

Hong Leong Bank Group



Anti-Bribery & Corruption

Training Module for
External Parties
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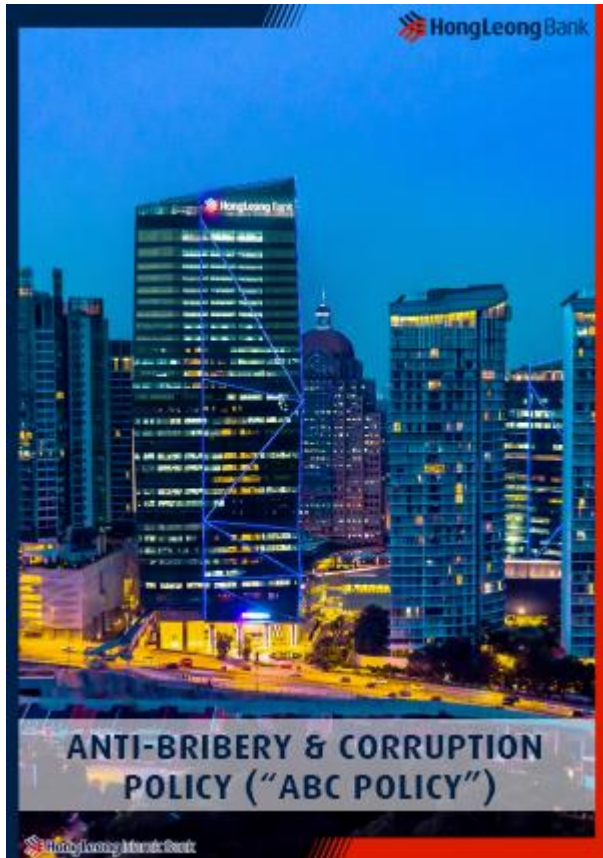


Anti-Bribery & Corruption

Training Module for
External Parties

1. Anti Bribery & Corruption Policy

ZERO TOLERANCE on bribery and corruption



Bribery and corruption is significantly detrimental to an organisation. It negatively impacts operational efficiency and erodes the public's trust in a business. As a deterrence to instances of both bribery and corruption, Hong Leong Bank Group (“HLBG” or “the Bank”) is committed to uphold integrity and ethical practice. Thus, the **Anti-Bribery and Corruption Policy (“ABC Policy”)** was issued, in which HLBG takes a **zero-tolerance position on bribery and corrupt activities**. The ABC Policy is developed with reference to the offences stipulated in the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”).

As an **Associated Person** of the Bank,
you are required to observe and uphold HLBG's
zero-tolerance position against bribery and corruption.

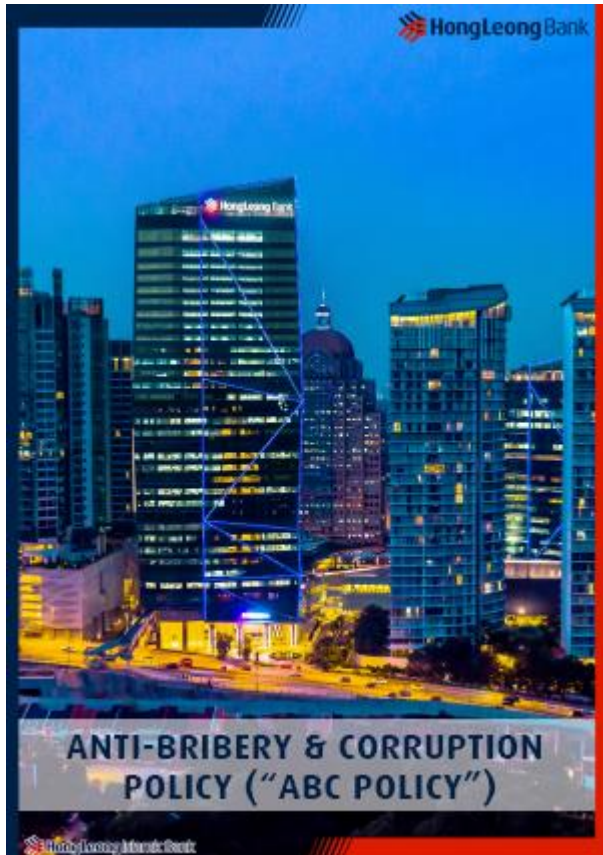


Who is an Associated Person?



