

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Protasco Berhad (“the Board”) believes in good corporate governance practices that are in line with the principles, requirements, and best practices specified in the Malaysian Code on Corporate Governance 2021 (MCCG 2021).

THE ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is aware of its accountability to the shareholders and various stakeholders of Protasco Berhad in discharging its duty and regulatory role in building a sustainability business.

The Board is responsible for delivering shareholder value over the long term through the Group’s culture, strategy, values and governance. The Independent Directors have a particular responsibility in challenging the Group’s strategy and monitoring the performance of Executive Directors against goals and objectives.

The Board is supported by the Audit, Nomination and Remuneration and Risk Management Committees.

Decisions on operational matters and the day-to-day management of the business are delegated to the Group Managing Director and senior management. These include implementing group policy and procedures, managing clients and contractor services, monitoring financial performance and human resource management.

Board Charter

The Board has adopted a Board Charter which serves as a reference for the Directors.

The Board Charter sets out the roles, functions, composition, operations and processes of the Board which are intended to ensure that all the Board members are fully aware of their obligations in discharging their duties and responsibilities.

The Board Charter is subject to periodic review by the Board to ensure that it remains consistent with the Board’s roles and responsibilities, changing needs of the Company as well as any development in the prevailing legislation and practices.

The Board Charter is available for reference at the company’s website www.protasco.com.my.

Code of Conduct

A Director’s Code of Conduct is set out as the rules and values for the Directors in conducting their duties and responsibilities to the highest ethical standards.

The Director’s Code of Conduct is available for reference at the company’s website www.protasco.com.my.

Board Information

Board papers containing current quarter results, business plans, proposed projects, business risk, governance and litigation updates are distributed in advance of the meeting to allow Directors to have sufficient time for preparation. The Board received presentations from the Group Managing Director and senior management on issues within the Group.

Company Secretary

Both company secretaries are qualified to act as company secretary under Section 235 of the Companies Act 2016. They are both members of the Malaysia Institute of Chartered Secretaries and Administrators (“MAICSA”). The company secretaries provide support to the Board in fulfilling their fiduciary duties. They are responsible in advising the Board with regards to the Company’s constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislations as well as best practices of corporate governance. All Directors have access to the advice and services of the company secretaries. The company secretaries ensure deliberations of Board and Board Committee meetings are well documented and maintained at the registered office of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Promote Sustainability

The Board recognises that sustainability is an integral part of its business. It supports the environmental, economic and social sustainability in business operations.

For further information, please refer to the Sustainability Report on pages 24 to 55.

The Sustainability Policy is available for reference at the company's website www.protasco.com.my.

Professional Advice

The Company provides the Board with full assistance and gives it complete access to necessary material and relevant information. Together with proper counsel from qualified company secretaries and others, the Board has been able to discharge its functions properly. The Directors are also encouraged to make verifications and endorsements, and to seek external guidance.

Whistleblowing

The Board encourages employees and associates to report suspected or known misconduct, wrongdoing, corruption and instances of fraud, waste, and abuse involving the resources of the Group.

Whistleblowing Policy enables employees and associates to raise their concerns without fear.

The Whistleblowing Policy is available for reference at the company's website www.protasco.com.my.

The following channels should be used by employees and associates to raise their concerns:

- Via email : whistleblow@protasco.com.my
- In writing to : The Chairman of the Audit Committee, Protasco Berhad, 2nd Floor, Corporate Block, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor. Tel: 03 8738 3388

Composition of the Board

The Board aims to have diversity of skills, experience, knowledge and gender. The profiles of the Directors are set out on pages 58 to 64. These demonstrate a broad range of experience, expertise and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group.

At present, there are seven (7) members of the Board comprising four (4) Independent Non-Executive Directors and three Executive Directors. There are two (2) female Board Members representing 28% female representation on the Board.

The Diversity Policy is available for reference at the company's website www.protasco.com.my.

Appointments and Re-Election of Directors

The Nomination and Remuneration Committee ("NRC") in recommending new appointments to the Board will assess the suitability of an individual to be appointed to the Board by giving due consideration to the individual's skills, industry experience and knowledge, character, integrity and time to effectively discharge his or her role and responsibilities.

Candidates to be considered for appointment as Directors are identified through recommendations from various sources such as senior management staff, independent advisors or third party referrals.

In compliance with the Company's Constitution, at each Annual General Meeting (AGM), one-third (1/3) of Directors or if their number is not three, the number nearest to one-third (1/3), shall retire from office at least once in three years. The Directors to retire shall be those who have been longest in office since their last re-election or appointment.

