



ESG.  
DRIVING  
INNOVATION,  
CREATING  
IMPACT.

INTEGRATED REPORT 2023



The cover demonstrates SIRIM's efforts in advancing innovation technology while preserving environmental sustainability with "ESG. Driving Innovation, Creating Impact." as the main theme. The design concept features lines that symbolise the fluid, interconnected essence of nature, while structured lines represent the innovation behind ESG initiatives. ESG goes beyond compliance; it's about creating value and ensuring long-term sustainability.









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The background of the slide is a landscape. The top half is a teal-colored sky with some white clouds. The middle section is a bright green field of grass. The bottom section is a dark, textured surface, possibly soil or sand.

# 01 THE COMPANY







# VISION

Best partner for innovation.

# MISSION

We provide quality and sustainable innovation to industry, government and society.

# VALUES

## **CUSTOMER FOCUS**

We focus on delivering excellence to our customers.

## **INTEGRITY**

We practice the highest standards of integrity.

## **TEAMWORK**

We achieve success through dedication, commitment and teamwork.



# CULTURAL BELIEFS

## **ACHIEVE SUSTAINABILITY**

I shape SIRIM for our sustainable future.

## **LEAD INNOVATION**

I drive innovation for market competitiveness.

## **ENGAGE TEAMWORK**

I embrace differences and build high-performance teams.

## **ACT FAST**

I take ownership to exceed R2.

## **DELIVER EXCELLENCE**

I partner to deliver.

# ROLES

The champion of quality.

A national research and technology development organisation.

A vehicle for technology transfer.

# FUNCTIONS

To enhance public and industrial welfare, health and safety.

To promote and undertake scientific industrial research.

- Improving technical processes and methods.
- Discovering new processes and methods.
- Encouraging the utilisation of Malaysian products.
- Adopting or adapting technology developed in other countries for use in Malaysia.

To provide industrial extension and consultative services to assist industry in meeting standards.

To improve production processes and techniques.

# OBJECTIVES

## **INDUSTRY**

Enhance trade access, competitiveness, and business growth.

## **GOVERNMENT**

Contribute towards national policies and aspirations.

## **SOCIETY**

Improve the quality of life through health, safety, the environment, and consumer protection.



# BOARD OF DIRECTORS





1 MOHD RASHID MOHD YUSOF  
2 NORLIN ABDUL SAMAD  
3 DATUK BAHRIA MOHD TAMIL  
4 DATO' IR. LIM YEW SOON

5 DATUK Ir. (Dr) KHAIROL ANUAR TAWI  
6 DATUK OMAR SHARIFF MYDEEN  
7 REMA DEVI A/P V.K.PADMANABHAN  
8 MOHD NIZAM MOHD KHIR





## MANAGEMENT COMMITTEE



**DATO' INDERA IR. DR. HJ AHMAD SABIRIN ARSHAD, FASC**  
President and Group Chief Executive Officer



**RAFIDAH MOKHDAR**  
Group Chief Strategy Officer <sup>1</sup>



**KHAIRUL MUPHINORA MAHIZAN**  
Group Chief Financial Officer



**SABARINA HARUN**  
Group Chief Operating Officer



**YM TENGKU INTAN NARQIAH  
TENGKU OTHMAN**  
Group Chief Future Officer <sup>4</sup>



**NOR'AFIZA SAIM**  
Group Chief Sustainability Officer <sup>4</sup>



**MOHD FAISAL ABDUL SHUKOR**  
Group Chief Marketing Officer <sup>2</sup>





**NUR FADHILAH MUHAMMAD**  
Chief Executive Officer,  
SIRIM QAS International Sdn. Bhd.



**MOHD AZANUDDIN SALLEH**  
Senior Vice President  
SIRIM Industrial Research <sup>5</sup>



**NIK SAZALI NIK HUSSIN**  
Chief Executive Officer  
SIRIM STS Sdn. Bhd. <sup>3</sup>



**DR. FARIDAH HUSSAIN**  
Chief Executive Officer  
SIRIM Calibration Sdn. Bhd.



**DR. OSMAN ZAKARIA**  
Chief Metrologist  
National Metrology Institute Malaysia



**TS. AJMAIN KASIM**  
Chief Executive Officer  
SIRIM Tech. Venture Sdn. Bhd.



**TS. MOHD FAUZI ISMAIL**  
Chief Executive Officer  
National Precision Tooling Sdn. Bhd.

Note:

- <sup>1</sup> Effective 1 August 2023
- <sup>2</sup> Effective 17 July 2023
- <sup>3</sup> Effective 1 March 2023

- <sup>4</sup> Until 31 October 2023
- <sup>5</sup> Until February 2023



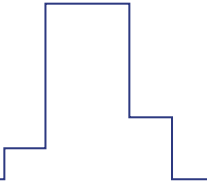
# CHAIRMAN'S MESSAGE

**Datuk Ir. (Dr)**  
**Khairul Anuar Mohamad Tawi**  
**Chairman, SIRIM Berhad**





# ESG AS A GROWTH DRIVER: SIRIM'S ROLE IN MALAYSIA'S SUSTAINABLE INDUSTRIAL TRANSFORMATION



Dear Stakeholders,

As the chairman of SIRIM Berhad, it's an honour to present the SIRIM Integrated Report for the period ending 31 December 2023.

As we mark fifty years of service, SIRIM has endured and adapted through economic downturns that have shaped the nation and its industries. Therefore, we are no strangers to market volatility. We have managed to adapt and fulfil financial commitments to all parties and taken the necessary measures to innovate and improve our business operations.

## **Our financial performance**

In 2023, the SIRIM team worked diligently to provide high-quality service to our customers, marking a period of resilience and recalibration for our company. Our strong and consistent financial results exhibited our solid foundation and the flexibility of our approach in the face of inflation, supply chain disruptions, and digital acceleration. We maintained quality while optimising efficiency.

A total revenue of RM252.64 million was achieved, driven primarily by high-value product and service certification. These certifications provided consistent-income streams less vulnerable to market volatility. By focusing on this strategy, we ensured its earnings remained stable and reliable, even when external demand fluctuated.



Our prioritisation of customer improvements supported 18,125 companies and surpassed the Customer Satisfaction Index at 87%, highlighting SIRIM's commitment to a sustainable, value-driven business model. Our services were tailored to client needs in quality certification, technology audits, and product innovation. Additionally, our internal cultural beliefs of "Deliver Excellence" and "Lead Innovation" strengthened team versatility in the evolving economic environment.

Our utilisation of investments upheld SIRIM's relevance and future-readiness despite short-term macroeconomic pressure. Support for Micro, Small & Medium Enterprises (MSMEs) and industrial upskilling, such as digital marketing training, branding, nutritional analysis, and product enhancement, signaled strategic nation-building efforts. These initiatives, along with the launch of 61 new products, showcased SIRIM's long-term commitment to innovation while creating immediate revenue-generating opportunities.

Having a strong financial base further allows us to actively support Malaysia's long-term industrial transformation. Over 2,400 SMEs received technology interventions, and infrastructure investments like the SMART Manufacturing Excellence Centre (SMEC) accelerated Industry Revolution 4.0 (IR 4.0) and workforce upskilling. In sectors like rail, defence, and food processing, localisation efforts reduced import dependency and stimulated domestic innovation. Simultaneously, profits were reinvested into R&D commercialisation projects, such as solar cells and biodegradable materials, generating high socio-economic impact.

With a net profit of RM19.6 million, we demonstrated our prudent cost management, operational efficiency and emphasis on high-value solutions despite external challenges. Our strategies reflected a careful balance between short-term adaptability and long-term vision, showing resilience in core income sources. We remained focused on delivering our long-term value and goals to meet our clients' expectations.

We supported

**18,125**

companies and  
surpassed the Customer  
Satisfaction Index at

**87%**



## Malaysia's progression in reaching sustainability

In a time of rapid transformation and pressing environmental challenges, the call for sustainable development has reached unprecedented urgency in Malaysia. The Environmental, Social and Governance (ESG) guidelines facilitate the nation's goal of a net-zero economy by 2050. SIRIM plays a crucial role in this journey, aligning with national and global ESG commitments, including the United Nations Sustainable Development Goals (SDGs).

We lauded the Budget 2023 Green Initiatives, such as the Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE), that help companies acquire certified green technology and services. These measures not only encourage sustainable solutions, but also reinforce efforts towards the national goal.

A cornerstone in the sustainable transformation, we developed strategic standards, inclusive innovation, clean energy systems, and Electric Vehicle (EV) readiness. Carbon footprint labelling standards provide trusted benchmarks. Certification programs for Bumiputera Tool, Dies, and Mould (TDM) companies and collaboration with NCER-ECER for women and rural entrepreneurs promote inclusivity. Additionally, solar-powered, IoT-enabled water filtration for rural Sabah improves the quality of life. Furthermore, national certification for EV battery safety expedites low-carbon mobility plans.

Beyond inclusivity, we developed biodegradable plastics, energy-efficient and green-fuel systems, and a bioplastics pilot plant through SIRIM Industrial Research (SIRIM IR). Socially, we delivered water filtration systems (AYAQ-NANO™) to underserved schools, and trained 351 entrepreneurs through programs like BizTransformation. From a governance stance, we introduced SIRIM 55:2023, a new standard for ESG Management Systems. These efforts show that ESG is embedded in SIRIM's operations, innovation, and stakeholder engagement.

Our focus on high-value solutions has further ensured both strong financial returns and alignment with ESG imperatives. The National Rechargeable Battery Testing Centre (NRBTC) led Malaysia's EV ecosystem with improved transportation safety and sustainability. Meanwhile, advanced materials and nanotechnology contributed to the development of food safety. Simultaneously, the Digital Production Management System (DPIO) and smart packaging innovations enhanced manufacturing efficiency and reduced import dependency.

Moving forward, SIRIM will anchor the net-zero journey by advancing EV readiness towards the 2050 target of 80% penetration. Our R&D in eco-composites, energy-efficient systems, and traceability systems will drive practical sustainability. Lastly, carbon measurements will guide industrial carbon reporting. By reinvesting in platforms like technology intervention, we ensure that these green solutions are more scalable for SMEs.

I am pleased to announce that SIRIM dedicated researchers achieved outstanding success at the 34th International Invention, Innovation & Technology Exhibition, Malaysia 2023 (ITEX23). This demonstrates our commitment through research and development (R&D) to promote innovation, productivity and industry competitiveness at the global level.







**OUR COMMITMENT TO  
QUALITY, INNOVATION  
AND SUSTAINABILITY  
HAS HELPED INDUSTRIES  
GROW AND ADDRESSED  
THE EVOLVING NEEDS  
OF THE COUNTRY.**

Datuk Ir. (Dr)  
Khairul Anuar Mohamad Tawi  
Chairman, SIRIM Berhad

## KEY FINANCIAL HIGHLIGHTS

**RM 252.6**  
**million of total revenue**

**RM 19.6**  
**million of net profit**

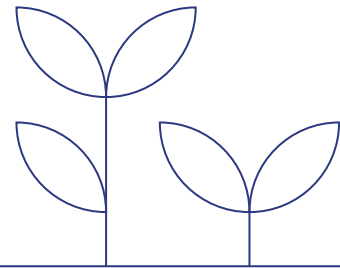


# PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER'S REPORT

**Dato' Indera Ir. Dr.  
Ahmad Sabirin Arshad, FASc**  
President & Group Chief Executive Officer,  
SIRIM Berhad



# MEETING GLOBAL STANDARDS THROUGH ESG



Dear Stakeholders,

In 2023, as global markets continue to face local shifting in economic landscapes, technological upheaval and rising environmental demand, it has been a time of resilience and recalibration. Amidst these obstacles, SIRIM is committed to driving industrial excellence through quality, innovation, and sustainability to address the rising issue. Our service remains vital in helping companies maintain their competitiveness while adhering to sustainable development goals, as the global economy shifts towards environmentally friendly and inclusive models.

## **Accelerating sustainable industry transition**

SIRIM's role continues to grow as ESG principles become increasingly crucial. In five decades of service, SIRIM has played a pivotal role in building

a solid foundation in research, certification, and standardisation while promoting competitive industries that are on par with developed countries. To strengthen our stakeholders' confidence, we are continuously expanding green and low-carbon solutions.

In 2023, the EV market experienced significant growth due to economic and societal factors. Malaysia saw an increase of 286%, with a total of 10,159 units of EVs sold, driven by increasing climate change awareness, costs and government incentives. In the future, the National Energy Transition Roadmap (NETR) targets 15% EV share by 2030 and 80% by 2050. SIRIM's launch of the National Rechargeable Battery Testing Centre (NRBTC) supports this by being a cornerstone for local high-quality, third-party battery testing and related services, while strengthening the

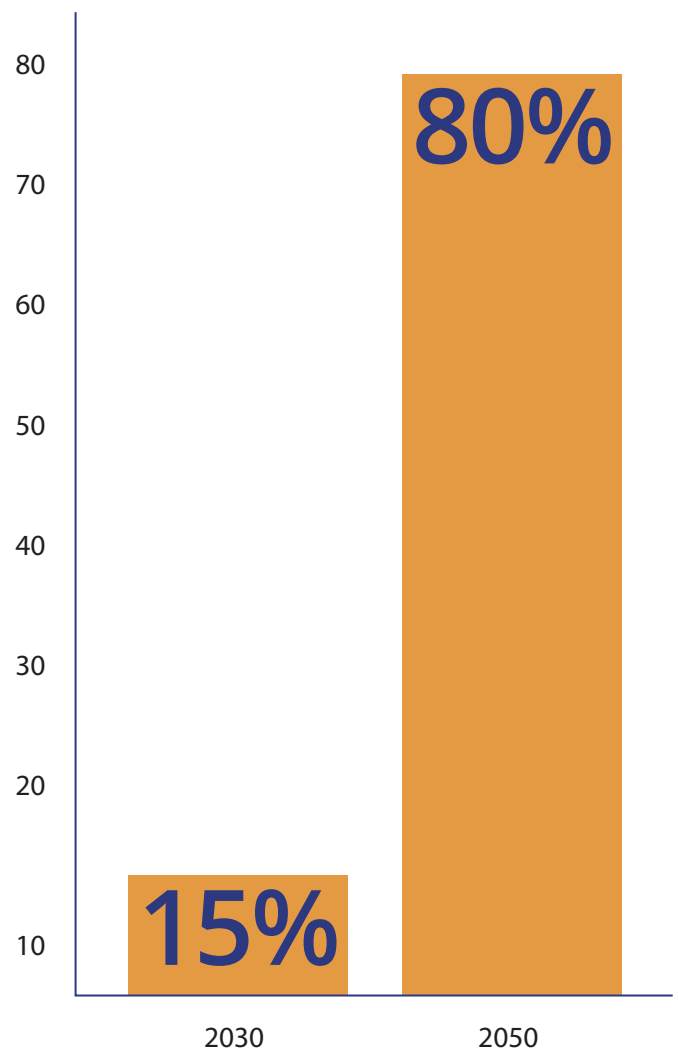


economy and career prospects.

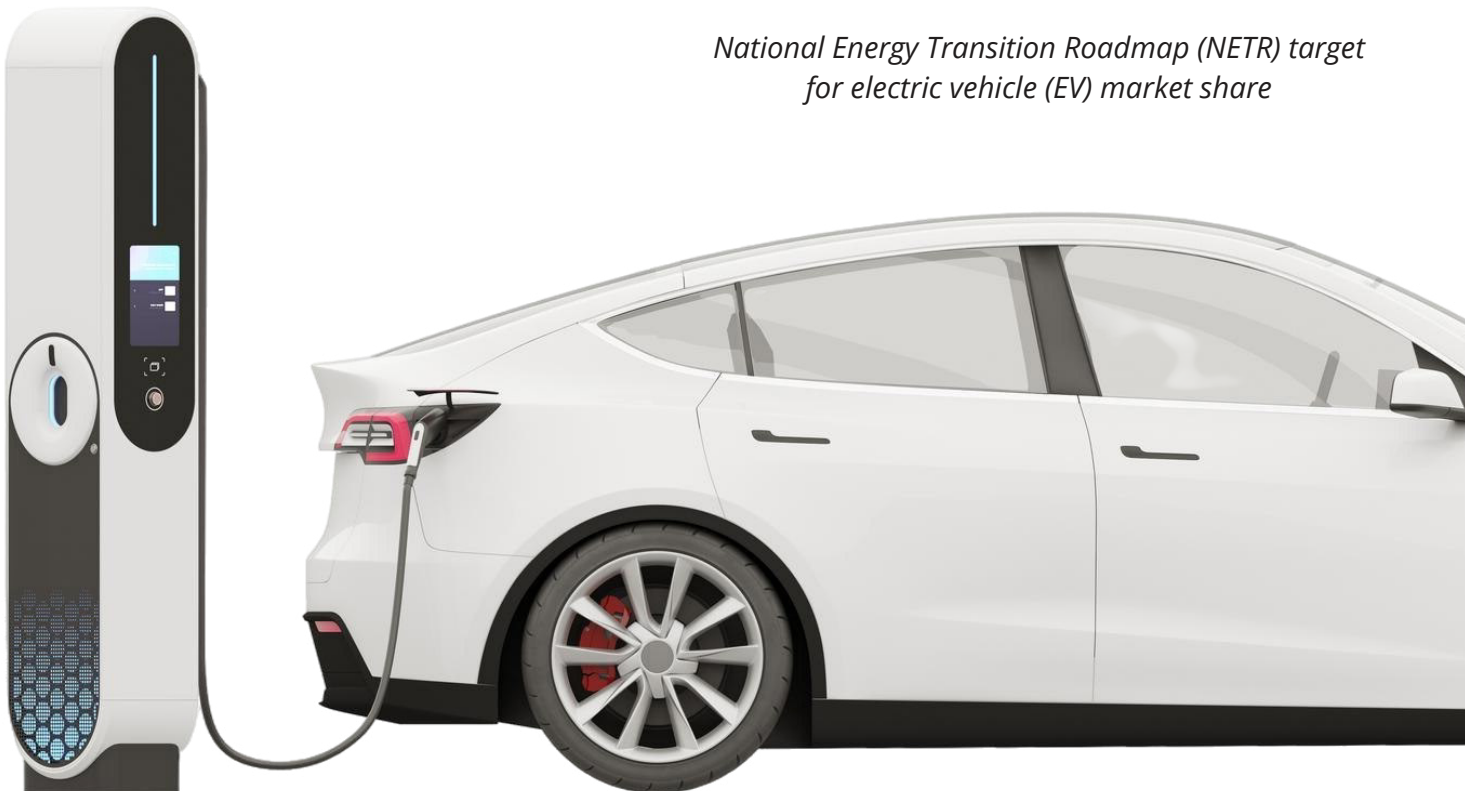
Beyond EV, we developed SIRIM 55, Malaysia's first ESG Management System standard, to help industries align with global sustainability demands. Our digitalisation efforts, including MyeP (digital procurement) and MyCASE (counterparty risk assessment), streamlined operations and improved efficiency.

In the long term, our strategy is centred on aligning with the Net Zero 2050 target, the 12th Malaysia Plan, and the NETR. The focus on renewable energy, energy efficiency, and decarbonisation tools enables us to assist industries in having a more accessible pathway to sustainability. This includes offering testing, standards, and certification for low-carbon technologies as well as environmental impact assessments and sustainable packaging solutions for green industries. By balancing innovation, resilience, and national development priorities, our initiatives accelerate the nation's sustainable industry transformation.

EV share (%)



*National Energy Transition Roadmap (NETR) target for electric vehicle (EV) market share*



## Championing local industries and MSMEs for a thriving economy

SIRIM recognises that local industries, especially MSMEs, form Malaysia's economic resilience. As the driver of sustainable development and key enabler for the IR4.0 agenda, SIRIM continues to provide focused support that boosts industrial competitiveness and opportunities for inclusive growth through various programs and innovation-driven initiatives.

In FY2023, SIRIM extended its impact by assisting more than 18,125 companies through technical, advisory, and capacity-building programs. We launched 61 new products catered to sustainable manufacturing efficiency, including the Smart Manufacturing Excellence Centre (SMEC), which is Malaysia's first physical IR4.0 hub. To foster continuous improvement, SIRIM conducted 831 technology audits and provided advisory services to over 2,400 SMEs through the SIRIM-Fraunhofer Programme. The services include boosting their product presentation and brand awareness to the public through certification, product development, nutritional analysis, promotional material production, and digital marketing training.

Furthermore, we trained thousands of MSMEs through SIRIM Academy and standards-based capacity-building by promoting digital readiness using in-house systems like Digital Production Integrated Optimisation (DPIO) to automate smart manufacturing solutions. These services helped MSMEs meet international certifications and packaging standards to enhance export potential.

These initiatives not only facilitated the expansion of the local industrial talent pool, but also achieved a strong metric performance in terms of customer satisfaction and financial performance. The SIRIM Customer Satisfaction Index (CSI) achieved 92%, surpassing the initial target of 85%. This reflects the strong trust our clients place in SIRIM and underscores our commitment to delivering high-quality services across all sectors. Additionally, SIRIM Academy's revenue rose to 20% along with a 61% jump in profits from training and consultancy. Meanwhile, SIRIM Calibration's revenue grew 15% by expanding to Thailand and Brunei. These outcomes reflect the rising demand for ESG, quality standards, and digitalisation upskilling.

SIRIM actively showcased resilience through projects with direct societal impact. Other than supporting the local booming EV market and MSMEs programs, we executed the Hybrid Unjam Project, which boosted marine biodiversity by repopulating 10 fish species and aiding artisanal fisheries. Additionally, the implementation of the solar-powered Seawater Desalination system provided clean water to 200 villagers in Pulau Sebangkat, Sabah. Under MITI's Madani Economic Initiative, the adoption of urban farming programs worth RM3 million ensured sustainable food security, aligning with national sustainability goals.

By championing local industries, empowering MSMEs, and delivering community-driven solutions, SIRIM ensures that innovation-led and sustainable initiatives provide accessible and tangible benefits for Malaysian society. These initiatives not only boost businesses, but also reinforce the local economic growth, enabling industries to thrive in a rapidly evolving global economy.







**WE RECOGNISED THE NEED FOR  
AN ECOSYSTEM THAT CAN GUIDE AND  
SUPPORT MALAYSIAN INDUSTRIES  
IN MEETING THESE EVOLVING EXPECTATIONS,  
BOTH LOCALLY AND INTERNATIONALLY.**

Dato' Indera Ir. Dr.  
Ahmad Sabirin Arshad, FASc  
President & Group Chief Executive Officer,  
SIRIM Berhad





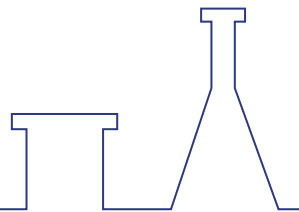


# **02** SIRIM INDUSTRIAL RESEARCH





# SHAPING FUTURE INDUSTRIES TOWARDS SUSTAINABILITY



## **SIRIM Industrial Research**

SIRIM Industrial Research (SIRIM IR) leads the technological advancement across various industries while playing a pivotal role in shaping Malaysia's industrial growth through cutting-edge research, advanced technology development and innovation. With a solid foundation in engineering, material science and smart technologies, SIRIM IR provides specialised research and innovation solutions in areas such as the Machinery Technology Centre (MTC), Environmental Technology Research Centre (ETRC), Industrial Biotechnology Research Centre (IBRC), and Industrial Centre Of Innovation (IC Innovation). SIRIM IR focuses on research and development (R&D), advanced testing and certification, sustainability and smart manufacturing, and industrial innovation and technology transfer. These efforts are to enhance sustainability, local economic growth, promote competitive industries and elevate small and

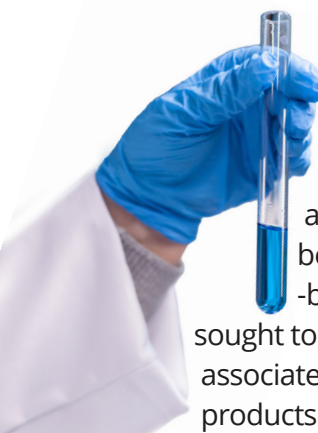
medium enterprises (SMEs).

SIRIM IR's Smart Manufacturing Centre enables local industries to embrace IR 4.0 technologies, including automation, data analytics, the Internet of Things (IoT), and artificial intelligence (AI), to boost efficiency, competitiveness and quality. To fulfil the competitive industry demands, the Advanced Material Centre focuses on creating next-generation materials such as composites, biomaterials and functional nanomaterials. Under Environment and Energy Technologies Centre, SIRIM is committed to driving sustainability by providing green technology solutions, including water-to-energy solutions, environmental monitoring, energy-efficient systems and green fuel. With these initiatives, SIRIM IR remains a key driver of Malaysia's industrial evolution by advancing science-based innovation and fostering sustainable growth locally and internationally.





# ENVIRONMENTAL TECHNOLOGY RESEARCH CENTRE



SIRIM collaborates with National Nanotechnology Centre and embarked on a pivotal study aimed at establishing safety benchmarks for nanomaterial-based products. This initiative sought to evaluate the safety risks associated with nanomaterials and products containing them, catering to the interests of various stakeholders, including the public, industry, academia, and researchers. The outcomes of this study are poised to serve as a cornerstone in ensuring the responsible development and application of nanotechnology across diverse sectors, safeguarding consumers, industry, and the environment alike.

The project encompassed four key scopes of study, each meticulously designed to address specific objectives:

1. Compilation of a comprehensive database encompassing nano-based products and manufacturers in the domestic market.
2. Identification of nanosafety-related methodologies and subsequent testing of nano-based products and nanomaterials to assess potential risks.
3. Evaluation of environmental exposure associated with nano-based products.
4. Conducting life cycle assessments to ascertain the holistic impact of nano-based products.

In-depth laboratory testing and assessment of 125 nano-products from sectors such as Energy and Environment, Food and Agriculture, Wellness, Medical, and Healthcare, as well as Electronics, Devices, and Systems were conducted. The comprehensive evaluations encompassed toxicity, genotoxicity, ecotoxicity, environmental exposure, and life cycle assessments.

The project adhered strictly to established methodologies, regulations, standards, and guidelines, ensuring the reliability and integrity of the findings. The insights gleaned from this endeavour, particularly the hazard-based safety benchmarking for nano-products, are invaluable. Furthermore, the project has yielded actionable recommendations, including advocating for standardised approaches to hazard assessment and recommending the development of a regulatory policy framework governing the utilisation of nanomaterials in products.









# MACHINERY TECHNOLOGY CENTRE

Machinery Technology Centre (MTC) holds ISO 9001:2015 certification for providing engineering services in machinery technology and offers comprehensive design and engineering solutions for machinery and equipment, ensuring quality and reliability in every project. The centre is backed by a dedicated team of 46 technical and 14 non-technical staff, and it has two main areas of focus: foundry technology and machine design. The team is committed to staying relevant and sustainable by actively exploring new technologies in the manufacturing sector. MTC builds partnerships and collaborates with others to ensure successful project implementation.

## **Foundry Technology Section (FTS)**

FTS provides engineering services related to metal casting and machining, serving external and internal clients by utilising its foundry and tooling workshop facilities.

In 2023, FTS supported local companies in developing metal parts and components to advance the localisation agenda across various sectors such as oil and gas, food processing, defence industries and rail sectors. The theme 'Sustainable Through Localisation' was featured during the SIRIM Rasa Open Day on January 30, 2023.



*Replica of armoured car caliper*



*Train bull bar for KTM Berhad*

The localisation of parts and components will remain FTS's primary focus, emphasising foundry and machining technologies that encompass design, prototyping, and pilot production. Additionally, FTS auditors participate in technology audits and technology uptake projects under the SIRIM-Fraunhofer programme.



*Cast bowl and mixer bracket for food processing machinery*

### **Machine Design System (MDS)**

MDS focuses on machine design and development, offers machining and fabrication services, and provides technical assessment and verification services. MDS is actively engaged in research and development efforts, providing support to industries with their research initiatives.

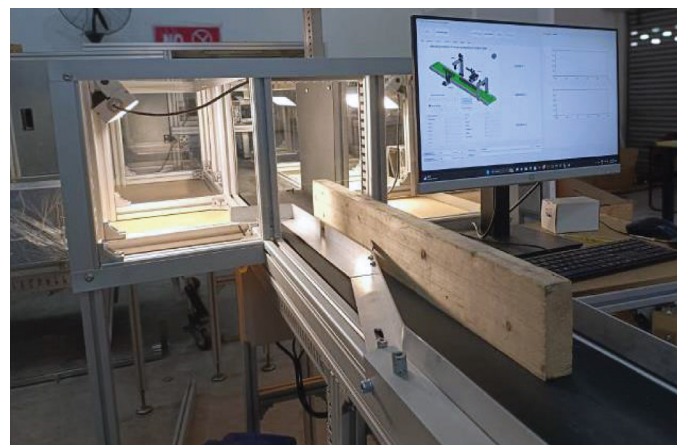
Various high impact projects were implemented in 2023. The Halal technology transformation programme is a collaborative effort with TEKUN Nasional. The project commenced in 2021, was rolled out in three phases, and concluded in 2024.

MDS was also involved in creating an innovative brazing technique that used direct-injected current to join plates made from various materials. The goal is to develop an advanced brazing machine designed for crafting precision industrial knives and cutting tools. The project was funded by the Product Development Programme of MITI. MDS partook in 'Automated Visual Inspection for Colour and Defect Inspection Towards Smart Manufacturing for the Wood Industry in Malaysia', funded by the Malaysian Timber Industry Board (MTIB). Additionally, they completed the 'Supply,

Delivery, Commissioning and Establishment of Processing Machines for the Development of Commercial-Ready Glass Solar Panels for Dye Solar Cells' delivered to Universiti Teknologi Petronas. Another completed project was the Supply, Installation, Testing, and Commissioning of Fire Pump Testing Facilities' delivered to SIRIM QAS International Sdn. Bhd.

In addition to the projects, MDS offers engineering services to a range of companies, including AVEE Sdn Bhd and AMT Tooling Sdn Bhd. MDS provides machining services for the development and repair of stamping dies for car components. Protech Master Coach Sdn. Bhd. received ongoing support for their special vehicle fabrication and assembly work. MDS assists higher learning institutions with research projects, including fabricating components for research projects at Universiti Institusi Teknologi MARA.

For assessment and verification services, MDS has four qualified Industry4WRD Readiness Assessment (RA) assessors who have been actively conducting readiness assessments throughout the year. Additionally, a team of seven qualified verifiers performed machine verification tasks for the Malaysian Investment Development Authority's (MIDA) Automation Capital Allowance (ACA) programme.

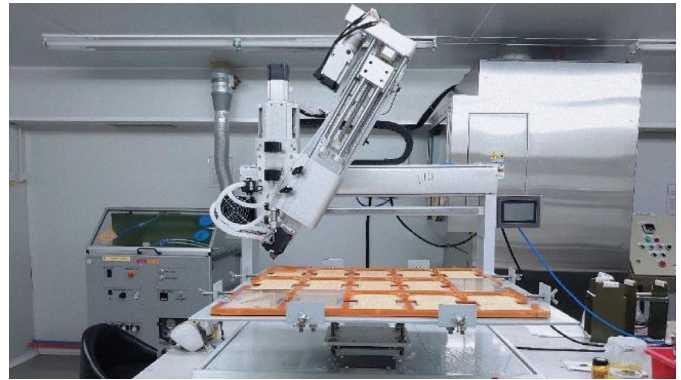


*Development of Wood Defect Classification System  
in the project funded by MTIB*



In the research activities, MDS has published several research outputs in the form of four articles in various publications in 2023. The articles are as follows:

- a. Feasibility of Detecting 'Tracheid Effect' on Tropical Hardwood (Light Red Meranti, Shorea spp) using 650 nm (red) and 808 nm (near infrared) lasers, utilizing industrial colour camera.
- b. Optimisation of Dicing Parameter of In-House Developed ODM on the Micro-Patterning Waveguide Using ANOVA.
- c. An Exploratory Study on Assessing and Quantifying Post Stroke Patients' Functional Capability Level Via Transitive and Tool-mediated Tasks – Colour sorting of Red Oak, Yellow Poplar and Maple Veneers using self-organizing map: comparisons between different camera genres.
- d. Entropy generation approach for evaluating energy dissipation and temperature rise to predict the fatigue life behaviour in Magnesium Alloy.



*Solar Cell Auto Gluing Machine installed at  
Universiti Teknologi Petronas*



*Fire Pump Testing Facilities for SIRIM QAS  
International Sdn. Bhd.*

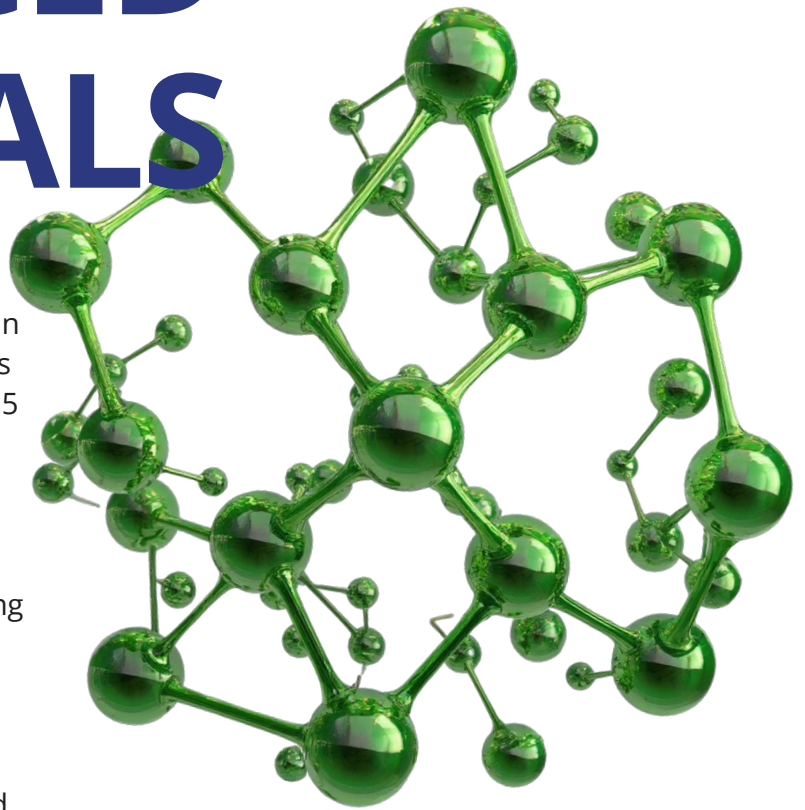


*Automatic lawn mower prototype*

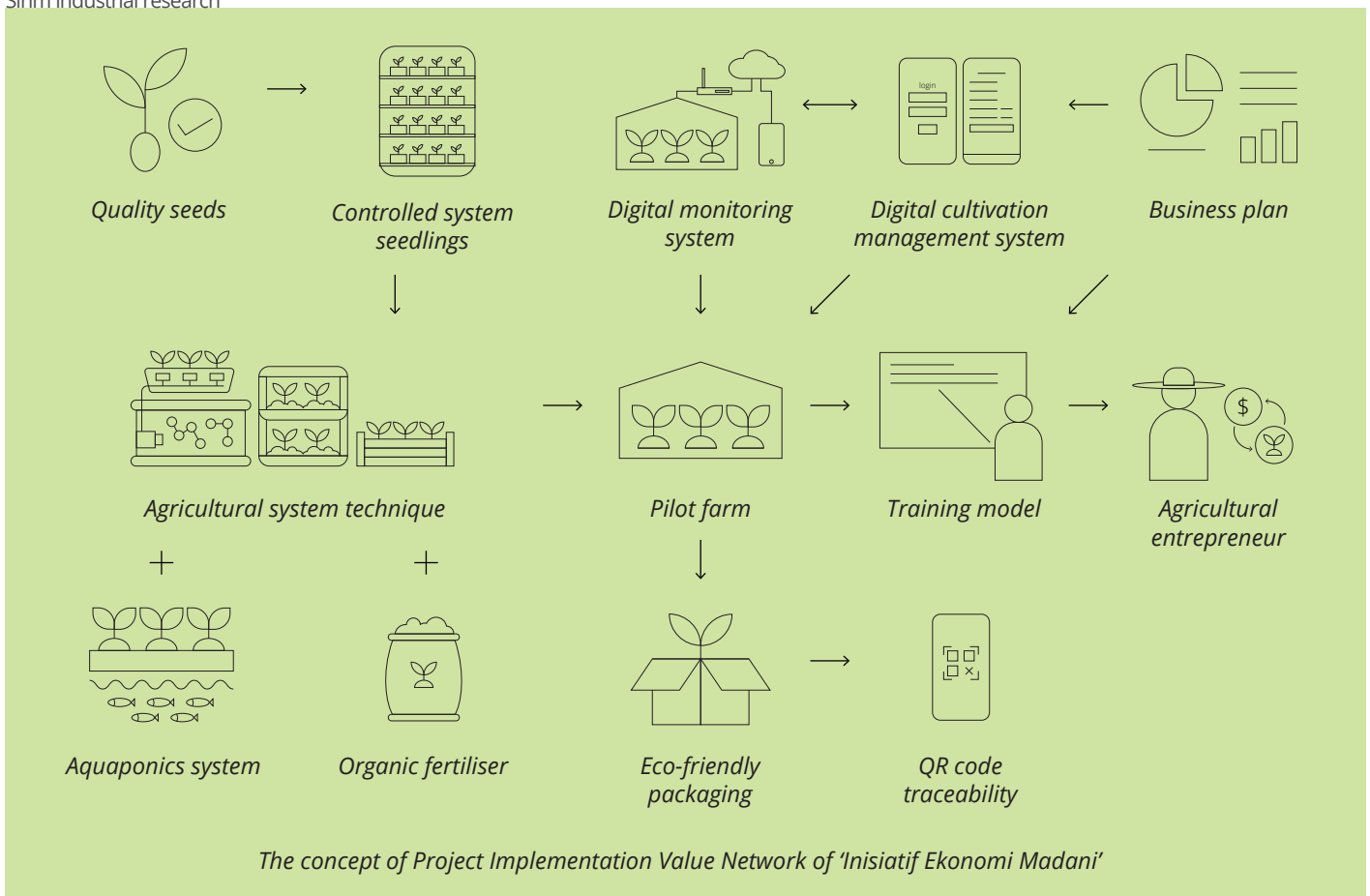
# INDUSTRIAL CENTRE OF INNOVATION IN ADVANCED MATERIALS

IC-I Advanced Materials operates from the SIRIM Industrial Centre of Innovation located in Kulim Hi-Tech Park, Kedah. Formerly known as IC-I Nanotechnology, it achieved ISO 9001:2015 re-certification on 15 September 2022 for the provision of testing services in advanced materials and nanomaterials.

IC-I Advanced Materials is dedicated to delivering innovative solutions in the fields of advanced materials and engineering. The objective is to assist industries enhancing their technological applications in fields such as engineering materials, biodegradable plastics, ceramics, and sensor technologies. The centre is also focused on materials research and technology applications, delivers technical services and consultancy, ensuring comprehensive materials testing and analysis to support clients' requirement.







## Key Activities

In line with the Centre's focus on current trends, IC-I Advanced Materials has been engaged in research and development in advanced materials and engineering to develop products for future market opportunities. The Centre is committed to delivering industry solutions and maintaining high-quality services, thereby enhancing the digital monitoring framework for testing services. Three staff of the IC-I Advanced Materials team have been acknowledged as Professional Technologists (Ts), aligning with the centre's objective of delivering cutting-edge research and development in Advanced Materials and nanomaterials.

In October 2023, MITI introduced a new initiative titled 'Sustainable and High-Impact Local Urban Agriculture Industry Ecosystem', as part of the 12th Malaysia Plan (Madani Economic Initiative: Empowering the People). The project seeks to create a lasting structure for urban farming that is in line with the National Agrofood Policy (NAP 2.0) and the National Food Security Policy.

