

Deloitte Asia Pacific

2023 Asia Pacific Conduct Watch Survey Report The Malaysian perspective





“Creating an environment of trust internally and externally is vital for organisations to ensure an effective whistleblower programme.”

“Most importantly, people must have trust in the system that whatever they report, actions will be taken. They must trust that their identity will be protected and there will not be any reprisals against them.”

– Tan Sri Abdul Wahid Omar



Foreword



Embracing change and progress is the essence of growth, and the introduction of Section 17A of the MACC Act 2009 signifies a shift towards a proactive approach in the battle against corruption. It's a declaration that prevention is not just a priority but a guiding principle, working hand in hand with reactive measures.

Whistleblowing emerges as an integral component in fostering culture that places a premium on ethical conduct and integrity. It excels in unveiling misconduct, promoting transparency and holding individuals and organisations accountable for their actions.

I am pleased to announce that, aligning with our unwavering commitment to corruption prevention, Deloitte launched the inaugural Asia Pacific Conduct Watch survey. This initiative aims to gather profound insights into prevailing organisational attitudes and capabilities related to whistleblowing within the dynamic landscape of the Asia Pacific region. The response has been nothing short of phenomenal, with over 500 respondents representing a diverse array of public, private, and not-for-profit organisations across different sizes and industries.

As a testament to our dedication, we present the Malaysian Perspective of the inaugural survey, delving into the cultural dynamics that shape whistleblowing perceptions within Malaysia. We hope that this will offer valuable insights into how we can collectively strengthen our ethical foundations.

Thank you to everyone of you for your valuable contributions to this report. Your insights are crucial to fostering a culture of integrity and transparency, driving us towards exceeding ethical standards and creating a lasting legacy of positive change.

Let's continue to be architects of a brighter, more virtuous tomorrow.

Oo Yang Ping

Global and Asia Pacific Conduct Watch Leader
Deloitte

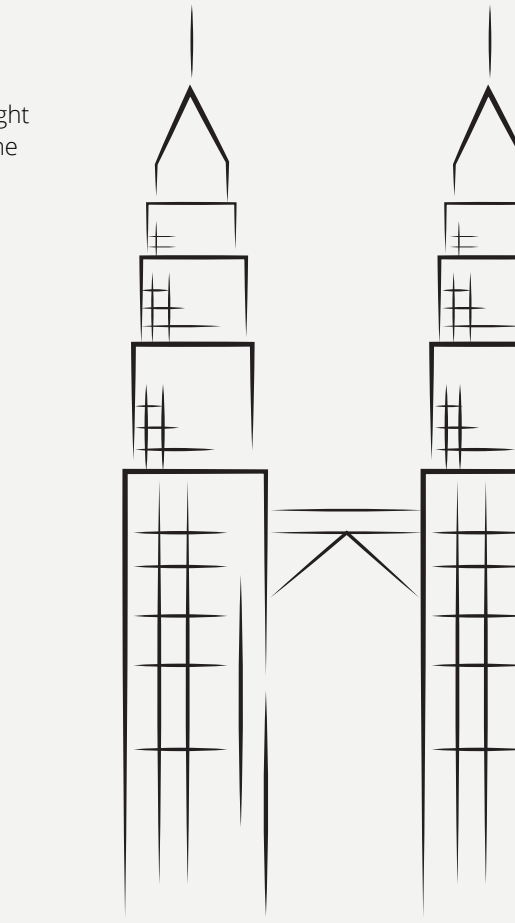


About this report

From 31 March to 1 May 2023, Deloitte canvassed the opinions of business leaders across Asia Pacific* with oversight of whistleblowing programs via an online survey. The goal of the survey was to gather insights into organisational capabilities and attitudes towards whistleblowing.

In this report, we highlight our key findings from a Malaysian perspective, based on the responses provided by respondents based in Malaysia.

Click [here](#) to access the full 2023 Asia Pacific Conduct Watch Survey Report.



* Participating geographies include Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, Thailand, and Vietnam.

