



**STATEMENT ON
CORPORATE
GOVERNANCE**

STATEMENT ON CORPORATE GOVERNANCE

SSM is always committed and believes that emphasis on good corporate governance is important in enhancing transparency, accountability and integrity as an agency that regulates corporate and business entities in Malaysia. SSM always strives to raise awareness and continue its commitment to good corporate governance practices.

SSM'S COMMISSION MEMBERS

The Commission Members are appointed by the Minister of Domestic Trade and Consumer Affairs as provided for under section 6 of the Companies Commission of Malaysia Act 2001. The Commission Members are chosen from among legal practitioners, senior government officers, professionals and leading corporate figures with distinguished records. These outstanding members are entrusted with the responsibility of governing, steering and charting the direction of SSM. Over the years, valuable advice and guidance from the Commission Members have been a prominent factor in SSM's outstanding achievements and standard setting in the corporate sector.

ROLES AND RESPONSIBILITIES OF THE COMMISSION MEMBERS

Commission Members are required to fulfil/ comply with the following:

- (a) To discharge all duties and responsibilities in line with the requirements of the governing Acts of the Commission.
- (b) To take into consideration of the Government interest in the decision-making process of the Commission; this applies to the Commission Members who are appointed in their capacity as Public/ Government Officers.
- (c) To declare any conflict of interest and to abstain from voting or be involved in any decision-making.
- (d) Without prejudice, the Commission Members are to declare their interests and recuse themselves from any matter relating to such interests so as to avoid any elements of abuse of power and conflict of interest.
- (e) During the tenure of office, the Commission Members have the responsibility to declare any non-compliance/ breach of any elements in the Security Vetting conducted. In such circumstances, the office is to be vacated immediately.
- (f) To attend any course/ briefing session as specified by the Ministry, if any.

During the year 2021, the Commission Members had convened a total of 10 meetings to consider and approve various important matters, including long term plans, strategic initiatives and a review of the established key performance indicators (KPI). The Commission Members viewed good governance and the best practices as of utmost importance and that these principles should be intrinsic to various functions and duties implemented by the SSM Management.

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Details of meetings held for the year 2021 are as follows:

DETAILS OF MEETING AND ATTENDANCE OF THE COMMISSION FOR 2021

Members	113rd Commission Members Meeting	Special Meeting 1/2021 of the Commission	114th Commission Members Meeting	Special Meeting 2/2021 of the Commission	115th Commission Members Meeting	Special Meeting 3/2021 of the Commission	116th Commission Members Meeting	117th Commission Members Meeting	Special Meeting 4/2021 of the Commission	118th Commission Members Meeting	Total Attendance	
	4 February 2021	8 March 2021	22 April 2021	10 May 2021	22 June 2021	15 July 2021	10 September 2021	11 November 2021	18 November 2021	15 December 2021		
YBhg. Datuk Seri Hj. Hasnol Zam Zam bin Hj. Ahmad	•	•	•	•	•	•	•	•	•	•	10/10	
YBhg. Dato Hj. Ibrahim bin Hj. Baki	•	•	•	•	•	•	•	•	X	X	8/10	
YBrs. Encik Shamshawal Azraai bin Ahmad	•	•	•	•	•	•	•	•	•	•	10/10	
YBrs. Prof. Dr. Normah binti Hj. Omar	•	•	•	•	•	•	•	•	X	•	9/10	
YBrs. Encik Mohd Sakeri bin Abdul Kadir	•	•	•	•	•	X	•	•	•	•	9/10	
YBrs. Encik Tan Gim Tuan	Appointed as Commission Member on 24 February 2021	•	•	•	•	•	•	•	•	•	9/9	
YBhg. Datuk Selva Kumar A/L Mookiah	Appointed as Commission Member on 15 March 2021		•	•	•	•	•	•	X	•	7/8	
YBrs. Encik Azih bin Yusof	Appointed as Commission Member on 25 June 2021					•	•	•	•	•	5/5	
YBhg. Datuk Nor Azimah binti Abdul Aziz	•	•	•	•	•	•	•	•	•	•	10/10	
YBrs. Encik Mohamed Zahari bin Razali	•	•	Appointment as Commission Member ended on 14 April 2021							•	•	2/2

• Attended

X Absent with apologies

* A total of three (3) Circular Resolution were circulated for the year 2021

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Duties and Responsibilities of Committees comprising of the Commission Members are as follows:

COMMITTEES ESTABLISHED	BRIEF DESCRIPTION
Audit and Risk Management Committee	<p>The responsibilities of the Committee are as follows:</p> <ul style="list-style-type: none"> (a) To assist the Commission reviewing of the adequacy and effectiveness of the internal control system in SSM. (b) To review the effectiveness of the risk management policies and practices of the Commission. (c) To review the year-end financial statements, before submission to the Commission. (d) To review the external auditors' management reports and management's responses. (e) To support and provide directions to the Internal Audit function to ensure its effectiveness. (f) To consider the findings arising from Internal Audit Reports or other internal investigations and responses by management and to determine the appropriate corrective action required of the management.
Investment Committee	<p>This committee is responsible for overseeing the investment of SSM funds and formulating general guidelines and procedures with regard to such investments.</p>
Employment and Services Committee	<p>This committee is responsible for determining and supervising all policies with regard to human resources in SSM as provided in the Term of Reference (TOR).</p>
Procurement Board	<ul style="list-style-type: none"> (a) To consider, evaluate and make decisions for procurement worth not more than RM100 million as stipulated by the relevant Circular. (b) Subject to the limits of authority set, the SSM Procurement Board is responsible for considering and agreeing to accept tenders based on SSM's principles, policies and regulations. (c) To ensure that a procurement submitted before it is approved is: <ul style="list-style-type: none"> (i) required; (ii) according to priority; (iii) related to the performance of functions and activities; and (iv) for official use. (d) To ensure the method of procurement follows the provisions of instructions and circulars in force. (e) To review the technical and financial capabilities of the tenderer. (f) To consider and decide on the most profitable tender considering the price, service or use of goods, quantity, quality, period of delivery or completion, maintenance costs and other relevant factors.
Disciplinary Committee I	<p>This Committee is responsible for carrying out its functions as a Disciplinary Authority based on Act 605 which is related to the conduct of officers and imposing disciplinary punishment for officers holding the position of Chief Executive Officer, Deputy Chief Executive Officer, Top Management Group and Management and Professional Group.</p> <p>The committee has the power to impose penalties of dismissal or demotion.</p>

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COMMITTEES ESTABLISHED	BRIEF DESCRIPTION
Disciplinary Appeal Committee I	This Committee is responsible for carrying out its functions as a Disciplinary Authority based on Act 605 which is related to the conduct of officers and to receive, consider and decide any appeal submitted by an officer holding the position of Chief Executive Officer, Deputy Chief Executive Officer, Top Management Group and Management and Professional Group against the decision of this Committee.
Disciplinary Committee II	This Committee is responsible for carrying out its functions as a Disciplinary Authority based on Act 605 which is related to the conduct of officers and imposing disciplinary punishment for officers holding the position of Chief Executive Officer, Deputy Chief Executive Officer and Top Management Group. The committee has the power to impose penalties other than dismissal or demotion.
Disciplinary Appeal Committee II	This Committee is responsible for carrying out its functions as a Disciplinary Authority based on Act 605 which is related to the conduct of officers and to receive, consider and decide any appeal submitted by an officer holding the position of Chief Executive Officer, Deputy Chief Executive Officer and Top Management Group against the decision of this Committee.
Disciplinary Committees III	This Committee is responsible for carrying out its functions as a Disciplinary Authority based on Act 605 which is related to the conduct of officers and imposing disciplinary punishment for officers holding the position of Management and Professional Group. The committee has the power to impose penalties other than dismissal or demotion.
Disciplinary Appeal Committee III	This Committee is responsible for carrying out its functions as a Disciplinary Authority based on Act 605 which is related to the conduct of officers and to receive, consider and decide any appeal submitted by an officer holding the position of Management and Professional Group against the decision of this Committee.
Disciplinary Committee IV	This Committee is responsible for carrying out its functions as a Disciplinary Authority based on Act 605 which is related to the conduct of officers and imposing disciplinary punishment for officers holding the position of Support Group. The committee has the power to impose penalties, dismissal or demotion.
Disciplinary Appeal Committee IV	This Committee is responsible for carrying out its functions as a Disciplinary Authority based on Act 605 which is related to the conduct of officers and to receive, consider and decide any appeal submitted by an officer holding the position of Support Group against the decision of this Committee.
Disciplinary Committee V	This Committee is responsible for carrying out its functions as a Disciplinary Authority based on Act 605 which is related to the conduct of officers and imposing disciplinary punishment for officers holding the position of Support Group. The committee has the power to impose penalties other than dismissal or demotion.
Disciplinary Appeal Committee IV	This Committee is responsible for carrying out its functions as a Disciplinary Authority based on Act 605 which is related to the conduct of officers and to receive, consider and decide any appeal submitted by an officer holding the position of Support Group against the decision of this Committee.