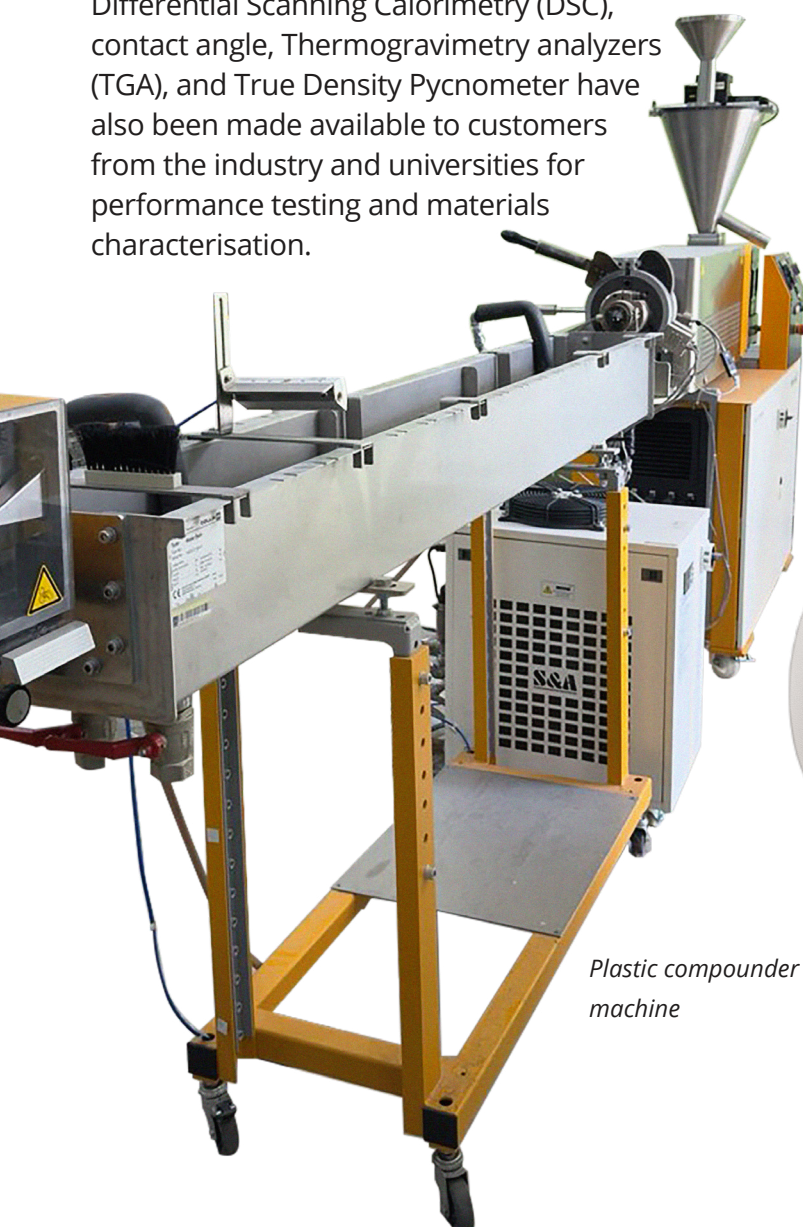
The emphasis will be on leveraging technology to assist small and medium-sized enterprises in the agricultural sector, especially in areas such as research and development, innovation, and facilitating the market introduction of products through advanced technological solutions such as IR 4.0 or frontier technology.

The project will focus on enhancing technological capabilities in 11 small and medium-sized agricultural enterprises, integrating four pioneer farm technology platforms, establishing two pioneer farms, and developing one business model. The completion of the project is scheduled for September 2025.

## Biodegradable plastics

The project named "*Inovasi Kimia dan Bahan Ter maju Produk Biodegradasi Bagi Aplikasi Teknologi Hijau*," in accordance with the 12th Malaysia Plan (RMK-12), is showcasing significant progress in supporting the government's goals related to biodegradable plastics. During 2023, this project successfully launched a fully functional Pilot Plant focused on Plastic Processing. This document details various machinery, such as a compounding Palletisation Line, a Multilayer Blown Film Line, a Plastic Recycling Line, a Plastic Thermoforming Line, Electrospinning, and 2K Plastic Injection Mouldings.

In addition, analytical equipment like Melt Flow Index (MFI) analyzers, FTIR Spectroscopy, Differential Scanning Calorimetry (DSC), contact angle, Thermogravimetry analyzers (TGA), and True Density Pycnometer have also been made available to customers from the industry and universities for performance testing and materials characterisation.



This project aims to support the plastic manufacturing sector by providing specialised consultations and testing services through SIRIM Berhad's Biodegradation Laboratory. The project is aligned with the industry's shift towards biodegradable polymers, meeting the government's roadmap to zero single-use plastics 2018-2030.





## Water filtration system projects

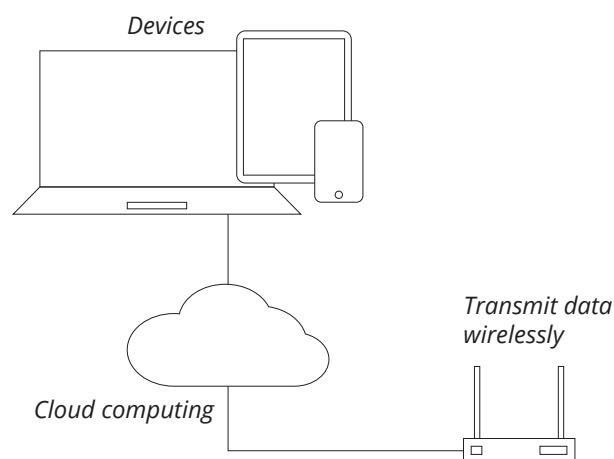
These projects highlight advancements in manufacturing processes, enhanced product quality, and the encouragement of sustainable practices among Malaysian small and medium enterprises, supported by various government initiatives and programmes.

A project under the Malaysia Social Innovation Initiative Programme (MyIS Komuniti) has successfully secured funding from the Malaysia Innovation Foundation (Yayasan Inovasi Malaysia, YIM), which operates under the Ministry of Science, Technology, and Innovation (MOSTI).

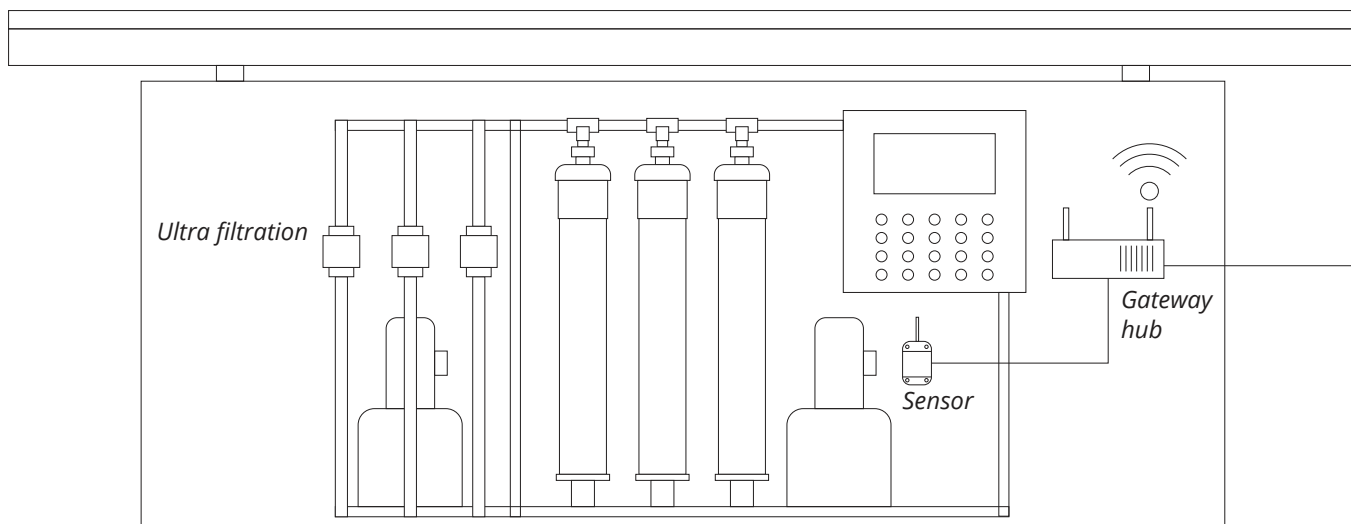


This initiative focuses on developing a water purification technology intended for everyday drinking purposes for the residents of Brantian village in Kalabakan, Sabah.

This project focuses on establishing a Centralised Water Treatment System in Kampung Brantian, ensuring that the villagers have access to clean water for their daily requirements, especially for drinking purposes. This initiative aims to enhance the availability of safe drinking water for the community through innovative and cutting-edge technology.



### Solar energy



*Centralized water treatment system using Ultra-Filtration technology and solar photovoltaic energy, equipped with a Remote IoT device for water quality monitoring.*



## Ayaq-Nano TM

IC-I Advanced Materials specialises in technical services and consultancy, managing testing contracts and offering services for material characterisation and analysis. The offerings encompass ceramics, metals, composites, and plastics, utilising advanced equipment and materials processing facilities.

In 2023, IC-I Advanced Materials achieved 27% increase in activities compared to the previous year, engaging 459 customers and completing 467 testing and technical reports. The clients encompass small and medium enterprises, government agencies, and Universities showcasing the diverse sectors that gain from their proficiency in materials analysis and testing.

In addition to testing services, IC-I Advanced Materials effectively delivered a range of technical consultancy activities, with a particular emphasis on their Water Filtration System. AYAQ-NANO™, the innovative water filtration system, has been successfully installed at Sekolah Kebangsaan Lanai in Baling, Kedah. This project demonstrates their dedication to delivering technological solutions for the purification and filtration of water, especially within educational settings such as schools.

- 🟢 An alternative water source of 5,000 L/day for use at SK Lanai (basic water supply from SADA and the school's initiative to channel hill water or community water).
- 🟢 Produces treated water quality that meets clean water standards (TDS < 200 ppm).
- 🟢 A low-cost and easy-to-maintain water filtration system.







*Agriculture Wicking Bed*

In addition to advancing the Water Filtration System, IC-I Advanced Materials has introduced a range of new technologies and innovations. These include:

1. **Agriculture Wicking Bed:** This innovation involves a planting technique designed for self-watering plants, enhancing efficiency and sustainability in agriculture.
2. **Training on Future Plastic Processing:** IC-I Advanced Materials offers consultancy services and product development in the field of future plastic processing. This includes training sessions aimed at advancing techniques and technologies in plastic processing for improved product outcomes and sustainability practices.

The innovations and developments underscore IC-I Advanced Materials' dedication to enhancing technological solutions across various sectors, including agriculture and materials processing, while promoting efficiency and environmental sustainability.

In addition to their innovations and technical services, IC-I Advanced Materials have

established Non-Disclosure Agreements (NDAs) with multiple sectors. These agreements include:

- Kuasa Rail Engineering Sdn Bhd: Collaborating on the formulation of brake blocks for KTMB's rail applications.
- Universiti Malaysia Perlis (UniMAP): Partnering on the development of a Traceability and Transparency System using Electronic Nose (e-Nose) technology for enhancing food security and quality-related properties.
- Ultraworm Resources Sdn. Bhd.: Working on the design and development of a technology process to convert chicken dung or other organic wastes into organic fertiliser and animal feed using larvae of the Black Soldier Fly.
- Minako Sdn Bhd: Engaging in the development of Anti-MRSA and Anti-H1N1 Biodegradable Nanofiber for Air Filtration Application.



*Organic fertilizer*



## Industry 4WRD Readiness and Collaboration

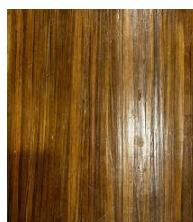
IC-I Advanced Materials took part in the Industry 4WRD Readiness Assessment (RA) organised by MITI, successfully completing 12 audits or assessments on SMEs in 2023, conducted by 6 qualified assessors. The centre is currently involved in the SIRIM-Fraunhofer programme, along with the readiness assessment.



*Prototype of Biodegradable Anti-MRSA Air Filtration System*

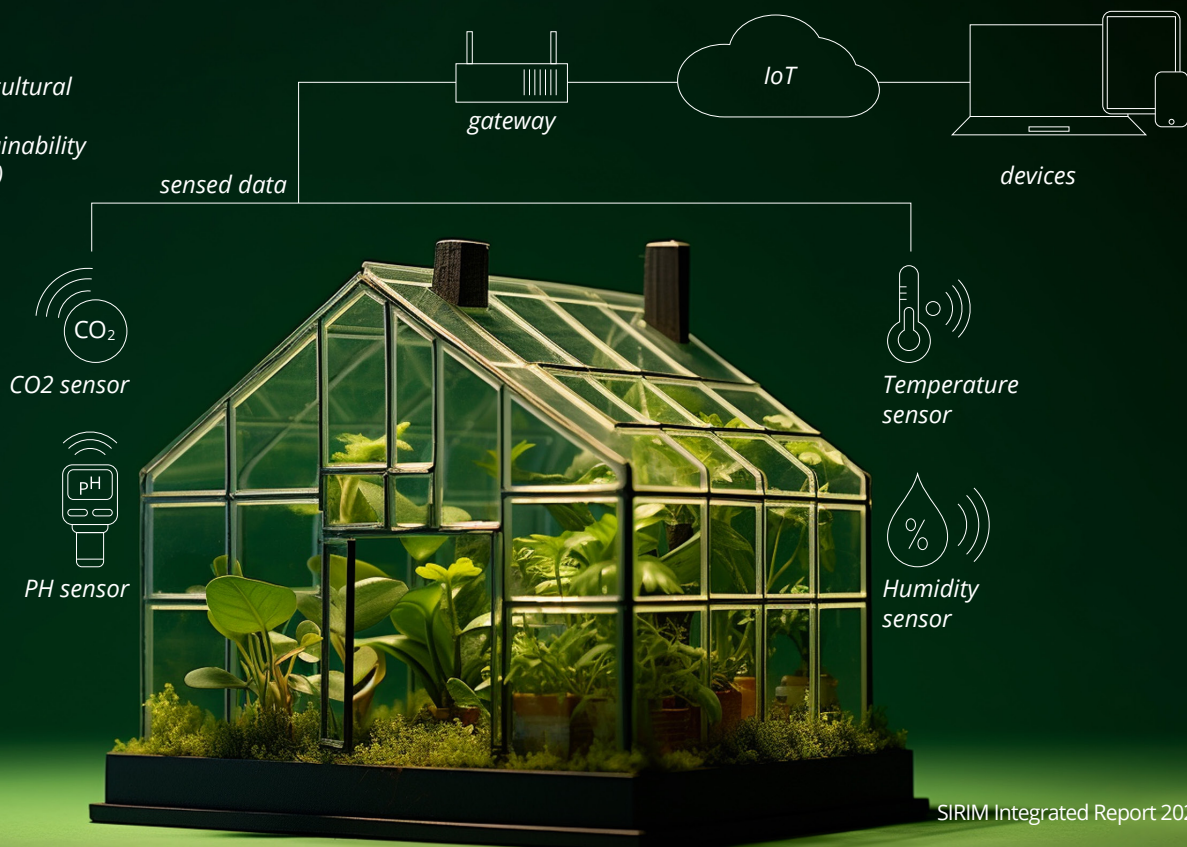


*Untreated bamboo laminated composite*



*Treated bamboo laminated composite*

*Data Analytics for a Customized Agricultural Greenhouse For Microclimate Sustainability Management (SIRF)*





# INDUSTRIAL CENTRE OF INNOVATION IN SMART MANUFACTURING



The financial year 2023 has been a landmark year for the Industrial Centre of Innovation in SMART Manufacturing (ICI-SM), marked by significant achievements and strategic expansions.

## Launch of SMEC

ICI-SM successfully inaugurated the SMART Manufacturing Excellence Centre (SMEC), the first comprehensive physical centre dedicated to Industry 4.0. This facility serves as a crucial hub for industrial awareness, connecting solution providers with manufacturers to foster innovation and enhance industrial processes. SMEC is poised to become the cornerstone of Industry 4.0 initiatives, driving technological advancements and facilitating the adoption of smart manufacturing practices across the industry.

## TVET Transformation Plan

Expanding our service offerings, ICI-SM has ventured into strategic planning consultation. Notably, we collaborated with Kementerian Belia dan Sukan (Ministry of Youth and Sports) to establish a transformation plan for the nation's Technical and Vocational Education and Training (TVET) institutions. This initiative aims to modernise and elevate the standards of TVET institutions, ensuring they are well-equipped to meet the demands of the evolving industrial landscape.





## Commercialisation of DPIO

Our relentless efforts in innovation bore fruit with the commercialisation of the Digital Production Integrated Optimisation (DPIO) system through Sirim Tech Venture. This homegrown manufacturing execution system exemplifies our commitment to providing cutting-edge solutions that enhance operational efficiency and productivity. The DPIO system is set to revolutionise manufacturing processes, offering a robust platform for seamless integration and real-time monitoring.

## Solution Provider for SMEs

ICI-SM continues to be a pivotal technology solution provider for Small and Medium Enterprises (SMEs). Over the past year, we successfully rolled out nearly 20 solutions, demonstrating our unwavering dedication to supporting the growth and development of SMEs. These solutions are tailored to address the unique challenges faced by SMEs, enabling them to leverage advanced technologies and remain competitive in the market.

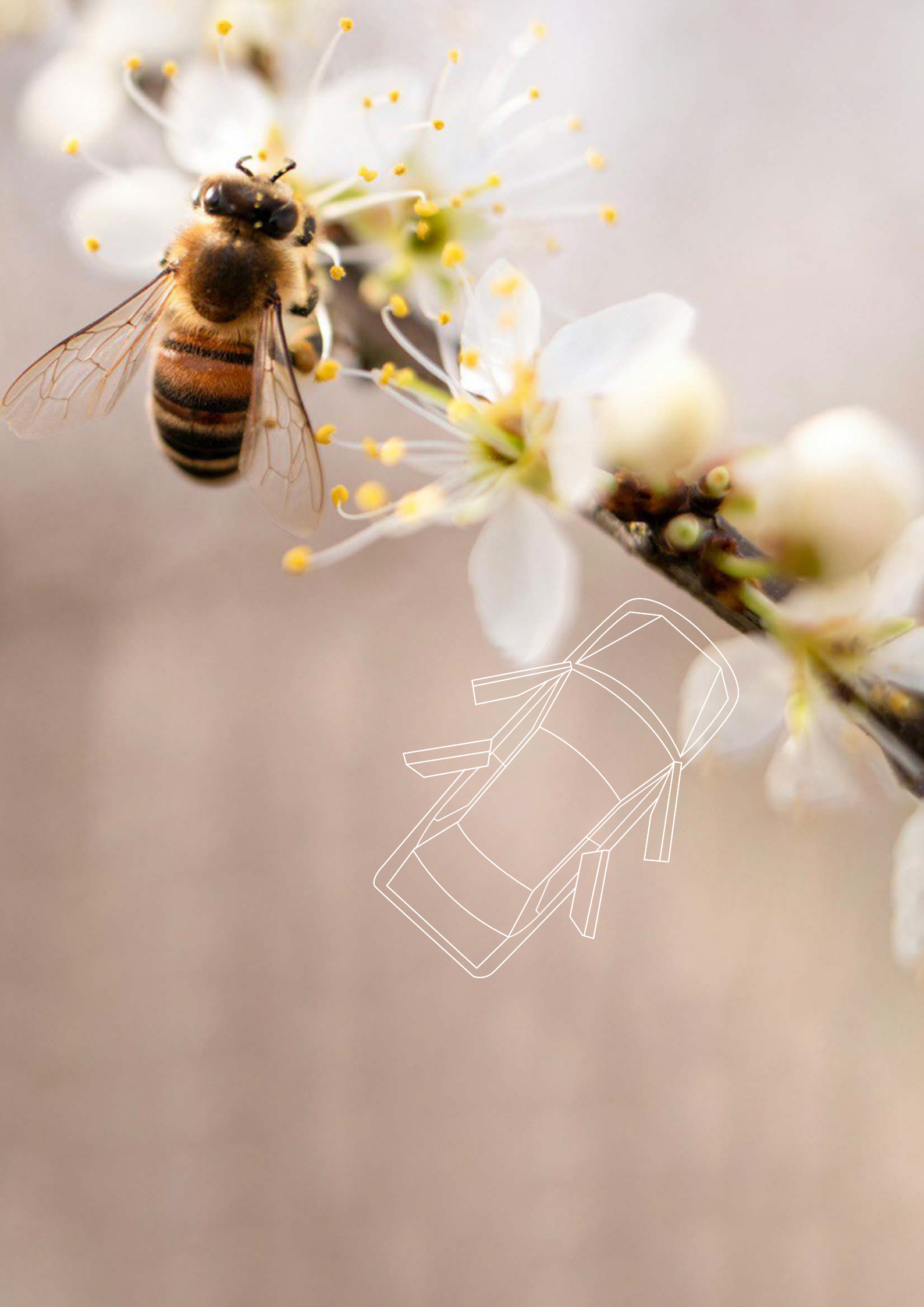
FY2023 has been a transformative year for ICI-SM, marked by significant milestones and strategic initiatives. We remain committed to driving innovation, supporting industrial growth, and fostering a collaborative ecosystem that thrives on technological advancements. Looking ahead, we aim to build on this momentum, further enhancing our service offerings and solidifying our position as a leader in smart manufacturing.



*Launch of SMART Manufacturing Excellence Centre*

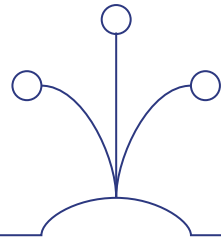


# 03 SUBSIDIARIES AND BUSINESS UNITS





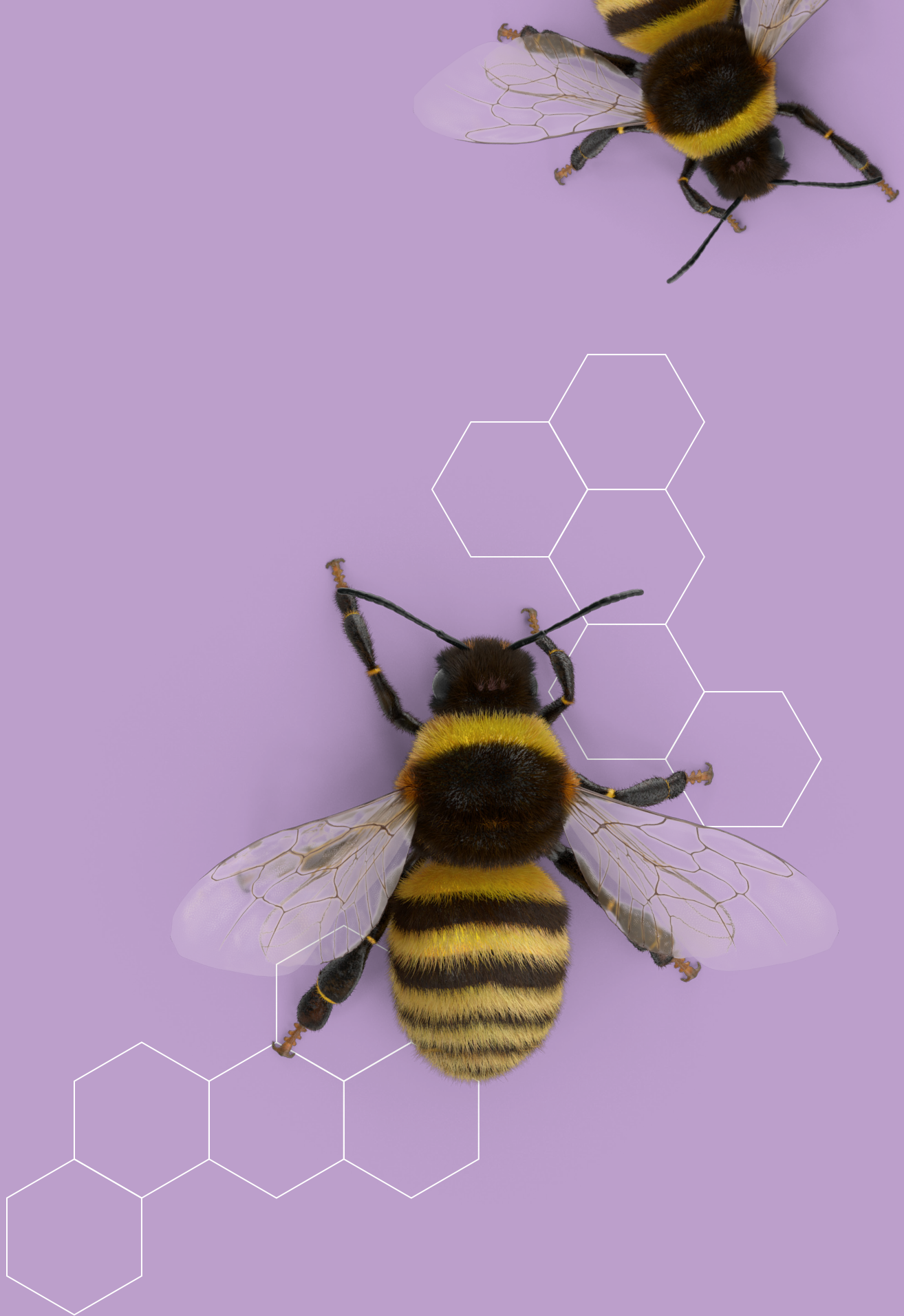
# WORKING TOGETHER TOWARDS SUSTAINABILITY



## **Subsidiaries and business unit**

SIRIM Berhad operates as a diversified group through multiple subsidiaries, which drive the company's objectives across industries and areas. The subsidiaries have been vital in advancing innovation, providing significant solutions and driving national and international objectives in sustainability progress with unique expertise and focus.

This section covers SIRIM subsidiaries' noteworthy achievements, strategic initiatives and significant contributions in 2023.





# SIRIM QAS INTERNATIONAL SDN BHD

SIRIM QAS International Sdn. Bhd. (SIRIM QAS) stands as Malaysia's leading authority in conformity assessment, serving as the preferred partner for testing, inspection, and certification for many of the globe's leading brands. The organisation has built a remarkable reputation through its consistent dedication to addressing the needs of its customers and stakeholders throughout the years.

TESTING

INSPECTION

CERTIFICATION



## Stakeholder Engagements

SIRIM QAS successfully conducted 85 engagement activities, surpassing the KPI target of 40 by more than double. The organisation engaged in multiple regulatory workshops, technical discussions, courtesy visits, and collaborative meetings with essential stakeholders, including MDEC, PLAN Malaysia, MCMC, JKDM, CAAM, APMM, Huawei, and AirAsia. These workshops included those centred on drone safety in partnership with CAAM and MOSTI, e-commerce policy alongside MDEC and Shopee, and logistics exhibitions such as KILAT. Moreover, the technical discussions included regarding new domains, such as IPv6 certification, smart devices, and UAV approvals. Furthermore, SIRIM QAS organised comprehensive briefings and seminars throughout various regions, focusing on essential groups including importers, consultants, IT mall tenants, and automotive stakeholders. The initiatives enhanced compliance with regulations, improved customer relations, and strengthened our industry standing. In conclusion, SIRIM QAS partnered with a range of international and national clients, such as Petronas, Boeing, Huawei, and Xiaomi, showcasing the increasing confidence in SIRIM's capabilities.



## Business Report

SIRIM QAS introduced a variety of strategic services in 2023. New compliance certifications have been implemented following MCMC technical codes for equipment utilised in aeronautical and maritime radiocommunications. Furthermore, the introduction of certification for railway communication devices on LTE Band 39 took place in July 2023. Measures were put in place to ensure the accuracy of the technical elements related to IT and networking products, thereby improving the application process for import authorisation.

To strengthen these initiatives, targeted training sessions were held for key clients (e.g. MMDA, Inokom, BMW) concerning certification and compliance submission processes. These initiatives have expanded the company's service offerings and responded to the evolving needs of the industry and regulatory environment.

engagement activities

85%

internal turnaround time (TAT)

98.86%



## List of schemes

AS 9100: Aerospace Quality Management System Certification

IATF 16949: Automotive Quality Management System Certification

ISO 13485: Medical Devices Quality Management System Certification

ISO 14001: Environmental Management System Certification

ISO 14067: Product Carbon Footprint Certification

ISO 17679: Wellness Spa Certification

ISO 18295: Customer Contact Centre Management System Certification

ISO 18788: Private Security Operations Management System (SOMS) Certification

ISO 21001: Educational Organisation Management System (EOMS) Certification

ISO 22000: Food Safety Management System Certification

ISO 22301: Business Continuity Management System (BCMS) Certification

ISO 22716: Good Manufacturing Practice (GMP) for Cosmetics

ISO 28000: Supply Chain Security Management System Certification

ISO 29993: Learning Services Outside Formal Education (LSP) Certification

ISO 37001: Anti-Bribery Management System (ABMS) Certification

ISO 39001: Road Traffic Safety Management System Certification

ISO 41001: Facility Management - Management System Certification

ISO 45001: Occupational Health And Safety Management System Certification

ISO 50001: Energy Management System Certification System Certification

ISO 55001: Asset Management System Certification

ISO 9001: Quality Management System Certification

ISO/IEC 20000-1: IT Service Management System Certification

## List of schemes

ISO/IEC 27001: Information Security Management System Certification

MS 1480: Hazard Analysis and Critical Control Point (HACCP) Certification

MS 1514: Good Manufacturing Practice (GMP) Certification for Food Sector

MS 1900: Shariah-Based Quality Management System Certification

MS 2610: Muslim-Friendly Hospitality Services Certification

MS 2697: Motor Vehicle Aftermarket – Service and Spare Parts (2S)

MS 2696: Motor Vehicle Aftermarket – Repair, Reuse, Recycle, Remanufacture for Parts and Components (4R)

1 - Innocert Certification Programme

Chain-of-Custody (COC) of Forest-Based Products Certification

Environmental Social Governance Verification

Forest Management Certification

Good Distribution Practice for Medical Devices (GDPMD) Certification

SIRIM 55 ESG Management System Certification

Malaysian Sustainable Palm Oil (MSPO) Certification

Malaysian Sustainable Palm Oil Supply Chain (MSPO SC) Certification

Medical Device Conformity Assessment: Product Verification and Full Assessment

National Mark of Malaysian Brand Certification

Roundtable on Sustainable Palm Oil (RSPO) Certification

Roundtable on Sustainable Palm Oil Principles and Criteria (RSPO P&C) Certification

Roundtable on Sustainable Palm Oil Supply Chain (RSPO SC) Certification

Sarawak Timber Legality Verification Scheme (STLVS)

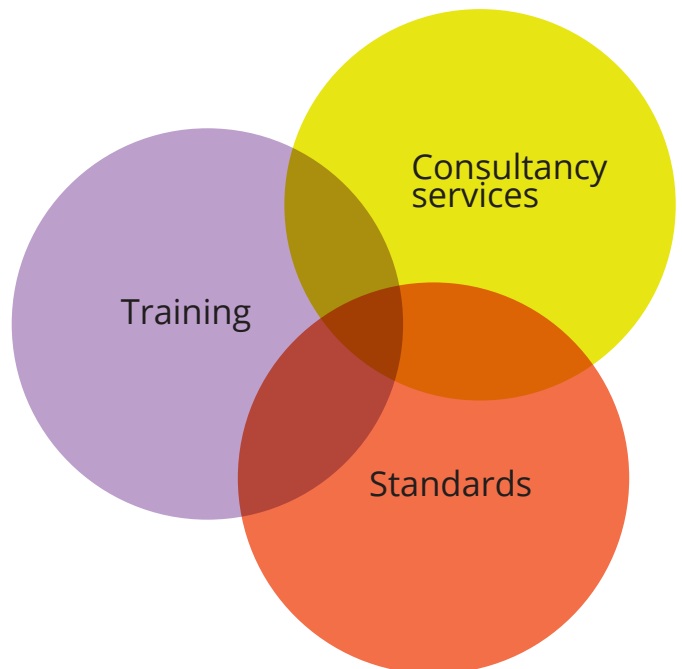
Social Accountability Scheme – SIRIM 50



# SIRIM ACADEMY SDN BHD



SIRIM Academy Sdn Bhd stands as the premier comprehensive resource hub for training, standards, and consultancy services. SIRIM Academy provides services aimed at advancing SIRIM Industry Standards. The initiative enhances the workforce capabilities of both local and global sectors by providing training and consultancy services, acts as a designated point for enquiries related to technical trade barriers, and facilitates the sharing of knowledge via the SIRIM Technical Library. SIRIM Academy supports organisations and their teams in fostering a strong business culture by integrating quality, technology, and best practices into their everyday operations.



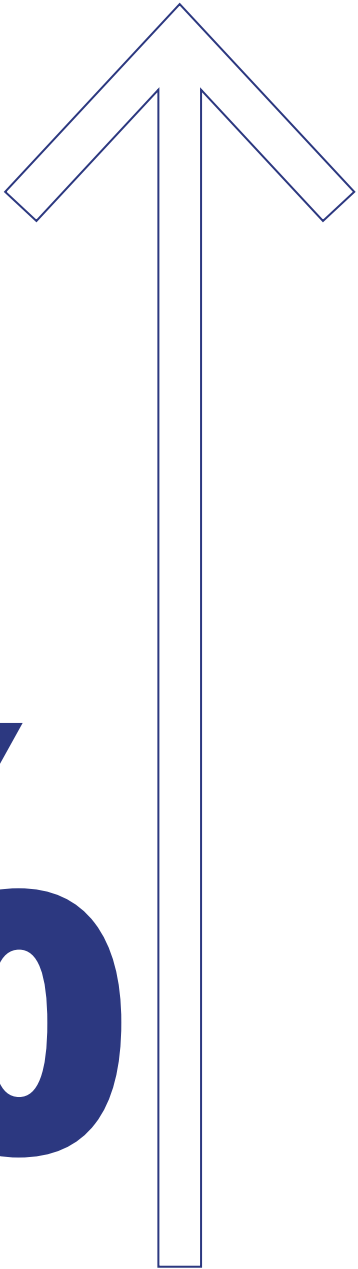
*The premier comprehensive resource hub*

## Financial report

SIRIM Academy achieved a 20% increase in total revenue for the fiscal year ending 2023 compared to the previous fiscal year, 2022. We achieved a profit before zakat and taxation (PBT) increase of 61% compared to the PBT reported in the previous fiscal year.

The revenue sources can be categorised into five distinct activities: Public Training, In-house Training, Consultation Projects, and income generated from Technology and Standards Sections. Public training sessions were conducted with participants from various organisations and individuals simultaneously. Public training achieved a significant increase of 53% in FYE 2023 compared to FYE 2022. During the in-house training, which included participants from a single organisation, there was a recorded 12% increase in revenue for the fiscal year ending 2023 compared to the fiscal year ending 2022. Consultation projects, which involve aiding organisations in the development of management systems and pursuing certification, saw the most significant revenue growth compared to the previous year, with an increase of 75%.

The activities within the Technology Sections include processes like welding and Non-Destructive Training (NDT). In the Standards Section, activities encompass the creation of industry standards, which includes consultancy services and training for the implementation of these standards; the operation of the Technical Library; the sale of standards; and the National WTO/TBT Enquiry Point.



# 20%

## Increase in total revenue



## Activities

Under standards development activities, a total of 13 standards have been developed and the standards are:

1. SIRIM 55:2023, Environmental, Social and Governance management systems – Requirements with guidance
2. SIRIM 59:2023, Communal fats, oils and grease (FOG) interceptors for domestic wastewater – Specification
3. SIRIM 60:2023, Best practices on the Agile Requirements Engineering process for industry
4. SIRIM 61:2023, Guidelines for organisations engaging location independent workforces
5. SIRIM 62:2023, Requirements for online shopping platforms, merchants and consumers in electronic commerce
6. SIRIM 63:2023, High density polyethylene (HDPE) smooth wall conduits for telecommunication cables – Specification
7. SIRIM 64:2023, Guidelines on shelf-life determination of food products
8. DOF-SIRIM 4:2023, Hatceri udang galah
9. DOF-SIRIM 5:2023, Hatceri ikan air tawar
10. SIRIM CFP 022:2023, Product Category Rules - Carbon Footprint - Radiant Barrier
11. SIRIM CFP 023:2023, Product Category Rules - Carbon Footprint - Plastic Intermediate Product
12. SIRIM ECO 098:2023, ECO-Labeling Criteria for Degradation of Polyolefin Plastic in an Open-Air Terrestrial Environment
13. SIRIM ECO 099, ECO-Labeling Criteria – Non-Ferrous Metal and Alloy Products

For our SIRIM Personal Certification Program (SPCP) initiatives, collaboration with Learning Institution, GLC/Government, and Industry for 9 new SPCP programme have successfully been implemented.

1. Certified Internal Auditor in Asset Management Systems (CIA-AMS), Petronas.
2. Certified Internal Auditor in EOMS (CIA-EOMS), JPPKK, KPT
3. Certified Laboratory Quality Management System Executive, UPM.
4. Certified Internal Auditor ISO/IEC 17065, JAKIM.

5. Certified Quality Inspector (CQI), ADTEC.
6. Certified Security Vulnerability Assessor (SVA), PUBLIC.
7. Certified Facility Management System Manager, OUM.
8. Certified Management System Executive, OUM
9. Certified Green 5s Assesor, PLUS.



## Achievements in 2023

### Certified as an Exemplar Global Recognised Training Provider

To enhance SIRIM Academy's credibility and broaden its global presence, steps have been implemented to ensure that SIRIM Academy gains recognition from esteemed international entities. As of 23 October 2023, we are proud to announce our successful certification as a Recognised Training Provider by Exemplar Global. Exemplar Global is an organisation that offers certification for training providers and personnel certifications. The headquarters is in the United States, complemented by locations in Australia and South Korea. At present, they have certified more than 270 training providers through Training Provider and Examiner Certification Scheme and Recognised Training Provider programmes.

This achievement enhances the quality of SIRIM Academy's courses, aligning them with international standards, setting them apart in the marketplace, and providing assurance to participants that the training meets stringent criteria and is endorsed by a respected third party. Furthermore, Exemplar Global provides promotional assistance by showcasing SIRIM Academy on their website and sharing details about their virtual events.

HiJacco HiFuture



MOBILE





### **Approval for HRDCorp Professional Certificate on Gas Metal Arc Welding (GMAW): 3G Welder Certification**

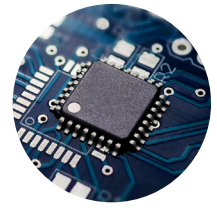
On 28 December 2023, SIRIM Academy received approval for the HRDCorp Professional Certificate in Gas Metal Arc Welding (GMAW): 3G Welder Certification. HRD Corp Professional Certificate provides a more adaptable fee arrangement and possibly more advantageous training opportunities. SIRIM Academy has the flexibility to set charges without restrictions, and organisations have the opportunity to seek grants that fully cover the fees imposed by SIRIM Academy. This allows SIRIM Academy to uphold exceptional training standards while ensuring that companies can maximise the use of available funding, enhancing the attractiveness and feasibility of the certification programmes for both employers and participants.

### **Renewal of Halal Training Provider under under Majlis Profesional Halal (JAKIM)**

Since 2018, SIRIM Academy has held the status of a certified training provider under Majlis Profesional Halal (JAKIM). In 2023, SIRIM Academy successfully renewed this certification, which is valid until 31 December 2025, for training programmes in Certified Halal Executive and Certified Internal Halal Auditor.



# SIRIM CALIBRATION SDN BHD



**Semiconductor**



**Telecommunication**



**Oil & gas**



**Fabrication & manufacturing**



**Education**



**Utilities**



**Healthcare**



**Agriculture**



**Construction**



**Defence**



**Aviation**



**Automotive**



**Transportation**

## INDUSTRIES WE SERVE

SIRIM Calibration Sdn Bhd (SIRIMCal), founded in 1994, is widely recognised as a key player in the calibration and measurement services sector in Malaysia. SIRIMCal functions across seven key locations: Shah Alam, Permatang Pauh, Senai, Kuantan, Kuching, Kota Kinabalu, and Kemaman Supply Base. SIRIMCal broadens its extensive array of calibration and measurement services throughout Malaysia, Singapore, Thailand, and Brunei. The centre boasts technical expertise, extensive calibration capabilities, and accreditation with ISO/IEC 17025, along with enhanced calibration and measurement services. SIRIMCal's mission is to provide high-quality calibration and measurement services for their clients. Its vision is to be the number 1 calibration service provider in Malaysia. SIRIMCal remains committed to addressing the requirements of various market sectors.



## Highlights

SIRIMCal has achieved an impressive financial feat this year, showcasing a 15% increase in revenue from its calibration operations compared to the previous year. This growth reflects the increasing number of clients they serve and the confidence they have in SIRIMCal's offerings.

In 2023, SIRIMCal conducted a range of seminars and dialogues focused on improving understanding of calibration and the services provided by SIRIMCal. Workshops took place in Johor Bahru, Kota Kinabalu, and Bintulu. Furthermore, the management team conducted a courtesy visit to both current and prospective clients throughout Malaysia. In the same year, SIRIMCal has successfully recorded an 11% increase in the total number of companies served, along with a 13% rise in the total calibration and verification reports generated. Additionally, SIRIMCal has expanded its offering by launching new in-house services for verification.



## Achievements

### Quality Assurance:

SIRIMCal has successfully upheld ISO/IEC 17025:2017 accreditation across all laboratories, demonstrating their commitment to the utmost standards of quality. They have continually maintained the accreditation across all laboratories. SIRIMCal has consistently organised training sessions for technicians to keep them informed and updated about the latest industry standards.

### Customer Feedback and Satisfaction:

SIRIM Cal recorded a customer satisfaction rate of 89%. This achievement reflects a strong commitment to delivering high-quality services. Additionally, SIRIMCal also implemented a feedback system to continuously gather and implement client suggestions, ensuring ongoing improvement and responsiveness to customer needs.

## VALUE PROPOSITION

# Trusted and Reliable High-Quality Calibration & Measurement Services

## Facts at a glance

# 15%

increase in  
revenue from  
calibration  
business

# 11%

growth in  
total companies  
served

# 13%

growth in  
total calibration  
& verification  
reports produced





# SIRIM NATIONAL PRECISION TOOLING SDN BHD

The National Precision Tooling Sdn Bhd (NPT) serves as a special entity established by the government to spearhead the execution of the initiative aimed at advancing the "Development of the Bumiputera Automotive Tool, Dies, and Moulds (TDM) Industry", referred to as the TDM Project. The main goal of this project is to focus on strengthening the ability and resources of the Bumiputera automotive TDM industry clusters, boosting their involvement in domestic manufacturing for import substitution, and exploring opportunities for export potential.

