



TAKAFULmalaysia

**Syarikat Takaful Malaysia Keluarga Berhad**

**ANTI CORRUPTION FRAMEWORK**

**Version 1.0**

**PROPRIETARY NOTE: *This Framework remains the property of Takaful Malaysia. All information herein is confidential. Personnel and Business Partners may request for a copy of this Framework, on condition that it will not be copied or used in any way detrimental to Takaful Malaysia's interest.***

## DOCUMENT HISTORY

Revision		Changes / Modifications
No.	Date	
1.	1 May 2020	New Anti-Corruption Framework
2.	27 October 2020	1. Add definition of Senior Management - Page 3 2. Add Roles and Responsibilities of Shariah Advisory Body (SAB) – Page 6

## DEFINITION

Terminology	Definition
Business Partners	means vendors, suppliers, contractors, sub-contractors, consultants, agents, representatives, joint venture partners and others who are performing work or services, for and on behalf of Takaful Malaysia.
Conflict of Interest	means a situation where an individual is confronted with choosing between the duties and demands of his / her position in Takaful Malaysia and his / her own private interests.
Framework	means this Anti-Corruption Framework.
MACC Act	means the Malaysian Anti-Corruption Commission Act 2009.
Senior Management	means General Manager position and above including Group Chief Executive Officer, Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Bancatakaful Officer, Chief Risk Officer, Chief Information Officer, Chief Compliance Officer, Appointed Actuary, All Head of Divisions and such other designation as determined by the Board from time to time.
Personnel	means all members of the Board of Directors (executive and non-executive), Shariah Advisory Body members and employees of Takaful Malaysia.

## TABLE OF CONTENTS

<b>1. COMMITMENT TO PREVENTION OF CORRUPTION.....</b>	<b>5</b>
<b>2. INTRODUCTION .....</b>	<b>5</b>
2.1 Applicability .....	5
2.2 Roles, responsibilities and expectations.....	6
2.3 Laws and regulations governing corruption .....	8
2.4 What is corruption? .....	10
2.5 Consequences of non-compliance .....	11
<b>3. RISK AREAS .....</b>	<b>13</b>
3.1 Gift, entertainment and corporate hospitality.....	13
3.2 Donations, sponsorship and corporate social responsibilities (“CSR”) .....	17
3.3 Purchasing and procurement practices .....	18
3.4 Facilitation Payment .....	20
3.5 Dealing with Business Partners or the public .....	20
3.6 Dealings with public officials .....	22
3.7 Political contributions .....	22
3.8 Recruitment of employees .....	23
<b>4. EVALUATION OF EXPOSURE .....</b>	<b>23</b>
4.1 Identify red flags .....	23
4.2 Due diligence .....	24
4.3 Risk assessment.....	25
<b>5. CONTROL MEASURES .....</b>	<b>26</b>
5.1 Record keeping.....	26
5.2 Reporting .....	26
<b>6. SYSTEMATIC REVIEW, MONITORING AND ENFORCEMENT.....</b>	<b>26</b>
6.1 Periodic reviews and continuous evaluation.....	26
6.2 Audit.....	27
6.3 Performance .....	27
6.4 Disciplinary proceedings.....	27
<b>7. TRAINING AND COMMUNICATIONS .....</b>	<b>28</b>
7.1 Training .....	28
7.2 Communications .....	28
<b>APPENDIX 1.....</b>	<b>29</b>
<b>APPENDIX 2.....</b>	<b>32</b>
<b>APPENDIX 3.....</b>	<b>36</b>

## 1. COMMITMENT TO PREVENTION OF CORRUPTION

- (a) Syarikat Takaful Malaysia Keluarga Berhad and its group of companies (collectively “**Takaful Malaysia**”) are committed to acting professionally, fairly and with integrity in all our business dealings and business relationships, wherever we operate. We are steadfast in conducting our business in an open, transparent, honest and ethical manner. In this respect, Takaful Malaysia adopts a zero-tolerance approach towards all forms of corruption and bribery. We will ensure full co-operation with enforcement agencies and competent authorities in the event of an investigation of corruption.
- (b) This Framework sets out Takaful Malaysia’s policy statements and provides a comprehensive set of standards in relation to the manners to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business in order to prevent acts of bribery and corruption.
- (c) This Framework provides a basic introduction to how Takaful Malaysia combats bribery and corruption in line with our commitment to lawful, ethical and honest behaviour at all times. These guides are designed to prevent situations in which bribery and corrupt practices may bud and may sometime not provide definitive answers to all questions concerning bribery and corruption.
- (d) If you have any questions about this Framework or if you have doubts about any acts or situations arising in the course of business that you wish to seek clarification on, you should contact the Legal and Compliance Department immediately.
- (e) Takaful Malaysia reserves the right to amend or delete any provision in this Framework as and when it deems necessary. Takaful Malaysia will inform you as soon as practicable whenever this Framework is updated.

## 2. INTRODUCTION

### 2.1 Applicability

- (a) This Framework applies to all members of the Board of Directors (executive and non-executive), Shariah Advisory Body (SAB) members and employees of Takaful Malaysia (collectively, “**Personnel**”). All Personnel are required to strictly adhere to the provisions of this Framework in the course of their employment or engagement with Takaful Malaysia.
- (b) Further, all vendors, suppliers, contractors, sub-contractors, consultants, agents, representatives, joint venture partners and others who are performing work or services, for and on behalf of Takaful Malaysia (collectively, “**Business Partners**”) must be informed of the requirements set out in this Framework and of the need for them to comply with the requirements set out in this Framework. Whenever there is any non-compliance with this Framework by the Business Partners, Takaful Malaysia reserves the rights to terminate the agreement or arrangement with the Business Partners at any time.

## 2.2 Roles, responsibilities and expectations

### (a) Board of Directors (“Board”)

- (i) The Board is responsible in approving this Framework and delegates the responsibility of overseeing the implementation and reviewing of this Framework to the Board Risk Committee (“BRC”).
- (ii) The Board and BRC shall:
  - Promote good corporate governance practices.
  - Set a stern tone on the importance of good corporate governance practices and the non-tolerance towards unethical behaviour.
  - Demonstrate support for the implementation and enforcement of this Framework.
  - Demonstrate model behaviour and lead by example.
  - Be watchful and be alert of signs of possible misconduct or inappropriate behaviour.
  - Not condone improper practices.
  - Promote the use of the whistleblowing channel of Takaful Malaysia and give assurance on whistleblowing protection.
  - Ensure adequate resources are available for the implementation of anti-corruption and anti-bribery measures in Takaful Malaysia.
  - Ensure strict actions are taken when required.

### (b) Shariah Advisory Body (SAB)

- (i) Promote a culture of integrity and ethical behaviour within the organisation in line with Shariah Principles.
- (ii) Lead by example and shall not condone improper practices.
- (iii) Demonstrate support for the implementation and enforcement of this Framework.

### (c) Internal Audit Department

- (i) Internal Audit Department is responsible in reviewing and auditing this Framework by identifying if the procedures and processes provided in this Framework and related policies and standard operating procedures are strictly observed.
- (ii) Internal Audit Department is responsible in conducting investigation on non-compliance of this Framework.

(d) Senior Management

(i) Senior Management is responsible to implement this Framework.

(ii) Senior Management shall:

- Demonstrate Takaful Malaysia's commitment in promoting a culture of integrity and ethical behaviour among Personnel.
- Uphold and promote this Framework across all divisions or departments in Takaful Malaysia.
- Oversee the implementation of training and exposure on compliance requirements under this Framework.
- Be watchful and be alert of signs of possible misconduct or inappropriate behaviour.
- Not condone improper practices.
- Raise red flags to your immediate superior or the Legal and Compliance Department as soon as practicable.
- Report suspicious transactions or improper practices and misconduct via the whistleblowing channel of Takaful Malaysia, or any other channel as may be appropriate.
- Ensure that the Business Partners are bound by contractual terms to comply with all relevant laws, and are required to (inter alia) observe the following:
  - comply with this Framework and regulatory policies implemented by Takaful Malaysia.
  - not condone improper practices.
  - report suspicious transactions or improper practices and misconduct directly to Chief Compliance Officer or via the whistleblowing channel of Takaful Malaysia.

