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# Building a Culture of Integrity: How Yayasan Pahang Strengthened Governance Through ISO 37001

A Case Study of



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## Yayasan Pahang

### **Strengthening Public Trust and Institutional Resilience Through Comprehensive Anti-Bribery Governance**



Yayasan Pahang (YP), established in 1983, is the state foundation dedicated to advancing educational, social and economic development across Pahang. Guided by its mission to nurture knowledgeable, skilled, and well-rounded human capital, the foundation delivers wide-ranging education, training, and community programmes through its subsidiaries and partners.

Recognising the importance of strong governance in fulfilling its public mandate, Yayasan Pahang strengthened its integrity framework through the implementation of the ISO 37001:2016 Anti-Bribery Management System (ABMS), reinforcing transparency, accountability, and ethical conduct across the organisation and its broader operational ecosystem.

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#### **Project At A Glance**

- Project: ISO 37001:2016 Anti-Bribery Management System
- Location: Kuantan, Pahang
- Ownership: Yayasan Pahang (since 2017)
- Certification: SIRIM QAS International Sdn Bhd

## **The Challenge**

### **Strengthening Governance Amid Rising Integrity Risks**

Yayasan Pahang recognised the growing importance of strong governance as Malaysia strengthened its national integrity ecosystem, particularly with the introduction of Section 17A of the MACC Act, which places corporate liability on organisations for bribery committed on their behalf. As a state foundation whose Board members also serve on the boards of its subsidiaries, YP faced heightened exposure to legal, operational, and reputational risks if adequate anti-bribery procedures were not in place. Employees also highlighted the need for clearer guidelines, consistent processes, and stronger safeguards to manage ethical risks.

Externally, there was increasing expectation from regulators, government partners, suppliers, and beneficiaries for transparent and accountable practices in the management of scholarships, welfare programmes, and procurement activities. These combined pressures – legal, operational, and stakeholder-driven – prompted Yayasan Pahang to pursue ISO 37001:2016 Anti-Bribery Management System certification as a structured and internationally recognised approach to strengthening integrity and protecting its leadership, employees, and beneficiaries.

## **The Action**

### **A Systematic Journey Toward ISO 37001 Implementation**

Yayasan Pahang's journey toward ISO 37001:2016 Anti-Bribery Management System (ABMS) certification reflects a structured and proactive effort to strengthen governance,

enhance ethical practices, and prepare the organisation for Malaysia's Section 17A Corporate Liability requirements. The certification process required a thorough transformation of policies, systems, and organisational culture. Implementing the ABMS required updates to policies, processes, and oversight mechanisms, supported by organisation-wide engagement and leadership commitment. The initiative progressed through several key phases, outlined below.

#### **Phase 1: Initiation, Awareness & Foundation Setting**

Yayasan Pahang's ABMS journey began in 2016 through a collaboration with Universiti Malaysia Pahang to develop an ABMS checklist and conduct an internal survey on employees' awareness of corruption risks. This early groundwork led to the launch of the Anti-Bribery Management System Checklist in April 2017, which introduced the organisation to the eight core components of ISO 37001:2016.

Following this, the Board of Directors formally approved the implementation of ISO 37001:2016 and allocated the necessary resources for training, awareness programmes, and certification activities. A dedicated ABMS Task Force was established to coordinate implementation across departments.

To ensure shared understanding, Yayasan Pahang conducted awareness sessions for staff, stakeholders, and later the Board and senior management. These sessions outlined the ABMS framework, the implications of Section 17A of the MACC Act, and the certification roadmap, setting a strong foundation for the initiative.

## Phase 2: Governance Commitment, Scope Definition & Risk Assessment

Building on early awareness efforts, Yayasan Pahang strengthened governance alignment by conducting dedicated briefings for the Board and senior management, including sessions on Section 17A and the ABMS certification pathway. This ensured leadership clarity on legal responsibilities and the organisational changes required.

The organisation then defined the scope of ISO 37001:2016 certification, aligning it with its existing ISO 9001:2015 Quality Management System to ensure consistency across operations. A comprehensive gap analysis was carried out across all departments to assess current practices against ABMS requirements, followed by internal workshops to identify bribery risks and determine necessary preventive controls.

These exercises provided a clear baseline of vulnerabilities and priorities, enabling Yayasan Pahang to move into documentation and system development with a structured understanding of its governance and risk landscape.



## Phase 3: Documentation, Training & Internal Validation

With the risk landscape defined, Yayasan Pahang proceeded to develop the full suite of ABMS documentation, including the ABMS Manual,

polices, procedures, and the Anti-Bribery Risk Register. Key personnel also underwent Certified Integrity Officer training at the Malaysia Anti-Corruption Academy (MACA), equipping them to support system implementation.

