CORPORATE RESPONSIBILITY SEMINAR SERIES 2013, KUCHING, SARAWAK

SSM’s CORPORATE RESPONSIBILITY INITIATIVES AND LLP UPDATES

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OVERVIEW

- SSM’s Corporate Responsibility Initiatives
- Updates on the Limited Liability Partnership Act 2012
SSM’s CORPORATE RESPONSIBILITY INITIATIVES
The Companies Commission of Malaysia (SSM) is placed in the best position to drive the CR culture among the corporate and business communities in Malaysia.

**WHY?**

- SSM is the Registrar of all companies and businesses in Malaysia.
- SSM serves as the starting point to do business in Malaysia.
- Existence of SSM’s organizational linkage and networking.
- Availability of a ready pool of auxiliary supportive elements.
Developed pursuant to SSM’s Second Direction Plan (2010-2014) which envisages SSM as the driver of CR by the end of 2014.

Agenda was launched on 30 June 2009.

This Agenda sets out SSM’s strategic framework which outlines SSM’s approach in inculcating the culture of CR amongst companies & businesses in Malaysia, focusing on Small Medium Enterprises (SMEs).
CHAPTER I: A SNAPSHOT ON CR
Touches on the origin and evolution of the concept of CR & explains the role played by the public sector in relation to CR.

CHAPTER II: THE SSM CR AGENDA PARAMETER
Explains SSM’s organizational parameter in relation to CR which includes the definition, organizational statement, objectives & classification.

CHAPTER III: EXECUTING THE PUBLIC SECTOR’S VARIOUS ROLES IN CR
Explains the initiatives that will be taken by SSM in carrying out its role as one of the public bodies in Malaysia.

CHAPTER IV: SSM’S NOTION OF CR
Explains the initiatives that will be taken by SSM in applying the concept of CR within SSM itself & also forming relationships with international bodies promoting CR.
OBJECTIVES:
1. To nurture the culture of CR in the Malaysian business environment;
2. To encourage all companies to strive in striking an equilibrium between the quest for profitability and creating a sustainable living environment;
3. Inculcate a corporate culture among Malaysian corporate players that values and recognizes all CR initiatives pursued by corporations demonstrated as creating premium for companies and businesses; and
4. Pursue and propagate good corporate governance in a more holistic basis.

THE SSM CR AGENDA PARAMETER

DEFINITION: *Commitment by corporations and businesses towards Achieving sustainability in the social, economic and environmental conditions in furtherance to the pursuit of profitability*
Towards driving businesses to operate beyond profitability, SSM has carried out several CR-related initiatives since the launch of the SSM CR Agenda in 2009:

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Creation of an Internal Dedicated Driver</th>
<th>Establishment of the CR Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Formation of Strategic Alliances</td>
<td>UKM</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IIM</td>
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<td>UNICEF</td>
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<td>Advocacy: Sharing of Knowledge</td>
<td>Advocacy to SSM’s staff</td>
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<td></td>
<td></td>
<td>Training for staff &amp; stakeholders</td>
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<td></td>
<td></td>
<td>Provision platform to strategic partners</td>
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<tr>
<td></td>
<td>Promotional Drive</td>
<td>Engagement with media</td>
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The CR Unit has been established and placed under the Corporate Development and Policy Division, consisting of two officers. The CR Unit is generally tasked to strategize and implement CR-related initiatives in furtherance to the SSM CR Agenda.
FORMATION OF STRATEGIC ALLIANCES

Since the launch of the SSM CR Agenda, SSM has formed strategic alliances with three dynamic partners:

**UKM:**
- To collaborate in the area of CR, mainly focusing on research and advocacy.

**IIM:**
- To collaborate in the area of CR and corporate integrity.

**UNICEF:**
- To collaborate towards enhancing the well-being of children through the practice of CR.
SSM – UKM NATIONAL SURVEY ON CR

- Signed an MOU and undertook a national survey on Corporate Responsibility for the companies and businesses in Malaysia.
- The survey is aimed to determine the level of understanding, awareness and practice of corporate responsibility in Malaysia.
- SSM had received approximately 10% responses of the surveys issued.
- The results of this survey will be jointly analysed by SSM and UKM and is expected to be released and published in 2013.
## FORMATION OF STRATEGIC ALLIANCES

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<th>CR-related Initiatives</th>
<th>Partner</th>
<th>Triple Bottom Line</th>
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<tbody>
<tr>
<td>Tool Kit to Complement BBPC 1/2010 on “How to set up a Child Care Centre at the Work Place”</td>
<td>UNICEF</td>
<td>Social Element</td>
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<tr>
<td>Organization of the IIM-SSM CR &amp; Corporate Integrity Forum Series</td>
<td>IIM</td>
<td>Economy Element</td>
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<tr>
<td>Organization of the Tuanku Ja’afar Law Conference on CR &amp; CG</td>
<td>UKM</td>
<td>Economy Element</td>
</tr>
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<td>CR-related Initiatives</td>
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<td>Working Environment for Women: Nursing Mothers Programme at the Workplace”</td>
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<td>Best Business Practice Circular 3/2012 (BBPC 3/2012) titled “Achieving Corporate</td>
<td>Corporate Integrity</td>
<td>Economy Element</td>
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<td>Integrity”</td>
<td>Roundtable Members</td>
<td></td>
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<tr>
<td>Development: Promoting Technical And Vocational Training (TEVT)”</td>
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Launched by YB Dato’ Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Co-operatives & Consumerism, on 28 January 2010

Serves as a general guideline to facilitate employers in setting up child care centres at the work place for their employees.