(e) Legal and Compliance Department

(i) Legal and Compliance Department along with the Human Resources Department are responsible to ensure that this Framework is strictly enforced across all divisions and departments in Takaful Malaysia.

Legal and Compliance Department shall:

- Provide periodic training and exposure on compliance requirements under this Framework.
- Not condone improper practices.
- Promote the use of the whistleblowing channel of Takaful Malaysia and give assurance on whistleblowing protection.

- Take strict actions when required.
- Notify the Internal Audit Department on non-compliance with this Framework.
- (ii) Legal and Compliance Department should review this Framework along with Internal Audit Department at least once every three (3) years.
- (f) Employees
  - (i) All employees shall:
    - Take interest in and strictly comply with regulatory policies implemented by Takaful Malaysia.
    - Uphold honest and ethical behaviours at all times.
    - Not condone improper practices.
    - Be watchful and be alert of signs of possible misconduct or inappropriate behaviour.
    - Raise red flags to your immediate superior or the Legal and Compliance Department as soon as practicable.
    - Report suspicious transactions or improper practices and misconduct via the whistleblowing channel of Takaful Malaysia, or any other channel as may be appropriate.
    - Ensure that the Business Partners are bound by contractual terms to comply with all relevant laws, and are required to (inter alia) observe the following:
      - comply with this Framework and regulatory policies implemented by Takaful Malaysia.
      - not condone improper practices.
      - report suspicious transactions or improper practices and misconduct directly to the Senior Management of Takaful Malaysia or via the whistleblowing channel of Takaful Malaysia.

### 2.3 Laws and regulations governing corruption

The main law governing corruption in Malaysia is the Malaysian Anti-Corruption Commission Act 2009 (“**MACC Act**”). The Penal Code also contains provisions relating to corruption. The regulatory body responsible for enforcement of the anti-corruption laws in Malaysia is the Malaysian Anti-Corruption Commission.

#### (a) MACC Act

The offences under the MACC Act include the following:

- (i) Section 16 – accepting gratification



This provision is worded in a general manner and is applicable to all Personnel in Takaful Malaysia's daily business operations. It is an offence if you corruptly solicit or corruptly offer to any person any gratification as an inducement or reward for doing or forbearing to do an act.

(ii) Section 17 – giving or accepting gratification by agent

This provision is applicable to Personnel when acting as an agent in relation to Takaful Malaysia's affairs or business or when dealing with third party agent.

It is an offence if you as an agent of Takaful Malaysia, corruptly accept or obtain, any gratification for any act in relation to Takaful Malaysia's affairs or business. It is also an offence if you corruptly give, or agree to give or offer, any gratification, to any agent to influence his act in relation to his principal's affairs or business.

(iii) Section 17A – offence by commercial organisation

This provision is applicable to corporate organisations i.e. Takaful Malaysia. A corporate organisation commits an offence if any person associated with the corporate organisation corruptly gives, agrees to give, promises or offers to any person any gratification with the intent to obtain or retain business or an advantage for the commercial organisation.

(iv) Section 18 – intending to deceive principal by agent

This is applicable to all Personnel, including when acting as an agent of Takaful Malaysia. It is an offence if you use any receipt, account or other document that contains false or erroneous particulars with the intention to mislead Takaful Malaysia, or with the intention to mislead the principal of an agent whom you are dealing with.

(v) Section 20 – corruptly procuring the withdrawal of tender

This provision is applicable to all Personnel who are involved in procuring contracts from any public body. It is an offence if you offer any gratification to any person as an inducement or a reward for him to withdraw his tender. It is also an offence if you solicit, or accept any gratification as an inducement or a reward for you to withdraw your tender.

(vi) Section 21 – bribery of officer of public body

This provision is applicable to Takaful Malaysia Personnel who deal with officers of public body. It is an offence if you offer to an officer of any public body, any gratification as an inducement or reward for the purposes of influencing his actions in relation to his official duties.

(vii) Section 22 – bribery of foreign public officials

This provision is applicable to Takaful Malaysia Personnel who deal with foreign public official. It is an offence if you offer to any foreign public official any gratification

as an inducement or reward for purposes of influencing his actions in relation to his official duties.

(b) Penal Code

The relevant provisions on corruption under the Penal Code are as follows:

- (i) Section 162 – taking a gratification, by corrupt or illegal means, in order to influence a public servant.

This provision is applicable to all Personnel who accept gratification using corrupt or illegal means to influence any public servant.

- (ii) Section 163 – taking a gratification, for the exercise of personal influence with a public servant.

This provision is applicable to all Personnel who accept gratification for purposes of him exercising his personal influence on any public servant.

- (iii) Section 213 – taking gifts, etc., to screen an offender from punishment

This provision is applicable to all Personnel who are in position of authority and use this authority to receive gratification for purposes of concealing an offence or screening an offender from legal punishment. It is an offence to receive gifts for purposes of concealing an offence, or screening any person from legal punishment for any offence, or not proceeding against any person for the purpose of bringing him to legal punishment.

- (iv) Section 214 – offering gift or restoration of property in consideration of screening offender

This provision is applicable to any Personnel who offer gratification with the intention to conceal his or someone else's offence or to screen any offenders from legal punishment. It is an offence to offer or give gratification to any person for purposes of concealing an offence (whether your own offence or someone else's) or screening any person from legal punishment of any offence or influencing such person to not proceed against any person for the purpose of bringing him to legal punishment.

## 2.4 What is corruption?

(a) Meaning of corruption

Corruption generally means the act of soliciting or receiving, or offering or giving any gratification, in the form of cash or in-kind, for the purpose of improperly influencing a business decision in relation to a dealing.

(b) Forms of gratification

Examples of gratification are as follows:

- Money, donation, gift, loan, fee, reward, valuable security.
- Any office, dignity, employment, contract of employment or services.

- Any payment, release, discharge or liquidation of any loan.
- Any valuable consideration of any kind, discount, commission, rebate, bonus.
- Any forbearance to demand for any money or money's worth.
- Any other service or favour of any description.
- Any offer, undertaking or promise of any gratification.

(c) Forms of corruption

Corruption may be in a variety of forms, including but not limited to:

- Bribery, where a person offers or gives, solicits or receives benefits (which may be in the form of corporate hospitality, entertainment or gifts) with the intention or knowledge that the benefit will be used to induce someone to perform a dishonest or an illegal act or a breach of trust.
- Embezzlement, where someone dishonestly appropriates money or other assets with which he has been entrusted with.
- Abuse of power, where someone abuses a position of trust for the purposes of illicit gain.

There are multiple other risk areas where corrupt elements may arise. These risk areas are dealt with in detail in Section 3 of this Framework.

## 2.5 Consequences of non-compliance

(a) All Personnel must bear in mind that there are severe consequences of being involved in corrupt activities. The consequences generally come in two (2) forms, namely in the form of individual liability or corporate liability or both, depending on the specific circumstances of each of the acts. This means that not only would you be liable for your acts, but Takaful Malaysia would also be implicated.

(b) Below are some examples of circumstances that attract individual liability and corporate liability respectively:

(i) Individual liability of the Personnel

- Direct involvement – any individual who is directly involved in committing the act will be liable.
- Indirect involvement – an individual may be liable where he has used another person to act on his behalf.
- Having authority – an individual, in a position of authority, who has expressly authorised the act or knew of the act and either consented to it or turned a blind eye to it.
- Aiding and abetting – an individual may also be liable if he aids and abets the commission of the act or where he has somehow facilitated the commission of the act.

