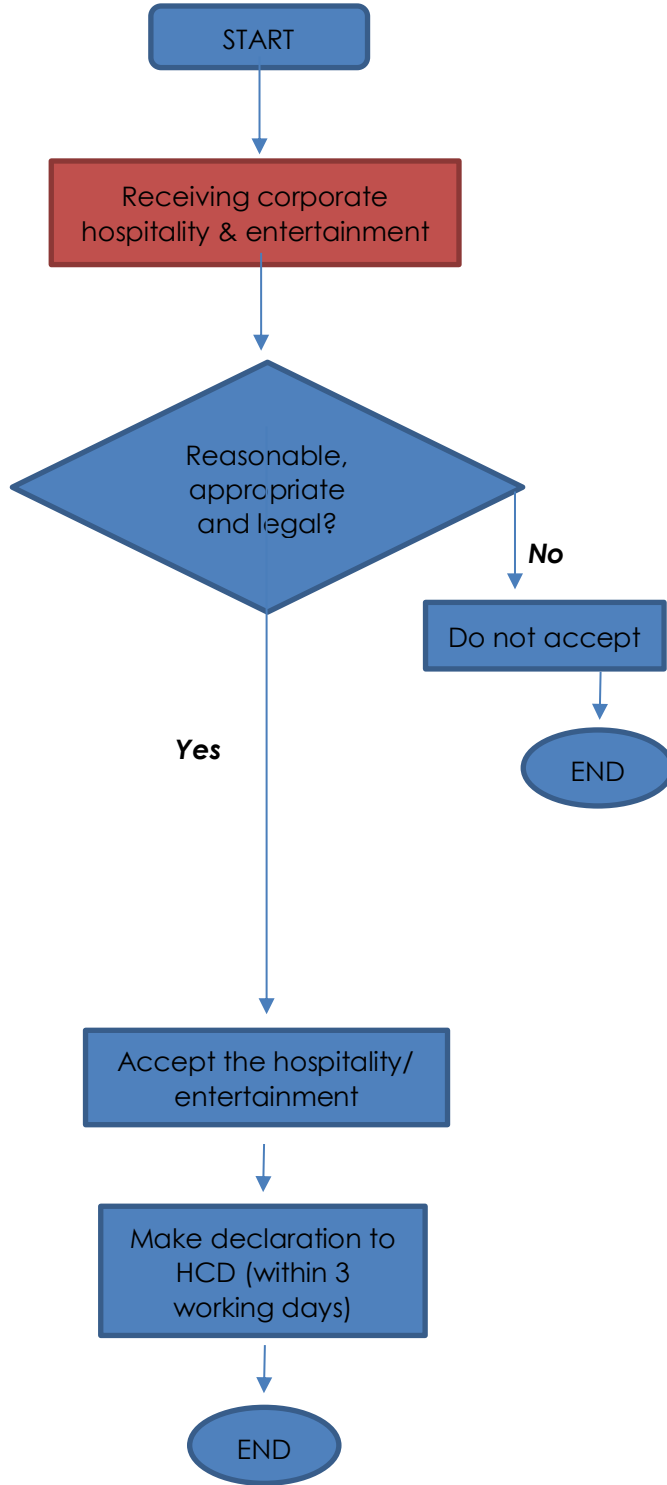
**Appendix II – Process for Accepting Gift from Third Parties**



