



ORGANIZATIONAL ANTI-CORRUPTION PLAN 2024-2026



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STATEMENT OF COMMITMENT

TENAGA SWITCHGEAR SDN BHD's (TSG) Organisational Anti-Corruption Plan (OACP) 2024-2026 is TSG's commitment to fight corruption and integrity misconduct for the well-being of the organisation.

TSG's OACP is in support of TSG in its aspiration to achieve and become a high integrity organisation with zero tolerance to corruption. The OACP is also being supported by the underlying management systems, guidelines and procedures that exist at Corporate & Business Divisions and OPUs, which provide additional details on how respective divisions and/or OPUs organise and manage their anti-corruption functions and activities.

TSG shall establish, document, implement, maintain and continuously review the OACP as required, including the processes and other requirements needed to ensure adequate procedures are in place in managing corruption activities within their operations.

A review of the progress of the OACP initiatives will be conducted and reported by TSG's Integrity Unit to ensure their continuous improvement and effectiveness.

TSG is committed to conduct its business with integrity and in compliance with all applicable laws and regulations in Malaysia.

We have zero-tolerance towards any form of bribery and corruption, and uphold firmly to our:

- Anti-Bribery and Corruption Policy
- Conflict of Interest Management Policy
- Whistleblowing Policy
- Code of Business Conduct
- Integrity and Governance
- Malaysian Anti-Corruption Commission (MACC) Act 2009

BACKGROUND

Established in 1996, TSG is Malaysia's leading manufacturer of medium and high voltage switchgear ranging from 11kV to 300kV for both gas and air insulated switchgears, all of which is fully type tested at the Short Circuit Testing Liaison Laboratory to ensure full compliance with standards set by the International Electrotechnical Commission (IEC).

Our company, a subsidiary of Malaysia's utility company, Tenaga Nasional Berhad also provides a range of services that include EPCC and turnkey contracting, design and engineering as well as OEM testing, services, and maintenance. Equipped with state-of-the-art switchgear manufacturing facilities, TSG boasts the region's latest testing facilities capable of high voltage testing up to 700kV as well as a 500kV mobile high voltage test set.

With the establishment of its subsidiary, TSG Ormazabal Sdn. Bhd., TSG is also committed to bringing its extensive experience and values across borders.

TSG provides the ultimate services in manufacturing of High and Medium Voltage Switchgear products, Project Management, Turnkey Contracting, testing services, maintenance and engineering consultation.

TSG's product ranges from 11kV up to 300kV switchgears mainly disconnectors, gas circuit breakers, gas insulated switchgears and its ancillary equipment. TSG is proud to introduce the newly advanced green technology and less maintenance requirement for medium voltage switchgears which is easy to install, simple and yet robust design.

TSG also offers Turnkey Contracting of Transmission & Distribution Substations with its specialized engineering design team in substation design. TSG has successfully completed various key major projects including erect, testing and commissioning the substations.

TSG also specializes in maintenance and testing services for other OEM switchgear equipment such as Elin Holec and Merlin Gerin. by performing standard routine tests, overhaul and coupling works. TSG owns a Mobile HV Test set that broadly used at all substations that requires high voltage injection withstand test.

Since its incorporation in 1994, TSG has been in the manufacturing of High Voltage Switchgears business in Southeast Asia for the electrical transmission system for the past 20 years.

Today, our portfolio has expanded to Medium Voltage for the electrical distribution system via TSG's subsidiary, TSG Ormazabal Sdn. Bhd. TSG is also committed to bringing extensive values across our borders via its initiatives around the Asian region.

TSG is accredited with ISO 9001:2015 QMS, ISO 14001:2015 EMS, and OHSAS 18001:2007 to sustain high quality innovativeness, safety work culture, efficiency and product compliance as well as risk assessment. All TSG products have been type tested and validated by international accredited laboratories to comply with International Electrotechnical Commission (IEC) standards.

Our assembly facility is strategically located in Kota Damansara with an annual manufacturing capacity of 100 bays of Gas Insulated Switchgear (GIS-145kV to 300kV), 250 sets of High Voltage Gas Circuit Breakers (GCB-145kV to 300kV), 500 sets of High Voltage Disconnectors (DS- 145kV to 300kV), 250 sets of Medium Voltage Gas Insulated Switchgear (GIS-33kV) and 500 sets 11kV GIS.