## **TDM 2.0 Project**

After the successful implementation of the TDM 1.0 Project, the Economic Planning Unit (EPU) has sanctioned the ongoing development of the TDM Project via the Engineering Capability and Capacity Development (ECCD) approach. This initiative seeks to support and enhance Bumiputera companies in TDM and

machining-based engineering within the Automotive, Aerospace, Medical Devices, and Rail Industries, collectively known as the TDM 2.0 Project. Qualified beneficiary companies under TDM 2.0 will engage in capability development before advancing to capacity development programmes.



### P1 Coaching & Certifications Building (CCB)

|                    |                           |
|--------------------|---------------------------|
| Allocation         | : RM 3 million            |
| Funding            | : 100%                    |
| Budget             | : Max RM 120k per company |
| Procurement method | : SIRIM Intercompany      |

### P2 Design Capability Development (DCD)

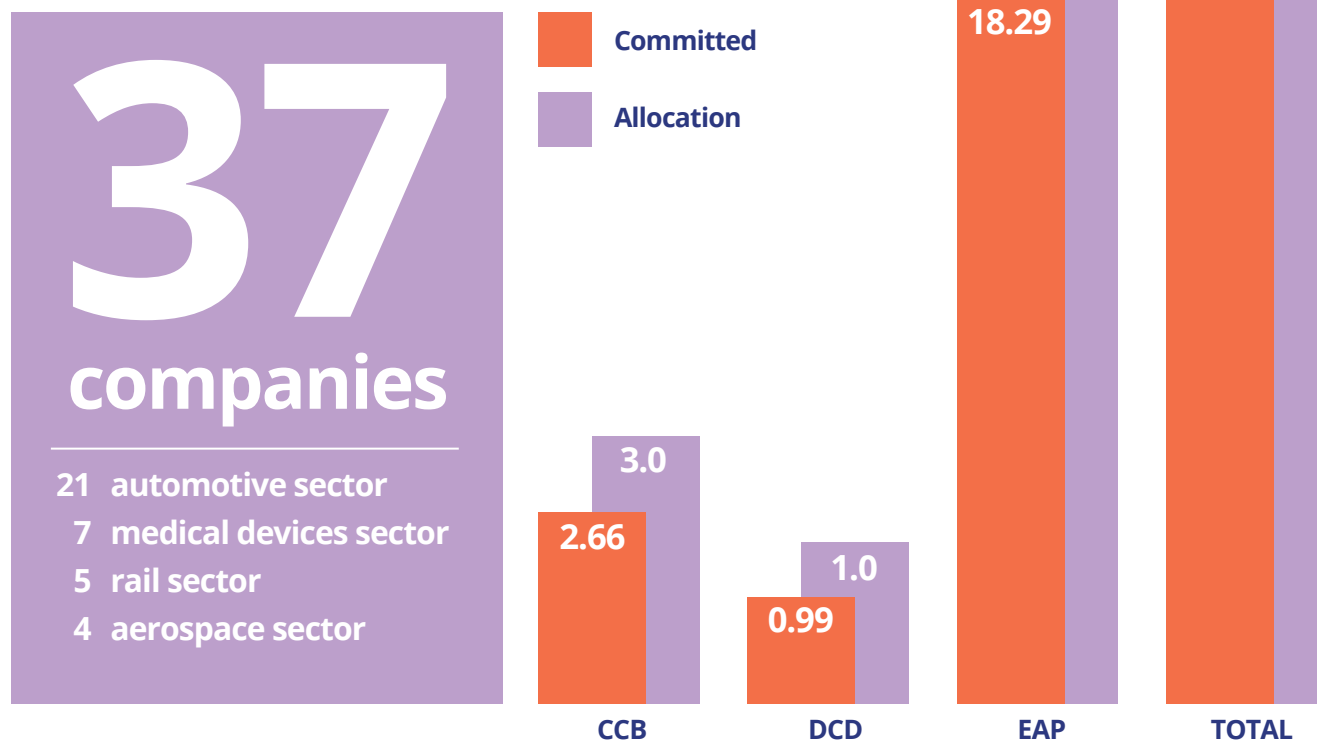
|                    |                                                           |
|--------------------|-----------------------------------------------------------|
| Allocation         | : RM 1 million                                            |
| Funding            | : 100%                                                    |
| Budget             | : RM 1 million for CAD/CAM/CAE software-floating licenses |
| Procurement method | : SOP TDM 2.0 Project                                     |

### P3 Equipment Acquisition Program (EAP)

|                    |                                |
|--------------------|--------------------------------|
| Allocation         | : RM 25 million                |
| Funding            | : 70% (30% by company)         |
| Budget             | : Max RM 1 million per company |
| Procurement method | : SOP TDM 2.0 Project          |

As of 2023, a total of 37 companies have been qualified as beneficiaries under the TDM 2.0 Project. This includes 21 companies from the automotive sector, 7 from the medical devices sector, 5 from the rail sector, and 4 from the aerospace sector.

The overview of the grant utilisation status for the TDM 2.0 Project, detailing the allocation, commitment, and remaining balance for each programme.



Grant utilisation status (RM million)



# TDM 2.0 Project Beneficiary companies

## Rail sector



## Aerospace sector



## Medical sector



## Automotive sector



## TDM Industry Engagement Programme

The success of the TDM 2.0 Project depends not just on the implementation of the three programmes mentioned but also on the backing from the whole industrial ecosystem. This necessitates the appropriate policy and support initiatives to enhance the position of the Bumiputera TDM industry within the value chain of the sector. This initiative by SIRIM NPT seeks to collect insights and feedback from diverse industry stakeholders on the most effective ways to implement the Bumiputera TDM agenda, aligning with the government's aspirations. This platform will also provide an opportunity for Bumiputera TDM companies to showcase the challenges and difficulties they encounter in promoting this agenda within the framework of "Pemeriksaan Agenda Bumiputera".

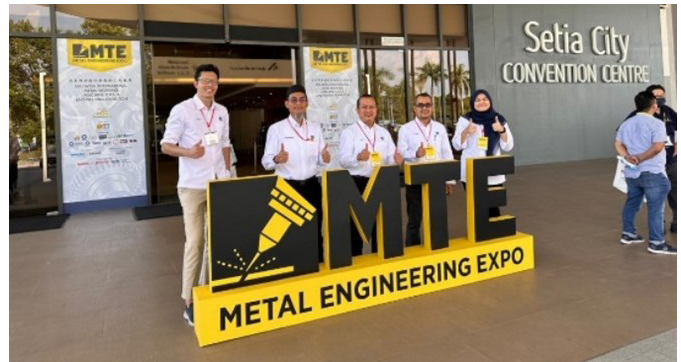
The first TDM Industry engagement programme by NPT took place on 28 February 2023 at Concorde Hotel, Shah Alam. The programme was organised in partnership with SIRIM STS, SIRIM Calibration, and SIRIM QAS International. Prominent speakers from various sectors, including Automotive, Aerospace, Rail, and Medical Devices, gathered to share their insights and expertise on the value chain and ecosystem of the TDM industry, highlighting the opportunities available for BCs to explore.

## Exhibition

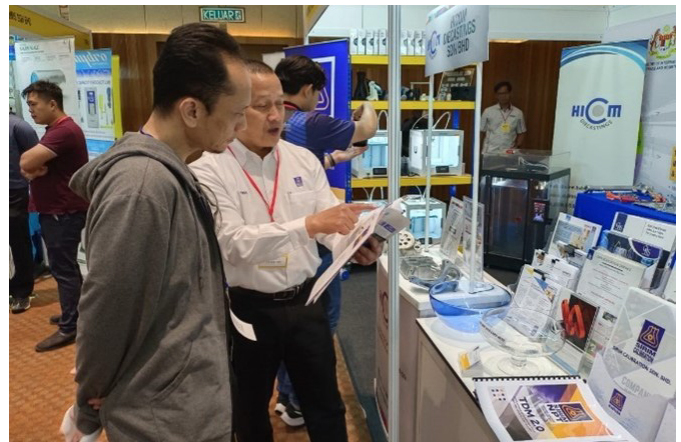
To enhance the presence and awareness of National Precision Tooling and TDM 2.0, SIRIM NPT took part in the Malaysia International Metal Working Machine Tool & Engineering Exhibition, MTE EXPO, held from 24-27 May 2023 at Setia City Convention Centre, Selangor. The event saw collaborative involvement from SIRIM subsidiaries, including SIRIM STS, SIRIM Calibration, and four industry partners representing beneficiary companies. The feedback received was highly positive, and the goals were successfully achieved.



*TDM Industry engagement programme by NPT  
at Concorde Hotel, Shah Alam*



*Malaysia International Metal Working Machine  
Tool & Engineering Exhibition, MTE EXPO*



*Malaysia International Metal Working Machine  
Tool & Engineering Exhibition, MTE EXPO*



*Malaysia International Metal Working Machine  
Tool & Engineering Exhibition, MTE EXPO*



## Technical Visit

To capitalise on the industry's strengths in TDM, NPT conducted strategic and technical visits to prominent players across four sectors of TDM. The objective was to establish a strategic alliance to enhance the TDM ecosystem within the nation. The expectation is that these preliminary visits will result in MOUs and collaborative efforts to enhance TDM roles and capabilities significantly.

## TDM 2.0 Project-EAP Delivery & Commissioning

2023 has been an exhilarating year for BC, as they began to receive and enjoy new equipment through the EAP programme. Some of the equipment acquired through the EAP programme includes the following, to name a few:

- CNC Milling & Lathe
- Electrical Discharge Machine (EDM)
- 3D Printers
- Laser Scanners
- Coordinated Measuring Machines (CMM)
- Surface grinder
- Press machines

The introduction of these new facilities and the increase in capacity are anticipated to play a significant role in driving business expansion and growth.

The enhancements in capability and capacity will empower the beneficiary company to effectively promote and market their services to a larger customer base, producing added value. At NPT, the management is committed to consistently exploring avenues to improve our TDM projects, aiming to deliver the greatest benefits to beneficiary companies through increased capability, capacity, and expanded market access. The management anticipates exciting years ahead.

## Classification of equipment bought under EAP Program



**3D Printer**



**3D Scanner**



**Cabinet**



**Compressor**



**Computer Numerical Control (CNC) Optical Scope**



**Computer Numerical Control (CNC) Milling & Lathe Machine**



**Computer Numerical Control (CNC) Router**



**Computer Numerical Control (CNC) Tapping Centre**



**Conventional Milling & Drilling Machine**



**Coordinate Measuring Machine (CMM)**



**Cutting Machine**



**Electrical Discharge Machine (EDM)**



**Gear Hobbing Machine**



**Injection Machine**



**Press Machine**



**Sprayer & Coating Machine**



**Surface Grinder**



**Vibratory Polishing Machine**



**Welding Machine**

## Equipment delivery and commissioning at beneficiary companies

**Pebble 3D Sdn Bhd**

BUILDER 3D Printer

HP Color 3D Printer

**Vencast Sdn Bhd**

HAAS CNC Machining Centre

**Kinta Bali Sdn Bhd**

LK Tapping Centre

KASUGA Machining Centre

**Ideal Health Care Sdn Bhd**

HAITIAN Injection Machine

**Limpahan Engineering Sdn Bhd**

WENZEL 3D CMM

**Sipro Plastik Industries Sdn Bhd**

SODICK CNC Wire-cut EDM

**DK Composites Sdn Bhd**

SIEMENS Sinumerik CNC Controller 5-Axis

Milling Machine (18m x 6m x 2.5m)

**Eneel Precision Sdn Bhd**

CREATBOT 3D Printer

**Innopeak (M) Sdn Bhd**

TAKAM TE-855 CNC Machining Centre

SINO-EUTECH CNC Machining Centre

**Suria Component Manufacturing (M) Sdn Bhd**

BOXIN Press Machine

**Talent Synergy Sdn Bhd**

HSG Laser Cutting Machine



*Shining 3D FreeScan Combo 3D Scanner*



*Hartford HSA-327 DC Machining Centre  
with Hartrol Plus 1 CNC Controller*



# SIRIM PACKAGING AND SECURITY DESIGN CENTRE



SIRIM Packaging and Security Design Centre (PSDC) stands out as a premier security printer in Malaysia, providing comprehensive security solutions aimed at protecting brands by ensuring the safety of products and documents from counterfeiting. Additionally, PSDC significantly contributes to advancing the government's objectives aimed at boosting the

socio-economic development of micro and small businesses, thereby fostering the expansion of the nation's SME sector. With a focus on its three main business areas: Security Design, Packaging Design, and Entrepreneur Development, PSDC consistently delivers outstanding services and engages in projects alongside government entities and industry partners.

# 208M

pieces security label  
produced

# 351

entrepreneurs nurtured  
(Biztransformation  
training program)

# 912

SKUs or product  
packaging designed  
and developed

academic certificates for higher learning institutions, and product packaging for various industries. The SD programme has expanded its capabilities in security design and printing for local authorities' licenses, integrated systems, academic certificates, and smart cards.

Below is one of the examples of security design and printing for the industry, i.e., security packaging (embedded with security features for product authentication):



## Company: Che Mah & Sons

### EDP Programme

EDP is yet another dynamic programme by PSDC aimed at supporting micro and small enterprises. This consultancy is designed to promote the growth of human resources through advisory and training, improve quality enhancement practices, boost product capabilities, especially in packaging and e-commerce marketing, and carry out impact assessments.

### Security Design (SD) and Printing

PSDC provides a wide array of security solutions, including various products such as security labels, security documents, security packaging, and smart cards.

In 2023, the primary focus of Security Design and Printing was the production and printing of security labels for Product Certification Schemes at SQAS International Sdn Bhd. In 2023, the SD and printing sector achieved business growth for its security labels, licenses for city councils,



## NCER x SIRIM

# 140

entrepreneurs assisted



## ECER x SIRIM

# 723

entrepreneurs assisted



## Innopack programme

The innovative packaging programme, known as the Innopack programme, emphasises the evolution of packaging from fundamental labelling to comprehensive design and printing, tailored to meet the demands of both local and global markets.

PSDC provided customised services to entrepreneurs and micro and small enterprises, including advisory and consulting, idea and concept development, design and branding, brand registration, nutrition testing, packaging development and printing, training and workshops, along with audit impact assessment.

PSDC partnered with government ministries and agencies to support micro and small enterprises as recipients of assistance.

PSDC achievement for the Innopack programme in 2023 was as below:

- 39 commercial projects
- 912 SKUs/packaging designed and developed
- 53 new clients & 20 repeat clients

## BizTransformation training programme

A training programme for entrepreneurs (BizTransformation programme) was provided to relevant stakeholders to assist entrepreneurs in helping them comprehend and gain expertise in packaging, branding, and labelling, as well as to enhance the quality of their products and effectively market them. In 2023, a total of 351 entrepreneurs participated in the Biztransformation training programme.

Among the commercial projects for Innopack were:

### Product Transformation Programme (PUTRA 4.0)

#### SME Corp. Malaysia (PUTRA 4.0)

# 29

entrepreneurs (52 SKUs)

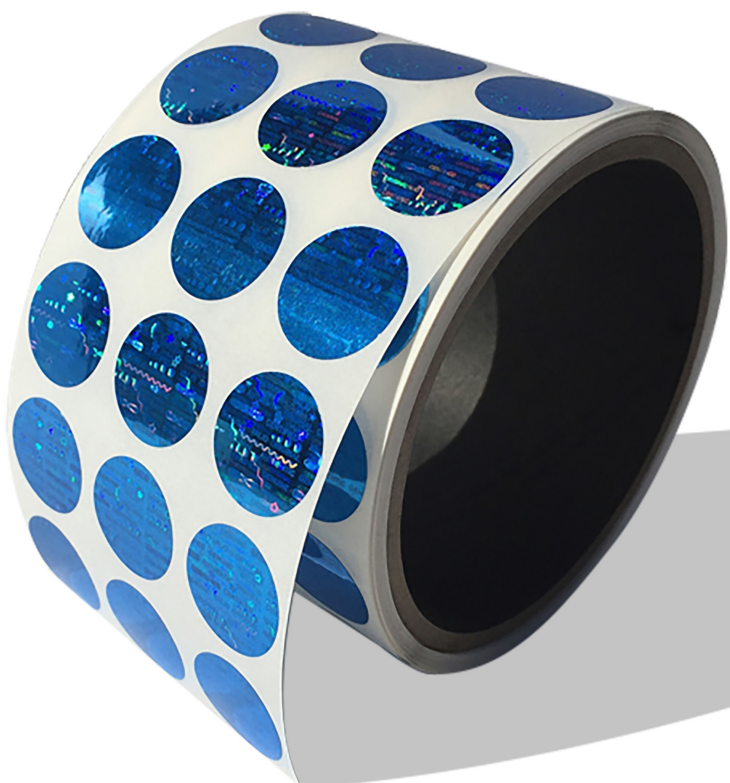


### Entrepreneur Empowerment Programme

#### Lembaga Kemajuan Kelantan Selatan (KESEDAR)

# 25

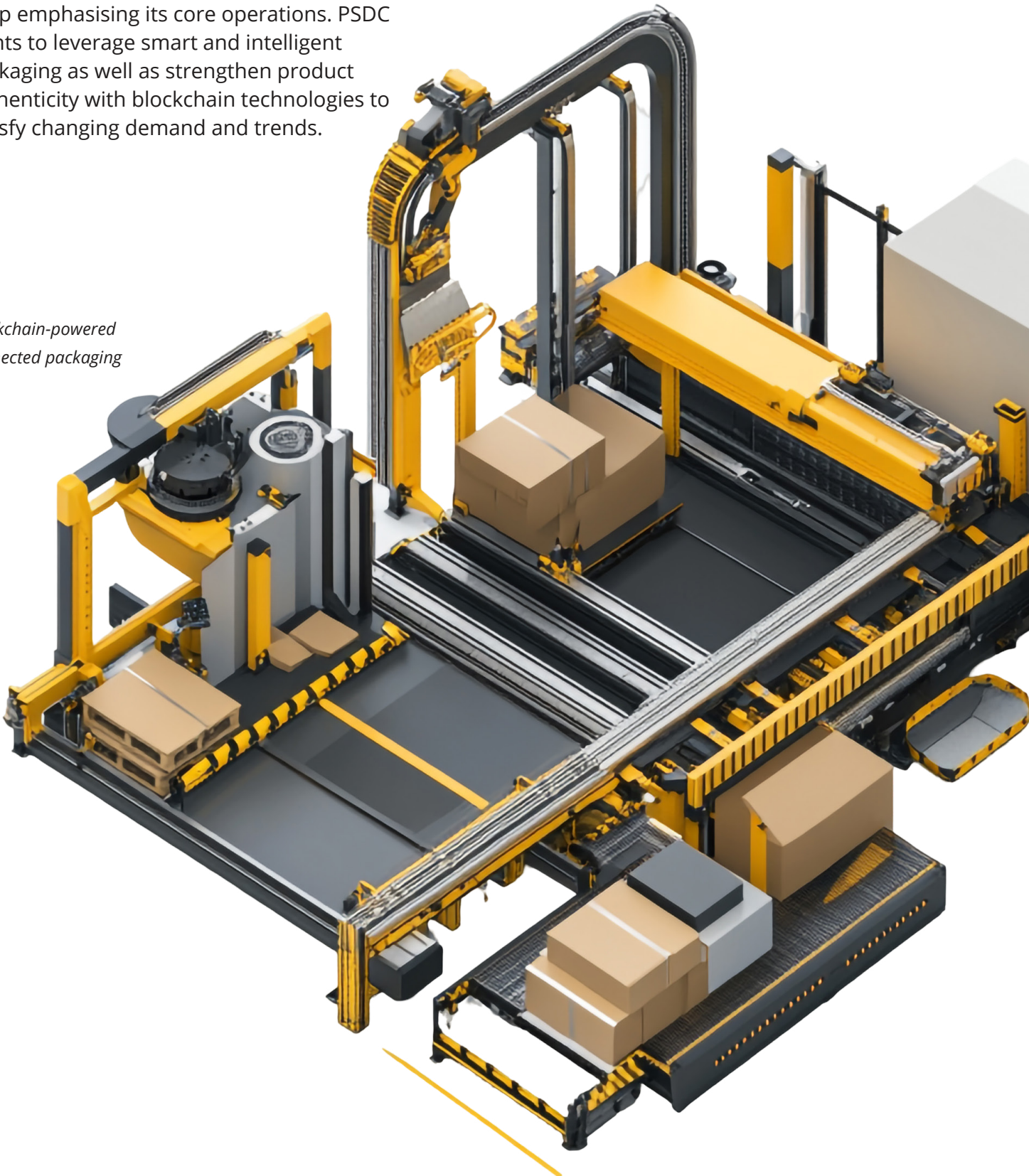
entrepreneurs (25 SKUs)



## Brand promise

PSDC aims to improve its capacity and technical knowledge going ahead in order to reach company growth and sustainability. While always innovating to satisfy the needs of stakeholders and changing trends, PSDC will keep emphasising its core operations. PSDC wants to leverage smart and intelligent packaging as well as strengthen product authenticity with blockchain technologies to satisfy changing demand and trends.

*Blockchain-powered  
connected packaging*

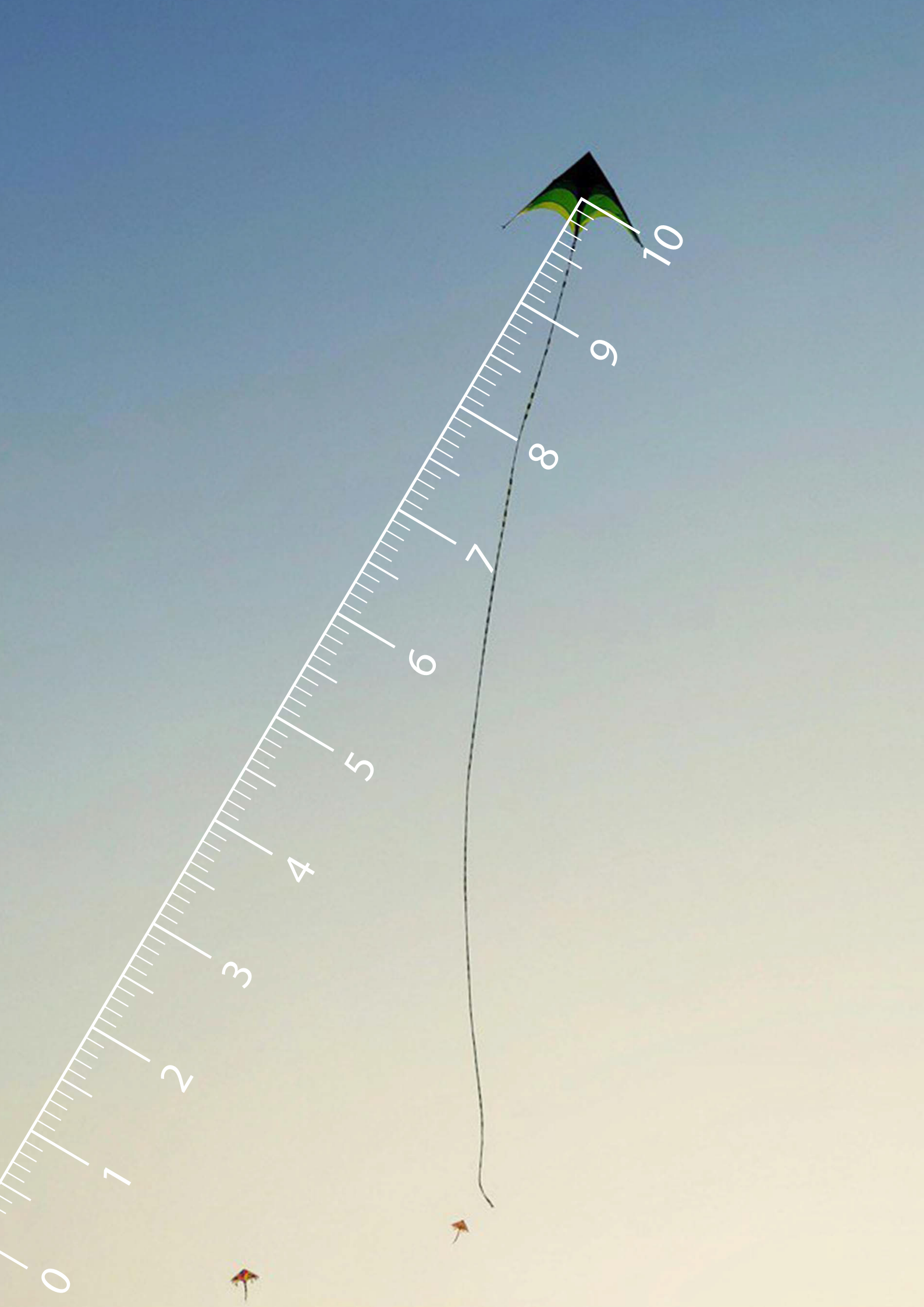


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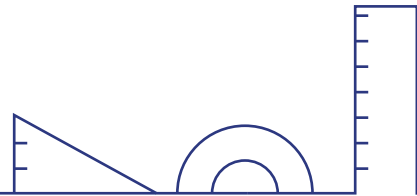
# DEVELOPMENTAL AND NATIONAL PROJECTS







# ENHANCING DEVELOPMENT TO UPLIFT THE NATION



## Developmental and national projects

SIRIM remains an important organisation in advancing Malaysia's national agenda by contributing to developmental projects and high-impact initiatives that boost the country's economic, technological and sustainability objectives.

As a trusted partner to government agencies, our steadfast commitment to supporting national agendas is based on innovation, technical expertise and inclusive development. SIRIM has participated in projects that promote public services, empower local industries, including SMEs, aligning with national frameworks such as SDGs, the National Energy Policy and the Twelfth Malaysia Plan (12MP).

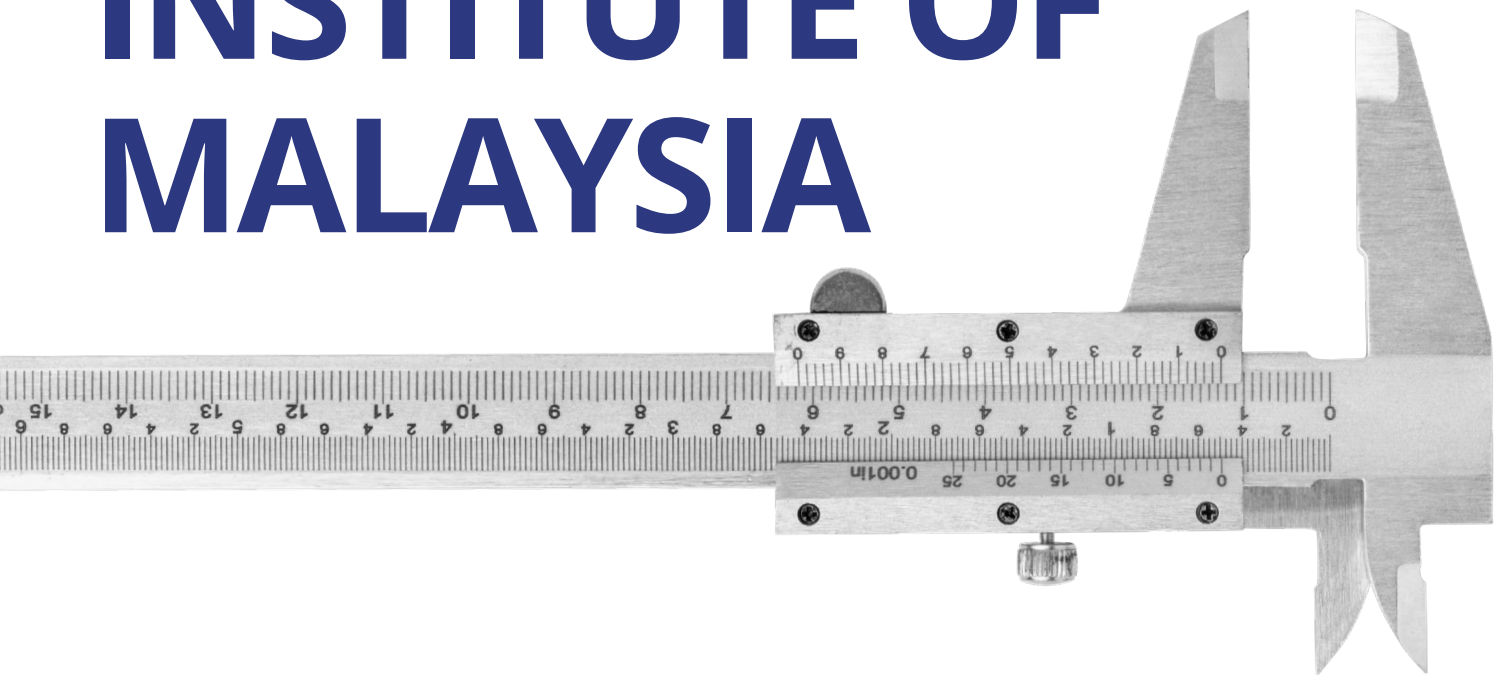
With a solid foundation in engineering, material science and smart technologies, SIRIM IR provides specialised research and innovation solutions in areas such as the Smart Manufacturing, Energy and Environment, Advanced Materials Research and Life Science.

Each project represents our unwavering effort to eliminate the technological gap, improving infrastructure quality and industrial competitiveness. SIRIM provides specialised solutions through the National Metrology Institute of Malaysia (NMIM) and Malaysia Design Council (MRM).





# NATIONAL METROLOGY INSTITUTE OF MALAYSIA



At National Metrology Institute of Malaysia (NMIM) Sepang, the opportunities and challenges we faced were similar to the previous years. We continued to fulfil our core responsibilities. These include ensuring uniform measurement units under the International System of Units, as well as establishing and coordinating national measurement standards and traceability.

Our focus remained on supporting regulators with their legislations relating to measurement such as Royal Malaysian Police, Road Transport Department, Department of Environment and Ministry of Domestic Trade and Costs of Living as well as accredited laboratories, industry, academia and Government in furthering science and innovation in all NIMP 2023 coverage areas including semiconductors and data centres.

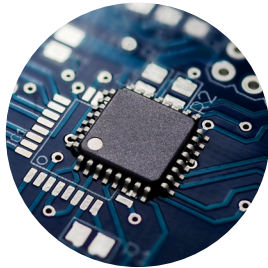
NMIM disseminated the measurement traceability to all beneficiaries across the three branches of metrology: namely Legal Metrology, Scientific Metrology and Industrial Metrology.

In 2023, over 6,300 unique measurement services and reference materials are supplied to over 590 Malaysia-based companies, Government departments/agencies and overseas customers. NMIM calibrated/verified more than 6,100 units and pattern approved 113 measuring instruments used for trade and legal.

## NMIM supporting 21 sectors in the New Industrial Master Plan (NIMP) 2030



**Aerospace**



**Electrical & electronics**



**Machinery & equipment**



**Mineral**



**Rail**



**Automotive**



**Food processing**



**Palm oil-based products**



**Rubber-based products**



**Chemical**



**Global services & professional services**



**Manufacturing & related services**



**Medical devices**



**Pharmaceutical**



**Shipbuilding & ship repair**



**Digital & ICT**



**Halal**



**Metal**



**Petroleum products & petrochemicals**

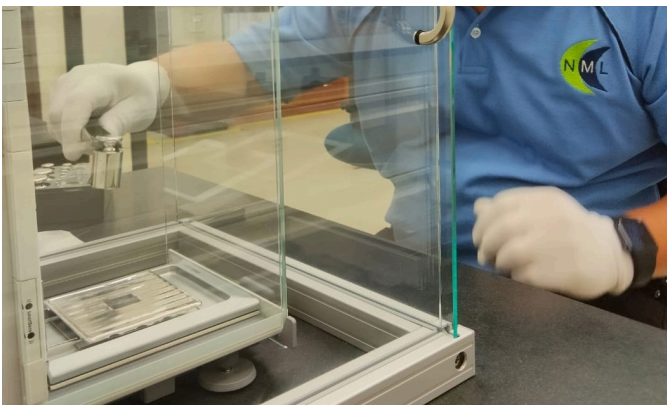


**Textile apparel & footwear**

## Highlights

The Malaysia Government supports NMIM through the National Measurement System (NMS) to deliver exceptional measurement science that aids both the public sector and businesses with reliable and progressively precise standards of measurement. In 2023, NMIM put forward and discussed 5 projects aligned with the 12th Malaysia Plan, which received approval along with a budget of RM6.28 million to develop the measurement infrastructure that will support the automotive, aerospace, EV, E & E sectors, digital economy, and the production of ceramic, metal, and glass.

NMIM reached a significant milestone with the approval of 6 new Calibration and Measurement Capabilities (CMC) submissions, bringing Malaysia's total CMC to 132, as listed on the International Bureau of Weights and Measures Key Comparison Database (BIPM KCDB) website. On-site evaluations conducted by peer reviewers are a crucial part of the assessment process for quality management systems, aimed at ensuring and upholding the necessary confidence in the submissions and approvals of the National Metrology Institute's CMC. In November and December 2023, a total of four peer review sessions took place, concentrating on Organic Measurement, Mass and Pressure, Gas Analysis, and Liquid Density, facilitated by KRISS Korea and NIMT Thailand.



*The National Metrology Laboratory of the Philippines participated in a Measurement Audit for Calibration of Balance*

NMIM established connections with 33 government departments and agencies through meetings and visits while also collaborating with 26 private companies to showcase traceability to NMS through advanced calibrations via various marketing initiatives.

In its efforts to engage with the intended audience and the general public, NMIM took part in 22 notable and industry-specific exhibitions across Malaysia. This included events organised by MITI & Agencies, where they represented the National Measurement Council (Majlis Pengukuran Kebangsaan, MPK), as well as those hosted by SIRIM Berhad.

During the year 2023, NMIM executed 104 skill programmes focused on metrology, aimed at sharing technical insights regarding measurement technology and standards. These initiatives successfully engaged 871 participants from both local and international backgrounds, promoting the adoption of harmonised measurement techniques.

NMIM's global presence was enhanced with Malaysia's re-election as the host economy for the Asia Pacific Legal Metrology Forum (APLMF) Presidency for an additional two-year term, spanning 2023-2024. In its role as the host economy, Malaysia remains committed to fostering the organisation by overseeing the advancement of legal metrology within the Forum and engaging in initiatives aligned with the Sustainable Development Goals (SDG) set forth by the United Nations. Malaysia contributed to the organisation by facilitating international and regional collaboration efforts aimed at enhancing harmonisation and development, including the efficient implementation of OIML Recommendations and the Certificate System.

In 2023, NMIM has actively partnered with eight economies: Brunei, Indonesia, the Philippines, Papua New Guinea, China, Korea, and Germany.



The organisation has delivered calibration services, pattern approval, on-site audits, and networking visits. Additionally, it has facilitated training courses, consultation sessions, and organised interlaboratory comparison programs.

NMIM also took part in the Selangor R&D and Innovation Expo (SRIE) 2023, where the project titled '*Kit Standard Verifikasi Peralatan Mudah Alih XRF bagi Pemantauan Ketulenan Emas*' was recognised as the Runner-up of the Anugerah Inovasi Negeri Selangor (AINS) 2023 in the Private Category.

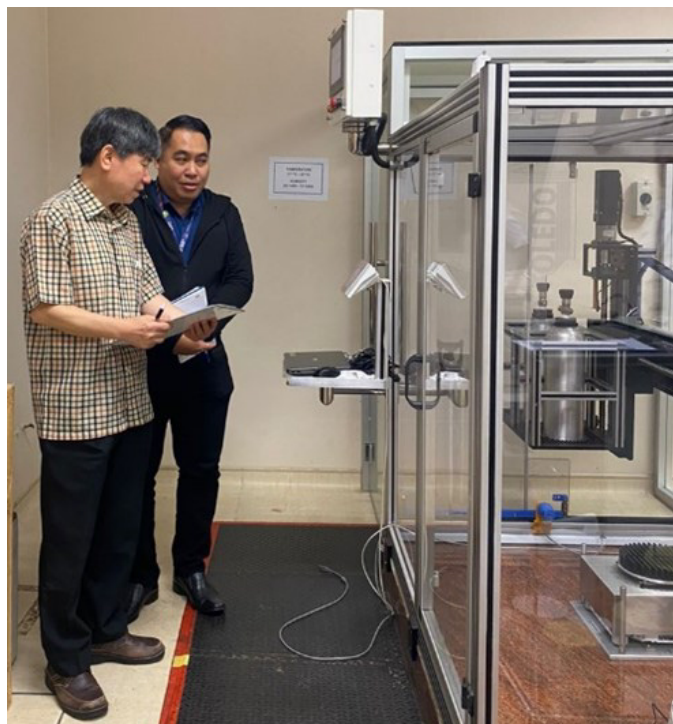
2023 also marked a proud moment for NMIM to serve as the independent surveyor for the attempt to establish a new national record for the Largest Indoor Merdeka-themed Human Mosaic. This event coincided with the Official Opening Ceremony of the Malaysian Employment Laws Conference 2023, where the dimensions (length and width) of the '*Laungan Merdeka*' photo were measured, constructed from 216 mosaic pieces, each hand lifted by the HR Practitioners in attendance.



*Practical Assessment for Verification Officers of KPDN Appointed Licensed Company, 12 March*



*SIRIM ESG Seminar, 7 September*



*Peer Review for Gas Analysis by KRISS Korea experts*



*SIE Pahang, 21 July*

# MALAYSIA DESIGN COUNCIL

Beyond its artistic and industrial importance, the design sector plays a crucial role in promoting economic development in Malaysia. Founded in 1993, the Malaysia Design Council (MRM) operates as an advisory entity focused on fostering industrial design innovation, enhancing public understanding of the significance of design in daily life, and promoting effective design management. Designers play a vital role across different sectors, aiding local businesses with their branding and marketing efforts while also shaping the visual attractiveness of products on a worldwide scale. Malaysia's design talent has achieved notable recognition internationally, with our designers being honoured for their innovative methodologies and unique viewpoints.





## From waste to wealth innovation (WAWI2023) design competition – design competition emphasising national sustainability agenda

The Waste to Wealth Innovation 2023 (WAWI2023) design competition is a collaborative effort with MRM's strategic partner, Perbadanan Pengurusan Sisa Pepejal dan Pembersihan Awam (SWCorp). This initiative aims to elevate design by creating products centred around the theme of Sustainable Fashion Trends, also known as “Aliran Fesyen Lestari”.

The primary aim of the competition is to create fashion items and accessories utilising eco-friendly materials and appealing designs. A substantial prize of up to RM45,000 was presented, drawing in a remarkable 430 entries from across the nation, encompassing both Professional and community categories.

A prize-giving ceremony took place on 18 November 2023, coinciding with National Recycling Day 2023 (Hari Kitar Semula Kebangsaan), where the winner was crowned.



## Malaysia Good Design Award (MGDA)

The Malaysia Good Design Award (MGDA) reveals a landscape where innovation intertwines with acknowledgement, honouring the creativity and excellence present in the design sector. MGDA represents the pinnacle of acknowledgement from the government for the design sector, highlighting its commitment to promoting products that prioritise exceptional design. This award stands as a testament, celebrating outstanding skill, creative approaches, and pioneering designs. In the year 2023, we received 82 products across 11 categories for evaluation. Out of these, 30 products from 18 companies, spanning eight categories, met the specifications and qualified for the MGDA.

## Certified Industrial Designer (CIDE)

Enter the world of design excellence with the Certified Industrial Designer (CIDE), where artistic intensity and strategic innovation come together to celebrate the best in the industry. The Project Committee on Industrial Design created CIDE to provide thorough guidance for individuals engaged in the design, education, and training of industrial designers, as well as to establish a framework for evaluating the skills and dedication of professional industrial designers. This esteemed recognition represents a dedication to outstanding quality and a testament to skill in the ever-evolving field of design. CIDE honours individuals whose creative talents not only align with industry expectations but also establish new standards, transforming the design realm and expanding the horizons of creative potential.





