STATEMENT ON
CORPORATE GOVERNANCE

STATEMENT ON
CORPORATE GOVERNANCE

SSM remains steadfast in its commitment and firmly believes that prioritising good corporate governance plays a vital role in improving transparency, accountability, and integrity. As the regulatory authority overseeing corporate and business entities in Malaysia, SSM consistently endeavors to promote awareness and uphold its dedication to fostering 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 fulfil all duties and responsibilities in accordance with the provisions outlined in the governing Acts of the Commission;

(b) To give due consideration to the Government's interest in the decision-making process of the Commission. This especially pertains to Commission Members who have been appointed in their capacity as Public/ Government Officers;

(c) To declare any conflict of interest and to abstain from voting or be involved in the 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 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 circumstance, the office is to be vacated immediately; and

(f) To attend any course/ briefing session as specified by the Ministry, if any.

In the year 2022, the Commission held a total of eight (8) meetings to deliberate and approve various significant matters, encompassing long-term strategies, strategic initiatives, and assessments of established Key Performance Indicators (KPIs). The Commission Members underscored the paramount significance of good governance and best practices, asserting that these principles should be embedded within the various functions and responsibilities carried out by SSM Management. Details of the meetings convened in the year 2022 are as follows:

DETAILS OF MEETING AND ATTENDANCE
OF THE MEMBERS OF THE COMMISSION FOR 2022

COMMISSION MEMBERS	119th Commission Members Meeting 17 February 2022	Special Commission Members Meeting 1/2022 10 March 2022	120th Commission Members Meeting 14 June 2022	Special Commission Members Meeting 2/2022 28 June 2022	121st Commission Members Meeting 4 August 2022	122nd Commission Members Meeting 15 September 2022	Special Commission Members Meeting 3/2022 8 November 2022	123rd Commission Members Meeting 16 December 2022	TOTAL ATTENDANCE
Datuk Azman Mohd Yusof	Appointed as Commission Chairman on 15 April 2022		•	•	•	•	•	•	6/6
Encik Shamshawal Azraai Ahmad	•	•	•	•	•	•	•	•	8/8
Prof. Dr. Normah Hj. Omar	•	X	•	•	•	•	Appointment as Commission Member ended on 31 October 2022		5/6
Encik Mohd Sakeri Abdul Kadir	•	•	•	•	•	•	X	•	7/8
Encik Tan Gim Tuan	•	•	•	•	•	•	X	•	7/8
Datuk Selva Kumar A/ L Mookiah	•	•	•	•	•	•	•	•	8/8
Encik Kilat Beriak	Appointed as Commission Member on 15 March 2022		•	•	•	•	•	•	6/6
Datuk Nor Azimah Abdul Aziz	•	•	•	•	•	•	•	•	8/8
Datuk Seri Hj. Hasnol Zam Zam Hj. Ahmad	•	•	Appointment as Commission Chairman ended on 31 March 2022						2/2
Encik Azih Yusof	X	X	Appointment as Commission Member ended on 28 March 2022						0/2

• Attended
X Absent with Apologies
* A total of four (4) Circular Resolutions were circulated for the year 2022

The duties and responsibilities of Committees comprise of Commission Members are as follows:

COMMITTEES ESTABLISHED	BRIEF DESCRIPTION
Audit and Risk Management Committee	The responsibilities of the Audit and Risk Management Committee are as follows: (a) To assist the Commission on the management of Audit and Risk in the review 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; and (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	This Committee is responsible for supervising the allocation of SSM funds for investments and establishing overall guidelines and procedures concerning these investments.
Employement and Services Committee	This Committee is responsible for formulating and overseeing all policies related to human resources management within SSM.
Procurement Board	The responsibilities of the Procurement Board are as follows: (a) To consider, evaluate and make decisions on procurements not exceeding RM100 million; (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 all procurement requests presented to the Committee adhere to the following criteria: • required; • according to priority; • related to the performance of functions and activities; and • for official use. (d) To ensure that the procurement method complies with the provisions outlined in the current instructions and circulars; (e) To review the technical and financial capabilities of the tenderer; and (f) To evaluate and make decisions regarding the most advantageous tender, taking into account factors such as price, service or utility of goods, quantity, quality, delivery or completion time, maintenance expenses, and other pertinent considerations.