Notwithstanding its history as a switchgear manufacturer, TSG has from 2020 embarked on energy transition, dealing with the impact to social, economic, and environmental aspects of the development of clean energies. The significant structural change in the energy system resulted from the correlation between the increase in energy demand and the readily available resources. In response, companies worldwide begin shifting and creating pathway to this energy transition solutions for the transformation in global energy sector towards zero-carbon.

We have a strong team comprising of professional engineers, experience engineers, CAD designers which has been in the business more than 10 years. We possess a rich and varied experience in executing large turnkey projects for transmission and distribution substations and infrastructure development.

At TSG, not only do we provide our clients the best options in engineering and consultancy services but we also offer innovative engineering solution to cater for the National Grid of the future and Green Energy Driven initiatives.

1. INTRODUCTION

The Organisational Anti-Corruption Plan (OACP) is a fundamental anti-corruption document and comprehensive instrument designed particularly at the organisational level to address and rectify vulnerabilities, weaknesses and issues related to governance, integrity, and corruption within an organisation.

The OACP is not a one-size-fits-all solution, it is a living document that is tailored to the specific needs and challenges faced by each organisation. It is aimed not only to identify areas where corruption risks may be prevalent but also to outline a strategic framework for preventing and combating these risks effectively.

Typically, it involves risk assessments, employee training and awareness programmes, reporting mechanisms for suspected corruption and clear actions in the case of any wrongdoing.

In accordance with the National Anti-Corruption Plan (NACP), the OACP has gained a reputation for itself as a critical tool in the fight against corruption. Under initiatives under the NACP, the public sector is mandated to develop and implement OACPs, ensuring the highest standards of integrity and accountability.

Thus, the OACP becomes a crucial instrument for ensuring that various types of entities adhere to high standards of ethical conduct and actively contribute to the broader anti-corruption efforts.

2. FOCUS AREAS AND ACTIVITIES

2.1 The three focus areas identified based on the main activities in TSG that are vulnerable to corruption and weakness of governance are as follows:

- a. PROCUREMENT;
- b. TENDER AWARDS; and
- c. EXECUTION OF PROJECTS.

2.2 The Legal, Integrity & Compliance Department (LICD) within TSG plays a crucial role in promoting transparency, ethical conduct and good governance in an organisation. TSG's internal unit was established in August 2020 in accordance with regulatory requirements that are related to:

- a. The Prime Minister's Directive Series 1 No. 1 of 2018;
- b. The Malaysian Anti-Corruption Act 2009;
- c. Guidelines on Adequate Procedures issued by the Prime Minister's Department in December 2018; and
- d. Guideline for the Management of Integrity & Governance Unit 2019.

3. CORE FUNCTIONS OF LICD

3.1 Complaints Management

The integrated complaint management system developed by TSG enables the anonymous receipt of complaints on criminal misconduct, abuse of power, malpractice, as well as violations of systematic code of conduct and ethics to ensure action is taken on every information and complaint received. This includes whistleblowing.

3.2 Enhancement

An important function to ensure the implementation of integrity culture can be achieved through awareness, training, education programmes, among staff within the organisation.

3.3 Detection & Verification

Responsible for detecting and verifying information or complaints on criminal misconduct as well as violation of code of conduct and ethics, following which appropriate action is taken.

3.4 Governance

To ensure good governance is practised in the effort to strengthen integrity, particularly dealing with issues of corruption, malpractice and abuse of power.

4. OACP DEVELOPMENT

- 4.1 TSG's OACP was developed with Zero tolerance for corruption in the pursuit of a corruption-free organisation.
- 4.2 The establishment of OACP is a requirement by Malaysia's National Anti-Corruption Plan (NACP) 2019-2023.
- 4.3 It is developed based on accumulated information arising from the Corruption Risk Assessment (CRA).
- 4.4 This OACP is focused on corruption-related problems found in the company. Initiatives or action plans are identified as controls based on the CRA across TSG's internal departments and units in managing any corruption or integrity related matters.
- 4.5 It assists organisation in the fight against corruption by combining all Governance, Integrity and Anti-Corruption initiatives.

