



TAKAFULmalaysia

**STMKB Group**

**Anti-Corruption Framework (ACF)**

Version 2.0

<b>Document ID</b>	STMKB-COM-FW-003	<b>Document Type</b>	Framework
<b>Issued by/Owner</b>	Compliance		
<b>Target Audience</b>	All Takaful Malaysia Personnel	<b>Effective Date</b>	14 August 2024

**Document History**

Version	Date	Remarks
1.0	1 May 2020	New Anti-Corruption Framework creation
1.0	15 Oct 2020	<ol style="list-style-type: none"> <li>1. Added definition of Senior Management – Page 3</li> <li>2. Added Roles and Responsibilities of Shariah Advisory Body (SAB) – Page 6</li> </ol>
2.0	Nov 2023	<ol style="list-style-type: none"> <li>1. All instances of 'Legal &amp; Compliance' in the previous ACF have been updated to 'Compliance' throughout this framework.</li> <li>2. Updated:                             <ol style="list-style-type: none"> <li>a) Para 1.3 Roles, Responsibilities and Expectations for Personnel.</li> <li>b) Para 2.1.1 Gift, Entertainment and Corporate Hospitality, added process flow for gift under exceptional cases.</li> <li>c) Para 2.1.3 Facilitation Payment in accordance with Bank Negara Malaysia (BNM) requirements on the upfront fees (including facilitation fees/payment).</li> <li>d) Para 2.3 Purchasing and Procurement Practices, added a process to conduct name screening and due diligence, with reference to Paragraph 3.2.</li> <li>e) Para 5.1 Periodic Reviews and Continuous Evaluation, revised the period review frequency.</li> <li>f) Para 6.1 Training for personnel and intermediaries regarding Compliance-related ACF e-Learning responsibilities.</li> <li>g) Appendix 2: Sample of Gift &amp; Entertainment (G&amp;E) Register</li> <li>h) Appendix 5: Sample of ACF Due Diligence Checklist</li> </ol> </li> <li>3. Added:                             <ol style="list-style-type: none"> <li>a) New terms under Definition.</li> <li>b) Para 2.3 Purchasing and Procurement Practices, added a process to conduct name screening and due diligence, with reference to Paragraph 3.2.</li> <li>c) Para 1.5 Related Policies and Documents</li> <li>d) Para 2.1 Form of Bribery and Corruption</li> <li>e) Para 2.2 Anti-Corruption Framework (ACF) Gift &amp; Entertainment (G&amp;E) Register</li> <li>f) Para 3.2 Due Diligence on Third Parties</li> <li>g) Appendix 1: Gift &amp; Entertainment (G&amp;E) Guidance</li> <li>h) Appendix 3: Due Diligence on Third Parties</li> <li>i) Appendix 4: Sample of KYC Form</li> </ol> </li> </ol>

Version	Date	Remarks
		j) Appendix 7: Gift & Entertainment (G&E) Frequently Asked Questions (FAQs)

<p>Jointly Prepared:</p> <ol style="list-style-type: none"> <li>1. Raja Marinah Binti Raja Zazalli, Compliance Executive</li> <li>2. Nur Syazana Binti Mohamed Salih, Compliance Assistance Manager</li> </ol>	<p>Reviewer:</p> <ol style="list-style-type: none"> <li>1. Salina Binti Mohd Hanifah, Compliance Manager</li> <li>2. Salmizawati Binti Pahmi, Compliance Senior Manager</li> <li>3. Redzuan Bin Abu, Head of Compliance</li> </ol>
Date: 14 August 2024	Date: 14 August 2024

<p>Approved by Management Risk Committee The changes were not material, endorsement by BRC is not required.</p>	<p>Approval by Board Risk Committee is not required due to there is no material changes.</p>
14 August 2024	14 August 2024

**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.**

## Definition

Terminology	Definition
Takaful Malaysia	referring to Syarikat Takaful Malaysia Keluarga Berhad and its group of companies and/or associated companies including foreign branches and subsidiaries.
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	referring to any person having authority and responsibility for planning, directing or controlling the activities of Takaful Malaysia or legal person including the management and administration of Takaful Malaysia or legal person." This definition should be read together with Fit & Proper Policy of Takaful Malaysia
Personnel	means all members of the Board of Directors (executive and non-executive), Shariah Advisory Body members and employees of Takaful Malaysia.
Human Resource (HR)	Also known as People Division

## Table of Contents

- Definition ..... 3
- **Table of Contents** ..... 4
- Section 1: Introduction..... 5
  - 1.1 **Commitment to Prevention of Corruption**..... 5
  - 1.2 **Applicability** ..... 5
  - 1.3 **Roles, Responsibilities and Expectations** ..... 6
  - 1.4 **Laws and Regulations Governing Corruption** ..... 10
  - 1.5 **Related Policies and Documents** ..... 11
  - 1.6 **What is Corruption?** ..... 12
  - 1.7 **Consequences of Non-Compliance** ..... 13
- Section 2: Risk Areas ..... 15
  - 2.1 **Form of Bribery and Corruption**..... 15
    - 2.1.1 Gift, Entertainment and Corporate Hospitality ..... 15
    - 2.1.2 Donations, Sponsorship or Corporate Social Responsibilities (“CSR”) ..... 19
    - 2.1.3 Facilitation Payment ..... 21
    - 2.1.4 Political Contributions..... 23
  - 2.2 **Anti-Corruption Framework (ACF) Gift & Entertainment (G&E) Register** ..... 23
  - 2.3 **Purchasing and Procurement Practices** ..... 25
  - 2.4 **Dealing with Business Partners or the Public** ..... 26
  - 2.5 **Dealing with Public Officials** ..... 27
  - 2.6 **Recruitment of Employees** ..... 27
- Section 3: Evaluation of Exposure ..... 28
  - 3.1 **Identify Red Flags** ..... 28
  - 3.2 **Due Diligence on Third Parties** ..... 29
  - 3.3 **Risk Assessment** ..... 31
- Section 4: Control Measures ..... 32
  - 4.1 **Record Keeping** ..... 32
  - 4.2 **Reporting** ..... 32
- Section 5: Systematic Review, Monitoring and Enforcement ..... 33
  - 5.1 **Periodic Reviews and Continuous Evaluation** ..... 33
  - 5.2 **Audit**..... 33
  - 5.3 **Performance** ..... 33
  - 5.4 **Disciplinary Proceedings**..... 34
- Section 6: Training and Communications ..... 34
  - 6.1 **Training**..... 34
  - 6.2 **Communications**..... 34
- Appendix 1: Gift & Entertainment (G&E) Guidance ..... 36
- Appendix 2: Sample of Gift & Entertainment (G&E) Register ..... 39
- Appendix 3: Due Diligence on Third Parties ..... 41
- Appendix 4: Sample of Know Your Customer (KYC) Form ..... 42
- Appendix 5: Sample of Anti-Corruption Framework (ACF) Due Diligence Checklist ..... 46
  - 1 **Scope** ..... 49
  - 2 **Integrity Clauses for Agreements** ..... 49
  - 3 **The Integrity Clauses for NDA or MoU** ..... 52
- Appendix 7: Gift & Entertainment (G&E) Frequently Asked Questions (FAQs) ..... 53

## Section 1: Introduction

### 1.1 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 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.

### 1.2 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) Furthermore, 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 and as subjected to the integrity clauses, Takaful Malaysia reserves the rights to terminate the agreement or arrangement with the Business Partners at any time.