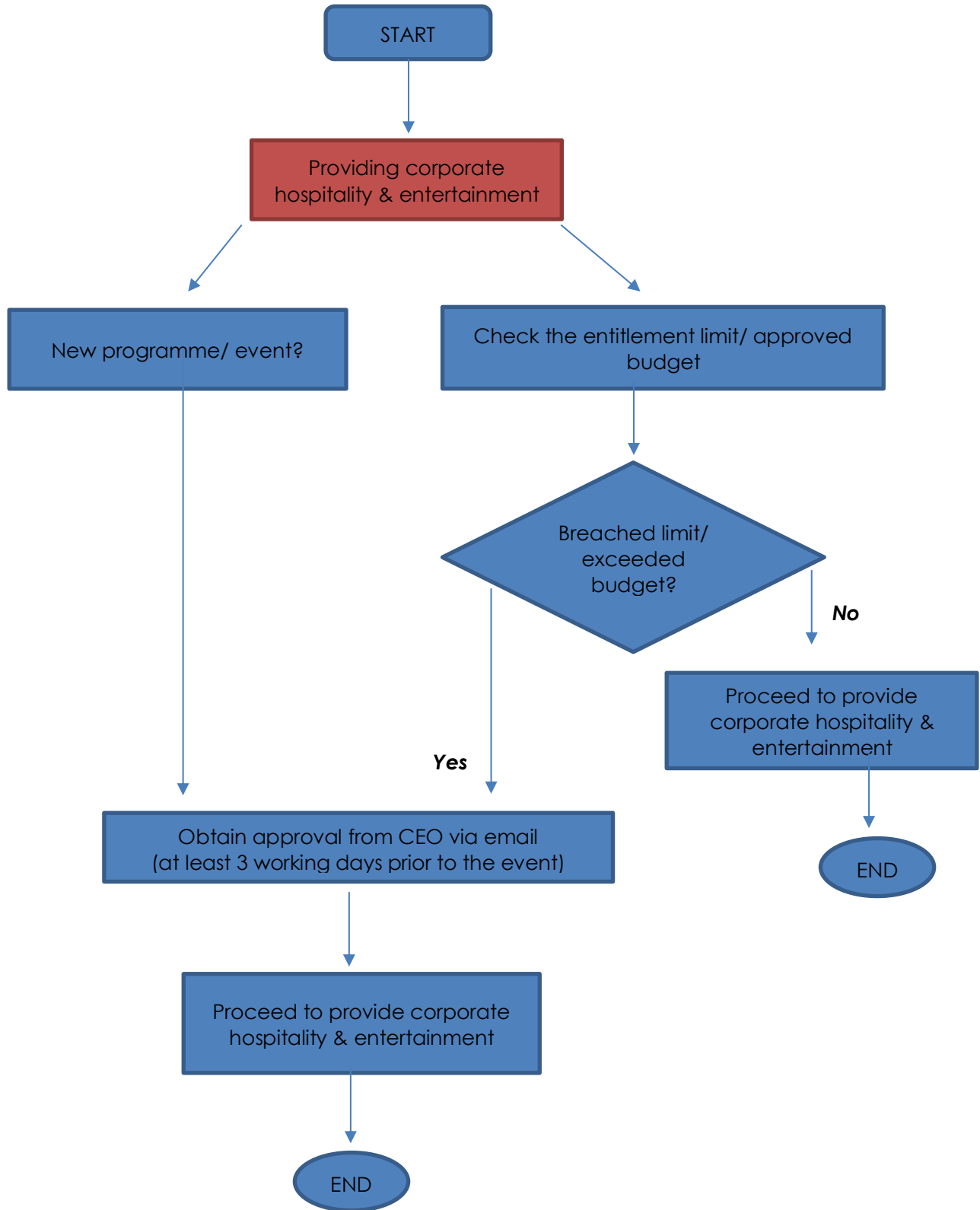


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**Appendix III – Process for Accepting Corporate Hospitality & Entertainment**



**Appendix IV – Process for Providing Corporate Hospitality and Entertainment**



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**Appendix V – Third Parties Declaration Form**



**THIRD PARTY DECLARATION FORM**

1. We are the contractors/ vendors/ suppliers/ solicitors/ agents/ consultants/ joint venture partners/ introducers/ government intermediaries of Malaysia Debt Ventures Berhad ("MDV").
2. We hereby declare that we will comply with:
  - (i) All applicable laws and regulations relating to MDV's Code of Conduct Policy, Anti-Fraud Policy, Integrity and Anti-Corruption Policy & SOP, and Whistleblowing Policy & Procedures.
  - (ii) The following anti-corruption principles:
    - a) Committing to promote values of integrity, transparency, accountability and good corporate governance.
    - b) Prevention of corruption and fighting any form of corrupt practice.
    - c) Supporting anti-corruption initiatives led by the government and the authorities.  
*(hereinafter collectively referred to as "the requirements")*
3. We have not been convicted nor are we subject to any investigation, inquiry or enforcement proceedings by the relevant authorities of any actual or suspected breach and will report any actual or suspected breach as soon as reasonably practicable and to the extent permitted by the law, to MDV.
4. We undertake to promptly inform MDV of any breach and/ or alleged/ suspected breach of the requirements and cooperate with MDV in any investigation of such breach involving MDV's staff.
5. We acknowledge that the provisions set out in this declaration form shall form part of the terms and conditions of our appointment and/ or contract of service.
6. We further acknowledge that MDV has the right to suspend or terminate the contract/ agreement/ job and disqualify us from tendering for future contracts/ jobs if we were found to have breached the requirements or any other terms and conditions implemented by MDV pursuant to the contract/ agreement/ job.

