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BRIBERY RISK ASSESSMENT PROCEDURE

1.0 Introduction:

This procedure outlines the steps for conducting a bribery risk assessment based on different locations/regions within the organization's business units. The assessment aims to identify corruption risks, evaluate their potential impact, assess inherent and control risks, and determine residual risk levels. The procedure also outlines mitigation measures to reduce bribery risks.

2.0 Scope:

This procedure applies to all business units and locations/regions within the organization where bribery risks need to be assessed and managed.

3.0 Bribery Risk Assessment:

- a. **Identify Business Unit and Location/Region:** Specify the business unit and location/region for which the bribery risk assessment will be conducted.
- b. **Corruption Risk Factors:** Evaluate corruption risk factors, including local regulations, business practices, political stability, historical incidents, and other pertinent considerations. The table below provides examples, but please note that the list is not exhaustive and there may be additional factors beyond those mentioned in the table below:



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Risk Factors	Description	Guidance
Local Regulations and	Evaluate the local laws,	Research and analyze the
Legal Environment	regulations, and	local legal framework to
	enforcement mechanisms	understand how bribery
	related to bribery and	and corruption are
	corruption. Consider	addressed. Assess
	factors such as the	whether there are gaps or
	strength of anti-	weaknesses in the legal
	corruption legislation,	system that could
	enforcement agencies,	contribute to corruption
	and penalties for non-	risks.
	compliance.	
Business Practices and	Examine the prevailing	Conduct cultural
Culture	business practices and	sensitivity training and
	cultural norms in the	engage with local experts
, in the second	specific location/region.	to better understand the
	Some cultures may have a	local business culture.
	higher tolerance for	Identify any practices
	certain forms of bribery	that might facilitate or
	or unethical behavior.	encourage corrupt
		behavior.



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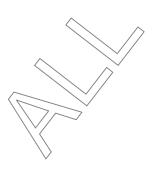
		// // ``
Political and Economic	Consider the political and	Evaluate the current
Stability	economic stability of the	political climate,
	location/region.	government changes, and
	Instability and	economic challenges that
	uncertainty can increase	might create an
	the likelihood of bribery	environment conducive
	and corrupt activities.	to corruption. Monitor
		political developments
		that could impact the
		organization's operations.
Historical Incidents and	Review past instances of	Research historical cases
Corruption Schemes	bribery, corruption, and	of corruption within the
	related scandals in the	location/region to
	area. Understand the	identify common
	modus operandi of	patterns, tactics, and
	previous corruption	vulnerabilities. Use this
	schemes.	knowledge to proactively
		address similar risks.
Economic and Financial	Analyze economic	Assess economic and
Indicators	indicators such as income	financial data to
	levels, poverty rates, and	understand the
	economic inequality.	socioeconomic context.
	These factors can	Identify if there are
\nearrow	influence the motivation	disparities that might
	for engaging in corrupt	incentivize individuals to
//	practices.	engage in bribery for
Y		personal gain.
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Relationships with Public	Evaluate the	Map out the
Officials and Government	organization's	organization's
	interactions with	interactions with
		government officials,
	government entities and	
	public officials in the	including permits,
	location/region. Close	licenses and approvals.
	relationships could lead	Establish transparent
	to favoritism and	protocols for engaging
	potential corruption.	with public officials and
		avoid situations that
		could lead to undue
		influence.
Transparency and	Consider the level of	Assess whether public
Accountability	transparency and	processes and
	accountability in	transactions are
, in the second	government operations,	transparent, and whether
	business transactions,	mechanisms for reporting
	and financial reporting.	corruption are effective.
		Support initiatives that
		promote transparency
		and hold individuals
		accountable.





