STATEMENT ON CORPORATE GOVERNANCE

SSM remains steadfast in its commitment to prioritising good corporate governance, which it believes is essential for enhancing transparency, accountability and integrity. As the regulatory authority responsible for overseeing corporate and business entities in Malaysia, SSM consistently strives to promote awareness and uphold its dedication to foster effective corporate governance practices.

SSM'S COMMISSION MEMBERS

The appointment of the Commission Members by the Minister of Domestic Trade and Cost of Living (PDN) is in accordance with section 6 of the Companies Commission of Malaysia Act 2001 (CCMA 2001). The members are selected from a diverse pool of distinguished individuals, including legal practitioners, senior government officials, accomplished professionals and prominent corporate leaders with proven records of excellence and integrity.

Entrusted with the responsibility of governing and steering the direction of SSM, these exceptional individuals play a crucial role in shaping the organisation's strategies and objectives. Over the years, the invaluable advice and guidance provided by the Commission Members have been instrumental in SSM's notable achievements and in setting standards within the corporate sector.

The roles and responsibilities of the Commission Members are as follows:

(a) To ensure the fulfilment of all duties and responsibilities as stipulated in the governing Acts of the Commission;
(b) To give due consideration to the government's interests in the Commission's decision-making process, particularly for Commission Members appointed in their capacity as public or government officials;
(c) To declare any potential conflict of interest and to abstain from voting or participating in the decision making process;
(d) Without prejudice, the Commission Members are required to declare their interests and recuse themselves from any matters pertaining to those interests to prevent any abuse of power and conflicts of interest;
(e) During their tenure, the Commission Members are responsible to declare any non-compliance or breaches related to the elements of the Security Vetting conducted. In such circumstances, they must vacate their office immediately; and
(f) To attend any courses or briefing sessions as specified by the Ministry, if applicable.

In 2024, the Commission conducted a total of nine (9) meetings to deliberate on and approve significant matters, including long-term strategies, strategic initiatives and assessments of established Key Performance Indicators (KPIs). The Commission Members emphasised the critical importance of good governance and best practices, advocating for the integration of these principles into the various functions and responsibilities of SSM Management. The details of the meetings held in 2024 are as follows:

Details of Meeting and Attendance of the Commission Members in 2024

Commission Members	128th Commission Members Meeting	Special Meeting 1/2024 of the Commission	129th Commission Members Meeting	130th Commission Members Meeting	Special Meeting 2/2024 of the Commission	131st Commission Members Meeting	132nd Commission Members Meeting	Special Meeting 3/2024 of the Commission	133rd Commission Members Meeting	Total Attendance
	30 January 2024	5 March 2024	3 April 2024	28 May 2024	27 June 2024	20 August 2024	30 September 2024	14 November 2024	19 December 2024	
YBrs. Tuan Ahmad Sabki bin Yusof	●	●	●	●	●	●	●	●	●	9/9
YBrs. Encik Mohd Asmirul Anuar bin Aris	●	●	●	●	●	●	●	●	●	9/9
YBrs. Prof. Dr. Mohd Nazri bin Kama	●	●	x	●	●	●	●	●	●	8/9
YBrs. Dr. Zulqarnain bin Lukman	●	●	●	●	●	●	●	●	●	9/9
YBrs. Sr. Hj. Dzulkefly bin Hj. Ahmad	x	●	●	●	●	●	●	●	●	8/9
YBrs. Tuan Hj. Zulkifli bin Hj. Mohamed	●	x	●	●	●	●	Resigned as Commission Member on 1st September 2024			5/6
YBhg. Dato' Seri Mohd Sayuthi bin Bakar	x	●	●	x	●	●	●	●	x	6/9
YBrs. Encik Alan bin Abdul Rahim	Appointed as Commission Member on 20th March 2024		●	●	●	x	●	x	●	5/7
YBhg. Datuk Pengiran Saifuddin bin Pengiran Tahir	Appointed as Commission Member on 1st September 2024						●	●	●	3/3
YBhg. Datuk Nor Azimah binti Abdul Aziz	●	●	●	●	x	●	●	●	●	8/9

● Attend
x Absent with apologies
*A total of five (5) Circular Resolution were circulated for the year 2024

The duties and responsibilities of Committees comprising of Members of the Commission 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 in managing audit and risk matters, particularly in reviewing the adequacy and effectiveness of SSM's internal control system; (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.
Employment 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: ▪ Necessity; ▪ Alignment with priority; ▪ Relevance to the performance of functions and activities; and ▪ Designated 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, considering factors such as price, service or utility of goods, quantity, quality, delivery or completion time, maintenance expenses and other pertinent considerations.
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 authority to impose penalties of dismissal or demotion.