### 1.3 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 auditing this Framework according to Internal Audit methodologies and to report any non-compliance issues to the Board Audit Committee.
  - (ii) Internal Audit Department is responsible in conducting investigation on improper practices/misconduct according to the Company’s Fraud Management Policy.

## (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 immediate superior or 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 Internal Auditor or via the appropriate whistleblowing channel of Takaful Malaysia.

## (e) Compliance Department

- (i) 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.

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.
    - Notify the Internal Audit Department on non-compliance with this Framework.
  - (ii) Compliance Department should review this Framework along with Internal Audit Department at least once every two (2) years.
- (f) Human Resources Department
  - (i) Human Resources Department are responsible:
    - To ensure this Framework is strictly enforced across all divisions and departments in Takaful Malaysia.
    - To enable all Personnel to uphold highest standard of ethics and integrity in establishing an ethical work environment.
    - To strictly prohibit any Personnel from giving or accepting gifts, hospitality or entertainment, any matter the value or the reason, unless expressly exempted under the respective standard operating procedure ('SOP') of Gifts, Hospitality and Entertainment Reimbursement [STMB/10/P-68].
    - To avoid situations which may influence the judgement of the Personnel in a decision-making process.
    - To avoid conflict of interest or the appearance of conflict of interest for either party in an ongoing or potential business dealing between STMKB, subsidiaries and Third Parties.
- (g) Compliance Coordinators
  - (i) All nominated Compliance Coordinators are required to:
    - Monitor, record and document all gifts, entertainment, hospitality, donations, sponsorships, or CSR activities offered, received, or rejected within their division and department including non-head quarters employees.
    - Submit the ACF Gift & Entertainment (G&E) Register for the division and department to the Compliance Department ([compliance@takaful-malaysia.com.my](mailto:compliance@takaful-malaysia.com.my)) on a quarterly basis, including a nil G&E received or offered by the respective department and division within the reporting period.
- (h) Personnel
  - (i) All personnel shall:
    - Take interest in and strictly comply with regulatory policies implemented by Takaful Malaysia.
    - To comply with applicable anti-bribery and corruption legislation and laws.

- Participate and complete ACF training whenever required within the stipulated deadline.
- 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 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.
- Record and document any gifts, entertainment, hospitality, donations, sponsorships, or CSR activities offered, received, or rejected in the ACF Gift & Entertainment (G&E) Register in the format in **Appendix 2** as guided by **Section 2, Paragraph 2.2**.
- Conduct due diligence on prospective or existing Business Partners, including background checks and formally documented assessment, before and during establishing a business relationship (if any).
  - Additionally, the respective personnel is required to ensure all information and the necessary documents required for **Know Your Customer (KYC) Form (Appendix 4)** and **ACF Due Diligence Checklist (Appendix 5)** are completed.
  - Further guidance on the details of due diligence assessment can be referred to **Appendix 3**.
- 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 Chief Internal Auditor or via the appropriate whistleblowing channel of Takaful Malaysia.

## 1.4 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:

<b>Section 16</b>	<p><b>Accepting Gratification</b></p> <p>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.</p>
<b>Section 17</b>	<p><b>Giving or Accepting Gratification by Agent</b></p> <p>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.</p> <p>It is an if offence 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.</p>
<b>Section 17A</b>	<p><b>Offence by Commercial Organization</b></p> <p>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.</p>
<b>Section 18</b>	<p><b>Intending to Deceive Principal by Agent</b></p> <p>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.</p>
<b>Section 20</b>	<p><b>Corruptly Procuring the Withdrawal of Tender</b></p> <p>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.</p>
<b>Section 21</b>	<p><b>Bribery of Officer of Public Body</b></p> <p>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</p>

	the purposes of influencing his actions in relation to his official duties.
<b>Section 22</b>	<p><b>Bribery of Foreign Public Officials</b></p> <p>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.</p>

(b) Penal Code

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

<b>Section 162</b>	<p><b>Taking a gratification, by corrupt or illegal means, in order to influence a public servant</b></p> <p>This provision is applicable to all Personnel who accept gratification using corrupt or illegal means to influence any public servant.</p>
<b>Section 163</b>	<p><b>Taking a gratification, for the exercise of personal influence with a public servant</b></p> <p>This provision is applicable to all Personnel who accept gratification for purposes of him exercising his personal influence on any public servant.</p>
<b>Section 213</b>	<p><b>Taking gifts, etc., to screen an offender from punishment</b></p> <p>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.</p>
<b>Section 214</b>	<p><b>Offering gift or restoration of property in consideration of screening offender</b></p> <p>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.</p>

**1.5 Related Policies and Documents**

The Framework must be read together but not limited to these focal documents:

- (a) Malaysian Anti-Corruption Commission Act 2009 ("MACC Act").
- (b) MACC Act (Amendment) 2018 (A1567 Act).
- (c) Syarikat Takaful Malaysia Keluarga Berhad Whistleblowing Policy ("WB Policy").

- (d) Bank Negara Malaysia (BNM) Policy Document on Bancassurance/Bancatakaful issued on 30 June 2022 (BNM/RH/PD 028-123).
- (e) Any internal standard operating procedures relating to purchasing and procurement practices.

## 1.6 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 2** of this Framework.

## 1.7 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:

Risks to	
(i) You	(ii) Takaful Malaysia
<ul style="list-style-type: none"> <li>▪ Loss of employment.</li> <li>▪ Loss of membership with professional association(s) which you are affiliated with.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Criminal liability, fine and imprisonment.</li> <li>▪ Civil liability and payment of compensation.</li> <li>▪ Damage to reputation.</li> <li>▪ Loss of business.</li> <li>▪ Loss of business goodwill.</li> <li>▪ Financial loss.</li> <li>▪ Potential revocation of business license.</li> <li>▪ Disqualification from obtaining projects or any other future business opportunities.</li> </ul>

(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.

## Section 2: Risk Areas

### 2.1 Form of Bribery and Corruption

- (a) Gift, Entertainment and Corporate Hospitality
- (b) Donations, Sponsorship and Corporate Social Responsibilities (“CSR”)
- (c) Facilitation Payment
- (d) Political Contributions

#### 2.1.1 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**.

In the event a Personnel is unable to reject a gift due to concerns about disrespect and potential damage to Takaful Malaysia’s business relationship with the giver, they may accept business courtesies. However, this should not compromise ethical business judgment or create any actual or perceived conflicts of interest or impropriety.

**Gifts that could reasonably 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:

Scenarios	Example
Exchange of gifts on a company-to-company level.	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.	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.	Long service award, retirement gift.
Greeting cards that are given to external parties during festive seasons.	Festival greeting cards
Gifts to external parties who have no business dealings with Takaful Malaysia.	Gifts given in kind to charitable organisations.
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.	T-shirts, pens, mugs, diaries, calendars and other small promotional goodies or merchandises.