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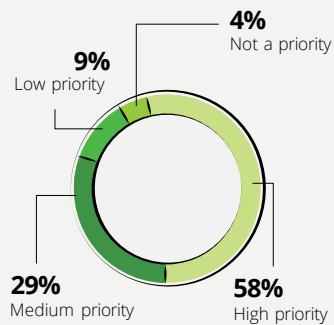


Malaysia

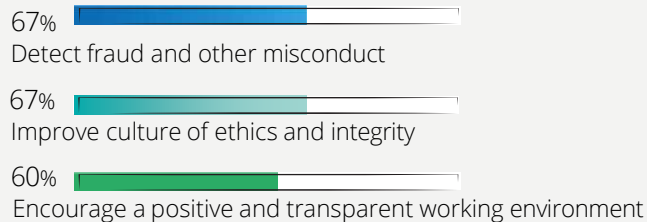


There is a growing focus on whistleblowing as a preventive and defence mechanism

How much priority does your organisation place on whistleblowing?



What are the top three purposes of the whistleblowing program within your organisation?



Who has overall responsibility for the whistleblowing program for your organisation?

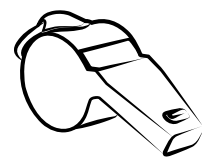


Deloitte perspective

In recent years, there has been greater regulatory and public scrutiny on corporate ethics in Malaysia. The introduction of the ["Guidelines on Adequate Procedures 2nd \("GoAP"\)"](#) pursuant to [Section 17A of the Malaysian Anti-Corruption Commission \("MACC"\) Act in 2018](#) has inevitably created a growing focus on corporate directors' duties and responsibilities, and whistleblowing as a form of preventive and defence mechanism in meeting those responsibilities.

While detecting fraud and other misconduct remains a key purpose for having a whistleblowing program, similar to other respondents in Asia Pacific, respondents in Malaysia are citing "improving the culture of ethics and integrity" and "encouraging positive and transparent working environments" as key purposes of the program.

In Malaysia, respondents indicated that the overall responsibility for the whistleblowing program in their organisations lie with the Board of Directors and Board Committees. This may be due to the fact that the GoAP and Adequate Procedures Best Practice Handbook ("APBPH") specified that top-level management is primarily responsible in ensuring that the commercial organisation practices the highest level of integrity and ethics. It is also worth noting that organisations are required to establish an independent Whistleblowing Committee who handles whistleblowing reports.

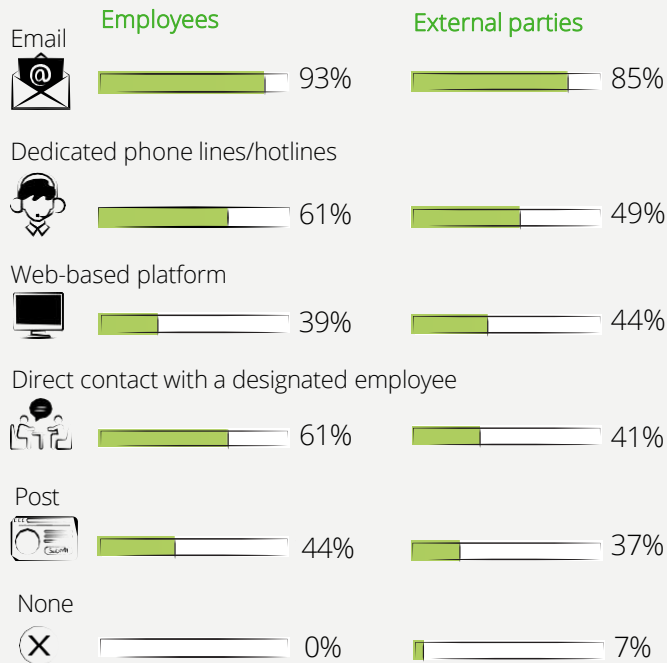


More can be done to facilitate reporting and increase awareness of whistleblowing (1/2)



88% of respondents (12% higher than in Asia Pacific) include diverse reporting channels in their whistleblowing policies.

What are the top 3 reporting channels currently available for whistleblowers to lodge a report?



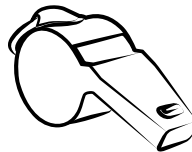
Deloitte perspective

Diverse, inclusive reporting channels empower individuals to choose their preferred method, fostering open communication and trust in a whistleblowing program.

In Malaysia, organisations favour the use of email and direct contact with designated employees over web-based platforms as reporting channels, likely owing to perceived cost and resource efficiencies.