COMMITTEES ESTABLISHED	BRIEF DESCRIPTION
Disciplinary 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 imposing disciplinary punishment for officers holding the position of Chief Executive Officer, Deputy Chief Executive Officer, Top Management Group and Management and Professional Group. The committee has the power to impose penalties of dismissal or demotion.
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 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 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.

COMMITTEES ESTABLISHED	BRIEF DESCRIPTION
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 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 to receive, consider and decide any appeal submitted by an officer holding the position of Support Group against the decision of this Committee.

INTEGRITY AND DISCIPLINE

SSM Anti-Bribery Management Systems

SSM achieved Anti-Bribery Management Systems (ABMS) certification on 5 October 2021, valid for a three-year period until 4 October 2024, encompassing the areas of Registration and Business Services, Regulatory and Enforcement, and Corporate Services.

This year, SIRIM QAS International conducted its first Surveillance Audit from 3 to 5 October 2022. With the unwavering commitment of all parties involved, particulary the top Management, Internal Audit team, Steering Committee, and the Integrity & Discipline Section (IDS), which oversees the Anti-Bribery Compliance Function (ABCF), SSM has successfully retained its certification for 2022. In 2023, SSM plans to extend the scope of certification to include all state office and their branches.

The Commission Members' Meeting has approved that IDS will be tasked with executing the SSM's 2013 Internal Whistleblower Policy (IWBP) function, and the reporting of the policy's implementation will be directed to the Commission through the Audit and Risk Management Committee (ARMC). The Commission Members' Meeting has approved IDS's proposal for implementing the IWBP function and reporting on the policy's implemention to the Commission via the ARMC. The newly formulated policy is outlined as follows:

SSM's Policy on Prohibition of the Use of External Support and Influence

- This policy has been developed to provide guidance to Commission Members, SSM Employees, and third parties engaged with SSM concerning matters related to use of external support and influence, along with outlining procedures for addressing such issues at the SSM level.

- This policy should be read together with the SSM Guidelines on the Prohibition of Use of External Support and Influence, which are applicable to Commission Members and SSM Employees.

Certified Integrity Officer Programme

The Certified Integrity Officer (CeIO) programme is a training initiative conducted by the Malaysian Anti-Corruption Academy (MACA) with the aim of producing certified integrity officers capable of overseeing integrity-related tasks, thereby enhancing service delivery in both public and private sectors.

The CeIO appointed within an organisation serves as a network of certified integrity officers with expertise in corruption prevention, integrity development, and plays a pivotal role in fostering a culture of integrity in the workplace. CeIO are responsible for planning, implementing, and monitoring the effectiveness of integrity programmes, contributing to the enhancement of integrity practices at SSM.

This CeIO programme is part of the initiatives outlined in the SSM Organisational Anti Corruption Plan (OACP) 2019-2023 plan. As of 2022, SSM has a total of 13 CeIOs, and in 2023, three (3) additional officers from SSM will attend this programme.