(ii) Corporate liability of Takaful Malaysia

Takaful Malaysia may have to bear corporate liability in the following circumstances:

- Through the act of a Personnel – if a Personnel committed the act within the course of his employment (regardless of his position).
  - Through the act of its Business Partners – if an individual or company has been appointed to act for or on Takaful Malaysia’s behalf and such act is committed within the course of that appointment.
  - Turning a blind eye – where an individual in authority (such as the Senior Management of Takaful Malaysia) suspects the commission of an act in relation to a business transaction in which Takaful Malaysia is involved, but deliberately refrains from making further inquiries or taking preventive steps.
- (c) In the event you are suspected of any acts or behaviours that could amount to corruption, you may be subject to an internal investigation and disciplinary proceedings, if deemed necessary by Takaful Malaysia. Pursuant to the internal investigation and disciplinary proceedings, Takaful Malaysia is entitled to take disciplinary action or any other action deemed necessary against you.
- (d) Corrupt acts will also give rise to the following risks and negative implications:
- (i) Risks to you:
- Criminal liability, fine and imprisonment.
  - Civil liability and payment of compensation.
  - Damage to reputation.
  - Loss of employment.
  - Loss of membership with professional association(s) which you are affiliated with.
- (ii) Risks to Takaful Malaysia:
- Criminal liability and fine.
  - Civil liability and payment of compensation.
  - Damage to reputation.
  - Loss of business.
  - Loss of business goodwill.
  - Financial loss.
  - Potential revocation of business license.
  - Disqualification from obtaining projects or any other future business opportunities.
- (e) In the event any Personnel is convicted for any corruption offences, the following are the relevant punishments under the applicable laws:
- (i) Under the MACC Act
- The punishments for corruption offences under the MACC Act for general corruption offences, include the following:
    - imprisonment for a term not exceeding twenty (20) years; and
    - a fine of not less than five (5) times the sum or value of the gratification which is the subject matter of the offence or Ringgit Malaysia Ten Thousand (RM10,000.00) only, whichever is the higher.

- For offences giving rise to corporate liability:
  - the punishments would also include the following:
    - ✓ imprisonment for a term not exceeding twenty (20) years; or
    - ✓ a fine of not less than ten (10) times the sum or value of the gratification which is the subject matter of the offence or Ringgit Malaysia One Million (RM1,000,000.00) only, whichever is the higher; or
    - ✓ both.
  - a person:
    - ✓ who is its director, controller, officer or partner; or
    - ✓ who is concerned in the management of its affairs,

at the time of the commission of the offence, is deemed to have committed the offence unless this presumption can be rebutted by proving that such person has not consented to the commission of the corrupt act and has taken steps to prevent the same.

(ii) Under the Penal Code

The punishments for corruption offences under the Penal Code include the following:

- imprisonment for terms ranging from one (1) year up to seven (7) years; or
- fine; or
- both.

### 3. RISK AREAS

#### 3.1 Gift, entertainment and corporate hospitality

(a) Gift

- (i) Takaful Malaysia adopts a no-gift policy. All Personnel (including their family members) are prohibited from, whether directly or indirectly:
  - Receiving gifts from Business Partners or any third parties that have or will have dealings with Takaful Malaysia; and
  - Giving gifts to Business Partners or any third parties that have or will have dealings with Takaful Malaysia.
- (ii) By abiding to this, any Conflict of Interest or appearance of Conflict of Interest for either party in the ongoing or potential business dealing between Takaful Malaysia and the Business Partners or the public can be avoided. The reason why this is important is because gift can be seen as bribe that may tarnish the good name and reputation of Takaful Malaysia or violate anti-bribery and corruption laws.

- (iii) It is the responsibility of all Personnel to inform Business Partners and the public involved in business dealings with Takaful Malaysia that Takaful Malaysia practises a no-gift policy and to request for their understanding and cooperation to comply with this policy.
- (iv) Though the general rule is to not receive or provide any gifts, Takaful Malaysia recognises that gift, entertainment and corporate hospitality may be a form of business courtesies. Personnel may give and accept business courtesies if it does not interfere with ethical business judgment and not create an actual or appearance of Conflict of Interest or impropriety. Gifts that could reasonably be regarded as interfering with ethical business judgment or creating an actual or appearance of Conflict of Interest or impropriety are strictly prohibited. In view of this, the following are the limited circumstances in which the receipt and provision of gifts are permitted:
- Exchange of gifts on a company-to-company level (eg.: Gifts exchanged between companies as part of official company visit / courtesy call, and the gift is treated as company asset).
  - Gifts provided to external institutions or individuals in relation to official functions, events and celebrations (eg.: Commemorative gifts or door gifts offered to attendees of events).
  - Gifts from Takaful Malaysia to its Personnel and/or family members in relation to an internally or externally recognised company function, event and celebration (eg.: Long service award, retirement gift).
  - Token gifts of nominal value, typically bearing Takaful Malaysia's company logo or that are given out equally to members of the public, delegates, customers, exhibitions, trainings, trade shows, etc. and deemed as part of Takaful Malaysia's brand building or promotional activities (eg.: T-shirts, pens, mugs, diaries, calendars and other small promotional goodies).
  - Greeting cards that are given to external parties during festive seasons.
  - Gifts to external parties who have no business dealings with Takaful Malaysia (eg.: Gifts given in kind to charitable organisations).
- (v) Further, in the event a Personnel is unable to reject a gift for fear of being disrespectful and causing embarrassment to the giver which may lead to severance of Takaful Malaysia's business ties with the giver, the Personnel may receive the gift on the condition that the receipt of the gift is reported to his / her head of department / division, who will in turn report to the Legal and Compliance Department.
- (vi) If it is decided for the gift to be returned, the gift must be politely returned with a note of explanation of Takaful Malaysia's no-gift policy. Should it be decided that the gift can be accepted, the gift should be treated using one of the following manners:
- To be donated to charity;
  - To be used for departmental display;
  - To be shared with others in the team / unit / department of the receiver;

- To be retained by the receiver, only if the gift is of no monetary value (no economic value).
- (vii) Notwithstanding these exceptions, no Personnel is allowed to receive or provide gifts in the form of cash or its equivalent. In addition, even in the above exceptional circumstances, all Personnel are expected to exercise proper judgment in handling gift activities and behave in a manner consistent with the following principles:
- Conscientiously maintain the highest degree of integrity;
  - Always exercise proper care and judgment;
  - Always avoid Conflicts of Interest or appearance of Conflict of Interest; and
  - Refrain from taking advantage of your position or exercising your authority to further your own personal interest at the expense of Takaful Malaysia's interests.
- (b) Entertainment and corporate hospitality
- (i) Takaful Malaysia acknowledges that bona fide occasional entertainment and corporate hospitality of a reasonable and modest level is a legitimate way to build network and foster good business relationships.
- (ii) Examples of entertainment include but are not limited to occasions such as attending dinner with Business Partners, attending concerts or sports events whereas examples of corporate hospitality include but are not limited to hotel stays, transport arrangements, welcoming dinners, farewell dinners and gala dinners.
- (iii) Given that entertainment and corporate hospitality are important to build goodwill in business relationships, all eligible Personnel are allowed to provide and accept entertainment and corporate hospitality, provided such act is bona fide, reasonable and proportionate.
- (iv) All Personnel must always exercise proper care and judgment when providing and receiving entertainment and corporate hospitality. Note that the entertainment and corporate hospitality must not be carried out with a view to improperly cause undue influence on any party in exchange for some future benefit or result.
- (c) Appropriateness of a gift, entertainment and corporate hospitality
- (i) All Personnel may seek clarification from their heads of department / division, who may in turn seek confirmation from Legal and Compliance Department (if required) to identify if the provision or receipt of a gift, entertainment and corporate hospitality is appropriate.
- (ii) In deciding whether a gift, entertainment and corporate hospitality is appropriate or otherwise, the head of department / division and Legal and Compliance Department will take into consideration of, amongst others, the following:
- **Bona fide:** Can the gift, entertainment and corporate hospitality be linked to any dishonest purpose or cause?
  - **Integrity:** If the provision or receipt of gift, entertainment and corporate hospitality be made known to others in Takaful Malaysia and the public, would

it harm the reputation of Takaful Malaysia and cast doubt on the integrity of the person involved?

- **Proportionality and reasonableness:** Do the gift, entertainment and corporate hospitality incur excessive cost and occur regularly and exceed the level of reasonableness?
- **Transparency:** Are the gift, entertainment and corporate hospitality carried out in a covert manner?
- **No undue influence:** Does the provision or receipt of a gift, entertainment and corporate hospitality be seen as intended for, or capable of, achieving undue influence in relation to a business transaction or in the course of governmental engagement?
- **No obligation:** Whether the provision or receipt of a gift, entertainment and corporate hospitality creates any obligation or expectation on the recipient?