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 authority 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 authority 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 authority 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 authority 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.

SSM ANTI-BRIBERY MANAGEMENT SYSTEMS (ABMS)

SSM successfully obtained the MS ISO 37001:2016 certification for its ABMS, covering 23 locations, including its Headquarters, State and Branch Offices.

From 13 to 16 August 2024, SIRIM QAS International successfully conducted a comprehensive recertification audit for the ABMS across all designated locations. This significant achievement was possible through the unwavering dedication of senior management, the diligent efforts of the internal audit team, the proactive involvement of the implementation committee and the steadfast oversight of the Integrity and Discipline Section (SID), which served as the Anti-Bribery Compliance Function (ABCF). Their collective commitment to upholding the highest standards of integrity and compliance has been instrumental in ensuring the continued certification of our ABMS. As a result, SSM successfully obtained re-certification for the period of 5 October 2024 to 4 October 2027.

CIRCULAR ON ASSET OWNERSHIP AND DECLARATION BY SSM OFFICERS

The Management approved the SSM Service Circular No. 1 of 2006 (Amendment 1 of 2024) – Asset Ownership and Declaration by SSM Officers, which took effect on 1 March 2024. This circular provides guidelines and procedures for SSM officers to declare their assets through e-Harta within the SSM e-BSK system.

The declaration of assets is a key mechanism to uphold transparency, integrity and accountability, while also serving as a preventive measure against corruption within SSM's operations and services. In addition, asset declarations facilitate effective monitoring and management of assets, thereby enhancing public trust and confidence in public institutions.

In line with this commitment, 100% of SSM officers have submitted their asset declarations in accordance with the Statutory Bodies (Discipline and Surcharge) Act 2000 [Act 605], via the e-Harta system developed for this purpose.

SSM INTEGRITY AND GOVERNANCE AWARENESS PROGRAMME 2024

Throughout 2024, SSM organized various awareness programmes to enhance understanding and strengthen the culture of integrity among employees. These programmes cover issues such as integrity, the Organizational Anti-Corruption Plan (OACP), ABMS and asset declaration procedures.

Objectives of the Programme:

(a) Instil high ethical standards and integrity among SSM officers;
(b) Ensure compliance with the OACP and ABMS guidelines and procedures;
(c) Provide guidance on asset declaration requirements and processes; and
(d) Raise awareness on corruption risks and preventive measures in the workplace.

The programmes include seminars, workshops, training sessions and talks featuring industry experts and relevant agencies to ensure a comprehensive understanding among participants. Below is the list of programmes and activities conducted in 2024:

ACTIVITIES	VENUE	DATE
Briefing by National Anti-Drugs Agency (NADA) on the 'Danger of Drugs'	Menara SSM@Sentral	8 February 2024
Workshop on Bribery Risk Assessment (BRA) for the Implementation Committee of the ABMS SSM	Klang	4–6 March 2024
Internal Audit Course on 'MS ISO 37001:2016 ABMS to SSM's ABMS Internal Auditors	Klang	6–8 March 2024
Briefing on Introduction of Assets Ownership Circular and Declaration by SSM Officers to SSM's staff	Online (Microsoft Teams)	20 March 2024
Briefing by NADA on the 'Danger of Drugs'	Menara SSM@Sentral	25 April 2024
Briefing by KPDN on 'Report Corruption Gets Rewards' to SSM staff	Menara SSM@Sentral and Online (Microsoft Teams)	29 April 2024
Briefing by NADA on the 'Danger of Drugs'	SSM Negeri Sembilan State Office	30 April 2024
Briefing by NADA on the 'Danger of Drugs'	SSM Melaka State Office	3 May 2024
Briefing by NADA on the 'Danger of Drugs'	SSM Perak State Office	7 May 2024
Workshop with Malaysian Anti-Corruption Commission (MACC) on Strengthening Governance, Integrity & Corruption Module (SGICM)	Putrajaya	2–4 September 2024
SGICM Course to the Steering Committee of ABMS SSM and SSM's ABMS Internal Auditors	Kuala Lumpur	28–30 October 2024
Briefing by NADA on the 'Danger of Drugs'	Menara SSM@Sentral	7 November 2024
A briefing on 'Guarantee Money: *Pengkisahan Dari Tirai Besi*' by Md Shahrizal Che Dan	Menara SSM@Sentral	27 November 2024
Briefing by NADA on 'Danger on Drugs'	SSM Sarawak State Office	5 December 2024