All directors, employees (whether temporary, fixed term, or permanent), trainees, seconded staff, casual workers, agency staff, volunteers, interns and agents of the Bank including partners, contractors, subcontractors, vendors, suppliers, service providers, consultants, representatives and others performing work or services for or on behalf of the Bank, or any other person or persons associated with the Bank.

Hong Leong Bank's Group (HLBG) Anti-Bribery & Corruption Policy



- The Anti-Bribery & Corruption Policy (“ABC Policy”) is fully applicable at HLBG entity level.
- The Bank expects its partners, contractors, sub-contractors, vendors, suppliers, service providers, consultants, representatives and others performing work or services for or on behalf of HLBG, or any other person or persons associated with HLBG to comply with the ABC Policy, including the declaration of any conflict of interest, when performing such work or services.
- With the ABC Policy, HLBG is committed to acting professionally, fairly, and with integrity in all its business dealings and relationships and is committed to implementing and enforcing systems that ensure corruption and bribery is prevented.

Hong Leong Bank's Group (HLBG) Anti-Bribery & Corruption Policy

The ABC Policy was developed with reference to the MACC Act and established controls and procedures in line with the Guidelines on Adequate Procedures issued by the Prime Minister's Department. Among others, it explains HLBG's position in the following areas relating to Anti-Bribery and Corruption:

- Gifts & Entertainment
- Donation & Sponsorship
- Facilitation Payments
- Due Diligence
- Conflict of Interest
- Reporting Channel & Whistleblowing Policy

 Please read HLBG ABC Policy by clicking [here](#)

The Bank treats any violation of the ABC Policy seriously and will undertake necessary actions including but not limited to review of appointment, dismissal, stop third party contractions/service providers from further business dealings etc., as well as report to the relevant authorities any wrongdoings, consistent with the requirements of the relevant laws and regulations.





2. What is Bribery & Corruption

What is Corruption?

Corruption is the act of **giving or receiving** of any gratification or reward in the form of **cash or in-kind** of high value for performing a task in relation to his/her job description (Source: MACC).

Corruption is the abuse of entrusted power for personal gain (Source: Transparency International).

What is Bribery?

Bribery is the **offer of anything of value** - such as payment, gift, favour, hiring decision or other consideration - to a person in exchange for an undeserved benefit or advantage, often in violation of the recipient's official duties.





Is cash the only form of bribery?

NO.

Bribery can also be in the form of gifts in-kind, discount offers, votes, services (including sex), job position/placement, loan and many other forms of payment for payments and purchases (Source: MACC).



3. ABC Laws & Guidelines



LAWS OF MALAYSIA

Act 694

MALAYSIAN ANTI-CORRUPTION
COMMISSION ACT 2009

Anti-Bribery and Corruption Law in Malaysia

In Malaysia, the main legislation on corruption and bribery is the **Malaysian Anti-Corruption Commission Act (MACC Act) 2009**

The MACC Act 2009 came into effect on **1 January 2009**

It led to the **official establishment of the Malaysian Anti-Corruption Commission (MACC)** as an independent, transparent and enforcement body





LAWS OF MALAYSIA

Act 694

**MALAYSIAN ANTI-CORRUPTION
COMMISSION ACT 2009**

Corruption Offences

Main offences stipulated in the MACC Act 2009

- 1 Soliciting/Receiving Corrupt Gratification (Bribe)**
Section 16 & 17(a) MACC Act 2009
- 2 Offering/Giving Corrupt Gratification (Bribe)**
Section 17(b) MACC Act 2009
- 3 Intending to Deceive (False Claim)**
Section 18 MACC Act 2009
- 4 Using Office or Position for Corrupt Gratification (Bribe) (Abuse of Power/Position)**
Section 23 MACC Act 2009



LAWS OF MALAYSIA

Act A1567

MALAYSIAN ANTI-CORRUPTION COMMISSION
(AMENDMENT) ACT 2018

Anti-Bribery and Corruption Law in Malaysia

MACC (Amendment) Act 2018 – Corporate Liability

MACC (Amendment) Act 2018 came into effect on 1 October 2018 except Section 4 (Provision on Corporate Liability)

1 June 2020 - effective date of implementation of Section 17A of the MACC (Amendment) Act 2018 on Corporate Liability

Key rationale of the implementation of Section 17A includes:

- To address existing gaps concerning corrupt gratification or offering of bribes;
- To ensure those concerned in the management of affairs can be charged for failure to prevent bribery and corruption;
- To achieve standards on par with other countries e.g. US and UK.