- (v) The below depicts the process flow for reporting a gift accepted on behalf of Takaful Malaysia whereby rejecting the gift is likely to seriously offend and may sever Takaful Malaysia' business relationship with the Business Partners.

**Exceptional circumstances and subject to approval**



- (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 or 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 or Corporate Hospitality

- (i) Takaful Malaysia acknowledges that bona fide occasional entertainment or 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 or corporate hospitality are important to build goodwill in business relationships, **all eligible Personnel are allowed to provide and accept entertainment or 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 or corporate hospitality. Note that the entertainment or 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 or Corporate Hospitality

- (i) All Personnel may seek clarification from their heads of department/division/reporting line, who may in turn seek confirmation from Compliance or Human Resource Department (if required) to identify if the provision or receipt of a gift, entertainment or corporate hospitality is appropriate.
- (ii) In deciding whether a gift, entertainment or corporate hospitality is appropriate or otherwise, the Personnel and his/her heads of department/division/reporting line shall take into consideration, amongst others, the following:
  - **Bona fide:** Can the gift, entertainment or corporate hospitality be linked to any dishonest purpose or cause?

- **Integrity:** If the provision or receipt of gift, entertainment or 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 or corporate hospitality incur excessive cost and occur regularly and exceed the level of reasonableness?
  - **Transparency:** Are the gift, entertainment or corporate hospitality carried out in a covert manner?
  - **No undue influence:** Does the provision or receipt of a gift, entertainment or 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 or 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 or corporate hospitality shall not be permitted.
- (iv) Regardless of whether Personnel decide to offer, accept, or decline gift, entertainment and corporate hospitality, they must promptly report the receipt of such items to their respective head of department/division or reporting line (whichever is higher). Additionally, the Personnel should record and document the details in the Anti-Corruption Framework (ACF) Gift & Entertainment (G&E) Register as guided by **Section 2, Paragraph 2.2.**

You are also required to comply with the policies and procedures of Human Resource Department, and maintain expenses within the limits of your entitlement, when carrying out entertainment or corporate hospitality activities.

### 2.1.2 Donations, Sponsorship or 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 or CSR are made in a legitimate manner and adheres to the values that we subscribe to as a company.

- (a) Donations or Sponsorships
- (i) All Personnel must ensure that all donations or 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 or 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 or 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 head of department/division/reporting line with the consultation from Compliance Department before proceeding with the donations or 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 Compliance Department must be sought. In this respect, the CSR requests must not proceed without adequate guidance of the 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 Compliance Department for guidance before proceeding further.
- (c) Whether a Donation, Sponsorship or CSR Activity is Appropriate?

- (i) All Personnel may seek clarification from 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, the respective Personnel, approving authority, reporting line of departments, or divisions shall take into consideration, 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) To ensure the legitimacy of proposed charities, beneficiaries, or recipients, all relevant Personnel, departments, or divisions are obligated to conduct name screening and due diligence. They should exercise good judgment and common sense in their assessments. For further guidance, please refer to **Section 3, Paragraph 3.2**.
- (v) Any related supporting documents, assessments, and decisions made regarding a donation, sponsorship or CSR activity should be properly documented and kept by the respective Personnel, departments, or divisions for audit trail purposes. 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.

Additionally, they should also record and document the details in the Anti-Corruption Framework (ACF) Gift & Entertainment (G&E) Register as guided by **Section 2, Paragraph 2.2**.

### 2.1.3 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 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".
- (c) Note that in compliance with Bank Negara Malaysia (BNM) requirements regarding upfront fees, including facilitation fees, Takaful Malaysia or any party acting on its behalf must ensure that payments made to a Bancatakaful partner for the purpose of entering into or pursuant to a Bancatakaful agreement are in accordance with these requirements.

Compliance measures should be in place to ensure that conditions within bancatakaful arrangements are in accordance with BNM requirements and fully comply with anti-corruption provisions. This demonstrates a proactive approach towards promoting transparency and adherence to regulatory standards. It is essential to emphasize that facilitation payments are strongly discouraged, as they may expose the organization to legal and reputational risks. To effectively mitigate these risks, it is recommended to implement a formal process and obtain approval from the Board of Directors, while also incorporating relevant stipulations within the bancatakaful agreement.

To reinforce these efforts:

- (i) Clearly define and communicate the company's stance on facilitation payments to all relevant parties.
- (ii) Regularly review and update internal policies or arrangement to remain compliant with changing regulations.

- (iii) Explore alternative methods to achieve business objectives without relying on facilitation payments.
- (iv) Ensure that internal processes and approvals align adhere to legal standards and best practices in anti-corruption requirements.

In instances where there is uncertainty regarding the appropriateness of facilitation payments, consult the Compliance Department for guidance before proceeding further.

**2.1.4 Political Contributions**

- (a) 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.

**2.2 Anti-Corruption Framework (ACF) Gift & Entertainment (G&E) Register**

- (a) To ensure transparency and accountability, a threshold has been established for reporting gifts, entertainment, and hospitality.

Outlined below are the established threshold and guiding principles concerning items that must be reported:

Gift & Entertainment (G&E) Threshold		
Type	Threshold	Action required
Meals	RM0 – RM499	Nil

Gift & Entertainment (G&E) Threshold		
Type	Threshold	Action required
Other kind of gift and entertainment. (including corporate hospitality, donation, sponsorship and CSR activity)	RM500 and above	<ul style="list-style-type: none"> <li>✓ To obtain approval from the head of department/division or reporting line (whichever is higher) prior to the event.</li> <li>✓ To record and document the details in the ACF G&amp;E Register.</li> </ul>
	<b>Regardless of amount</b>	<ul style="list-style-type: none"> <li>✓ To obtain approval from the head of department/division or reporting line (whichever is higher) prior to the event.</li> <li>✓ To record and document the details in the ACF G&amp;E Register.</li> </ul>

**Notes:**

- Action required remains applicable even if Personnel choose to decline the offered gifts, entertainment and hospitality.
- Personnel should conduct a proper assessment as guided by **Section 2, Paragraph 2.1.1 and 2.1.2, as well as Appendix 1** prior to deciding whether to offer, accept, or decline gifts, entertainment, and hospitality, as well as before contributing to donations, sponsorships, or CSR activities respectively.
- Any related supporting documents, assessments, and decisions made regarding offers, acceptances, and declines of such items should be properly documented and kept by Personnel for audit trail purposes.
- Any reporting and documentation in the ACF Gift & Entertainment (G&E) Register must be made in the format outlined in **Appendix 2**. The record should be fully completed, including obtaining approval from the heads of department/division or reporting line (whichever is higher).

(b) All nominated Compliance Coordinators are required to:

- Monitor, record and document all gifts, entertainment, hospitality, donations, sponsorships, or CSR activities offered, received, or rejected within their division and department.
- Submit the ACF Gift & Entertainment (G&E) Register for the division and department to the Compliance Department ([compliance@takaful-malaysia.com.my](mailto:compliance@takaful-malaysia.com.my)) on a quarterly basis, including a nil G&E received or offered by the respective department and division within the reporting period.