However, web-based platforms facilitate information gathering in a structured and efficient manner, potentially expediting the investigation process. More importantly, the most valuable feature of a platform is the investigation team's ability to communicate with an anonymous whistleblower via a secure messaging feature.

In terms of reporting channels to external parties, Malaysia has fared better than its Asia Pacific counterparts (only 7% versus 25% of respondents without external reporting channels) in making reporting channels accessible to them, indicating that organisations in Malaysia are recognising external parties as potential sources of critical information with regard to misconduct. This corresponds with ACFE's 2022 Report to the Nations which stated that nearly a third of tips came from outside parties, including customers, vendors, and competitors.

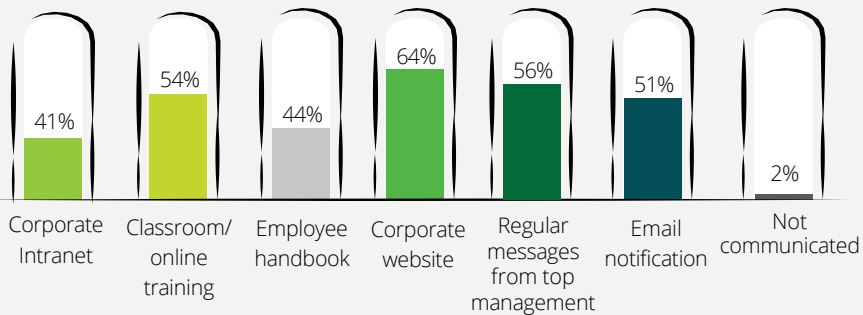


More can be done to facilitate reporting and increase awareness of whistleblowing (2/2)



27% of respondents reported that their organisations don't permit anonymous disclosures.

How are employees made aware of your whistleblowing policies and/or available channels for reporting?



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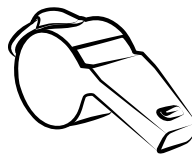
The lack of options for anonymous reporting may be due to concerns over potentially unresolved reported cases and the repercussions of unaddressed misconduct. Consequently, some organisations require whistleblowers to share contact details when reporting a disclosure in order to facilitate subsequent investigations.

However, it is worth noting that the absence of anonymous reporting options may discourage stakeholders, especially employees to come forward due to fears of retaliation, resulting in unreported misconduct. In light of that, organisations may allow anonymous reporting, while also allowing for voluntary contact disclosures to cater for instances where contact with the whistleblower is required to aid investigations.

Organisations in Malaysia have fared better compared to other Asia Pacific counterparts in implementing diverse reporting channels for whistleblowing, in efforts to align with APBPH's recommendation for accessible reporting channels for internal and external stakeholders.

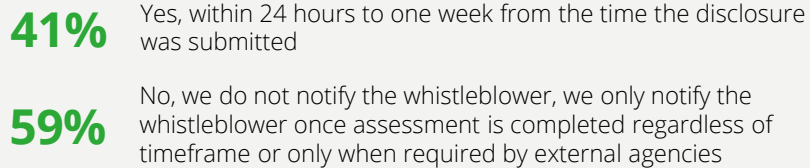
While a large majority of respondents (68%) indicated that the Board of Directors and Board Committees are responsible for the whistleblowing program in their organisations, our results show that there is room for improvement in terms of messages from top management to create awareness of the whistleblowing policy and channels for reporting. Change should start from the top. Top management support is crucial to ensure the success of an organisation fostering the culture of integrity.

On the other hand, as compared to respondents from Asia Pacific, 12% more respondents in Malaysia communicate their whistleblowing policy via email notifications. This may be attributed to its cost-effectiveness and alignment with the communication mediums suggested in the GoAP.