(iii) If any of the above is answered in the affirmative, the relevant act of providing and receiving of a gift, entertainment and corporate hospitality shall not be permitted.

- (d) Respective heads of department / division shall document and record all query sought by Personnel in a gift and entertainment register in the format in **Appendix 3**. The record shall, at the minimum, state the purpose of the provision or receipt of the gift, entertainment and corporate hospitality, approval given or rejected and the value of the gift, entertainment and corporate hospitality. The gift and entertainment register shall be submitted to the Legal and Compliance Department on quarterly basis and is subject to inspection by Legal and Compliance and Internal Audit Department during reviews.

**Q: I received an invitation to attend an all-expenses-paid conference hosted by a Business Partner of Takaful Malaysia. She will be sponsoring my airfare, accommodation, travelling expenses etc. Can I accept the kind gesture of this Business Partner?**

**A: You may accept the invitation to attend the conference. However, before accepting the Business Partner's offer to pay for your expenses, you must consider if such offer is bona fide, reasonable and proportionate. If you are still unsure, you may refer to your head of department / division for clarification and guidance.**

**Q: Can I accept a dinner invitation at a five-star hotel?**

**A: Yes, you may, if it is a normal gesture of hospitality and you are not expected to return any favour.**



### 3.2 Donations, sponsorship and corporate social responsibilities (“CSR”)

Takaful Malaysia is a responsible corporate citizen and is committed to contributing to the well-being of the people and nation in countries where it operates. That said, it is important that all donations, sponsorships and CSR are made in a legitimate manner and adheres to the values that we subscribe to as a company.

#### (a) Donations and sponsorships

- (i) All Personnel must ensure that all donations and sponsorships are not used as a trickery to conceal bribery or to circumvent or avoid any of the integrity provisions of this Framework, particularly prohibition on bribery.
- (ii) For all donations and sponsorships, it must be ensured that donations to charities or beneficiaries are not disguised as illegal payments to public officials and the charities or beneficiaries are not conduit to fund illegal activities. All donations and sponsorships must adhere to the following:
  - Ensure such contributions are allowed by applicable laws;
  - Obtain all necessary internal and external authorisations;
  - Conduct due diligence and select well established entities having an adequate organisational structure to guarantee proper administration of the funds;
  - Be accurately reflected in the company’s accounting books and records; and
  - Not to be used as a means to cover up any undue payment or bribery.
- (iii) Takaful Malaysia requires all Personnel to use good judgment and common sense in assessing the requests for donations and sponsorships. If you are in doubt, you should seek guidance from the Legal and Compliance Department before proceeding with the donations and sponsorships.

#### (b) Corporate social responsibilities (“CSR”)

- (i) Being a listed entity, we are committed to contribute to social activities that assist in nation building. As part of our commitment, Takaful Malaysia provides necessary assistance in appropriate circumstances and manners. All CSR requests must be carefully examined for legitimacy and propriety and not be made to improperly influence any business outcome.
- (ii) Where there is CSR requests, the relevant Personnel must conduct due diligence and ensure that the proposed recipient is a legitimate organisation and appropriate steps must be taken to ascertain whether any public officials are affiliated with such organisations. If there are public officials involved, extra caution has to be exercised and the guidance of Legal and Compliance Department must be sought. In this respect, the CSR requests must not proceed without adequate guidance of the Legal and Compliance Department.

- (iii) CSR requests that are determined to be legitimate and does not have any affiliations with any public officials must be carefully structured to ensure that the benefits reached its intended recipients.
  - (iv) If you are in doubt of whether a charitable organisation or social benefit is appropriate, consult the Legal and Compliance Department for guidance before proceeding further.
- (c) Whether a donation, sponsorship or CSR activity is appropriate?
- (i) All Personnel may seek clarification from Legal and Compliance Department to identify if a donation, sponsorship or CSR activity is appropriate.
  - (ii) In deciding whether a donation, sponsorship or CSR activity is appropriate or otherwise, Legal and Compliance Department will take into consideration of, amongst others, the following:
    - Whether a payment is inflated to hide bribes or kickbacks?
    - Whether a donation, sponsorship or CSR activity is directed to a “front” organisation, such as trust, charity or event, that was set up or organised as a route to receive bribes?
    - Whether a donation or sponsorship made or CSR activity conducted with the aim of benefiting or influencing a decision maker on matters of importance to Takaful Malaysia?
  - (iii) If any of the above is answered in the affirmative, the relevant act shall not be permitted.
  - (iv) The respective department / division shall document and record all queries from Personnel. The record shall, at the minimum, state the purpose of the clarification sought, approval given or rejected and the value of the donation, sponsorship or CSR activity.

### **3.3 Purchasing and procurement practices**

- (a) Inviting tender
- (i) Any purchasing and procurement decisions must be made based solely on the best interest of Takaful Malaysia. Suppliers and vendors should win Takaful Malaysia's business based on objective assessment criteria such as product or service suitability, price, quality and delivery efficacy.
  - (ii) For all purchasing and procurement made, it must be documented in the form of proper agreement and such agreement must clearly identify key points such as the services or products to be provided, the basis for payment, the applicable rate or fee and the due date for delivery. The payment agreed to must commensurate with the quality of the services or products provided.
  - (iii) Below are some of the features of sound procurement practices that all Personnel involved in procurement of one form or another must adhere to:

- Providing a level playing field where all vendors are treated equally, and all are afforded the same information at the same time;
  - Ensuring confidentiality of the purchasing and procurement process so that there is no leakage of information;
  - Avoiding any Conflict of Interest and declare such Conflict of Interest where relevant and take the appropriate steps to ensure there is no favouritism amongst suppliers and vendors and all are treated fairly;
  - Ensuring that the power to decide is not centralised on one individual so that there are checks and balances; and
  - Ensuring transparency in the purchasing and procurement process so that the processes are auditable, justifiable and can stand up to scrutiny by outsiders.
- (iv) Where there is a tender process, strict procedures must be observed by all Personnel to avoid appearance of impropriety and biasness. In the event of any Conflicts of Interest (or potential Conflict of Interest) through relationships or friendships with employees of any of the tenderers, such Conflicts of Interest or potential Conflict of Interest must be declared to the Legal and Compliance Department.
- (v) This section has to be read with any internal standard operating procedures relating to purchasing and procurement practices that are developed or will be developed by Takaful Malaysia.
- (b) Submitting tender

All Personnel are not permitted to pay bribes to win tenders, or engage in unlawful or unethical activities that will place Takaful Malaysia in a more favourable position to win tenders. This may include, but are not limited to, gaining insider information (e.g. tender specifications before they are released), influencing tender specifications or influencing procurement process.

**Q: I have accepted an appointment to serve on the board of Takaful Malaysia's supplier that supplies services to Takaful Malaysia. Do I need to declare to Takaful Malaysia on my appointment?**

**A: You must declare this to the Legal and Compliance Department of Takaful Malaysia before accepting the appointment, as your appointment could give rise to a Conflict of Interest that could jeopardise Takaful Malaysia's reputation.**

**Q: I am given an opportunity to buy discounted laptops, in exchange for a contract to supply new desktops to Takaful Malaysia. What should I do?**

**A: You must not accept the offer and must immediately report this incident to the Legal and Compliance Department.**

### 3.4 Facilitation Payment

(a) What is Facilitation Payment?

- (i) Facilitation payments (“**Facilitation Payments**”) are payments made to secure or expedite the performance by a person performing a routine or administrative duty or function. 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 manifest in any form of advantages with the intention to influence the selected group of people in their duties.
- (ii) As Facilitation Payments constitute a form of bribery and corruption, Takaful Malaysia prohibits the acceptance or provision, whether directly or indirectly, Facilitation Payments by any Personnel regardless of whether such Facilitation Payments are for the benefit of the Personnel himself or any other person. All Personnel must not offer, promise, give, request, accept, or receive anything which might reasonably be regarded as Facilitation Payments.
- (iii) If any Personnel receives a request for Facilitation Payments or is being offered Facilitation Payments, this must immediately be escalated to the Legal and Compliance Department for appropriate actions to be taken.