PROGRAMMES AND ACTIVITIES TO ENHANCE EMPLOYEES UNDERSTANDING ON INTEGRITY, OACP AND ABMS

Throughout 2022, various awareness programmes were conducted to enrich the understanding of SSM employees concerning integrity, the OACP, and the ABMS. The list of programmes that were conducted are as follows:

PROGRAMMES	DATE
Integrity Talk by YBhg. Dato' Abdul Samad Kasah on *'Lakonan atau Realiti'* to SSM's staff.	28 January 2022
Workshop on Bribery Risk Assessment (BRA) for the Steering Committee of the ABMS SSM.	16 - 18 February 2022
Internal Audit Course on 'MS ISO 37001: 2016 ABMS' to SSM's ABMS Internal Auditors.	18 - 20 May 2022
Integrity Talk by YBhg. Dato' Abdul Wahab Abdul Aziz on 'Integrity and Accountability in Procurement' to the Management of SSM.	21 June 2022
Briefing by the National Anti-Drugs Agency (NADA) on 'Danger of Drugs'.	23 June 2022
Briefing by NADA on the 'Danger of Drugs'.	21 July 2022
Briefing by NADA on the 'Danger of Drugs'.	15 August 2022
Surveillance Audit by SIRIM QAS International Sdn Bhd for Divisions/ Sections at the SSM HQ.	3 - 5 October 2022
Inaugural Ceremony Towards ABMS Certification at the SSM State Offices and Branches in conjunction with the SSM Integrity Day Celebrations 2022.	31 October 2022
A briefing on Integrity by the Integrity and Discipline Section on the National Anti-Corruption Plan (NACP), Organisational Anti Corruption Plan (OACP) and ABMS to SSM Staff.	1 November 2022
Disciplinary Management Strengthening Workshop and Work Procedure Manual Improvements.	15 - 17 November 2022

STATEMENT ON RISK MANAGEMENT

Every organisation is susceptible to risk in many different areas such as operational, market, legal, environmental, reputational, brand, liability, financial and property losses. An effective risk management programme helps an organisation consider at the enterprise level of the risks and opportunities it faces.

SSM is committed in achieving its vision to become a top tier corporate registry and regulatory authority. Therefore, the SSM Enterprise Risk Management (ERM) and Business Continuity Management (BCM) Policies and Frameworks were introduced to serve as a guide and reference to all parties in fostering and adopting the ERM and BCM cultures into SSM's ecosystem.

ERM POLICY STATEMENT

It is critical for SSM to possess the capability of managing risks to an acceptable level for the achievement of its vision. An effective ERM will enhance SSM's visibility on its strategies and challenges as well as the available opportunities. This strategies will strengthen SSM's capabilities to respond to the changing operating environment which will allow for better decision making process to take place.

The policy on ERM for SSM that mandated by the SSM's Commission are as follows:

(a) To integrate risk management into SSM's culture, business activities and decision-making processes;

(b) To anticipate and respond to the changing strategic, governance, compliance, operation, cyber, system and financial risks proactively;

(c) To manage risks pragmatically to an acceptable level given the circumstances of each situation;

(d) To require that all papers submitted to the Commission by Management relating to strategy, key project approval, significant action or investment must include key risk factors and risk management strategy;

(e) To foster responsibility and accountability of all staff in implementing ERM; and

(f) To implement a robust and sustainable ERM framework in SSM.

BCM POLICY STATEMENT

The implementation of the BCM would ultimately assure SSM's business resiliency and ability to react confidently towards any variety of disruptive events. The Commission has a stewardship responsibility in ensuring that SSM is resilient against any business disruptions, emergencies and disasters by adopting a robust and effective BCM Policy as follows:

(a) To understand SSM's needs and expectations of interested parties;

(b) To monitor and review the performance and effectiveness of the BCM;

(c) To integrate the BCM into SSM's culture, business activities and decision-making processes;

(d) To foster responsibility and accountability of all staff in BCM; and

(e) To implement a robust BCM framework and operating controls and measures for managing an SSM's overall capability to manage disruptive incidents.