Touches on:
I. The general legal and regulatory framework;
II. The general procedures for the registration of child care centres; and
III. The main principles of child care.
Launched by YABhg. Datin Paduka Seri Rosmah Mansor on 9 November 2010

Complements the Best Business Practice Circular 1/2010 on the Establishment of Child Care Centres at the Work Place by Corporate and Business Employers

Touches among others, on the following:
I. The application of the principle of best interest of the child;
II. Recruitment of qualified staff;
III. The importance of having child centred programmes and curriculum;
IV. The need for staff performance monitoring;
V. The need for human resource management;
VI. Financial resources; and
VII. Registration procedures.
• This BBPC was launched on 24th November 2011 in Kota Kinabalu at SSM’s Annual Dialogue Sabah 2011.

• This BBPC highlights the role that companies and businesses can play in supporting family and child-friendly environment at the workplace by endorsing a nursing mother’s programme.

• The BBPC lists the basic components for a nursing mother’s programme and guides on establishing a nursing room.

• It lists the tremendous implementation benefits that employers will gain from contributing to a nursing mother’s programme at the workplace.
This BBPC was launched on 27th January 2012 by YB Dato’ Sri Ismail Sabri bin Yaakob, Minister of Domestic Trade, Co-operatives and Consumerism at Menara SSM@Sentral, KL.

2. Collaborative effort of the Corporate Integrity Roundtable Members (SSM,IIM,PEMANDU, SPRM, TI MALAYSIA, BURSA and SC)

3. It promotes the Corporate Integrity Pledge (CIP) and Corporate Integrity System Assessment and Questionnaire (CISAQ), both are formal commitments by companies to uphold ethical business practices and to support the national campaign against corruption.

4. It provides a guideline on aspects of the CIP and CISAQ and the benefits that companies and businesses may derive once the CIP and CISAQ are implemented.

5. CIP and CISAQ are voluntary in nature which businesses and companies are encouraged to adopt towards ensuring business viability and sustainability.
1. This BBPC was launched on 5<sup>th</sup> March 2013 by YBhg. Prof Dato’ Dr. Aishah Bidin, Commission Member of SSM at Menara SSM@Sentral, KL.

2. The objectives of this BBPC are:
   - To promote and support public-private partnership (PPP) in providing technical education and vocational training (TEVT), as an alternative to mainstream education especially for school dropouts; and
   - To provide the corporate sector with guidance on responsible employment of young workers who come from TEVT programmes, and respecting and supporting children’s rights based on the Children’s Rights and Business Principles that was launched in Malaysia on 11<sup>th</sup> September 2012.
The Tuanku Ja’afar Law Conference was jointly organized by SSM and UKM on 19 & 20 Oct 2010 at Menara SSM@Sentral, Kuala Lumpur.

The theme of this conference was CR & CG, where more than 30 papers were presented by presenters from local and International jurisdictions on these two subject matters.

The conference was a beneficial platform as it had provided people from different backgrounds i.e from the industry, the regulator and academia, to discuss, exchange views and share knowledge & experiences pertaining to CR & CG.
The IIM-SSM CR & Corporate Integrity Forum Series was a jointly organized by SSM and IIM.

The main objective was to create awareness and enhance the understanding of the concept of CR and corporate integrity among the corporate and business community, especially the SMEs, noting that the SMEs in Malaysia form 99.2% from the total number of business establishments in Malaysia.
Breakfast Dialogue on Corporate Integrity System of Malaysia (CISM)

As a member of the Corporate Integrity Roundtable Members, SSM participates in the roadshows (Penang, Ipoh, Alor Setar and Kuching) organised by IIM to promote SSM Best Business Practice Circular on “Achieving Corporate Integrity” which is aimed at:

• inculcating integrity practices in the corporate sector
• cultivating the creation of ethical environment in the workplace
• promoting the Corporate Integrity Pledge and the Corporate Integrity System Assessment Questionnaire
SSM has engaged the media to promote its CR-related initiatives, as part of its effort to create awareness among the public generally, and the business and corporate community specifically.