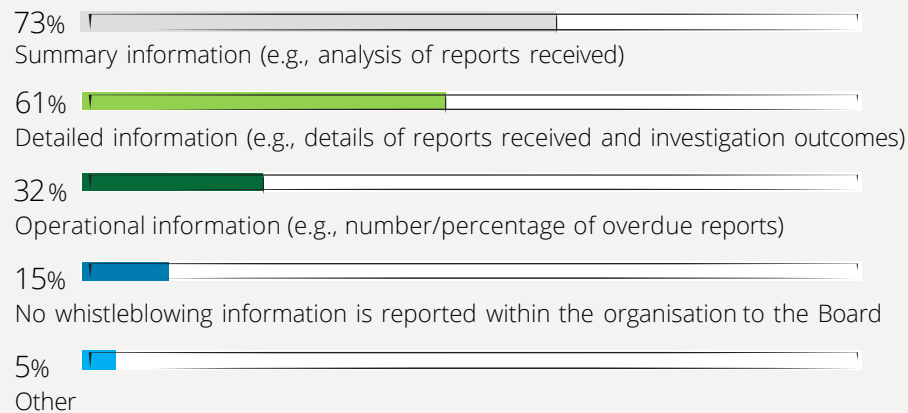


There is a need for increased accountability in whistleblowing management

Are there targeted timelines in responding to the whistleblower (i.e., informing them of the status of the case)?



What management information related to whistleblowing is reported to the Board/within your organisation?



Deloitte perspective

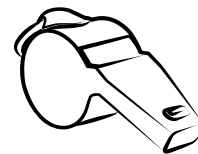
A large majority of organisations in Malaysia lack follow up procedures with whistleblowers once a report has been made. This may stem from efforts to preserve whistleblower anonymity or an underestimation of the need for whistleblower engagement.

Failing to engage with whistleblowers, including keeping them informed of the investigation progress, could lead to them losing trust in the organisation's whistleblowing process. This may prompt them to seek alternative means, such as regulatory bodies and social media platforms which could in turn result in reputational risk for the organisation.

Maintaining open lines of communication with whistleblowers is important in fostering trust and transparency. Provision of regular updates of the investigation to the whistleblower demonstrates a commitment to addressing concerns and reassures whistleblowers that their report is taken seriously.

In Malaysia, the common practice is to provide the Board with summary reports of whistleblowing cases rather than delving into intricate details. This approach offers efficiency in conveying essential issues without overwhelming complexity. It facilitates the Board's oversight role while preserving confidentiality during investigations, safeguarding against undue influence, especially from senior management.

However, it is also important to furnish the Board with detailed information when applicable. This is crucial because the Board may need such details to make significant decisions, approve remedial actions, implement strategies, address reputational damage, and manage stakeholder expectations.



Trust is key

What are the top three challenges with your organisation's whistleblowing program?

	Malaysia		Asia Pacific
	80%	Concerns by employees over independence of reporting process	60%
	56%	Fear of retaliation against employees	42%
	53%	Lack of employee awareness of the whistleblowing program	58%

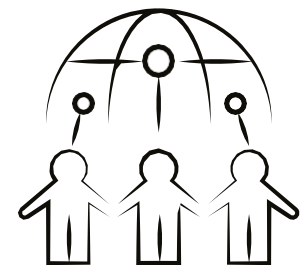


Deloitte perspective

It is vital that organisations are honest with themselves in assessing the real challenges in their whistleblowing program.

Based on our survey results, regardless of locality, the top three challenges remain the same, boiling down to the core issue of trust in an organisation's whistleblowing program.

Enhancing trust in the whistleblowing program then becomes crucial in order for the program to function as intended – to allow stakeholder to come forward with their concerns without repercussions. A whistleblowing program should be designed to safeguard whistleblowers from retaliation, ensure impartial investigations and prevent cover-ups; bolstering trust and employee confidence in the organisation's commitment to ethical matters.



Key Regulations in Malaysia



Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) (MACC Act 2009)

- Section 17A of the MACC Act 2009 was passed on 5 April 2018 and took effect on 1 June 2020
- It introduces corporate criminal liability for corruption offences in Malaysia. As companies and commercial organisations are legal persons, and not natural persons, criminal liability would fall onto its directors, partners, managers and/or employees. Directors may also be held liable personally, which upon conviction would be a criminal offence.

Guidelines on Adequate Procedures (GoAP)

- Issued pursuant to subsection (5) of Section 17A of the MACC Act 2009
- Provides five (5) main principles for an organisation's anti-corruption policies, procedures and controls; via mnemonic of T.R.U.S.T.