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Signature of Authorized Person : \_\_\_\_\_

Name of Company's Authorized Person : \_\_\_\_\_

Company's Name : \_\_\_\_\_

Company's Stamp : \_\_\_\_\_

Date : \_\_\_\_\_

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### Appendix VI – Due Diligence Checklist on Third Parties

Tick (√) whether **YES** or **NO** on the Due Diligence Checklist below. If you have answered **YES** to any of the statements, you have to be satisfied that the relevant information/ explanation/ justification is available/ procured/ documented prior to your engagement with the third parties.

No	Due Diligence Checklist	Yes	No
<b>Relationship with the Third Party</b>			
1	There has been difficulty in obtaining the required information from the third party		
2	There are concerns or evidence of corruption (convictions) in respect of the third party		
3	There are allegations of corruption activity against the third party or any of its employees		
4	The third party does not have its own anti-corruption/ code of conduct/ anti-fraud/ compliance programme		
5	The third party does not have its own due diligence procedure in place for the sourcing of customers and procurement of vendors, subcontractors etc.		
6	The value of the contract secured by the third party is unreasonable		
7	There is evidence of adverse news related to the third party		
8	The third party does not have the necessary skills and experience to provide the services for which they will be contracted		
9	The third party is not charging a fair market price for their services <i>(a company paying bribes may often charge more for its services in order to create a slush fund to pay bribes)</i>		
10	The third party is being associated with disreputable suppliers/ subcontractors etc.		
11	The third party is not readily and efficiently able to deal with the due diligence requirements of MDV or larger companies		
12	The third party ever requested urgent payments or unusually high commissions		

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Tick (√) whether **YES** or **NO** on the Due Diligence Checklist below. For any third party with positive public officials trace i.e. with **YES** answer any of the following due diligence set, and the division/ department has decided to commence the relationship with whereby the interests are also not prohibited by MDV's Code of Conduct Policy, the disclosure in the financing requisition/ RFP etc. is a mandatory.

No	Due Diligence Checklist	Yes	No
<b>Third Party as a Public Official</b>			
13	The third party is a public official (as defined in the IACSOP)		
14	The owners, directors, shareholders, officers or any employees of the third party being current or former public officials		
<b>Third Party's Dealing with Public Official</b>			
15	The third party is recommended by a public official		
16	The third party will be interacting/ has any affiliations with public officials in order to perform the contract		
17	The owners, directors, shareholders, officers or any employees of the third party have personal, familial or any associations with public officials		
18	The third party has connections with public officials or government agencies		
19	The third party's employees (including immediate family members of the employees) have connections with public officials		

This section is only applicable to Business Division/ Venture Finance Division/ Asset Management Division. Tick (√) whether **YES** or **NO** on the Due Diligence Checklist below. In the event the answer to any of the checklist below is **YES** then the respective divisions have to be satisfied that all of the red flags are sufficiently mitigated.

No	Due Diligence Checklist	Yes	No
<b>Financial background</b>			
20	Any identified issue on repeated payments made to an unidentified third party, or an identified third party but for unclear reasons?		
21	Any identified issue on significant payment to an unidentified third party, or an identified third party but for unclear reasons?		
22	Are there any payments with non-transparent recipient or reason for payment (for instance, consulting expenses)?		

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No	Due Diligence Checklist	Yes	No
23	Is there any unusual frequency of payments made by the customer to its suppliers/ vendors/ contractors etc. or made by the customer's customer to the customer?		
24	Is there any unusual value of payments made by the customer to its suppliers/ vendors/ contractors or made by the customer's customer to the customer?		
25	Is there any excessive expenses which could be an indication of bribes?		

- END OF SOP -