SSM has featured articles on its initiatives in the media and has also invited the media to cover the events relating to the CR-related initiatives.
ENHANCING THE DOMESTIC LEGAL & POLICY FRAMEWORK ON CORPORATE RESPONSIBILITY

CURRENT

Various laws relating to CR:
- Environmental Law
- Employment Relations Law
- Consumer Protection
- Labour Laws

Ratified UN Conventions relating to CR:
- UN Convention No. 8 (Elimination of Discrimination against Women)
- UN Convention No. 11 (Children’s Rights)
- ILO Convention no. 138 (Minimum Age)

Bursa Malaysia Listing Requirements – PLCs:
- Provide statement on CR activities in Annual Report – Rule 9.25 read together with Item 29 of Appendix 9C

Khazanah Nasional Berhad – GLCs:
- Silver Book: Achieving Value through Corporate Responsibility

FUTURE

Directors’ Report will cover additional matters including policies on internal control and CR
UPDATES ON THE LIMITED LIABILITY PARTNERSHIPS ACT 2012
THE LAW

- **LIMITED LIABILITY PARTNERSHIPS ACT 2012**
  - Passed in Parliament on 21 December 2011
  - Date of Royal Assent – 2 February 2012
  - Gazetted on 9 February 2012
  - Enforced on 26 December 2012

- **LIMITED LIABILITY PARTNERSHIP REGULATIONS 2012**
  - Enforced on 26 December 2012
What is a limited liability partnership?

- A new business vehicle.
- A hybrid between company and conventional partnership offering fundamentally:
  1. the status of limited liability to the partners of the LLP; and
  2. the flexibility of internal management.
GENERAL CHARACTERISTICS

 LLP is a **body corporate** and shall have:
  
  ✓ **legal personality** separate from its partners (separate legal entity);
  ✓ **perpetual succession**; and
  ✓ **unlimited capacity**.

 Flexible internal arrangement through:
  ✓ LLP agreement
Depending on State, LLPs are offered to professionals.

Depending on Territory, LLPs are offered to professionals.

Knowledge-based professions/technical services.

Business activities only.

All activities.

All activities.

All activities.

All activities.

All activities.

All activities.

All activities.

All activities.

Others:
ISLE OF JERSEY
DUBAI IFC
GERMANY
ROMANIA
GREECE
Access to limited liability status

• To encourage entrepreneurship and to promote business growth.

Closing the gap in current framework

• To provide an alternative business vehicle to complement the traditional choices of business vehicles.
• To provide flexibility and freedom to select the best business model that suits needs and requirements of businesses on the basis of commercial criteria.
• More affordable vis-à-vis companies
• More protection vis-à-vis sole proprietorships/firms
TARGET AUDIENCE FOR LLP IN MALAYSIA

- Small and medium sized businesses
- Professionals
- Joint ventures
- Venture capitals
FORMATION OF LLP

- LLP may be formed:
  - by a minimum of two persons (wholly or partly individuals or bodies corporate);
  - for any lawful business with a view of profit; and
  - in accordance with the terms of the LLP agreement.

- LLP may be formed for *professional practice* as specified under schedule 2 of the LLP Act 2012 and must:
  - consist of natural persons of the same profession; and
  - have in force professional indemnity insurance as approved by the Registrar.
Information required for registration:

- proposed name of LLP
- nature of business
- address of registered office
- name and details of partners
- name and details of compliance officer
- approval letter (in cases of professional practice).
Confirmation of status from governing bodies:

- Current partners (including membership number)
- Registered address
- Registration date with governing bodies (including any reference number)
- Insurance coverage
Who can convert?

1. Conventional partnerships:
   - registered under the Registration of Businesses Act 1956;
   - any partnership established by two or more persons for the carrying on any professional practice.

2. Private companies incorporated under the Companies Act Act 1965.
Eligibility criteria:

- Same partners and no one else.
- At the date of application, the conventional partnership must be able to pay its debts.
- In cases of professional practice, the approval letter from the governing body.
Conversions of Private Company into LLP

Eligibility criteria:

- Same shareholders and no one else.
- There is no subsisting security interests in its assets.
- At the date of application, the private company is solvent.
- All outstanding statutory fees to government agencies have been settled.
- Advertisement has been placed in a widely circulated newspaper and the Gazette.
- All creditors agreed to the conversion.
Effect of conversion:

- Vesting of assets into the LLP;
- Pending proceedings may be continued, completed and enforced against or by the LLP.
- Existing agreements, contracts shall have effect as though the LLP were a party.
- In cases of conventional partnership, the partner shall continue to be personally liable (jointly and severally with the LLP) for liabilities and obligations incurred prior to the conversion.
- In cases of private companies, LLP will continue to be liable for liabilities and obligations incurred prior to the conversion.
PARTNERS: DUTIES AND LIABILITIES

- Any obligation arising from contract or tort will be the liability of the LLP and not the partners.

- A partner however will be jointly and severally liable for his own wrongful act or omission in the course of the business of the LLP.

- Liabilities of LLP will be borne out of the property of the LLP.
THANK YOU