Staff were trained as internal auditors in preparation for ISO requirements, after which internal audits were conducted across all departments to assess documentation completeness, implementation consistency, and compliance with ABMS controls.

The findings were consolidated and presented through a formal Management Review, ensuring leadership oversight, corrective action planning, and readiness for the next stage of certification.



## Phase 4: Governing Body Review & Certification Achievement (Nov 2017)

Following the internal audit cycle, Yayasan Pahang conducted a formal Management Review and subsequently presented the ABMS documentation, audit results, and readiness updates to the Governing Body and Board of Directors for final endorsement. This step ensured full leadership oversight and alignment prior to certification.

Yayasan Pahang then engaged SIRIM QAS International to conduct the Stage 1 and Stage 2 ISO 37001:2016 certification audits.

Stage 1 assessed documentation compliance and system readiness, while Stage 2 evaluated the effectiveness of ABMS implementation across operations.

Upon successful completion of both stages, Yayasan Pahang was awarded the ISO 37001:2016 Anti-Bribery Management System certification in November 2017, marking a key milestone in strengthening governance and embedding structured anti-bribery controls across the organisation.

## Enablers For Sustainability Performance and Impact

The ISO 37001 certification was achieved through ten key enablers spanning leadership, governance, digitalisation, resources, and stakeholder engagement, that transformed its integrity strategy into measurable outcomes and lasting organisational impact.

### Leadership & Culture

Senior leadership set the tone for integrity by approving key policies, allocating resources, and actively championing ABMS implementation. Their visibility and engagement reinforced accountability and encouraged staff to adopt the required behavioural and process changes.

### Strategy

The ABMS aligned directly with Yayasan Pahang's commitment to good governance by strengthening internal controls, enhancing transparency, and supporting compliance with national requirements such as the MACC Act and Section 17A. This strategic alignment helped build trust and ensure organisational resilience.

### Process

Structured governance processes, clear responsibilities, documented procedures, and regular training enabled ABMS requirements to be embedded into daily operations. Internal audits, risk assessments, and leadership reviews strengthened consistency and supported continuous improvement across departments.

### Resources

Yayasan Pahang allocated internal funds to support policy development, training, system enhancements, audits, and certification fees. This ensured the ABMS was adequately supported throughout implementation and ongoing maintenance.

### Governance

A comprehensive governance framework – including oversight committees, established policies, ISO standards, and formal controls – ensured accountability and transparency. These mechanisms strengthened internal discipline and supported consistent compliance across the organisation.

### People

Employee involvement was central to ABMS implementation. Staff contributed to risk assessments, supported documentation updates, participated in training, and served as internal auditors. This strengthened ethical awareness and reinforced integrity as part of the organisational culture.

### ESG Data

Risk assessments, audit findings, whistleblowing reports, training records, and due-diligence data informed decision-making and performance monitoring. These insights supported stronger controls, greater transparency, and continuous improvement of the ABMS.

### Digital Transformation

Digital tools such as learning management systems, whistleblowing platforms, document management systems, and compliance databases supported more consistent documentation, reporting, monitoring, and communication, helping streamline ABMS-related processes.

### Partnerships & Stakeholder Engagement

Yayasan Pahang engaged government agencies, suppliers, subsidiaries, partners, and beneficiaries through training, briefings, and collaborative governance initiatives. These engagements strengthened alignment with ABMS requirements and supported ethical practices throughout the organisation's broader ecosystem.

### Supply Chain & Procurement

Suppliers were required to comply with integrity declarations, conflict-of-interest disclosures, and enhanced due diligence processes. Training, clearer procurement procedures, and contract clauses reinforced expectations and improved transparency and accountability within the supply chain.

## Overcoming Barriers

Throughout the ABMS implementation process, Yayasan Pahang encountered several challenges. These were resolved through targeted interventions, strengthened communication, and enhanced internal processes. Key barriers and responses included:

## **1. Limited Awareness and Initial Resistance**

Yayasan Pahang encountered varying levels of awareness and understanding of ABMS concepts among staff. Some employees were initially unsure of their roles in the system and hesitant about new requirements. The organisation addressed this through continuous awareness sessions, leadership engagement, and practical training that clarified responsibilities and demonstrated the importance of compliance, gradually strengthening buy-in across departments.

## **2. Documentation Gaps and Process Inconsistencies**

Existing SOPs and documentation were not fully aligned with ISO 37001 requirements, creating inconsistencies and administrative challenges. Yayasan Pahang resolved this by standardising documentation, introducing clearer procedures, improving internal controls, and adopting a Document Management System. These measures reduced complexity, improved accuracy, and ensured consistent application of ABMS processes across the organisation.