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Sector-specific Risks	Different industries may	Identify sector-specific
	have specific corruption	vulnerabilities and
	risks. For example,	engage with industry
	sectors dealing with	associations or experts to
	construction, natural	understand the unique
	resources, or public	bribery risks associated
	procurement could be	with the location/region.
	more susceptible to	$\bigcirc)$
	corrupt practices.	

c. **Corruption Risk Identification**: Identify potential corruption risks, including types of corruption schemes. The table below provides examples, but please note that the list is not exhaustive and there may be additional factors beyond those mentioned in the table below:





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Corruption Risks	Corruption Scheme
Bribery and Extortion	1. Collusive Bidding: Companies
	conspire to artificially inflate bid
	prices, ensuring a predetermined
	company wins the contract and
	then pays officials a share of the
	excess.
	2. Quota Bribery: Individuals pay
	bribes to officials to exceed quotas
	or quotas are fraudulently
	manipulated.
	3. Influence Peddling: Officials solicit
	bribes in exchange for using their
	4. influence to secure business
	advantages.
Kickbacks and Procurement Fraud	1. Price Fixing: Suppliers conspire to
	set prices artificially high,
	ensuring larger profits and
	kickbacks to involved parties.
	2. Subcontracting Scam: A
	contractor inflates costs and
	awards subcontracting to a
\rightarrow	company they secretly own,
\nearrow	profiting from both ends.
	3. Unjustified Change Orders:
/ /	Officials approve unnecessary
, Y	change orders and receive
	kickbacks from contractors.



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Embezzlement and Misappropriation	1.	Ghost Assets: Assets are recorded,
		but they do not exist, and funds
		are embezzled through their
		purchase or maint enan ce.
	2.	Expense Padding: Employees
		exaggerate expenses and pocket
		the excess reimbursement.
	3.	Payroll Fraud: Employees
		manipulate payroll records to
		overpay themselves and divert
)	funds.
Nepotism and Favoritism	1.	Unearned Promotions:
	v	Unqualified family members or
		friends are promoted,
		disregarding merit.
	2.	Supplier Favoritism: Contracts are
		awarded to vendors based on
		personal relationships rather than
		competitive bids.
	3.	Insider Recruitment: Friends or
		relatives are hired without proper
		qualifications or scrutiny.



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Facilitation Payments and Small-scale	1.	Regulatory Shortcuts: Officials
Bribes		accept bribes to overlook safety
		regulations, allowing companies
		to bypass costly compliance.
	2.	Expedited Licensing: Small bribes
		expedite the approval of licenses,
		permits, or regulatory processes.
	3. ^	Customs Evasion: Customs
		officials accept bribes to allow the
		smuggling of goods without
		proper documentation.
Fraudulent Financial Reporting	1.	Off-Balance Sheet Manipulation:
		Companies hide debt or assets off
		the balance sheet to present a
		stronger financial position.
	2.	Cookie Jar Reserves: Companies
		overstate expenses in profitable
		years, building reserves for future
		manipulation.
	3.	Fictitious Revenue Recognition:
		Revenue is recorded for fictitious
		sales transactions to inflate
		financial results.



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Conflicts of Interest	1. Self-Dealing: Decision-makers
	benefit personally from contracts
	or transactions with the
	organization.
	2. Insider Trading: Employees use
	non-public information to trade
	stocks and gain an unfair
	advantage.
	3. Preferential Investments:
	Managers direct investments to
	benefit themselves rather than
	the organization.
Lax Due Diligence	1. Concealed Beneficial Ownership:
	Organizations enter partnerships
	without proper due diligence,
	allowing hidden owners with
	corrupt intent.
	2. Fraudulent Charities: Charitable
	donations are made without
	verifying the recipient's
	legitimacy, enabling diversion of
	funds.
	3. Unverified Suppliers: Inadequate
\wedge	due diligence leads to
	partnerships with suppliers
	engaging in corrupt practices.



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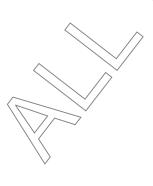
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4.0 Inherent Risk Evaluation:

a. **Probability:** This factor assesses the likelihood of the bribery risk occurring.

Determine the likelihood of bribery occurring within your specific context or location/region. Assign a value of High, Medium, or Low based on your assessment.

Probability	Description		
High	There is a strong likelihood that bribery could occur frequently or		
	is expected to happen in the near future. Bribery is expected to		
	occur frequently or regularly based on historical data, industry		
	knowledge, and the operational context.		
	Examples:		
	In an industry known for its corrupt practices, bribery incidents		
	are frequent, with multiple cases reported annually across various		
	organizations.		
Medium	Bribery could occur occasionally, but it's not a common or		
	expected event. Bribery is anticipated to occur occasionally, with a		
	moderate likelihood based on industry trends and the		
	organization's interactions.		
	Examples:		
	Bribery incidents are sporadic, occurring every few years and often		
	involving specific projects or interactions.		