Adequate Procedures Base Practices Handbook (APBPH)

- Developed to complement the existing Guidelines on Adequate Procedures.
- The Guidelines were structured on the basis of five 'TRUST' principles which may be used as reference points for an organisation's anti-corruption program.

Commercial organisations must prove that adequate procedures have been prepared, communicated, implemented and enforced effectively within the organisation to prevent corrupt acts.



Persons charged with governance are **required to prove that the offence was committed without his consent or connivance and that he exercised due diligence** to prevent the commission of the offence as he ought to have exercised.

T	Top Level Commitment	<ul style="list-style-type: none"> Ensure that the organisation has a well-crafted anti-corruption compliance program Appoint a risk management officer
R	Risk Assessment	<ul style="list-style-type: none"> Conduct comprehensive risk assessments Create and manage a risk register
U	Undertake Control Measures	<ul style="list-style-type: none"> Conduct due diligence on third parties Establish and implement policies and procedures on anti-bribery/corruption
S	Systematic Review Monitoring and Enforcement	<ul style="list-style-type: none"> Establish and maintain regular monitoring programs, internal audits and external audits
T	Training and Communication	<ul style="list-style-type: none"> Conduct internal and external trainings Promote a culture of integrity Ensure the right level of communication on anti-corruption to internal and external parties Establish reporting channels

About Deloitte Malaysia

Our Malaysia practice has grown rapidly over the years to its current size of over 3,000 staff. Deloitte Malaysia enjoys the status of being one of Deloitte's centres of excellence in Asia for various service lines including International Financial Reporting Standards ("IFRS"), tax compliance and data analytics. This designation as a centre of excellence is in recognition of the depth of experience and quality of resources of our Malaysia office that now joins the ranks of an exclusive list of such centres located in some of the world's largest capital markets.

Deloitte makes an impact that matters

Deloitte Malaysia's desire to make a positive and enduring impact every day for our organisation and its stakeholders require that:



We serve **clients** with quality and distinction, making a measurable and attributable impact.



We inspire our **people** to deliver value – mentoring and developing future leaders and colleagues for life.



We contribute to the **community**, building confidence and trust, upholding integrity and supporting the society.



These Purpose-driven behaviours are guided by our network's shared values – integrity, outstanding value to markets and clients, commitment to each other, and strength from cultural diversity.