5. NACP STRATEGIES

- 5.1 Strengthening political integrity and accountability.
- 5.2 Strengthening the effectiveness of public service delivery.
- 5.3 Increasing the efficiency and transparency in public procurement.
- 5.4 Enhancing credibility of the legal and judicial system.
- 5.5 Institutionalising credibility of law enforcement agencies.

6. FIGHTING BRIBERY AND CORRUPTION

6.1 What are the main issues and challenges in fighting bribery and corruption at an organisation level?

The main issues and challenges include:

- a. Ensuring stringent processes and procedures.
- b. Raising awareness among employees about their role in the organisation.
- c. Promoting awareness of the importance of integrity and ethical choices.

6.2 TSG is committed to conducting its business with integrity and in compliance with all applicable laws and regulations in Malaysia. We will always ensure that our business transactions, dealings and relations are conducted with utmost transparency, professionalism and fairness.

6.3 We have zero tolerance towards any form of bribery or corruption and will firmly uphold our Anti-Bribery and Corruption Policy.

7. ISSUES AND CHALLENGES

- 7.1 Corruption is a complex and pervasive issue that plagues societies worldwide, undermining economic development, eroding public trust, and hindering social progress.
- 7.2 Malaysia, like many other nations, grapples with the formidable challenge of combating corruption. Despite ongoing efforts, corruption remains a significant concern in the country.
- 7.3 This is apparent in Malaysia's declining trend in recent years in the Transparency International (TI) Corruption Perception Index (CPI), the most used global corruption ranking.
- 7.4 Malaysia's CPI score slightly improved from 47 in 2018 to 53 in 2019. However, the CPI scores showed a progressive decline since 2019 until 2022.
- 7.5 A nation's CPI score reflects the perceived extent of corruption within its public sector, within a scale of 0 to 100.
- 7.6 A score of 0 indicates a high degree of corruption, while a score of 100 signifies a state of notably high integrity and transparency.

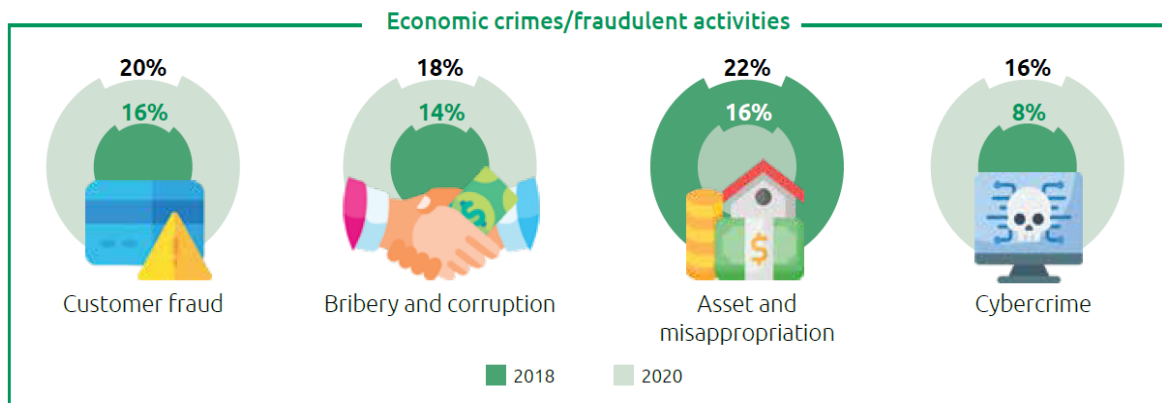
Corruption Perception Index Score & Malaysia's Rank:

Year	Score	Ranking
2018	47	61
2019	53	51
2020	51	57
2021	48	62
2022	47	61

(Source: Transparency International)

7.7 As reported by PricewaterhouseCoopers (PwC) in the Global Economic Crime and Fraud Survey 2020, the four most disruptive fraudulent activities experienced by Malaysian organisations were customer fraud, bribery and corruption, asset misappropriation, and cybercrime. These forms of misconduct collectively constituted a substantial 70% of the total instances of economic crimes in Malaysia.