## Asian Compact Sedan Design Challenge 2023 (ACSDC)

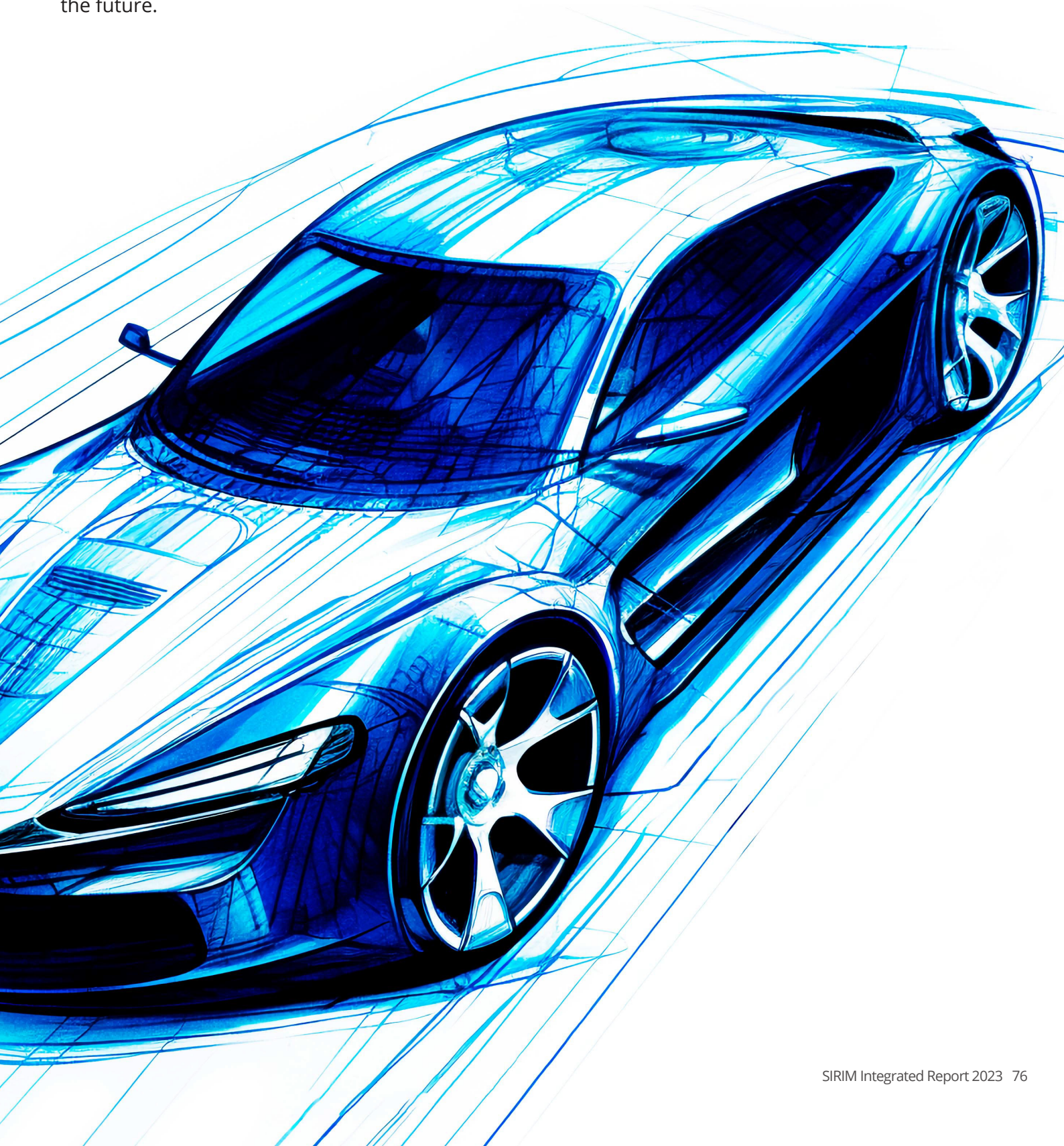
The Asian Compact Sedan Design Challenge 2023 (ACSDC) transcended geographical boundaries, making a significant impact on an international level. Designers from various backgrounds and cultures came together to share their insights and visions for the future of the automotive design industry. ACSDC welcomes emerging and innovative designers from Asian nations eager to showcase their creative concepts that can provide meaningful and practical benefits to users of commercial vehicles. Emphasising the theme of being captivating and intriguing, participants must convey their design through an emotional lens while adopting a practical approach that engages future end users effectively.





## Design as solution

The design sector in Malaysia showcases a thriving ecosystem where creativity meets innovation, tradition intertwines with modernity, and local talent resonates globally. Delve into the diverse and dynamic realm of the Malaysian design scene, where each piece narrates a tale, and every designer plays a role in influencing the future.







# 05 CORPORATE GOVERNANCE



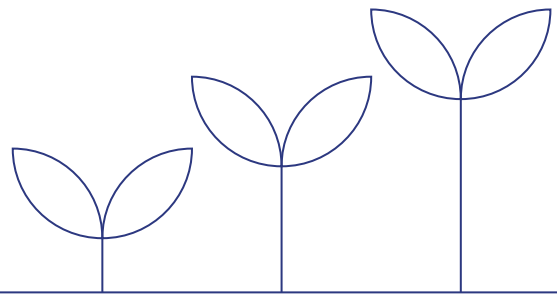


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# OVERVIEW STATEMENT



## Corporate governance

SIRIM Berhad (SIRIM or the Company) is resolved in its commitment to embrace, uphold and promote good corporate governance practices in the conduct of its business and in all aspects of its operations. We continue to strive to be better and are guided by our best practices as we forge to drive long-term economic value and growth for all stakeholders.

For SIRIM, corporate governance is key to our efforts to establish long-term value creation and business excellence. We are committed to promoting sound governance practices and a culture of integrity as well as transparency throughout SIRIM and its group of companies (the Group). The Board of Directors (the Board) believes that good corporate governance is imperative in charting the Group's strategic direction and guiding decision-making processes in order to be able to continuously achieve

sustainable long-term value for the stakeholders.

During the financial year under review, SIRIM's corporate governance practices were consistent and complied with the following statutory and regulatory requirements, guidelines and best practices:

- a. Companies Act 2016;
- b. Malaysian Code on Corporate Governance 2021 (MCCG 2021);
- c. Garispanduan Ahli Lembaga Pengarah Lantikan Menteri Kewangan (Diperbadankan); and
- d. Corporate Governance Guide 4th Edition (CG Guide) published by Bursa Malaysia Berhad.





This Corporate Governance Overview Statement provides an overview of the manner the Group has adopted and applied the following three (3) key principles of good corporate governance (CG) and practices as set out in MCCG 2021 during the financial year ended 31 December 2023:

- a. Board Leadership and Effectiveness;
- b. Effective Audit and Risk Management; and
- c. Integrity in Corporate Reporting and Meaningful Relationships with Stakeholders.

Our governance structure

As a company driven by its responsibility to shareholders and a broader group of stakeholders, good governance for SIRIM is imperative to its long-term success. The Board embraces transparency and accountability in the boardroom and promotes these critical components throughout the Group.

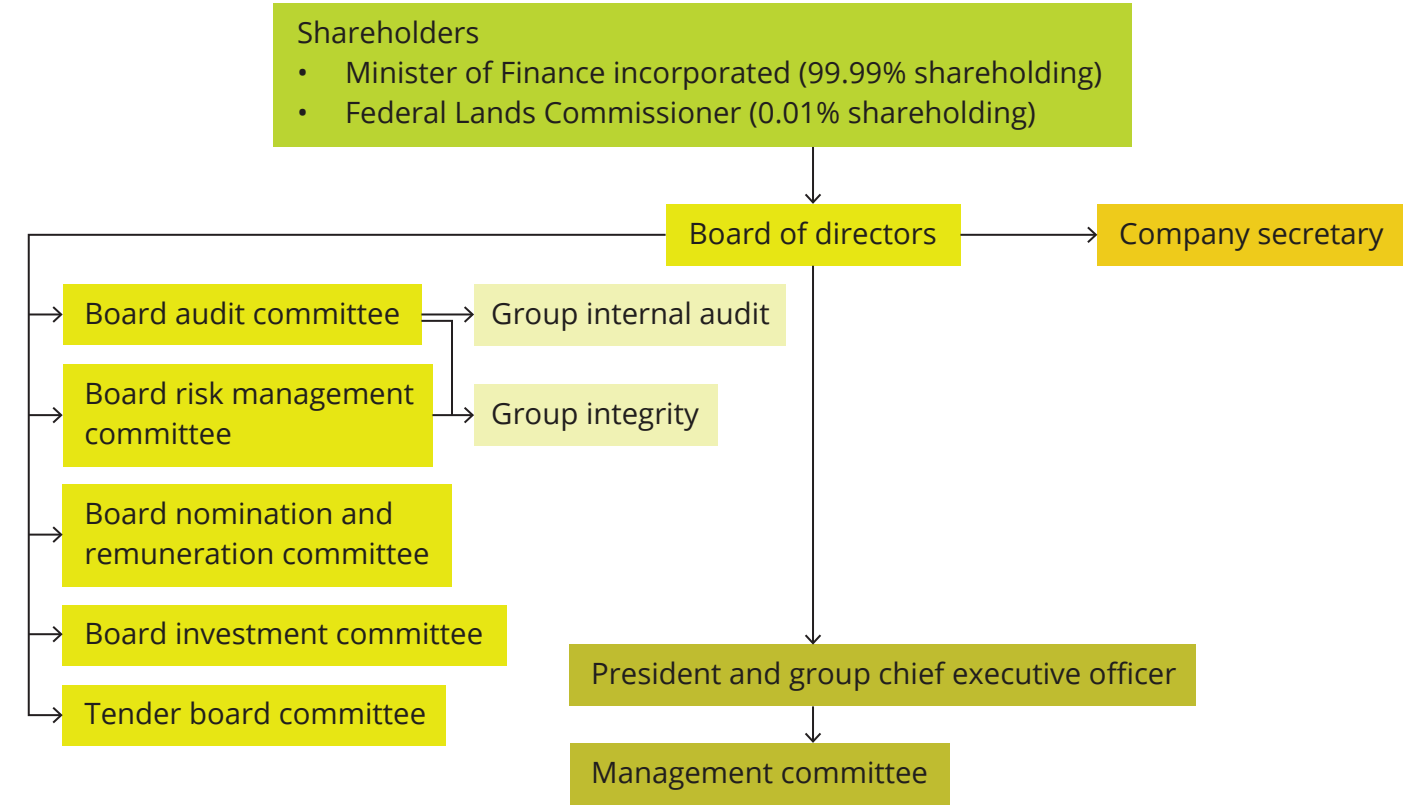
Good governance practices are integrated across the Group. SIRIM's governance structure and practices create value for its stakeholders by:

- a. accentuating greater transparency,

- accountability and responsibility;
- b. building cogency through principled leadership; and
- c. promoting the Group's future through sound sustainable practices.

The Board is resolute in ensuring that this governance system, which is in place to support and facilitate the successful execution of its strategy, is effective, the Board being fully cognisant that the delegated authority framework enhances standards of accountability and responsibility in decision-making. The Board retains ultimate accountability and responsibility for the performance and affairs of the Company and ensures that the Group adheres to high standards of ethical behaviour.

The diagram below describes SIRIM's governance framework, an overview of the powers delegated to the Committees of the Board (Board Committees), President and Group Chief Executive Officer of SIRIM (PGCEO) and the Management:





This Corporate Governance Overview Statement provides an overview of the Group's application of the following three (3) key principles of corporate governance as set out in the MCCG 2021:

## **Principle A: board leadership and effectiveness**

### **(a) Board Leadership**

The Board provides effective stewardship and is responsible for the Group's strategic direction and control of the Company. The Board exercises control by way of the governance framework, effective delegation, risk management and a system of assurances in respect of financial reporting and internal controls. The Board is responsible to the shareholders and a wider range of stakeholders, such as government agencies, regulatory authorities, the community at large and employees.

The Board commits itself and its Directors to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. The Directors exercise their powers for a proper purpose and in good faith in the best interest of the Company. In directing or managing the Company's business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge, skill and experience.

### **(b) Principal roles and responsibilities of the board**

The Board is entrusted with the overall governance of the Group, setting a clear tone from the top by focusing on strategy, governance and compliance in all aspects of its operations. The Directors are aware of their collective and individual responsibilities to shareholders for the manner in which the affairs of the Company are managed, controlled and operated.

The Board's primary role is to provide strategic leadership to the Group and ensure that the Group operates within a structure of prudent and effective controls which enables risks to be appropriately identified, assessed and managed.

The Board safeguards stakeholder value creation and ensures the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental, social and governance (ESG) considerations, thereby strengthening the integration of sustainability in the Group's operations.

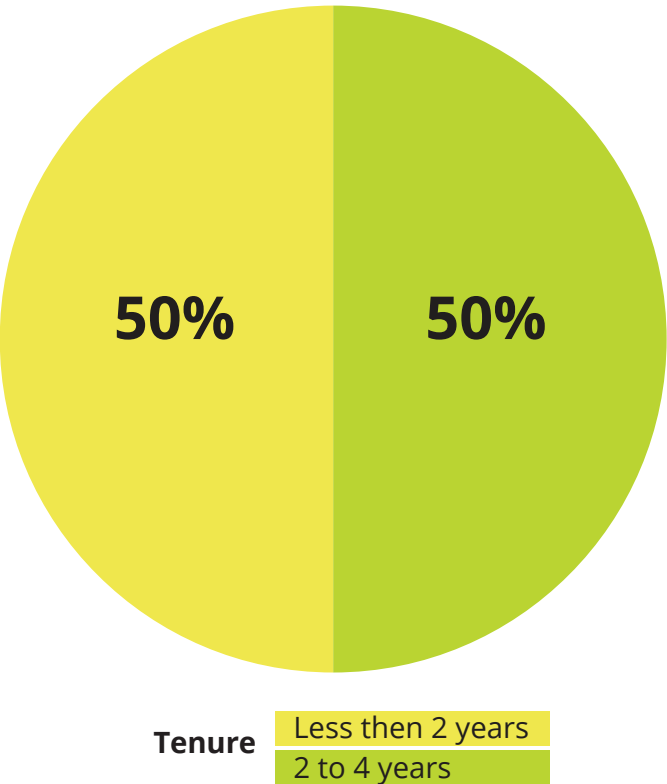
The Board has delegated the day-to-day management of the Group to the PGCEO. The PGCEO manages the Group in accordance with the strategies and policies approved by the Board. The PGCEO is supported by the key Senior Management for the day-to-day management of the business and operations of the Group by ensuring that effective systems, controls and resources are in place to execute the business strategies and plans entrusted to them.

### **(c) Board Balance and Composition**

For the financial year ended 31 December 2023, the Board comprised eight (8) Non-Executive Directors as follows:

- i. One (1) Non-Independent Non-Executive Director representing the Minister of Finance Incorporated (MOF Inc.), being the substantial shareholder of SIRIM with 99.99% shareholding;
- ii. One (1) Non-Independent Non-Executive Director representing the Ministry of Investment, Trade and Industry (MITI); and
- iii. Six (6) Independent Non-Executive Directors.

None of the Directors had served for a cumulative term of more than nine (9) years on the Board, in line with practice 5.3 of MCCG 2021.



The Board regularly reviews its composition and the composition of the Board Committees to ensure appropriate balance and the presence of the required skills, knowledge, expertise and experience at all times.

During the financial year under review, the Board saw some changes and new appointments to its composition.

Tan Sri Dr. Ir. Ahmad Tajuddin bin Ali (Tan Sri Dr. Ir. Ahmad Tajuddin) retired as Independent Non-Executive Chairman and Non-Executive Director on 20 May 2023. Datuk Ir. (Dr.) Khairol Anuar bin Tawi was redesignated as Independent Non-Executive Chairman and Non-Executive Director effective 20 May 2023 in place of Tan Sri Dr. Ir. Ahmad Tajuddin.

Datuk (Dr.) Hafsah binti Hashim retired as Independent Non-Executive Director on 15 February 2023 following the completion of her tenure.

Puan Hawariah binti Abdul Wahid retired as

Non-Independent Non-Executive Director on 1 July 2023 following the completion of her tenure.

The Board wishes to record its appreciation and gratitude to Tan Sri Dr. Ir. Ahmad Tajuddin for his immense contribution, wealth of experience and valuable insights during his tenure as Chairman. His wisdom and legacy as a visionary leader will undoubtedly continue to inspire the Group's path in the years to come.

The Board also wishes to record its appreciation and gratitude to Datuk (Dr.) Hafsah binti Hashim and Puan Hawariah binti Abdul Wahid for their significant contributions and commitment during their tenure as members of the Board.

Datuk Omar Shariff bin Mydeen was reappointed as Independent Non-Executive Director effective 17 May 2023 after his tenure on the Board expired on 20 January 2023.

The Board also welcomed Madam Rema Devi a/p V.K.Padmanabhan as Independent Non-Executive Director and Encik Mohd Nizam bin Mohd Khir as Non-Independent Non-Executive Director on the Board effective 29 May 2023 and 1 July 2023 respectively.

In discharging its responsibilities, the Board also ensures that the purpose, involvement, participation, harmony and sense of responsibility of the Directors is not jeopardised and that it achieves the correct balance to achieve the Company's strategic objectives.

The Board's present composition is testament that a board make-up should support objective and independent deliberation, review and decision-making to allow for more effective oversight of Management. It reflects a balanced blend of skills, experience and knowledge enabling the Board to provide strategic guidance and constructive challenge, review and deliberation on the Management's proposals.



The Board further believes that the current overall composition is adequate in terms of size, skills, experience, diversity of age and gender to ensure inclusiveness of views as well as to facilitate effective decision-making and constructive deliberations during meetings.

The balance on the Board with the presence of Non-Executive Directors ensures that no individual or small group of Directors are able to dominate the decision-making process and that the interests of the shareholders are protected.

**(d) Board independence**

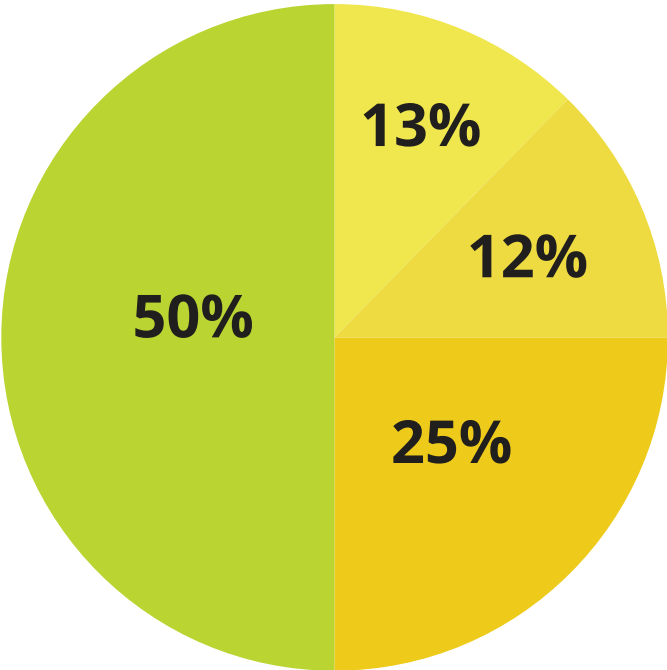
The Independent Non-Executive Directors are pivotal to the Board’s deliberations and decision-making by bringing a fresh perspective and impartiality. Their views carry substantial weight in the Board’s decision-making process. They also ensure that the interests of the shareholders and stakeholders are protected, thereby fulfilling their roles as guardians of good corporate governance. The Board takes the view that the Independent Non-Executive Directors have maintained their independence throughout their tenure and have not, in any circumstances, compromised their ability to exercise independent and unfettered judgement.

**(e) Board diversity**

The Board recognises the importance of diversity and the value it brings to the Board. Diversity promotes the inclusion of different perspectives, raising the standards of good practice in Board leadership and enhancement of valuable insights in business judgement. Diversity is also important to ensure that the Company remains relevant, resilient and sustainable in the rapidly transforming and evolving business environment.

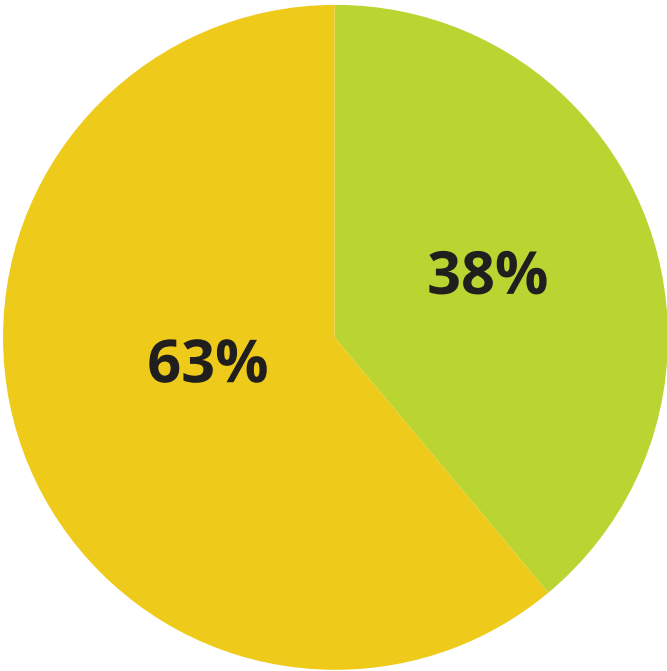
Additionally, the Board supports the government’s target of 30% representation of women Directors. During the financial year under review, there were three (3) women directors on the Board of SIRIM out of a total of eight (8) Directors, representing

37.5% of the Board composition as of 31 December 2023. This is in line with Practice 5.9 of MCCG 2021 which recommends that the board comprises at least 30% women directors.



Age

|       |       |
|-------|-------|
| 40-49 | 60-69 |
| 50-59 | 70-79 |



Gender

|        |
|--------|
| Male   |
| Female |

### **(f) Separate roles of Chairman and President and Group Chief Executive Officer**

An effective Board is crucial to the long-term prospects and strategic aims of the Company. This is achieved through strong and open working relationships between the Directors.

In addition, the Board practices a clear demarcation of duties and responsibilities between the Chairman and PGCEO to ensure a balance of power and authority on the Board. The hierarchical structure and division of responsibilities ensure a balanced distribution of authority, promote accountability and nurture independent decision-making, such that no one individual can influence the Board's discussions with unfettered powers of decision-making.

The Chairman is primarily responsible for the stewardship and smooth functioning of the Board, whilst the PGCEO is responsible for the overall operations of the business, organisational effectiveness and the implementation of the Group's strategies and policies in line with the Board's direction.

The separation in the role of the Chairman and PGCEO is imperative, as both roles have different expectations and serve distinct primary audiences. As prescribed by the Minister of Finance Incorporated (MOF Inc.), the PGCEO is not a member of the Board.

### **(g) How the Board Functions**

The Board meets at least quarterly, with additional meetings convened as and when circumstances dictate. All Board and Board Committee meetings for each financial year are scheduled prior to the start of the financial year with additional meetings convened as special Board meetings, as and when necessary. The schedule for Board meetings is shared with the Directors before the beginning of the year to ensure the Directors' time commitment.

The Directors' full commitment towards their

duties and responsibilities was evidenced by their attendance at Board meetings held during the financial year. For the financial year under review, the Board met twelve (12) times, of which five (5) were scheduled meetings and seven (7) were special meetings. All Directors recorded an attendance of at least 75%, with the majority of the Directors having full attendance. The calculation of the percentage of attendance is based on each Director's date of appointment. A Director who is unable to attend any Board meeting will notify the Chairman and/or the Company Secretary prior to the meeting date.

The Board is satisfied with the level of commitment given by all Directors towards fulfilling their roles and responsibilities as Directors of SIRIM.

Matters deliberated by the Board are primarily focused on strategic matters, particularly on the Group's strategic initiatives and plans, current business challenges, potential growth opportunities, business plan and budget, performance on a quarterly basis, digitalisation project, realignment of SIRIM's organisational structure and succession planning for the Board and Senior Management.

The PGCEO attends Board meetings at the invitation of the Board. Other members of the Senior Management also attend Board meetings by invitation of the Board to present and brief the Board on matters pertinent to their respective areas of responsibility as and when required.

The Board practices active and open discussions at its meetings so as to ensure that opportunities are given to all Directors. Robust discussions and vigorous deliberations at Board meetings ensure that the process of effective and healthy dialogue is achieved.

Deliberations and decisions at Board and Board Committee meetings are well documented in the

minutes of the respective meetings (Minutes). All proceedings of Board and Board Committee meetings are duly confirmed and signed. Minutes of each Meeting accurately reflect the deliberations and decisions of the Board and Board Committee, including dissenting views and if any Director had abstained from voting or deliberating on any particular matter. Minutes of the Board and Board Committee meetings are properly kept by the Company Secretary. The Company Secretary will communicate the decisions of the Board and Board Committees to the relevant members of the Management for appropriate actions to be taken. The Company Secretary will also follow up with the Management on the status of actions taken and action items will stay as matters arising until they are resolved.

Key decisions are always made in a properly convened Board meeting while Directors' Circular Resolutions (DCRs) are usually confined to non-contentious matters and will be accompanied by working papers in the same prescribed format. However, DCRs are not intended as substitutes for Board resolutions which require extensive presentations by the Management or discussion amongst the Directors. All DCRs are tabled for notation at the subsequent Board meeting after their issuance.

The quality of information provided to the Board is critical as it enables sound decision-making. In the course of discharging its duties, the Board has full and unrestricted access to timely and accurate information, with materials for Board meetings (Board pack) distributed to the Directors in advance of meetings via secured collaborative software. The Board pack includes minutes of the previous Board meeting(s), minutes of meetings of all Board Committees, minutes of meetings of the SIRIM Management Committee and working papers/reports relevant to issues to be deliberated at the meeting, such as strategy, finance, risk management, investment, information technology, operations and human resource matters.

The Directors have access to Management and unrestricted access to any information relating to the Group to enable them to discharge their duties. The PGCEO also keeps the Board informed, on a timely basis, of all material matters affecting the Group's performance and major developments within the Group.

The Directors may, whether collectively as a Board, respective Board Committees or in their individual capacity, seek external and independent professional advice from experts on any matter in furtherance of their duties as Directors as they may deem necessary and appropriate, at the Company's expense.

#### **(h) Matters Reserved for Decision of the Board**

A clear schedule of matters reserved for the Board is set out at each Board meeting. Below are matters reserved for the Board:

- i. Group strategy, plan and budgets.
- ii. Acquisition, disposal and transaction exceeding the authority limit of the PGCEO.
- iii. Changes to the Board and executive leadership of the Group.
- iv. Establishment of policies.

#### **(i) The Board's 2023 key focus areas and priorities**

The diagram illustrated below shows the key areas of focus for the Board which appeared as items on the Board's agenda at meetings held during the financial year under review:

SIRIM Group business plan and budget

---

SIRIM Group financial performance

---

SIRIM Group re-alignment of organisation stucture

---

Transformation plan for SIRIM Industrial Research

---

Key performance indicators (KPI) for President and Group Chief Executive Officer

---

Proposed remuneration option 2 scheme for staff of SIRIM Berhad



Directors' attendance at the Board meetings held during the financial year under review is as follows:

| Directors                                                                                                                                                                                                                                             | Scheduled Board Meeting | Special Board Meeting | Total |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------|-------|
| Datuk Ir. (Dr) Khairol Anuar bin Mohamad Tawi (Chairman)<br><i>(Redesignated as Non-Executive Chairman of SIRIM Berhad with effect from (w.e.f. 20 May 2023)</i><br><i>* Absent with apology from the Special Board Meeting held on 14 April 2023</i> | 5/5                     | *6/7                  | 11/12 |
| Datuk Bahria Bt Mohd Tamil                                                                                                                                                                                                                            | 5/5                     | 7/7                   | 12/12 |
| Dato' Ir. Lim Yew Soon                                                                                                                                                                                                                                | 5/5                     | 7/7                   | 12/12 |
| Puan Norlin binti Abdul Samad                                                                                                                                                                                                                         | 5/5                     | 7/7                   | 12/12 |
| Encik Mohd Rashid bin Mohd Yusof                                                                                                                                                                                                                      | 5/5                     | 4/7                   | 9/12  |
| Datuk Omar Shariff bin Mydeen<br><i>(Tenure expired on 20 January 2023 and reappointed w.e.f. 17 May 2023)</i>                                                                                                                                        | 4/4                     | 6/6                   | 10/10 |
| Madam Rema Devi A/P V.K.Padmanabhan<br><i>(Appointed w.e.f. 29 May 2023)</i>                                                                                                                                                                          | 3/3                     | 5/5                   | 8/8   |
| Encik Mohd Nizam Bin Mohd Khir<br><i>(Appointed w.e.f. 1 July 2023)</i>                                                                                                                                                                               | 3/3                     | 4/4                   | 7/7   |
| Tan Sri Dr. Ir. Ahmad Tajuddin bin Ali<br><i>(Tenure as Chairman and Director ended effective 20 May 2023)</i>                                                                                                                                        | 2/2                     | 2/2                   | 4/4   |
| Datuk (Dr.) Hafsa binti Hashim<br><i>(Tenure ended effective 15 February 2023)</i>                                                                                                                                                                    | 0                       | 1/1                   | 1/1   |
| Puan Hawariiah Binti Abdul Wahid<br><i>(Tenure ended effective 1 July 2023)</i>                                                                                                                                                                       | 2/2                     | 3/3                   | 5/5   |

## **(j) Integrity and Ethics**

The Board acknowledges its role in establishing a healthy corporate culture that embeds ethical conduct within the Group. The Board is committed to promoting ethical business conduct, maintaining a robust corporate culture that propagates integrity, accountability and transparency as well as being responsible for setting the tone and standards of the Group through the various policies that have been established and are in place.

As a company under the purview of MITI and substantially owned by MOF Inc., we are driven by our responsibility to ensure high standards of ethics and corporate governance. Our business strategies and policies are formulated to steer us into demonstrating responsible, transparent and ethical conduct in all our business dealings.

The key policies and procedures in upholding SIRIM's integrity and ethics, inter alia, encompass the following:

### **Anti-Bribery Management System (ABMS)**

In safeguarding the Board and the Management against Section 7A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) or better known as the Corporate Liability provision, the Group has established, documented, implemented, maintained, continually reviewed and where necessary, improved the Anti-Bribery Management System based on the requirements of the MS ISO 37001 standard. Compliance with the requirements of this standard provides evidence that the Group has put in place adequate procedures based on the T.R.U.S.T principles to prevent, detect and respond to the occurrence of corrupt practices in relation to its business activities. The T.R.U.S.T principles are as follows:

- Principle 1: Top level commitment.
- Principle 2: Risk assessment.
- Principle 3: Undertake control measures.

- Principle 4: Systematic review, monitoring and enforcement.
- Principle 5: Training and communication.

Numerous programmes, activities and initiatives have been undertaken by the Group through Group Integrity and Group People and Culture to enhance the culture of integrity and the practice of high standards of corporate governance at all times and at all levels of operations.

### **Organisational Anti-Corruption Plan (OACP)**

The Group is making good progress in implementing the initiatives outlined in the SIRIM OACP 2022 – 2026. By the end of the second year, i.e. 2023, all twelve (12) short-term initiatives and ten (10) out of sixteen (16) medium-term initiatives have been successfully rolled out, representing a completion rate of 63%. Overall, twenty-two (22) out of ninety (90) initiatives, or 24%, have been completed. This achievement underscores the commitment of the Board, the Management, and all employees to uphold the highest ethical standards and integrity across the Group.

### **Bribery Risk Assessment**

Bribery risk assessments are performed by all strategic business units (SBUs), subsidiaries and corporate divisions in line with the requirements set out in the ISO 37001 ABMS and SIRIM OACP Plan 2022 - 2026. The risk profiles are reviewed and reported to the Group Risk Management Committee and Board Risk Management Committee on a quarterly basis to ensure any integrity, governance and corruption risks are identified at the earliest stage and appropriate controls are put in place to mitigate the risks.

### **Levels of Authority Manual**

The Group Levels of Authority (LOA) Manual has been established to facilitate timely and effective business decision-making in the Company through a clear delineation of authority and accountability at different levels. Appropriate approval processes and authority limits are in place on procurement transactions covering both capital and revenue expenditure items, acquisition and disposal of assets and other major business transactions. Specific measures were taken to ensure a proper balance between the need for timely, and effective business decision-making and appropriate management control. The LOA, as an authority framework, requires proper execution of instruments of delegation and provision of guidelines and procedures for executing decisions throughout the Group.

### **Health, Safety and Environment Policy (HSEP)**

The HSEP sets out the Group's commitment to the protection of employees, stakeholders and the environment in all activities that the Group undertakes. The Group shall minimise all risks of injuries, health hazards and damage to its properties, comply with the relevant health, safety and environmental laws and regulations, adhere to applicable standards and procedures through best practices and ensure continual improvement of health, safety and environmental performance and management systems.

It also provides a commitment from the Group to taking proactive measures towards conservation of energy and natural resources, prevention of environmental pollution and protection of the environment.

### **Anti-Bribery Policy (ABP)**

The Board and the Management are committed to implementing and enforcing effective policies and procedures throughout SIRIM for the prevention, monitoring and elimination of any form of bribery and corrupt practice amongst all employees and within its activities, which

include relationships with stakeholders, towards the delivery of efficient services with integrity, in line with SIRIM's Vision and Mission, and national aspirations.

The ABP sets out the parameters to prevent the occurrence of bribery and corrupt practices in relation to the businesses of the Group.

### **Whistleblowing Policy (WP)**

SIRIM is committed to developing a culture of openness and honesty where a person who is aware of any potential malpractice or misconduct is encouraged to report such matters, in good faith, without fear of retaliation.

The WP provides a framework for responsible and secure reporting of concerns about irregularities within the Group's operations. Whistleblowing can act as an early warning system to avert possible risks of loss or reputational damage to the Group.

### **Gift Policy (GP)**

The Group is committed to conducting its business to the highest standard of integrity and governance. The GP is established to ensure that the Board, the Management, and the employees (SIRIM Citizens) stringently comply with the Group Code of Business Ethics in giving or accepting gifts both within and outside of the work premises.

The GP requires SIRIM Citizens to demonstrate the highest standard of ethics and conduct in all matters when dealing with third parties and avoid conflicts of interest or the appearance of a conflict of interest.

### **Procurement Policies and Procedures**

Procurement policies and procedures are established to control and manage procurement activities within the Group. The authority to approve any requisition against budget or unbudgeted expenditures shall be in accordance



with the LOA. The key controls in procurement have been integrated into the MyeP system through the digitalisation of the procurement process.

#### **Group Human Resource Policies and Procedures**

Human Resource policies and procedures are in place to provide clarity in all aspects of human capital management within the Group which include talent recruitment and development, performance and consequence management, termination of service, resignation and retirement. Disciplinary procedures are also established to ensure all disciplinary cases are handled in a structured manner to comply with the prevailing labour laws and employment regulations.

#### **Statement on Integrity**

It is the Group's policy to conduct all of its businesses in an honest and ethical manner and to avoid acts that might reflect adversely upon the integrity and reputation of the Group.

Accordingly, the Chairman of a meeting of the Board or a Board Committee is required to read the Statement on Integrity at the start of the meeting, to convey to the members thereof that the meeting is conducted in the spirit of good governance and integrity. Each Director/Board Committee member shall, following the Statement of Integrity read by the Chairman of the meeting, make a declaration in relation to any transaction, arrangement or contract that the Company or any company in the Group proposes to enter into or has entered, to which he/she, directly or indirectly, is interested and declare the nature of his/her interest including making a declaration that no interest exists if that is the case. The Director/Board Committee member must recuse himself/herself from participating in the deliberations and voting on the matter to allow for unbiased and free discussion and decision-making.

#### **(k) Company secretary**

Each Director has full access to the services of the Company Secretary, who plays an advisory role to the Board by providing guidance on corporate governance, ethical business practices, compliance to the Company's Constitution, policies and procedures and the relevant regulatory requirements, guidelines and legislation.

The Company Secretary of SIRIM is qualified to act as a secretary pursuant to Section 235(2) of the Companies Act 2016 and holds a Company Secretary Licence and Practising Certificate issued by the Companies Commission of Malaysia.

The Company Secretary acts as an important link between the Board and the Management. Through effective communication, the Company Secretary provides the Management with the understanding on the expectations of, and value brought by the Board.

The Board is also updated from time to time by the Company Secretary on the requirements and updates issued by MOF Inc. affecting the Group.

The Company Secretary constantly keeps herself abreast of the evolving regulatory changes and developments in corporate governance through continuous training.

#### **(l) Appointment of Directors**

The selection, nomination and appointment of suitable candidates to the Board are considered and evaluated by the Board Nomination and Remuneration Committee (NRC) in a formal and transparent process.

The NRC, in making its recommendation, will consider the following criteria in the selection of candidates:

- i. Probity, integrity and reputation.
- ii. The candidate's skills, knowledge,

competencies, experience and expertise that will complement and strengthen the current Board composition, taking into account the current and anticipated business needs of the Company and the Group.

- iii. Relevant experience at a senior level in related business, academic, government or a profession, or a strong track record as a Chief Executive Officer, Managing Director, Chief Operating Officer, Chief Financial Officer, Partner and/or Chair of a large company, organisation or professional practice.
- iv. Ability of candidate to devote the necessary time and commitment to the role.
- v. Diversity and inclusivity of Board composition such as age, gender, ethnicity and cultural background.
- vi. Any actual or potential conflict of interest between the Board candidate and the Company.

The process flow for the appointment of new Directors is as follows:

|                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------|
| Circumstances giving rise to the appointment of new director(s)                                                        |
| Search for candidates based on the criteria required                                                                   |
| Perform background checks on the candidates                                                                            |
| Deliberation by NRC on the suitability of candidates                                                                   |
| Recommendation to the board                                                                                            |
| Board approval                                                                                                         |
| The proposal for the appointment of new Director(s) for SIRIM will be expeditiously submitted to MOF Inc. for approval |

### (m) Re-election of Directors

In accordance with Article 116 of the Constitution of the Company, one-third (1/3) of the Directors or if their number is not a multiple of three (3), the number nearest to but not exceeding one-third (1/3), shall retire by rotation at an annual general meeting of the Company (AGM) and be eligible for re-election by the shareholders at the AGM. A retiring Director shall remain in office until the close of the AGM at which he/she retires.

Article 111 of the Constitution provides that Directors who are appointed by the Board during the financial period before an AGM are subject to retirement and shall be eligible for re-election by the shareholders at the AGM to be held following the new Directors' appointment.

At the Twenty-Seventh (27th) AGM of the Company held on 22 June 2023, the following Directors of the Company who retired pursuant to the Constitution of the Company, were duly re-elected:

|                    |                                               |
|--------------------|-----------------------------------------------|
| <b>Article 111</b> | Datuk Omar Shariff bin Mydeen                 |
|                    | Madam Rema Devi A/P V.K.Padmanabhan           |
| <b>Article 116</b> | Datuk Ir. (Dr) Khairul Anuar bin Mohamad Tawi |
|                    | Encik Mohd Rashid bin Mohd Yusof              |

### (n) Board Effectiveness Evaluation

Board Effectiveness Evaluation (comprising Collective Board Assessment and Director Peer Evaluation and collectively, the BEE) is carried out annually, with the assistance of the Company Secretary, by way of questionnaires sent out to every Director of the Company. The Company Secretary compiles the responses received from the Directors and submits the results of the BEE to the Chairman of the Board and Chairman of the NRC. MOF Inc. also requires the BEE results to

be submitted to them, which will be taken into consideration when evaluating proposals for the extension of the Directors' tenure on the Board.

#### (o) Board Remuneration

The monthly fee and meeting attendance allowance for the Board are payable only to the Non-Executive Directors of the Company (i.e. Directors who are non-employees of the Group).

The monthly fee and meeting attendance allowance rates are based on the range (minimum and maximum range) as prescribed by MOF Inc. in their letter dated 13 June 2019, the approval of the Board on 18 June 2019 and the approval of the Shareholders at the 2019 AGM of SIRIM held on 26 June 2019. The monthly fee and meeting attendance allowance rates which took effect on 1 July 2019 are as follows:

| Monthly fixed allowance/fee | Amount (per month) |
|-----------------------------|--------------------|
| Chairman of the Board       | RM8000             |
| Other members of the Board  | RM2400             |

| Monthly attendance allowance | Amount (per attendance) |
|------------------------------|-------------------------|
| <b>Board</b>                 |                         |
| Chairman of the Board        | RM2400                  |
| Other members of the Board   | RM1600                  |

|                                      |        |
|--------------------------------------|--------|
| <b>Board committee</b>               |        |
| Chairman of the Board committee      | RM1040 |
| Other members of the Board committee | RM800  |

*(Payment of meeting attendance allowance is limited to one (1) meeting per month for each Board / Board committee meeting, notwithstanding that more than one (1) meeting of the Board / Board Committee was held in the particular month.)*

#### (p) Commitment to Sustainability

Sustainability strategy at SIRIM is guided by Sustainable Development Goals (SDGs) and ESG initiatives based on the Strategic Thrust 4 (ST4) Driving ESG of SIRIM's 10-year Strategic Plan. ST4 was created to help SIRIM reduce its environmental footprint and contribute to a more sustainable Malaysia.

During the financial year under review, SIRIM developed its Sustainability Framework encompassing the following strategic pillars to help SIRIM deliver its sustainability agenda:

- Protect and Conserve Our Environment (Environment);
- Enhance Social Well-being (Society); and
- Uphold Good Governance (Governance).

Sustainability is the guiding principle in all our business decisions and commitment towards environmental stewardship, social responsibility, and economic prosperity. Our journey towards sustainability is an ongoing commitment with continuous dedication, collaboration, and collective actions.

We focus on innovation and efficiency as well as responsible consumption. We create a value system that supports growth and prosperity of our stakeholders, as well as compliance with relevant acts and regulations. We execute activities in accordance with ethical business practices and adhere to the code of governance as stipulated in the relevant management systems. We support the government's policies and initiatives in ensuring that our industry is on the right track to sustainability and providing various ESG-related services to our clients.



### (q) Training and Continuing Professional Development

The Directors acknowledge the importance of continuous training programmes at the Board level in order to keep themselves abreast with the development and changes in the industry in which the Group operates, as well as to update themselves on new statutory and regulatory

requirements to ensure that the Directors are able to effectively discharge their duties on the Board and Board Committees.