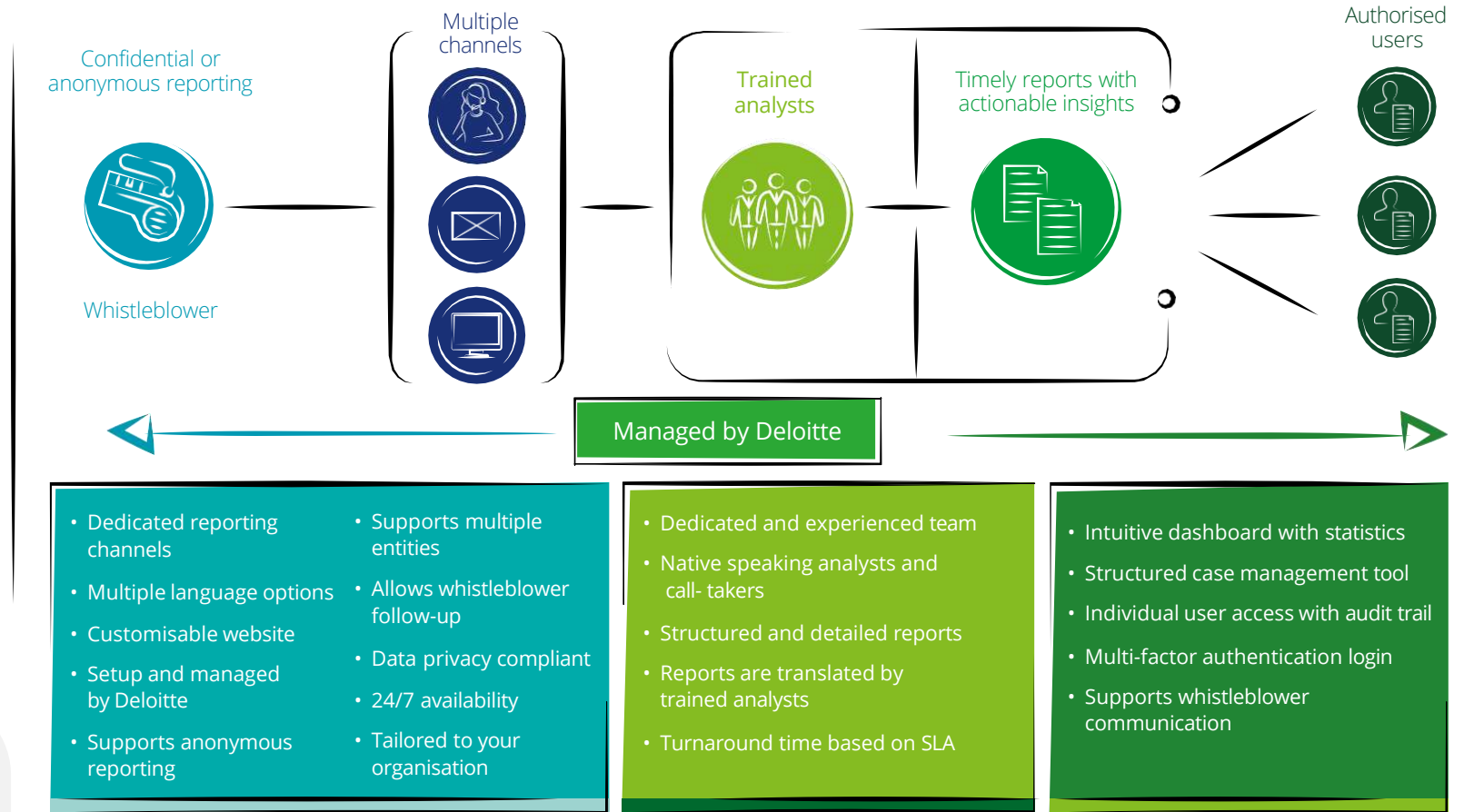


Conduct Watch

Deloitte's independent, cloud-based whistleblowing solution – used by over 300 clients globally

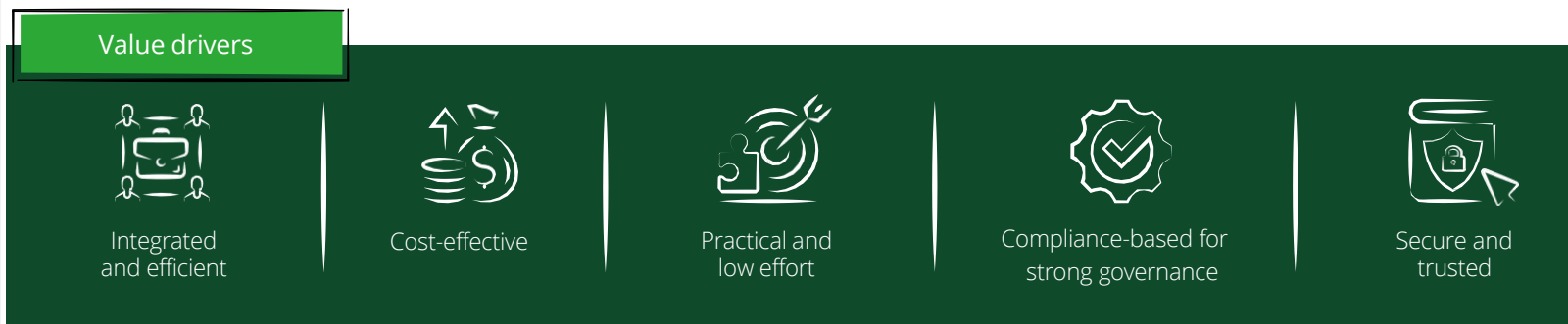
“An estimated one-third of fraud cases worldwide are exposed by Whistleblowers and tipster - more than auditors, security staff and the police combined.”