The top four most disruptive fraudulent activities in Malaysia



(Source: PwC's Global Economic Crime and Fraud Survey)

7.8 Additionally, low-income levels are not the primary motivator for the involvement of individuals in corrupt practices. According to research carried out by the Malaysian Anti-Corruption Commission regarding the factors contributing to corruption among public service officers, the principal factors driving public service officers to engage in corruption offences are:

- a. Adopting a lifestyle beyond their means.
- b. Embracing a greedy attitude.
- c. Availability of conducive opportunities for engaging in corruption.
- d. The low values of integrity among the officers.

8. KEY CHALLENGES IN FIGHTING CORRUPTION IN MALAYSIA

8.1 Political Interference

The Malaysian Anti-Corruption Commission (MACC) has determined that the primary contributors to corruption in the nation are the procurement and enforcement sectors, along with prominent figures with personal agendas. In addition, procurement-related corruption is often linked to individuals with vested interests, as they hold the authority to grant project approvals. Moreover, political motivations persist in filling board and chairman positions, thereby complicating the task of distinguishing between political and business interests.

8.2 Lack of Political Will

The lack of political will to combat the root cause of corruption is evident from the slow implementation of the NACP 2019-2023, as well as limitations to MACC's independence and autonomy as an anti-corruption institution. Several institutional reforms have been stalled, such as the development of the Political Funding law, Government Acquisition law and amendments to the Whistleblowers Protection Act 2010.

8.3 Whistleblower Protection

Becoming a whistleblower is a challenging path to tread, as individuals are not offered sufficient protection under the Whistleblower Protection Act 2010. Its weak legal infrastructure has created a low-trust environment where individuals are fearful of retaliation and revocation of protection.

The two prevalent issues for a whistleblower to disclose misconduct are:

- a. The Act obliges the individual to report wrongdoing only to enforcement agencies, which are generally perceived as corrupt. The whistleblower protection would be revoked if one reported the wrongdoings to another individual or party, such as a lawyer or the media; and
- b. The Act also requires the disclosure of wrongdoing not under the purview of any written law, such as the Malaysia Official Secrets Act 1972, Income Tax Act 1967, and Banking and Financial Institutions Act 1989, regardless of whether the misconduct is detrimental to society.

8.4 Low Public Support

The lack of transparency and accountability in ensuring procedures and processes comply with existing legal requirements has undermined public confidence in the Government's ability to enforce and punish corruption offenders.

9. TOWARDS A CORRUPTION FREE ORGANIZATION

At TSG, we are committed to fostering a corruption-free organisational culture. We strive to lead by example, setting the highest standards of integrity, transparency, and accountability in all our operations.

We firmly believe that eradicating corruption is not just a legal or ethical obligation; it is the foundation of our sustainable growth, reputation, and the betterment of society.

We maintain zero tolerance towards bribery and corruption in any form, and everyone in our organisation, including senior management, resonates with this commitment.

Employees and members of the public are encouraged to report any suspicion of breach of policies, bribery, corruption, misconduct and more through our safe and confidential Whistleblowing channels provided.

With our Whistleblowers Policy, whistleblowers are protected from retaliation, and their valid concerns will be thoroughly investigated.

We promote transparency, ethical conduct and accountability in all our dealings, work procedures and conduct, together with ongoing anti-corruption training and awareness programmes for our team. We believe that knowledge and awareness are key tools in preventing corrupt practices.

We rigorously adhere to all anti-corruption laws and regulations in Malaysia, which include, but are not limited to, the Malaysian Penal Code (revised 1977) and its amendments, the Malaysian Anti-Corruption Commission Act 2009 and its amendments, the Companies Act 2016, and the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLATFAPUA) 2001.

We aspire to be the role model in our industry of how an organisation can thrive and prosper while upholding the highest standards of ethics and integrity.

This commitment reflects our strong dedication to creating an organisational culture committed to fighting corruption and promoting the highest ethical standards.

