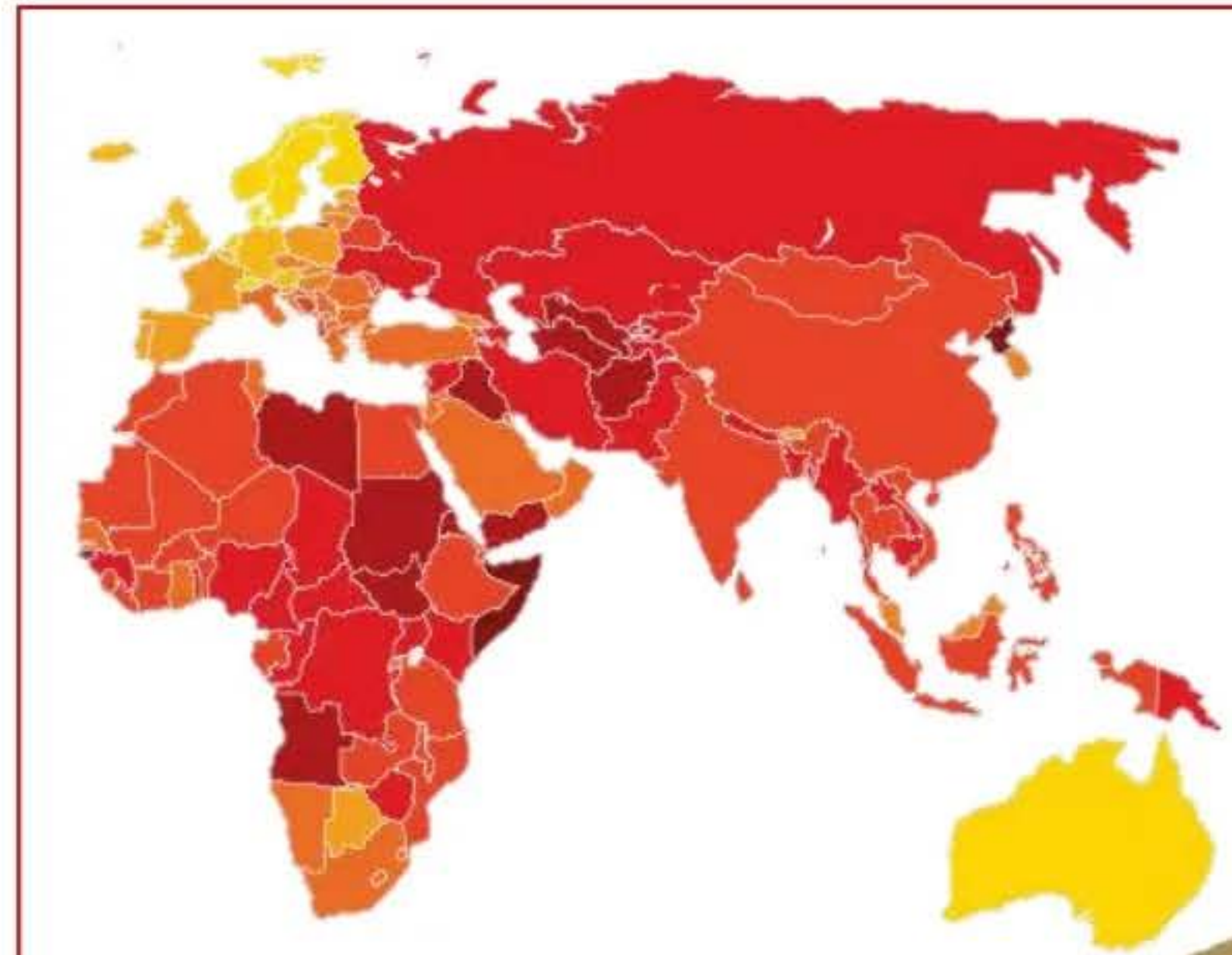


ORGANISATIONAL ANTI-CORRUPTION PLAN 2024-2026



“Strategic Financing Advancing Sarawak”



Organisational Anti-Corruption Plan 2024-2026

**Development Bank of Sarawak Berhad
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List of Acronym and Abbreviation

ABC	: Anti-Bribery and Corruption
AML/CFT	: Anti-Money Laundering and Counter Financing Terrorism
BARCOM	: Board Audit & Risk Committee
Board	: DBOS' Board of Directors
CeIO	: Certified Integrity Officer
CEO	: Chief Executive Officer
CIGO	: Chief Integrity & Governance Officer
CISO	: Chief Information Security Officer
CPI	: Corruption Perceptions Index
DBOS	: Development Bank of Sarawak Berhad
GLC	: Government-Linked Company
HAPI	: Humility.Accountability.Professionalism.Integrity
HR	: Human Resource
IAD	: Internal Audit Department
IGO	: Integrity and Governance Officer
IGU	: Integrity and Governance Unit
MACC	: Malaysian Anti-Corruption Commission
NACP	: National Anti-Corruption Plan 2019-2023
OACP	: Organisational Anti-Corruption Plan
UNCAC	: United Nations Conventions Against Corruption
UNIONS	: Unit Integriti Dan Ombudsman Sarawak

Definition

Bank	: Development Bank of Sarawak Berhad
Corruption	: "Corruption is the abuse of entrusted power for private gain. It can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs." – Transparency International Corrupt practices which involve the receiving, obtaining or soliciting, offering, promising, giving, directly or indirectly, anything of value to improperly influence the action(s) of another party, by misusing the authority of their position. There are four (4) main offences under the MACC Act 2009: i. Accepting/receiving/soliciting gratification – Sections 16(a) & 17(a); ii. Offering/giving gratification – Sections 16(b) & 17(b); iii. Making false claim – Section 18; iv. Using public office or position for gratification – Section 23.
Forms of corruption	: These include bribery, kickbacks, facilitation payments, conflict of interest, charitable and political donations, patronage, sponsorship, cronyism, nepotism, entertainment/hospitality, bid rigging, discounts, commissions, rent seeking, false claims and abuse of position. Transparency International (2019) describes amongst most-common ways of servicing corruption as follows: informal payments from clients, embezzlement, inflating services and the costs of services, favouritism and manipulation of data (billing for goods and services that were never sent or done).
Corruption Risk	: The possibility or likelihood that corrupt practices can happen, and their effect on the objectives of an organisation.
Corruption Risk Assessment (CRA)	: A diagnostic tool to identify weaknesses within a system that may present opportunities for corruption to occur (Transparency International). In DBOS' ABC Policy, CRA is carried out by IGU, based on standards guided by MACC and/or UNIONS from time to time.
Corruption Risk Management (CRM)	: A management process which helps to identify structural weaknesses that may facilitate corruption, provides a framework for all staff to take part in identifying risk factors and treatments, and embeds corruption prevention within a well-established governance framework (Independent Commission Against Corruption, New South Wales, Australia). Per DBOS' ABC Policy, IGU shall conduct a comprehensive CRM to identify and assess corruption risk every three (3) years, with intermittent assessment conducted when there is a change in law or circumstance.
Data Analysis	: A process of systematically inspecting, cleansing, transforming and modeling data with the goal of discovering useful information, informing conclusions and supporting decision-making.
Implementor(s)	: A support /control function(s) or committee(s) represented by a coordinator that will implement the agreed respective action plan(s) for each initiative of DBOS' OACP Priority Areas.

Sarawak Government's Statement of Commitment

“Sarawak Government believes in upholding integrity and sustaining good governance practices in line with its vision of becoming a developed economy by 2030”.

“It is the Sarawak Government's wish that integrity will become part of the people. Hopefully, it will result in the peace and prosperity of the people”.

YAB Premier Datuk Patinggi Tan Sri (Dr) Abang Haji Abdul Rahman Zohari bin Tun Datuk Abang Haji Openg

Sarawak State Legislative Assembly (DUN) on 20 November 2023, passed the Sarawak Ombudsman Bill. It is the first Ombudsman Law in Malaysia. This reflects the Sarawak Government's seriousness in upholding transparency.



Part 1: *Introduction*

- Chairman's Statement of Commitment
- CEO's Statement of Commitment
- Key Objectives of OACP

Chairman's Statement of Commitment



Dear stakeholders,

It is apt to introduce DBOS' Organisational Anti-Corruption Plan (OACP) 2024-2026. DBOS has been continuously committed to the highest standards of honesty and transparent business practices. In line with the Malaysian Government's requirements as set out in the National Anti-Corruption Plan (NACP) 2019-2023, and the Sarawak Government's determination to progressively develop high standard of integrity by 2030, DBOS' OACP plan reflects the highest standards of integrity in its corporate governance ecosystem.

I trust this plan will serve as a comprehensive reference for DBOS in strengthening integrity and governance and preventing corruption. DBOS commits to strategic funding, therefore it is paramount to those associated with DBOS' to discharge their roles and responsibilities with the highest integrity, transparency, accountability in delivering the intended outcome and results that would instill confidence and trust among all DBOS' stakeholders.

I believe that the implementation of all initiatives in the OACP's action plan will have a positive impact on DBOS' performance and service delivery. Let us together continue to uphold the highest standards of integrity in all our endeavours and prevent any action that would compromise or impair DBOS' integrity. Organisation and people with integrity will always be respected and achieve lasting success and sustainable value.