The list of training programmes, conferences and seminars attended by the Directors during the financial year under review is as follows:

| Directors                                                | Particulars of Conference, Seminar, Training Programme etc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Datuk Ir. (Dr) Khairol Anuar bin Mohamad Tawi (Chairman) | SIRIM Chairman Onboarding Sessions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Encik Mohd Nizam bin Mohd Khir                           | <ol style="list-style-type: none"> <li>1. Program Pengukuhan ALP MOF</li> <li>2. Mandatory Accreditation Programme (MAP)</li> <li>3. SIRIM Chairman Onboarding Sessions</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Dato' Ir. Lim Yew Soon                                   | <ol style="list-style-type: none"> <li>1. Mandatory Accreditation Programme (MAP)</li> <li>2. SIRIM Chairman Onboarding Sessions</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Puan Norlin binti Abdul Samad                            | SIRIM Chairman Onboarding Sessions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Datuk Omar Shariff bin Mydeen                            | SIRIM Chairman Onboarding Sessions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Encik Mohd Rashid bin Mohd Yusof                         | <ol style="list-style-type: none"> <li>1. Malaysian Institute of Accountants Conference 2023</li> <li>2. Leadership Programme</li> <li>3. SIRIM Chairman Onboarding Sessions</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Datuk Bahria Bt Mohd Tamil                               | <ol style="list-style-type: none"> <li>1. Malaysian Institute of Accountants Conference 2023</li> <li>2. Leadership Programme</li> <li>3. MITI &amp; Agencies Brainstorming Session</li> <li>4. ESG Training Capability Awareness Session by KPMG</li> <li>5. A Sustainability Afternoon Talk with Ms. Baidu Hercus from the Free Tree Society</li> <li>6. Cyber Security Awareness</li> <li>7. OPSS International Conference: Prosperity &amp; Protection – Effective Regulation for Growth, Trade and Innovation</li> <li>8. “Accelerating Malaysia’s Industry Commitment Towards Sustainability Goals” Forum</li> </ol> |

| Directors                             | Particulars of Conference, Seminar, Training Programme etc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Puan Rema Devi a/p<br>V.K.Padmanabhan | <ol style="list-style-type: none"> <li>1. 30% Club Board Mentoring Programme (Cohort 8)</li> <li>2. LeadWomen Power Hour: Risk Management</li> <li>3. 30% Club DEI Conversations</li> <li>4. Women on Boards Panel Session: The “S” in ESG</li> <li>5. Bursa Malaysia Board Immersion Session: The Board “Agender”</li> <li>6. 3 Things One Must Do to Get the Boardroom</li> <li>7. Virtual Director Training: Chong Chye Neo How to Become an Effective Board Director</li> <li>8. ICDM Power Talk: Navigating ESG Data into Decisions</li> <li>9. Mentor, RHB Women Leadership Programme</li> <li>10. 9th Asia Pacific Spectrum Management Conference (Bangkok)</li> <li>11. RHB Convo on Current Affairs</li> <li>12. Male Allyship</li> <li>13. ICDM Power Talk: Advancing Cyber Resilience: Board's Top 3 Must Knows</li> <li>14. Modernising Data Governance: What Should Boards Focus On</li> <li>15. Mentor, 30% Club Speed Mentoring</li> <li>16. The ABC Soup of ESG for Boards</li> <li>17. Virtual Director Sharing: Tunku Alina binti Raja Muhd Alias Improving Board Decision-Making Through Diversity</li> <li>18. Mentor, Women in Leadership Public Program</li> <li>19. Investing in Start-Ups and VC Funds</li> <li>20. EdgePoint ESG Week: Panellist on Diversity &amp; Inclusion</li> <li>21. SIRIM Chairman Onboarding Sessions</li> </ol> |

## **(r) Board Committees**

The Board is supported by the following five (5) Board Committees with delegated responsibilities to oversee the Group's affairs and are authorised to act on behalf of the Board in accordance with their respective Terms of Reference:

- i. Board Nomination and Remuneration Committee;
- ii. Board Audit Committee;
- iii. Board Risk Management Committee;
- iv. Board Investment Committee and
- v. Board Tender Committee.

The Chairman of the Board is not Chairman nor a member of any Board Committee. The Board is informed of the deliberations and outcome of each Board Committee meeting through updates by the Chairman of the respective Board Committees during Board meetings as well as through the minutes of the Board Committee meetings.

## **(s) Board Nomination and Remuneration Committee Report**

The primary objectives of the Board Nomination and Remuneration Committee (NRC) are as follows:

### **Nomination Function**

- To review the existing composition of the Board, identify the gaps and recommend to the Board the skill sets, experience and knowledge required for the Board as well as recommend suitable candidate(s) for appointments to the Board and Board Committees.
- To assess the effectiveness of the Board and Board Committees as a whole as well as individual Directors and Board Committee Members.
- To ensure there is sufficient succession planning and human capital development focus in the Group.

### **Remuneration**

- To review and recommend to the Board, the Group's terms of employment, salary structure, reward structure, staff benefits and annual salary increment.
- To review and recommend to the Board, the remuneration package of the PGCEO, Company Secretary and Senior Management.

### **Composition**

As at the end of the financial year under review, the NRC comprised four (4) Non-Executive Directors, three (3) of whom are Independent Non-Executive Directors. The NRC met twelve (12) times during the financial year under review with details of the meetings' attendance of each NRC member as follows:



| Members                                                                                                                                          | Position | Attendance |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------|
| Datuk Omar Shariff bin Mydeen<br>Independent Non-Executive Director<br>(Tenure expired on 20 January 2023<br>and reappointed w.e.f. 17 May 2023) | Chairman | 9/9        |
| Puan Norlin binti Abdul Samad<br>Independent Non-Executive Director                                                                              | Member   | 12/12      |
| Puan Rema Devi A/P V.K.Padmanabhan<br>Independent Non-Executive Director<br>(Appointed w.e.f. 17 August 2023)                                    | Member   | 4/4        |
| Encik Mohd Nizam Bin Mohd Khir<br>Non-Independent Non-Executive Director<br>(Appointed w.e.f. 1 July 2023)                                       | Member   | 6/6        |
| Dato' Ir. Lim Yew Soon<br>Independent Non-Executive Director<br>(Resigned as NRC member effective 17 August 2023)                                | Chairman | 2/2        |
| Puan Hawariiah binti Abdul Wahid<br>Non-Independent Non-Executive Director<br>(Tenure ended effective 1 July 2023)                               | Member   | 6/6        |
| Datuk (Dr.) Hafsah binti Hashim<br>Independent Non-Executive Director<br>(Tenure ended effective 15 February 2023)                               | Member   | 2/2        |

The key activities undertaken/matters deliberated by the NRC during the financial year under review included the following:

#### Nomination Function

- Key Performance Indicators of PGCEO.
- Performance Evaluation of PGCEO.
- Extension of Tenure of Directors of SIRIM and its Subsidiaries.
- Nomination of New Directors of SIRIM and its Subsidiaries.
- Revised Composition of Board of Directors and Board Committees of SIRIM.
- Appointment of C-Suites and other Senior Management Executives of SIRIM.

#### Remuneration Function

- Staff Annual Salary Increment for the year 2023.
- Performance-Based Bonus for the Financial Year Ended 31 December 2022.
- Remuneration Framework for PGCEO.
- Renewal of Directors and Officers Liability Insurance.
- Proposed Remuneration Option for Staff under SIRIM Berhad Remuneration Option 2 Scheme.
- Review of the Benefits of Non-Executive Directors of SIRIM Berhad and its Subsidiaries.

**(t) Board Audit Committee Report**

The primary objective of the Board Audit Committee (AC) is to provide oversight over the Group's internal control and to assist the Board in fulfilling its fiduciary responsibility in relation to the corporate accounting, financial reporting process and compliance with laws and regulations.

**Composition**

The AC is chaired by Encik Mohd Rashid bin Mohd Yusof, a member of the Chartered Association of Certified Accountants (UK) as well as the Malaysian Institute of Accountants.

As at 31 December 2023, AC comprised five (5) Non-Executive Directors, three (3) of whom are Independent Non-Executive Directors.

All members of the AC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the AC.

The AC met five (5) times during the financial year under review with details of the meetings' attendance of each AC member as follows:

| Members                                                                                                                                          | Position | Attendance |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------|
| Encik Mohd Rashid bin Mohd Yusof<br>Independent Non-Executive Director                                                                           | Chairman | 5/5        |
| Puan Norlin binti Abdul Samad<br>Independent Non-Executive Director                                                                              | Member   | 5/5        |
| Datuk Omar Shariff bin Mydeen<br>Independent Non-Executive Director<br>(Tenure expired on 20 January 2023 and<br>reappointed w.e.f. 17 May 2023) | Member   | 3/3        |
| Encik Mohd Nizam Bin Mohd Khir<br>Non-Independent Non-Executive Director<br>(Appointed w.e.f. 1 July 2023)                                       | Member   | 3/3        |
| Datuk Bahria binti Mohd Tamil<br>Non-Independent Non-Executive Director<br>(Appointed w.e.f. 17 May 2023)                                        | Member   | 2/3        |
| Puan Hawariiah binti Abdul Wahid<br>Non-Independent Non-Executive Director<br>(Tenure ended effective 1 July 2023)                               | Member   | 2/2        |

The key activities undertaken/matters deliberated by AC during the financial year under review included the following:

#### Financial Reporting

- Reviewed the draft audited financial statements of the Company and the Group for the financial year ended 31 December 2022 and recommended the same for the Board's approval.
- Reviewed the quarterly and year-end financial performance reports of the Company and the Group.

#### Internal Audit

- Reviewed the Audit Plan 2024 proposed by the Head of Group Internal Audit to ensure, among others, the adequacy of the scope.
- Reviewed and assessed Internal Audit's findings and Management's responses thereto to ensure any lapses/deficiencies identified are being dealt with adequately and promptly.

#### External Audit

- Discussed with the External Auditors, before the audit commences, the audit plan, nature and scope of the audit.
- Reviewed and deliberated the External Auditors' reports and the recommendations relating to opportunities for improvement based on the observations made by the External Auditors in the course of interim and final audits.

#### Internal Control

- Reviewed and discussed all internal audit reports issued by the Group Internal Audit which highlighted key internal control issues/weaknesses and the corresponding management responses and actions thereof.
- Reviewed and assessed the adequacy and effectiveness of the Group's system of internal controls and compliance control within the Group.

#### Integrity, governance and anti-corruption

- Reviewed the proposed revision of SIRIM Gift Policy.
- Reviewed the implementation and adequacy of SIRIM's activities and programs on integrity.
- Reviewed Group Bribery Risk report for Quarter 1 of 2023.
- Reviewed the Whistleblowing incidents/cases of the Group.
- Reviewed the Statement on Risk Management and Internal Control and made recommendations for the Board's approval.
- Reviewed the Terms of Reference of AC.
- Reviewed Integrity Section Activity Report.



**(u) Board Risk Management Committee Report**

The Board Risk Management Committee (RMC) has been established to assist the Board in ensuring that the Group has in place a sound and robust risk management framework and that the framework is effectively implemented to enhance the Group's ability to achieve its strategic objectives.

**Composition**

As at the end of the financial year under review, the RMC comprised five (5) members, three (3) of whom are Independent Non-Executive Directors. The RMC met five (5) times during the financial year under review with details of the meetings' attendance of each RMC member as follows:

| Members                                                                                                                | Position  | Attendance |
|------------------------------------------------------------------------------------------------------------------------|-----------|------------|
| Dato' Ir. Lim Yew Soon<br>Independent Non-Executive Director<br>(Redesignated as Chairman of RMC w.e.f. 14 April 2023) | Chairman  | 5/5        |
| Encik Mohd Rashid bin Mohd Yusof<br>Independent Non-Executive Director                                                 | Member    | 5/5        |
| Datuk Bahria binti Mohd Tamil<br>Non-Independent Non-Executive Director<br>(Appointed w.e.f. 17 May 2023)              | Member    | 5/5        |
| Encik Mohd Nizam Bin Mohd Khir<br>Non-Independent Non-Executive Director<br>(Appointed w.e.f. 1 July 2023)             | Member    | 2/2        |
| Puan Rema Devi A/P V.K.Padmanabhan<br>Independent Non-Executive Director<br>(Appointed w.e.f. 17 August 2023)          | Member    | 1/1        |
| Datuk (Dr.) Hafsah binti Hashim<br>Independent Non-Executive Director<br>* (Tenure ended effective 15 February 2023)   | Chairman* | 2/2        |
| Puan Hawariiah binti Abdul Wahid<br>Non-Independent Non-Executive Director<br>(Tenure ended effective 1 July 2023)     | Member    | 3/3        |

The key activities undertaken/matters deliberated by RMC during the financial year under review included the following:

- Proposed Reporting Process Flow on Enterprise Risk Management (ERM) and

Bribery Risk and made its recommendation to the Board for approval; and

- Review and deliberation of updates on the Group Risk Profile and Group Bribery Risk.

### (v) Board Investment Committee Report

The purpose of the Board Investment Committee (IC) is to review, monitor and recommend to the Board matters related to existing and potential investments of the Group in companies, land/properties, commercialisation of technology, joint ventures, and mergers and acquisitions of companies, in line with the LOA and Investment Policy.

### Composition

As at the end of the financial year under review, the IC comprised five (5) Non-Executive Directors, three (3) of whom are Independent Non-Executive Directors. The IC met three (3) times during the financial year under review with full attendance at all IC meetings, as follows:

| Members                                                                                                                                                                                                                                      | Position  | Attendance |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------|
| Puan Rema Devi A/P V.K.Padmanabhan<br>Independent Non-Executive Director<br>(Appointed w.e.f. 17 August 2023)                                                                                                                                | Chairman  | 1/1        |
| Dato' Ir. Lim Yew Soon<br>Independent Non-Executive Director                                                                                                                                                                                 | Member    | 3/3        |
| Encik Mohd Rashid bin Mohd Yusof<br>Independent Non-Executive Director<br>(Appointed w.e.f. 14 April 2023)                                                                                                                                   | Member    | 2/2        |
| Datuk Bahria binti Mohd Tamil<br>Non-Independent Non-Executive Director<br>(Appointed w.e.f. 14 April 2023)                                                                                                                                  | Member    | 2/2        |
| Encik Mohd Nizam Bin Mohd Khir<br>Non-Independent Non-Executive Director<br>(Appointed w.e.f. 1 July 2023)                                                                                                                                   | Member    | 2/2        |
| Datuk Ir. (Dr) Khairol Anuar bin Mohamad Tawi<br>Independent Non-Executive Director<br>* (Redesignated as Non-Executive Chairman of SIRIM<br>w.e.f. 20 May 2023 and concurrently, relinquished his<br>position as Chairman and Member of IC) | Chairman* | 1/1        |
| Puan Hawariiah binti Abdul Wahid<br>Non-Independent Non-Executive Director<br>(Tenure ended effective 1 July 2023)                                                                                                                           | Member    | 1/1        |
| Datuk (Dr.) Hafsa binti Hashim<br>Independent Non-Executive Director<br>(Tenure ended effective 15 February 2023)                                                                                                                            | Member    | 1/1        |

The key activities undertaken/matters deliberated by the IC during the financial year under review included the following:

- Review of the performance of SIRIM's investments in short-term deposits, fixed deposits and unit trusts.
- Investment proposals for SIRIM Berhad and SIRIM QAS International Sdn Bhd.
- Progress updates on the proposed development of SIRIM Keratong Land.

### **(w) Board Tender Committee Report**

The primary objective of the Board Tender Committee (BTC) is to consider and approve procurement proposals in accordance with the LOA and to reinforce corporate governance, integrity and transparency in the Group's procurement process and contract management.

### **Composition**

As at the end of the financial year under review, the BTC comprised five (5) members, namely four (4) Non-Executive Directors of SIRIM and the PGCEO. The BTC met twelve (12) times during the financial year under review with details of the meetings' attendance of each BTC member as follows:

| <b>Members</b>                                                                                                                                                                    | <b>Position</b> | <b>Attendance</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------|
| Puan Norlin binti Abdul Samad<br>Independent Non-Executive Director<br>(Appointed as BTC Member w.e.f. 14 April 2023 and redesignated as Chairman of BTC w.e.f. 4 September 2023) | Chairman        | 8/8               |
| Dato' Ir. Lim Yew Soon<br>Independent Non-Executive Director<br>(Appointed w.e.f. 14 April 2023)                                                                                  | Member          | 8/8               |
| Encik Mohd Nizam Bin Mohd Khir<br>Non-Independent Non-Executive Director<br>(Appointed w.e.f. 1 July 2023)                                                                        | Member          | 6/6               |
| Dato' Indera Dr. Ahmad Sabirin bin Arshad<br>PGCEO                                                                                                                                | Member          | 12/12             |
| Datuk Omar Shariff bin Mydeen<br>Independent Non-Executive Director<br>(Appointed w.e.f. 17 August 2023)                                                                          | Member          | 4/5               |
| Datuk (Dr.) Hafsa binti Hashim<br>Independent Non-Executive Director<br>* (Tenure ended effective 15 February 2023)                                                               | Chairman*       | 1/1               |



| Members                                                                                                                                                                                                                                       | Position | Attendance |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------|
| Puan Hawariiah binti Abdul Wahid<br>Non-Independent Non-Executive Director<br>(Tenure ended effective 1 July 2023)                                                                                                                            | Member   | 6/6        |
| Datuk Ir. (Dr) Khairol Anuar bin Mohamad Tawi<br>Independent Non-Executive Director<br>* (Redesignated as Non-Executive Chairman of SIRIM<br>w.e.f. 20 May 2023 and concurrently, relinquished his<br>position as Chairman and Member of BTC) | Member   | 3/3        |

\* In accordance with Article 130(3) of the Constitution of the Company, Datuk Ir. (Dr) Khairol Anuar bin Mohamad Tawi was elected by the BTC Members to chair the BTC meetings held on 21 February 2023, 30 March 2023, 7 April 2023 and Dato' Ir. Lim Yew Soon was elected by the BTC Members to chair the BTC meetings held on 1 June 2023, 22 June 2023 and 31 July 2023, pending the appointment of a new Chairman for the BTC.

The key activities undertaken/matters deliberated by the BTC during the financial year under review included the following:

- Procurement proposals in accordance with the LOA.
- Review of the status of procurements approved by the BTC.

## Principle B: effective audit and risk management

### (a) Financial Reporting

The Board is committed to provide a fair and objective assessment of the financial position and prospects of the Group in the annual financial statements and all other reports or statements to shareholders and relevant regulatory authorities.

All financial results and financial statements are reviewed by the AC prior to being recommended to the Board for approval.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements is set out on page xx of this Annual Report. such as government agencies, regulatory authorities, the community at large and employees.

### (b) Risk Management and Internal Control

The Board acknowledges its responsibilities in maintaining a good system of risk management and internal controls which includes determining the Group's levels of risk tolerance, establishing an appropriate internal control environment and framework, and reviewing the effectiveness and adequacy of these systems to safeguard shareholders' investment and the Group's assets.

The Board defines and endorses the Group ERM Policy which includes commitment to comply with applicable legal requirements, policies and procedures in ensuring the achievement of the Group's business objectives. The system of risk management and internal control covers not only financial control but also operational and compliance control. As part of its review, the Board will continue taking necessary measures to strengthen its risk management and internal control system to address any weaknesses identified.

The AC and RMC are primarily responsible for risk management and internal control oversight of the Group. Both the Board Committees are entrusted with their respective functions which are aimed at supporting the Board's oversight roles of proper

implementation of corporate governance practices, audit, risk management and internal control systems.

### **(c) Internal Audit Function**

The Group has an in-house internal audit function carried out by the Group Internal Audit (GIA) which provides independent and objective assurance on the adequacy of risk management, internal control and governance system to add value and improve the Group's operations. It helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and internal control processes.

The internal audit function is independent of the activities or operations of other operating units in the Group. The Chief Internal Auditor reports functionally to the AC, and administratively to the PGCEO to maintain the independence and impartiality of the internal audit function from the operations of the Group.

GIA adopts a risk-based approach to determine the priorities of the internal audit activities, consistent with the strategies of the Group as defined in its Strategic Plan. The annual audit plan is approved by the AC and is developed based on risk profiles of the respective business units and subsidiaries, and feedback from the Management and the Board.

Audit engagements are guided by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) principles and in conformance with the International Standards for the Professional Practice of Internal Auditing Standards (Standard).

On a quarterly basis, GIA presents to the AC the updates on its activities comprising key highlights of areas reviewed, status of outstanding issues, progress of the 2023 Annual Audit Plan and any other ad hoc assignments.

### **(d) Risk Management Function**

The risk management function transitioned from Group Performance Management Office (GPMO) within Group Strategic Planning to the newly formed Group Sustainability Division, effective March 2023. Group Sustainability oversees the risk management activities at the Group level, guided by the Group ERM Policy and Framework.

During the financial year under review, Group Sustainability carried out the following activities:

- Quarterly risk verification sessions with selected divisions, SBUs and subsidiaries.
- Quarterly Group Risk Management Committee meetings.
- Quarterly Board Risk Management Committee meetings.
- Memorandum of Agreement/Memorandum of Understanding/Joint Venture/Partnership risk advisory and independent review on Consolidated Risk Profiles.
- ERM Workshop with divisions, SBUs and subsidiaries.

Details of the risk management framework and internal control system of the Group are set out in the Statement on Risk Management and Internal Control on pages xx to xx of this Annual Report.

## **Principle C: integrity in corporate reporting and meaningful relationship with stakeholders**

### **(a) Communication with Stakeholders**

The Board believes that stakeholder engagement is crucial and that effective communication and proactive engagement with stakeholders are important in fostering mutually beneficial relationships and securing long-term success. The Group maintains regular communication and holds various engagements with its stakeholders such as SIRIM-Industry Engagement programmes and the Board is kept continually apprised of the insights and feedback received from the stakeholders. The Annual Report of SIRIM also serves as a key channel of communication with the shareholders and various stakeholders. Information on the Group is also accessible via the Company's website at [www.sirim.my](http://www.sirim.my).

Matters related to ESG have gained notable traction amongst industry players and the wider corporate sector. Accordingly, the Board is able to provide the appropriate guidance and oversight to the Senior Management team as they work towards developing a more robust sustainability agenda for the Group. The Group Sustainability Statement is made available in this Annual Report at pages 165 to 203.

### **(b) Conduct of Annual General Meetings**

The annual general meeting of the Company is held once in every calendar year and is an important event for transparency, management accountability and shareholder engagement.

### **Compliance Statement**

This Corporate Governance Overview Statement has been approved by the Board on

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# DATUK Ir. (Dr) KHAIROL ANUAR TAWI

## Chairman

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### Experience

Datuk Ir. (Dr.) Khairol Anuar Mohamad Tawi is the founder and current Executive Chairman of KAT Group, Malaysia's largest prepaid distributor. KAT Group was established in 1999 as a modest distribution company with just three employees and an annual revenue of RM600,000.

Today, KAT operates in 13 offices across Malaysia's major cities, employing over 250 staff nationwide. In the year 2015, KAT recorded its highest annual revenue of RM850 million. The following year saw KAT evolve into an international solutions provider, deploying its advanced end-to-end digital distribution platform in countries like Nepal.

Under Datuk Khairol's visionary leadership, the company has won numerous prestigious awards both locally and internationally, cementing its reputation as Malaysia's leading digital distribution specialist in retail and supply chain.

### Qualifications

- Honorary Doctorate and Fellowship, University of Swansea, Wales UK
- Senior Management Development Programme, Harvard Business School, USA
- Executive Masters in Business Administration, Cranfield Institute of Management, UK
- B.Sc Hons Electrical & Electronics Engineering, University of Swansea, Wales UK

# DATUK BAHRIA MOHD TAMIL

## Director

### Qualifications

- 2006: M.A. in International Relations, Waseda University, Japan
- 1993: L.L.B. in Business Law (Hons), Coventry University, United Kingdom



### Experience

Datuk Bahria is the Deputy Secretary General (Investment) at the Ministry of International Trade and Industry Malaysia (MITI). Before being assigned to her current role on 3 February 2020, she was the Deputy Secretary General (Trade), MITI.

Datuk Bahria accumulated vast experience in the realm of international trade and industry development as she has been serving the same ministry for more than 24 years since 1996. Among her notable previous roles at MITI include her directorship at both the Special Task Force on Service Delivery (PEMUDAH) Secretariat Office and the Entrepreneurship Development Division. She was also the Minister of Economic Affairs at MITI Tokyo from December 2006 until December 2009.



# MOHD NIZAM MOHD KHIR

## Director

(Effective May 2023)

### Qualifications

- Master of Intellectual Property (MIP), Faculty of Law, National University of Malaysia (UKM)
- Bachelor of Human Sciences in Political Science (Hons), International Islamic University Malaysia (IIUM)
- Diploma in Public Administration, National Institute of Public Administration (INTAN)



### Experience

Mohd Nizam Mohd Khir is currently the Head of Transport and Logistics Section, Government Investment Companies Division of the Ministry of Finance. He also has an extensive experience working at the Ministry of Agriculture and Agro-based Industry and Ministry of International Trade and Industry.

# DATO' IR. LIM YEW SOON

## Director

### Qualifications

- Masters in Electrical Engineering (MEE), University of Technology Malaysia
- B.Sc (Hons) Electrical & Electronic Engineering, Strathclyde University, Glasgow, Scotland, UK



### Experience

Dato' Ir. Lim Yew Soon worked at Tenaga Nasional Berhad for more than 38 years, where he was the Chief Engineer and General Manager of Penang state and the Federal Territory of Kuala Lumpur. He is a Professional (Malaysia), Chartered (UK), Competent (Suruhanjaya Tenaga) and Services (Suruhanjaya Tenaga) Engineer.

# MOHD RASHID MOHD YUSOF

## Director

### Qualifications

- Member of the Chartered Association of Certified Accountants (UK)
- Member of the Malaysian Institute of Accountants
- Advanced Management Program at Wharton Business School, Pennsylvania



### Experience

Mohd Rashid Mohd Yusof commenced his career with PETRONAS in 1980. Mohd Rashid has held various financial positions in PETRONAS as Head of Group Accounting, Head of Group Treasury and Head of Group Internal Audit as well as Financial Director of Engen Limited, before assuming general management positions as CEO of MITCO and later on MD/CEO of Engen Limited in South Africa. Whilst he was MD/CEO of Engen Limited in South Africa, he also served a term as the Chairman of the South African Petroleum Industry Association (SAPIA). His last appointment in PETRONAS before retiring in July 2016 was Vice President of Supply Chain & Risk Management. During the course of his career he has also served as a Director of several companies in the Petronas group, including Putrajaya Holdings, KLCC Holdings, Energas Insurance (Labuan) Limited and Chairman of Petronas ICT.

Mohd Rashid currently sits as Independent Director on the Boards of Standard Chartered Bank Berhad, Velesto Energy Berhad, (previously known as UMW Oil and Gas Berhad) and Scicom Berhad. He also serves on the Audit and Risk Committee of Mavcom (Malaysian Aviation Commission). At Velesto Energy, he serves as Chairman of the Board. At Standard Chartered he serves as Chairperson of the Audit Committee, Chairperson of the Nomination and Remuneration Committee and is a member of the Risk Committee. At Scicom, he serves as a member of the Audit And Risk Committee. Previous key directorships include Media Prima Berhad, KLCC Holdings Berhad and Putrajaya Holdings Berhad.



# NORLIN ABDUL SAMAD

## Director

### Qualifications

- LLB (Hon) University of London
- Barrister-at-Law Honourable Society of Lincoln's Inn
- Advanced Management Program (AMP) INSEAD, Fontainebleau, France
- Certificate in Translation from the Malaysian Institute of Translation & Books (ITBM)



### Experience

Norlin Abdul Samad has 38 years of experience in corporate law in the Plantation, Property Development, Manufacturing and Investment sectors as Head of Legal at Kompleks Kewangan Malaysia Berhad (KKMB) (now known as Amanah Capital Berhad), Golden Hope Plantations Berhad (Golden Hope) and Permodalan Nasional Berhad (PNB).

She was Company Secretary for both KKMB and Golden Hope, and an Associate Partner at Messrs Zaid Ibrahim & Co (Zaid Ibrahim). She held directorships whilst in service with Golden Hope and PNB. She has extensive experience in M&A exercises, cross-border investments, joint venture transactions, contract negotiations and corporate governance.

She is currently the Senior Partner & Advisor at Hann Partnership Advocate and Solicitor.

# REMA DEVI A/P V.K PADMANABHAN

## Director

(Effective July 2023)

### Qualifications

- Master of Philosophy (MPhil) in Human Development, Institute of Advanced Studies, University Malaya, Kuala Lumpur, Malaysia
- Bachelor of Arts (Hons), Institute of Advanced Studies, University Malaya, Kuala Lumpur, Malaysia
- Certified Master Performance Coach



### Experience

Rema has a career spanning over 30 years in corporate and regulatory affairs, with significant regional and global market entry experience in the ASEAN and South Asia regions. Following her C-suite role of Head Group Regulatory Affairs at Axiata Group Berhad, she retired as Advisor to the CEO of edotco Group (Axiata's infrastructure subsidiary) in March 2021, where she also served as a non-independent Director on subsidiary Boards of Malaysia, Myanmar, Bangladesh and Sri Lanka. A seasoned communications executive, she was appointed to the MyDIGITAL Legal and Regulatory Framework Committee (May-July 2021) in support of Malaysia's Digital Economy Blueprint.

Rema started her career in corporate planning and strategy at Telekom Malaysia Berhad in 1990, where her involvement in business and product planning, as well as major corporate transformation exercises locally and abroad, helped hone lifelong analytical, problem-solving and execution skills.

In 1998, Rema joined the newly established Malaysian communications regulatory authority and the world's premier convergence regulator (MCMC). She established the regulatory management function at TM International/Axiata Group, leading a 30-strong international team to drive the Group's strategic business agenda with regional and international regulatory stakeholders. She also served four terms between 2008-2012 as a Member of the Chief Regulatory Officers Group (CROG) of the GSM Association (GSMA), representing hundreds of companies of the mobile ecosystem worldwide.

Rema is a Certified Master Performance Coach, a Director Member of Leadwomen and a Member of the Institute of Corporate Directors Malaysia (ICDM).

# DATUK OMAR SHARIFF MYDEEN

## Director

### Qualifications

- Diploma in Public Administration (Best Student UiTM 1994), Universiti Teknologi MARA, Melaka
- Bachelor of Corporate Administration with Honours (Company Secretary) "First Class", Universiti Teknologi MARA, Shah Alam
- Executive Master in Business Administration "First Class", Universiti Teknologi MARA, Shah Alam



### Experience

Datuk Omar Shariff Mydeen is a businessman and an entrepreneur with a wide spectrum of businesses and experience in Education, Technical & Vocational Training (TVET), ICT, Property Development, Corporate Strategic Planning and Risk Management.

Presently, he is the Executive Director for My-Partners Group of Companies and has over 27 years of working experience in the ICT and education industry, playing a major role in developing new management platforms and business development strategies in providing premium deliverables.

He has executed, developed and delivered numerous training programmes for governmental and private organisations in Business Process Re-Engineering, Project Management and Strategic Planning.

He is also an accomplished strategist who played a pivotal role in the inception of Skills Johor, an international vocational skills training hub which transforms and trains skilled and knowledgeable employees to propel the industry in Malaysia. He developed Bandar Akademi in Kota Tinggi, Johor and other state technical initiatives to improve the quality of life and economic development in Johor.

A significant "feather in the cap" is the initiation of the MyCareerMyFuture project, a graduate development program in collaboration with the Ministry of Higher Education to enhance employability through training. This program enhanced 6,000 graduates' skills and shape them as effective contributors to national education initiatives in reputable companies.





# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



The Board of Directors of SIRIM Berhad (the Board) is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal controls of SIRIM Berhad Group of Companies (the Group) for the financial year ended 31 December 2023.

## **Responsibilities and accountabilities**

In the Group, risk management is integrated into its business planning, investment decisions, internal controls and day-to-day operations to enhance ownership and agility in managing risks.

The Board is responsible for the governance and oversight of the Group's risk management and internal control systems' effectiveness. The Board has established a sound process for an enterprise-wide identification, assessment and management of risks.

The Board sits at the apex of the risk management structure and is ultimately responsible for the risk management strategy, appetite, framework and oversight of risk management activities of the Group and its entire business entities.

### **(a) The Board**

The Board reaffirms its commitment and acknowledges its overall responsibility in maintaining the Group's systems of risk management and internal control as well as reviewing their adequacy, integrity and effectiveness. The Board recognises that a sound system of risk management and internal control is an integral part of good corporate governance and is imperative to safeguard shareholders' investments and the Group's assets.

The Board defines and endorses SIRIM Enterprise Risk Management (ERM) Policy which includes a commitment to comply with applicable legal requirements, policies and procedures in ensuring the achievement of the Group's business objectives. The Board ensures that all risks associated with the Group's business activities and processes are identified and assessed. A process of risk identification and risk assessment is established to determine the risk controls and action plans to mitigate the risks to an acceptable level.

Nevertheless, given the inherent constraints of any system, it is important to understand that the systems are designed to manage and mitigate risks of failure to achieve the Group's business objectives to acceptable levels rather than

eliminate them entirely. As a result, the systems can only offer reasonable, but not absolute assurance against material misstatement, fraud, or losses. Additionally, the Group acknowledges the need to balance the cost of control procedures against their anticipated benefits or outcomes.

The risk management and internal control systems encompass not just financial controls but also operational and compliance controls. The Board views this as an ongoing process that requires collective efforts from all employees of the Group. In its review, the Board will persistently implement measures to enhance the risk management and internal control systems in addressing any identified weaknesses.

Other Board Committees, namely the Board Risk Management Committee, Board Audit Committee, Nomination and Remuneration Committee, Investment Committee and Tender Board Committee have also been established to assist the Board in performing its oversight function with clearly defined duties and responsibilities, all of which have formalised Terms of Reference.

The two Board Committees that have primary risk management and internal control oversight responsibilities are:

#### **Board Risk Management Committee**

The Board Risk Management Committee (BRMC) has been established to assist the Board in fulfilling its oversight responsibilities with respect to the Group's risk management. The Committee shall ensure that the Group has in place a sound and robust risk management framework and that the framework is effectively implemented to enhance the Group's ability to achieve its strategic objectives.

#### **Board Audit Committee**

The primary objective of the Board Audit Committee is to provide oversight over the Group's internal controls and to assist the Board in fulfilling its fiduciary responsibility in relation to the corporate accounting, financial reporting process, and compliance with laws and regulations.



## **(b) The Management**

The Management is responsible for implementing the frameworks, policies and procedures related to risk management and internal controls which have been approved by the Board. The Management's responsibilities include but are not limited to:

- a. Identifying, assessing and monitoring the risks that could prevent the Group from achieving its goal and objectives;
- b. Formulating, implementing and monitoring the effectiveness of risk management and internal control systems;
- c. Guiding and setting the tone from the top on the Group's core values of Customer Focus, Integrity and Teamwork, and the ALEAD Cultural Beliefs of "Achieve Sustainability, Lead Innovation, Engage Teamwork, Act Fast and Deliver Excellence", for the inculcation and dissemination of good ethics and governance;
- d. Ensuring risk management objectives are aligned with the organisation's objectives and strategies;
- e. Ensuring legal and regulatory requirements are being complied with.

## **(c) Internal Audit Function**

The internal audit function is undertaken by an in-house internal audit team under the Group Internal Audit (GIA). GIA continues to be independent, free from any relationships or conflict of interest, objectively and regularly reviews key processes, checks compliance with policies and procedures, and evaluates the adequacy and effectiveness of risk management, internal control and governance systems implemented by the Group.

The annual audit plan, established on a risk-based approach, is reviewed and approved by the Board Audit Committee. In establishing the annual audit plan, the risk profiles of divisions, subsidiaries and strategic business units are reviewed, and the feedback and inputs

from the Board and the Management are also taken into consideration.

For each audit engagement, a detailed audit programme is prepared based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) principles and in conformance with the International Standards for the Professional Practice of Internal Auditing Standards (Standards) issued by The Institute of Internal Auditors.

Quarterly, GIA presents to the Board Audit Committee the internal audit reports for the engagements that have been completed highlighting the audit findings and recommendations. Additionally, the Board Audit Committee is also updated on the status of outstanding issues, the progress of the 2023 Annual Audit Plan, and any other ad hoc assignments.

## **(d) Risk Management Function**

The risk management function was transferred from the Group Performance Management Office (GPMO) under the Group Strategic Planning to a newly established division, Group Sustainability, effective March 2023. Group Sustainability oversees the risk management activities at the Group level and is guided by the Group's Enterprise Risk Management Policy and Framework. During the year under review, Group Sustainability carried out the following activities:

- Quarterly risk engagement sessions with selected divisions, Strategic Business Units (SBUs) and subsidiaries (SUBs)
- Quarterly SIRIM Group Risk Management Committee meetings
- Quarterly Board Risk Management Committee meetings;
- MOA/MOU/JV/Partnership risk advisory and independent review on Consolidated Risk Profiles
- ERM Workshop with divisions, subsidiaries and strategic business units.

### **(e) Group Integrity**

Group Integrity is tasked with planning, executing, coordinating and monitoring programmes and activities aimed at fostering ethical practices at work in alignment with the Group's policies and procedures. The four primary functions of Group Integrity are as follows:

#### **Complaints management**

To receive and address all complaints or information related to misconduct, corruption, abuse of power, malpractice and breaches of the Group's Code of Business Ethics. Additionally, Group Integrity oversees and manages all whistleblowing channels within the Group.

#### **Detection and verification**

To detect, verify and investigate any instances of misconduct or violations of the Group's Code of Business Ethics, ensuring appropriate actions are taken as necessary.

#### **Integrity strengthening**

To enhance the cultivation, institutionalisation and implementation of the culture of integrity throughout the Group, fostering an environment where ethical behaviour is deeply ingrained and consistently upheld.

#### **Governance**

To strengthen the practice of good governance with the aim of reinforcing a culture of integrity and effectively addressing integrity-related issues particularly those concerning corruption, malpractice and abuse of power.

Every six months, Group Integrity provides reports on the execution of its activities based on the four functions, to Bahagian Pengurusan Integriti Agensi (BPIA) of Malaysian Anti-Corruption Commission (MACC).

## **Integrity governance framework**

The Group is dedicated to upholding the highest standards of ethical conduct and integrity across all its business endeavours. The Integrity Governance Framework provides a framework of reference for the Group's integrity governance and how the integrated internal control system works as part of its comprehensive approach to shaping integrity and compliance throughout the Group.

### **(a) Anti-Bribery Management System (ABMS)**

The Board and the Management have established, documented, implemented, maintained, continually reviewed and where necessary, improved the Anti-Bribery Management System based on the requirements of the MS ISO 37001 standard to address the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), commonly referred to as the Corporate Liability provision. The Group Compliance with the requirements of this standard demonstrates that the Group has put in place adequate procedures to prevent, detect and respond to the occurrence of corrupt practices related to its business activities.

Group Integrity, Group People and Culture, in collaboration with the respective divisions, subsidiaries and strategic business units have conducted various programmes and activities to bolster a culture of integrity and the practice of high standards of corporate governance at all times and at all levels of operations.

As part of the review process, the performance of the Group's ABMS is reported to the Management, the Board Audit Committee and thereafter to the Board of Directors as the governing body.

**(b) Organisational Anti-Corruption Plan (OACP)**

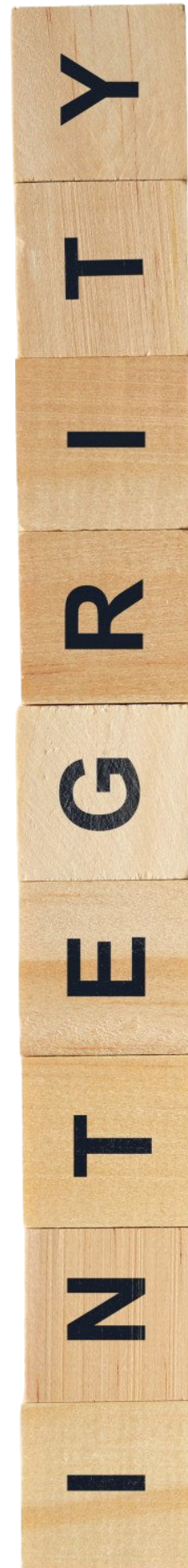
The Group is progressing well with the implementation of the initiatives set out in the SIRIM OACP 2022 – 2026. By the end of the second year of implementation, the Group has successfully rolled out all 12 short-term initiatives and 10 out of 16 or 63%, of the medium-term initiatives. This results in a total of 22 out of 90 initiatives that have been successfully implemented or 24% completion. This reflects the Board's, Management's, and all employees' dedication to maintaining the highest ethical standards and integrity throughout the Group.

**(c) Bribery Risk Assessment**

As required by ISO 37001 ABMS and SIRIM OACP 2022 – 2026, all divisions, subsidiaries and strategic business units conduct bribery risk assessments. The bribery risk profiles undergo quarterly reviews and are reported to both the Group Risk Management Committee and Board Risk Management Committee. This ensures early identification of integrity, governance, and corruption risks, allowing for the implementation of suitable controls to mitigate these risks.