Source: Voices for change, Transparency International



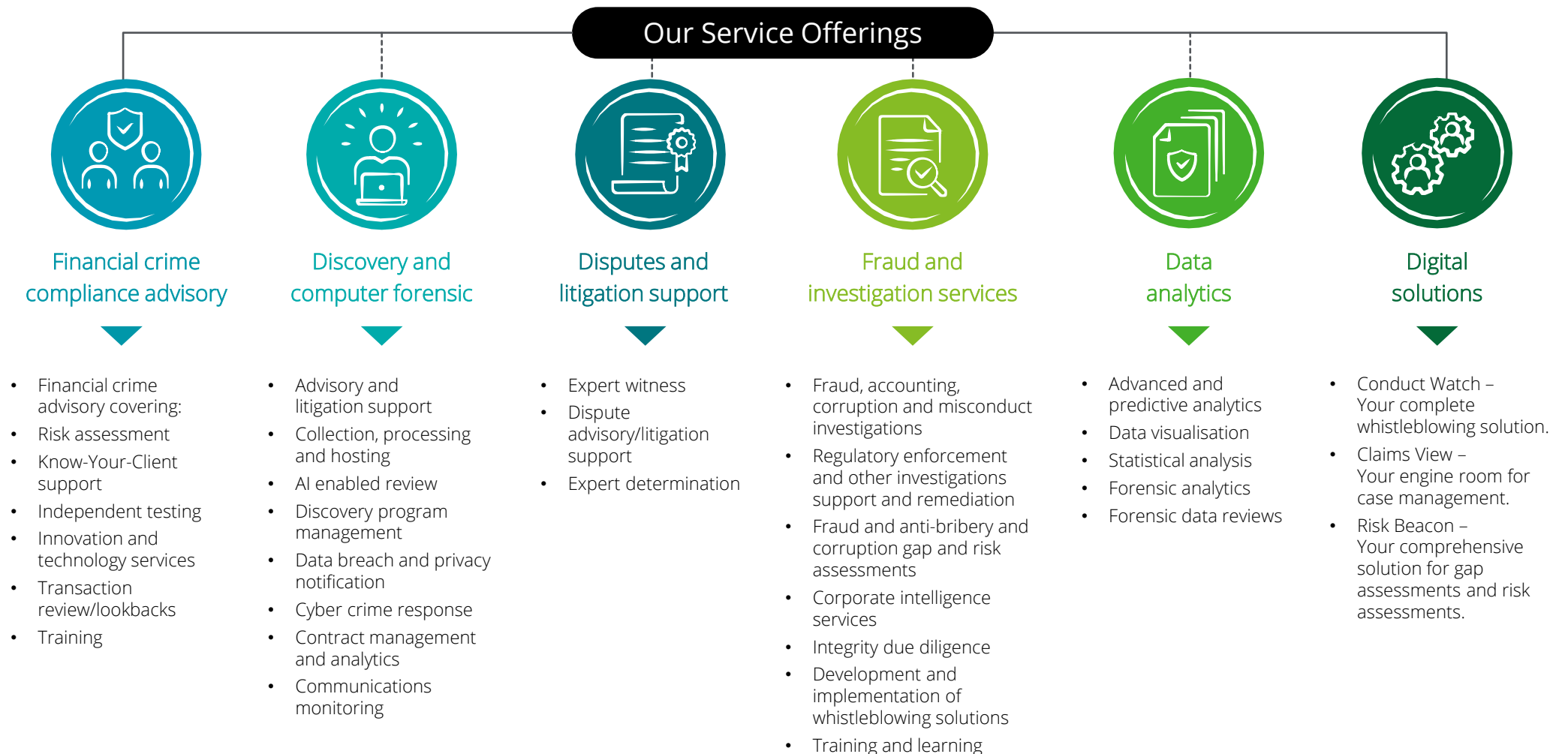
How can Deloitte help?

The key benefit of externalising whistleblowing is the assurance of an independent and impartial process that protects whistleblowers and encourages the reporting of misconduct, leading to greater transparency, accountability, and the uncovering of wrongdoing within organisations.



Deloitte Forensic Malaysia

Deloitte Forensic is a specialist service line in Deloitte which integrates multi-disciplinary expertise and experience to assist clients in the complex areas of litigation, investigation, disputes, technology, insurance and risk. Our forensic practice serves clients around the globe. We have dedicated teams in different continents working seamlessly and globally to assist our clients. Deloitte Forensic often collaborates with other service lines to provide comprehensive solutions for clients.



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Conduct Watch is Deloitte's digital whistleblowing solution. Integrated with data security and advanced case management features, it is used by over 300 clients.

Scan here for more information on Conduct Watch.





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