## 2.3 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) Before establishing a business relationship with the proposed vendors and suppliers, Takaful Malaysia requires all Personnel to conduct name screening and thorough due diligence. This practice helps to identify and mitigate potential risks associated with vendors who might be engaged in unethical or illegal activities.

The Personnel must use good judgment and common sense in assessing to ensure the proposed suppliers and vendors is a legitimate organisation. For further guidance, please refer to **Section 3, Paragraph 3.2**.

- (iii) For all purchasing and procurement made, it must be documented in the form of proper agreement should be properly documented and kept by the respective Personnel, department, or division for audit trail purposes. The 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.
- (iv) 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.
- (v) 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 Compliance Department.

(vi) 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.

## 2.4 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.

For further guidance on due diligence, please refer to **Section 3, Paragraph 3.2**.

- (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 respective Personel, division, or department must ensure compliance with the following:
- (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 the respective Personnel, division, or department 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 3, ‘Evaluation of Exposure’**, for further guidance.

## 2.5 Dealing 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 Compliance Department for advice and guidance.

## 2.6 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.

## Section 3: Evaluation of Exposure

### 3.1 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 or 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.

**3.2 Due Diligence on Third Parties**

- (a) It is crucial for Takaful Malaysia to carry out due diligence on prospective third parties (i.e. vendors, suppliers and business partners) as well as the existing (if necessary in light of changes in circumstances and risk factors) for purposes to identify red flags or warning signs that might indicate a high risk of bribery and corruption once a new business relationship is established or where there are changes to existing business relationship.
- (b) Personnel should take into account several key components when performing due diligence on third parties.

Key Components	
Background Checks	Verify the identity, ownership, nature of the business and legal standing of the third party to ensure they are legitimate entities.
Ownership and Control	Determine who owns and controls the third party, including any potential connections to politically exposed persons (PEPs) or high-risk individuals/entities.
Reputation Analysis	Investigate the third party's reputation in the industry and local market to identify any historical involvement in corrupt or unethical activities.
Red Flags	Look for any red flags or warning signs that could indicate potential involvement in bribery, corruption, money laundering, or other illicit activities.

- (c) The following are due diligence measures that shall be performed by the respective Personnel:
  - (i) **Identification** involves ascertaining a prospective third party's identity by obtaining and recording comprehensive information about them. Information required to be obtained from the third party is set out in **Appendix 4**.

- (ii) **Verification** involves confirming the accuracy of the information provided during third party identification process. Personnel should ensure the following when collecting the necessary documents:
- Copies obtained should be legible, verified against the originals and particular care must be taken to avoid accepting forged documents. All documents obtained should be valid as at the date such documents are obtained.
  - Care must be exercised when taking a copy of identity document to ensure that the photograph that is copied is clear and identifiable.
  - Constituent documents such Constitution/Memorandum and Articles of Association, Certificate of Incorporation, Trust Deed and other documents related to the entity should be attested by the authorized signatory of the entity.
  - All documents obtained must be retained as per record retention requirements.
  - For verification of residential address verification, visits may be undertaken by the intermediaries concerned.
- (iii) **Name Screening** involves screening and identifying related parties against the Dow Jones Database, which comprises individuals or entities convicted by the Malaysia Anti-Corruption Commission (“MACC”) and Royal Malaysia Police (“RMP”), reprimanded by Bursa Malaysia (“Bursa”), Securities Commission (“SC”), Politically Exposed Persons (“PEP”)s and Related or Close Associates (“RCA”) and sanctioned individuals and entities under United Nations (“UN”), Office of Foreign Assets Control (“OFAC”) and other applicable consolidate other countries’ unilateral sanctions lists in their sanctions database. Such screening helps identify whether the third party has a history or association with bribery and corruption. This is crucial in preventing Takaful Malaysia from engaging with partners or entities involved in illegal or unethical practices.
- (iv) **Risk Assessment** involves evaluating the potential risks associated with engaging with the related parties with respect to corruption and unethical practices.
- 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 5** for reference. The objective of the due diligence checklist is to assess related parties that Takaful Malaysia may be involved with and determine if they pose a risk of bribery and corruption.
- (v) **No business relationship or transactions shall commence with the third party until all due diligence and risk assessments have been satisfactorily completed.**

Further details of the due diligence assessment for third parties are as per **Appendix 3** for Personnel's guidance.

- (d) 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.

A sample of integrity clauses which may be incorporated in contracts between Takaful Malaysia and Business Partners can be found in **Appendix 6** that is annexed to this Framework.

### 3.3 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.

## Section 4: Control Measures

### 4.1 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.

### 4.2 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 Compliance Department or you may make use of the whistleblowing channel. Please refer to the Whistleblowing Policy for more details on the whistleblowing mechanism.