## GOVERNANCE STRUCTURE, ROLES AND RESPONSIBILITIES

An effective risk management process is crucial in enabling the achievement of an organisation's objectives while being supported by a strong governance structure. Therefore, the Three Lines of Defence concept adopted in SSM is to establish risk management capabilities across the whole organisation's business and operational processes as shown in the diagramme below:

Members of the Commission/ Audit & Risk Management Committee				External Auditor	Other Regulator
Top Management of SSM					
↑		↑	↑		
FIRST LINE OF DEFENSE		SECOND LINE OF DEFENSE	THIRD LINE OF DEFENSE		
Management Control	Internal Control	Enterprise Risk Management	Internal Audit		
The first layer in the organisational environment in all Divisions/ Sections/ State Offices/ Branch Offices that perform daily operational functions.		The second layer that performs the functions of independent oversight and direction setting related to ERM and BCM.	The third layer is the audit of the functions that have been implemented in the first and second layers.		

An effective reporting structure enables structured communication to support and embed the ERM and BCM strategies into the management and operations of SSM. An effective reporting structure also ensures accountability, authority and appropriate competence for managing risk, including implementing and maintaining the ERM and BCM process to be consistently and periodically reported to Audit and Risk Management Committee (ARMC) by the Risk Management Section (RMS).
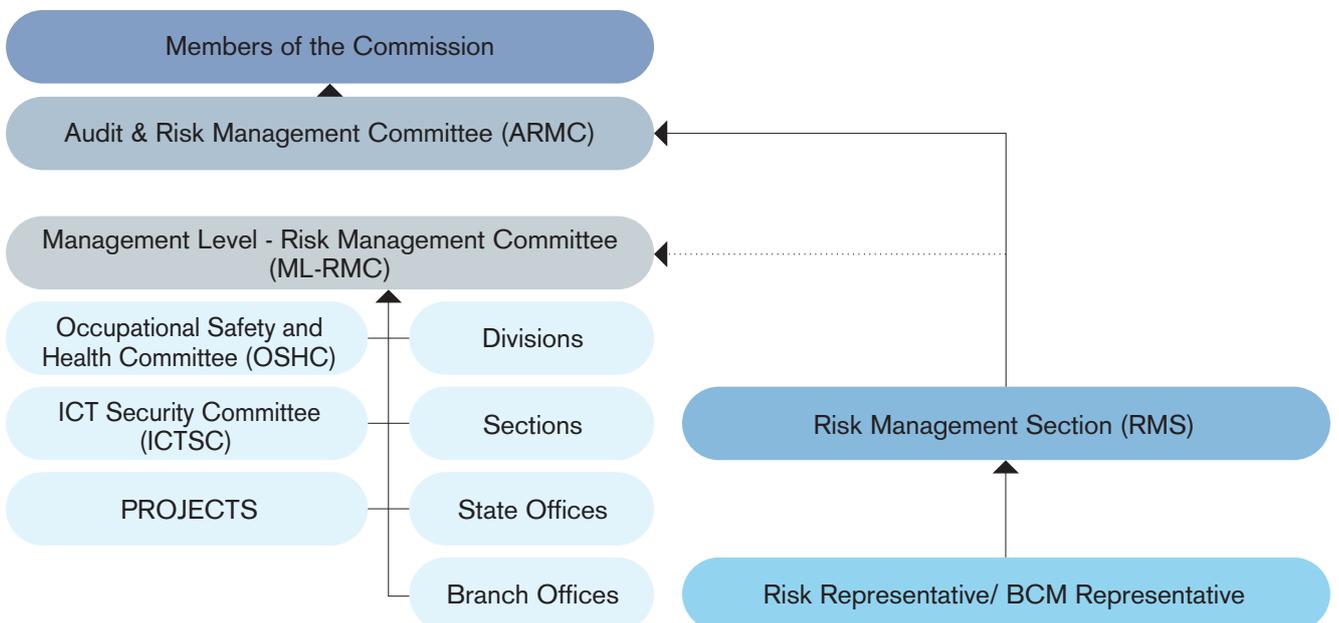
To ensure the continuing success and effectiveness of the ERM and BCM implementation in SSM, it is crucial to have a strong and sustained commitment and leadership from the Members of the Commission, ARMC, SSM Management, Risk Owners as well as all levels of staff. The roles and principal responsibilities which are designed and consistent in the definition across SSM to ensure accountability and authority to manage report, monitor and communicate risk effectively are as below:

ROLES	PRINCIPAL RESPONSIBILITIES
Members of Commission	• Approves and adopt the ERM and BCM Policy and Framework; • Articulates and provides direction on risk appetite, organisational control environment and risk culture at the organisation; and • Monitor and discuss emerging issues surrounding the strategic operations, lessons learnt and shares best practices.
Audit & Risk Management Committee (ARMC)	• Oversees the ERM and BCM policies, framework, system, practices and procedures; • Reviews and endorses the risk parameters, risk appetite, key risks, risk treatment options and risk action plans; • Ensure oversight of key risks is covered throughout the implementation of the ERM and BCM exercise by actively requesting and challenging strategic risk information on operational issues; • Acts as an advisor, educator and change catalyst in risk areas in the organisation; • Reviews and endorses enhancement/ improvement on ERM and BCM infrastructure (example: system, technology), capabilities, environment, practices and procedures due to internal and/ or external changes; and • Evaluates the adequacy of the ERM and BCM tools, resources, trainings and subject matter experts.
Management Level - Risk Management Committee (ML-RMC)	• To monitor consistently the enforcement of the ERM and BCM policies across SSM; • Manage and monitor key risk effectively and on a timely basis; • Ensure that all staff understand their responsibilities and accountabilities in performing their tasks in relation to risk; and • Provide adequate support to the RMS in discharging its duties.
Risk Owners	• Responsible for communicating and managing risks within their respective functions/ projects by ensuring that each risk has an effective control or mitigation plan/ Business Continuity Plan (BCP).

The roles and principal responsibilities of RMS within the risk management governance framework of SSM are as follows:

FUNCTION	DESCRIPTION
Oversight	• Continuously communicate, consult, share, evaluate and improve the ERM and BCM Policies, frameworks, mechanisms, tools and processes to the staff, Management and Members of the Commission; • Independently monitors the implementation status of the Risk Action Plan (RAP); • Implements risk management processes on new projects/ investment or appoint any of the risk representatives to assume the role as an independent party on behalf of RMS; and • Monitor the status and progress of the Business Impact Analysis (BIA) exercise and the implementation of the BCP for the respective business units.
Advocator	• Leads the ERM and BCM educational programmes and continuously enhance the risk culture in SSM; and • Ensures all risk-related information and BCM related information of SSM that have been gathered and collated are appropriately recorded and kept accordingly.
Facilitate/ Co-ordinate	• Facilitator and co-ordinator for the risk assessment and implementation of the RAP and development of the KRI as well as for the BIA and implementation of the BCP; • Guide, co-ordinate and facilitate the implementation of BCM framework and initiatives; • Co-ordinate risk reporting activities based on the established reporting structure and frequency; and • Prepares the consolidated reports for discussion and obtaining views of the ML-RMC before presentation of reports to ARMC.
Independent Advisory/ Review	• Provides independent input/ challenge on the comprehensiveness of risk assessments, RAP, KRI and BIA assessments.

ERM AND BCM KEY ACTIVITIES IN 2022

In the year 2022, RMS executed a range of activities as per the Annual ERM and BCM Plan, ensuring the proper and effective implementation of ERM and BCM practices at SSM. The summary of the key activities undertaken by RMS during the year are as follows:

- Continuing the ERM and BCM Awareness Programmes;
- Divisional and Project Risk Registers development and monitoring;
- Co-ordination of the development of the BCP for the SSM State Offices and Branches;

- Committee/ Risk Management Technical Advisor for all Project Working Committees (PWC) and Project Steering Committees (PSC);
- Establishment of the Management Level - Risk Management Committee (ML-RMC);
- BCM Maintenance Workshop;
- Project Risk Management and Key Risk Indicator Development Workshop for projects in SSM; and
- Regularly reporting on matters pertaining to risks to the ARMC and the ML-RMC.