10. OACP DEVELOPMENT

10.1 Data Analysis

- a. Conduct a thorough assessment to identify potential corruption risks within the organisation, involving both internal and external factors. Data analysis is collected through internal reports, literature reviews, and evaluations of existing policies, procedures, as well as past incidents of corruption.

10.2 Corruption Risk Management

- a. Corruption Risk Assessment aims to recognise the risk of past, current, and potential corruption within the organisation. All the organisation's activities, along with their risks, are recognised, and the establishment of current management control is examined. The next necessary action is determining the residual risk and developing effective extra controls while deciding the targeted risk for each area.

10.3 Scenario Planning

- a. Set up scenario planning to develop risk metrics, initiatives, and mitigation plans. Planning potential scenarios helps in making informed decisions to prevent corruption incidents. All internal and external activities need to be identified to outline logical scenarios that might occur in the future, based on data analysis.
- b. The consequences of each decision and alternative must be considered when reviewing this mitigation plan.

10.4 Action Planning

- a. Implement specific control measures to mitigate identified corruption risks. This includes strategic objectives, strategies, and initiatives in the prioritised and potential risk areas.
- b. The departments, units or individuals in charge of the risk area must be included in this action plan, and they must acknowledge the strategies and initiatives taken to minimise the risk of corruption. This action plan include the targeted durations to achieve its target within the expected timeline.

10.5 Monitoring and Evaluation

- a. A report on the OACP's implementation progress will be presented during TSG's Anti-Corruption Committee meeting. An effective OACP is not a one-time task but an ongoing commitment to combating corruption within the organisation. It is important to adapt and respond to new challenges and vulnerabilities as they arise. Hence, the OACP needs to be continuously evaluated and reviewed for its effectiveness throughout the implementation period and renewed based on the current report and findings.

11. OACP FRAMEWORK

OACP Framework	Aspiration	Zero tolerance for corruption in the pursuit of a corruption-free organisation		
	Goals	Ethical business practices that leads to financial viability	Uphold positive reputation by being accountable and reliable	Strengthened integrity
	Priority Areas	Corporate Governance	Compliance and Assurance	Training and Communication
	Strategies	Strengthening corporate governance focusing on people and processes	Increased confidence on the internal controls and improved business processes efficiency	Holistic approach and pervasive communication on ethics and integrity
	Strategic Objectives	<p>Strengthening procurement governance by focusing on tender and contract processes</p> <p>.....</p> <p>Enhancing the effectiveness of human governance through improvement of HR processes</p> <p>.....</p> <p>Strengthening the management and governance of stakeholder engagement</p>	<p>Ensuring better transparency and accountability</p> <p>.....</p> <p>Strengthening contract management processes and contractor performance</p> <p>.....</p>	<p>Enhancing the effectiveness of the Ethics and Integrity programme for all staff at all levels</p> <p>.....</p> <p>Increased promotion of whistleblowing as an anti-corruption preventive measure</p> <p>.....</p>

12. FOCUS AREAS

- Procurement
- Strategic Communication
- Legal
- Finance
- Human Resource
- Projects Department
- Integrity

STRATEGY : Strengthening the role and functions of each Department

OBJECTIVES : Enhance work efficiency through integrity, credibility and accountability of employees.

No.	Initiative Reference No.	Initiatives	Lead Department	Duration
1.	1.1.1	Enforce communication via official procurement channels	Procurement & Contracts	3 months
2.	1.1.2	Develop and end to end automated procurement system	Procurement & Contracts	24 months
3.	1.1.3	Extra layer of background checks on vendors and contractors	Business Development and Procurement & Contracts	36 months
4.	1.1.4	Improve information gatekeeping to avoid miscommunication & misuse of intellectual property	Strategic Communication	12 months
5.	1.1.5	Create periodic awareness among internal staff regarding communication etiquette	Strategic Communication	12 months
6.	1.1.6	Conduct briefing and knowledge sharing sessions to startups and/or Cradle staff to spread awareness and	Legal	36 months