Thank you.

A handwritten signature in black ink, appearing to read 'A. Morshidi', written over a horizontal line. The signature is fluid and cursive.

Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani

Chairman, Development Bank of Sarawak Berhad

CEO's Statement of Commitment



Dear DBOS' employees and our valued business partners,

At DBOS, we pride ourselves on our reputation for conducting our business professionally, ethically, honestly and fairly. Our team upholds Humility, Accountability, Professionalism and Integrity (HAPI) core values firmly, and collectively committed to integrity and good governance in all our business dealings and relationships.

We adopt a zero-tolerance approach to bribery and corruption in all its forms. In line with this, we have developed our Organisational Anti-Corruption Plan (OACP) to further strengthen our existing ethics and governance ecosystem.

DBOS' OACP clearly defines the focus areas and strategic initiatives to prevent and mitigate corruption as well as manage integrity and governance risks. The OACP outlines our action plan in strengthening compliance, governance and monitoring in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACCA).

I have full confidence that DBOS' OACP will empower the management, employees as well as our business partners in the prevention and control of bribery and corruption.

Let us always be guided by our integrity as we aspire to build an advanced and sustained economy for a better Sarawak.

Thank you.

A handwritten signature in black ink, appearing to read 'Laura Lee Ngien Hion'.

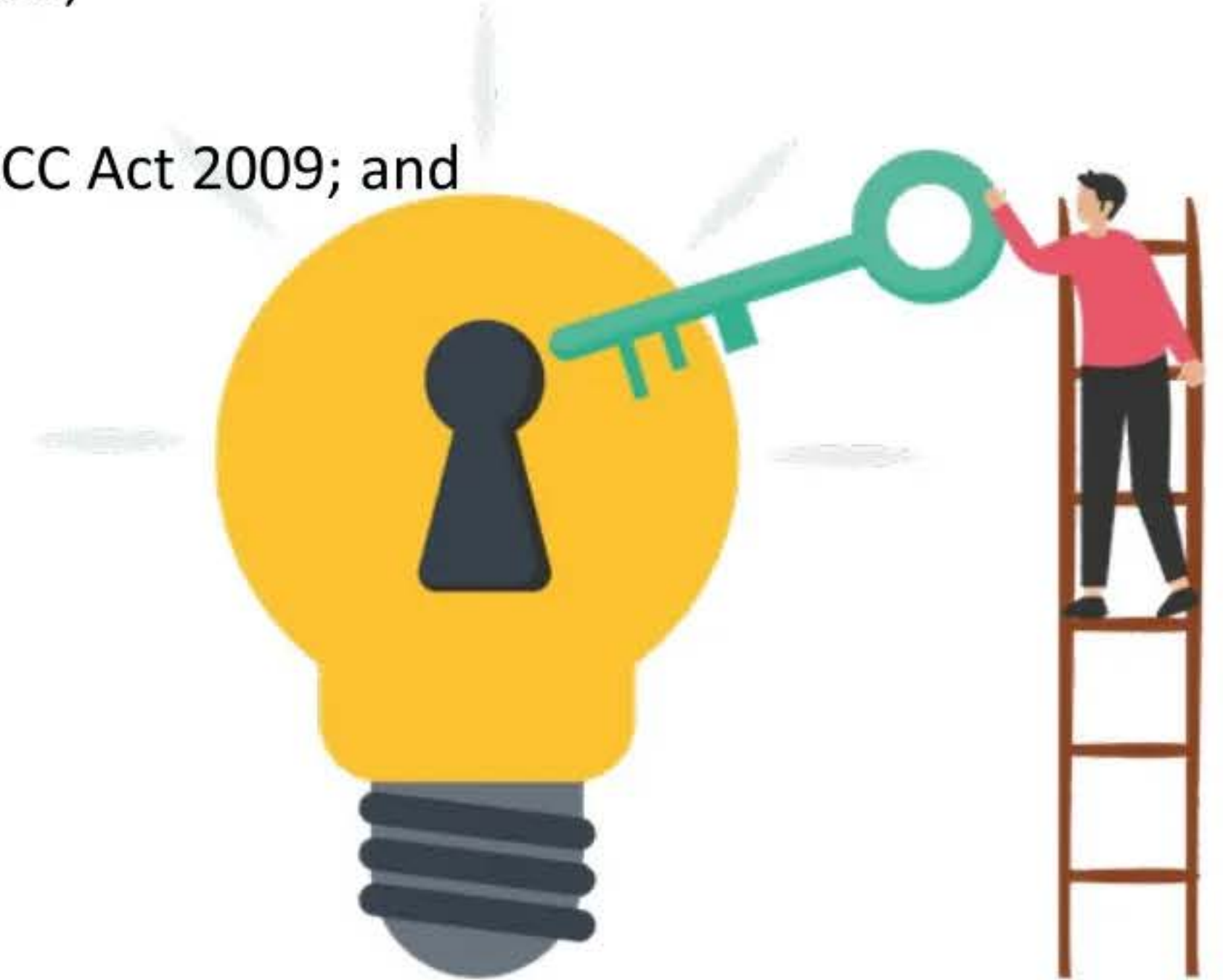
Datu Laura Lee Ngien Hion

Chief Executive Officer, Development Bank of Sarawak Berhad

Since commencement of business, DBOS has built a solid foundation of integrity, transparency and good governance. It is DBOS' responsibility to uphold these by making sure all employees and business partners are empowered to make informed and ethical decisions at all times.

The key objectives of DBOS' OACP are as follows:

- 1) to continuously enhance integrity, transparency and good governance;
- 2) to align its strategy to prevent the occurrence of corrupt practices;
- 3) to act as a defence towards compliance with Section 17A of the MACC Act 2009; and
- 4) to serve as a useful guide and reference to all stakeholders.

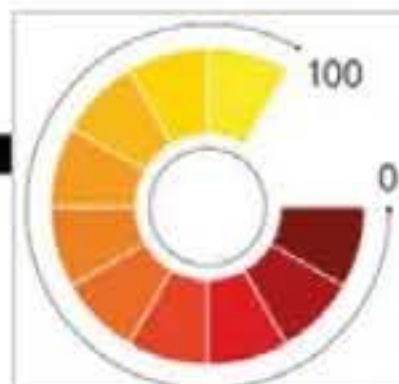


Part 2: Combating Corruption

- Malaysia's CPI Ranking
- Issues in the Regional Banking Industry
- Benefits of a Strong Anti-Bribery and Corruption Framework in the Banking Industry
- Recommended Areas of Improvement in the Banking Industry
- United Nations Convention Against Corruption & NACP
- Strategic Framework of The National Anti-Corruption Plan 2019-2023
- Sarawak's Initiatives in Combating Corruption and Raising Standards of Accountability
- Establishment of IGU in All GLCs

