



## **ANTI-BRIBERY AND ANTI-CORRUPTION POLICY**

**First Issued & Approved by Board:** 22 March 2021  
**Effective Date:** 22 March 2021

## **1. Introduction**

- 1.1 The Securities Industry Dispute Resolution Center ("**SIDREC**") adopts a zero-tolerance policy against all forms of bribery and corruption. SIDREC is committed to uphold the highest standards of professional integrity and ethical conduct at all times and shall constantly adhere to all laws relating to anti-bribery and anti-corruption in Malaysia, in particular, the Malaysian Anti-Corruption Commission Act 2009 ("**MACC Act**"). SIDREC will take appropriate measures on parties who, in their dealing with SIDREC or when acting on SIDREC's behalf, are found to be non-compliant with this commitment.
- 1.2 This Anti-Bribery and Anti-Corruption Policy ("**Policy**") describes SIDREC's stance on areas relevant to fraud, bribery and corruption and provides guidance on how SIDREC staff are to deal with any improper solicitation, bribery and other corrupt issues and activities that may arise in the course of daily operations. The Policy is not intended to be exhaustive. In line with the objective of this Policy, all persons associated with SIDREC shall adhere to the substance and spirit of this Policy at all times.

## **2. Scope**

- 2.1 The Policy applies to all persons associated with SIDREC, including its directors and staff regardless of whether he or she is on a permanent or fixed-term contract, a seconded staff, a volunteer or an intern. SIDREC also expects members of its Panel of Adjudicators & Mediators, partners, contractors, sub-contractors, consultants, representatives, or any other person associated with SIDREC who perform work or services for or on behalf of SIDREC to comply with this Policy when performing any such work or services.
- 2.2 This Policy sets forth SIDREC's minimum compliance standards with regard to anti-bribery and anti-corruption and is to be read in conjunction with SIDREC's various policies and guidelines, including but not limited to SIDREC's Organisational Anti-Corruption Plan ("**OACP**"), Code of Conduct ("**CoC**"), Code of Ethics for SIDREC's Case Managers, Mediators, Adjudicators and Appeal Committee Members ("**CoE**"), Vendor Code of Conduct ("**VCC**"), Terms and Conditions of Service for SIDREC Staff, Procurement Policy and Procedures ("**PPP**") and Whistleblowing Procedure. Where local laws and regulations such as the MACC Act require more stringent controls, then such stricter controls must be followed.

## **3. Anti-Bribery and Anti-Corruption**

- 3.1 SIDREC strictly prohibits all forms of bribery and corruption.
- 3.2 SIDREC staff and directors are prohibited from, directly or indirectly, soliciting, accepting or obtaining or agreeing to accept or attempting to obtain, from any party for themselves or for any other party, any form of bribe or gratification as an inducement or a reward for doing or for bearing to do, or for having done or forborne to do, any act in relation to SIDREC's affairs or operations, or for showing favour or forbearing to show disfavour to any party in relation to SIDREC's affairs or operations. Bribery may take the form of exchange of money, goods, services, property, privilege, coupons or discounts on goods, services or property, employment or internship position or preferential treatment.

3.3 SIDREC staff and directors must not participate in any corrupt activity such as extortion, collusion, breach of trust, abuse of power, embezzlement, fraud or money laundering.

#### **4. Conflict of Interest**

4.1 As a dispute resolution body for the capital market, SIDREC is committed to acting impartially, objectively and free from any influence in the conduct of its work. SIDREC acknowledges that a potential or perceived conflict of interest may arise between investors and SIDREC's Members in the course of SIDREC's work in general and in particular, its dispute resolution process. However, if and when such a situation arises, SIDREC shall maintain its impartiality at all times.

4.2 SIDREC staff and directors are expected to always act in SIDREC's best interests, exercise proper care and judgment and avoid conflicts of interests in the discharge of their duties. SIDREC staff and directors shall refrain from taking advantage of their positions or exercising their authority to further their own personal interests at SIDREC's expense.

4.3 There are certain circumstances where SIDREC staff and directors are strictly prohibited from directly or indirectly soliciting, offering or accepting any gift, entertainment or hospitality, to avoid the perception or appearance of potential conflicts of interest. Such circumstances include:

- (i) Dispute resolution process;
- (ii) Procurement process;
- (iii) Negotiations in relation to any contract, including the exercise of any right or entitlement, any variation, termination or extension of the same as well as the formularisation of the relevant document; or
- (iv) Recruitment process.

4.4 SIDREC staff and directors are advised to adopt a more prudent approach when it comes to the above circumstances to avoid potential conflicts of interest. Where a conflict or potential conflict of interest arises, the staff or director shall disclose this to the relevant parties and recuse himself or herself from any related proceedings.