## Section 5: Systematic Review, Monitoring and Enforcement

### 5.1 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 two 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.

### 5.2 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.

### 5.3 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.

## 5.4 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.

## Section 6: Training and Communications

### 6.1 Training

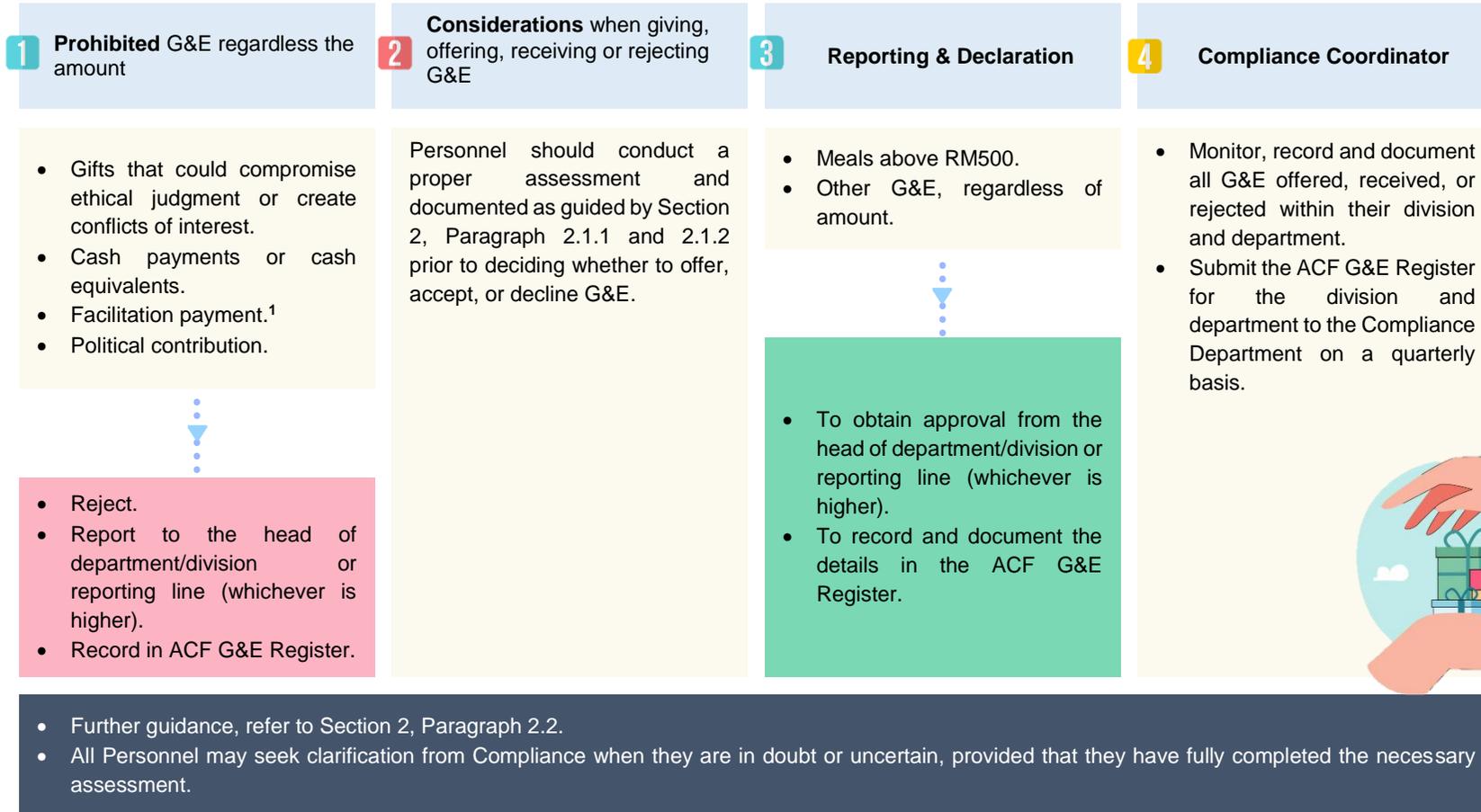
- (a) Takaful Malaysia understands that adequate training to all Personnel and where relevant to our Business Partners is an essential part of an effective anti-corruption compliance programme. In this respect, we are committed to provide proper and periodical training to our Personnel and where required, 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 Compliance and Human Resources Departments 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.
- (c) All Personnel and relevant intermediaries are required to complete the online refresher e-Learning related to anti-corruption compliance programmed on annual basis within the timeline given.

### 6.2 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 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.

## Appendix 1: Gift & Entertainment (G&E) Guidance



<sup>1</sup> While facilitation payments are strictly prohibited, please note that in accordance with BNM requirements, certain upfront fees, including facilitation fees, may be permissible under specific circumstances related to bancatakaful agreements. Further guidance, refer to Section 2, Paragraph 2.1.3.



## The DO's and DON'Ts in Handling

### Gift Activities

Takaful Malaysia are prohibited from accepting or providing gifts to third parties unless it falls under the general exceptions provided under this Framework as stated in Section 2, Paragraph 2.1.1 (a) (iv).

#### DO's



Takaful Malaysia must inform its Business Partners involved in business dealings with Takaful Malaysia that the Company practices a **“No Gift Policy”** and to request the aforementioned parties to respect and adhere with the Company policy.



Personnel must exercise proper care and judgment when handling gift activities in **determining the appropriateness of the gift**. The assessment conducted on the gift treatment must be properly documented and kept by Personnel for audit trail purposes.



Personnel are required to **submit the Gift and Entertainment Register form** to Compliance **regardless of the decision of the gift treatment**.

The register should be fully completed, including obtaining approval from the heads of department/division or reporting line (whichever is higher).

#### DON'Ts

Any gift that falls within the below-mentioned categories **should be immediately returned or declined**.



Cash payment or cash equivalent (i.e. vouchers, discounts, coupons, share and commission etc.).



Involving parties engaged in a tender or competitive bidding exercise.



Implying a direct or indirect expectation of favor ('quid pro quo').



Violating local or foreign bribery and corruption laws.



Excessive or lavish gifts exceeding Takaful Malaysia's maximum threshold or damaging the company's reputation.



## The DO's and DON'Ts in Handling

### Entertainment and Corporate Hospitality

Takaful Malaysia Personnel are prohibited from offering or providing entertainment or corporate hospitality with a view to improperly creating undue influence on any party in exchange for some future benefit or result. Any acts of this nature, whether directly or indirectly, may be construed as an act of bribery that is contrary to this Framework.

#### DO's



Stay updated on local anti-bribery laws/news when interacting with public officials, as it may be perceived as bribery.



Adhere to Human Resource (HR) policies and expense limits during entertainment or hospitality activities.



Obtain approval from department/division heads or reporting line (whichever is higher) for any entertainment or corporate hospitality activities involving public officials, in consultation with HR and/or Compliance Department.

#### DON'Ts

Any offers of entertainment or corporate hospitality that falls within the below-mentioned categories **should be immediately declined**.



Implying a direct or indirect expectation of favor ('quid pro quo').



Violating local or foreign bribery and corruption laws.



Entertainment or corporate hospitality that is excessive, lavish, sexually oriented, or otherwise damaging to Takaful Malaysia's reputation.

## Appendix 2: Sample of Gift & Entertainment (G&E) Register



### ANTI-CORRUPTION FRAMEWORK (ACF) GIFT & ENTERTAINMENT (G&E) REGISTER

Version 2.0: "July" 2024

BUSINESS OWNER										
Entity	E.g. STMKB/ STMAB/ STMKB & STMAB				Period From	E.g. Jan 2024	To	E.g. March 2024		
Division/ Department	E.g. Human Resources									

No	Employee Name & Designation	Giving/ Receiving G&E	Description of G&E	Name of Third Party Involved (Recipient/ Provider)	Occasions/ Business Purpose/ Reason for G&E	Any pending negotiation/ transactions/ arrangements	Estimated Value of G&E	Date Incurred	Approval by Division Head/ Reporting Line
E.g.	Michael Tan (Division Head)	Giving	Hamper	ABC Sdn Bhd	As a business courtesy during the Chinese New Year and the receiver is the business partner for Product team.	Nil	RM50	18/1/2024	Yes
E.g.	Daniel Ahmad (Division Head)	Receiving	Meals – Business Lunch	5 persons from Sales Team including 3 persons from DEF Sdn. Bhd.	The provider offers services for the sales services – the lunch was arranged for their business pitch.	Nil	RM500	20/2/2024	No

**ADDITIONAL REMARKS**

E.g.

- Nil submission from HR department for the period Q1 2024.
- The gift received under item 1 was distributed to the entire Product Team (15 persons).
- The business lunch offered under Item 2 was rejected to avoid any perception of impropriety.

**Declared by**

**Compliance Coordinator / Person in charge**  
 Name :  
 Date :

**Approved by**

**Head of Department**  
 Name :  
 Date :

For internal use only

**Note:**

1. Compliance Coordinators are required to submit the ACF G&E Register for the division and department to the Compliance Department ([compliance@takaful-malaysia.com.my](mailto:compliance@takaful-malaysia.com.my)) on a **quarterly basis**, including a nil G&E received or offered by the respective department and division within the reporting period.
2. Guiding principles on the **reportable items and threshold** set for the reporting purposes, as below:
  - a. Meals above RM500.
  - b. Any other kind of G&E regardless of amount.
  - c. For further guidance, please refer to Section 2, Paragraph 2.2 in the ACF.
3. Personnel must conduct a proper assessment and record as guided in, Section 2, Paragraph 2.1.1 (c) and 2.1.2 (c) of ACF requirement prior decision whether to offer, accept, or decline G&E.