The NRC will assess the Directors who are due for re-election at the AGM based on the Directors' Fit & Proper Policy and the results of the annual performance evaluation, before submitting its recommendations to the Board for approval.

Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman, Dato' Ir Kenny Chong Ther Nen and Madam Celine Chan Hooi Li shall retire by rotation pursuant to Article 107 (1)(b) of the Company's Constitution. They are eligible and have offered themselves for re-election at the forthcoming AGM. Their profiles can be found on pages 59, 60 and 64 of this Annual Report. The Board, upon satisfactory assessment by the NRC pursuant to the Directors' Fit & Proper Policy and based on the annual performance evaluation, endorsed the recommendations of the NRC for their re-elections at the forthcoming AGM as Directors of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Performance Evaluation

The Board undertakes performance evaluation annually which comprises Board assessment, self-assessment and assessment on board committees. The Chairman of the Nomination and Remuneration Committee will be presented with the analysis of the overall performance evaluation for deliberation in the Nomination and Remuneration Committee meetings. The Nomination and Remuneration Committee will access and identify areas which require improvement and recommend them to the Board for action.

Independence

The Board considers that, notwithstanding their interests in the shares of the Company as set out in the Directors' Interest on pages 97 to 98 of the Directors' Report, all of the current Independent Directors are independent of the management of the Group and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The NRC conducts a review and assessment of the independent directors' independence based on the criteria outlined in the Independent Directors Test. The NRC is satisfied that the Independent Directors are independent of management and free from any business or other relationships which could interfere with the exercise of independent judgement, objectivity and ability to act in the best interest of the Company.

Pursuant to the Succession Planning Policy of the Company, the tenure of an Independent Director is capped at nine years of continuous service. In the event the Board intends to retain any Director as an Independent Director who has served beyond a consecutive or a cumulative term of nine years, the Board should justify and seek approval from the shareholders at the Company's AGM.

Chairman and Group Managing Director

The roles of Executive Chairman and Group Managing Director are held by separate persons and they have different responsibilities as set out in the Board Charter.

The Board is led by the Executive Chairman who is accountable for ensuring the effectiveness of the governance process of the Board. He provides leadership and ensures all strategic and critical issues are discussed by the Board in a timely manner.

The Group Managing Director is responsible for the management of the Group's business, decision making and managing day-to-day operations.

Board Meetings

During the year under review, five (5) Board meetings were held. Details of Directors' attendance are set out as follows:

Board meeting attended in 2022	
Dato' Sri Ir Chong Ket Pen	5/5
Dato' Ir Kenny Chong Ther Nen	5/5
Dato' Sri Su-Azian @ Muzaffar Bin Abd Rahman	5/5
Dato' Tan Yee Boon	5/5
Suhaimi Bin Badrul Jamil	5/5
Tham Wei Mei	5/5
Celine Chan Hooi Li	5/5

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Training

Details of training programmes, conferences and forums attended by the Directors during the year under review, are set out as follows:

Name	Date	Description of Training
Dato' Sri Ir Chong Ket Pen	18 August 2022	Challenges and Insights in Corrosion Management, The Institution of Engineers, Malaysia.
	23 August 2022	Healthy Staff Equals Healthy Profits Wellness Talk, Ms Leong Yin Fun.
	29 September 2022	Innovative Cost Effective Long Span Bridge Design and Technology, The Institution of Engineers, Malaysia.
	1 October 2022	After Thought of A Climate Change Case Study: Impact of El Nino on Oil Palm Yield in Malaysia, The Institution of Engineers, Malaysia.
	5 December 2022	Workshop on "Design of Kuantan 188 and QA/QC of Concrete Construction", The Institution of Engineers, Malaysia.
Dato' Ir Kenny Chong Ther Nen	28 June 2022	PowerTalk ESG Series #2 – Why Investors Care About ESG, Institute of Corporate Directors Malaysia.
	29 June 2022	PowerTalk ESG Series #2 – ESG + 'T' - Global Megatrends to Watch Out, Institute of Corporate Directors Malaysia.
	23 August 2022	Healthy Staff Equals Healthy Profits Wellness Talk, Ms Leong Yin Fun.
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	28 June 2022	PowerTalk ESG Series #2 – Why Investors Care About ESG, Institute of Corporate Directors Malaysia.
Dato' Tan Yee Boon	14 April 2022	Corporate Liabilities Risk Under Section 17A of the MACC Act 2009 and its Mitigations, MAICSA.
	27 June 2022	Plan your ESG Journey: Lessons For the Boardroom, Institute of Corporate Directors Malaysia.
Suhaimi Bin Badrul Jamil	14 July 2022	Cyber Security: What's Directors Need to know, Minority Shareholders Watch Group.
	23 August 2022	Healthy Staff Equals Healthy Profits Wellness Talk, Ms Leong Yin Fun.
	17 November 2022	Audit Oversight Board Conversation With Audit Committee, Securities Commission Malaysia.
Tham Wei Mei	14 July 2022	Cyber Security: What Directors Need to know, Minority Shareholders Watch Group.
	23 August 2022	Healthy Staff Equals Healthy Profits Wellness Talk, Ms Leong Yin Fun.
Celine Chan Hooi Li	13 September 2022	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers, Bursa Malaysia.