STATEMENT ON RISK MANAGEMENT

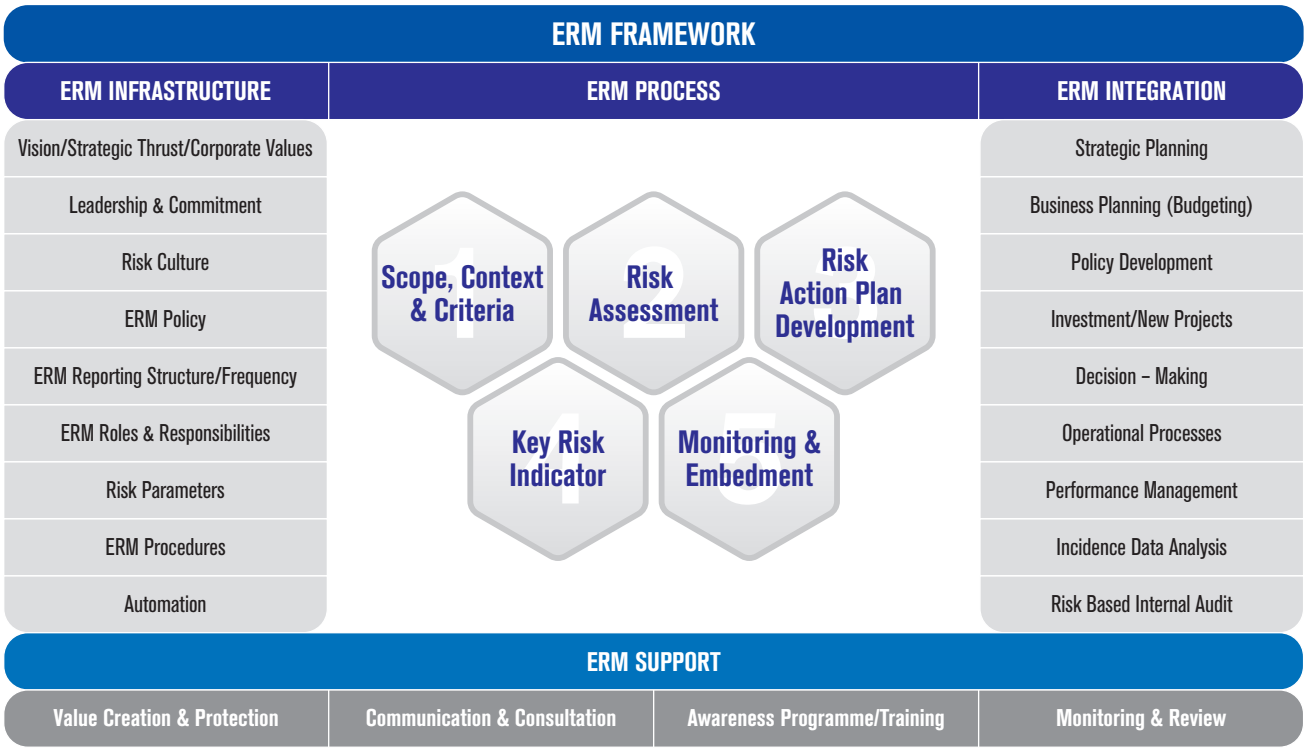
Risk management is an essential practice that helps the organization identify, evaluate and address potential risks before they become significant issues. By adopting a proactive approach, SSM aims to reduce uncertainties and safeguard the interests of our stakeholders. Our risk management process is embedded in decision making at all levels, fostering a culture of awareness and preparedness. Through continuous assessment and adaptation, SSM ensures that it is always well-equipped to handle both expected and unforeseen challenges, driving sustainable success and growth.