## **3. Difficulty Understanding Risk Management Concepts**

Some staff found it difficult to interpret risk matrices, identify appropriate controls, and organise evidence for training or audit purposes. To address this, Yayasan Pahang provided focused workshops, SOP clarifications, and hands-on coaching. Internal audits also served as a guiding mechanism, helping staff better understand ABMS requirements and strengthen their competency in managing bribery risks.

## **4. Supplier-Related Challenges**

Suppliers were initially unfamiliar with integrity commitments, disclosure requirements, and updated procurement expectations under the ABMS.

Yayasan Pahang responded by communicating its integrity standards more clearly, conducting briefings, and reinforcing procurement SOPs. These steps helped ensure better understanding, cooperation, and compliance from external partners.

## **5. Anxiety Ahead of External Audits**

Staff expressed uncertainty about evidence preparation, audit expectations, and compliance verification. To reduce anxiety, the organisation conducted mock audits, held documentation reviews, and provided targeted reminders to ensure consistency and readiness. These efforts built confidence and ensured a smoother certification process.

## **6. Maintaining Leadership Focus and Momentum**

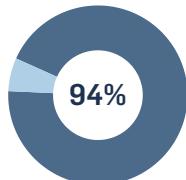
Given the multi-year implementation timeline, sustaining leadership attention and staff motivation posed a challenge. Yayasan Pahang mitigated this by aligning ABMS efforts with broader governance objectives, reinforcing the importance of Section 17A compliance, and providing regular progress updates to decision-makers. This helped maintain organisational momentum and ensured continuous support throughout the implementation journey.

## **Impacts & Results**

### **1. Stronger Governance and Ethical Culture**

The implementation of ISO 37001:2016 significantly strengthened Yayasan Pahang's governance systems, embedding clearer policies, structured controls, and more transparent workflows. Staff now demonstrate improved ethical awareness, accountability, and confidence in applying anti-bribery procedures.

Key outcomes include:



of employees reported higher satisfaction



**Clearer processes**



**Improved transparency**



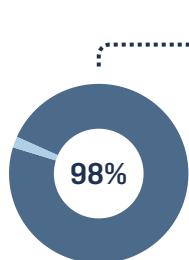
**Strengthen organisational culture**

- Enhanced documentation quality and more effective internal controls across departments.

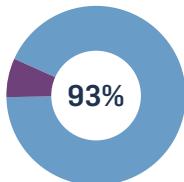
## 2. Enhanced Stakeholder Confidence

The ABMS initiative improved trust between Yayasan Pahang and its internal and external stakeholders. The combination of structured SOPs, integrity pledges, updated procurement requirements, and improved internal oversight created greater confidence in the foundation's governance integrity.

Results from stakeholder feedback:



of shareholders expressed strong confidence in YP's governance, transparency, and strategic direction



of subsidiaries affirmed better alignment with YP's systems, integrity expectations, and oversight mechanisms

## 3. Greater Transparency in Procurement and Third-Party Management

The introduction of integrity declarations, conflict-of-interest disclosures, and strengthened procurement SOPs improved transparency and reduced risk in vendor engagements. Suppliers now operate with clearer expectations and increased accountability.

Notable improvements:

- Clearer due diligence standards for vendors
- Strengthened audit trails within procurement workflows
- More consistent enforcement of integrity requirements across subsidiaries and partners

## 4. Improved Compliance and Risk Management

Through revised SOPs, strengthened risk assessments, and structured internal audits, Yayasan Pahang enhanced its ability to detect, prevent, and respond to bribery risks. The organisation now benefits from a systematic approach to compliance that promotes continuous improvement.

This includes:

- Regular internal audits across all departments
- Defined escalation channels for reporting irregularities
- More consistent alignment with ISO requirement

## 5. Building Internal Capacity and Competency

Training and capability building played a central role in sustaining ABMS implementation. Staff received practical exposure through awareness programmes, risk workshops, SOP briefings, internal audit training, and engagement with the MACC Academy.

Capacity-building achievements:



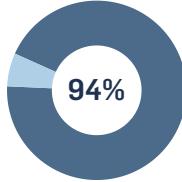
**Internal auditors trained and deployed across departments**



**Improved staff confidence in performing risk assessments and compliance checks**



**Stronger internal culture supporting integrity, ethics, and responsible conduct**



**of employees successfully internalised Yayasan Pahang's integrity standards and practices**

This level of compliance is rigorously measured annually through comprehensive lessons and subsequent employee surveys.

## 6. Achievement of ISO 37001:2016 Certification

Yayasan Pahang successfully obtained its ISO 37001:2016 Anti-Bribery Management System certification from SIRIM QAS International in November 2017, marking a major milestone in the organisation's governance journey. This certification validates the effectiveness of YP's ABMS and reinforces its commitment to transparency, accountability, and ethical leadership.

## 7. Institutional Influence, Recognition & Ecosystem Leadership

In addition to strengthening internal governance, Yayasan Pahang's integrity journey generated wider institutional influence and sectoral recognition at both state and national levels.