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ORGANISATIONAL ANTI-CORRUPTION PLAN (OACP) SSM 2019-2023

The SSM Organisational Anti-Corruption Plan (OACP) is in line with the implementation of the National Anti-Corruption Plan (NACP) 2019 - 2023 which was launched by former YAB Prime Minister of Malaysia, Tun Dr Mahathir bin Mohamad on 29 January 2019. SSM's OACP was officially launched on 17 December 2019 by the former Chief Executive Officer of SSM, YBrs. Dr Azman bin Hussin to make SSM free and clean from bribery. There are four (4) priority areas in SSM's OACP, namely Corporate Governance, Public Sector Administration, Public Procurement and Law Enforcement which includes 106 initiatives to be implemented by the Divisions and Sections within five (5) years from 2019 to 2023. SSM's OACP is also one of the criteria required to be met in obtaining the MS ISO 37001: 2016 Anti-bribery Management Systems (ABMS) certification.

ANTI-BRIBERY MANAGEMENT SYSTEMS (ABMS) SSM

SSM was officially recognised to implement the ABMS by SIRIM QAS International Sdn Bhd (SIRIM) on 5 October 2021. The Malaysian Standard (MS) ISO 37001: 2016 ABMS Recognition Certificate was presented by SIRIM to YBhg. Datuk Seri Hj. Hasnol Zam Zam Hj. Ahmad, Secretary General of MDTCA and Chairman of SSM witnessed by YBhg. Datuk Nor Azimah Abdul Aziz during the SSM 2021 Integrity Day Celebration held on 7 December 2021.

SSM ANTI-CORRUPTION POLICY

(a) This policy was developed to combat all corrupt practices, abuse of power and malpractice in SSM.

(b) This policy is prepared with the Anti-Corruption Guidelines applicable to the Commission Members, SSM Management, SSM Employees, SSM Welfare and Sports Clubs and Third Parties who deal with/ or on behalf of SSM.

SSM NO GIFT POLICY

(a) This policy is developed to prevent any offer, provision and acceptance of gifts, benefits, donations and similar facilities where the act could be considered as an act of bribery if the acceptance or giving of the gift is in any way relevant, whether directly or indirectly with his official duties.

(b) This policy is prepared with the SSM No Gift Guidelines which applies to the Commission Members, SSM Management, SSM Employees, SSM Welfare and Sports Clubs and Third Parties who deal with/ or on behalf of SSM.

SSM CONFLICT OF INTEREST POLICY

(a) This policy is prepared with SSM Conflicts of Interest Guidelines which applies to the Commission Members, SSM Management, SSM Employees, SSM Welfare and Sports Clubs and Third Parties who deal with/ or on behalf of SSM.

(b) Newly appointed Members of the Commission, SSM Management and SSM Employees will be given an Undertaking Form on Confidentiality of Information & Conflicts of Interest through the Office of the Secretary of the Commission or the Human Capital Division when reporting to SSM.

(c) Members of the Commission, SSM Management and SSM Employees only need to fill in the Commitment Form on Confidentiality of Information & Conflicts of Interest if they are involved in a decision-making Meeting/ Committee.

SSM CODE OF ETHICS 2021

On 7 December 2021, the SSM Code of Ethics 2021 was launched by YBhg. Datuk Seri Hj. Hasnol Zam Zam Hj. Ahmad, Secretary General of MDTCA and the event was held at Menara SSM@Sentral. This book is an improvement and continuation of SSM's Code of Ethics Book published in 2013 and 2017 with updated rules, guidelines and policies to be appreciated and practiced by all SSM employees.

*STATEMENT ON CORPORATE GOVERNANCE***PROGRAMMES AND ACTIVITIES 2021**

Throughout 2021, various awareness programmes have been organised to enhance SSM's employees understanding of integrity, the OACP and the ABMS. The list of programmes that have been held is as follows:

(a) A briefing by SIRIM STS Sdn Bhd on ABMS to State Directors/ Branch Managers was held on 11 February 2021 and to Head of Divisions and Head of Sections on 16 February 2021.