(b) How to resist demands for Facilitation Payments?

You may consider any or all of the following steps when a demand for Facilitation Payment is made to you:

- (i) Clarify what is being asked for.
- (ii) Question the legitimacy of the request.
- (iii) Take detailed notes of conversations e.g. with whom and what was said.
- (iv) Keep any papers or documents given to you.
- (v) Make the point in a personalised and soft way that making such a payment would cause problems to you, e.g. “I will get into real trouble”.

### 3.5 Dealing with Business Partners or the public

- (a) As an entity committed to prevent bribery and corruption, Takaful Malaysia’s dealings with Business Partners or the public must be carried out with care, in such manner consistent with the values and principles that Takaful Malaysia advocates and adopts, and in compliance with all relevant laws and regulations.
- (b) It is Takaful Malaysia’s expectation that all Business Partners acting for or on its behalf share the values, principles and ethical standards of Takaful Malaysia as being outsiders having dealings with Takaful Malaysia, their actions can implicate Takaful Malaysia legally and tarnish Takaful Malaysia’s reputation. Takaful Malaysia also requires that the public that deals with Takaful Malaysia adhered to ethical conducts and practices.

- (c) Thus, before establishing any business relationship with these external parties, Takaful Malaysia is obligated to conduct appropriate due diligence to understand the business and background of these prospective Business Partners before entering into any arrangements with them. This is to ascertain that Takaful Malaysia filters its Business Partners and engage and deals only with those that subscribe to acceptable standard of integrity in their business practices. No business dealings should be entered into with prospective Business Partners that are reasonably suspected of engaging in bribery and improper business practices unless those suspicions have been investigated and resolved satisfactorily.
- (d) As a way of ensuring that Takaful Malaysia only does business with Business Partners that share Takaful Malaysia's values, principles and ethical standards, the following must be complied with:
  - (i) Conduct due diligence to assess the integrity of Takaful Malaysia's prospective Business Partners.
  - (ii) Make all Business Partners (prospective and existing ones) aware of Takaful Malaysia's compliance policies, particularly this Framework, communicate Takaful Malaysia's expectations on them and obtain their commitment to comply with the same.
  - (iii) Continue to be aware of and periodically monitor third party performance and business conducts and practices to ensure ongoing compliance.
- (e) In the course of conducting due diligence, where there are red flags raised, these warrant further investigations and must be appropriately and sufficiently addressed before the engagement of the Business Partners can progress. Below sets out some of the common examples of red flags involving external parties:
  - (i) Inadequate credentials for the nature of the engagement or lack of an office or an established place of business;
  - (ii) The transaction involves a country known for a high incidence of corrupt payments;
  - (iii) Family, business or other "special" ties with the government or public officials.
  - (iv) Objection to anti-corruption representations and warranties in formal agreements or negative response when told of such requirements.
- (f) Takaful Malaysia requires its Personnel to use good judgment and common sense in assessing the integrity and ethical business practices of external parties to ensure that Takaful Malaysia deals only with those who share common values as Takaful Malaysia. As a guideline to assist the Personnel in its assessment of prospective Business Partners, refer to the section on "Identifying red flags" and "Due Diligence" below for further guidance.

**Q: I found out that our supplier, Company X, was charged for corruption committed by a senior executive in the UK. Company X was acquitted of the charge thereafter. Should we continue our business relationship with him?**

**A: You should reassess Company X, ensuring that they that subscribe to acceptable standards of integrity in their business practice and that they share common values as Takaful Malaysia. You should also ensure that the charge against Company X was resolved satisfactorily.**

**Q: I sit on the board of a prospective Business Partner of Takaful Malaysia. Should I declare myself?**

**A: Yes, you must declare yourself and must abstain in any decision making process involving the prospective Business Partner of Takaful Malaysia.**

### **3.6 Dealings with public officials**

- (a) A public official means any person who is a member, an officer, an employee or a servant of a public body, and includes a member of the administration, a member of Parliament, a member of a State Legislative Assembly, a judge of the High Court, Court of Appeal or Federal Court, and any person receiving any remuneration from public funds, and, where the public body is a corporation sole, includes the person who is incorporated as such.
- (b) Caution must be exercised when dealing with public officials as they hold positions of authority. Therefore, when handling public officials, you must avoid any acts or conducts that may give rise to actual or appearance of Conflict of Interest or impropriety. The standards of integrity held in respect of public officials shall be of a higher standard.
- (c) If you have any doubts of what can and cannot be done in relation to public officials, please refer to the Legal and Compliance Department for advice and guidance.

### **3.7 Political contributions**

- (a) As a matter of Takaful Malaysia's general policy, Takaful Malaysia does not make or offer monetary or in-kind political contributions to political parties, political party officials or candidates for political office.
- (b) That said, however, Takaful Malaysia encourages all Personnel to participate in the political election process by exercising the duty to vote. All Personnel may choose to make personal political contributions as appropriate within the limits established by laws. All such contributions must be clearly established as a personal contribution by the relevant Personnel. Under no circumstances, however, will any Personnel be compensated or reimbursed by Takaful Malaysia for any personal political contribution made.
- (c) All Personnel are prohibited from the following conducts:

- (i) Use their position within Takaful Malaysia to try to influence any other person to make political contributions or to support any politicians or political parties;
- (ii) Make any contribution or incur any expenditure using Takaful Malaysia's resources to benefit any political campaign, party or politician in any country
- (iii) Use any of Takaful Malaysia's facilities, equipment and resources for any political campaign or party functions.

**Q: Can I join political party U?**

**A: Yes, you may and are free to do so. However, you must separate your role as a member of political party U and as a Personnel of Takaful Malaysia. You must not perform acts expressly prohibited by this Framework.**

### **3.8 Recruitment of employees**

- (a) Takaful Malaysia is committed to provide equal opportunities for any qualified and competent individual from various multicultural and multiracial background to be employed by Takaful Malaysia. Therefore, the recruitment of employees is based on approved selection criteria to ensure that not only the most qualified and suitable individuals are employed. This is crucial to ensure that no element of corruption or foul play is involved in the hiring of employees.
- (b) In line with this, proper background checks are conducted in order to ensure that the potential employee has not been convicted in any bribery or corruption cases nationally or internationally. A more vigorous and detailed background check is conducted when hiring employees that would be responsible for management positions, as these individuals would be tasked with decision-making responsibilities.

## **4. EVALUATION OF EXPOSURE**

### **4.1 Identify red flags**

- (a) It is of paramount importance for all Personnel to evaluate Takaful Malaysia's exposure towards bribery and corruption when carrying out any actions on behalf of Takaful Malaysia. This is to enable all Personnel to identify the level of risks of their actions.
- (b) As such, the following sets out examples of suspicious circumstances relating to corruption which one should call out as red flags should you encounter them:
  - Any Personnel knowingly deals with a Business Partner or public official with whom there is personal, business or family relationship.
  - A prospective Business Partner is specifically recommended or insisted upon by an existing Business Partner or Personnel or public official.

- There is unexplained preference for a certain party when selecting a Business Partner.
- The prospective Business Partner has a poor business reputation.
- Bypassing the normal procurement process and procedure.
- Agreeing to contractual terms which are not favourable to Takaful Malaysia.
- There are promises of cash payments.
- There is pressure for payments to be made urgently or ahead of agreed payment schedules / milestones.
- Agreeing to make payments in sums exceeding the contract sum without justifications.
- There is abnormally high pay-out of commissions to a particular agency or representative.
- There are unsanctioned private meetings with prospective Business Partners immediately prior to the award of any contract or with existing Business Partners.
- Corporate hospitality, entertainment and lavish gifts are being offered to Takaful Malaysia Personnel in a covert manner.
- Any Personnel who avoids taking time off even if he has fallen ill, or during holidays and insists on dealing with specific Business Partners, himself.
- Making unexpected or illogical decisions when awarding contract or when negotiating business terms.
- There is abuse of power and arbitrary decision-making.
- Being evasive of independent assessments or checks on tendering or contracting process.
- Missing meeting minutes, documents or records regarding meetings or decisions.
- There is an apparent violation of Takaful Malaysia's procedures or guidelines.