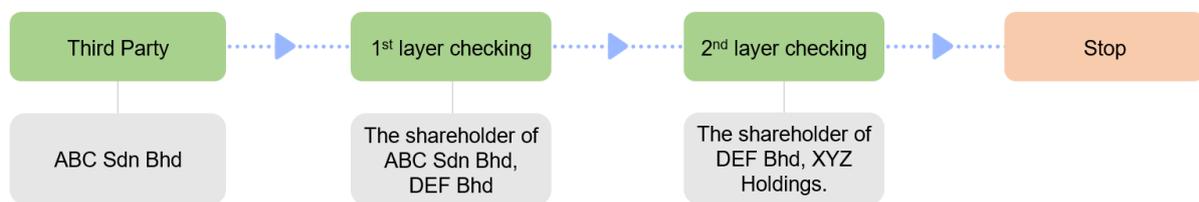
*For internal use only*

## Appendix 3: Due Diligence on Third Parties

1. Business Owners to identify and take reasonable measures to verify the identity of Beneficial Owner and Related Parties associated with Third Parties.
2. Business Owners to ensure all self-declared information and documents required for Know Your Customer (KYC) Form are completed before establishing a business relationship.
3. Based on the information supplied in the KYC form, Business Owners is required to perform company search (SSM search) and validate the self-declaration. If the SSM search reveals that the third party has corporate shareholders, Business function is required to perform second layer of SSM search on the corporate shareholders as per stated.

You may end the checking at the second layer of SSM search on the corporate shareholder if you are satisfied with the information in the KYC Form.

### Example



4. Business Owners should also identify and verify that the person acting on behalf of the third party is duly authorized.
5. From the documents and information obtained as above, the obligation is on the respective Business Owners to assess, analyse the transactions and maintain records on the assessment.

### Note:

1. In the event of doubt regarding the identity of the third party or related parties associated with third parties, Business Owners shall:
  - a) Conduct basic search on the background of such person which to ensure that the person has not been or is not in the process of dissolved, liquidated or bankrupt; or
  - b) You may conduct public search or seek and obtain more information/documents; and
  - c) Conduct search via Companies Commission of Malaysia (SSM), Labuan Financial Services Authority or any other relevant authority.
2. Takaful Malaysia **does not conduct business** with **sanctioned individuals/entities** on account of legal and reputational risks involved.

## Appendix 4: Sample of Know Your Customer (KYC) Form



### KNOW YOUR CUSTOMER (KYC) FORM

To be completed by corporate entities only

Version 2.0: June 2024

The information in this KYC form is required for Syarikat Takaful Malaysia Keluarga Berhad ("STMKB")/ Syarikat Takaful Malaysia Am Berhad ("STMAB") to conduct due diligence exercise to the prospective business relationship or transaction with you as part of our effort to comply with the relevant laws.

1. Please ensure that all sections are completed. If a question is not applicable, kindly indicate this by writing "N/A" in the provided space and provide a justification.
2. Please provide the specified supporting documents listed under Part E in the latest versions and certified as true copies (CTC).
3. If the space provided for any of the questions is insufficient, please supply the necessary information by attaching separate declaration forms.
4. Any incomplete or unverified information may trigger us to make further queries or we may refuse to enter into any business relationship or transaction with you.
5. STMKB/ STMAB may require you to provide further information or documentation upon reasonable request, from time to time.

The questionnaire consists of the following sections:

Part A: Entity Details

Part B: Entity Ultimate Beneficial Ownership

Part C: Entity Background and Shareholders

Part D: Definition of Terms

Part E: Supporting Documents

Part F: Terms and Conditions

Part G: Declaration

Part H: For Office Use Only (for internal use or completion by the STMKB/STMAB In-Charge Officer)

PART A: ENTITY DETAILS				
Registered entity name				
Types of entity	<input type="checkbox"/> Company incorporated in Malaysia	<input type="checkbox"/> Company incorporated outside Malaysia	<input type="checkbox"/> Partnership	<input type="checkbox"/> Sole proprietorship
	<input type="checkbox"/> Others, please specify			
Business registration no.				
Date of establishment				
Place of establishment				
Industry/ Nature of business				
Website				
Registered address				
Business address				
Nature/ purpose of business arrangement				
Office no.			Fax no.	
Sales Tax and Service Tax (SST) no.			Tax Identification Number (TIN)	
PART B: ENTITY ULTIMATE BENEFICIAL OWNERSHIP				
The percentage shares held by the beneficial owners of the entity are as follows.				
Name	NRIC/ Passport No.	Relationship with company	Nationality	% shares



PART C: ENTITY BACKGROUND AND SHAREHOLDERS				
No.	Query	Yes	No	
1.	Has the entity been convicted for any criminal offences or subject to administrative action/ investigation in any jurisdiction?			
2.	Has the entity been directly or indirectly involved in any charges or proceedings relating to money laundering or terrorism financing or any unlawful activity in any jurisdiction?			
3.	Are there any pending or threatened winding-up, insolvency, liquidation or dissolution proceedings that the entity is currently undergoing?			
4.	a) Are any of your shareholders or directors a Politically Exposed Person (PEP)? If yes, please provide the following details.			
	<b>No.</b>			<b>Name of shareholder(s)/ director(s)</b>
b) Are any of your shareholders or directors a Family Member or Close Associate to any PEP? If yes, please provide details.	<b>No.</b>	<b>Name of shareholder(s)/ director(s)</b>	<b>Name of PEP(s)</b>	
5.	Anti-Bribery and Corruption Requirements			
a)	Does the entity familiar with the requirements of MACC Act 2009 especially on section 17A that governs the offence of corruption committed by a commercial organization?			
b)	Does the entity have an Anti-Corruption Policy or any other control measures in place to refrain from bribery and corruption in all its forms?			
c)	Does the entity provide training of anti-bribery requirements to employees?			
d)	Does the entity have procedures in place to allow reporting of any misconduct?			
PART D: DEFINITION OF TERMS				
Beneficial Owner / Ultimate Beneficial Owner ("UBO")	Refers to the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those natural persons who exercise ultimate effective control over a legal person. "ultimately owns or control" or "ultimate effective control" refers to situations in which ownership or control is exercised through a chain of ownership or by means of control other than direct control.			
Close Associates	Refers to any individual closely connected to a PEP, either socially or professionally. An individual who is closely connected to a PEP may include the PEP's: a) extended family members, such as relatives (biological and non-biological relationship); b) financially dependent individuals (i.e. persons salaried by the PEP such as drivers, bodyguards, secretaries); c) business partners or associates; d) prominent members of the same organisation as the PEP; e) individuals working closely with the PEP (i.e. work colleagues); f) or close friends.			
Family Member	Refers to individuals who are related to a PEP either directly (consanguinity) or through marriage. Family member of the PEP includes the PEP's: a) parents*; b) siblings*; c) spouse(s); d) child*; or e) spouse's parents*; * biological and non-biological relationship			
Politically Exposed Person (PEP)	Refers to: a) foreign PEPs – individuals who are or who have been entrusted with prominent public functions by a foreign country. For example, Heads of State or Government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations and important political party officials; b) domestic PEPs – individuals who are or have been entrusted domestically with prominent public functions. For example, Heads of State or Government, senior politicians, senior government, judiciary or military officials, senior executives of state owned corporations and important political party officials; or c) persons who are or have been entrusted with a prominent function by an international organisation which refers to members of senior management. For example, directors, deputy directors and members of the board or equivalent functions. The definition of PEPs is not intended to cover middle ranking or more junior individuals in the foregoing categories.			