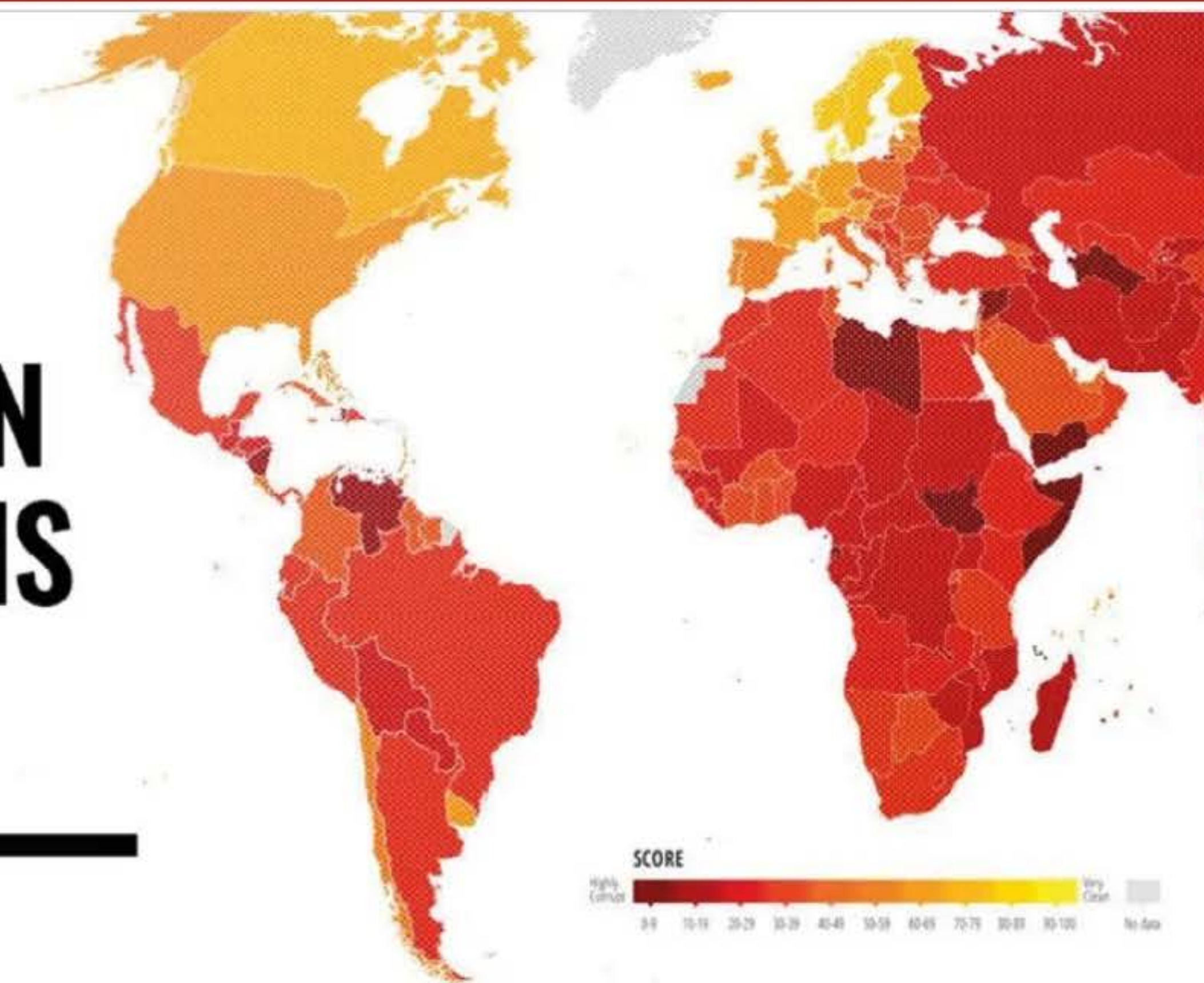


CORRUPTION PERCEPTIONS INDEX 2023



THE CPI USES A SCALE FROM 0 TO 100

100 is very clean and 0 is highly corrupt



MALAYSIA CPI SCORE & RANKING

Year	Score	Rank
2023	50	57
2022	47	61
2021	48	62
2020	51	57
2019	53	51
2018	47	61
2017	47	62
2016	49	55
2015	50	54
2014	52	50

Since 2019, Malaysia's scores on the Corruption Perceptions Index (CPI) have been on a downward trend after a high score of 53 that year but Malaysia has rebounded from the trend based on Transparency International's (TI) 2023 CPI. Malaysia's ranking on the CPI had also shown improvement from 61 in 2022 to 57 in 2023.

According to the Prime Minister, Datuk Seri Anwar Ibrahim, Malaysia is able to improve our ranking if the nation moves as a team to ensure that issues related to governance and integrity can be addressed over time.

Issues in the Regional Banking Industry

One of the most challenging sectors to fight corruption is the banking sector, as its system collides with the most complicated forms of corruption and bribery. Malaysia has had its fair share of high-profile corruption, bribery cases and money-laundering cases in the near past.

Among the common corruption risks in the banking sector include, insider information, unauthorised activities, monopolisation, approval and execution of banking documents, passing inspection and clear supervision of actions.

- ❑ In April 2021, a former president and managing director of a development bank was detained by the MACC for allegedly receiving bribes estimated at RM8 million to approve a loan of RM400 million for a non-existent project.
- ❑ In September 2022, AmBank had paid RM2.83 billion settlement to the Malaysian government over the 1MDB scandal, comprising mainly of offenses related to AmBank's process weaknesses on money laundering.
- ❑ In October 2023, in our neighboring country, the Monetary Authority of Singapore (MAS) have seized about \$2.8 billion worth of assets, from luxury real estate related to money laundering scandal.

Some of the other schemes that take place in the banking sector include misuse of confidential information, facilitation of money laundering, abuse of power/conflict of interest and mismanagement of client investment portfolios.

Reuters

Malaysia's AmBank to pay \$700 million in 1MDB-linked settlement

Malaysian banking group AMMB Holdings Berhad (AmBank) said on Friday it will pay the government 2.83 billion ringgit (\$699 million) to...



The Malaysian Reserve

Former bank MD, president detained for RM8m graft

A FORMER president and MD of a development bank with Datuk title are among four individuals who were detained by the Malaysian...

The Star

Singapore banks sharpen scrutiny after \$2 bln money laundering scandal -sources


SINGAPORE Banks in Singapore are taking longer than usual to perform due diligence on clients and closing accounts in some cases.



Benefits of a Strong Anti-Bribery and Corruption Framework in the Banking Industry

Widespread corruption deters investment, weakens economic growth and undermines the rule of law. With a strong anti-bribery and corruption framework in a financial institution, the benefits would include:


Genuine business can operate more cost-effectively and efficiently, thereby improving the country's economy.



Banking industry is the primary custodian of national wealth in an economy through its deposit-gathering activities.



Banks play critical roles in the economy in which its disruption to the banking industry could adversely impact the economy.



As the banking business is a business of trust and confidence, lessons from past banking crisis show that a bank's loss of trust and confidence could immediately threaten its ability to survive.

Recommended Areas of Improvement in the Banking Industry

Due to a multifaceted structure of the banking sector, corruption-related investigations and risk assessments are very complex. In general, recommended areas of improvement are as follows:

1

Top executives would need to focus on people, technology and process/procedures towards risk mitigation and strategic management.

2

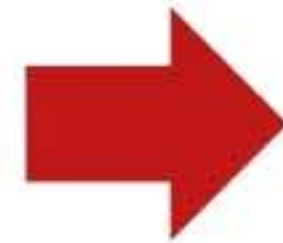
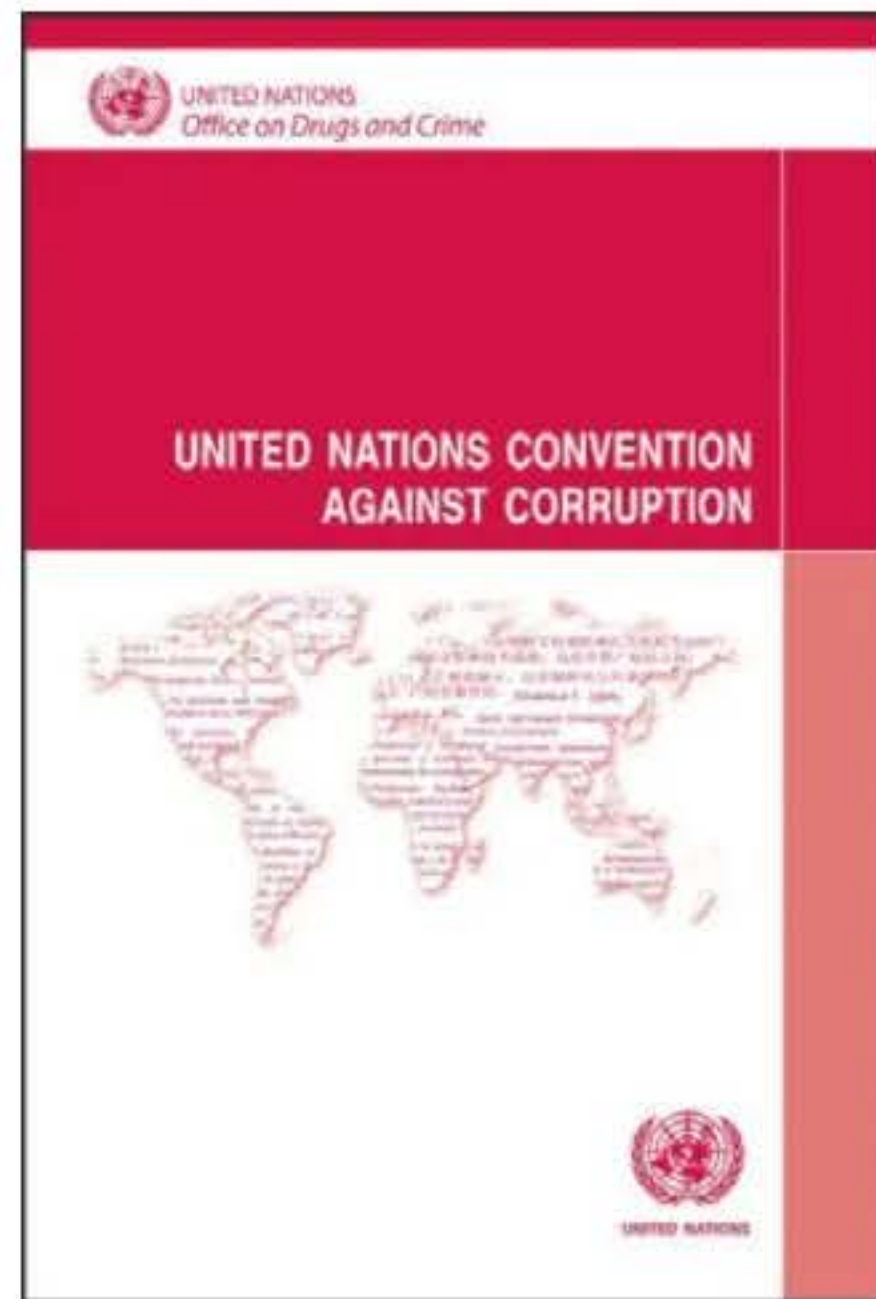
Business and relationship-based risk assessments are key to achieve a sustainable control environment.

3

A proactive approach to managing the risk of financial crime, specifically the risk of corruption and bribery in banking transactions.

4

Good governance, continuous training and awareness, due diligence of persons associated with the organisation, along with the adequate policies and procedures would mitigate the risk of corruption and bribery.