No.	Initiative Reference No.	Initiatives	Lead Department	Duration
		equip both with basic legal knowledge on proper governance to avoid fraud/ misrepresentation and other unlawful activities.		
7.	1.1.7	Enhance SOP on payment process: • Payment Term • Implement Service Confirmation Form	Finance	12 months
8.	1.1.8	Create awareness on updated payment process and cycle to employees	Finance	12 months
9.	1.1.9	Awareness on code of conduct and ethics	Human Resource and Integrity	12 months
10.	1.1.10	Punitive action on misuse & abuse of power in the workplace	Human Resource	24 months
11.	1.1.11	Specific controls in relation to the appointment of contractors	Projects Department	24 months
12.	1.1.12	Specific reporting in relation to project progress reports	Projects Department	24 months
13.	1.1.13	Awareness on bribery, corruption and penalties for offences	Integrity	12 months
14.	1.1.14	Training and awareness on work integrity, honesty and good governance	Integrity	24 months
15.	1.1.15	Review and update policies – Whistleblower Policy, Anti-Bribery and Corruption Policy, Conflict of Interest Policy and more	Integrity	36 months

13. MONITORING & REPORTING

13.1 The Integrity Department is the designated secretariat to monitor and evaluate the mechanism that will be implemented in the administrative structure and consists of two (2) levels, which are Operating and Strategic Level.

13.2 Operating Level: The Integrity Department and all operating departments of TSG.

13.3 Strategic Level: Board of Directors, Board Committees and Senior Management.

13.4 The mechanism for monitoring and evaluating an Organisational Anti-Corruption Plan (OACP) involves several key steps and components.

a. Progress Reports

- Units and departments to submit reports on the implementation status of the initiatives outlined in the OACP on a quarterly basis (two weeks before the meeting).
- Quarterly meeting to discuss the implementation status, issues or challenges and action plan.
- Full report of progress to be presented to Board of Directors quarterly.

b. Implementation Achievement

- To submit the implementation achievement report during the Anti-Corruption Committee meeting at TSG Board Committee level.

c. Review & Assessment

- To monitor the effectiveness of the overall plan and conduct improvements to address weaknesses and emerging risks.
- Monitor the effectiveness of training and awareness programmes on the OACP initiatives.
- Identify areas to improve and plan for the OACP renewal.

14. OACP RENEWAL PLAN

The Organisational Anti-Corruption Plan (OACP) renewal process involves reviewing, updating, and potentially revising the plan to ensure its continued effectiveness in addressing corruption risks and weaknesses, and aligning with any changes and updates within the organisation's operations, policies, and best practices.

Incomplete initiatives, as well as emerging risks and challenges must be weighed and included in the renewal plan.

TSG's OACP renewal plan will be implemented at the end of the current OACP period (2024 - 2026) and issued for the following year period 2027 - 2029.

15. CONCLUSION

The primary objective behind the development and formulation of the OACP is to establish a specific, practical, and strategic roadmap for combating malpractice and corruption within TSG.

Additionally, the OACP is tasked with establishing achievable goals based on the initiatives to be undertaken by TSG.

Aligned with the concerted efforts to realise the Government's vision towards a country free of corruption, the OACP plays a pivotal role in shaping the policies and direction of governance, integrity, and anti-corruption efforts in TSG. It also aims to enhance the quality and conduct a thorough analysis using corruption risk assessment methods that enable the identification of critical areas that require serious attention.

From time to time, the OACP will undergo evaluation and continuous improvement, adapting to the current situation. All departments and units in TSG are expected to fulfil their respective roles in realising the objectives and initiatives outlined in the OACP.

The commitment and dedication of both management and staff are crucial in enabling the implementation success of the OACP.

Ultimately, the OACP seeks to cultivate an organisational culture characterised by strong ethical values, integrity and good governance. The implementation aims to instil and maintain the highest level of integrity among the people in the organisation while fostering excellence and unwavering commitment to serving stakeholders.

16. APPRECIATION

Our special thanks to everyone involved for their contribution and unwavering support:

TSG's Board of Directors

Managing Director and Senior Management

Malaysian Anti-Corruption Academy (MACA)

All the departments and units in TSG involved in the development of the OACP

Malaysian Anti-Corruption Commission (MACC)

TSG's Integrity Department

And everyone else who were involved directly and indirectly in the completion of this OACP.