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Low	The chances of bribery occurring are minimal, and it's unlikely to
	happen within the foreseeable future. Bribery is unlikely to occur,
	with isolated or rare instances based on a strong regulatory
	environment and minimal historical occurrences.
	Examples:
	In a region with strict anti-corruption laws and active enforcement,
	bribery incidents are extremely rare, with only one reported case
	in the past decade.

b. **Potential Impact:** This factor evaluates the potential consequences if the bribery risk materializes. Evaluate the potential impact of bribery on your organization. This impact could include financial losses, reputation damage, legal consequences, etc. Assign a value of High, Medium, or Low.

Impact	Description		
High	Bribery would result in severe and extensive consequences,		
	including significant and severe financial losses, major damage to		
	the organization's reputation, significant legal actions, and		
	widespread operational disruptions.		
	Examples:		
	Abribery incident involving key executives would lead to a		
	substantial decline in stock value, massive lawsuits, regulatory		
	penalties, and the potential bankruptcy of the organization.		



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Medium	Bribery would lead to noticeable adverse effects, impacting the		
	organization's finances, reputation, or operations to a moderate		
	extent.		
	Examples:		
	A bribery incident involving mid-level managers could result in		
	financial penalties, reputational damage within the industry, and		
	some disruptions to ongoing projects.		
Low	The impact of bribery, if it occurs, would be limited and		
	manageable, resulting in minor financial implications or minimal		
	operational disruptions.		
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	Examples:		
	A low-level employee accepting a bribe to expedite a routine		
	administrative process would have minimal financial impact and		
	only a minor reputational setback.		

c. **Inherent Risk:** This factor is the product of Probability and Potential Impact, indicating the initial level of risk before considering controls. Multiply the Probability value by the Potential Impact value to get the Inherent Risk level. This gives you an initial sense of the risk's severity before implementing any controls.

		Impact		
		High	Medium	Low
	High	High Inherent Risk	High Inherent Risk	Medium Inherent
				Risk
Aility	Medium	High Inherent Risk	Medium Inherent	Low Inherent Risk
Probability			Risk	
-	Low	High Inherent Risk	Medium Inherent	Low Inherent Risk
			Risk	



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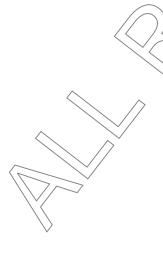
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Inherent	Description
Risk	
High	A high inherent risk level demands immediate and robust
Inherent	attention. Strong preventive measures and controls should be
Risk	established to mitigate the risk.
Medium	A medium inherent risk level indicates a moderate level of concern.
Inherent	Suitable controls and measures are needed to manage and reduce
Risk	the risk.
Low	A low inherent risk level implies a relatively lower level of concern.
Inherent	Basic controls and ongoing monitoring are likely sufficient to
Risk	manage the risk.

d. **Anti-Corruption Controls:** Evaluate existing anti-corruption controls relevant to the identified risks.

5.0 Residual Risk Evaluation:

a. **Control Risk Rating:** Estimate how well your controls will mitigate the risk, represented as a percentage (e.g., 100%, 75%, 50%, 25%).





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Control Risk Rating	
100%	Controls are highly effective in
	preventing or mitigating the identified
	risk. They are robust, comprehensive,
	and consistently enforced. The
	likelihood of the risk occurring is
	significantly reduced, and the impact is
	minimized to a great extent. There is a
	high level of confidence that controls
	will prevent the risk from materializing
	or greatly limit its consequences.
	Examples:
	In a high-risk region where bribery is
	prevalent, the organization has
	implemented a comprehensive anti-
	corruption program. This program
	includes stringent due diligence for
	third parties, regular employee training,
	a confidential reporting mechanism, and
	ongoing monitoring. As a result,
	instances of bribery have become
	extremely rare, and when they do occur,
	they are swiftly detected and addressed.



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implemented due diligence for high-risk

third parties. While these controls have

significantly reduced the likelihood of

bribery, there have been a few isolated

cases where employees attempted to

engage in corrupt activities.