#### **4.2 Due diligence**

- (a) Besides identifying red flags, it is also crucial for Takaful Malaysia to carry out due diligence on prospective Business Partners as well as existing Business Partners (if necessary in light of changes in circumstances and risk factors) for purposes of assessing the levels of exposure of Takaful Malaysia towards commission of bribery and corruption once a new business relationship is established or where there are changes to existing business relationship.
- (b) A sample due diligence checklist comprising of questions for the assessment of exposure to and probability of commission of bribery and corruption by Takaful Malaysia is annexed



to this Framework as **Appendix 1** for reference. The objective of the due diligence checklist is to enable Takaful Malaysia to assess such Business Partners that Takaful Malaysia would likely be involved with, in order to determine whether such Business Partners would expose Takaful Malaysia to risk of bribery and corruption.

- (c) Besides completing the due diligence checklist, it is necessary for Takaful Malaysia to incorporate standard integrity clauses into all agreements that Takaful Malaysia enters into with its Business Partners. These integrity clauses are required to ensure that Business Partners conduct themselves in a way that is consistent with the values and principles that Takaful Malaysia subscribes to. In addition, the integrity clauses would also enable Takaful Malaysia to terminate the agreement with the Business Partners in the event any violation of the integrity clauses takes place. These integrity clauses may be used for Business Partners acting for or on Takaful Malaysia's behalf if there is a more than minor bribery risk identified.
- (d) A sample of integrity clauses which may be incorporated in contracts between Takaful Malaysia and Business Partners can be found in **Appendix 2** that is annexed to this Framework.

#### 4.3 Risk assessment

- (a) In line with Takaful Malaysia's commitment to prevent corruption, Takaful Malaysia acknowledges the need to conduct an organisation-wide risk assessment for purposes of identifying the risk areas in which Takaful Malaysia may be exposed to the danger of commission of bribery and corruption.
- (b) In this regard, Takaful Malaysia includes assessment of corruption risk as part of its annual risk assessment exercise. Our corruption risk assessments are carried out yearly to identify and assess risks of bribery and corruption, which may arise within Takaful Malaysia or from external factors, that may be detrimental to Takaful Malaysia.
- (c) Below are examples of the areas in which the risk assessment may be conducted on:
  - (i) Business activities where there are loopholes that may be exploited for corruption and fraud activities;
  - (ii) Financial transactions which may be disguised as corrupted payments;
  - (iii) Business activities in countries or sectors that pose higher corruption risks;
  - (iv) Non-compliance of Business Partners acting on behalf of Takaful Malaysia relating to legal and regulatory requirements on anti-corruption; and
  - (v) Business relationships with external parties in the supply chain that may expose Takaful Malaysia to risk of corruption.
- (d) Based on the outcome of the risk assessment, having identified the key factors that pose risk to Takaful Malaysia, appropriate processes and internal controls that are sanctioned by Takaful Malaysia's top-level management should be established to mitigate the specific corruption risks that Takaful Malaysia may be exposed to.

## **5. CONTROL MEASURES**

### **5.1 Record keeping**

- (a) In order to ensure smooth implementation of its business activities, Takaful Malaysia keeps accurate books, records and accounts to support its operations. Takaful Malaysia is committed to devise and maintain appropriate and sufficient internal controls (including financial and non-financial controls) to ensure the accuracy of its books, records and accounts.
- (b) Takaful Malaysia understands the importance of having in place appropriate internal controls and accurate and up-to-date books, records and accounts that will serve as evidence underlying the business reason for the making of certain business decisions. These elements are vital as part of a robust anti-corruption compliance programme. This is so because accurate and up-to-date financial records would justify the making and receipt of payments to and from any Business Partners.
- (c) In order to ensure that Takaful Malaysia retain proper, complete and accurate records, it is important for all Personnel to observe, amongst others, the following:
  - (i) Submit all expenses (including claims relating to expenses spent on gifts, entertainment and corporate hospitality) incurred for Business Partners in accordance with the internal expenses policy and ensure that a reason is recorded for every expenditure;
  - (ii) Prepare and maintain all accounts, invoices and other records relating to dealings with Business Partners from time to time to ensure that they are up-to-date complete and accurate; and
  - (iii) Not to keep any accounts “off-book” with the intention to facilitate or conceal improper payments.

### **5.2 Reporting**

- (a) In line with Takaful Malaysia’s commitment to prevent corruption and create an open, transparent and honest work environment, we encourage all personnel to report any concerns or suspicious behaviour or dealings, particularly any suspicions of bribery or corrupt behaviours that they encounter.
- (b) If you suspect any Personnel to be engaging in corrupt practices, or if you are approached by any Business Partners who attempt to persuade you to engage in any unethical practices, you should immediately report it directly to Legal and Compliance Department or you may make use of the whistleblowing channel. Please refer to the Whistleblowing Policy for more details on the whistleblowing mechanism.

## **6. SYSTEMATIC REVIEW, MONITORING AND ENFORCEMENT**

### **6.1 Periodic reviews and continuous evaluation**

- (a) Takaful Malaysia conducts periodical reviews of this Framework. We are committed to review this Framework at least once every three years to assess the performance,

efficiency and effectiveness of this Framework as a part of the anti-corruption programme that Takaful Malaysia implements. The reviews should also investigate whether this Framework has been appropriately implemented and enforced.

- (b) The outcomes of the reviews conducted shall form the basis of any efforts to improve this Framework and the existing anti-corruption control measures that are in place within Takaful Malaysia. Continuous evaluations and improvements on Takaful Malaysia's anti-corruption compliance programme is important to Takaful Malaysia. Hence, an action plan indicating the remedial steps to address the shortcomings revealed through the reviews should be devised accordingly.
- (c) For purposes of reviewing the anti-corruption programme that Takaful Malaysia has put in place, including this Framework, Takaful Malaysia should plan, establish, implement and maintain a monitoring programme to determine the scope, frequency and methods for review. This is to ensure that the review of the anti-corruption programme would yield beneficial results that would assist Takaful Malaysia in improving its anti-corruption programme and closing any gaps in its effort to combat bribery and corruption.

## **6.2 Audit**

- (a) To ensure that Takaful Malaysia's anti-corruption compliance programme is up-to-date and relevant to existing laws and regulations, this Framework should be audited to ensure that the controls and measures put in place by Takaful Malaysia to prevent corruption and to operate in an ethical manner are still relevant. The Internal Audit Department should conduct this audit and report the findings of the audit to the top-level management of Takaful Malaysia for appropriate actions.
- (b) At least once every three years, an external audit by a qualified and independent third party should be considered. This is to enable Takaful Malaysia to obtain assurance that Takaful Malaysia is operating in compliance with its anti-corruption programme and particularly, this Framework.

## **6.3 Performance**

In enforcing Takaful Malaysia's anti-corruption programme, particularly this Framework, the Human Resources Department is responsible to monitor performance of all Personnel relating to the policies and procedures to combat bribery and corruption that Takaful Malaysia has adopted. This is to ensure that the Personnel understand and comply with the requirements of these policies and procedures whilst performing their roles and functions.

## **6.4 Disciplinary proceedings**

- (a) Where there is any non-compliance to this Framework, such non-compliance should be reported to the top-level management of Takaful Malaysia. Upon receiving such report, the top-level management should initiate disciplinary proceedings to investigate the report and determine whether an actual violation of this Framework has taken place.
- (b) Takaful Malaysia is committed to enforce the requirements of this Framework. As such, any failure to observe any of the provisions in this Framework and other compliance documents of Takaful Malaysia may result in disciplinary actions, including termination of employment and referral for criminal prosecution, depending on the circumstances.

- (c) Further details on the disciplinary procedures and actions which may be taken against misconducts such as corruption and bribery can be found in Part 7, Section 2 of the Employees' Handbook.