ENTERPRISE RISK MANAGEMENT (ERM)

SSM adopted the ERM Policy and Framework to encourage proactiveness in identifying and anticipating risks in the environment that an organization is operating. It is critical for SSM to possess the capability of managing risks to an acceptable level for the achievement of its vision. Therefore, the Commission Members have mandated six (6) policy of ERM 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.

The ERM framework has been meticulously developed in alignment with ISO 31000:2018 (Risk Management Guidelines). It serves as a comprehensive guide and reference for all stakeholders, fostering a culture of effective risk management and seamlessly integrating ERM principles into SSM's ecosystem, as illustrated below:



BUSINESS CONTINUITY MANAGEMENT (BCM)

SSM has also implemented a BCM programme designed based on ISO 22301:2019 (Societal Security-Business Continuity Management System-Requirements) and industry best practices to ensure SSM's services can continue or immediately resume its critical business functions under all circumstances. This includes natural, technological and man-made incidents, as well as incidents that result in loss of access to parts of or an entire facility or loss of service due to equipment or systems failure.

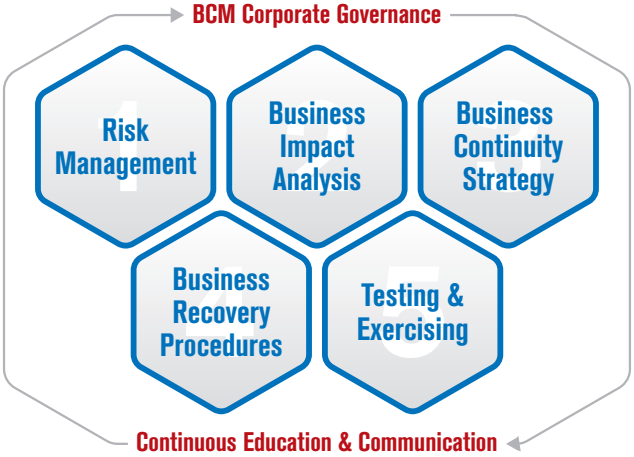
The implementation of the BCM will assure the SSM's business resiliency and ability to react confidently towards any variety of disruptive events. The Commission has a stewardship responsibility in ensuring that SSM is resilient against any business disruptions, emergencies and disasters by adopting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

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) To establish and maintain a robust and realistic Business Continuity Plan (BCP) to ensure the effective management of business operations during disruptions;
(b) To enable the recovery of critical business functions as quickly as possible; and
(c) To ensure that the operations remain in service for customers while considering and addressing the needs of its staff.