4.5 SIDREC's Terms and Conditions of Service for SIDREC Staff, CoC, CoE, PPP and VCC provide further details on SIDREC's approach on conflict of interest, including procedures for disclosure of conflict of interest and its related forms.

#### **5. Declaration of Investments and Additional Income/Financial Interest**

5.1 As stipulated in SIDREC's CoC, SIDREC staff in Job Grade Level 10 and above must declare theirs and their dependents' holding in and/or ownership of any investments and additional income or financial interest to instil, maintain and foster public confidence in the ability of SIDREC to fulfil its statutory duties and functions.

## **6. Gifts and Hospitality**

- 6.1 As stipulated in SIDREC's CoC, SIDREC adopts a no gift or hospitality policy, whereby, subject only to certain narrow exceptions, SIDREC staff and directors are prohibited from, directly or indirectly, receiving or providing gifts and/or hospitality in the course of their work or duty with SIDREC.
- 6.2 SIDREC requires its staff and directors to abide by this policy to avoid conflict of interest or the appearance of conflict of interest as giving or accepting gifts and/or hospitality could give rise to grounds for suggestions of undue influence or a perception of conflict which may tarnish SIDREC's reputation or be in violation of anti-bribery and corruption laws.
- 6.3 As set out in SIDREC's CoC, SIDREC staff shall not, whether for his or her own benefit or otherwise, directly or indirectly, offer, give or promise to offer or give or solicit, ask for, accept or receive any gifts and/or hospitality, as part of a reward or consideration, whether or not arising in the course of duty. This includes any tangible and intangible gifts, services, gratuities, monies, securities, properties, free passages, travel facilities, personal loan, use of vacation property, discounted renovations, entertainment or the like.
- 6.4 SIDREC staff and directors are also reminded of the various provisions in laws, such as those embodied in the MACC Act and the Penal Code which strictly prohibit corrupt practices.
- 6.5 SIDREC staff are allowed to accept invitations to open houses during festive occasions provided attending such events does not cause disrepute to SIDREC. They are also allowed to accept corporate collaterals during formal external events such as conferences.
- 6.6 In cases where it is difficult for a SIDREC staff to refuse to accept a gift and/or hospitality, the staff may receive such gift and/or hospitality subject to the staff's compliance with the prescribed procedures in the CoC.
- 6.7 For festive gifts, (e.g. hampers or baskets containing cookies, fruits, chocolates, drinks and the like), a SIDREC staff is required to send a notification to the sender stating that SIDREC no longer accepts festive gifts.
- 6.8 SIDREC's CoC also does not permit SIDREC staff to accept gifts or token of value in the form of cash, bonds, negotiable securities, personal loans, airline tickets or use of vacation property, arising in the course of duty.

## **7. Donations and Sponsorships**

- 7.1 All donations and sponsorships undertaken by SIDREC which are charitable in nature shall be governed by the following principles:
  - (i) No political donations are permitted; and
  - (ii) Due diligence must be conducted prior to the making of any charitable donations and sponsorships to ascertain if they are ethical and legal under applicable laws.

## **8. Political Contributions**

- 8.1 SIDREC does not make or offer monetary or in-kind political contributions to political parties, political officials or candidates for political office. SIDREC staff and directors are prohibited from using any of SIDREC's funds or resources to make any direct or indirect political contributions on SIDREC's behalf. SIDREC staff must avoid even having the appearance of making such contributions to any political party, candidate or campaign.

## **9. Facilitation Payments**

- 9.1 SIDREC adopts a strict stance that disallows facilitation payments. The term "facilitation payments" generally means payments made to secure or expedite the performance of a routine duty or function by a person who in any event is obliged to perform such a duty or function.
- 9.2 SIDREC staff and directors are prohibited from directly or indirectly, requesting, accepting or giving facilitation payments for the benefit of the staff and directors themselves or in connection with SIDREC's affairs or operations.

## **10. Money Laundering**

- 10.1 Money laundering is the process of hiding the true nature or source of illegally obtained funds (e.g. funds from drug trade, trafficking or terrorist activities) and passing it surreptitiously through legitimate business channels by means of bank deposits, investments or transfer from one place (or person) to another.
- 10.2 SIDREC is committed to ensuring that its funds and services are used for legal and proper business purposes only and prohibits its staff from any involvement, directly or indirectly, in money laundering activities.
- 10.3 To avoid violating anti-money laundering laws, SIDREC expects its staff to be attentive to suspicious behaviour by stakeholders in their financial dealings with SIDREC.

## **11. Dealing with Third Parties**

- 11.1 As a dispute resolution body for the capital market, SIDREC has dealings with many third parties and stakeholders. These dealings must be carried out in compliance with the relevant laws and in line with SIDREC's values and principles, which include treating the organisation's stakeholders with integrity and respect. As part of this commitment, all forms of bribery and corruption are unacceptable and will not be tolerated.
- 11.2 SIDREC expects all third parties acting for or on its behalf to share SIDREC's values and to refrain from all forms of bribery and corruption. They must adhere to this Policy, where applicable, in their interactions and dealing with SIDREC or when transacting on SIDREC's behalf.
- 11.3 SIDREC staff are required to undertake due diligence to assess the integrity of prospective business counterparties and avoid knowingly entering into any business dealing with third party reasonably suspected of engaging in money laundering,

bribery or improper business practice unless those suspicions are resolved.