BRIBERY RISK ASSESSMENT PROCEDURE 75% Controls are moderately effective in reducing the likelihood and impact of the identified risk. While they provide a substantial level of mitigation, there may be some scenarios where the risk could still occur, but the overall impact is reduced. There is reasonable confidence that controls will prevent most instances of the risk, but some residual risk remain Examples: Your organization operates in a moderately risky environment, where occasional incidents of bribery have been observed. You have established a code of conduct that explicitly prohibits bribery, conducted anti-corruption training for employees, and



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50%

Controls have a moderate impact on reducing the risk. They provide some level of mitigation, but there are significant gaps or limitations in their effectiveness. The likelihood of the risk occurring is still considerable, and the impact could vary from moderate to significant. Additional measures are needed to achieve a more acceptable level of risk.

Examples:

In a region with a medium bribery risk, your organization has implemented basic anti-corruption measures such as a code of conduct and periodic training. However, due to limited resources and oversight, there have been instances where employees engaged in bribery, and a few cases went undetected. While the controls have some impact in reducing the risk, there are gaps in their effectiveness.



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25%	Controls have limited effectiveness in
	mitigating the identified risk. They may
	provide only minor reduction in
	likelihood or impact. The risk is likely to
	occur with significant frequency and
	potentially result in considerable
	consequences. Urgent action is required
	to strengthen controls and address
	vulnerabilities that contribute to the
	risk.
	Examples:
	Your organization operates in a high-
	risk jurisdiction where bribery is
	common. Although you have a code of
	conduct in place, limited training, and
	minimal due diligence, incidents of
	bribery are frequent and often go
	unnoticed. The controls in place have
	limited impact, and the risk of bribery
	remains significant.



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b. **Residual Risk Calculation:** Calculate the residual risk by multiplying the inherent risk and control risk ratings.

	Control Risk	Control Risk	Control Risk	Control Risk
	Rating= 100%	Rating= 75%	Rating= 50%	Rating= 25%
High	Low Residual	Medium	High Residual	High Residual
Inherent	Risk	Residual Risk	Risk // />	Risk
Risk				
Medium	Low Residual	Medium	-Medium	High Residual
Inherent	Risk	Residual Risk	Residual Risk	Risk
Risk				
Low	Low Residual	Low Residual	Medium	Medium
Inherent	Risk	Risk	Residual Risk	Residual Risk
Risk				

Residual	Description		
Risk			
High Residual	Controls have limited effectiveness in reducing the risk. Likelihood and		
Risk	potential impact of bribery incidents remain significant. Immediate		
((action needed. Reevaluate control strategies and implement		
	comprehensive measures. Enhancing controls is required.		
Medium	Controls provide moderate mitigation, but there is room for		
Residual Risk	improvement. Likelihood and potential impact of bribery incidents are		
	reduced, but certain scenarios could still result in negative outcomes.		
~	Consider enhancing controls.		
Low Residual	Controls are highly effective in mitigating the risk. Likelihood and		
Risk	potential impact of bribery incidents are minimal. Organization is well-		
	prepared to prevent and respond to rare occurrences. Regular		
	monitoring required; enhancing controls is optional.		



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c. **Control Enhancement:** Develop and implement additional or enhanced anticorruption controls to mitigate identified risks.

6.0 Documentation and Reporting:

- a. **Record Keeping:** Maintain records of the bribery risk assessment process, including identified risks, control measures, and residual risk ratings.
- b. **Reporting:** Provide regular reports to relevant stakeholders, including management, on the status of bribery risk assessments and mitigation efforts.

7.0 Review and Continuous Improvement:

- a. **Periodic Review:** Conduct periodic reviews (minimum once a year) of bribery risk assessments for different locations/regions to ensure accuracy and relevance.
- b. Lessons Learned: Use insights gained from the assessment process to enhance the organization's anti-bribery management system and improve risk mitigation strategies.

8.0 Training and Awareness:

a. Ensure that employees and stakeholders involved in bribery risk assessment and mitigation are adequately trained and aware of the organization's procedures and expectations.

9.0 Approval and Authorization:

a. This bribery risk assessment is to be approved by Head of Department and shall be communicated to relevant personnel.