FINANCIAL REPORTING

The Board takes responsibility to ensure that financial statements are prepared in accordance with the regulatory requirements and applicable financial reporting in Malaysia. The Board deliberates on financial statements and ensures that the Group has used appropriate accounting policies, supported by reasonable, and prudent judgment and estimates. The Audit Committee assists the Board by scrutinising the information to be disclosed. The Group's financial statements are presented in pages 93 to 226 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

RELATIONSHIP WITH THE AUDITORS

Through the Audit Committee, the Group has established a professional, transparent and appropriate relationship with the Group's auditors, both internal and external, particularly in obtaining their professional advice towards ensuring full compliance with applicable accounting standards.

External Auditors

The Audit Committee met the external auditors twice during the year under review on 21 February 2022 and 12 April 2022 without the presence of the Executive Directors and Management, to exchange independent views on matters which required the Committee's attention.

The Audit Committee had assessed the suitability and independence of the external auditors. In its assessment, the Audit Committee considered several factors such as adequacy of experience, resources of the firm, the professional staff assigned to the audit, independence of Crowe Malaysia PLT and the provision of non-audit services rendered by Crowe Malaysia PLT for financial year 2022.

Crowe Malaysia PLT confirmed that they have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements for the financial year 2022.

Being satisfied with Crowe Malaysia PLT's performance, technical competency and audit independence, the Audit Committee recommended to the Board to put forth a proposal for the re-appointment of Crowe Malaysia PLT as external auditors for financial year ending 2023 at the forthcoming Annual General Meeting.

Internal Auditors

The Board acknowledges their responsibility for the Group's system of internal controls and reviews its effectiveness regularly via the Internal Audit function of the Corporate Assurance Department which provides support to the Audit Committee in dispensing its responsibilities with regards to the adequacy and integrity of the system of internal controls within the Group. The internal audit function is independent of the operations of the Group and reports directly to the Audit Committee.

The works of the internal auditors during 2022 are set out in the Audit Committee Report on pages 74 to 76 in this Annual Report.

BOARD COMMITTEES

Audit Committee

The Audit Committee plays an active role in assisting the Board in discharging its responsibility. The full details of the composition, summary of the works of the Audit Committee are set out in the Audit Committee Report on page 74 of the Annual Report.

Board Risk Management Committee

The Board has established a Board Risk Management Committee ("BRMC") for the following primary objectives:-

- a. maintain reliable and effective risk management practices. Such practices will identify, assess and monitor key business risks as well as safeguard and enhance the Group's assets and shareholders' investments.
- b. review the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring adequacy of risk management policy and infrastructure, to facilitate the implementation of action plans for risk management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- c. determine the nature and extent of significant risks which the Group is willing to take in achieving its strategic objectives and ensuring the execution and implementation of the Group's sustainability strategy. These will allow the Group to continue generating economic value while reducing our environmental and social footprint, by monitoring the progress of the Group's sustainability initiatives through an effective governance framework against the set targets.

A Group Risk Management Committee ("GRMC") assists the BRMC in achieving its primary objectives.

GRMC comprises senior management staff from the Group Finance & Treasury and Group Corporate Office.

Significant risk, policy and procedure matters that require the attention of the Board, are reported to the Board Risk Management Committee.

The Statement on Risk Management and Internal Control is set out on page 85 of this Annual Report.

Nomination And Remuneration Committee

The Nomination and Remuneration Committee assists the Board on matters relating to Board appointments including the composition of the Board Committees, reviews the performance of the Directors and Board Committees, and reviews Board Directors and Executive Directors' remunerations.