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



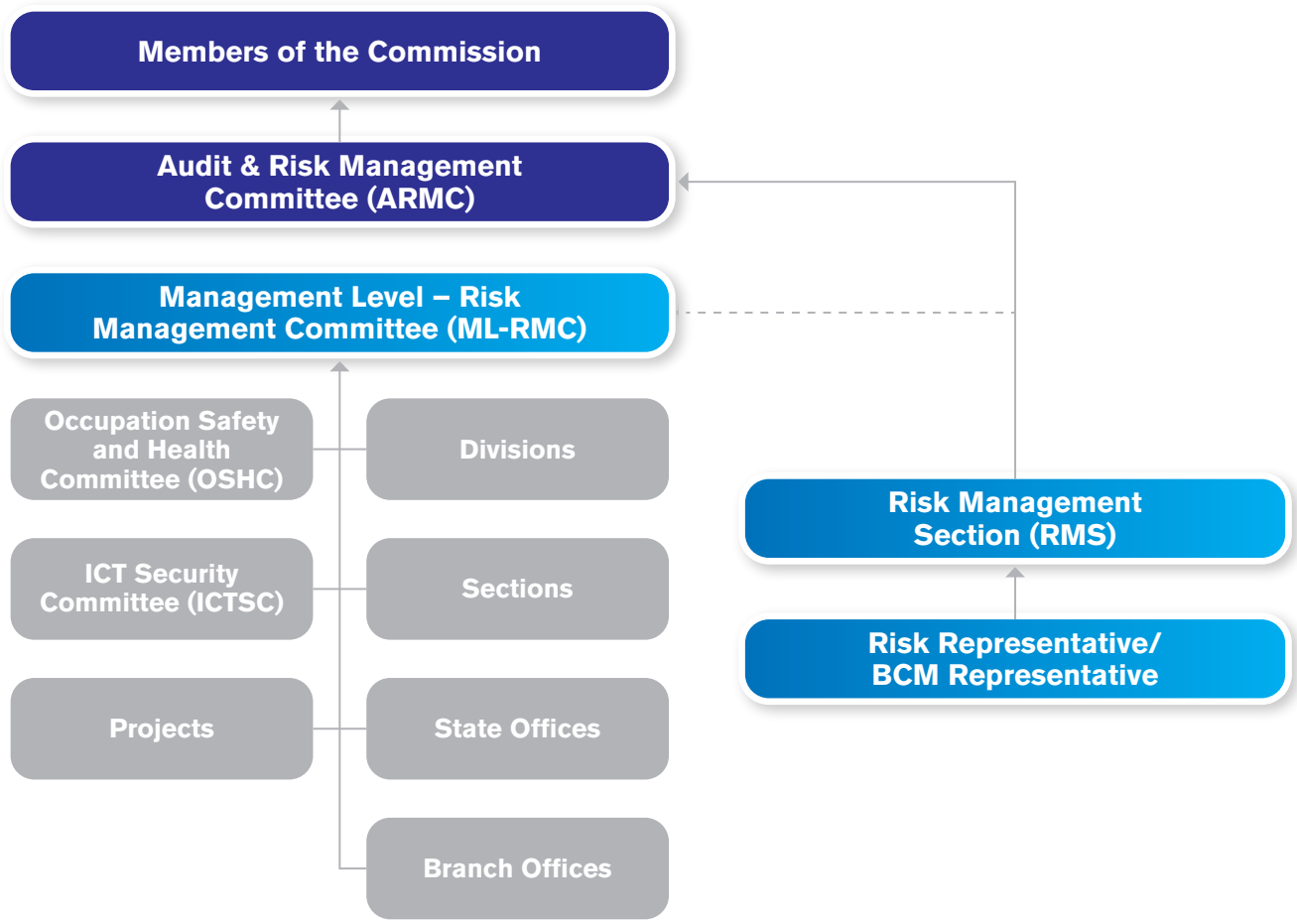
RISK MANAGEMENT GOVERNANCE STRUCTURE

The Commission Members are responsible for establishing appropriate ERM and BCM Policies and Frameworks. They also review and discuss key risks and provide strategic guidance on BCM-related issues to ensure the effectiveness of the overall risk management system.

On behalf of the Commission Members, the Audit and Risk Management Committee (ARMC) oversees, evaluates and ensures the adequacy and effectiveness of the ERM and BCM systems. The responsibility for implementing ERM and BCM Policies and Frameworks comprehensively falls under the SSM Management, with the establishment of the Management Level – Risk Management Committee (ML-RMC) to monitor and drive these initiatives holistically.

At the operational level, the Risk Management Section (RMS) plays a crucial role in strengthening risk management and BCM initiatives through ongoing strategic collaboration. This approach aims to enhance SSM's resilience in adapting to an ever-changing operational environment while supporting more informed and effective decision-making.

An effective reporting structure ensures streamlined communication in integrating ERM and BCM strategies into SSM's management and operations. Additionally, it guarantees appropriate accountability, authority and competency in risk management. RMS is responsible for providing consistent and periodic reports to the ARMC to ensure continuous monitoring and maintenance of ERM and BCM effectiveness.



Direct Reporting

To provide report for management implementation and monitoring and to consider feedback and/ or comments from management in completing reporting to ARMC.

RMS KEY ACTIVITIES IN 2024

The summary of key activities carried out by the RMS during the year is as follows:

(a) Automation of ERM and BCM work processes;
(b) ERM and BCM Awareness Programmes;
(c) Risk assessments at various levels;
(d) Tabletop and Fire Drill Simulation Exercises across all buildings owned by SSM;
(e) Revision of SSM's BCM Policy and Framework; and
(f) Regular risk reporting to the ARMC and ML-RMC.

STATEMENT OF INTERNAL AUDIT

The Internal Audit Section (IAS) functions as an independent and objective internal review, committed to enhancing the overall value of SSM by strengthening its operations and supporting the achievement of its strategic objectives and vision.