**PART E: SUPPORTING DOCUMENTS**

Please provide the following supporting documents in the latest versions and certified as true copies (CTC).

No.	Types of Entity	Document(s) (Certified true copy)
1.	Company incorporated in Malaysia	a) Memorandum and Article of Association or Constitution OR written confirmation duly signed by a director confirming that the Company does not have Constitution; b) Form 9 (Certificate of Incorporation of Private Company) OR Companies Act 2016 – Section 14 & 15 OR Certificate of Registration under Ordinan Nama-Nama Perniagaan of Sarawak OR Form B - Certificate of Registration under Commercial Licence Ordinance 1948 for Sabah; c) Form 24 (Complete Return of Allotment of Shares Form)/ Annual Return OR Companies Act 2016 - Section 78; d) Form 44 (Notification of Change in the Registered Address Form) OR Companies Act 2016 – Section 46; e) Form 49 (Notification of Change in the Register of Directors, Managers and Secretaries Form) OR Companies Act 2016 - Section 58 & 236(2); <b>AND</b> f) Letter of authorisation and identification documents (NRIC/passport) for authorised representatives; OR g) Powers that regulate and bind customers i.e. Directors' Resolution/ names of Senior Management
2.	Company incorporated outside Malaysia	a) Documents equivalent to the documents required for companies incorporated in Malaysia from a-f. b) Company profile c) Brochures on products/services
3.	Sole Proprietorships, Partnerships and Others	Business Registration Certificate (or equivalent)

**PART F: TERMS AND CONDITIONS**

STMKB/ STMAB reserves the right to terminate our business relationship or transaction with you, in the event it is discovered that any information or document provided is false, inaccurate or misleading.

**Personal Data Protection**

- STMKB/ STMAB shall comply with the applicable laws on personal data protection including Personal Data Protection Act 2010 (PDPA 2010), in order to collect, use, process, record, hold, store, share and/or disclose any or all personal data related to the performance and obligations for the purpose of conducting the due diligence process.
- All information and documentation provided by you will be handled carefully and treated as strictly confidential but may be shared with the competent regulatory authorities as and when directed.
- By providing the personal data and completing the KYC form which that are related to company information, you consent to us processing your information in accordance with our Privacy Notice, and you confirm that all personal data provided by you is accurate and complete, and that none of it is misleading or out of date. You will promptly update us in the event of any change to your personal data.
- When you give us personal data about another person, you confirm that they have appointed you or you have legal authority / responsibility to act for them, to consent to the processing of their personal data and to receive on their behalf, any data privacy notices.
- We reserve the right to update and amend this Personal Data Protection clauses or Takaful Malaysia Privacy Notice from time to time. We will notify you of any amendments to this Personal Data Protection or Takaful Malaysia Privacy Notice via announcements on our website or other appropriate means. This Personal Data Protection is to be read together with Takaful Malaysia Privacy Notice which is available on our website at [www.takaful-malaysia.com.my](http://www.takaful-malaysia.com.my).
- STMKB/ STMAB shall implement adequate technical and organisational security measures to protect the personal data from any loss, misuse, modification, unauthorised or accidental access or alteration, disclosure or destruction of your personal data.

**PART G: DECLARATION**

By signing this form, the undersigned, who is duly authorized and has full legal capacity to complete this questionnaire on behalf of the entity, hereby certifies the matters set forth in this questionnaire, signs and certifies this document as follows:

- the above information is true to the best of my/ our knowledge, correct and accurate.
- I/ we have read and understood the terms and condition above and expressly consent to the collections, use, processing, storage and transfer of data in the manner and for the purposes described in this questionnaire.

**Signature of Authorized Person for This Business Arrangement**

Name	
Identification No. (NRIC/ Passport No.)	
Position	
Company Stamp	
Date	



<b>PART H: FOR OFFICE USE ONLY</b>	
<i>The information provided in Part H is intended for internal use only and is to be completed solely by the STMKB/STMAB In-Charge Officer. Any unauthorized access, use, or disclosure of this information is strictly prohibited.</i>	
I hereby declare that all the required information provided above is complete, and all necessary and up-to-date documents, as outlined in Part E, have been obtained.	
<b>Signature of STMKB/ STMAB Officer In Charge</b>	
<b>Name</b>	
<b>Position</b>	
<b>Date</b>	

## Appendix 5: Sample of Anti-Corruption Framework (ACF) Due Diligence Checklist



### ANTI-CORRUPTION FRAMEWORK (ACF) DUE DILIGENCE CHECKLIST

Version 3.0: "July" 2024

The information in this checklist is necessary for Takaful Malaysia, i.e. Syarikat Takaful Malaysia Keluarga Berhad ("STMKB") or Syarikat Takaful Malaysia Am Berhad ("STMAB"), to carry out a due diligence exercise to assess the third party from multiple perspectives. This assessment process is crucial in order to identify and mitigate the risk of engaging in business relationship, activities or transactions with a third party that could potentially lead to bribery and corruption risk.

**Note:**

- This checklist is intended solely for internal use. Therefore, it should be completed by Takaful Malaysia business owner's Compliance Coordinator or Person in Charge for the arrangement prior to establishing any business relationship with an third party.
- Kindly submit the fully completed form to [compliance@takaful-malaysia.com.my](mailto:compliance@takaful-malaysia.com.my). Any incomplete or unverified information may prompt further inquiries from Compliance.

BUSINESS OWNER	
Division/ Department	<i>E.g. Human Resources</i>
THIRD PARTY/ SERVICE PROVIDER	
Name	<i>E.g. ABC Sdn Bhd</i>
Business Activity/ Nature of Business	<i>E.g. HR software provider</i>

Please tick (✓) the applicable box.