It stipulates that a country must have a documented anti-corruption policy and strategy. Malaysia is one of the member countries when it signed the convention on 1st December 2003.

Moving forward to restore Malaysia's image at the international level and raising its status as a dignified and anti-corruption country, the Malaysian government has developed the NACP to achieve the aspiration of "Malaysia to be known for her integrity and not corruption", in line with the spirit contained under the UNCAC.

Pursuant to the need to develop NACP that was introduced by the Malaysian Government in 2018, the Prime Minister's Directive No. 1 of 2018, 2nd Series No. 1 of 2019, entitled "Re-enforcing Governance, Integrity and Anti-Corruption in the Malaysian Government Administration – Implementing the National Anti-Corruption Plan" was issued on 29 March 2019.

There are 6 critical NACP strategies formulated in efforts to root out corruption as below;

1. Strengthening Political Integrity and Accountability;
2. Strengthening the Effectiveness of Public Service Delivery;
3. Increasing the Efficiency and Transparency in Public Procurement;
4. Enhancing the Credibility of Legal and Judicial System;
5. Institutionalising Credibility of Law Enforcement Agencies; and
6. Inculcating Good Governance in Corporate Entity.

The most relevant strategy to be imposed by GLCs is the 6th strategy under Section 6.2.1.

NACP STRATEGY 6 – Inculcating Good Governance in Corporate Entity

Section 6.2.1, Greater Corporate Entities Resilience against the Threat of Corruption is obliging the Statutory Bodies, State-Owned Enterprises (SOEs), Company Limited by Guarantee (CLBG) and private sector regulated by regulatory bodies to develop OACP with the assistance of three agencies, i.e. MACC, National Centre for Governance [now officially been fully absorbed into MACC effective 18th April 2023 and now known as the National Governance Planning Division (NGPD)] and Malaysian Institute of Integrity (IIM).



MISSION



To uphold the rule of law



To improve government efficiency, transparency & accountability through good governance



To create a clean business environment

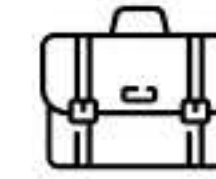
GOALS



Ensure accountability & credibility of judiciary, public prosecutors & law enforcement agencies



Provide efficient & responsive service



Build business integrity

PRIORITY AREAS & STRATEGIES

- 1 Political Governance**
Strategy: Strengthening political integrity & accountability
- 2 Public Sector Administration**
Strategy: Strengthening the effectiveness of public service delivery
- 3 Public Procurement**
Strategy: Increasing the efficiency and transparency in public procurement
- 4 Legal and Judicial**
Strategy: Enhancing the credibility of the legal and judicial system
- 5 Law Enforcement Strategy:** Institutionalising the credibility of law enforcement agencies.
- 6 Corporate Governance**
Strategy: Inculcating good governance in a corporate entity.

Sarawak's Initiatives in Combating Corruption and Raising Standards of Accountability

The Sarawak government under the leadership of YAB Premier Datuk Patinggi Tan Sri (Dr) Abang Haji Abdul Rahman Zohari bin Tun Datuk Abang Haji Openg, has taken a significant step towards ensuring public accountability. Sarawak was the first state in Malaysia to commit towards MACC's Corruption-Free Pledge in 2017. Sarawak further established the Unit Integriti dan Ombudsman Sarawak (UNIONS) in **February 2018** directly under the Premier's Department, emphasizing the importance of transparency and combating corruption.

2018



In following-up with YAB Premier of Sarawak's commitment made during Majlis Amanat Perdana Integrity in 2019 to ensure Sarawak progressively develops with high integrity by 2030, the Sarawak State Government, after due consideration, agreed to adopt the NACP's objectives and issued a Sarawak State Circular Series No. 1 / 2020 on **30th June 2020** making it a requirement for all State's Ministries, departments, agencies and statutory bodies to implement its OACP.

2020



Sarawak Cabinet had on 8 October 2021 agreed to extend similar requirements via a Circular notification on **8th October 2021** and Sarawak UNIONS' training workshops that followed to all Sarawak-owned GLC to develop its own OACP within 3 years commencing 2022.

2021



Sarawak is now the first state in Malaysia to have an Ombudsman Institution, after the Sarawak Ombudsman Bill 2023 was passed at the State Legislative Assembly on **20th November 2023**. The primary objective of the Ombudsman is to elevating the standard of accountability in public administration and to provide mechanism against maladministration by public service agencies (inclusive of the State's GLCs) by providing and independent oversight and the required powers to investigate and resolve complaints.

2023

Sarawak's Initiatives in Combating Corruption and Raising Standards of Accountability



The YAB Premier of Sarawak and others at the office of Parliamentary Ombudsman of Sweden in Stockholm, Sweden on 21 August 2023. Premier Abang Johari believes Swedish Ombudsman Law is the best model for Sarawak to emulate.

Establishment of IGU in All GLCs

Invest Malaysia Kuala Lumpur (IMKL) on 25th July 2017

- The Malaysian Government has endorsed the establishment of IGU in all GLCs, companies owned by the Ministry and Government agencies including the State Government under the supervision of the MACC.
- The establishment of IGU is believed to be able to strengthen internal controls in preventing corruption, abuse of power and malpractices. Therefore, institute a healthy business culture which contribute to the national economic growth.

Prime Minister's Directive No.1 of 2018

- PM Directive mandates the establishment of IGU in GLCs, Companies owned by the Ministry and Government Agencies including the State Government in ensuring excellent working culture with strong moral and ethical principles towards enhancing the spirit of patriotism.
- Further, GLCs, companies owned by the Ministry and Government agencies including the State Government must establish an IGU within two years from the effective date of the PM Directive i.e. by 5th October 2020.

Guideline for the Management of Integrity and Governance Unit (Guideline) on 5th October 2018

- Pursuant to the PM Directive made on 5th October 2018, MACC had issued the Guideline in 2019 and the purpose was to provide explanation on the implementation and operations of an IGU.
- The prescribed 4 core functions for GLCs are as follows:-
 - a) Complaints Management;
 - b) Detection & Verification;
 - c) Integrity Enhancement; and
 - d) Governance.

Sarawak State Circular Series No. 1/2020 on a requirement for all State Ministries, Departments, Agencies and Statutory Bodies to implement its OACP dated 30th June 2020



UNIT INTEGRITI DAN OMBUDSMAN NEGERI
JABATAN KETUA MENTERI
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PETRA JAYA
93502 KUCHING, SARAWAK

NO TEL : 082-516881
NO FAX : 082-311374

DARIPADA : Setiausaha Kerajaan Negeri Sarawak **KEPADA :** Semua Setiausaha Tetap Kementerian Semua Ketua Jabatan Negeri Semua Badan Berkanun Negeri Semua Residen Semua Setiausaha Penguasa Tempatan

SALINAN :
KEPADA :

RUJUKAN : JKMU/UNION/100-1/1/5 (04) **TARIKH :** 30 Jun 2020

**PEKELILING INTEGRITI NEGERI SARAWAK
BILANGAN 1 TAHUN 2020**

PELAN ANTIRASUAH ORGANISASI (OACP)

1.0 TUJUAN

1.1 Pekeliling Integriti ini bertujuan untuk menerangkan proses penyediaan dan pelaksanaan Pelan Antirasuah Organisasi (OACP) bagi semua Kementerian, Pentadbiran Bahagian, Jabatan dan Badan-Badan Berkanun Negeri Sarawak.

2.0 LATAR BELAKANG

2.1 Persidangan Menentang Rasuah Pertubuhan Bangsa-Bangsa Bersatu atau *United Nations Convention Against Corruption (UNCAC)* merupakan satu-satunya instrumen memerangi rasuah di peringkat antarabangsa yang menikat dari segi undang-undang. Malaysia telah menandatangani UNCAC pada 9 Disember 2003 semasa Hari Anti-Rasuah Antarabangsa dan mengesahkan keanggotaan pada 24 September 2008. Article 71 UNCAC menghendaki negara anggota untuk melaksanakan langkah antirasuah bertujuan untuk mencegah rasuah, penyelewengan, kebocoran maklumat dan pengubahan wang haram.

Part 3:

DBOS' Integrity Journey

- DBOS At a Glance
- DBOS' Code of Business Ethics
- Preventive Measures (T.R.U.S.T) under DBOS' ABC Framework
- Key Policies and Procedures under DBOS' ABC Framework
- DBOS' Commitment to MACC Corruption-Free Pledge
- Establishment of DBOS' IGU



Incorporated on 11th May 2017, DBOS is a public company limited by shares to carry on business as a development financial institution. Its role is to support the Sarawak Government's efforts by providing funding for the development of strategic projects. DBOS is committed to facilitate the economic growth of Sarawak and to transform Sarawak's non-renewable resource-based economy into a more broad-based sustainable economy.

DBOS commits and adheres to the best practices of corporate governance inclusive of applicable governance regulations as introduced by Bank Negara Malaysia and Securities Commission Malaysia, and this approach has been adopted notwithstanding the fact that DBOS is a non-prescribed development financial institution.

Various initiatives have been adopted by DBOS that enable its Board and Senior Management to make well-informed decisions, provide appropriate accountability and transparency, and nurture internally proper culture and behaviours.