STATEMENT ON INTERNAL AUDIT

The Internal Audit Section provides independent objective assurance as well as advisory services designed to add value in improving SSM operations. In accordance with the governance and risk management model issued by the Institute of Internal Auditors, which is the IIA'S Three Lines Model, this Section is in the third line that functions to assist SSM in achieving its objectives, through a systematic approach and based on the best industry practices in evaluating and improving the effectiveness of governance, risk management and control processes in SSM.

SSM has a clear governance framework and this has been incorporated into the strategic thrusts, corporate values and quality policies to ensure that the set objectives can be achieved. The list of elements are as follows:

OPTIMISING PROCESS IMPROVEMENT

SSM continuously improves its internal processes to facilitate business growth and guarantee the quality of the work process. Every Division/ Section must always update existing work processes if there are improvements through Policies, Manuals, Work Procedures, Circulars, Administrative Instructions, Financial Instructions and Guidelines.

HIGH PERFORMANCE CULTURE

SSM is committed and adheres to superior work ethics and applies it professionally through the SSM Code of Ethics, Disciplinary and Surcharge Act, SSM Anti-Corruption Policy, SSM Conflict of Interest Policy, SSM No Gift Policy and other documents related to integrity at SSM as a disciplinary and cultural reference for SSM employees.

TRUSTED BUSINESS ENVIRONMENT
Creating a conducive corporate and business environment through a dynamic legal framework with good Policies, Manuals, Work Procedures, Circulars, Administrative Instructions, Financial Instructions and Guidelines.

INTEGRATING SUSTAINABLE VALUE
SSM consistently integrates sustainable values within the organisation, such as combining economic, environmental, and social dimensions to ensure that SSM's vision is achieved.

SSM INTERNAL WHISTLEBLOWER POLICY
SSM encourages all parties to report any inappropriate behavior under the SSM Internal Whistleblower Policy. The SSM Whistleblower Committee will always maintain confidentiality and provide protection for reports or complaints that have been made in good faith.

SUSTAINABLE RISK MANAGEMENT
Sustainable risk management policies and frameworks by establishing ERM, BCP, BCM and Crisis Management Plans ensure mitigate potential risk at SSM.

INDEPENDENT AND OBJECTIVITY

The Internal Audit Section serves as an independent function in carrying out its responsibilities.

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 Internal Audit Section has direct access to the Members of the Commission and Top Management.

The Head of Internal Audit reports on the audit function to the Audit and Risk Management Committee (ARMC) and on the administration matters to the Chief Executive Officer of SSM.

Objectivity means unbiased ethics in evaluating internal audit activities. The Internal Audit Section must make a balanced assessment and not be 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 Internal Audit Section in performing their duties and responsibilities in SSM. The main scope of the Internal Audit Section work encompasses the following:

(a) Conducts risk based routine audit works which focus on governance system, risk management and internal control of the organisation;

(b) Conduct investigation audit upon request of the Members of the Commission and Top Management as appropriate; and

(c) Act as an observer in selected project committees established to develop or implement new systems or processes. The involvement of representatives from the Internal Audit Section is limited to giving advice related to internal control and does not prevent this section from auditing scopes related to the systems or processes involved.

INTERNAL AUDIT RESOURCES

Adequate and appropriate resources are crucial to ensure that the internal audit function will be carried out effectively. In 2022, the Internal Audit Section consist of 17 auditors including the Head of Audit with diverse backgrounds and expertise. The auditors attended professional training programmes from internal and external training providers in order to further improve their competencies.

INITIATIVES IN 2022

In 2022, various initiatives have been implemented to ensure the continued relevance of Internal Audit function. Among the initiatives that have been implemented were revising the concept and method of auditing, revising the scope and implementation related to whistleblowers, providing relevant professional training and updating the ARMC terms of reference.