LAWS OF MALAYSIA

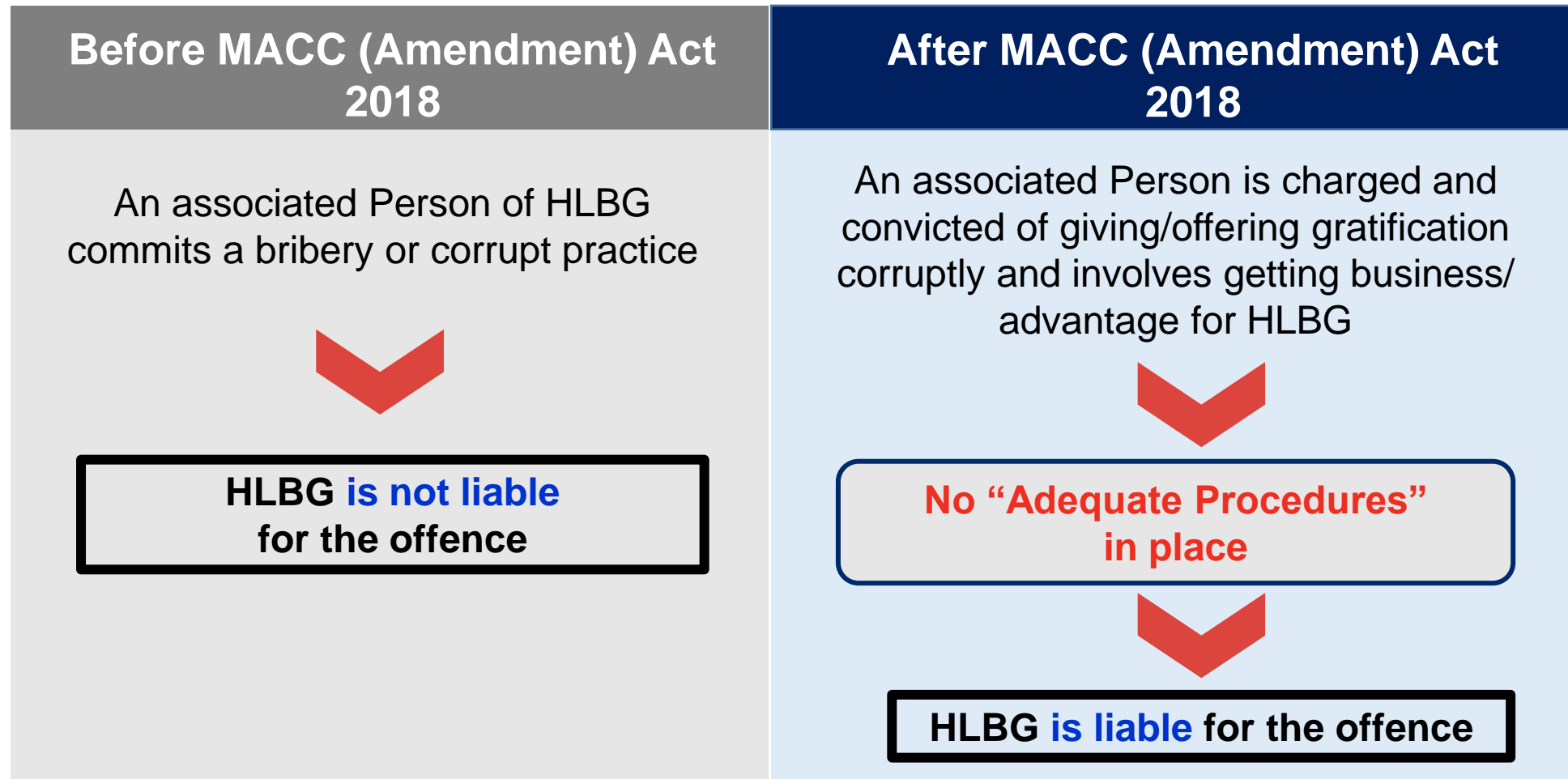
Act A1567

MALAYSIAN ANTI-CORRUPTION COMMISSION
(AMENDMENT) ACT 2018

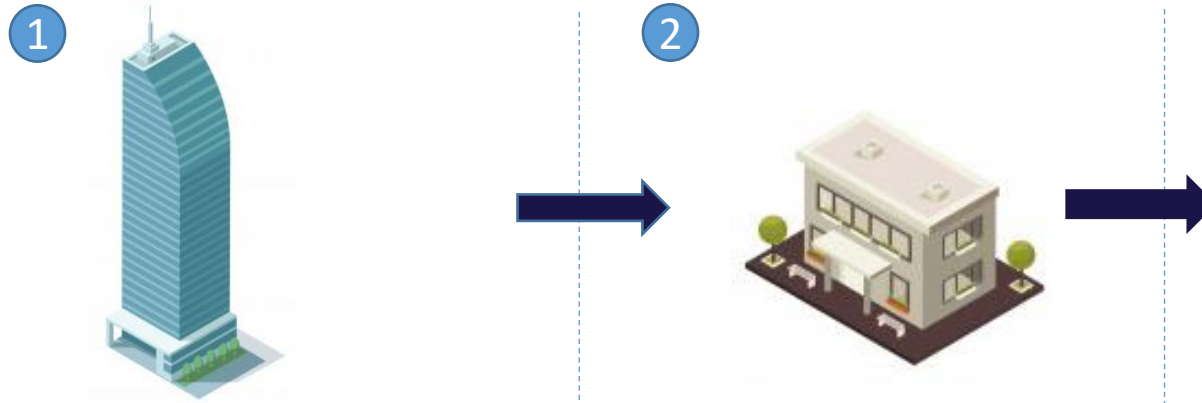
Section 17A of the MACC (Amendment) Act 2018 on Corporate Liability

- The provision states that **commercial organisations can be held liable** for failure to prevent corrupt practices by **associated persons** done in the interest of the organisation, **whether or not** the management had actual knowledge of the corrupt act.
- **Commercial organisations may be acquitted** of a charge if they are able to show **adequate measures were in place to prevent** corrupt practices.

Implication of MACC (Amendment) Act 2018 - Corporate Liability



Corporate Liability Example: Scenario



Commercial Organisation The Bank

The Bank engaged Best Signboards Sdn Bhd to get a signage made for a newly opened branch in Lavender Town.

The service order included design, installation and obtaining permits for the sign from the local authority, Majlis Bandaraya Lavender Town (MBLT).

Commercial Organisation Best Signboards Sdn Bhd

Best Signboard Sdn Bhd accepted the job and proceed with the work.



Local Authority Majlis Bandaraya Lavender Town (MBLT)