Purpose

Strategic Financing Advancing Sarawak

Vision Statement

To be the leading development bank in Sarawak by expanding funding opportunities, driving economic growth and promoting social progress in line with Post Covid Development Strategy (PCDS) 2030.

Mission Statement

We are committed to driving strategic financing to advance and secure a sustainable future for Sarawak.

Core Values

DBOS emphasizes the values of HUMILITY, ACCOUNTABILITY, PROFESSIONALISM AND INTEGRITY (HAPI). Through such core values, DBOS believes its employees, business partners and other stakeholders shall be able to work in unity towards success in all its undertakings with outstanding results.

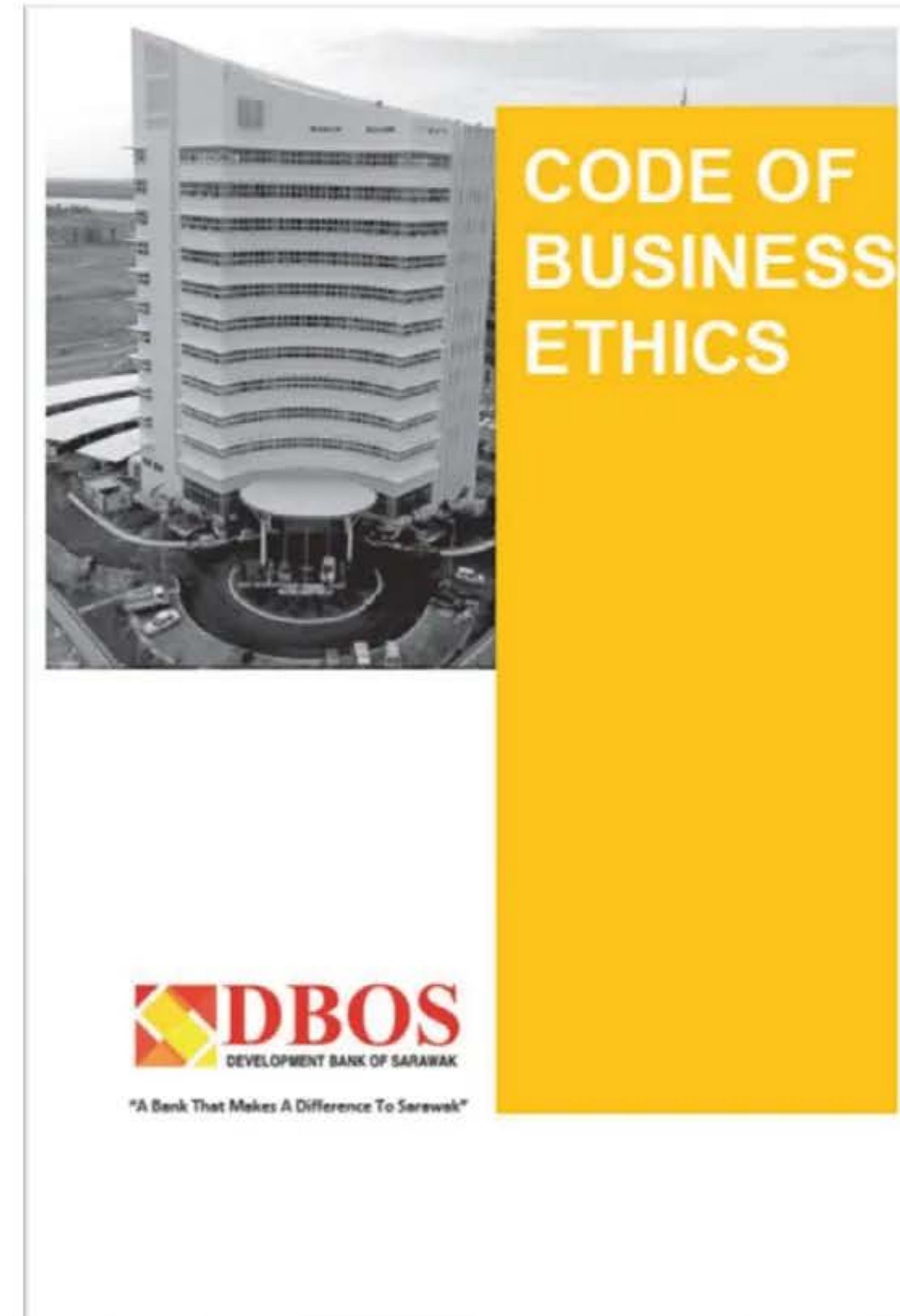
Risk Appetite Statement

DBOS aims to achieve sustainable growth and advance Sarawak through timely financing of Sarawak strategic projects under DBOS' mandated sectors. The Bank ensures the effectiveness of governance and risk management through constant monitoring and periodic reporting, in line with best practices.

DBOS' Code of Business Ethics (“COBE”) is a publication framework that sets out a summary of expectations by the Bank and compliance to rules that exist from a regulatory and internal control standpoint. COBE was successfully rolled out on **23rd August 2022**.

The main objectives of COBE, among others, as follows:

- ❑ To guide the conduct of all Bank Personnel in promoting healthy culture across the Bank;
- ❑ To uphold the highest integrity in discharging Bank Personnel’s duties; and
- ❑ To serve as a guideline of standards regarding ethical business conduct.



Preventive Measures (T.R.U.S.T) under DBOS' ABC Framework

In line with the effective enforcement date of Section 17A under MACC Act 2009 that took effect from 1st June 2020, DBOS has developed and rolled-out its ABC Framework on 29th May 2020, based on the principles of T.R.U.S.T.

Top Level Commitment

- ✓ Establishment of various committees to check & balance all deliberations.
- ✓ Establish periodic review and assessment in line with changes and developments announced by MACC.

Risk Assessment

- ✓ Carrying out corruption risk as part of its risk assessment based on standards guided by MACC and/or UNIONS from time to time.
- ✓ The results of the risk assessments are used to assess to establish appropriate policies and procedures to reduce those risks to an acceptable level.

Undertake Control Measures

- ✓ Appropriate controls to address any corruption risk in the governance framework or daily process of business activities, including due diligence for agents.
- ✓ Background checks and assessments for potential employees and directors.
- ✓ Accessible reporting channel for internal and external parties.
- ✓ Additional corruption related internal controls in respect of gift & hospitality, political contributions and donations, charitable contributions and sponsorship, disallowing the use of facilitation payment in its business, conflict of interest, monitoring of ABC framework, record keeping and retention of financial records.

Systematic Reviewing, Monitoring and Enforcement

- ✓ Monitoring the effectiveness of the anti-bribery and corruption programme and the implementation of it on a regular basis.
- ✓ The Board should review the scope and implementation of the ABC Policy based on IGU and independent IAD's review report.
- ✓ Any non-compliance identified by the audit and any risk areas identified shall be reported to the BARCOM in a timely manner.

Training and Communication

- ✓ Training and awareness on anti-bribery and corruption programme are conducted for all directors and employees.
- ✓ Standard clauses on anti-bribery and corruption to be inserted into contractual obligations that DBOS enters with third-party clients/ agent.

A comprehensive Anti-Corruption Risk Assessment ("ACRA") exercise based at that particular time in 2019 on United Nations standards and guidelines on combating corruption; and

Enhanced, revamped and launched key policies and procedures concerning adequate measures on anti-bribery and corruption.

While extensive but not exhaustive, the list of policies and procedures that are currently in force are part of the measures of DBOS' Anti-Bribery and Corruption framework programme.

Code of Business Ethics

Gift & Hospitality Policy and Procedure

Complaint Management Policy

Fit and Proper Policy

AML/CFT Policy and Procedures

Procurement Policies and Procedures

Conflict Management Policy

Outsourcing Policy

DBOS' Commitment to MACC Corruption-Free Pledge

In addition, DBOS has adopted MACC Corruption-Free Pledge initiatives since 2019.

DBOS has voluntarily undertaken the action to make it mandatory for DBOS' leadership and employees in an individual capacity to pledge and make a unilateral declaration against corrupt practices and further to hold each of them accountable and responsible for carrying out their duties and to prevent from engaging in any corruption misconduct throughout their tenure with DBOS.

For the record, DBOS has been rated "Medium" in the 2020 and 2023 risk assessments conducted by MACC. It is a recognition by MACC of DBOS' commitment towards reducing the risk of corruption and maintaining good corporate governance.



"First Pledge"

2019



"Pledge Renewal"

2022

DBOS' Board had during the 15th Board Meeting on **12 August 2020**, resolved the establishment of a new control function of IGU, to demonstrate DBOS' ongoing commitment on initiatives, integrity and governance management and in line with the PM Directive No.1 2018 dated 5th October 2018 and Guidelines from the Management of IGU issued by MACC 2019.



Q&A

We already have DBOS' ABC Policy, why OACP still need to be implemented?

ABC Policy mainly addresses on bribery and corruption, but not integrity and governance, which are the **key components & initiatives of the OACP.**



Part 4: ***DBOS' OACP***

- ❑ Data Sources
- ❑ Outcome of Group-wide Survey
- ❑ Development & Formulation of DBOS' OACP
- ❑ Corruption Risk Assessment
- ❑ Overview of DBOS' OACP Strategic Framework
- ❑ DBOS' OACP Implementation Mechanism
- ❑ DBOS' OACP Monitoring & Reporting Governance Structure
- ❑ Moving Ahead
- ❑ Our Appreciation

Identifying the key issues relating to integrity, governance and corruption are pivotal in ensuring proper strategies can be crafted and targeted action plans can be carried out effectively. This is to ensure right actions, including appropriate mitigating mechanisms, are put in place to combat the root causes of bribery and corruption.