Its core responsibilities include delivering impartial assessments of the effectiveness of SSM's risk management practices, internal control systems and governance processes. Additionally, IAS plays a crucial role in providing advisory and consulting services to relevant stakeholders, fostering continuous improvement through a structured and disciplined approach.

All audit activities are carried out in line with the Annual Audit Plan, which is approved by the ARMC. Through this governance framework, the IAS upholds the principles of accountability, transparency and continuous enhancement, ensuring SSM remains aligned with its strategic direction.

INTERNAL AUDIT INDEPENDENCE AND OBJECTIVITY

The IAS operates as an independent and objective function in the execution of its responsibilities.

It reports functionally to the ARMC and administratively to the CEO. This dual reporting structure reinforces the IAS' independence and ensures alignment with best practices.

Independence refers to the IAS' freedom from conditions or influences that could impair or appear to impair, its ability to perform its duties impartially. In support of this principle, the Senior Manager of the IAS is granted direct and unrestricted access to Commission Members and SSM Top Management.

Objectivity signifies that all evaluations and assessments conducted by the IAS are performed with integrity, professionalism and without bias or influence from personal interests or external parties.

INTERNAL AUDIT STANDARDS AND REPORTING MECHANISM

The IAS operates in accordance with established internal policies and procedures, including the Audit Charter and relevant frameworks such as the International Professional Practices Framework (IPPF), in executing its audit functions.

All audit reports, along with recommended improvement measures, are presented to the ARMC after discussion with Top Management, subject to the materiality of the findings. The IAS also conducts periodic follow-ups to monitor the implementation status of corrective or improvement actions by the respective audit clients and Top Management. Once the actions are verified to have been effectively implemented, the corresponding audit findings will be formally closed and reported to the ARMC for approval.

To uphold the highest standards of audit integrity and reporting quality, SSM has implemented a two-tier review mechanism for all audit reports. This robust process ensures accuracy, accountability and alignment with best practices. Under this mechanism, each report is first reviewed by the Unit Manager, followed by an assessment by the Senior Manager to ensure the audit scope has been adequately addressed and that quality benchmarks have been achieved. Only then is the final audit report presented sequentially to the audit client, Top Management and subsequently to the ARMC.

AUDIT SCOPE AND KEY AREA

In accordance with the Audit Charter, the scope of audit and consulting services undertaken by the IAS encompasses all processes and activities within SSM. This includes any specific directives or requests issued by the Commission Members, the ARMC or Top Management.

In developing the Annual Audit Plan, the IAS serving as the final line of defence within the Three Lines of Defence model, adopts a risk-based approach aligned with SSM's ERM framework. This objective-centric method enables the IAS to prioritise audit activities based on strategic risk exposure, while ensuring the optimal deployment of existing audit resources.

For the year 2024, the IAS focused on six (6) key areas within SSM's operational and governance processes. The coverage of these priority audit areas throughout the year is summarised as follows:

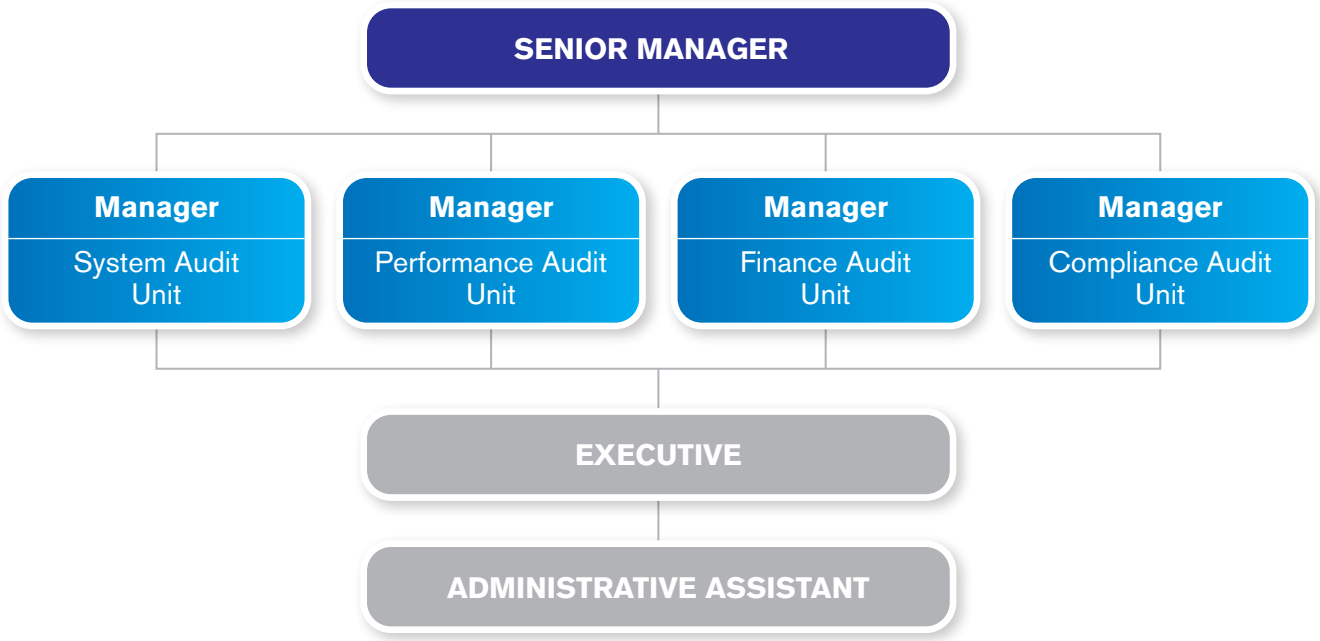
(a) Enforcement Management at SSM Headquarters, SSM Sate Offices and SSM Branches;
(b) Information Control and Cybersecurity Management;
(c) Strategic Management and Customer Services;
(d) Revenue and Financial Management;
(e) Project Management; and
(f) Registration Service Operation Management.

INTERNAL AUDIT RESOURCES

In 2024, the functions of the IAS were carried out by a dedicated team comprising 18 auditors and two (2) administrative assistants. The Section is led by a Senior Manager and supported by four (4) Managers, each heading their respective functional unit.

The organisational structure of the IAS is illustrated below:

Organisation Chart of the Internal Audit Section



All auditors within the IAS possess at least a bachelor's degree, ensuring a strong academic foundation to support the execution of their responsibilities. The breakdown of the team's areas of expertise is as follows:

EXPERTISE	AUDITORS	PERCENTAGE
Accounting and Finance	13	72%
Information Technology	2	11%
Marketing	1	6%
Technology Management	2	11%
TOTAL	**18**	**100%**

In 2024, the Commission Members and Top Management approved the annual financial budget allocated to the IAS to ensure it could effectively fulfill its responsibilities. In addition, the ARMC evaluated the Section's resource requirements, including reviewing and approving any requests for additional manpower or technological enhancements. These efforts were aimed at strengthening the IAS' capacity to operate more efficiently and deliver its functions with greater effectiveness.

PROFESSIONAL QUALIFICATIONS AND COMPETENCY DEVELOPMENT

The IAS is committed to continuously enhancing the competency levels of its personnel through the proactive development of knowledge, skills and efficiency. SSM actively encourages its auditors to obtain recognised professional certifications and qualifications to strengthen audit quality and uphold professional standards.

As of 31 December 2024, 11 auditors have collectively attained 13 professional certifications, as detailed below:

PROFESSIONAL CERTIFICATIONS	CERTIFICATIONS
Master's degree	1
Certified Enterprise Risk Manager (Institute of Enterprise Risk Management)	1
Associate Members of IIA Malaysia	8
Chartered Accountant (Malaysian Institute of Accountants)	1
Certified Financial Investigator	1
Certified Information Security Management System (ISMS) Lead Auditor	1
TOTAL	**13**

In 2024, a total of eight (8) auditors underwent preparatory training for the Certified Internal Auditor (CIA) professional examination under the auspices of IIA Malaysia. Additionally, two (2) auditors participated in the Certified Information Systems Auditor (CISA) professional training programme organised by ISACA.

Beyond certification-focused training, employees across all levels attended various courses encompassing both technical knowledge and soft skills to further enhance their competencies in their respective areas of responsibility.

To support continuous learning and access to up-to-date reference materials and auditing resources, the IAS maintains an annual corporate membership with IIA Malaysia, reinforcing the ongoing professional development of its auditors.