Sam, a representative of the vendor realized that the process for permit application will take a long time and will surpass the target delivery date. **To expedite the process, he decided to pay a “token” of RM1,000 to officer Ali to approve the application immediately.** Ali accepted the money and approves the application.

For their involvement in corruptly giving and receiving gratification, Sam and Officer Ali can be charged (as individuals) under Section 16 or 17 of the MACC Act 2009.

Corporate Liability Example: Potential Offense

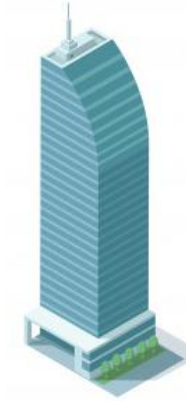
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Commercial Organisation
Best Signboards Sdn Bhd

Since Sam is an associated person of Best Signboards Sdn Bhd, the commercial organization can be held liable under Section 17A, Corporate Liability.

5



Commercial Organisation
The Bank

Since the token was given to Officer Ali by Sam to **expedite the process of permit application on** behalf of the Bank, the Bank can also be held liable under Section 17A, Corporate Liability.

Corporate Liability Example: Defense

For both commercial organisations (i.e. Best Signboards Sdn Bhd and the Bank), as a defense for their respective **Corporate Liability** charges, they must be able to prove that:

- a) the offence was committed without their consent;
- b) it had “adequate procedures” to prevent associated persons from committing the corrupt offense

These “adequate procedures” may include the following:



Established policy and procedure on anti-bribery and corruption



The undertaking of due diligence to assess integrity of Associated Persons

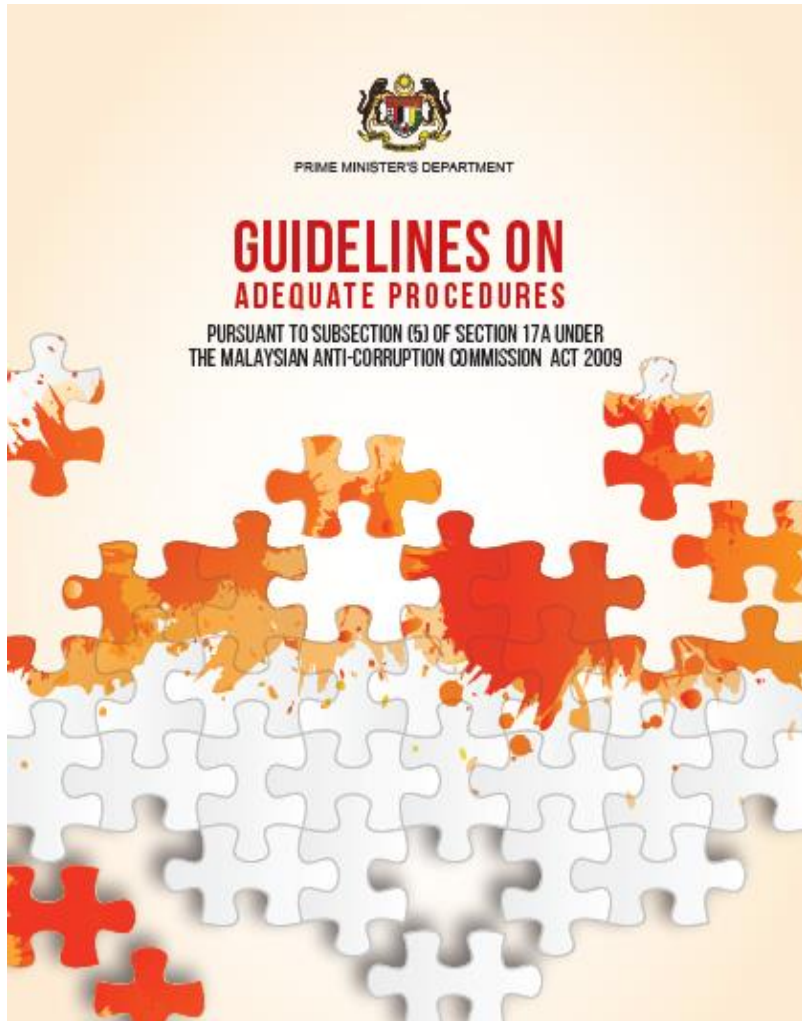


Develop and implement appropriate communication and training plan on policies and commitments on anti-bribery and corruption for all relevant parties.



For further information, please refer to the [Guidelines on Adequate Procedures](#) issued by the Prime Minister’s Department.

Guidelines on Adequate Procedures, Pursuant to Section 17A under the MACC Act 2009



- T** Top level commitment
- R** Risk assessment
- U** Undertaking of control measures
- S** Systematic review, monitoring and enforcement
- T** Training and communication

➤ TRUST are the 5 Principles set out by the Prime Minister Office to assist commercial organizations in understanding what are the adequate procedures that should be implemented as lines of defense.

➤ The Bank was guided by the TRUST principles when developing its ABC policy and procedures against corruption and bribery.

Fines and Penalties for Offenses



LAWS OF MALAYSIA

Act 694

MALAYSIAN ANTI-CORRUPTION COMMISSION ACT 2009



LAWS OF MALAYSIA

Act A1567

MALAYSIAN ANTI-CORRUPTION COMMISSION (AMENDMENT) ACT 2018

Penalties for Bribery and Corruption Offences (Individual)

The MACC Act 2009, Sections 16, 17, 18 and 23

- Fine of not less than 5 times the amount of the bribe or RM10,000 whichever is higher; AND
- Jail sentence not exceeding 20 years per offense



Penalties for Corporate Liability

MACC (Amendment) Act 2018, Section 17A

- Fine of not less than 10 times the amount of the bribe or RM1 million whichever is higher; AND/OR
- Its officers concerned, jail sentence not exceeding 20 years per offense.



4. Facilitation Payment

Facilitation Payment



Associated Persons of HLBG shall not make any facilitation payment for or behalf of the Bank.

What is Facilitation Payment?