Desktop Review

Reviewed data from published news, reports and research publications in relation to the latest trends, threats and emerging risks which needs to be taken into consideration due to relevancy and materiality.

Corruption Risk Assessment

Reviewed data from the annual material corruption risk assessment exercise in respect of corruption risk events and the risk profile.

Internal Reports

Reviewed data if any complaints/whistleblowing and related issues based on IGU BARCOM reports, Detection & Verification report and Internal Audit reports.

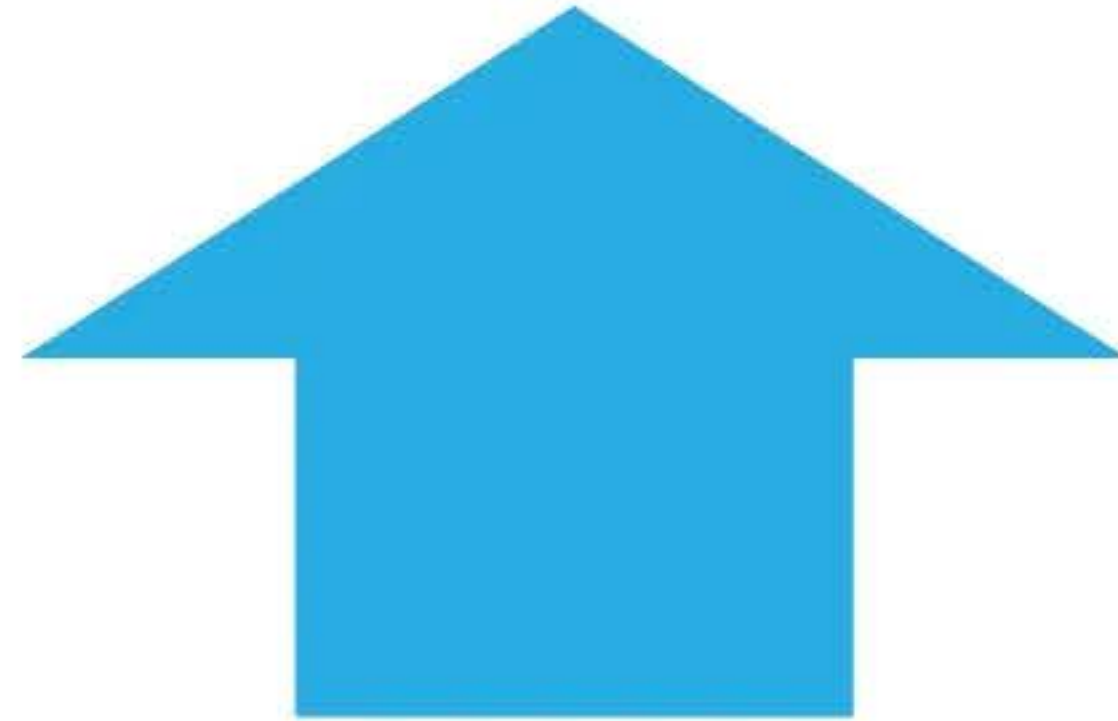
Group-wide Survey

Reviewed data from an internal survey conducted to gauge employees' level of understanding on integrity, governance and corruption matters.

OACP Workshop

Reviewed data on feedback/input received from the OACP Committee on potential key issues relating to integrity, governance and corruption within DBOS.

Prior to conducting the OACP workshop, data was collected to gauge employees' level of understanding on corruption, governance and integrity matters. Soft data was gathered from survey responses guided by the UNIONS' sample of questionnaires tailored to DBOS' environment. Below is the summary of the result:

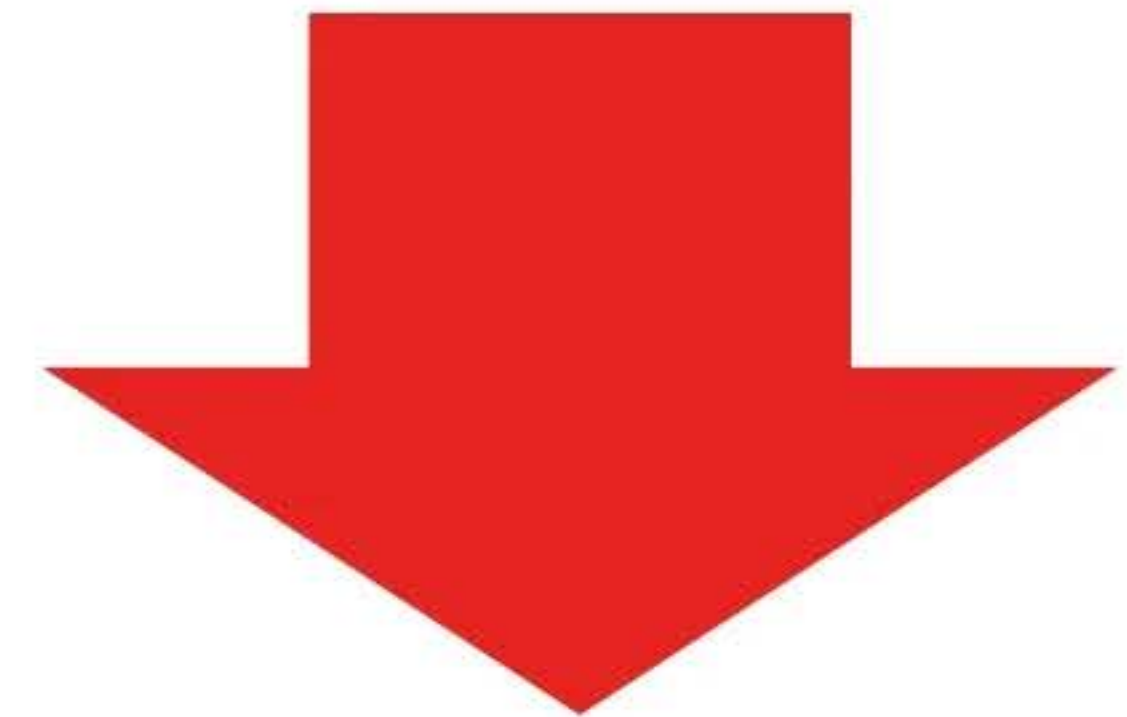


Areas of Comfort

- 1) No corruption cases reported and no worrying issues;
- 2) Gift and hospitality received is in accordance with internal policies and procedures;
- 3) Integrity intact as no concern to bend the rules as COBE is taken seriously;
- 4) Sufficient resources to get the job done; and
- 5) Comparatively good understanding to the standards applicable to the jobs.

Areas of Concern

- 1) Inherent risk of involvement with public officials and possible enticements;
- 2) Fear of losing job or pressure to achieve KPI/results notwithstanding the means to achieve them; and
- 3) Possibility to circumventing policies and procedures.



Development and Formulation of DBOS' OACP



The idea behind OACP framework was formulated from the OACP workshop that was held from **6 to 7 June 2023** at Borneo Convention Centre Kuching (BCCK) with the support of facilitators assigned by **UNIONS**.

In addition, the OACP framework is derived in line with the Guidelines on Adequate Procedures issued by the Prime Minister's Department pursuant to **Section 17A(5)** under the **Malaysian Anti-Corruption Commission Act 2009**.

The said Guidelines lists five (5) core principles of which commercial organisations should adhere to in order to satisfy the requirement of "adequate procedures" under **Section 17A(4)**. These 5 principles may be encapsulated using the acronym **T.R.U.S.T**.

The framework was further reviewed by the Senior Management on **21 July 2023** and **28 August 2023**.

The reviewed framework was approved by DBOS' Board of Directors on **18 September 2023**.