**(d) Integrity and Conflict of Interest Declaration**

It is the Group's policy to conduct all its businesses honestly and ethically and to avoid acts that might reflect adversely upon the integrity and reputation of the Group. It has been a practice in the Group that an integrity pledge is read by the Chairman of the meeting that the meeting is conducted in the spirit of good governance and integrity. In addition, in every Board, Board Committee, Management Committee, Procurement Committee, staff promotion and recruitment interview, the Chairman and each member of the meeting shall make a declaration on conflict of interest.





Enterprise Risk Management (ERM)

Risk management throughout the Group is governed by the ERM principles and framework as stipulated in ISO 31000: 2008 Risk Management – Guidelines

(a) ERM Principles

The Group applies the risk management principles to the corporate culture, governance and accountability, performance review, business transformation and improvement processes, as the foundation for managing risks to improve performance, encourage innovation and support the achievement of objectives.



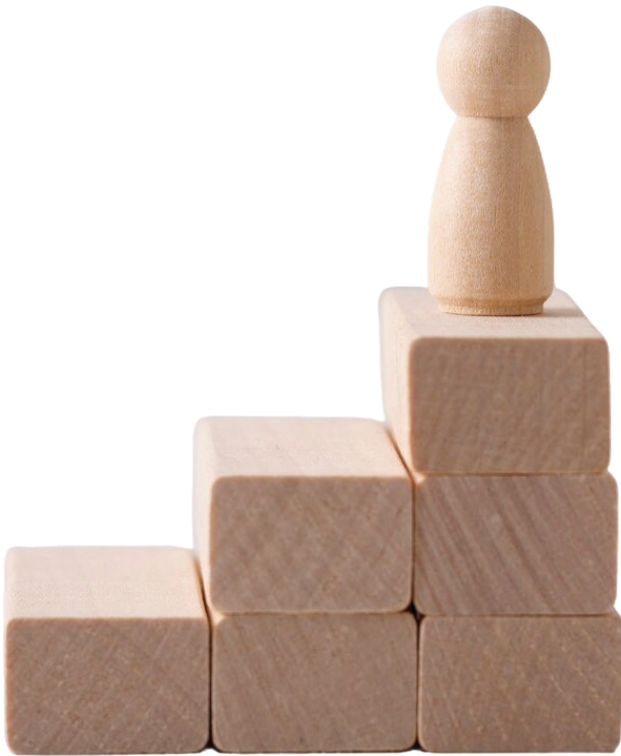
ERM Principles

(b) ERM Framework

The ERM framework provides a structured and consistent approach for risk management implementation across the Group. The Group applies the ERM framework depicted in Figure 2 to integrate effective risk management into significant activities and functions.

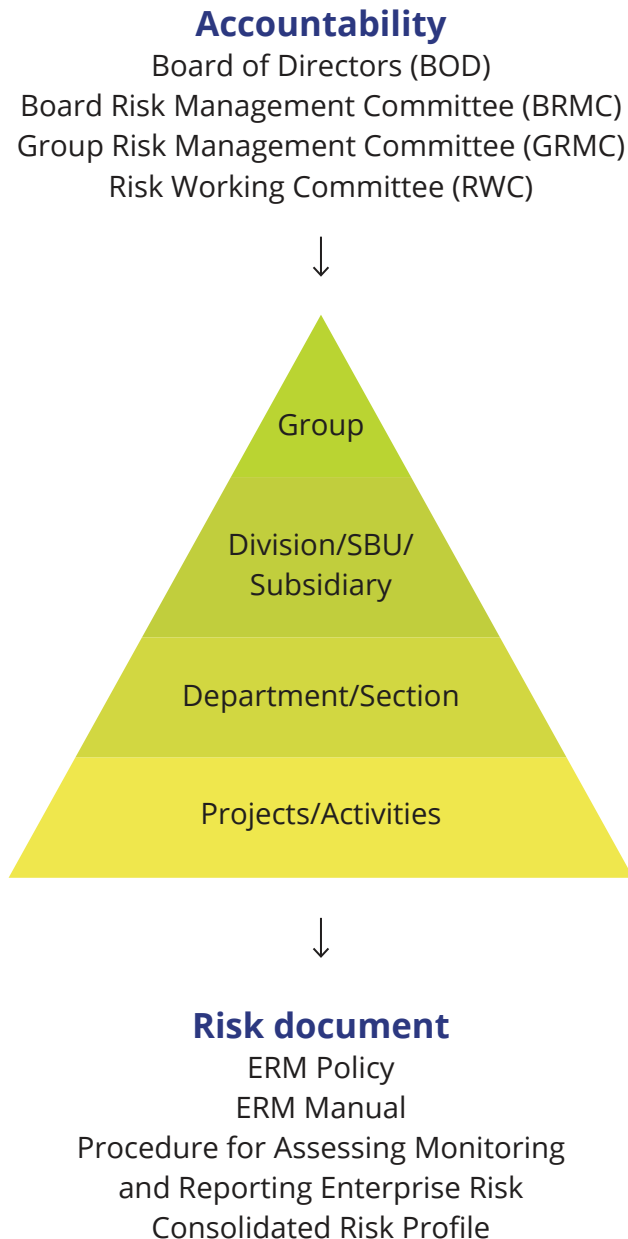


ERM Framework



### (c) Risk Oversight and Reporting Structure

The Group's risk management oversight and reporting structure, as shown in Figure 3, demonstrates the leadership and commitment of the Board and Management in the escalation and cascading of risk information across all levels.



### Board Risk Management Committee (BRMC)

The BRMC defines the Group's ERM Policy for the endorsement of the Board and performs quarterly reviews of the Group's Consolidated Risk Profile to ensure effective implementation of the ERM. In doing so, the committee considers:

- The nature and extent of downside risks acceptable for the Group to bear within its particular business;
- The probability of such risks becoming a reality;
- How acceptable risks should be managed;
- The Group's ability to minimise the probability and impact on the business;
- The costs and benefits of the risk and control activity undertaken;
- The effectiveness of the risk management process; and
- The risk implications of the Committee's decisions.

The BRMC reviews the results of risk updates presented by the Management on a quarterly basis, with focus on the causes, existing controls, impact and action plan to address the top risks of the Group.

### Group Risk Management Committee (GRMC)

The GRMC is supported by the Management through the Group Risk Management Committee (GRMC), chaired by the President and Group Chief Executive Officer. The responsibilities of GRMC include:

- Review and approve the group consolidated risk profile prior to submission to the Board Risk Management Committee;
- Ensure that the BRMC is kept fully informed of all HIGH and SIGNIFICANT risks and any associated development and issues;
- Ensure that ERM is incorporated into the management structure in line with a good Corporate Governance System;
- Ensure appropriate strategies are in place to manage the risks within the Group.

The GRMC meets quarterly to assess and evaluate risks that may impede the Group from achieving its strategic and operational objectives, as well as develop action plans to mitigate these risks.

### **Risk Working Committee (RWC)**

RWC is established at every division, subsidiary and strategic business unit. These RWCs are chaired by the respective heads of divisions, subsidiaries and strategic business units.

The responsibilities of the RWCs are to:

- a. Ensure the ERM framework, policies, and procedures laid down by the GRMC are implemented consistently and effectively throughout the divisions, subsidiaries and strategic business units;
- b. Manage the divisions', subsidiaries' and strategic business units' risks concerning their business objectives;
- c. Evaluate and review Consolidated Risk Profiles as submitted by the departments/project teams quarterly;
- d. Ensure that risk is assessed and incorporated at the conceptual stage of projects and managed throughout the project;
- e. Ensure that risks identified by the department/project teams are appropriately assessed and effective action plans are proposed;
- f. Monitor and review the effectiveness of risk control and recommend necessary ERM practice improvements;
- g. Table and present the approved Consolidated Risk Profile to their respective Board of Directors (for subsidiaries);
- h. Submit the approved Consolidated Risk Profile to the Group Sustainability every quarter;
- i. Submit the approved Consolidated Risk Profile to the GRMC for review and approval following the timeline stipulated by the GRMC; and
- j. Undertake any ERM-related assignments as and when instructed by GRMC.

## **Internal Control Systems**

### **(a) Organisation Structure**

A well-designed organisation structure is imperative for an organisation's success by enhancing efficiency, promoting collaboration, and supporting its strategic objectives. The Board has established an organisation structure with clearly delineated lines of responsibility and authority to enable swift responses to the ever-changing business landscape, ensure effective supervision of daily operations and accountability of the internal controls.

The Management Committee is established to facilitate the decision-making process, and effective supervision of day-to-day business conduct and accountabilities. The Management Committee which comprises Senior Management, is chaired by the President and Group Chief Executive Officer to ensure that the Group's interests are adequately protected in arriving at important business/operational decisions.

### **(b) Annual Business Plan and Budget**

An annual business plan and budget exercise is conducted, which includes studies on global and Malaysia economic outlook, technology trends, formulation of business strategies and establishment of Key Performance Indicators (KPIs), which are then tabled to the Board for deliberation and approval prior to implementation.

Budgets prepared by divisions, subsidiaries and strategic business units are regularly compared with the actual results and explanations on variances are incorporated in management reports which are prepared and reported to the Board every quarter.

### **(c) Core Values and Code of Business Ethics**

The Group's core values, Customer Focus, Integrity and Teamwork, serve as the key principles that shape ethical behaviour within the Group. Throughout the year, employees actively



alert system to mitigate potential risks of financial loss or harm to the Group's reputation.

### Gift Policy

The Group is committed to upholding the highest standards of integrity and governance in its business operations. The Gift Policy is implemented to ensure that the Board, Management, and employees (referred to as SIRIM Citizens) strictly adhere to the SIRIM Group Code of Business Ethics when giving or accepting gifts, both within and outside the workplace. This policy mandates that SIRIM Citizens maintain the utmost ethical standards and conduct when interacting with third parties, and they must avoid any actual or perceived conflict of interest.

### Procurement Policies and Procedures

Procurement policies and procedures are put in place to oversee and regulate procurement activities within the Group. Authority to approve any requisition against budget or unbudgeted expenditures shall be in accordance with the Levels of Authority (LOA). With the digitalisation of the procurement process via the procurement system, namely MyeP, the key controls in procurement are now embedded in the system.

### Human Resource Policies and Procedures

Human Resource policies and procedures are established to provide comprehensive guidance on the management of human capital within the Group including talent acquisition and development, performance and consequence management, termination of service, resignation and retirement. Additionally, disciplinary procedures are put in place to ensure that all disciplinary cases are addressed systematically and comply with the prevailing labour laws and employment regulations.

A new circular on Change Management was introduced during the year under review to ensure all change initiatives and programmes are executed in a structured and systematic manner,

and they are adequately documented and implemented, their success is measured, and the change is sustained.

### IT Guidelines

The IT Guidelines stipulate the requirements applicable to IT usage, username and password governance, best practice for internet policy with current and up-to-date virus definition subscription, safety and security of data and safeguards to be adhered to by the employees for the prevention against intrusion. It also provides guidelines for "Bring Your Own Device" outlining permitted actions (limiting connectivity for 1 hour for guest(s) for tracking purposes) and yearly checks/audits carried out against installation of unlicensed software.

## Adequacy and effectiveness of the Group's Risk Management and Internal Control Systems

The Board is of the view that the risk management and internal control systems that are in place for the year under review and up to the date of approval of this statement, are adequate and effective to safeguard shareholders' investment and the Group's assets. There have been no significant breakdowns or weaknesses in the risk management and internal control systems of the Group for the year under review. The Group continues to take the necessary measures to ensure that the systems of risk management and internal control are in place and functioning effectively. This Statement on Risk Management and Internal Control was approved by the Board on 29 April 2024.

practice the SIRIM Cultural Beliefs, encapsulated by ALEAD: “Achieve Sustainability, Lead Innovation, Engage Teamwork, Act Fast and Deliver Excellence”. These practices help foster the values that the Group upholds.

The Group Code of Business Ethics outlines the Group’s values, business ethics and standards of professional conduct. All employees are obligated to adhere to this Code and must disclose any conflict of interest.

#### **(d) Policies and Procedures**

The key supporting policies and procedures that have been put in place to achieve efficiency, quality of services and standardisation of processes throughout the Group include:

##### **Levels of Authority (LOA) Manual**

The SIRIM Group Levels of Authority (LOA) Manual is in place to streamline and enhance business decision-making within the Group by clearly defining authority and accountability across various levels. It establishes approval processes and authority limits for procurement transactions, including both capital and revenue expenditures, asset acquisitions and disposals, and other significant business transactions. Measures are implemented to strike a balance between expedient decision-making and effective management control. The LOA serves as an authority framework, requiring the proper execution of delegation instruments and providing guidelines and procedures for decision execution throughout the SIRIM Group.

##### **Enterprise Risk Management Policy**

The Group is dedicated to continually managing enterprise risks, by employing a systematic approach that encompasses risk identification, analysis, evaluation, treatment, monitoring, and review. Risks are categorised into three main areas: financial, organisational, and people. This process is integrated into decision-making across the Group.

##### **Health, Safety and Environment Policy**

The HSE policy outlines the Group's dedication to safeguarding employees, stakeholders, and the environment in all its activities. The Group aims to minimise the risks of injuries, health hazards, and property damage, comply with pertinent health, safety, and environmental laws and regulations, and uphold relevant standards and procedures through best practices. Additionally, the Group is committed to continually improving its health, safety, and environmental performance and management systems.

Furthermore, the policy underscores the Group's proactive approach to conserving energy and natural resources, preventing environmental pollution, and preserving the environment.

##### **Anti-Bribery Policy**

The Board and the Management are committed to implementing and enforcing effective policies and procedures throughout the Group for the prevention, monitoring and elimination of any form of bribery and corrupt practice amongst all employees and within its activities, which include relationships with stakeholders, towards the delivery of efficient services with integrity, in line with the Group's Vision and Mission, and national aspirations.

The Anti-Bribery Policy sets out the parameters to prevent the occurrence of bribery and corrupt practices in relation to the businesses of the Group.

##### **Whistleblowing Policy**

SIRIM is committed to fostering a culture of transparency and integrity, where individuals who identify any potential misconduct or malpractice are encouraged to report such concerns in good faith without fear of reprisal.

The Whistleblowing Policy establishes a structured and secure mechanism for reporting concerns regarding irregularities within the Group's operations. Whistleblowing serves as an early

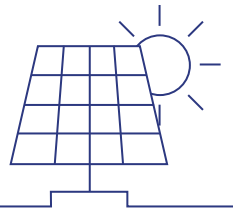


**06** SUSTAINABILITY  
REPORT





# DRIVING IMPACT AND EMPOWERING SUSTAINABILITY



## **Sustainability journey**

The incorporation of SIRIM in 1996 marked the beginning of our sustainability journey, which is a continuous project to incorporate sustainable practices into our operations, culture and strategy. Sustainability is the core motivation and driving force behind everything SIRIM does, including maintaining the environment, empowering communities, and building a resilient, future-ready company.

All of our business operations are guided by these corporate strategies while meeting the Government's mandate. In 2023, our corporate strategies are:

### **Competitiveness**

Drives our ambition for higher profitability and enhancement of technical competencies.

### **Connection**

Our pledge to enhancing collaborative efforts, strengthening communication channels, and building strong brand reputation.

### **Culture of Excellence**

Our commitment to empowering employees and business process improvement in delivering quality services to our customers and stakeholders.

The process of assessment and planning, execution, monitoring and planning, and continuous improvement has been embedded in our business processes for decades, where corporate strategies are cascaded to operational strategies and key performance indicators. In each operation level, risk identification, assessment and mitigation are thoroughly managed, as well as overall risk management at the corporate level.





# ABOUT SUSTAINABILITY REPORT

This report outlines the strategy and initiatives implemented by SIRIM as 'Best Partner for Innovation' in enhancing Malaysian industry's competitiveness and contributing to positive economic growth. SIRIM is committed to delivering technology and quality services by providing comprehensive ESG-related services along the whole business value chain.

## Reporting Period

This report encompasses SIRIM's ESG performance from 1 January 2023 to 31 December 2023. This section of reporting is coordinated by Group Sustainability

## Scope of Sustainability Report

The scope of this report covers SIRIM's business operations in Malaysia and the joint venture company in Huasheng, China; which comprises activities of industrial research, quality assurance services, testing and inspection, measurement and calibration, quality and technology training and packaging and security design.

## Reporting Framework

This report is prepared in reference to Global Reporting Initiative (GRI) Standards, United Nations Sustainability Development Goals (UN SDGs) and Bursa Malaysia Sustainability Reporting Guide (3rd Edition).



Strategic Pillar

Alignment to UN SDGs

Enhance Social Well-being

4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



Uphold Good Governance

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



Protect & Conserve Environment

7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION

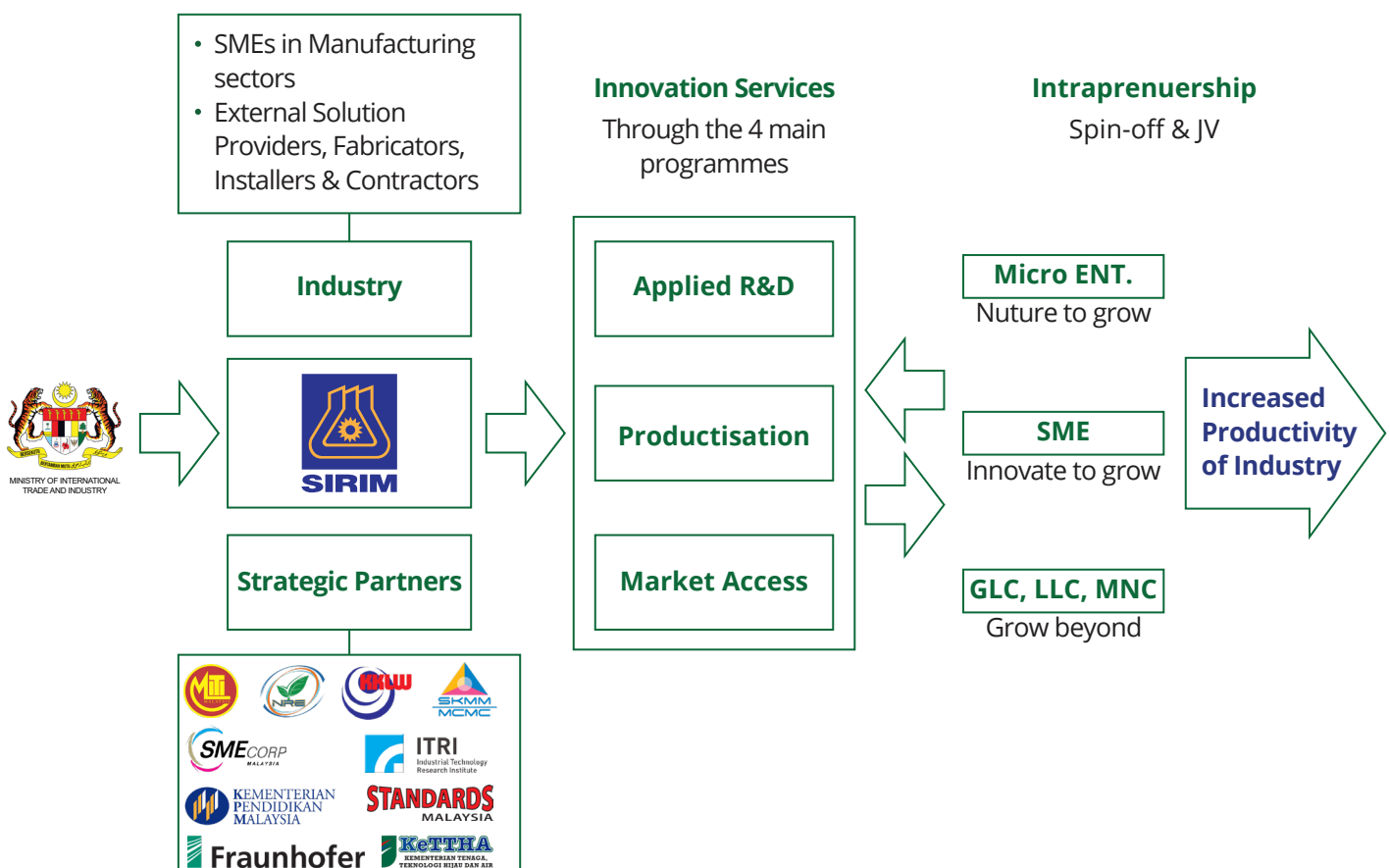


# OUR SUSTAINABILITY APPROACH

Sustainability is a journey and continuous process, and approaches are consistently implemented towards achieving long-term outcomes. SIRIM, through its 'SIRIM Industrial Innovation Model', streamlines our vision to be 'Best Partner in

Innovation' by adapting to stakeholders' needs and requirements, such as conducting research and development, technical services, testing, quality assurance and others.

## SIRIM Industrial Innovation Model





## SIRIM ESG Ecosystem

As an agency under MITI that focuses on industrial growth and trade facilitation, SIRIM has established various capabilities and competencies in meeting the industry demand and assisting the industry in achieving its sustainability goals. In the area of sustainable development initiatives, a lot of SIRIM's services

are aligned to ESG focus needs such as standard development, capacity building, consultancy and advisory, research and development, testing and assessment, verification, certification and other support services.

SIRIM ESG Ecosystem is depicted below:

### Standard Development

- SIRIM Industry Standards (SIS)
- ESG Management Standards (SIRIM 55, SIRIM 56, SIRIM 50, etc.)
- Product Environmental Standards (Eco-criteria)

### Technical Support Services

- Security Design
- Circular Design
- Packaging Design
- Calibration & Measurement
- Technology & Business Commercialisation

### Certification

- Environmental Compliance
- Social Compliance
- Governance Compliance
- Product Compliance

### Inspection & Verification

- ESG Disclosure & Reporting

### Capacity Building

- Personnel Certification Training
- Organisation Certification Training
- Technical Competency Training

### Research & Development

- Technology- based Solutions
- Enabled Supports for Eco-Industrial Park Development

### Testing & Assessment

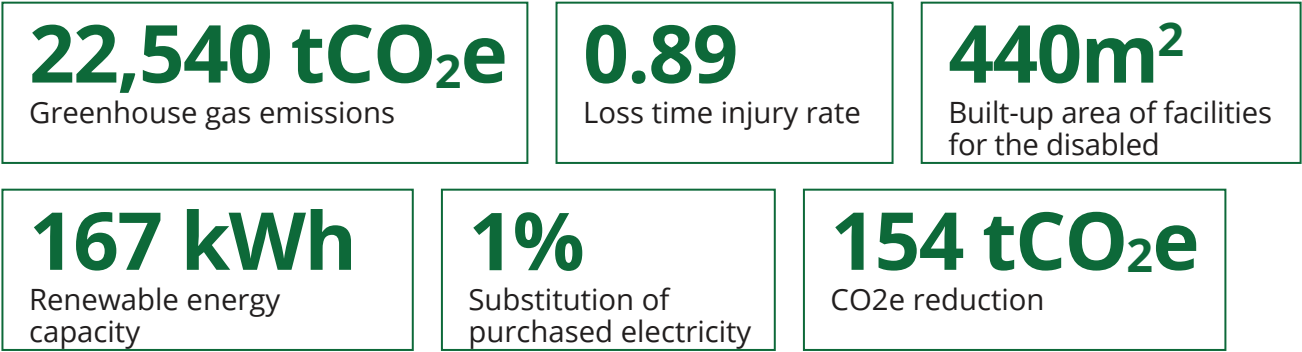
- Product Safety Testing
- Waste Characterization
- Health Risk Assessment

### Consultancy & Advisory

- Standard-based Management Systems
- Carbon Accounting (Product, Organization & Project)
- Energy Management & Energy Efficiency Solutions
- Life Cycle Assessment
- Waste Management
- Readiness Assessment & Strategy Development



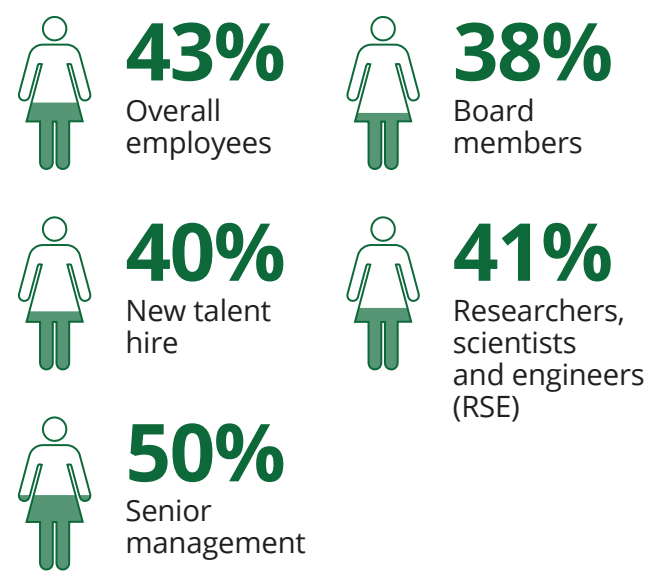
# ESG PERFORMANCE DATA



## Impacts of our Services



## Women Representation



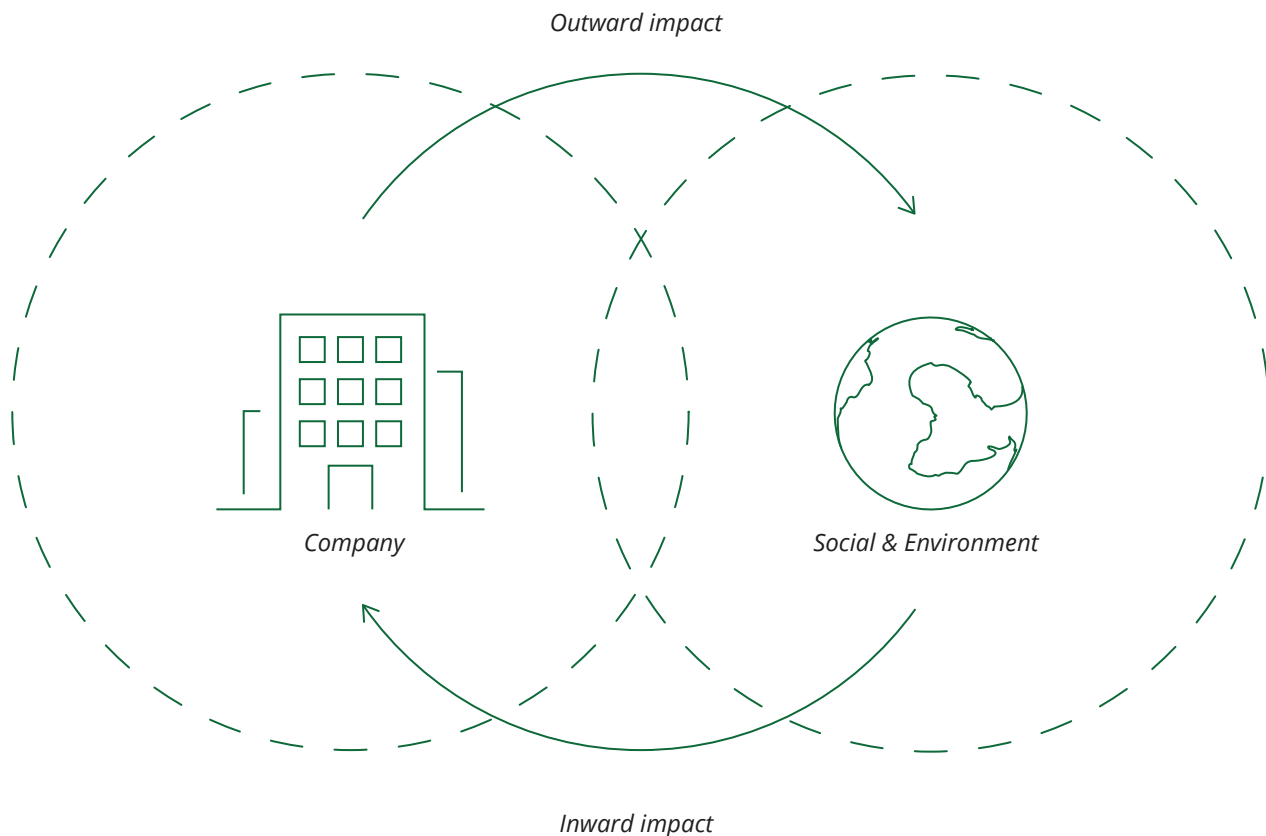
Source: Customer Satisfaction Survey 2023

# MATERIALITY ASSESSMENT

Materiality assessments enable us to identify their actual and potential positive and negative impacts of relevant material topics towards our stakeholders, society and environment so that the topics can be emphasised as a priority.

we conducted an internal review and external engagement on the material matters. The identified topics which are aligned with our business strategy and sustainability framework are shown in the table below.

Our material topics are reviewed biannually or whenever it's necessary to ensure they reflect our strategic priorities and needs. In 2023,





| Material Topic                          | How We Understand the Concept                                                                                         | Why The Topic is Important to Us                                                                                                  |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| <b>Transparency &amp; Integrity</b>     | Open sharing of information, decision-making processes, and accountability.                                           | Ensuring accountability and transparency.                                                                                         |
| <b>Reputable Leaders</b>                | Learning agile and flexing their influence while communicating the vision, showing gratitude, and collaborating.      | Provide guidance and direction while delegating tasks.                                                                            |
| <b>Effective Performance</b>            | Optimise processes and improve efficiency and productivity.                                                           | Boost productivity, engagement, retention, and future-proof the organisation from a skills perspective.                           |
| <b>Occupational Health &amp; Safety</b> | Operational and process safety, accidents, prevention, LTIs, working conditions, labour standards, health and safety. | Employees are the greatest assets. Maintaining high health and safety standards prevents accidents and dangerous situations.      |
| <b>Employment</b>                       | The relationship between an employer and an employee.                                                                 | Leads to better productivity, improved customer service, and long-term positive outcomes.                                         |
| <b>Training &amp; Education</b>         | Training, learning and competence initiatives.                                                                        | Continuously recognise opportunities and develop new and innovative solutions.                                                    |
| <b>Energy</b>                           | Energy (electricity) efficiency in all operations.                                                                    | Lowering the operation cost.                                                                                                      |
| <b>Waste</b>                            | Repurposing and disposal of materials and hazardous waste.                                                            | Protect the environment, reduce expenses, and comply with laws and regulations.                                                   |
| <b>Emissions</b>                        | Emission of greenhouse gases from business activities impacts on climate change and ecosystems.                       | Contribute to reducing economy-wide carbon intensity by 45% by 2030 as specified in the Nationally Determined Contribution (NDC). |

## Stakeholder Engagement

There are many approaches in conducting our stakeholder engagement. SIRIM Industry Engagement (SIE) and SIRIM Industry Dialogue (SID) sessions are organised to bring SIRIM closer to the industry and community. These sessions were strategically designed to foster closer connections between and better understand their needs and requirements.

Through SIE and SID, SIRIM actively engaged with various sectors, facilitating open dialogues, knowledge sharing, and collaboration opportunities. These engagements provided a valuable avenue for SIRIM to gather feedback, address industry challenges, showcase its capabilities, and explore potential partnerships. By maintaining regular interactions and staying attuned to the needs of the community and industry, SIRIM strengthens its role as a trusted partner and catalyst for innovation, which accelerates technology commercialisation and economic growth.

The Annual Majlis SIRIM Industri (MSI) is organised to strengthen the relationship and collaboration between SIRIM, the industry and government agencies, as well as to acknowledge organisations and companies that received various certifications from our subsidiary, SIRIM QAS International Sdn Bhd. These certifications are proof of the highest quality assurances of customers' activities, products and management systems.



*Majlis SIRIM Industri (MSI) 2023*

## Customers, Consumers, System Integrators, Trade Associations and Policy Makers

SIRIM has conducted seven (7) sessions of the SIE series, dialogues with players from the electric vehicle and battery industries, manufacturer associations, and entrepreneurship across the country. It is aimed at inculcating two-way dialogue on mutual learning and solutions.



*EV and Battery Industry Dialogue*

Engagement sessions with policymakers and shareholders were conducted monthly, or more frequently when necessary. These sessions provided updates on our plans, progress, achievements, and any issues related to our initiatives. By maintaining regular communication, we ensure that all stakeholders are well-informed and aligned with our strategic objectives, fostering transparency and collaboration throughout the organisation.



*Bringing SIRIM Closer to Community & Industry at SIRIM Rasa, Hulu Selangor*

## Suppliers

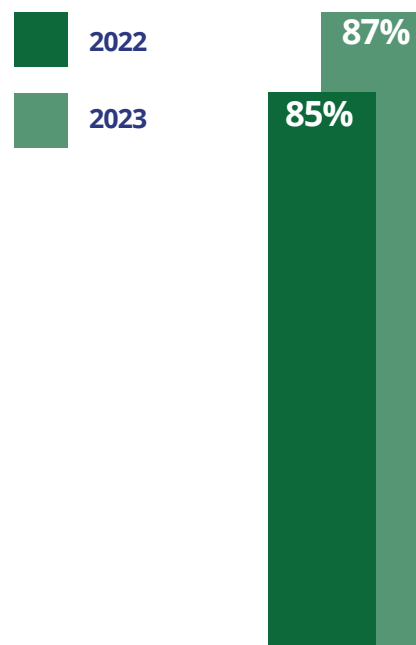
It is our standard procedure to adhere to policies prioritising the selection of locally based suppliers throughout our organisation, while meeting the procurement specifications. This approach ensures a consistent supply chain, supports the local economy, and fosters positive community relations.

Enhancement of the procurement processes led to the introduction of the myEP portal in 2022, marking a significant leap towards digital transformation. This innovative platform was designed to streamline procurement operations, empowering procurement teams to shift their focus from mundane administrative tasks to more strategic initiatives. By digitising the procurement workflow, myEP centralises information, enhances transparency, streamlines communication, and facilitates data-driven decision-making, thereby significantly improving efficiency and productivity across the organisation.

Moving forward, SIRIM remains dedicated to leveraging technology to drive efficiency, transparency, and collaboration in procurement processes. By incorporating user feedback and continuously refining the myEP portal, SIRIM aims to optimise its functionality and user experience further, ensuring that it continues to serve as a valuable tool for our suppliers.

## Customer Satisfaction Survey

A customer satisfaction survey has been conducted annually to gauge our performance and identify areas for improvement. The survey was conducted among customers who conduct business with SIRIM in 2023. According to the survey, the customer satisfaction index achieved was 87%, marking a 2% increase from the previous year, 2022. This positive feedback reflects our commitment to meeting customer expectations and delivering quality service. Moving forward, we will continue to focus on enhancing our services to maintain and exceed this level of satisfaction.



*Customer satisfaction index*



# UPHOLD GOOD GOVERNANCE

## Highest Governing Body

The Board of Directors of SIRIM Berhad (SIRIM Board) takes into consideration the regulatory requirements, guidelines and governance best practices, such as the Companies Act 2016, the Malaysian Code on Corporate Governance 2021 (MCCG 2021), *Garis panduan Ahli Lembaga Pengarah Lantikan Menteri Kewangan* and the Corporate Governance Guide (4th edition) issued by Bursa Malaysia Securities Berhad.

Good governance practices are embedded across the SIRIM Group. Our governance structure and practices are designed to create value for our stakeholders by accentuating greater transparency, accountability and responsibility, building cogency through principled leadership and promoting sustainable practices. The SIRIM Board discharges its responsibilities within a well-defined governance framework, supported by robust mechanisms. Through this governance framework, the SIRIM Board, without abdicating its responsibilities, delegates its governance responsibilities to key Committees of the Board and other Management Committees. The SIRIM Board retains ultimate accountability and responsibility for the performance and affairs of SIRIM Berhad and ensures that the SIRIM Group adheres to high standards of ethical behaviour.

## Governance Structure and Composition

SIRIM Board regularly reviews its composition and the composition of the Board Committees to ensure appropriate balance and presence of the required skills, knowledge, expertise and experience at all times. The SIRIM Board is supported by five (5)

Board Committees with delegated responsibilities to oversee the SIRIM Group's affairs and are authorised to act on behalf of the SIRIM Board in accordance with their respective Terms of Reference. The five (5) Board Committees are the Board Nomination and Remuneration Committee, the Board Investment Committee, the Board Tender Committee, the Board Audit Committee and the Board Risk Management Committee.

The selection, nomination, and appointment of suitable candidates to the Board are evaluated by the Nomination and Remuneration Committee (NRC) in a formal and transparent process. These nominations will be submitted to the Ministry of Finance for final approval. The positions of the Chairman of the Board and President and Group Chief Executive Officer of SIRIM Berhad (PGCEO) are held by different individuals to ensure separation of power and authority and optimal balance, resulting in accountability and enhanced decision-making at the Board level.

## Roles and Responsibilities

SIRIM Board primarily focuses on strategic matters, particularly on the SIRIM Group's strategic initiatives and plans, current business challenges, business plan and budget, business performance, realignment of SIRIM's organisational structure and succession planning for the Board and Senior Management personnel. In SIRIM, the responsibility for managing the organisation's risks is being delegated to a specific department that manages internal audit, integrity and anti-bribery. The periodical reporting performance is reported to the SIRIM Board and the Board subcommittee.

## Conflict of Interest

In ensuring decision-making processes are conducted impartially and without bias and promoting transparency and ethical governance practices, each Director or Board Committee Member is required to declare any interest they may have in transactions, arrangements, or contracts proposed by SIRIM or its entity. Following this declaration, the Director or Board Committee Member must abstain from participating in the discussions and voting on the matter.

The SIRIM Group's policy emphasises conducting all business activities in an honest and ethical manner, with a commitment to preserving the integrity and reputation of the organisation. It is customary for the Chairman of each meeting to commence proceedings by reading out the Statement of Integrity. This statement reaffirms the commitment to good governance and integrity, aimed at preventing and mitigating conflicts of interest.

## Collective Knowledge

The Board of Directors is committed to advancing collective knowledge, skills, and experience on sustainable development through various measures such as attending conferences, seminars, and training programmes. These initiatives are targeted to enhance the Board's understanding of sustainable development principles and practices, equipping them with the necessary expertise to effectively oversee sustainability-related matters within the organisation.

## Evaluation of Performance

The evaluation of the Board's performance at SIRIM Group is a comprehensive process conducted annually. Each Director receives a questionnaire, facilitated by the Company Secretary, to provide feedback on various aspects of the Board's performance. The Company Secretary then compiles the responses and submits the results to both the Chairman of SIRIM Berhad and the Chairman of the Nomination and Remuneration Committee (NRC).

As part of the governance structure, the evaluation is also submitted to the Ministry of Finance Incorporated (MOF Inc.), and the results are considered when evaluating proposals for extending the tenure of directors of SIRIM Berhad. This ensures that the Board's performance is rigorously assessed and informs decisions regarding director appointments and renewals, promoting accountability and effective governance within the organisation.

## Policy Commitment

SIRIM's policy commitments for responsible business conduct are outlined in 'Kod Etika Perniagaan, Kumpulan SIRIM 2023' and also commitment to respect human rights. SIRIM's commitment to at-risk or vulnerable groups, including our adherence to the Employment (Amendment) Act 2022 includes:

- Non-discrimination in the workplace.
- Encouragement of diversity and inclusion in the workplace.
- No forced labour in the workplace.

SIRIM has established various policies that reflect our commitment to business decisions and policies while addressing opportunities for sustainability, such as:

- Environmental, Social and Governance
- Quality
- Occupational Safety and Health
- Energy
- Anti Bribery
- Whistleblowing
- Gift
- Business Continuity



Delivering Our Business with Integrity and Transparency to Uphold Trust from Stakeholders

Charged with upholding the organisation's integrity and ethical conduct, the Board ensures that operations align with established values and principles. To facilitate its governance functions effectively, the Board is supported by five committees, each tasked with specific areas of decision-making and management oversight.

Through their collective efforts, they help reinforce accountability, promote sustainable practices, and drive organisational performance. Additionally, having dedicated ombudsman entities such as the Group Internal Audit and Group Integrity further strengthens SIRIM's governance ecosystem by providing independent oversight and ensuring adherence to established policies and procedures. In line with its commitment to transparency and accountability, SIRIM has embraced digitalisation initiatives to enhance operational efficiency and effectiveness. By digitising key processes, from application procedures to the issuance of certificates, SIRIM has streamlined workflows and improved traceability. These digital solutions not only promote greater transparency in operations but also instil confidence in stakeholders, demonstrating SIRIM's unwavering dedication to reliability and integrity.

SIRIM holds every employee and individual representing the company responsible for upholding its reputation and conducting business honestly and professionally. As part of this commitment, SIRIM maintains a zero-tolerance policy against bribery and corruption in any form, whether direct or indirect. The organisation is dedicated to conducting all business dealings and relationships fairly, professionally, and with integrity.

Communication and Training

Group Integrity of SIRIM has conducted various programmes to address the needs for training, awareness and visits to inculcate the integrity

culture within SIRIM. There are 31 programmes with a 128-hour duration conducted in 2023, as compared to 20 programmes with 76 hours in 2022. This shows SIRIM's employees have many opportunities to attend the programmes and meet their targeted duration of awareness for integrity training, which is 8 mandays per employee a year. In both years, the participation rates by employees in the programme are more than 80%.