A summary of the Nomination and Remuneration Committee's activities during the year is set out below:

- Reviewed the performance of the Directors and Board Committees;
- Reviewed the terms of office and performance of Audit Committee and each of its members;
- Reviewed the training needs of Directors;
- Reviewed the Directors standing for re-election at the forthcoming Annual General Meeting;
- Assessed the independence of the independent directors;
- Recommended the appointment of Senior Independent Director;
- Reviewed & recommended the Directors' Fit & Proper Policy to the Board for approval; and
- Reviewed the Succession Planning Policy and Nomination & Remuneration Policy.

Details of the Directors' Remunerations for the financial year ended 31 December 2022 are as follows:

	Director's Fee		Salary/Bonus/Benefits		Total
	Protasco Bhd (RM)	Subsidiary (RM)	Protasco Bhd (RM)	Subsidiary (RM)	
Dato' Sri Ir Chong Ket Pen	-	-	1,715,200	30,000	1,745,200
Dato' Ir Kenny Chong Ther Nen	-	-	655,200	102,000	757,200
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	-	-	-	736,800	736,800
Dato' Tan Yee Boon	51,000	-	7,500	-	58,500
Suhaimi Bin Badrul Jamil	51,000	-	5,500	-	56,500
Tham Wei Mei	51,000	-	4,000	-	55,000
Celine Chan Hooi Li	51,000	-	7,500	-	58,500

Top five (5) Senior Management's Remuneration for the financial year ended 31 December 2022 are as follows:

Senior Management	Remuneration Band
1. Dato' Prof. Dr Noor Inayah Binti Ya'akub	
2. Dato' Ronnie Yap Kee Tian	
3. Dato' Wan Imran Bin Wan Omar	RM350,000 – RM400,000
4. Ir Edward Khoo Mong Wei	
5. Freddie Cheong Kah Wang	

CORPORATE DISCLOSURE

To ensure quality disclosure, the Company has a corporate disclosure policy to ensure accurate, clear and timely disclosure of material information and take reasonable steps to ensure that the general public has access to such information. The Company is committed to communicate the Company's strategy, operational performance, financial results, and other material developments to Bursa Malaysia, analysts, investors, shareholders, and other stakeholders in a timely, open and comprehensive manner.

The Corporate Disclosure Policy is available at www.protasco.com.my.

GROUP CORPORATE WEBSITE

The Board is committed to leverage on information technology for effective dissemination of information in a timely manner. Protasco's corporate website (www.protasco.com.my) provides easy access to information about the Group. Information available on the corporate website includes Protasco's corporate profile, Board of Directors and Group senior management, financial results, annual reports, Group newsletters and latest corporate news.

In addition, stakeholders can obtain regulatory announcements made by Protasco to Bursa Malaysia at www.bursamalaysia.com.

ANNUAL REPORT

The Company's annual report provides a comprehensive report on the Group's operations and financial performance for the year under review. It provides full disclosure and is in compliance with the relevant regulations to ensure greater transparency. An online version of the Annual Report is also available at Protasco's corporate website.

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") is the main delivery channel for dialogue with all shareholders. They are encouraged and are given opportunities to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns.

The notices of AGM are sent out to shareholders at least 28 days before the date of the meeting, exceeding the 21 days requirement under the Companies Act 2016 and Listing Requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Shareholders who are unable to attend, are allowed to appoint proxies to attend and vote on their behalf. Shareholders can also contact the Company with their queries.

Shareholders are encouraged to be aware of their rights with regards to the convening of general meetings, appointment of proxies, demand for poll voting and access to information. The details of shareholder's rights are available at www.protasco.com.my.

In line with the Listing Requirements on strengthening good Corporate Governance Practice, the Company has been conducting electronic poll voting in General Meetings. An independent party is appointed to validate the votes cast at the AGM.

INVESTOR RELATIONS

The Company's Investor Relations Department has periodic dialogues with analysts and shareholders to update them on business performance and corporate developments.

In addition, the Company releases its financial results and other mandatory announcements on a timely basis and responds promptly to enquiries from investors, regulators, the public and financial analysts.

The Company has a dedicated website, www.protasco.com.my, designed to assist its stakeholders. The Company has subscribed to Bursa Malaysia's website linking service so that the Company's announcements made to Bursa Malaysia, can be retrieved concurrently from both websites.

Investor Relations Contact:

Han Long Kong

Tel: 603-8738 3388

Email: lkhan@protasco.com.my

This statement is prepared in compliance with the Main Market Listing Requirements and it is to be read together with the Corporate Governance Report 2022 of the Company which is available in Protasco Berhad's website, www.protasco.com.my.