Key outcomes include:

### • Academic-Institutional Collaboration (FGIC)

Yayasan Pahang collaborated with Universiti Malaysia Pahang (UMP) in the establishment of the Faculty of Governance, Integrity and Compliance (FGIC), supporting capacity building, applied research, and knowledge development in

governance, integrity, and anti-corruption.



### • Integrity & Anti-Corruption Awards (AIGA)

Yayasan Pahang initiated the Anugerah Integriti, Governans dan Antirasuah (AIGA) at the Pahang state level in 2020. In 2022, AIGA was elevated to the national level under the Institute of Integrity Malaysia (IIM), with Yayasan Pahang receiving multiple recognitions for good governance.



### • Integrity & Anti-Corruption Symposium

Yayasan Pahang hosted the Integrity & Anti-Corruption Symposium in conjunction with International Anti-Corruption Day 2022 at the East Coast level, facilitating knowledge sharing and peer learning among public sector organisations.



## Key Lessons Learned

### 1. Leadership Commitment is Essential

Yayasan Pahang's experience reinforced that visible and continuous support from senior leadership is crucial when implementing a governance framework like ISO 37001. Leadership-led communication, consistent messaging, and active participation helped reduce resistance, clarify expectations, and strengthen organisational confidence in the ABMS.

### 2. Early and Consistent Stakeholder Engagement Matters

Engaging employees, suppliers, and high-risk departments early in the process proved critical to ensuring smoother adoption. When stakeholders understood the purpose and benefits of ABMS requirements, cooperation increased and implementation challenges were reduced.

### 3. Strong Governance Structures and Clear SOPs Reduce Ambiguity

Clear governance mechanisms, well-defined responsibilities, and standardised SOPs made compliance more practical for staff. Establishing a strong baseline—through gap analysis, risk assessment, and documentation review—helped Yayasan Pahang prioritise actions and improve alignment across departments.

### 4. Digital Tools Help Streamline Compliance Processes

The use of digital platforms for documentation control, training, reporting, and whistleblowing helped reduce administrative burden and improve accuracy. Early investment in digital tools enabled more efficient monitoring and strengthened the organisation's governance capabilities.

### 5. Integrity Must Be Embedded in Daily Operations

The ABMS was most effective when linked to everyday workflows, ongoing training, and regular communication. Integrating integrity principles into onboarding, refresher sessions, and departmental practices helped reinforce expectations and sustain an ethical culture over time.

## **Yayasan Pahang has been a participant of the UN Global Compact since 2025, marking its position as Malaysia's first foundation to join. Its involvement includes:**

- Participant in the Young Executive Sustainability Summit 2025
- Active user of the UN Academy Platform for staff capacity building
- Planned participant in the UNGC Accelerator Programme (2026)

Yayasan Pahang's involvement in the UN Global Compact provided useful guidance on strengthening governance practices, access to training and knowledge-sharing opportunities, and exposure to peer learning across sectors. These engagements helped deepen the organisation's understanding of integrity standards, reinforce its commitment to ethical conduct, and support continuous improvement throughout its ABMS implementation journey.

**“ Implementing ISO 37001 is more than strengthening our controls—it is a commitment to serve the people of Pahang with integrity, transparency, and accountability. This means we must Always Make It Happen, not compromise with integrity, and Act with Wisdom. While we must expect problems and deal with bureaucracy, we need to Be Resilient and Embrace Challenges, and be willing to Be Comfortable to Do Uncomfortable Things, ensuring the trust placed in us is always protected. ”**

**Dato' Indera Mahmud Mohd Nawawi,**  
Chief Executive Officer, Yayasan Pahang



## THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



### HUMAN RIGHTS

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.



### LABOUR

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labour;
- 5 the effective abolition of child labour; and
- 6 the elimination of discrimination in respect of employment and occupation.



### ENVIRONMENT

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.



### ANTI-CORRUPTION

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

## ABOUT UN GLOBAL COMPACT NETWORK MALAYSIA & BRUNEI

United Nations Global Compact (UNGC) is a strategic policy initiative for businesses that are committed to take actions to advance broader societal goals. UN Global Compact Network Malaysia & Brunei (UNGCMYB), the official country network of UNGC, is the leading advocate for business sustainability action in Malaysia and Brunei. We empower both corporates and SMEs through value-creating initiatives across learning, connections, and enablers to Forward Faster a collective sustainable future. We support Malaysian and Bruneian companies in aligning with the Ten Principles and contributing meaningfully to the Sustainable Development Goals (SDGs), while providing access to partnerships, tools and knowledge sharing to advance responsible business practices.

Talk to us about joining us or visit our website at [www.ungcmyb.org](http://www.ungcmyb.org)



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