- 11.4 SIDREC staff are expected to exercise caution when dealing with public officials to avoid any perception or suspicion of bribery or corruption.

## **12. Procurement**

- 12.1 SIDREC selects its counterparties impartially and based on merit. SIDREC's PPP is guided by principles of economy, integrity, transparency, competition, fairness and sustainability.
- 12.2 SIDREC staff and directors who are involved in the procurement process are required to strictly adhere to SIDREC's PPP. Due diligence is required to be conducted on the potential counterparties prior to entering into any formalised relationships in the prescribed manner.
- 12.3 SIDREC adopts a competitive bidding approach for its procurement practices. Proposals and quotations are required to be solicited from several vendors for goods or services that are beyond a prescribed value. Under SIDREC's PPP, an independent evaluation team will be formed to carry out evaluations and selections of the vendors.

## **13. Support Letters**

- 13.1 As the dispute resolution body for the capital market, SIDREC must remain independent and objective in discharging its statutory duties and functions. To avoid conflicts of interests and biasness, SIDREC will not generally issue a support letter solely for the benefit of a third party where such letter is used to support an application to influence a consideration involving the organisation or individual to whom the support letter has been given. However, SIDREC may consider issuing a letter in support of an initiative, a matter or an event, if it is for the benefit of the capital market as a whole.

## **14. Recruitment of Staff**

- 14.1 SIDREC provides equal opportunity for any qualified and competent individual to be employed by it. SIDREC recruits staff based on the approved selection criteria to ensure that only the most suitable individuals are employed and to ensure that no element of corruption is involved in the hiring of staff.
- 14.2 In line with this, due diligence shall be undertaken prior to recruitment. Such due diligence shall include background checks, document verification, and the conduct of interviews. The process and procedures involved in the selection process are as set out in SIDREC's Recruitment and Termination Policies and Procedures.

## **15. Awareness and Training**

- 15.1 SIDREC conducts awareness programmes for all its staff to refresh awareness of anti-bribery and anti-corruption measures, and to continuously inculcate professional integrity and ethical conduct amongst its staff.
- 15.2 SIDREC's Operations Unit shall maintain all records of anti-bribery and anti-corruption awareness programmes.

## **16. Reporting of Policy Violations**

- 16.1 Internal and external parties are encouraged to raise concerns in relation to real or suspected bribery and corruption incidents or inadequacies of this Policy at the earliest opportunity.
- 16.2 SIDREC's Whistleblowing Procedure shall be published at <https://www.sidrec.com.my/> for details on how such concerns may be raised.
- 16.3 SIDREC's Whistleblowing Procedure protects the identity of the whistleblower, as well as protects the whistleblower from retaliation and adverse employment action, provided the disclosure was made in good faith and to the extent permitted by law.
- 16.4 Where relevant and necessary, SIDREC shall report details of corruption incidents related to it to the MACC or other law enforcement agencies and authorities.

## **17. Compliance and Enforcement**

- 17.1 All Heads of Unit shall monitor the performance of their staff in relation to this Policy and shall report any non-compliance or otherwise to SIDREC's Integrity Unit. The non-compliance report shall in turn be presented by SIDREC's Integrity Unit to SIDREC's Professional Conduct and Disciplinary Committee ("**PCDC**") as well as Board of Directors ("**Board**") at the minimum on a quarterly basis and at other times, as and when the need arises.
- 17.2 In line with the compliance and enforcement structure set out in SIDREC's OACP, the PCDC is responsible in overseeing SIDREC's affairs relating to conduct prescribed in this Policy while SIDREC's Board shall have the overall oversight of this Policy.
- 17.3 SIDREC shall take such disciplinary action as appropriate against SIDREC staff found to be non-compliant with this Policy.

## **18. Review of Policy**

- 18.1 In line with the review process of SIDREC's OACP, a comprehensive review and evaluation of the effectiveness of this Policy shall be conducted either in-house or by an external party at least once every three (3) years. The assessment report shall be presented to the PCDC and Board for review.
- 18.2 Appropriate revisions are to be made to this Policy and other related SIDREC policies and procedures whenever circumstances require such revisions to be made, including in instances where:
- (i) A weakness or gap is detected during the review process prescribed in Paragraph 18.1; or
  - (ii) There is a breach of this Policy or other related SIDREC policies or procedures; or
  - (iii) There are changes or updates to the laws and regulations relating to anti-bribery and anti-corruption.