- Payment made to **secure or expedite** the performance of an action or a service that the Bank is entitled to.
- **Example:** Where a government official is given money or goods to perform (or speed up the performance of) an existing duty.
- Fees paid in exchange for a **lawful express or preferential service** are not considered as Facilitation Payments provided that they fulfil the following conditions:

1. The service is open and available to everyone

2. The fee is in accordance with an official and published price list

3. The fee is not payable to individuals, but to the organisation or entity

4. A legal and official receipt by the organisation or entity can be provided



5. Conflict of Interest

What is conflict of interest?

A situation in which a person or organization is involved in multiple interests, financial or otherwise, and serving one interest could conflict against another.

The Bank seeks to ensure that a conflict of interest does not affect the interests of the Bank, its shareholders, clients and other stakeholders through **the identification, prevention and management of the conflict of interest.**



Conflict of Interest



- Associated Persons or persons connected to the Associated Person shall **declare any personal interest** they may have in any of the Bank's matter that they are involved in.
- Associated Persons of the Bank **must not be influenced** by friendship or association in performing their role.
- Decisions must be made on a strictly **arms-length business basis**.
- As an **Associated Person** of the Bank, you must not allow any conflict of interest, bias or undue influence of others to override the Bank's business and professional judgment.



The Bank's employees are not allowed to engage directly or indirectly in any personal or business activity that competes or conflicts with the interest of the Banking Group.



6. Due Diligence

Due Diligence



- The Bank will undertake due diligence to assess the integrity of the Associated Persons, which include **background checks, document verification or conducting interviews**, prior to entering into any formalized relationship with them and periodically thereafter.
- Where the Associated Person is a company, due diligence shall be conducted on its directors and senior management as well.



7. Reporting and Escalation

Reporting and Escalation



- If you **witness** or are **improperly instructed** to carry out illegal or unethical act, by the Bank's employees, customers or other business partners, you are required to submit a **report** even if you are not involved in the improper conduct or wrongful act ("Improper Conduct").
- You can be held **responsible for failing to report** the actions or inactions of others if you knew or should reasonably have known that they are in violation of any applicable law, regulation or regulatory requirements.
- Subject to conditions specified in the HLBG Whistleblowing Policy and to the extent permitted by law, you will be protected, where applicable, from retaliation or legal action and where feasible, from disclosure of your identity, provided your report is made in good faith (even if you are genuinely mistaken in the concerns you raise).

 Please read HLBG Whistleblowing Policy by clicking [here](#)

Reporting and Escalation

Who can raise concerns?



- Any (legal or natural) person including those providing services to, or having a business relationship with the Bank; and
- All employees of HLBG