No.	Questions	Response	
		Yes	No
<b>(I) ASSESSMENT OF THIRD PARTY RISKS</b>			
<i>To assess the third party from various angles to identify and minimise the risk of entering into transaction with third party who pose imminent risks leading to the commission of bribery and corruption.</i>			
<b>(A) Organisation / Affiliations</b>			
<i>To assess whether the third party lack legitimacy, has unusual or suspicious features, or has links that pose risks to Takaful Malaysia.</i>			
1.	In the past, Takaful Malaysia had engaged with the third party. If yes, please provide further details on, a) service being provided. b) period/ tenure of providing service to Takaful Malaysia.  <i>E.g.</i> a) Internal platform for employee services. b) January 2019 to December 2021.		
2.	The third party 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 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 are one of the following entity types – joint venture, trust, other legal arrangement, club, society and charity.		
5.	The third party or its representative is dealing with Takaful Malaysia without any face-to-face encounter.  If there have been no physical meetings, please provide justification and measures you have taken to establish the legitimacy and reliability of your engagement with the third party.  <i>E.g.</i> The company is located in Singapore and does not have a branch in Malaysia. Nevertheless, we have conducted a virtual meeting with their key person and implemented document verification procedures.		

*For Internal Use Only*



No.	Questions	Response	
		Yes	No
6.	<p>Takaful Malaysia or its appointed representative has not conducted a site visit to check whether the third party is a legitimate entity and operates as it described itself through brochures, website or other literature.</p> <p>If no site visit has been conducted, please provide justification and measures you have taken to ensure that the third party is a legitimate entity.</p> <p><i>E.g.</i>  <i>The company is located in Singapore and does not have a branch in Malaysia. However, we have conducted a virtual meeting with their key person and performed a public search on the company's building.</i></p>		
7.	The third party specifically requested for discretionary authority to handle local / international matters alone.		
8.	The third party 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.		
10.	<p>The third party has other unusual or suspicious profiles / characteristics / features. If yes, please provide further details on the unusual elements detected.</p> <p><i>E.g. Based on our public search conducted, the third party has been involved in past legal problems and violations of rules set by authorities.</i></p>		
<b>(B) Integrity</b>			
<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 lacks public commitment to conduct business with integrity and to refrain from bribery and corruption in all its forms.		
12.	<p>The third party lacks detailed compliance policies and procedures particularly in relation to bribery and corruption risk areas such as,</p> <ul style="list-style-type: none"> <li>a) gifts and hospitality;</li> <li>b) political contributions;</li> <li>c) charitable contributions and sponsorships;</li> <li>d) facilitation payments; and</li> <li>e) conflict of interest management.</li> </ul>		
13.	The third party lacks formalised reporting channels for whistleblowing, including the necessary policies and procedures to protect whistle blower.		
14.	The third party lacks record which demonstrates that it has communicated and trained its position on anti-bribery and corruption to its personnel and directors.		
15.	<p>The third party 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,</p> <ul style="list-style-type: none"> <li>a) clauses on prohibition of the practice of bribery and corruption; or</li> <li>b) clauses for termination in the event that the external provider is found to have been involved in bribery and corruption.</li> </ul>		
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.		
<b>(C) Necessity and Competence</b>			
<i>To assess whether the third party 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>			
17.	The third party is likely to perform a function that is not necessary, or which Takaful Malaysia has capacity to carry out on its own.		
18.	The third party lacks sufficient capability and experience in the relevant industry / sector to bring value to the operation, in proportion to the fees it charges.		
19.	Takaful Malaysia has been asked, recommended, or directed by the third party (such as the prospect or client) to use this specific third party.		
20.	The third party was the only candidate considered for this role.		
21.	The third party plans to use other individual / entity to perform services under the proposed agreement, instead of performing it themselves.		

For Internal Use Only



No.	Questions	Response	
		Yes	No
<b>(II) ASSESSMENT OF TRANSACTION RISKS</b>			
<i>To assess whether the transaction that Takaful Malaysia intends to enter into with the third party lacks legitimacy or has unusual or suspicious features.</i>			
22.	The transaction requires that some payments be made in cash.		
23.	The transaction requires the use of payment terms which are unusual for Takaful Malaysia.		
24.	The third party has a tendency to / intends to bill for its services on an aggregate (lump sum) basis without providing detailed breakdown.		
25.	The third party 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.		
26.	The business or commercial rationale for the transaction is not entirely clear or obvious.		
27.	The transaction has other unusual or suspicious characteristics / features. If yes, please provide further details on the unusual elements detected. <i>E.g. The third party requested for a payment to be transferred into an offshore account.</i>		
<b>(III) MITIGATION MEASURES</b>			
<i>For any red flags identified above, please provide further clarification/ justification regarding the controls and measures undertaken to mitigate the associated risks.</i>			
<i>E.g.</i>			
<i>We are unable to conduct a site visit to the third party due to their overseas location. However, the following controls are in place to ensure they are a legitimate entity:</i>			
<ul style="list-style-type: none"> <li>• <i>Conduct a public search on the company's background and their customers.</i></li> <li>• <i>Request feedback from their existing customers.</i></li> <li>• <i>Conduct virtual meetings.</i></li> </ul>			

Prepared by

Reviewed and Approved by

Compliance Coordinator/Person in Charge

Head of Department

Name :

Name :

Date :

Date :

*For Internal Use Only*

## Appendix 6: 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 and integrity communicated by <b>STMKB</b> and made available whether in <b>STMKB’s</b> official website or otherwise.</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>(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</b>'s 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</b>'s 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 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</p>	

No.	Subject matter	Integrity clauses	Notes
		<p><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 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</p>	To be inserted in the section of the Agreement that contains provisions on termination.

No.	Subject matter	Integrity clauses	Notes
		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> .	

### 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> <ol style="list-style-type: none"> <li data-bbox="386 696 1093 763">(1) strictly comply with laws and regulations relating to anti-corruption including but not limited to the MACCA;</li> <li data-bbox="386 801 1093 936">(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</li> <li data-bbox="386 974 1093 1079">(3) take all measures to prevent corrupt practices, unfair means and illegal activities at all times throughout the term of this [NDA/MoU].</li> </ol>	To replace the section of the [NDA/MoU] that contains provisions on compliance with laws.

## Appendix 7: Gift & Entertainment (G&E) Frequently Asked Questions (FAQs)

Use these FAQ on G&E to better understand how to comply with Anti-Corruption Framework (ACF).

### 1 Accepting Gifts, Meals and Other Business Courtesies

- Q : a. May I offer to treat my colleagues to lunch?**  
**b. Is it appropriate to give a birthday present to my colleagues?**  
**c. Am I permitted to provide 'angpau' or 'duit raya' to my staff?**  
**d. Does the above need to be declared in ACF G&E register?**
- A :** Expenses incurred among internal staff are allowable, provided they do not interfere with ethical business judgment or create an actual or perceived conflict of interest or impropriety. Such expenses are not required to be declared in the register.
- 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 and conduct a proper assessment as guided by Section 2, Paragraph 2.1.1 and Para 2.1.2.
- 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. However, it's important to note that gifts that could reasonably be seen as interfering with ethical business judgment or creating an actual or perceived conflict of interest or impropriety are strictly prohibited.

### 2 ACF G&E Register Submission

- Q : If no G&E activities have occurred within the division/department, is it still necessary to submit the ACF G&E register to Compliance?**
- A :** Yes, the submission is on a quarterly basis, including a nil G&E received or offered by the respective department and division within the reporting period.

### 3 Dealing with Business Partners, Public, Third Parties and External Parties

- 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 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 Compliance Department.
- 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.
- 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 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.

### 4 Involvement in politics

- 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.