Incidents of corruption and actions taken

Any incident of corruption is referred to the Domestic Inquiry (DI) to ensure a thorough investigation and appropriate follow-up actions. There are no public legal cases regarding corruption (specifically under the MACC Act 2009) brought against SIRIM or its employees during the reporting period.

| Description.                                                                                                                                         | Year |      |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|
|                                                                                                                                                      | 2023 | 2022 |
| Total number and nature of confirmed incidents of corruption.                                                                                        | 1    | 1    |
| Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.                                                 | Nil  | Nil  |
| Total number of confirmed incidents of when contracts with business partners were terminated or not renewed due to violations related to corruption. | Nil  | Nil  |

Summary of confirmed incidents of corruption and action taken





# PROTECT AND CONSERVE ENVIRONMENT

Protecting and conserving the environment is a multifaceted endeavour that encompasses a wide array of actions and initiatives aimed at mitigating human impact on the natural world while promoting the sustainable utilisation of resources. Malaysia's commitment to environmental sustainability is evidenced by its participation in global agreements such as the Paris Agreement, where it has pledged to reduce its greenhouse gas (GHG) emissions by 45% by the year 2030. In line with these national objectives, SIRIM has undertaken a strategic approach, implementing numerous initiatives designed to contribute to these ambitious targets.

One such initiative involves the establishment of an energy management team tasked to strategise and formulate all energy-related initiatives for SIRIM Group, monitor the implementation and effectiveness of the energy management system, as well as ensure compliance with relevant Acts and Regulations. This system aims to optimise energy usage across different operational areas, identify opportunities for energy conservation, and promote energy-efficient practices throughout the organisation.



As part of its commitment to energy efficiency, SIRIM conducts ongoing energy audits at prioritised premises with the highest electricity consumption levels. These audits, which are anticipated to be completed by 2025, serve as comprehensive assessments of energy consumption patterns and help identify areas where improvements can be made to enhance energy efficiency and reduce overall consumption. By understanding energy consumption patterns and pinpointing areas for potential savings, SIRIM's management can develop targeted strategies to optimise energy usage and minimise environmental impact.

In addition to energy management initiatives, SIRIM also prioritises the responsible use of water resources. The Asset Monitoring Department (AMD) plays a crucial role in this regard, monitoring water consumption across the company's operations. By closely tracking water usage and identifying opportunities for conservation, AMD contributes to SIRIM's broader sustainability efforts and ensures the efficient utilisation of this vital resource.

Through these proactive measures and initiatives, SIRIM demonstrates its commitment to environmental stewardship and sustainability, aligning its operations with national and global objectives aimed at preserving and protecting the planet for future generations.

SIRIM's efforts have been recognised through its participation as a strategic partner in the 'Low Carbon City' (LCC) Shah Alam 2023 initiative, organised by the Majlis Bandaraya Shah Alam (MBSA). This programme is part of MBSA's broader efforts to implement initiatives aimed at reducing greenhouse gas (GHG) emissions in collaboration with institutions across Selangor State, as part of the Low Carbon Cities 2030 Challenge programme.



*Certificate as Strategic Partner for Low Carbon Programme (LCC) Shah Alam*

## Energy

The Group's energy consumption is monitored and reported to the Energy Commission for compliance with the Efficient Management of Electrical Energy Regulations 2008 (EMEER 2008). On the same note, monthly energy consumption is reported to top management and SIRIM Building Performance; a dedicated dashboard has been developed to enable effective monitoring.

## Energy Consumption

In 2023, our energy consumption decreased by 4%, surpassing our target to reduce total energy consumption by 2% annually. This achievement reflects our commitment to sustainability and efficient resource management.

| Type of energy source | Energy consumption (kj) | Contribution (%) |
|-----------------------|-------------------------|------------------|
| Non-renewable         | 78,492,450,960          | 99               |
| Renewable             | 712,994,400             | 1                |
| <b>Total</b>          | <b>79,205,445,360</b>   | <b>100</b>       |

*Source of energy consumed*

### Renewable Energy

The solar photovoltaic system was installed in May 2022 at SIRIM off-campus (location identified as high energy users) in Jalan Pahat and Jalan Lada Sulah, Shah Alam. The installed solar system capacity is 55.6 kWp\* at each premise. Overall, the energy generated in 2023 was 712,994,400 kj.

\*kWp stands for kilowatt 'peak' power output of a system.



Solar power system at SIRIM Jalan Lada Sulah



Solar power system at SIRIM Jalan Pahat

### Energy Efficiency Measures

During the year of review, measures taken to improve energy efficiency at the SIRIM Headquarters (HQ) campus are clustered as below:

- Replacement of a highly efficient pump for the condenser water pumps.
- Replacement of stand-alone old air conditioning systems.
- Lighting system with energy-efficient lamps.

### Greenhouse Gas (GHG) emissions

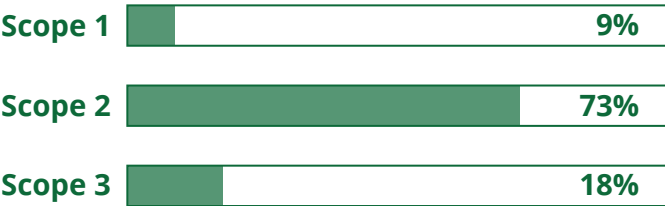
SIRIM's Group Sustainability and the technical experts from the Environmental Performance Section have conducted accounting and reporting of direct and indirect Greenhouse Gas (GHG) emissions generated from its operations and business activities in 2023. This accounting provides an overview of the organisation's GHG emissions expressed in carbon dioxide equivalent (CO<sub>2</sub>e), about ISO 14064-1 standards and is supplemented by the Greenhouse Gas (GHG) Protocol and IPCC Guidelines.

Based on the GHG Protocol, the emissions are categorised below:

|         |                                                                                       |
|---------|---------------------------------------------------------------------------------------|
| Scope 1 | Direct emissions from owned facilities.                                               |
| Scope 2 | Indirect emissions from purchased electricity.                                        |
| Scope 3 | Other indirect emissions from activities not owned or controlled by the organisation. |

These emissions include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), nitrogen trifluoride (NF<sub>3</sub>), sulphur hexafluoride (SF<sub>6</sub>), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs). Additionally, emissions from business travel and mobile combustion were included in the accounting.

The SIRIM's GHG emission accounting in 2023 is 22,541 tCO<sub>2</sub>e. The quantified GHG inventories serve as baseline information for SIRIM Group to make decisions on strategies, action plans, and targets for reducing GHG emissions, aligning with its sustainability agenda.



SIRIM Greenhouse Gas emissions in 2023



The findings from the assessment establish the foundation for an effective mitigation plan moving forward. We seek to strike a balance between reducing the environmental impacts and providing quality standard-based services and industrial research.

We aim to enable low-carbon circular economies to reduce energy wastage and derive savings across our laboratories and workshops. We plan to adopt clean energy solutions as well as sustainable energy sources by optimising our management of energy. SIRIM HQ office in Shah Alam has taken part in the Shah Alam Low Carbon City Framework (LCCF). The annual GHG emissions reduction and initiatives report was submitted to the Shah Alam City Council (MBSA).

## Water Management

SIRIM remains committed to responsible water management, evident through a range of initiatives aimed at conserving water resources. The Asset Management Department (AMD) monitors water consumption for both domestic and production purposes, providing monthly reports to top management for informed decision-making.

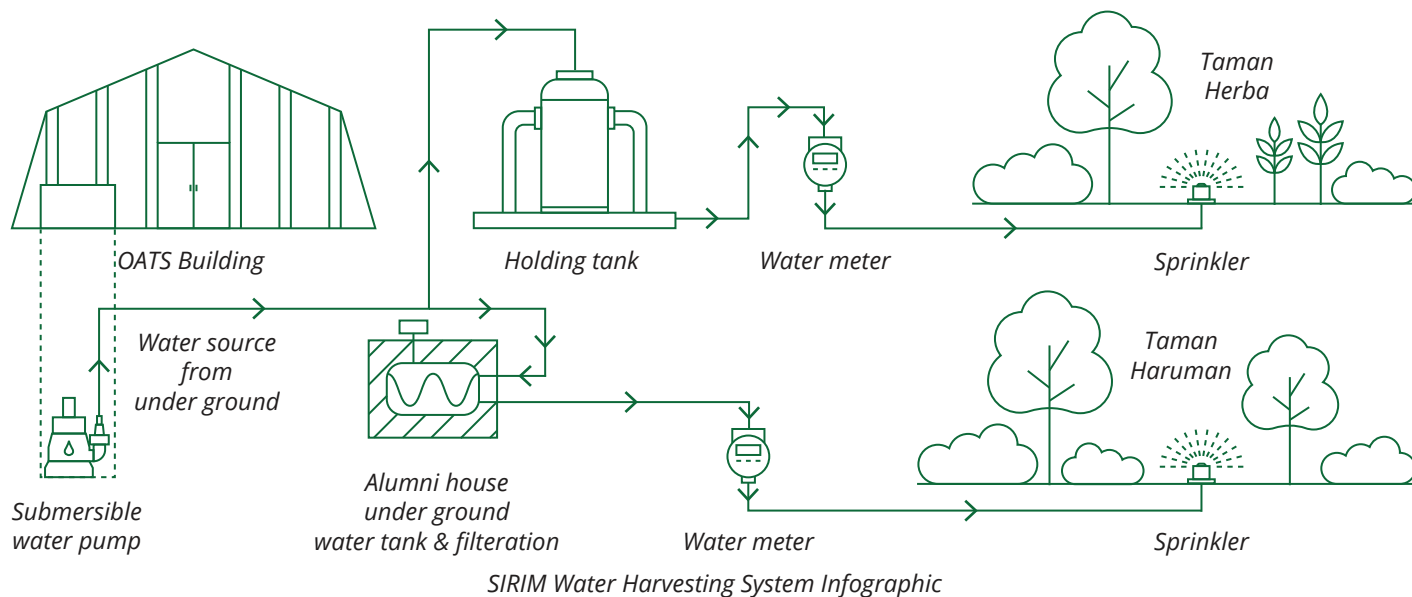
In 2023, SIRIM's total water consumption across its operations amounted to a substantial 203,307

cubic meters. Recognising the critical importance of responsible water management, SIRIM implemented various strategies to conserve this valuable resource.

Alongside its reliance on municipal water supply, SIRIM prioritised water conservation through the adoption of sustainable practices such as rainwater harvesting and harnessing the continuous flow of spring discharges.

The water harvesting initiatives involved redirecting and storing discharged spring water into dedicated storage tanks. By doing so, SIRIM not only prevented potential flooding in the surrounding areas but also effectively repurposed this water for various beneficial activities. This repurposed water was utilised for tasks such as water ponding, irrigation for gardening purposes, and even for washing official vehicles.

The water conservation initiatives implemented by SIRIM yielded tangible results, contributing to a remarkable 5% reduction in the total water consumption at the headquarters facility. This achievement underscores SIRIM's successful efforts to minimise its reliance on municipal water supplies while reaffirming its commitment to environmental stewardship and resource efficiency.



## Waste Management

Scheduled wastes (SWs) are an inevitable by-product of business processes. These wastes, as outlined in the Environmental Quality (Scheduled Wastes) Regulations 2005, are systematically managed, monitored, and reported in the Electronic Scheduled Waste Information System (eSWIS) according to specific sites. It is crucial to mitigate the risks associated with these hazardous materials to prevent contamination of the environment and ensure compliance with all relevant regulations.

In 2023, a total of 18 metric tonnes of solid waste (SW) were managed through disposal and treatment at prescribed premises. The SWs can be largely categorised as:

- SW1: Metal and metal-bearing waste.
- SW2: Waste containing principally inorganic constituents which may contain metal and organic material.
- SW3: Waste containing principally inorganic constituents which may contain metal and inorganic material.
- Waste which may contain either organic or inorganic constituents.

**Diverted from disposal**  **37%**

**Directed to disposal**  **63%**

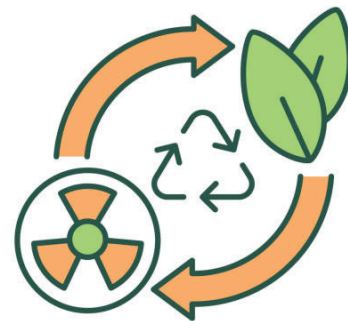
*Management of schedule waste*

## Waste diverted from disposal

- The recycling processes vary for different categories of SW Codes. Briefly, the process & end material/product of these process lines are outlined as follows:
- Disposed fluorescent lamp or bulb: Mercury is removed, then materials undergo centrifugation and separation. The end product is used in the production of reflective signboard paint.

- Spent lubricating oil and organic solvents undergo filtration, separation, and mixing. The refined material is reused as raw material for the petrochemical industry and remanufactured.
- Waste which may contain either inorganic or organic constituents is cleaned, decontaminated, dried, and then reused, sold, or remanufactured. Pigments and sludge are recycled; waste mixtures are filtered and separated for reuse and remanufacturing.

These processes extend the materials' life cycles and divert waste from disposal.



## Waste directed to disposal

Biological waste\* is managed and treated at prescribed facilities using various methods such as burial, landfilling, combustion, alkaline hydrolysis, or incineration.

Chemical wastes were disposed of and treated at prescribed premises using either landfilling, combustion, or incineration methods (according to the procedure of chemical waste disposal practised by SIRIM Berhad).

*\* Any euthanasia of animals must adhere to approved methods as outlined by the Institutional Animal Care and Use Committee (IACUC). Prior approval from the IACUC is mandatory before initiating any research, testing, or instructional project involving live vertebrate animals. This includes mammals, birds, fish, amphibians, and reptiles. Approval is also required when animals are purchased or euthanised specifically to obtain tissues.*

# ENHANCE SOCIAL WELL BEING

SIRIM continues to build and maintain good relationships with its stakeholders through two (2) main objectives, which are adding value to the quality of life through impactful partnerships and caring for our employees. The main objectives are valuing diversity, treating others with respect and continuously being able to maintain and develop friendships and social networks.

## **Adding value to the quality of life through impactful partnership**

SIRIM believes in the power of collaboration to elevate lives and promote sustainability. Through impactful partnerships, SIRIM focuses on community outreach, supporting underserved populations with clean water, healthcare, and education. Additionally, it collaborates with local businesses and entrepreneurs, providing mentorship and technical expertise to foster innovation and sustainable growth. In terms of technical partnerships with industries, SIRIM engages in research, technology transfer, standards development, and capacity building to drive innovation and economic prosperity.

The impact of our partnerships is evident with the signing of 109 Memoranda of Agreement (MoAs) and 13 Memoranda of Understanding (MoUs) in 2023.

## **Nature-based alternative materials Wound dressing applications**

SIRIM's industrial research team actively collaborates with industry partners to advance the production of Polyhydroxyalkanoates (PHA), a sustainable and biodegradable alternative to conventional plastics. This strategic partnership aims to leverage the expertise of both parties to develop PHA materials suitable for wound dressing applications and help society in accessing to affordable locally manufactured products.

## **Scale up production of Poly (3-Hydroxybutyrate-CO-3-Hydroxyhexanoate), PHBH**

PHBH is produced by microorganisms during the fermentation of plant oil. During fermentation, a microorganism takes in the plant oil and stores PHBH inside itself as a bioplastic. Recognising the increasing demand for bioplastics as a viable alternative to traditional petroleum-based plastics, SIRIM has forged strategic partnerships with Japanese collaborators to scale up the production of PHBH.

The PHBH is used to produce utensils for fast food chains and packaging purposes. Through this collaborative effort, SIRIM aims to enhance its bioplastic manufacturing capabilities and develop high-quality, sustainable materials suitable for diverse industrial applications.



## Repurposing of used plastic drinking water bottles

As part of its commitment to environmental stewardship, SIRIM is involved in various recycling initiatives aimed at repurposing the abundant waste and promoting circular economy principles. One such initiative focuses on the recycling of polyethylene terephthalate (PET) from used drinking water bottles. The recycled bottles are transformed into product sheets using thermoforming and extrusion processing techniques for electronic and electrical packaging.

## Energy efficiency partnerships

In collaboration with industry partners and plantation stakeholders, SIRIM conducts comprehensive assessments of energy consumption patterns to identify opportunities for enhancing energy efficiency and reducing overall energy consumption. By analysing energy usage data and implementing targeted interventions, SIRIM helps businesses to optimise their energy performance, lower utility costs, and minimise environmental impact. Through these collaborative partnerships, SIRIM aims to foster a culture of sustainability and resource efficiency across various sectors, driving positive environmental outcomes and supporting Malaysia's transition towards a low-carbon economy.

## Harmonising legal metrology within the Asia-Pacific Region

SIRIM's stewardship of the Asia Pacific Legal Metrology Forum (APLMF) from 2022 to 2025 underscores Malaysia's pivotal role in fostering regional cooperation and advancing legal metrology practices. Established in 1994 with 14 countries in the Asia-Pacific Economic Cooperation (APEC) region, the APLMF serves as a vital platform to harmonise regulations and remove technical or administrative barriers to trade.

In conjunction with the above, SIRIM has engaged with the National Institute of Standards and

Industrial Technology, Papua New Guinea (PNG) since 2017, exemplifying Malaysia's commitment to fostering measurement excellence beyond its shores. Through comprehensive consultation services focused on enhancing technical measurement capabilities and competency, SIRIM is actively contributing to PNG's efforts to strengthen its capacity in critical areas such as mass and temperature measurement. This collaborative partnership not only benefits PNG but also aligns with SIRIM's broader vision of promoting regional leadership in metrology standards and practices, particularly within the Pacific region.

Moreover, the collaboration between SIRIM and the National Metrology Laboratory (NML) Philippines highlights the mutual benefits of cross-border cooperation in advancing metrological standards and practices. Through strategic consultation and guidance, SIRIM is assisting Southern Metrology and Calibration Services, Inc. in the Philippines in enhancing its calibration procedures for petroleum storage, prover tank calibration, and liquid flow measurement. By leveraging SIRIM's expertise, the Philippines is bolstering its metrological capabilities in these specialised areas, which, in turn, contributes to the broader goal of elevating legal metrology standards across the Asia-Pacific region, assisting trade and give positive impact on their respective society.

## Improving marine food security

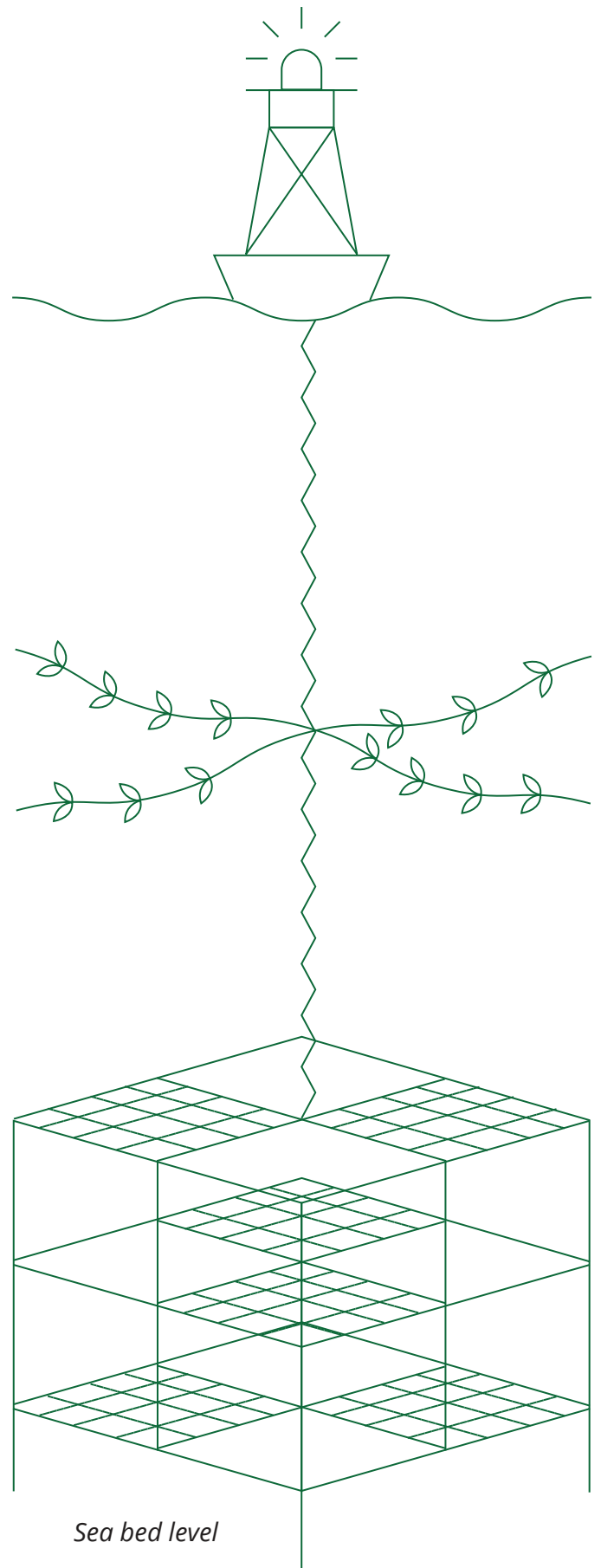
SIRIM's deployment of 8 units of Hybrid Unjam in the coastal waters of Sabak Bernam marks a significant step in enhancing oceanic resource accessibility for artisanal fishermen. Situated at coordinates 3.68885° latitude and 100.84409° longitude E, approximately 8 km from the shoreline, these installations utilise a specially designed ceramic tube catalyst support media, protected by patent number MY-174053-A. This innovative design promotes the cultivation of microalgae by creating open pores, fostering the growth and development of essential organisms within the marine ecosystem.



*Deployment of hybrid unjam*

The introduction of Hybrid Unjam offers numerous benefits to artisanal fishermen, who predominantly rely on reef and inshore fisheries for sustenance and income. By providing access to oceanic resources, these installations reduce fishermen's dependence on reef and inshore resources, consequently increasing their catches while reducing the time and cost associated with fishing.

Moreover, Hybrid Unjam contributes to the increase of fish population biomass, addressing Malaysia's reliance on imports from neighbouring nations and supporting the sustainability of fish resources, crucial for food security and marine ecosystems along the coast.



*Illustration of Hybrid Unjam  
Developed by SIRIM*

After 10 months of deployment, monitoring efforts have identified 10 species of fish along the Unjam Hybrid area within Sabak Bernam coastal waters. These species include:

- Yellowfin Tuna (*Thunnus albacares*)
- Skipjack Tuna (*Katsuwonus pelamis*)
- Mahi-mahi (*Coryphaena hippurus*)
- Wahoo (*Acanthocybium solandri*)
- Sailfish (*Istiophorus platypterus*)
- Marlin (*Makaira* spp.)
- Bonito (*Sarda* spp.)
- Barracuda (*Sphyræna* spp.)



*Lutjanus Johnii* (Jenahak)



*Megalaspis Cordyla* (Cencaru)



*Alepes Djedaba* (Pelata Keledak)



*Scomberoides Tala* (Talang Padi)



*Johnius Carouna* (Gelama Bakau)



*Nibea Soldado* (Gelama Papan)



*Johnius Belangerii* (Gelama Birai)



*Nemipterus Virgatus* (Kerisi Emas)



*Pomadasys Kaakan* (Gerut-gerut Ompakan)



*Brevitrygon Walga* (Pari Ketuka Tanjung)

*Fish species caught at the deployment area*



## Supply of clean freshwater

SIRIM is committed to fostering innovation in improving the daily lives of communities, recognising the importance of water and electricity as foundational resources. In collaboration with the Ministry of Science, Technology and Innovation (MOSTI), SIRIM has addressed the challenges faced by impoverished populations in Pulau Sebangkat, Sabah, who encounter difficulties accessing clean water, often requiring lengthy journeys, such as the 10-kilometre boat trip to Semporna, to secure their water supply.

In pursuit of these goals, SIRIM has introduced a Seawater Desalination System, leveraging renewable energy sources in the form of a "Hybrid Solar PV and Desalination System". This innovative system can produce up to 5 cubic metres of clean water daily, benefiting approximately 200 residents in the vicinity. By offering access to clean water closer to home, SIRIM's initiative not only enhances the quality of life for these communities but also promotes sustainability and alleviates economic strain.



*Launching of Hybrid Solar PV and Desalination System*



*Clean water for Pulau Sebangkat*



## Adopting smart manufacturing for process improvement

Since 2021, SIRIM has collaborated with TEKUN Nasional to provide essential support to micro and small enterprises (MSEs) in enhancing their production processes. This partnership has led to the implementation of several programmes, namely the Halal Technology Transformation Programme (HTTP), HTTP 2.0, and HTTP 3.0, benefiting a total of 29 SMEs identified by TEKUN from the food and beverage manufacturing sector.

These programmes focus on assisting MSEs in adopting advanced manufacturing practices, with a particular emphasis on the mechanisation of production lines—a fundamental aspect of Smart Manufacturing. Through this initiative, the MSEs can optimise their manufacturing operations and achieve greater efficiency, precision, and consistency in their production processes, leading to improved product quality and reduced operational costs.



*Exco Development of Entrepreneurs, Cooperatives & Consumer Affairs, Melaka with TEKUN Nasional at Hamidahku Industry Sdn. Bhd.*

## Technical guidance and consultation programmes

A systematic guidance and consultation provided by SIRIM, in collaboration with relevant agencies such as Lembaga Kemajuan Kelantan Selatan (KESEDAR), Perbadanan Labuan, and Perbadanan Islam Johor, aims to empower micro and small enterprises (MSEs) by improving the quality of their work, refining their working techniques, and fostering a mindset conducive to growth and innovation.

Through tailored programmes, MSEs can access a comprehensive range of technical advisory services and consultation sessions conducted by SIRIM experts. These services encompass various aspects of business development, including:

### Product Development Assistance

SIRIM offers guidance on product design, development, and enhancement, enabling MSEs to create innovative and market-ready products that meet consumer demands.

### Process Optimisation

MSEs receive support in optimising their manufacturing processes to enhance efficiency, reduce operational costs, and minimise waste generation, thereby improving overall productivity.

### Quality Management Systems

SIRIM assists MSEs in implementing quality management systems, such as ISO standards, to ensure consistent product quality, regulatory compliance, and customer satisfaction.

### Technology Adoption

Guidance is provided on the adoption and integration of new technologies and innovations into MSEs' operations, enabling them to stay competitive, increase productivity, and enhance their market positioning.



## Regulatory Compliance

MSEs gain access to information and guidance on regulatory requirements, industry standards, and certifications relevant to their sector, facilitating compliance and market acceptance.

## Market Access and Expansion

SIRIM supports MSEs in conducting market research, identifying growth opportunities, and developing strategies to expand their market reach and grow their business sustainably.

## Promoting Innovation Culture

Since 2017 (with exceptions in 2020 and 2021), SIRIM has organised the SIRIM Invention, Innovation & Technology Expo (SI2TE) to promote the innovation culture. This expo serves as a platform for inventors from local education institutions and industrial players to showcase their innovations.

By providing a venue for inventors to display their inventions and innovations, SIRIM encourages collaboration between academia and industry, fostering an environment conducive to innovation and entrepreneurship.



*SIRIM Invention, Innovation & Technology Expo (SI2TE) 2023*

Through SI2TE, inventors could gain recognition for their work, explore potential partnerships with industry players, and ultimately commercialise their inventions. This initiative not only promotes a culture of innovation but also contributes to the growth and development of the local innovation ecosystem.

| Year  | No. of Inventions | No. of Participants |
|-------|-------------------|---------------------|
| 2017  | 193               | 1930                |
| 2018  | 249               | 2490                |
| 2019  | 380               | 3800                |
| 2022* | 174               | 1740                |
| 2023  | 284               | 2840                |

### *Participation & Invention in SI2TE*

*\*Participation was limited following the COVID-19 guidelines*

## Corporate Social Responsibility (CSR)

CSR activities are designed to ensure that we not only pursue profitability but also actively address social and environmental concerns. Through collaborative efforts with our stakeholders, we strive to make a meaningful difference in society while upholding our commitment to sustainability and ethical practices.

### Micro-Entrepreneurs development in the food & beverage sector

In 2022, Persatuan Asnaf (Melaka) and Majlis Agama Islam Negeri Sembilan (MAINS) have shortlisted 20 micro-entrepreneurs from the food and beverage sector to participate in the SIRIM Group's CSR.

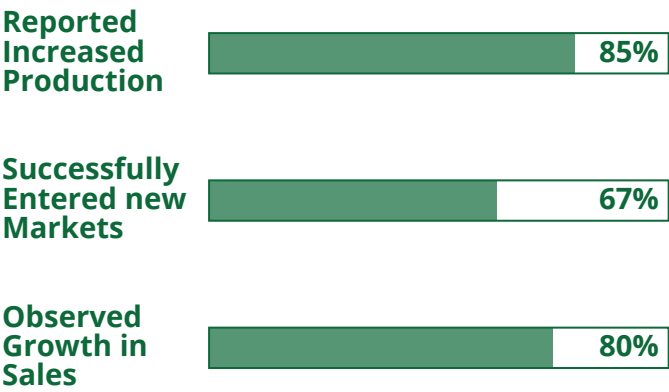
The objective of this programme is to assist them in enhancing the quality of their product presentation, ultimately leading to increased sales and profits. It begins with a basic course in branding and packaging design as well as the basics of digital marketing. Upon programme completion, participating entrepreneurs will receive customised logos, labels, or packaging designs that adhere to the regulations outlined in the Food Act 1983.

Additionally, they will be provided with promotional materials such as buntings to support their



marketing efforts. This comprehensive support aims to empower micro-entrepreneurs with the necessary tools and resources to effectively showcase their products and drive business growth.

The programme's outcomes demonstrate promising results:



These impactful outcomes have prompted the replication of the programme for 20 entrepreneurs in Pahang and Johor who participated in 2023. Their progress will be evaluated six months after programme completion to assess its effectiveness in generating positive outcomes for their businesses.

**“Kongsi Kebahagiaan” Programme**  
SIRIM QAS International Sdn Bhd, in collaboration with Jabatan Politeknik Malaysia, has provided food vouchers to 600 students from low-income families at Politeknik Shah Alam, Politeknik Ibrahim Sultan in Johor, and Politeknik Metro in Kuala Lumpur (areas with a high cost of living).



“Kongsi Kebahagiaan” Programme

| Programme Impact on beneficiaries (%) | Increased in production | New market penetration | Increased in sales |
|---------------------------------------|-------------------------|------------------------|--------------------|
| 0-20                                  | 1                       | 2                      | 1                  |
| 21-40                                 | 3                       | -                      | 1                  |
| 41-60                                 | -                       | 4                      | 3                  |
| 61-80                                 | 9                       | 9                      | 11                 |
| 81-100                                | 7                       | 5                      | 4                  |
| Total                                 | 20                      | 20                     | 20                 |

Outcome of Pembangunan Usahawan Mikro sektor Makanan & Minuman Programme

## **“ADA SIRIM BARU BELI!”**

### **Consumer Awareness Campaign**

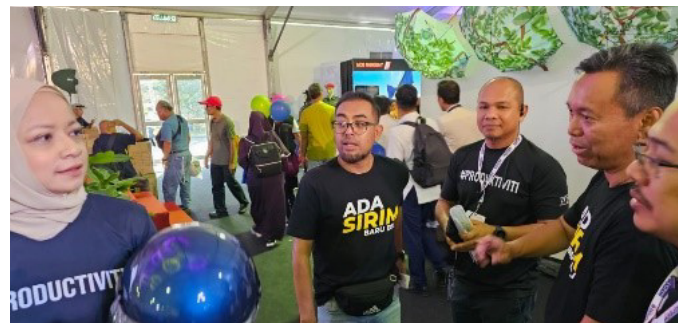
SIRIM plays a crucial role in testing and certifying protective helmets and visors for vehicle users, ensuring that they meet safety standards. As part of its campaign to create awareness about the importance of using certified safety helmets to reduce the rate of severe head injuries, SIRIM QAS International Sdn. Bhd distributed a total of 570 safety motorcycle helmets to students of Universiti Teknologi Mara (UiTM) on 21 June 2023. This initiative was conducted in collaboration with final-year students of Interpersonal Communication from the Faculty of Communication and Media Studies at UiTM Shah Alam.



*Distribution of safety helmets programme*

In addition to helmet distribution, SIRIM has been actively engaging with consumers to raise awareness about the importance of using certified safety motorcycle helmets. This includes conducting talks at events such as the *Program Setahun Bersama Kerajaan Madani* held at Bukit Jalil Stadium, where an additional 100 units of helmets were distributed to participants. Through these efforts, SIRIM aims to ensure the safety and well-being of motorcycle riders by promoting the

adoption of high-quality protective gear with final-year students of Interpersonal Communication from the Faculty of Communication and Media Studies at UiTM Shah Alam.

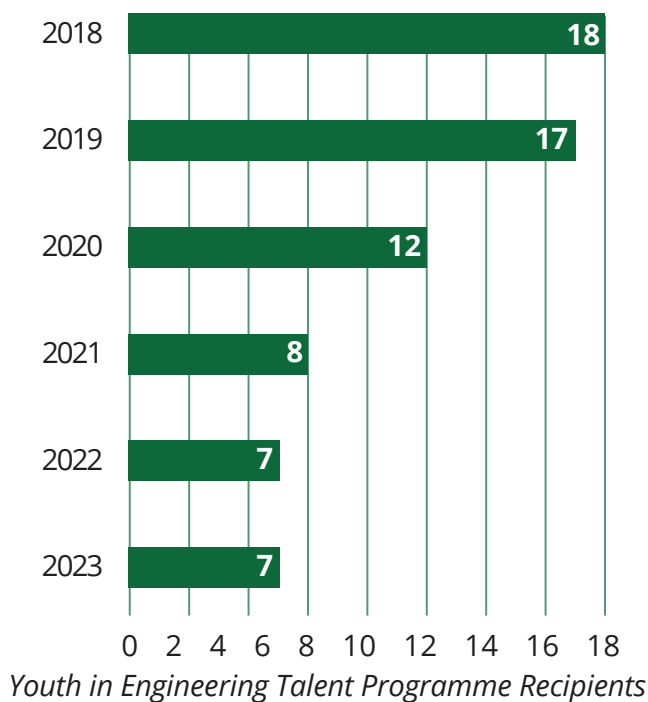


*Setahun bersama kerajaan madani programme*

### **Youth in Engineering Talent Programme**

The Youth in Engineering Talent programme aims to nurture young talent in engineering. One of the key components of this project is the Dermasiswa programme, which was initiated in 2018. The Dermasiswa programme offers scholarships to students from low-income families who are pursuing diploma—and degree-level education in engineering disciplines.

Since its inception, the Dermasiswa programme has benefited 69 students by offering them financial support to pursue their education and fulfil their potential in the engineering field. By investing in these students, SIRIM not only empowers them to achieve their academic and career aspirations but also contributes to the growth of the engineering workforce in Malaysia.



As part of the Dermasiswa programme, SIRIM conducted an Motivational Programme for Degree Dermasiswa recipients, with the aim of motivating, coaching, and enhancing the students' self-potential. The objectives of these programmes included setting life goals, educating students on time and financial management, introducing Artificial Intelligence (AI) tools to enhance their learning experience, and preparing them for life after graduation.



*Motivational programme for Dermasiswa recipients*

By the conclusion of these programmes, students are expected to recognise their strengths, explore their potential, and improve their learning experiences, thereby equipping them with valuable skills and knowledge for their future endeavours.

SIRIM's commitment to education and community development is exemplified through recent donations of technical equipment for learning purposes. These include:

- An Electronic Discharge Machine donated to Kolej Vokasional in Sungai Buloh
- Moulds for composite products provided to Pusat Latihan Teknologi Tinggi (ADTEC) Taiping
- Glassware items such as beakers, conical flasks, pipettes, sample holders, petri dishes, and test tubes were donated to Sekolah Menengah Taman Hi-Tech, Kulim, and Mahad Tahfiz Sains Darulaman.

In addition to these donations, SIRIM proudly contributes equipment and components to support the production of traditional tools like 'parang' and 'sabit' through the 'Pandai Besi' project, benefiting the Changkat Lalang community. These initiatives aim to enhance learning opportunities and technical skills development among students and community members, ultimately contributing to their educational and socioeconomic advancement.

## Caring for Our Employees

The Youth in Engineering Talent programme aims to nurture young talent in engineering. One of the key components of this project is the Dermasiswa programme, which was initiated in 2018. The Dermasiswa programme offers scholarships to students from low-income families who are pursuing diploma and degree-level education in engineering disciplines.

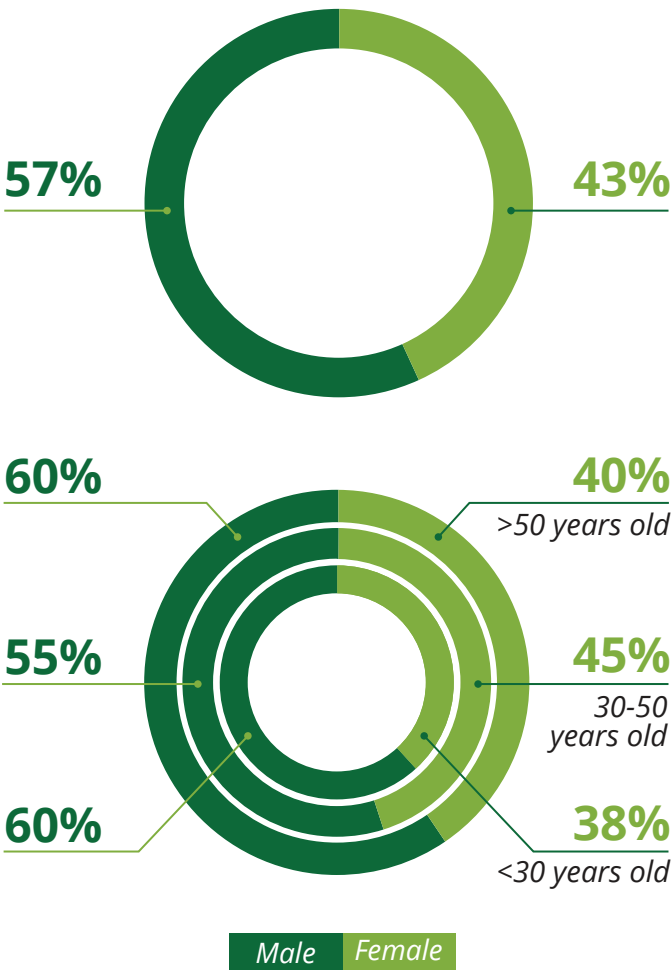
In fostering a positive working environment, SIRIM prioritises inclusion, equity and celebration of diversity, regardless of factors such as age, religion, race, and cultural background. This is visible with the presence of SIRIM headquarters in Shah Alam and 12 off-campus locations across the country, ensuring accessibility to stakeholders nationwide. Our workforce comprises



professionals with diverse expertise, including engineers, trainers, auditors, professional technologists, chemists, accountants, certified technology valuers, among others.

The average headcount of employees is 2,153, which comprises 43% females and the remaining males. The methodology and assumptions used for calculating the total number of employees are based on the average across the reporting period method.

The diversity of employees according to gender is shown below:



Diversity of employees

| Job Position      | Male (%) | Female (%) |
|-------------------|----------|------------|
| Senior Management | 0.2      | 0.3        |
| Middle Management | 2.5      | 3.0        |
| Executive         | 25.2     | 24.9       |
| Non-Executive     | 15.1     | 24.3       |
| Total             | 43.0     | 57.0       |

Employees gender (by job position)

The overall new hiring rate for this period is 11%, demonstrating ongoing efforts to expand and strengthen the workforce. In contrast, the attrition rate stands at 6%, indicating a relatively stable retention of employees. This balance reflects our commitment to attracting new talent while maintaining a supportive and engaging work environment for our current staff.

| Gender | New Hire (%) | Turn Over (%) |
|--------|--------------|---------------|
| Male   | 60           | 59            |
| Female | 40           | 41            |

New hires and attrition analysis (by gender)



## Implementation of Employment (Amendment) Act 2022

Since January 1, 2023, SIRIM has adopted 10 substantial revisions to the Employment (Amendment) Act, aligning with international labour standards set forth by the International Labour Organisation. These revisions aim to enhance and safeguard the rights, protection, and welfare of workers across the country.

The diagrams below offer a concise summary of these amendments.

# 10 Key Employment Act 1955 Amendments

## 1 Application All Employees

## 2 Maternity Leave Increased from 60 to 90 consecutive days.

## 3 Paternity Leave 7 consecutive days for married male employees up to 5 confinements, subject to:

- Being employed by same employer > 12 months immediately before paternity leave commences.
- Notifying employer of pregnancy at least 30 days from expected confinement / as early as possible after birth.

## 4 Flexible Working Arrangement

- Employees can apply to vary their (i) hours; (ii) days of work; or (iii) place of work.

Employer to inform employee in writing of approval or refusal within 60 days, and in the case of a refusal, the ground of such refusal.

## 5 Sick & Hospitalisation Leave 60 days in addition to entitlement to sick leave.

## 6 Working Hours Maximum weekly working hours reduced from 48 to 45 hours.

## 7 Notice on Sexual Harassment Employers to exhibit conspicuously at place of employment a notice to raise awareness on sexual harassment.