## **7. TRAINING AND COMMUNICATIONS**

### **7.1 Training**

- (a) Takaful Malaysia understands that adequate training to all Personnel and where relevant to our Business Partners is an essential part of an effective anti-corruption compliance programme. In this respect, we are committed to provide proper and periodical training to our Personnel and where required, our Business Partner to ensure holistic understanding of Takaful Malaysia's commitment towards prevention of corruption and strict compliance with the requirements under this Framework.
- (b) The Legal and Compliance Department and the Human Resources Department are responsible for organising and coordinating trainings for the Personnel and where relevant the Business Partners. Records of trainings conducted as well as records of attendance of the targeted attendees at the trainings shall be properly kept.

### **7.2 Communications**

- (a) Besides training, Takaful Malaysia is aware that communications of Takaful Malaysia's commitment towards prevention of corruption and the measures that Takaful Malaysia's takes in this respect to all Personnel and our Business Partners is also a crucial element that would contribute to the effectiveness of an anti-corruption compliance programme.
- (b) The Legal and Compliance Department is responsible in ensuring that Takaful Malaysia's commitment towards prevention of corruption and this Framework in particular, are communicated timely and adequately to all Personnel and our Business Partners. In ensuring this, the following can be carried out:
  - (i) Pasting a memo in visible places within the vicinity of Takaful Malaysia's office to inform all Personnel about this Framework and its requirements;
  - (ii) Providing a copy of this Framework to all new Personnel who joins the company;
  - (iii) Circulating the Framework and other compliance documents through email to ensure that all Personnel receive the same;
  - (iv) Publishing the Framework to Takaful Malaysia's website to ensure that its stance on anti-corruption is effectively communicated to all Personnel and Business Partners, as well as made available for the public's viewing;
  - (v) Uploading the Framework to Takaful Malaysia's Intranet to ensure that it is always available for viewing and reading by the Personnel; and
  - (vi) Pasting the list of dos and don'ts in relation to bribery and corruption in visible areas within the vicinity of Takaful Malaysia's office.

*[End]*

**APPENDIX 1**
**SAMPLE OF DUE DILIGENCE CHECKLIST**

NO.	QUESTIONS	RESPONSE	
(I)	<b>ASSESSMENT OF THIRD PARTY RISKS</b> - <i>To assess the third parties from various angles to identify and minimise the risk of entering into transaction with third parties who pose imminent risks leading to the commission of bribery and corruption.</i>	<b>YES</b>	<b>NO</b>
	(A) <u>Organisation / Affiliations</u> - <i>To assess whether the third parties lack legitimacy, has unusual or suspicious features, or has links that pose risks to Takaful Malaysia.</i>		
1.	Takaful Malaysia has never had previous dealings with the third party / parties		
2.	The third party / parties is of high risk to Takaful Malaysia by having regard to factors such as: (a) its origin and location of business; (b) its background or profile; (c) nature of its business; and (d) any other information suggesting the existence of high risk.		
3.	The third party / parties originates from a country identified to be of high risk due to such country being a jurisdiction known: (a) for high crime rates; and (b) to have inadequate laws in countering bribery and corruption.		
4.	The third party / parties are one of the following entity types: joint venture, trust, other legal arrangement, club, society and charity.		
5.	The third party / parties or its representative is dealing with Takaful Malaysia without any face-to-face encounter.		
6.	Takaful Malaysia or its appointed representative has not conducted a site visit to check whether the third party / parties is a legitimate entity and operates as it described itself through brochures, website or other literature.		
7.	The third party / parties specifically requested for discretionary authority to handle local / international matters alone.		
8.	The third party / parties would likely be representing or otherwise acting on behalf of Takaful Malaysia before government entities or regulatory authorities.		
9.	Some aspects of the transaction do not fit in with the background and profile of the third party / parties.		
10.	The third party / parties has other unusual or suspicious profiles / characteristics / features.		
	(B) <u>Integrity</u> - <i>To assess whether there are indicators or signs that the third party is likely to participate in or is prone to committing corruption and bribery.</i>		
11.	The third party / parties lacks public commitment to conduct business with integrity and to refrain from bribery and corruption in all its forms.		
12.	The third party / parties lacks detailed compliance policies and procedures in the following: bribery and corruption risk areas (such as gifts and hospitality; political contributions; charitable contributions and		

NO.	QUESTIONS	RESPONSE	
	sponsorships; facilitation payments; and conflict of interest management).		
13.	The third party / parties lacks formalised reporting channels for whistleblowing, including the necessary policies and procedures to protect whistleblower.		
14.	The third party / parties lacks record which demonstrates that it has communicated and trained its position on anti-bribery and anti-corruption to its personnel and directors.		
15.	The third party / parties lacks formalised contracts for its own external providers, where sales and/or government relations are concerned; and even if it has contracts in place, the contracts lack: (i) clauses on prohibition of the practice of bribery and corruption; or (ii) clauses for termination in the event that the external provider is found to have been involved in bribery and corruption.		
16.	In the event that a country's regulations require foreign companies to engage a local agent, Takaful Malaysia has been asked, recommended, or directed by a government entity / public official to use this specific third party / parties.		
17.	The third party / parties has shown a reluctance to disclose information regarding its government interactions (such as expense records of government-facing employees; gifts and hospitality provided to government officials; or sponsorship of travel, club memberships or other benefits provided to public officials).		
	<b>(C) <u>Necessity and Competence</u></b> <i>To assess whether the third party / parties is genuinely required by Takaful Malaysia or is a surplus and if it is genuinely required, whether it lacks the necessary competencies to fulfill its role.</i>	<b>YES</b>	<b>NO</b>
18.	The third party / parties is likely to perform a function that is not necessary, or which Takaful Malaysia has capacity to carry out on its own.		
19.	The third party / parties lacks sufficient capability and experience in the relevant industry / sector to bring value to the operation, in proportion to the fees it charges.		
20.	Takaful Malaysia has been asked, recommended, or directed by an external party (such as the prospect or client) to use this specific third party / parties.		
21.	The third party / parties was the only candidate considered for this role.		
22.	The third party / parties plans to use other individual / entity to perform services under the proposed agreement, instead of performing it themselves.		
	<b>(II) <u>ASSESSMENT OF TRANSACTION RISKS</u></b> <i>To assess whether the transaction that Takaful Malaysia intends to enter into with the third party / parties lacks legitimacy or has unusual or suspicious features.</i>	<b>YES</b>	<b>NO</b>
23.	The transaction requires that some payments be made in cash.		
24.	The source or destiny of funds related to the transaction is not known.		

NO.	QUESTIONS	RESPONSE	
25.	The transaction requires the use of payment terms which are unusual for Takaful Malaysia.		
26.	The third party / parties has a tendency to / intends to bill for its services on an aggregate (lump sum) basis without providing detailed breakdown.		
27.	The third party / parties or anyone associated with the transaction has asked Takaful Malaysia to make political or charitable contributions of any kind as a precursor for the award of the contract or as part of the ongoing contractual delivery terms.		
28.	The business or commercial rationale for the transaction is not entirely clear or obvious.		
29.	The transaction has other unusual or suspicious characteristics / features.		
<b>(III) ASSESSMENT OF CIRCUMSTANTIAL RISKS</b> <i>To assess whether there are additional circumstances which appear unusual or suspicious and may require a higher degree of care from Takaful Malaysia.</i>		<b>YES</b>	<b>NO</b>
30.	The third party / parties or parties associated with the transaction has / have raised issues and concerns that are not relevant to the transaction.		
31.	There are some aspects of the business relationships involved which are unusual or atypical to Takaful Malaysia's operation.		
<b><u>Mitigation Measures (For red flags identified):</u></b>			

Prepared by:

Approved by:

\_\_\_\_\_  
Compliance Coordinator\_\_\_\_\_  
Head of Department

Date:

Date:

## APPENDIX 2

### SAMPLE OF INTEGRITY CLAUSES

#### 1. Scope

The sample of integrity clauses herein are applicable to all transaction agreements (“**Agreements**”), non-disclosure agreements (“**NDA**”) and memorandum of understanding (“**MoU**”) entered into between Takaful Malaysia Malaysia Keluarga Berhad (“**STMKB**”) and its supplier / contractor / third party (“**Third Party**”), to ensure compliance with the provisions of the Malaysian Anti-Corruption Commission Act 2009 (“**MACCA**”) and the Guidelines on Adequate Procedures pursuant to subsection (5) of section 17A under the Malaysian Anti-Corruption Commission Act 2009 (“**Guidelines**”). This sample of integrity clauses set out clauses that should be inserted into Agreements, MoU and NDA to address issues relating to bribery and corruption.