(b) Internal Audit Workshop on 'Implementation of MS ISO 37001: 2016 Certification' to SSM's ABMS Internal Auditors was held on 22 to 25 February 2021.

(c) A briefing on the ABMS to Non-Executive Employees at Headquarters/ State Offices/ Branches during the training for Non-Executives Promotion Scheme Programme on 17 June 2021.

(d) The audit for MS ISO 37001: 2016 Certification was held in two (2) phases where phase 1 on 2 to 3 August and phase 2 on 1 to 3 September 2021 by SIRIM QAS International Sdn Bhd in each Division/ Section at the SSM Headquarters.

(e) A briefing on ABMS to SSM 2021 Induction Course Participants was held on 8 September 2021.

(f) Workshop on the Declaration of Conflict of Interest in Work Management Control Documents (WMCD) to ABMS Steering Committee and Internal Auditors was held on 8 to 10 December 2021.

(g) The presentation of MS ISO 37001: 2016 ABMS certificate was presented by SIRIM QAS International to YBhg. Datuk Seri Hj. Hasnol Zam Zam Hj. Ahmad, Chairman of SSM which was held on 7 December 2021 at Menara SSM@Sentral.

(h) Launch of the SSM Code of Ethics 2021 and briefing on '*Bila Hadiah Menjadi Rasuah*' by the Former Director of MACC Community Education Division in conjunction with SSM's Integrity Day Celebrations was held on 7 December 2021 at Menara SSM@Sentral.

STATEMENT OF RISK MANAGEMENT

INTRODUCTION

SSM has adopted a coordinated and formalized approach to risk management and other internal control, which is driven through the 'Three Lines of Defense' concept, in which risk management forms the second line of defense.

SSM has implemented Enterprise Risk Management (ERM) and Business Continuity Management (BCM) Policy and Framework to encourages proactiveness in identifying and anticipating risks in the environment that an organisation is operating. This framework is developed based on ISO 31000: 2018 (Risk Management Guidelines), ISO 22301: 2019 (Societal Security - Business Continuity Management System Requirements), ISO 22313: 2020 (Security and Resilience – Business Continuity Management Systems – Guidance on the use of ISO 22301) and adoption with industry best practices.

ERM AND BCM RESPONSIBILITIES AND REPORTING

In general, ERM and BCM reporting in SSM is a combination of both top-down and bottom-up approach to facilitate decision making process.

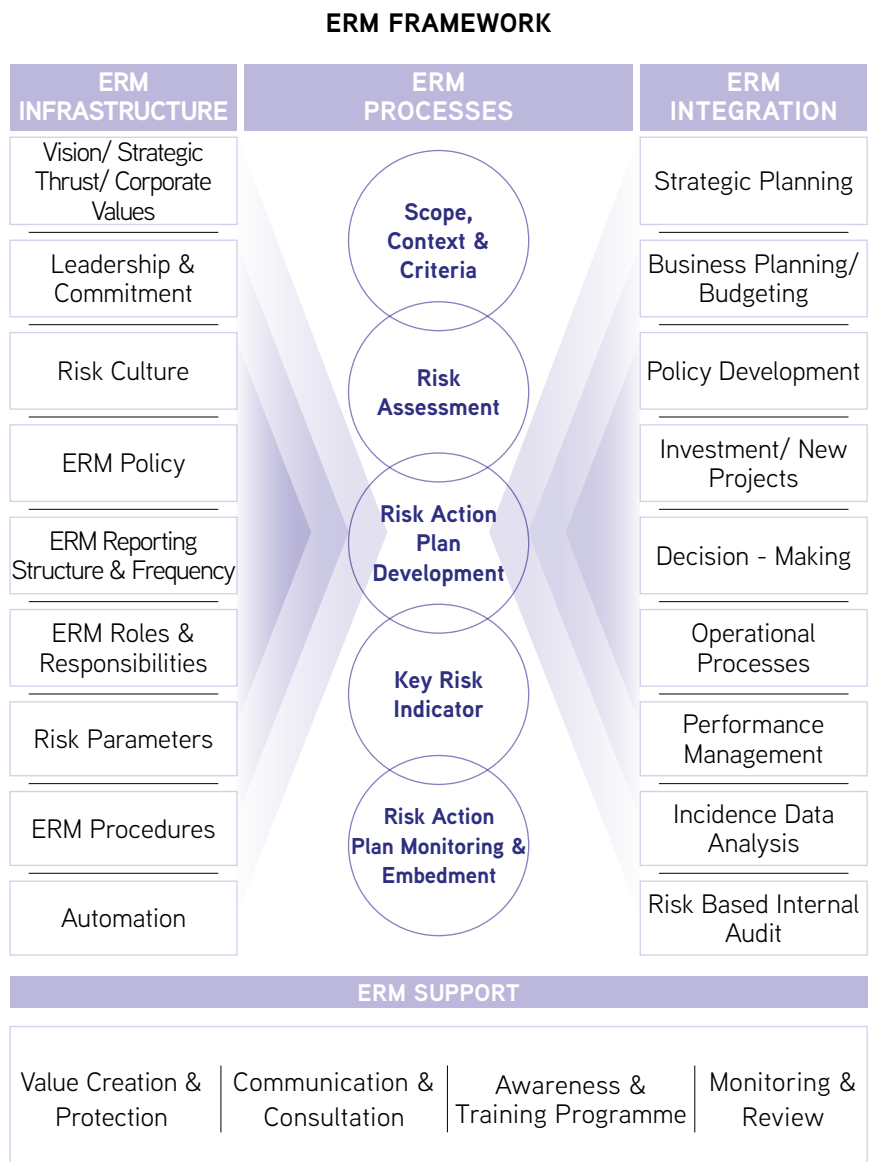
The Commission Members has the responsibilities in the establishment of an appropriate ERM and BCM policy and framework as well as discussing other matters pertaining to key risk or BCM issues related to the organisation and to provide guidance. The Audit and Risk Management Committee (ARMC) on behalf of the Commission Members, are responsible in oversees, evaluates, assesses and reviews the adequacy and effectiveness of the organisation's system of ERM and Business Continuity Plan (BCP). The responsibility to ensure the execution of the ERM and BCM Policy and Framework holistically lies under the purview of the SSM Management functions through establishment of Management Level – Risk Management Committee (ML-RMC).