**THE OACP FURTHER
ENHANCED THE ADEQUATE
MEASURES FOR DBOS IN
ITS DEFENSE AGAINST ANY
CHARGE OF CORPORATE
LIABILITY.**

OACP Workshop, 6 & 7 June 2023 at Borneo Convention Centre Kuching (BCCK)



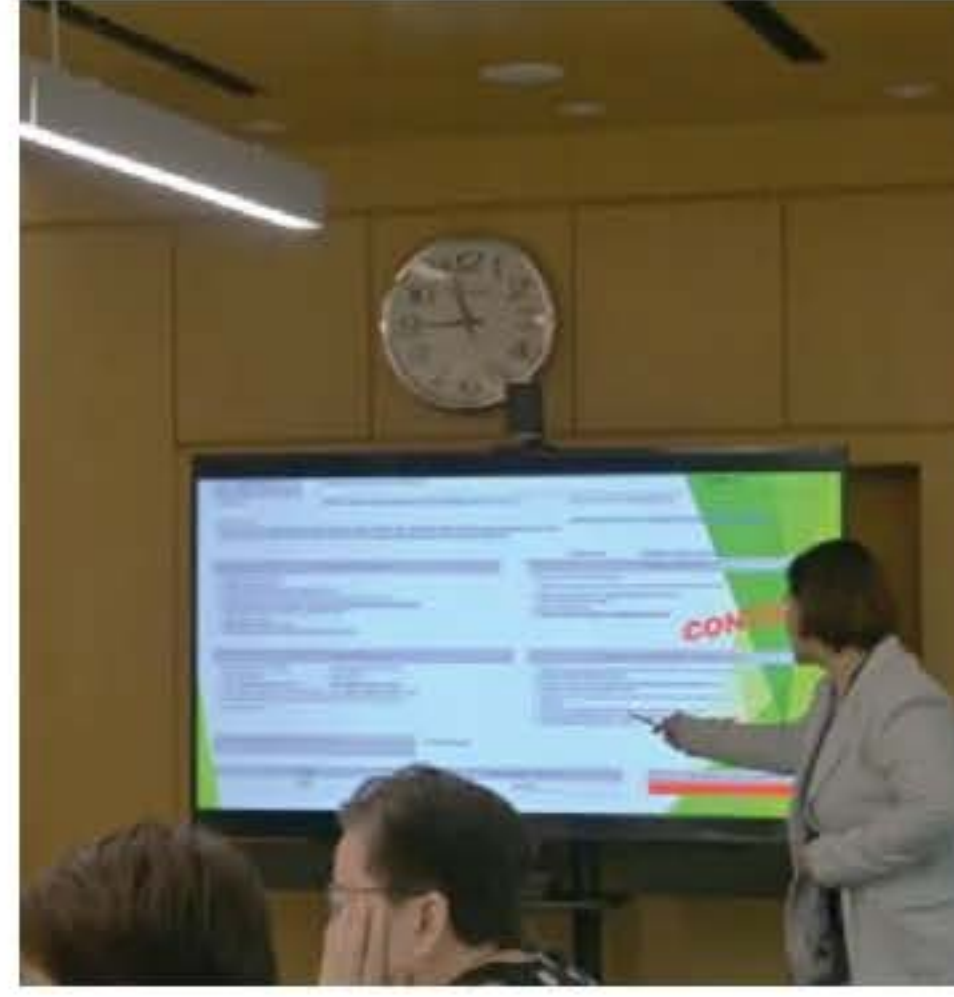
Corruption Risk Assessment

Based on the data analysis and combined with result from DBOS' ACRA 2019, DBOS has proceeded to conduct an assessment on corruption risk aiming at identifying areas with potential corruption risks within DBOS and developing a mitigation plan to address such risks. The output from this exercise is part of DBOS' OACP development which is a requirement under the NACP.

10 Corruption Risks (CR) have been identified post CRM Workshop in 2023 as below:

Corruption Risk ID	Corruption Risks
CR1	Employees induce gratification and misuse of job position in influencing loan approval
CR2	Incomplete drawdown documents due to gratification
CR3	Service provider re-appointment which may cause opportunity for collusion and gratification
CR4	Weaknesses in segregation of duty and monitoring of contractual procurement terms
CR5	Staff receive gratification for disclosure of confidential information
CR6	Staff uses gratification to influence performance appraisal and claims decision making
CR7	Abuse of power in executing functions
CR8	Fraud or falsified documents and certificates
CR9	Unfair/unjust decision making in placement of fund with FI and deposit taking from customer
CR10	Conflict of interest on credit decision-making

Corruption Risk Management Workshop, 30 June 2023 at DBOS Office



CRM Workshop for DBOS was conducted by engaging external facilitators as assigned by UNIONS to identify corruption risks in all key processes/activities in DBOS.

Overview of DBOS' OACP Strategic Framework

VISION	Towards a Corrupt Free Development Financial Institution			
MISSION	To act professionally, fairly and with integrity in all DBOS' business dealings and relationships			
GOAL	To inculcate and embrace high integrity culture in DBOS			
PRIORITY AREAS	Organisational Work Culture	Business Operation	Procurement, Vendor & Project Management	Governance & Controls
STRATEGY	Strengthen the H.A.P.I Core Values	Strengthen the effectiveness and transparency of business operation	Achieve procurement excellence	Continue strengthening the effectiveness and transparency of governance and controls
STRATEGIC OBJECTIVES	<p>1.1</p> <p>Continuously instilling H.A.P.I value in work environment</p>	<p>2.1</p> <p>Adherence to the direction and business mandate of the bank</p> <p>2.2</p> <p>Completeness & perfection of all documentation of business transaction</p>	<p>3.1</p> <p>Strengthen the procurement framework (policies and procedures)</p>	<p>4.1</p> <p>Enhance organisation resilience and agility against the threat of corruption through efficiency and effectiveness of governance and controls management</p>
INITIATIVES	9 Initiatives	5 Initiatives	5 Initiatives	14 Initiatives

Priority Area 1 : Organisational Work Culture

Strategy : Strengthen the H.A.P.I Core Values

Strategic Objective 1.1 : Continuously instilling and fostering H.A.P.I value in work environment

Risk	No.	Initiative	Implementors	Duration
Harrassment (i.e verbal, physical, sexual, digital, psychological)	1.1.1	To enforce the existing conduct and disciplinary policy.	HR/IGU	2024 - 2026
	1.1.2	To review and update the relevant policies and procedures.	HR/IGU	2024 - 2026
Staff favouritism, using gratification to influence performance appraisal and claims decision making	1.2.1	To improve Performance appraisal form/process to avoid biasness.	HR	2024 - 2026
	1.2.2	To equip the staff with the fraud detection skills.	HR/IGU	2025 - 2026
Insufficient resources to perform function comprehensively	1.3.1	To enhance annual manpower planning and budget.	HR	2024 - 2026
	1.3.2	To review the existing job description.	HR	2024
	1.3.3	To enhance process and procedure, including digitilization and deployment of systems.	HR	2024 - 2026
Fraud or falsified documents and certificates	1.4.1	Enhance screening and verification process	HR	2025
	1.4.2	Continuous training and awareness	HR/IGU	2024 - 2026

Priority Area 2 : Business Operation

Strategy : Strengthen the effectiveness and transparency of business operation

Strategic Objective 2.1 : To ensure adherence of the Bank's business mandate and business direction.

Risk	No.	Initiative	Implementors	Duration
Induce gratification and misuse of job position in influencing undesired loan approval and unfavourable placement of fund	2.1.1	To ensure consistent enforcement of dual control involving a checker and a reviewer and effectiveness of Credit Committee.	Banking / Credit Committee	2024 - 2026
	2.1.2	Training on the relevant Acts/Regulation i.e. AML / MACC / Governance.	Compliance/HR/ Business Units	2024 - 2026
	2.1.3	To ensure the effectiveness Fund Placement.	Treasury	2024 - 2026

Strategy : Strengthen the effectiveness and transparency of business operation

Strategic Objective 2.2 : To ensure completeness and perfection of all documentation of business transaction to protect the Bank's interest.

Risk	No.	Initiative	Implementors	Duration
Incomplete drawdown documents due to gratification	2.2.1	To ensure consistent enforcement of dual control involving a checker and a reviewer	Credit Admin	2024 - 2026
	2.2.2	Compliance Department to conduct verification post drawdown	Compliance	2024 - 2026

Priority Area 3 : Procurement, Vendor and Project Management

Strategy : Achieve procurement excellence

Strategic Objective 3.1 : Strengthen the procurement framework (policies and procedures)

Risk	No.	Initiative	Implementors	Duration
Inadequate segregation of duty and monitoring of contractual procurement terms	3.1.1	Periodic review of procurement framework and to ensure strict compliance to the Policies and Procedures.	Finance	2024 - 2026
	3.1.2	Sharing session of procurement policies and procedures.	Finance	2024 - 2026
	3.1.3	To segregate procurement function from finance department.	Finance/HR	2024
Opportunity for collusion and gratification may cause improper appointment or re-appointment of goods and services provider	3.2.1	To enhance the procurement policy and communicate relevant policy to vendors every 3 years.	Finance	2024 - 2026
	3.2.2	Fortify and intensify DBOS' core values	HR/IGU	2024 - 2026

Priority Area 4 : Governance & Controls

Strategy : Continue strengthening the effectiveness and transparency of governance and controls

Strategic Objective 4.1 : Enhance organisation resilience and agility against threat of corruption through efficiency and effectiveness of governance and controls management

Risk	No.	Initiative	Implementors	Duration
Conflict of interest on credit decision-making	4.1.1	Internal verification and external review on policy/operation	IA/IGU	2024 - 2026
	4.1.2	Annual refresher session for directors and senior management (governance and conflict)	COSEC/HR	2024 - 2026
Staff receive gratification for disclosure of confidential information	4.2.1	Training and awareness for data confidentiality and Information Security Management System (ISMS)	IT/Legal	2024 - 2025
	4.2.2	Continuous enhancement on the management of document control and to introduce advanced data loss prevention system including fortify control on access and storage of data	CISO	2024 - 2026
Non-compliance or oversight of Policy & Procedures	4.3.1	Internal verification and external review on policy/operation	IA/IGU	2024 - 2026
	4.3.2	Strengthening Policy Management Framework and enforcement of overall policy reviews	Compliance	2024 - 2026
	4.3.3	Validate the monitoring of compliance policy by the departments	IA	2024 - 2026
Improper access to data	4.4.1	Enhance awareness to users and strengthen policy control incorporating provision on breach of procedure	IT	2025
	4.4.2	Strengthen policy control incorporating provision on breach of procedure.	IT	2025
Abuse of power in executing functions	4.5.1	Awareness on whistleblowing channels	IGU	2024 - 2026
	4.5.2	Adopt and benchmark best practices of governance reporting	IGU/ Compliance	2024
	4.5.3	Intensify annual campaign on anti-corruption by MACC	HR/IGU	2024 - 2026

EVALUATION

1

- a) OACP Committee to review the effectiveness of the existing OACP annually.
- b) Re-evaluate new or emerging risks that could have material impact to integrity, governance and corruption issues to DBOS.
- c) Evaluate the effectiveness of the action plans by measuring improvements in the Risk Rating.