## 8 Discrimination in Employment Director General may inquire into and decide any dispute and make an order.

## 9 Forced Labour Offence for employer to threaten deceive or force an employee to do any activity, service or work and prevent that employee from proceeding beyond the place or area where such activity, service or work is done.

## 10 Increase penalty Maximum fine increased from RM10,000 to RM50,000.

### Exceptions:

- (i) Work on rest day; (ii) Overtime; (iii) Shift allowances; (iv) Work on public holiday; (v) Statutory entitlement to termination and lay-off benefits; only apply to :
  - those who earn RM4,000 and below;
  - those who, irrespective of quantum of monthly wages earned are engaged:
    - (i) in manual labour (or supervise those engaged in manual labour);
    - (ii) in operation or maintenance of mechanically propelled vehicles;
    - (iii) in any capacity in any vessel registered in Malaysia;
    - (iv) as a domestic employee.

*Summary of Employment (Amendment) Act 2022*

## Enhance employee capabilities

SIRIM remains committed to strengthening its employees' capabilities through various programmes, such as the SIRIM Transformation Leadership Programme and the SIRIM Progression & Employee Development Programme (SPEeD). These initiatives are supplemented by ongoing coaching programmes, developmental training programmes, and the provision of professional memberships aimed at enhancing SIRIM's services.

Over 60 employees have completed and graduated from the special development programme, and their achievements were celebrated at the SIRIM Convocation and Appreciation Ceremony. Additionally, half of the management-level employees were allowed to enhance their capabilities through the SIRIM Transformational Leadership Programme conducted in collaboration with the Asia School of Business (ASB).

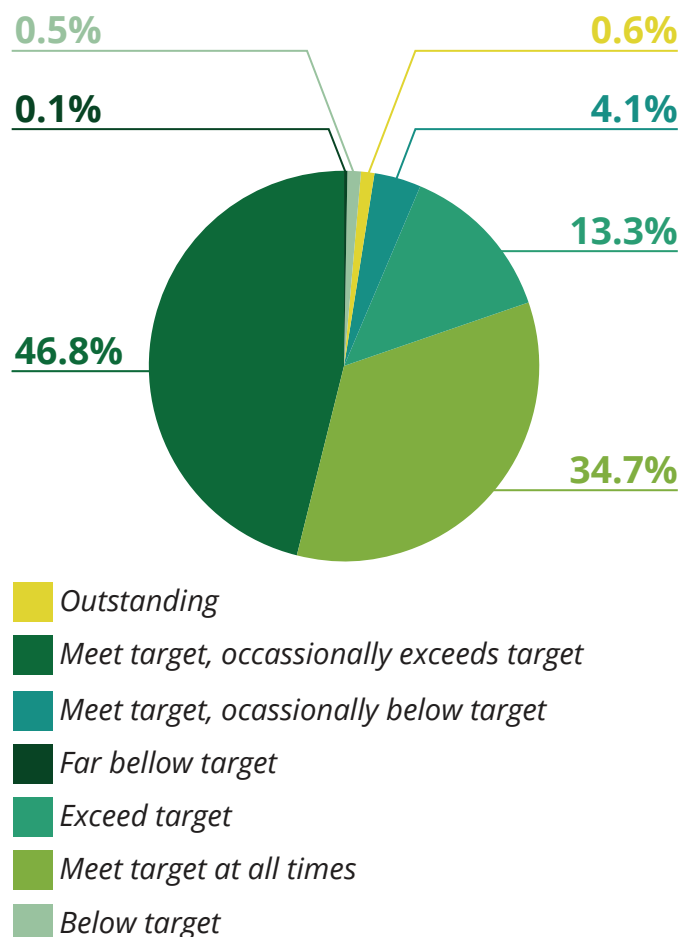


*SIRIM Convocation and Appreciation Ceremony*

## Performance and career development reviews

SIRIM conducts performance and career development through annual reviews for all employees. Utilising online platforms (e-Performance System), comprehensive assessments are conducted and feedback is gathered to ensure a thorough understanding of each employee's progress and goals.

The summary of these reviews, categorised across seven key areas, provides valuable insights for both employees and the organisation, guiding career growth and fostering continuous improvement.



*Summary of Employee Performance Review*



## Employee Engagement

Throughout the year, the Group People and Culture have planned and executed various programmes to foster connectivity and engagement among employees. Some of the engagement activities included:

### Employee recognition

SIRIM hosted several events to honour and celebrate its employees and their families, including:

- Academic Achievement Award Ceremony for children of employees, recognising their educational accomplishments.
- 25-Year Service Award Ceremony, acknowledging and appreciating the dedication and loyalty of employees who have served the organisation for a quarter of a century.
- Appreciation Event for Retirees, honouring the contributions and achievements of employees who have retired from their service at the organisation.

### Wellness initiatives

SIRIM is committed to promoting the holistic well-being of its employees, recognising the importance of both physical and mental health. To support this endeavour, the organisation has implemented the #SIRIMSIHAT fitness challenge, spanning four months. This initiative encourages employees to prioritise their physical fitness through various activities and challenges.

As part of the #SIRIMSIHAT program, employees can participate in energising Zumba sessions, designed to boost their cardiovascular health and overall fitness levels. Additionally, mindfulness workshops are offered to provide employees with valuable tools and techniques for managing stress, enhancing resilience, and promoting mental well-being.

Furthermore, to ensure the overall health of its workforce, SIRIM's Group People and Culture has arranged health check-ups for employees, conducted by healthcare providers from panel

Hospital Shah Alam. These health assessments serve as an important preventive measure, allowing employees to proactively monitor their health status and address any potential concerns early on.



*#SIRIMSIHAT Programme*

By prioritising initiatives such as the #SIRIMSIHAT fitness challenge, Zumba sessions, mindfulness workshops, and health check-ups, SIRIM demonstrates its unwavering commitment to fostering a supportive and healthy work environment for its employees. Through these efforts, the organisation not only promotes physical fitness and mental well-being but also cultivates a culture of care and resilience within its workforce.

### HR Assist

HR Assist is a dedicated session that facilitates walk-in sessions for employees to discuss various topics of interest. These sessions are held at all campuses and provide employees with the opportunity to seek assistance or guidance on indicated topics. Additionally, HR Assist offers counselling services to support employees' well-being and address any personal or professional concerns they may have.

## Social gatherings

SIRIM demonstrates its commitment to creating a workplace where employees feel valued, motivated, and connected to the organisation's mission and goals. Arranging social events is a key aspect of fostering a positive and inclusive work environment, allowing employees to unwind, connect, and build camaraderie outside of the traditional work setting. At SIRIM, these events play a crucial role in promoting employee engagement and well-being.

Dinner by Persatuan Kakitangan SIRIM (PEKASA), providing an opportunity for members to come together, socialise, and strengthen camaraderie within the organisation.



*Dinner organised by Persatuan Kakitangan SIRIM (PEKASA)*

One notable achievement for SIRIM in 2023 was securing the position of runners-up in the MITI Inter-Agency Games, a testament to the organisation's commitment to teamwork, sportsmanship, and healthy competition. Despite the challenges, SIRIM's team spirit and dedication led to success, showcasing the talent and resilience of its employees.



*MITI Inter-Agency Games*

In addition to competitive events, SIRIM also organises social gatherings such as the "Wayang Pacak" get-together session, which provides employees and their families with an opportunity to bond and enjoy leisure time together. Other events throughout the year, including luncheons for Chinese New Year and Hari Raya celebrations, as well as collaborative efforts with Lembaga Zakat to open a Kaunter Zakat in SIRIM, further strengthen the sense of community and inclusivity within the organisation.



*Get-together session Wayang Pacak*



## Childcare Facilities

Establishing on-site childcare facilities, such as Taska Permata SIRIM Berhad, has been a longstanding commitment for SIRIM, dating back to 1995. Operated by nearly 20 dedicated employees, these facilities provide a safe and convenient environment for children, enabling parents to focus on their work with peace of mind. Annually, approximately 120 children benefit from daycare (children from 3 months to 4 years old), kindergarten (5 and 6 years old), and transition services, accommodating families with varying needs, including those with children attending afternoon school sessions.

This initiative not only fosters a family-friendly workplace culture but also contributes to enhanced employee satisfaction and retention. By alleviating the challenges of balancing work and family responsibilities, SIRIM has created a supportive environment where employees can thrive both personally and professionally.



*Taska Permata SIRIM Berhad*



## Person with Disabilities (PWD)

The Malaysian government signed the Convention on the Rights of Persons with Disabilities at the United Nations Headquarters in 2008. Malaysia's ratification of this convention affirms comprehensive protections for people with disabilities, including the rights to life, freedom from discrimination, equal recognition before the law, and access to justice, education, employment, and health. The treaty went into effect in Malaysia on August 18, 2010.

As of 2023, four employees registered with the Registrar General for Persons with Disabilities and were issued a "Kad OKU" under the Persons with Disabilities Act 2008. They are classified under hearing, visual, and physical categories. Acknowledging their special needs, SIRIM continues to employ them equally alongside persons without disabilities.

## Training & Education

Training and education are vital for employee competency, providing essential knowledge and skills for effective job performance. They also shape attitudes toward learning and organisational change, fostering a culture of innovation and continuous improvement. Overall, investing in training ensures employees are equipped to meet the challenges of a dynamic business environment.

In SIRIM, training activities are tracked through the Training Management System (TrMS). On average, employees participate in about 59 hours of training annually. Approximately 35% of these hours are dedicated to development training, aimed at enhancing skills and capabilities beyond job-specific tasks. The remaining hours focus on functional training, addressing job-specific skills essential for daily operations. This balanced approach ensures employees



receive comprehensive training, covering both professional development and specific job requirements.

SIRIM is dedicated to enhancing employees' competency through 63 in-house development training sessions covering 45 topics, including business acumen, quality-driven approaches, and leadership skills. Additionally, SIRIM supports continuous learning by offering opportunities for further education tailored to organisational needs. Employees with at least 3 years of service can benefit from full-pay study leave or part-time study options with SIRIM covering tuition fees, leading to enhanced career prospects within the organisation.

SIRIM Scholastic Retreat provides a platform for employees pursuing doctoral or master's degrees to interact directly with top management on issues related to their academic journey. This initiative fosters a supportive community where candidates can share challenges, support each other, and receive guidance in preparing for thesis presentations and viva voce sessions. Overall, SIRIM is committed to nurturing a culture of continuous learning and development, ensuring that employees are equipped with the skills and knowledge to succeed in their careers.

Additionally, SIRIM demonstrates its commitment to talent development by providing up to 6 months of sabbatical leave for PhD candidates pursuing doctoral studies. The SIRIM Scholastic Retreat further facilitates employees pursuing advanced degrees to engage directly with top management on academic matters, reinforcing our dedication to nurturing talent and aligning employee growth with organisational goals.



*SIRIM Scholastic Retreat Programme*

## **Labour / Management Relations**

SIRIM practised positive employee relationship management to create high productivity, encouraging teams to strive even better. By doing so, employees have the freedom of association and the right to collective bargaining according to the law. As such, Kesatuan Pekerja-Pekerja SIRIM Berhad (KEPS) has represented the non-executive employees. The notice period and provisions for consultation and negotiation are specified in the collective agreements (CA). As of December 2023, 16.3% of the non-executive employees were members of unions and were protected by collective bargaining agreements. For employees not covered by the CA, working conditions and terms of employment are governed by the Employee Handbook (Terma & Syarat Perkhidmatan SIRIM Berhad) and/or by the Letter of Offer from the respective employee.



Associations and Unions in SIRIM

Meanwhile, annual meetings known as Majlis Bersama Jabatan (MBJ), which include the various representatives together with the management, are being held. The representatives are from Persatuan Kesatuan Pekerja-Pekerja SIRIM Berhad (KEPS), Koperasi Anggota SIRIM Berhad (KASB), Persatuan Kakitangan SIRIM Berhad (PEKASA) and Persatuan Kakitangan Islam SIRIM (PERKIS).

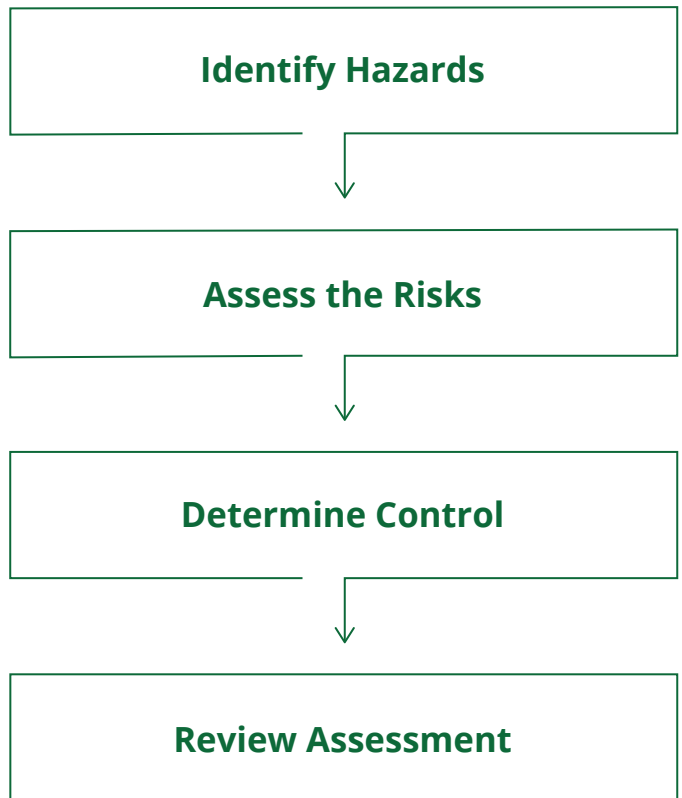
### Strengthening Occupational Safety & Health

The Business Assurance and Compliance Section in the Group Sustainability oversees the overall occupational safety and health aspects in the Group. An OSH Operational Plan was established to systematically anticipate, prevent, and mitigate harm to safety, health, and the environment.

Steps to prevent potential safety & health incidents and occupational injuries are being taken, including the establishment of Standard Operating Procedures (SOPs) to detect, prevent, minimise, eliminate, and respond to potential risks to safety, health, and the environment.

### Risk Identification and Assessment

Our SOP for Hazard Identification, Risk Assessment and Determining Controls (HIRADC) defines the systematic process to identify hazards, assess the risks and determine the controls necessary to reduce the risk to an acceptable level.



HIRADC Process

Risk and potential hazards are identified and determined using a risk matrix table as recommended by the Department of Occupational Safety and Health (DOSH) and are in line with ISO 45001:2018 standard requirements.

SOP for Emergency Preparedness and Response enables SIRIM readiness to respond to potential safety, health, and environmental emergencies. Identification of potential emergency situations and responding to such emergencies is critical to minimise and eliminate the impact and risk to safety, health, and the environment.

## Incident Reporting and Investigation

On the same note, the SOP on the process of reporting and investigating work-related incidents was also established to guide our employees to report and control incidents with ease.

SIRIM applied the approach by DOSH on the Lost Time Injury (LTI) in calculating the Lost Time Injury Frequency Rate (LTIFR). Work-related injury (other than permanent partial disability) which renders the injured person temporarily unable to perform a regular job after the day on which the injury was received will be considered 'a lost time injury'.

| Year | LTI   |      | LTIFR*<br>(Based on 1,000,000 manhours worked) |
|------|-------|------|------------------------------------------------|
|      | Cases | Days |                                                |
| 2020 | 13    | 143  | 3.00                                           |
| 2021 | 5     | 128  | 1.12                                           |
| 2022 | 2     | 60   | 0.46                                           |
| 2023 | 4     | 19   | 0.89                                           |

$LTIFR^* = (\text{Number of lost time injuries in the reporting period}] \times 1,000,000) / (\text{Total hours worked in the reporting period})$

*Loss Time Injury & Lost Time Injury Frequency Rate.*

## Legal Register

The legal register serves as a comprehensive compilation of laws and regulations relevant to ESG-related issues. It plays a crucial role in aiding our assessment, monitoring, and management of compliance with applicable legal and regulatory requirements. Importantly, there were no significant instances of non-compliance, such as fines or non-monetary sanctions, with laws and regulations observed throughout the reporting period.

## Legal Compliances

### Energy Commission

- Efficient Management of Electrical Energy Regulations 2008.
- Gas supply Act 1993.
- Electrical Supply Act 1990.

### BOMBA

- Fire Services Act 1988.

### Atomic Energy Licensing Board

- Atomic Energy Licensing Act 1984.

### DOSH

- Occupational Safety and Health Act 1994.
- Factories and Machinery Act 1967.

### MOH

- Prevention and Control of Infectious Diseases Act 2020.

### DOE

- Environmental Quality Act 1974.

### KPKT / Local Authority

- Uniform Building by Laws 1984.

*Compliance to Legal and Regulatory Requirement*



Training Employees on OSH

In order to enhance productivity, efficiency, and minimise work-related injuries, SIRIM prioritises the provision of Occupational Safety and Health (OSH) training sessions. Throughout the review year, a total of 498 employees participated in 44 different types of HSE-related trainings, accumulating a total of 766 man-days

These training sessions aim to equip employees with the necessary knowledge and skills to maintain a safe and healthy work environment, ultimately contributing to overall organisational success.

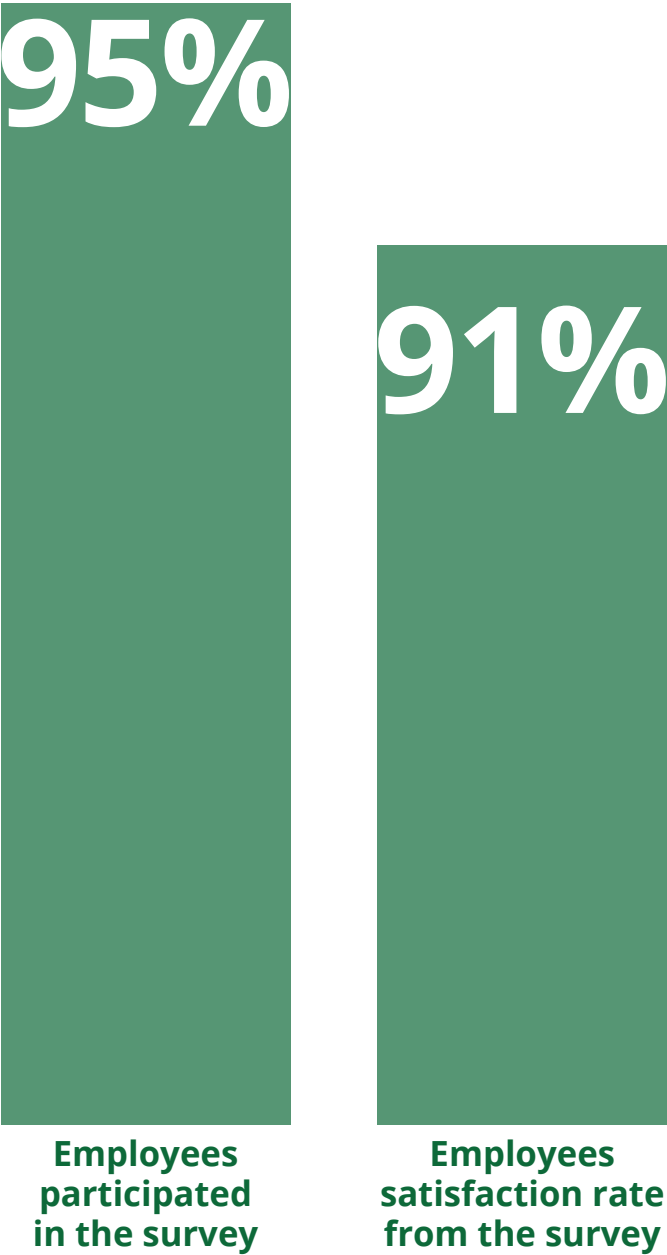
The OSH Document Centre has been established in the intranet to ensure consultative and participative arrangements (involving employees, contractors, suppliers, and other interested parties) are working together to continually improve safety, health, and environmental standards.

Employee Satisfaction

Ensuring the satisfaction and well-being of employees is paramount at SIRIM, as they are recognised as one of the organisation's most valuable stakeholders. To gauge employee sentiments and address their needs effectively, SIRIM conducts an annual employee satisfaction survey. In 2023, an impressive 95% of employees participated in the survey, reflecting a high level of engagement and commitment to providing feedback.

The results of the survey were overwhelmingly positive, with the employee satisfaction index reaching an impressive 91%. This remarkable score underscores the effectiveness of SIRIM's efforts in creating a conducive and fulfilling work environment for its employees. It reflects the organisation's commitment to fostering a positive workplace culture, where employees feel valued, supported, and motivated to perform at their best.

SIRIM's dedication to employee satisfaction extends beyond just conducting surveys. The organisation actively listens to feedback, implements necessary improvements, and prioritises initiatives that enhance employee well-being and engagement. By consistently prioritising the needs and wants of its employees, SIRIM reinforces its status as an employer of choice, attracting top talent and fostering a culture of excellence and innovation.



Employees participation and satisfaction index









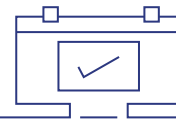
# 07 EVENTS IN 2023





| S  | M  | T  | W  | T  | F  | S  |
|----|----|----|----|----|----|----|
|    |    |    | 1  | 2  | 3  | 4  |
| 5  | 6  | 7  | 8  | 9  | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 |    |    |

# CREATING PARTNERSHIPS THAT SHAPE A SUSTAINABLE FUTURE



## Events

2023 proved to be a significant year for SIRIM, marked by numerous milestones. Looking back on the year, SIRIM takes pride in the advancements achieved and the groundwork established for upcoming development. These moments encapsulate progress in creating a more sustainable and promising future.







## 8 January

### Memorandum of Understanding (MoU) Signing Ceremony between SIRIM and the National Research and Innovation Agency (BRIN)



The partnership between the two entities will include the domains of natural sciences, engineering and technology, along with medicine and health sciences.

## 10 March

### Memorandum of Agreement (MoA) Signing Ceremony between SIRIM Berhad and the National Research and Hannan Medispa Sdn Bhd



SIRIM Berhad has entered into a Memorandum of Agreement (MoA) with Hannan Medispa Sdn Bhd for the supply of 1,000 kilogrammes (kg) of pineapple extract, also known as bio pinemass extract. This collaboration aims to facilitate the development of skin care products utilising green technology.

## 10 March

### Memorandum of Understanding (MoU) Signing Ceremony between SIRIM and the National Research and Aerospace Malaysia Innovation Centre (AMIC)



The nature of this collaboration includes the area of additive manufacturing specifically tailored for applications within the aerospace industry. The MoU encompasses a range of activities, including the design and manufacturing of equipment components through the application of additive manufacturing technology.

## 17 March

### Memorandum of Understanding (MoU) Signing Ceremony between SIRIM Academy and the An-Nur Specialist Hospital



Both parties collaborated in the development of Shariah Compliance Training Modules and Programs Related to Shariah Standards-Based Management Systems for training purposes for the medical services sector.

**20 March**

**SIRIM Berhad and Pensolar Sdn Bhd ("PENSOLAR") inked a strategic collaboration**



This partnership entails initiating the establishment of a Solar PV Recycling Plant in Malaysia. It signifies a significant achievement in commitment to fostering a sustainable future for the generations ahead.

**2 May**

**Memorandum of Understanding (MoU) Signing Ceremony between SIRIM Berhad and the Universiti Teknikal Malaysia Melaka (UTeM)**



Both parties will collaborate in human capital development by providing high-quality training, consulting, and advisory services, especially to UTeM staff and students, under the SIRIM Personnel Certification Programs (SPCP), as well as training and building local expertise in the field of quality and best practices to meet industry demands.

**23 May**

**Exchange of Memorandum of Agreement (MoA) between SIRIM and the Technology Depository Agency (TDA)**



Moving forward, TDA and SIRIM aspire to become strategic partners in technology development and enhancement initiatives, empowering local industry sectors to optimise their capacities and capabilities on the global stage.

**23 May**

**Exchange of Memorandum of Agreement (MoA) between SIRIM and UZMA**



The principal objectives of this collaboration are to promote co-operation between SIRIM Berhad and UZMA in; Greenhouse gases ("GHG") Emission Monitoring, GHG Accounting via Geospatial, Environment, Social and Governance ("ESG").



**13 June**

**Memorandum of Understanding (MoU) Signing Ceremony between SIRIM and Affin Bank**



The collaboration between SIRIM and AFFIN aims to promote cooperation between both parties in the areas relating to the utilisation of the SME Colony App that will help to promote SIRIM's products and services as well as other areas that can benefit both parties.

**15 June**

**Launch of the Smart Manufacturing Experience Centre (SMEC) in Bukit Jalil, Kuala Lumpur**



Hitachi and SIRIM marked a significant milestone with the launch of the Smart Manufacturing Experience Centre (SMEC) in Bukit Jalil, Kuala Lumpur. The SMEC is a dedicated hub where industry professionals and SMEs can visualise, learn and experience IR4.0 technologies firsthand.

**24 July**

**SIRIM, Fujimori-Zacros & USM Collaborate to Create Biodegradable Plastic from Used Cooking Oil**



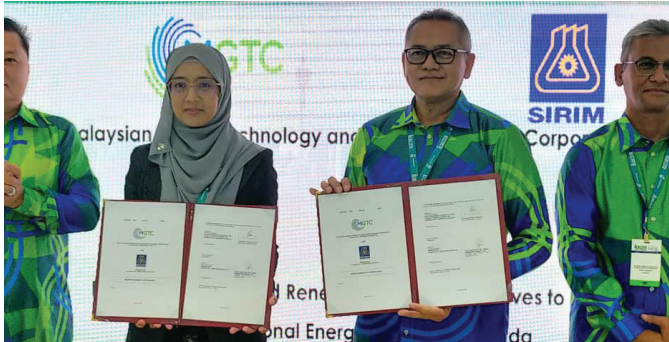
The partnership between the institutions focuses on creating efficient methods for generating polyhydroxyalkanoates (PHA), a sustainable plastic derived from waste vegetable cooking oil utilising local microbial strains. The completely biodegradable PHBV bioplastics will be utilised in creating single-use biodegradable items like cutlery and food packaging. This initiative exemplifies the transformation of routine everyday waste into sustainable solutions.





**6 October**

**Memorandum of Understanding (MoU)  
Signing Ceremony between SIRIM and  
Malaysian Green Technology and Climate  
Change Corporation (MGTC)**



The objectives of this MOU include the exploration of initiatives focused on energy efficiency and renewable sources such as biomass, biogas, and hydrogen to aid the Energy Transition Roadmap. Additionally, it emphasises the sharing of knowledge and expertise, as well as collaboration in innovation and technology transfer, which encompasses testing, training, and consulting services related to energy efficiency and renewable technologies.

**13 October**

**Launch Ceremony of the #SIRIMCare4Gaza  
Fund**



SIRIM initiated a fundraising campaign to provide support during the ongoing crisis in Gaza. The event featured a special lecture delivered by YBr. Prof. Madya Dr. Mohd Sukki Othman, a lecturer from Universiti Putra Malaysia.

**23 October**

**SIRIM Berhad champions Greening Industrial  
Parks Through National Collaboration**



SIRIM Berhad proudly announced a collaboration with various ministries, government agencies, and the Joint Committee for Climate Change (JC3) in the Greening Industrial Park (GIP) pilot project at the JC3's Journey to Zero Conference 2023 at Sasana Kijang. The GIP initiative showcases a comprehensive national commitment and determination to realise the vision of a more environmentally friendly and sustainable future for Malaysia.

**1 November**

**Memorandum of Understanding (MoU)  
Signing Ceremony between the Ministry of  
Higher Education (MOHE) and SIRIM Berhad**



The objective of the MOHE-SIRIM Memorandum of Understanding (MOU) is to establish technical collaboration to verify documents through a digital platform.

## GRI Content Index

|                                   |                                                                                                                    |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------|
| STATEMENT OF USE                  | SIRIM Berhad has reported with reference to the GRI Standards for the period between 1 January to 31 December 2023 |
| GRI 1 USED                        | GRI 1: Foundation 2021                                                                                             |
| APPLICABLE GRI SECTOR STANDARD(S) | Not applicable                                                                                                     |

| DISCLOSURE                                | DESCRIPTION                                                                    | PAGE               |
|-------------------------------------------|--------------------------------------------------------------------------------|--------------------|
| <b>GRI 2: GENERAL DISCLOSURES 2021</b>    |                                                                                |                    |
| 2-1                                       | Organisational details                                                         | 131                |
| 2-2                                       | Entities included in the organisation's sustainability reporting               | 131                |
| 2-3                                       | Reporting period, frequency, and contact point                                 | 131                |
| 2-4                                       | Restatements of information                                                    | Not applicable     |
| 2-5                                       | External assurance                                                             | Not applicable     |
| 2-6                                       | Activities, value chain and other business relationships                       | Not applicable     |
| 2-7                                       | Employees                                                                      | 158                |
| 2-8                                       | Workers who are not employees                                                  | Not applicable     |
| 2-9                                       | Governance structure and composition                                           | 92, 97             |
| 2-10                                      | Nomination and selection of the highest governance body                        | 92, 97             |
| 2-11                                      | Chair of the highest governance body                                           | 89                 |
| 2-12                                      | Role of the highest governance body in overseeing the management of impacts    | 84                 |
| 2-13                                      | Delegation of responsibility for managing impacts                              | 84, 91, 126        |
| 2-14                                      | Role of the highest governance body                                            | 84                 |
| 2-15                                      | Conflicts of interest                                                          | 121, 125           |
| 2-16                                      | Communication of critical concerns                                             | 90, 100, 120, 121  |
| 2-17                                      | Collective knowledge of the highest governance body                            | 108, 109-115       |
| 2-18                                      | Evaluation of the performance of the highest governance body                   | 93                 |
| 2-19                                      | Remuneration policies                                                          | 94                 |
| 2-20                                      | Process to determine remuneration                                              | 97                 |
| 2-21                                      | Annual total compensation ratio                                                | Not applicable     |
| 2-22                                      | Statement on sustainable development strategy                                  | 129                |
| 2-23                                      | Policy commitments                                                             | 141                |
| 2-24                                      | Embedding policy commitments                                                   | 141, 142           |
| 2-25                                      | Processes to remediate negative impacts                                        | 123                |
| 2-26                                      | Mechanisms for seeking advice and raising concerns                             | 141, 142           |
| 2-27                                      | Compliance with laws and regulations                                           | 166                |
| 2-28                                      | Membership associations                                                        | Not applicable     |
| 2-29                                      | Approach to stakeholder engagement                                             | 138, 139, 154, 157 |
| 2-30                                      | Collective bargaining agreements                                               | 164                |
| <b>GRI 3: MATERIAL TOPICS 2021</b>        |                                                                                |                    |
| 3-1                                       | Process to determine material topics                                           | Not applicable     |
| 3-2                                       | List of material topics                                                        | 137                |
| 3-3                                       | Management of material topics                                                  | Not applicable     |
| <b>TOPIC STANDARD</b>                     |                                                                                |                    |
| <b>GRI 201: Economic Performance 2016</b> |                                                                                |                    |
| 201-1                                     | Direct economic value generated and distributed                                | Not applicable     |
| 201-2                                     | Financial implications and other risks and opportunities due to climate change | Not applicable     |
| 201-3                                     | Defined benefit plan obligations and other retirement plans                    | Not applicable     |
| 201-4                                     | Financial assistance received from government                                  | Not applicable     |

| DISCLOSURE                               | DESCRIPTION                                                                                                                               | PAGE           |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| GRI 202: Market Presence 2016            |                                                                                                                                           |                |
| 202-1                                    | Ratios of standard entry level wage by gender compared to local minimum wage                                                              | Not applicable |
| 202-2                                    | Proportion of senior management hired from the local community                                                                            | Not applicable |
| GRI 203: Indirect Economic Impacts 2016  |                                                                                                                                           |                |
| 203-1                                    | Infrastructure investments and services supported                                                                                         | Not applicable |
| 203-2                                    | Significant indirect economic impacts                                                                                                     | Not applicable |
| GRI 204: Procurement Practices 2016      |                                                                                                                                           |                |
| 204-1                                    | Proportion of spending on local suppliers                                                                                                 | Not applicable |
| GRI 205: Anti-corruption 2016            |                                                                                                                                           |                |
| 205-1                                    | Operations assessed for risks related to corruption                                                                                       | Not applicable |
| 205-2                                    | Communication and training about anti-corruption policies and procedures                                                                  | Not applicable |
| 205-3                                    | Confirmed incidents of corruption and actions taken                                                                                       | Not applicable |
| GRI 206: Anti-competitive Behaviour 2016 |                                                                                                                                           |                |
| 206-1                                    | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices                                                          | Not applicable |
| GRI 207: Tax 2019                        |                                                                                                                                           |                |
| 207-1                                    | Approach to tax                                                                                                                           | Not applicable |
| 207-2                                    | Tax governance, control, and risk management                                                                                              | Not applicable |
| 207-3                                    | Stakeholder engagement and management of concerns related to tax                                                                          | Not applicable |
| 207-4                                    | Country-by-country reporting                                                                                                              | Not applicable |
| GRI 301: Materials 2016                  |                                                                                                                                           |                |
| 301-1                                    | Materials used by weight or volume                                                                                                        | Not applicable |
| 301-2                                    | Recycled input materials used                                                                                                             | Not applicable |
| 301-3                                    | Reclaimed products and their packaging materials                                                                                          | Not applicable |
| GRI 302: Energy 2016                     |                                                                                                                                           |                |
| 302-1                                    | Energy consumption within the organization                                                                                                | 144            |
| 302-2                                    | Energy consumption outside of the organization                                                                                            | Not applicable |
| 302-3                                    | Energy intensity                                                                                                                          | Not applicable |
| 302-4                                    | Reduction of energy consumption                                                                                                           | Not applicable |
| 302-5                                    | Reductions in energy requirements of products and services                                                                                | Not applicable |
| GRI 303: Water and Effluents 2018        |                                                                                                                                           |                |
| 303-1                                    | Interactions with water as a shared resource                                                                                              | Not applicable |
| 303-2                                    | Management of water discharge-related impacts                                                                                             | Not applicable |
| 303-3                                    | Water withdrawal                                                                                                                          | Not applicable |
| 303-4                                    | Water discharge                                                                                                                           | Not applicable |
| 303-5                                    | Water consumption                                                                                                                         | 146            |
| GRI 304: Biodiversity 2016               |                                                                                                                                           |                |
| 304-1                                    | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Not applicable |
| 304-2                                    | Significant impacts of activities, products and services on biodiversity                                                                  | Not applicable |
| 304-3                                    | Habitats protected or restored                                                                                                            | Not applicable |
| 304-4                                    | IUCN Red List species and national conservation list species with habitats in areas affected by operations                                | Not applicable |
| GRI 305: Emissions 2016                  |                                                                                                                                           |                |
| 305-1                                    | Direct (Scope 1) GHG emissions                                                                                                            | 145            |
| 305-2                                    | Energy indirect (Scope 2) GHG emissions                                                                                                   | 145            |
| 305-3                                    | Other indirect (Scope 3) GHG emissions                                                                                                    | 145            |



| DISCLOSURE                                                     | DESCRIPTION                                                                                                    | PAGE           |
|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------|
| 305-4                                                          | GHG emissions intensity                                                                                        | Not applicable |
| 305-5                                                          | Reduction of GHG emissions                                                                                     | 146            |
| 305-6                                                          | Emissions of ozone-depleting substances (ODS)                                                                  | Not applicable |
| 305-7                                                          | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions                                | Not applicable |
| GRI 306: Waste 2020                                            |                                                                                                                |                |
| 306-1                                                          | Waste generation and significant waste-related impacts                                                         | Not applicable |
| 306-2                                                          | Management of significant waste-related impacts                                                                | Not applicable |
| 306-3                                                          | Waste generated                                                                                                | 147            |
| 306-4                                                          | Waste diverted from disposal                                                                                   | 147            |
| 306-5                                                          | Waste directed to disposal                                                                                     | 147            |
| GRI 308: Supplier Environmental Assessment 2016                |                                                                                                                |                |
| 308-1                                                          | New suppliers that were screened using environmental criteria                                                  | Not applicable |
| 308-2                                                          | Negative environmental impacts in the supply chain and actions taken                                           | Not applicable |
| GRI 401: Employment 2016                                       |                                                                                                                |                |
| 401-1                                                          | New employee hires and employee turnover                                                                       | 158            |
| 401-2                                                          | Benefits provided to full-time employees that are not provided to temporary or part-time employees             | 159, 161-164   |
| 401-3                                                          | Parental leave                                                                                                 | Not applicable |
| GRI 402: Labor/Management Relations 2016                       |                                                                                                                |                |
| 402-1                                                          | Minimum notice periods regarding operational changes                                                           | Not applicable |
| GRI 403: Occupational Health and Safety 2018                   |                                                                                                                |                |
| 403-1                                                          | Occupational health and safety management system                                                               | 165, 167       |
| 403-2                                                          | Hazard identification, risk assessment, and incident investigation                                             | 165, 166       |
| 403-3                                                          | Occupational health services                                                                                   | Not applicable |
| 403-4                                                          | Worker participation, consultation, and communication on occupational health and safety                        | Not applicable |
| 403-5                                                          | Worker training on occupational health and safety                                                              | 167            |
| 403-6                                                          | Promotion of worker health                                                                                     | Not applicable |
| 403-7                                                          | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships  | Not applicable |
| 403-8                                                          | Workers covered by an occupational health and safety management system                                         | Not applicable |
| 403-9                                                          | Work-related injuries                                                                                          | 166            |
| 403-10                                                         | Work-related ill health                                                                                        | Not applicable |
| GRI 404: Training and Education 2016                           |                                                                                                                |                |
| 404-1                                                          | Average hours of training per year per employee                                                                | 163            |
| 404-2                                                          | Programs for upgrading employee skills and transition assistance programs                                      | Not applicable |
| 404-3                                                          | Percentage of employees receiving regular performance and career development reviews                           | 160            |
| GRI 405: Diversity and Equal Opportunity 2016                  |                                                                                                                |                |
| 405-1                                                          | Diversity of governance bodies and employees                                                                   | 86, 135, 158   |
| 405-2                                                          | Ratio of basic salary and remuneration of women to men                                                         | Not applicable |
| GRI 406: Non-discrimination 2016                               |                                                                                                                |                |
| 406-1                                                          | Incidents of discrimination and corrective actions taken                                                       | Not applicable |
| GRI 407: Freedom of Association and Collective Bargaining 2016 |                                                                                                                |                |
| 407-1                                                          | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Not applicable |
| GRI 408: Child Labor 2016                                      |                                                                                                                |                |
| 408-1                                                          | Operations and suppliers at significant risk for incidents of child labour                                     | Not applicable |

| DISCLOSURE                                 | DESCRIPTION                                                                                   | PAGE           |
|--------------------------------------------|-----------------------------------------------------------------------------------------------|----------------|
| GRI 409: Forced or Compulsory Labor 2016   |                                                                                               |                |
| 409-1                                      | Operations and suppliers at significant risk for incidents of forced or compulsory labor      | Not applicable |
| GRI 410: Security Practices 2016           |                                                                                               |                |
| 410-1                                      | Security personnel trained in human rights policies or procedures                             | Not applicable |
| GRI 411: Rights of Indigenous Peoples 2016 |                                                                                               |                |
| 411-1                                      | Incidents of violations involving rights of indigenous peoples                                | Not applicable |
| GRI 413: Local Communities 2016            |                                                                                               |                |
| 413-1                                      | Operations with local community engagement, impact assessments, and development programs      | 152            |
| 413-2                                      | Operations with significant actual and potential negative impacts on local communities        | Not applicable |
| GRI 414: Supplier Social Assessment 2016   |                                                                                               |                |
| 414-1                                      | New suppliers that were screened using social criteria                                        | Not applicable |
| 414-2                                      | Negative social impacts in the supply chain and actions taken                                 | Not applicable |
| GRI 415: Public Policy 2016                |                                                                                               |                |
| 415-1                                      | Political contributions                                                                       | Not applicable |
| GRI 416: Customer Health and Safety 2016   |                                                                                               |                |
| 416-1                                      | Assessment of the health and safety impacts of product and service categories                 | Not applicable |
| 416-2                                      | Incidents of non-compliance concerning the health and safety impacts of products and services | Not applicable |
| GRI 417: Marketing and Labeling 2016       |                                                                                               |                |
| 417-1                                      | Requirements for product and service information and labeling                                 | Not applicable |
| 417-2                                      | Incidents of non-compliance concerning product and service information and labeling           | Not applicable |
| 417-3                                      | Incidents of non-compliance concerning marketing communications                               | Not applicable |
| GRI 418: Customer Privacy 2016             |                                                                                               |                |
| 418-1                                      | Substantiated complaints concerning breaches of customer privacy and losses of customer data  | Not applicable |

SIRIM Berhad  
1, Persiaran Dato' Menteri, P.O. Box 7035,  
Section 2, 40700 Shah Alam, Selangor, Malaysia.

Tel: (603) 5544 6000  
Email: [web@sirim.my](mailto:web@sirim.my)  
Website: [www.sirim.my](http://www.sirim.my)