ENTERPRISE RISK MANAGEMENT (ERM)

ISO 31000: 2018 explicitly talks about the need for effective risk management to be integrated dynamically in SSM environment with a structured process and able to react to changes. Those processes will increase organisation risk management maturity and resulting a better informed decision making. With structured and effective management of risk, it will enable the organisation to achieve its vision or objectives successfully.

Managing Risk with ERM Framework

The purpose of the ERM framework is to assist the organisation in integrating risk management and to ensure robust risk management activities are in place in order to manage, minimise and take opportunity on any risks within SSM. The scope of ERM framework covers all activities, business processes, projects, services, systems and assets as shown below:



STATEMENT OF RISK MANAGEMENT

Focus 1: ERM Infrastructure

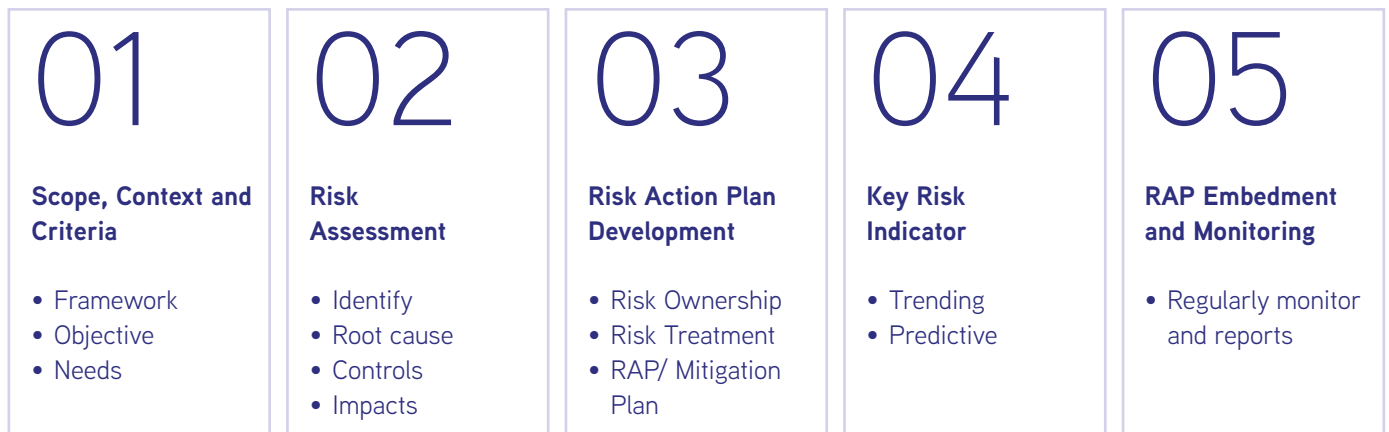
ERM infrastructure is the key pillar in the ERM Framework which lay a foundation for effective ERM implementation. The key components of ERM infrastructure in SSM include:

Vision/ Strategic Thrust/ Corporate Values	SSM's Vision/ Strategic Thrusts/ Corporate Values are analyzed to determine whether the internal and external risks faced by SSM may affect the achievement of SSM's Vision/ Strategic Thrust/ Corporate Values.
Leadership and Commitments	The Commission shall ensure that adequate empowerment and accountability are assigned for relevant roles with respect to ERM to ensure the ongoing success and effectiveness of the ERM implementation in the organisation.
Risk Culture	ERM requires overall participation for both managing and reporting of risks. Communication and awareness are essential to build a common understanding of ERM and secure buy-in from staff.
ERM Policy	The ERM policy shall align the ERM resources and actions with the business strategy necessary to maximize the organisational effectiveness via a common approach.
ERM Reporting Structure and Frequency	An appropriate reporting structure enabling the implementers of ERM and the decision-makers to communicate their actions to parties with vested interests.
ERM Roles and Responsibilities	Roles and responsibilities shall be defined to identify, manage, monitor, communicate and report risk effectively.
Risk Parameter	Risk parameter is an indicator that SSM used as a guide to measure risks and allow relative comparison of the significance of different risks.
ERM Procedures	ERM procedures shall be prepared as a guide for staff of SSM in carrying out its activities and reporting in a structured manner. The ERM framework and procedures of SSM is guided by ISO 31000: 2018 (Risk Management Guidelines).
Automation	System/ technology shall be used to improve the ERM exercise and timeliness of reporting to ensure appropriate action are taken before risk crystallization.

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Focus 2: Integrating ERM into SSM's Business Process

Risk management, just like any other element of corporate governance, must be integrated into the overall management system of the organisation. Integrating risk management into an organisation is a dynamic and iterative process, and should be customized to the organisation's needs and culture based on five (5) ERM process as follows:



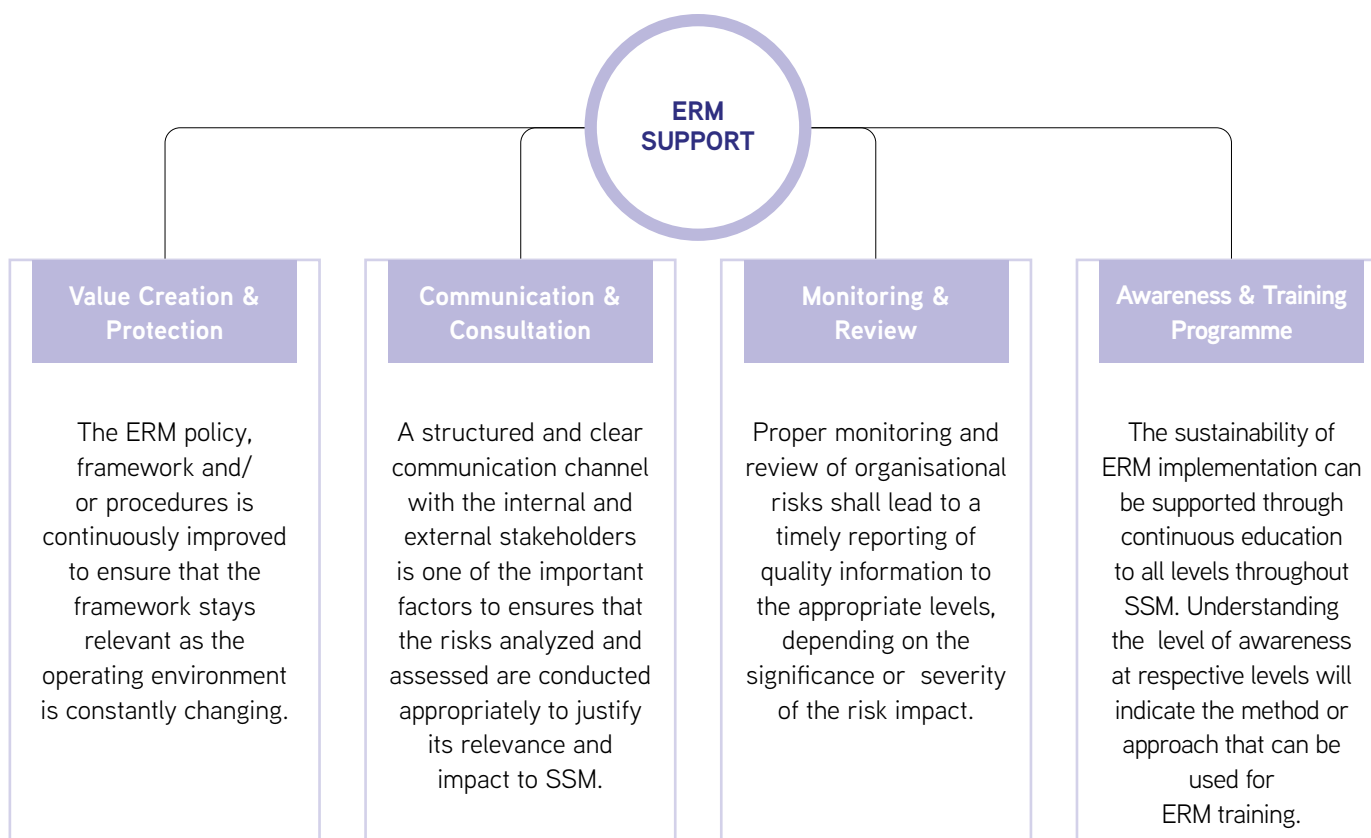
It is important for SSM to internalize ERM practices and integrate the processes into SSM's key business activities covering the following areas:

Strategic Planning	Integrating ERM into the process of a strategic plan preparation for an organisation needs to consider the various internal and external factors that would affect the eventual implementation of the plan.
Business Planning/ Budgeting	A comprehensive business plan and budgeting with consideration of key risks will support the resources allocation required for the execution stage.
Policy Development	Policy development should consider how key risks of the organisation can affect the policy in the future.
Investment/ New Projects	Incorporating ERM approaches into project management is crucial as proper and adequate plans ensure the readiness of an organisation towards any results (positive or negative) throughout any of the phases in investment/ new projects.
Decision Making	Every decision made carries an element of risk, therefore there must a balance of understanding on consequences between the risk and reward from the decisions made.

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Operational Process	Risks identified and managed at the operational level could effectively and efficiently improve an organisational operational processes.
Performance Management	By having ERM being measured as part of the performance management, staff accountability and responsibility towards the ERM shall improve.
Incidences Data Analysis	Having proper records of incident data will improve the predication of likelihood of a risk that will allows an organisation to identify the trends and provide adequate time to raise red flag for appropriate action to be taken.
Risk Based Internal Audit	The output from risk assessment shall therefore be used by the Internal Audit in executing its audit plan effectively and efficiently as the auditable areas can be prioritized based on its risk ratings.

Focus 3: ERM Support



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ORGANISATIONAL RESILIENCE - BUSINESS CONTINUITY MANAGEMENT (BCM)

ISO 22301: 2019 defines business continuity as capability of organisation to continue the delivery of products and services within acceptable time frames at predefined capacity during a disruption. ISO 22313: 2020 further defines BCM is the process of implementing and maintaining business continuity to prevent loss and prepare for mitigate and manage disruptions.

BCM Framework

The BCM framework ensures that SSM's Management approach to business continuity is sound and comprehensive. A robust BCM framework shows that SSM is prepared to respond effectively to any emergency or crisis at any time. The objective of the framework is to guide the Management in:

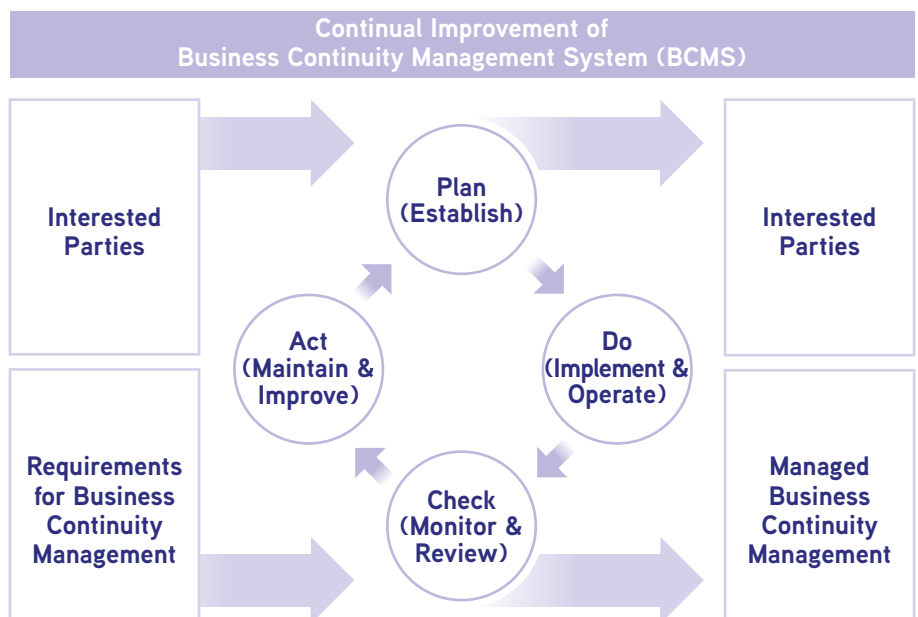
- (a) Establishing and maintaining a robust and realistic BCP for the management of business continuity activities;
- (b) Enabling the recovery of critical business functions as quickly as possible; and
- (c) Ensuring that the operations remain in service for customers while considering and addressing the needs of SSM's employee.

The BCM Framework of SSM is illustrated in the diagramme below:



Plan-Do-Check-Act Model (PDCA)

The Plan-Do-Check-Act (PDCA) cycle is applied to establish, implement, operate, monitor, exercise, maintain and improve the effectiveness of the SSM's BCM System as shown in the diagramme below:



STATEMENT OF RISK MANAGEMENT

The PDCA cycle involves the following areas:



ERM AND BCM KEY ACTIVITIES IN 2021

During the year, initiatives that have been conducted by the Risk Management Section involved various parties and projects in SSM, which include function as below:

(a) Oversight;

(b) Advocate;

(c) Facilitate coordinate; and

(d) Independent advisory/ review.

STATEMENT OF INTERNAL AUDIT

INTRODUCTION

The Internal Audit Section (IAS) provides independent objective assurance as well as advisory services designed to provide adding value in improving SSM operations. IAS also assists SSM to achieve its objectives through a systematic and disciplined approach in assessing and enhancing the effectiveness of risk management, internal control and governance processes.

INDEPENDENT AND OBJECTIVITY

The IAS serves as an independence function.

1 Independent is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. The Head of IAS has unrestricted direct access and the Commission Members and Top Management.

2 Objectivity is an unbiased attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. IAS must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

INTERNAL AUDIT CHARTER AND SCOPE OF WORK

The **Internal Audit Charter** is an official document outlining the role of the IAS in performing their duties and responsibilities in SSM.

Under the charter, all the annual audit activities are required to be approved by the Audit and Risk Management Committee. Scope of the annual audit work encompasses the following:

- (a) Reviews and evaluates the reliability and integrity of financial and operational information;
- (b) Reviews and evaluates the system established by management to ensure compliance with those policies, plans, procedures, laws and regulations;
- (c) Reviews and evaluates the means of safeguarding assets and as appropriate, verifying the existence of assets;
- (d) Reviews and evaluates the effectiveness of operations and activities; and
- (e) Conducts specific audit works upon request of the Commission Members and Top Management as appropriate.

SSM INTERNAL WHISTLEBLOWER POLICY 2013 (AMENDMENT 2020)

IAS has been mandated by the Commission Members to carry out and enforce the SSM Internal Whistleblower Policy 2013 (Amendment 2020). The Internal Whistleblower Policy was amended and approved by the Commission Members on 3 September 2020.

The purpose of this policy is to encourage SSM employees and external parties to channel any misconduct by employees, SSM management or Commission Members. All complaint information and the identity of the whistleblower will be categorized as classified documents. A person found to have leaked the identity or information of a whistleblower may be subject to an action under the Statutory Bodies (Discipline And Surcharge) Act 2000 (Act 605).

PROTECTION

The whistleblower's identity and information provided will be treated as confidential and will not be disclosed.



COMPLAINT CHANNEL

Completed Complaint Form can be submitted through the following channel:

- (a) E-mail at whistleblower@ssm.com.my; or
- (b) By hand to the following address:
Head of Internal Audit Section
Companies Commission of Malaysia
Level 19, Menara SSM@Sentral
No.7, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50623 Kuala Lumpur