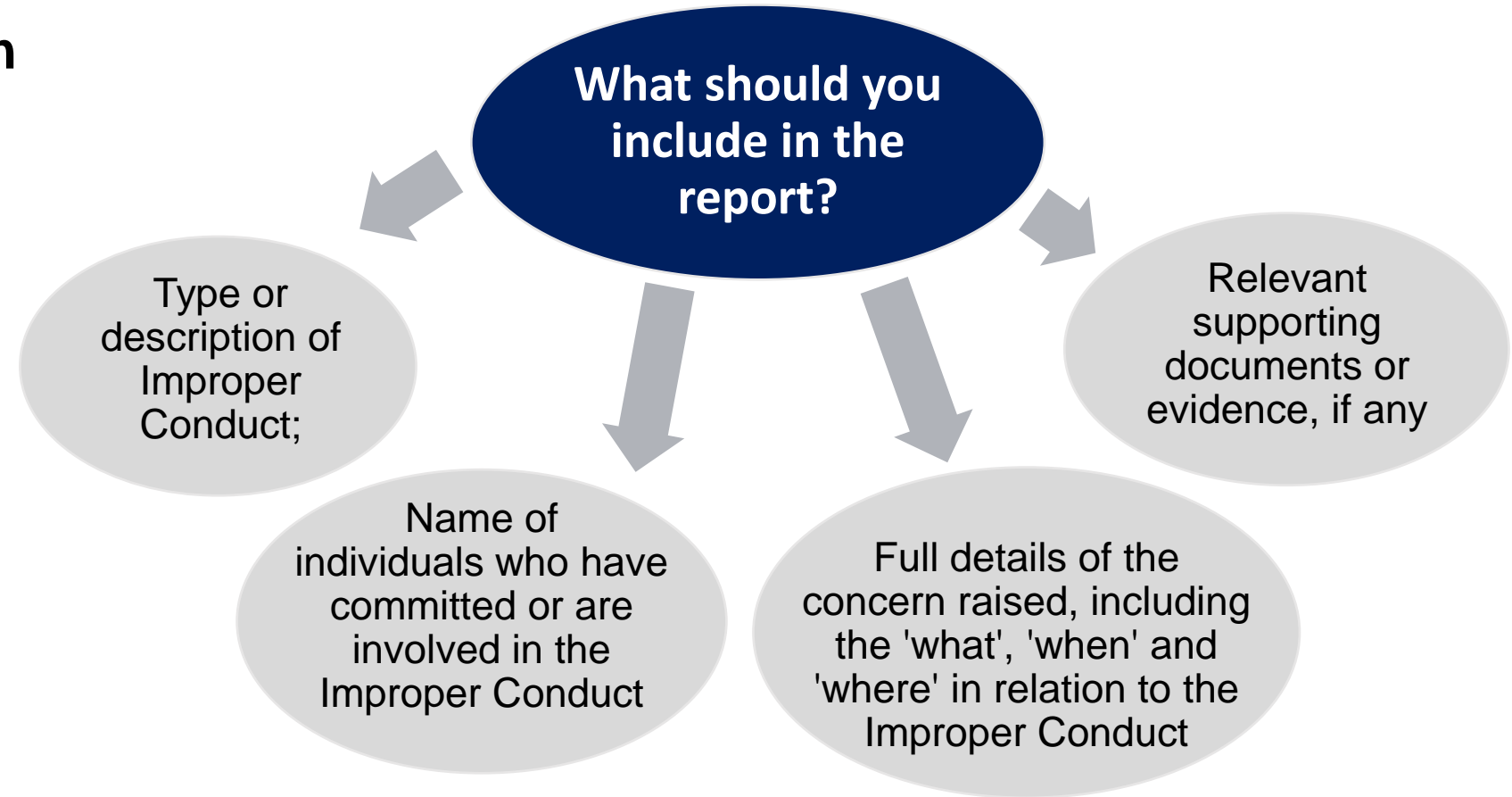
What types of concerns should you raise?


You should raise any concerns about any improper conduct or wrongful act (“Improper Conduct”) that may adversely impact the Bank, including but not limited to:

- Any integrity / honesty or criminal offences, including fraud, theft, criminal breach of trust, corruption, bribery and blackmail;
- Any failure to comply with legal or regulatory obligations;
- Violations of the Bank's Policies, Procedures and Standards;
- Any improper conduct which would be a disciplinary offence; or
- Any gross mismanagement of the Bank's affairs.



Reporting and Escalation



 If you wish to raise concerns of any Improper Conduct, you may use the Bank's [Whistleblower Form](#) to provide the details required.

Reporting and Escalation



- You are encouraged to raise concerns in relation to real or suspected corruption/bribery incidents or inadequacies of the HLBG's ABC Programme at the earliest opportunity.
- Please refer to the [Bank's Whistleblowing Policy](#) for details on how such concerns may be raised to the Board and/or raised anonymously.
- The Bank's Whistleblowing Policy protects the identity of the whistleblower, as well as protects the whistleblower from retaliation and adverse employment action, provided the disclosure was made in good faith.
- Where relevant, the Bank shall report details of the corruption and bribery incidents to the relevant authorities.



8. Do's and Don'ts

Do's and Don'ts of Anti-Bribery and Corruption

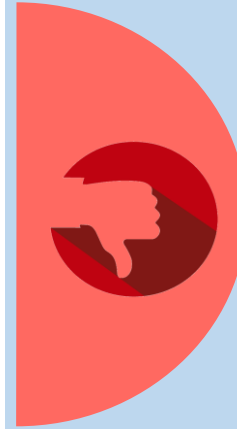
Do's

- ✓ Be familiar with HLBG's ABC Policy and relevant ABC laws
- ✓ Ensure cooperation of the Bank's due diligence process
- ✓ Understand the risk and impact of bribery & corruption
- ✓ Raise concerns through the Whistleblowing channels in relation to any suspected or real corruption incidences
- ✓ Ensure that you declare any conflict of interest



Don'ts

- ✗ Participate in bribery or corruption
- ✗ Perform facilitation payments
- ✗ Offer monetary gifts to the Bank's representatives
- ✗ Offer gifts or entertainment that are against the Bank's ABC Policy
- ✗ Provide false or misleading information in the due diligence process



Thank you