#### 2. Integrity clauses for Agreements

2.1 The following words are only meant to be used for the purpose of reading these guidelines and they should be changed in the actual agreement to reflect the terms used in the actual agreement:

- (a) **STMKB** : to be changed to the reference to STMKB as defined in the Agreements.
- (b) **Third Party** : to be changed to the name of the third party or any other reference as defined in the Agreement.

2.2 The integrity clauses are as follows:

No.	Subject matter	Integrity clauses	Notes
1.	Definitions	<p>“gratification” shall have the same meaning as in the MACCA.</p> <p>“relative” shall have the same meaning as in the MACCA.</p> <p>“MACCA” means the Malaysian Anti-Corruption Commission Act 2009 and includes its subsidiary legislation and guidelines.</p>	To be inserted in the definitions section of the Agreement.
2.	Obligations of the <b>Third Party</b>	<p>The <b>Third Party</b> shall, in <i>[providing goods / services]</i> pursuant to this Agreement:</p> <ul style="list-style-type: none"> <li>(a) act honestly and fairly;</li> <li>(b) provide <b>STMKB</b> with true and accurate information;</li> <li>(c) strictly comply with laws and regulations relating to anti-corruption including but not limited to the MACCA and the Guidelines;</li> <li>(d) comply with <b>STMKB’s</b> position on anti-corruption, along with any guidelines on ethics</li> </ul>	To be inserted in the section of the Agreement that contains obligations of the <b>Third Party</b> .



No.	Subject matter	Integrity clauses	Notes
		<p>and integrity communicated by <b>STMKB</b> and made available whether in <b>STMKB's</b> official website or otherwise.</p> <p>(e) not offer or provide, directly or through any intermediaries, any bribe, gift, hospitality, entertainment, donation, consideration, reward, favour, any material or immaterial benefit or other gratification, commission, fee, brokerage or inducement to an employee, director or other representative of <b>STMKB</b>, for the purpose of improperly influencing a business decision to act contrary to <b>STMKB's</b> interest or for the purpose of obtaining any advantage in the implementation of a contract;</p> <p>(f) not solicit or accept, directly or through any intermediaries, any bribe, gift, hospitality, entertainment, donation, consideration, reward, favour, any material or immaterial benefit or other gratification, commission, fee, brokerage or inducement from an employee, director or other representative of <b>STMKB</b>, for the purpose of being improperly influenced in making a business decision to act contrary to <b>STMKB's</b> interest or for the purpose of conferring any undue or inappropriate advantage in the implementation of a contract;</p> <p>(g) not offer or provide any gratification which might be considered a bribe under either local or international legislation to a government official, either in Malaysia or any other country;</p> <p>(h) not use improperly, for purposes of competition or personal gain, or pass on to others, any information which may be reasonably be regarded as confidential and is provided by <b>STMKB</b> as part of the business relationship, including plans, technical proposals and business details including information contained or transmitted electronically;</p> <p>(i) not give any gratification to a public official, in order to expedite a process in relation to work carried out for <b>STMKB</b>;</p> <p>(j) take all measures to prevent corrupt practices, unfair means and illegal activities at all times</p>	

No.	Subject matter	Integrity clauses	Notes
		<p>while carrying out its contractual obligations for or on behalf of <b>STMKB</b>;</p> <p>(k) inform <b>STMKB</b> if any Employees or director of the <b>Third Party</b> or any person acting on behalf of the <b>Third Party</b>, either directly or indirectly, is a relative of any Employees or director of <b>STMKB</b>, or alternatively, if any Employees or director of <b>STMKB</b> or their relative has any interest, financial or otherwise, in the <b>Third Party</b>;</p> <p>(l) not lend to or borrow any money from or enter into any monetary dealings or transactions, directly or indirectly with any Employees or director of <b>STMKB</b>.</p> <p>(m) ensure that all personnel and other representatives of the company dealing with <b>STMKB</b>, or acting on behalf of <b>STMKB</b> in servicing a contract, are aware of the provisions above; and</p> <p>(n) immediately notify <b>STMKB</b> in writing, if it is aware of any breach of this provision, or if it becomes reasonably suspicious that this provision may have been breached.</p>	
4.	Investigation	<p>Where <b>STMKB</b> has reasonable concerns regarding behaviour involving gratification on the part of the <b>Third Party</b>, <b>STMKB</b> shall have the right to:</p> <p>(a) direct the <b>Third Party</b> to investigate the matter, and the <b>Third Party</b> shall carry out its investigations in the manner as directed by <b>STMKB</b>; and/or</p> <p>(b) conduct its own investigation into the matter, and the <b>Third Party</b> shall provide all reasonable assistance, information and documentation to <b>STMKB</b>, in respect of the conduct of investigations.</p>	To be inserted in the section of the Agreement that contains the right of <b>STMKB</b> to conduct investigations.
5.	Termination	<p>(1) Without prejudice to any other rights of <b>STMKB</b>, if the <b>Third Party</b>, its employee(s), director(s) or agent(s) is convicted by a court of law for corrupt practices, unfair means and illegal activities in relation to this Agreement, or any other agreement that the <b>Third Party</b> may have with <b>STMKB</b>, <b>STMKB</b> shall be entitled to terminate</p>	To be inserted in the section of the Agreement that contains provisions on termination.

No.	Subject matter	Integrity clauses	Notes
		<p>this Agreement at any time, by giving immediate written notice to that effect to the <b>Third Party</b>.</p> <p>(2) The <b>Third Party</b> shall be liable for all losses, costs, damages and expenses (including any incidental costs and expenses) incurred by <b>STMKB</b> arising from termination under <i>[clause 1 above]</i>.</p> <p>(3) For the avoidance of doubt, the parties hereby agree that the <b>Third Party</b> shall not be entitled to any claim from <b>STMKB</b>, any form of losses including loss of profit, damages, claims or other items whatsoever upon termination under <i>[clause 1 above]</i>.</p>	

### 3. The integrity clauses for NDA or MoU

3.1 The integrity clauses are as follows:

Subject matter	Integrity clauses	Notes
Compliance with laws	<p>Each party agrees that, in connection with this [NDA/MoU], it shall:</p> <p>(1) strictly comply with laws and regulations relating to anti-corruption including but not limited to the MACCA;</p> <p>(2) not engage in any action or omission which may violate laws and regulations relating to anti-corruption including but not limited to the MACCA throughout the term of this [NDA/MoU]; and</p> <p>(3) take all measures to prevent corrupt practices, unfair means and illegal activities at all times throughout the term of this [NDA/MoU].</p>	To replace the section of the [NDA/MoU] that contains provisions on compliance with laws.

### APPENDIX 3

### GIFT & ENTERTAINMENT (GE) REGISTER

Version 1.0 : October 2020

No	Name	Department/ Function/ Unit	Giving/ Offering/ Receiving/Rejecting GE	Nature/ Description of GE	Events/ Festivities/ Occasions	Name(s) of person(s) / organization(s) involved	Business Context/ Reason/ Relationship	Any pending negotiation/ transactions/ arrangements	Estimated/ Approximate value of GE	Date Incurred	Approval by Division Heads
1											
2											
3											
4											
5											
6											

Declared by:

Approved by:

Compliance Coordinator / Person in charge

Name:

Date:

Head of Department

Name:

Date:

**Note:**

1. This register is to be submitted to Legal and Compliance Department on quarterly basis and must be documented for inspection by Legal and Compliance or Internal Audit.
2. Threshold of **RM500** be set for entertainment i.e. meals, any amount above the threshold must be reported to your respective Head of Department.
3. Other kinds of entertainment regardless of amount must be reported to respective Head of Departments and recorded in gift register.
4. Other form of gifts offered, received or given should be reported, **EXCEPT** for gifts categorised under the Framework (Para 3.1a).