COORDINATION

2

- a) OACP Committee will oversee the implementation of the overall action plans as stated in the OACP.
- b) IGU will act as a secretariat of DBOS' OACP Committee and assist to track, monitor and report status of the OACP action plans.
- c) The Board, with the authority delegated to BARCOM, will be updated by OACP Committee represented by IGU on the progress of the agreed implementation actions.

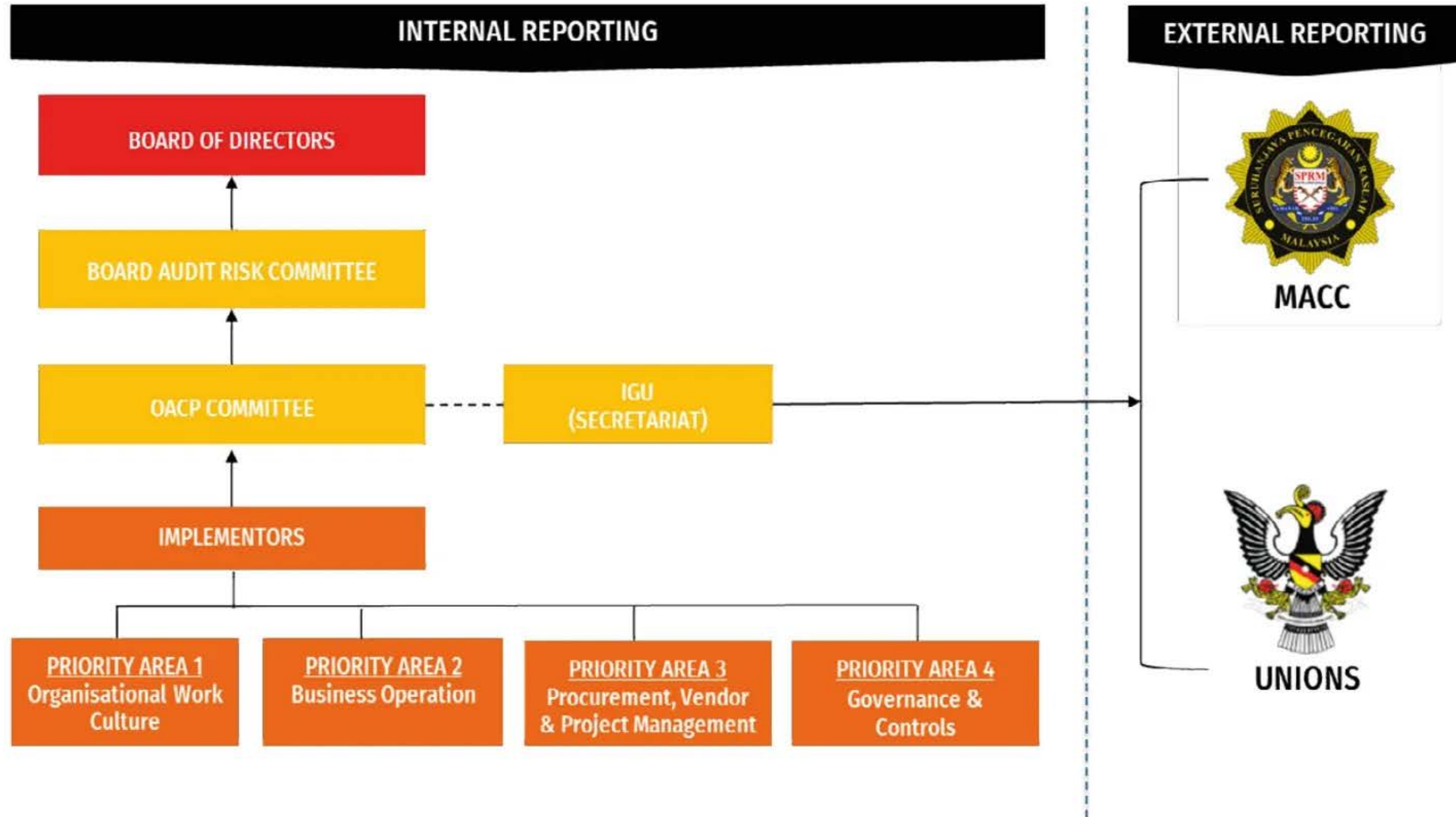
IMPLEMENTATION, MONITORING & REPORTING

3

- a) All initiatives will be implemented by the respective Implementors as per action plans.
- b) Progress status on action plans will be reported to IGU for monitoring and subsequent reporting to the OACP Committee and BARCOM on a half-yearly or at minimum, annual basis.
- c) BARCOM will be guided by the OACP in overseeing and monitoring the progress of OACP's initiatives implementation and ensuring that DBOS' internal controls remain adequate in safeguarding DBOS from the threat of corporate liability under Section 17A of the MACC Act 2009.

DBOS' OACP Monitoring & Reporting Governance Structure

The diagram below illustrates the governance structure for implementation and monitoring of DBOS' OACP:



Q&A

Why is it important to monitor the implementation of DBOS' OACP action plans?

“This is to ensure that DBOS has mitigated the Corruption, Integrity and Governance risks with our strategies and initiatives.”

How can we ensure that action plans in the DBOS' OACP are implemented?

“The OACP Committee tracks and monitors the progress periodically. This will then be reviewed by the Board Audit and Risk Committee and where applicable, reported to the Board of Directors.”



OIL & GAS INDUSTRY

TOURISM

AGRICULTURE

DIGITAL ECONOMY

PUBLIC
INFRASTRUCTURE

REAL ESTATES

DBOS' OACP is a continuous commitment in upholding integrity, transparency and good governance, which supports the government's efforts to create a corruption-free environment.

The implementation of all initiatives and action plans will be a continuous journey in achieving DBOS' zero-tolerance approach to bribery and corruption.

Through the OACP, DBOS aims to achieve the following:

- ✓ Implementation of all agreed initiatives in the next 3 years;
- ✓ Continuous review and refinement of action plans; and
- ✓ Inculcate a group-wide culture of integrity and good governance.

DBOS' OACP Committee would like to express our sincere appreciation to the Board of Directors, Senior Management, Facilitators/Advisors and those who contributed directly or indirectly to the development and formulating of DBOS' OACP 2024-2026.

UNIONS' OFFICERS



UNIT INTEGRITI DAN OMBUDSMAN SARAWAK
JABATAN PREMIER SARAWAK

Tuan Wan Mohamad Wan Drahman (Pegawai Siasatan)

Puan Katherina Bidi Robert Bidi (Penolong Pengarah)

Puan Zurina Hazemi (Penolong Pegawai Tadbir)

UNIONS' FACILITATORS

Kuching Water Board



Mohamad Adzman Abdullah (CeIO)

Dayangku Nur Syafiqah Syarah (Pegawai Tadbir)

Pustaka Negeri Sarawak



Wan Mazli Wan Razali (CeIO)

Sarawak Land Consolidation and Rehabilitation Authority



Susan Steward Ngau Ding (CeIO)

Warren Pelima Luta

DBOS' BOARD OF DIRECTORS

Tan Sri Datuk Amar Haji Mohamad Morshidi bin Abdul Ghani (Chairman)

Dato Christopher anak Adrian (Director)

Datu Haji Abang Halmi bin Ikhwan (Director)

Mr. Peter Chin Mui Khiong (Director)

Mr. Awang Za'aba bin Awg Mahmud (Director)

DBOS' BOARD AUDIT AND RISK COMMITTEE

Mr. Peter Chin Mui Khiong (Chairman)

Dato Christopher anak Adrian (Member)

Mr. Awang Za'aba bin Awg Mahmud (Member)



DBOS' OACP COMMITTEE

Datu Laura Lee Ngien Hion
(Chief Executive Officer, OACP Chairperson)

Jason Minos Peter
(Chief Integrity & Governance Officer)

Dayangku Tiara Diana Illanie (Risk Department)

Foo Wat King (Internal Audit Department)

Vicky Tan Hui Kee (Treasury & Investment Department)

Liew Shan Yang (Information Technology Department)

Doris Caroline Chan Siok Eng (Credit Supervision Department)

Mohamad Najib Rosli (Compliance & IGU)

Linda Chin Siew Ai (Finance Department)

Pasha Ashari Manis (Banking Department)

Olievia Gayati Noyem (Human Resource Department)

DBOS' OACP SECRETARIAT

Victoria Matthew (IGU)

Nur Aisyah Syuhada (IGU)





DEVELOPMENT BANK OF SARAWAK BERHAD

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