

PROTASCO BERHAD

Integrity & Anti-Corruption Policy

Introduction

- a.** The provision of section 17A under the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 was introduced in 2018, which establishes the principle of a commercial organisation’s criminal liability (corporate liability) for the corrupt practices of its employees and/ or any person(s) associated with the commercial organisation in cases where such corrupt practices are carried out for the organisation’s benefit or advantage. The commercial organisation may be liable whether or not its top level management and/or representatives had actual knowledge of the corrupt acts of its employees and/or associated persons.
- b.** The aim of this provision is to foster the growth of a business environment that is free of corruption, and to encourage all commercial organisations to take the reasonable and proportionate measures to ensure their businesses do not participate in corrupt activities for their advantage or benefit. These measures should take the form of policies and procedures, with training, communication and enforcement to ensure they are effective.
- c.** In the event that a commercial organisation is found liable under Section 17A of the MACC Act, the provision provides that the organisation having adequate procedures can raise it as a defence against corporate liability. In this regard the organisation must prove that the necessary procedures were in place to prevent its employee(s) and/or associated persons from undertaking corrupt practices in relation to its business activities.
- d.** This Policy is the defence that adequate procedures are in place to protect both the organization and top management from the liabilities now arising from the MACC Amendment Act 2018.
- e.** This Policy applies to all employees of Protaco Berhad and/or Protasco Group of Companies (hereinafter referred to as “Protasco”), domestically or outside Malaysia, as to all Board of Directors (“BOD”), agents, business partners, contractors and consultants.

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1. Gifts, Entertainment and Corporate Hospitality

a) No-Gift Policy

- All employees should not accept or solicit any gifts from third party that may have direct or indirect business with Protasco.
- All employees are required to abide to the policy to avoid conflict of interest which can be seen as bribery.
- Any gifts in the form of cash and cash value (vouchers, coupons, shares, commission) are strictly prohibited.
- Fruits, flowers, hampers and other promotional items with the value of not more than RM500 are acceptable with the condition that the items shall be shared amongst team members and placed in common area for staff consumption.

b) Receiving Gifts, Corporate Hospitality and Entertainment

- Protasco strictly prohibits employees from accepting corporate hospitality and entertainment that is excessive, in appropriate, illegal or given in response to, in anticipation of, or to influence a favourable business decision, particularly parties engaged in a tender or competitive bidding exercise.
- In the event the employee is unable to decline or return a gift with an approximate value of more than RM500, the employee must declare and surrender such gift to Human Resource Department (“HRD”). HRD will seek the Executive Chairman (“EC”)’s or Group Managing Director (“GMD”)’s direction on the best ways to dispose the gifts.

c) Providing gifts, entertainment and hospitality

- Generally all employees are not allowed to provide gifts to third parties with the exception that gift-giving are Protasco’s corporate gifts mainly as business courtesy or gifts are distributed during corporate events (bearing Protasco Berhad’s name and logo).
- All expenses incurred to provide the corporate gifts must be properly kept, documented and recorded by respective departments for audit purposes.
- Eligible employees are allowed to entertain third parties through reasonable act of hospitality as part of business e.g. business luncheon.

d) Dealing with Public Officials

- Any business relationship with Protasco involving interests of Public Officials who otherwise has a direct relationship with Protasco, and which interests are not prohibited by the company’s Code of Conduct Policy, requires disclosures. In addition, EC’s or GMD’s specific approval for establishing business relationship with such customers must be obtained.
- All employees are prohibited from paying non-business travel, entertainment and hospitality for any public official or his or her family members at any amount without the approval of the EC or GMD.
- If approval is obtained to provide gift, entertainment or corporate hospitality to public officials, the employee must ensure the gift, entertainment or corporate hospitality is not excessive and lavish, and must commensurate the official designation of the public official and not his or her personal capacity.

2. CSR, Donations and Sponsorships

- a) Any CSR, donations and sponsorship activities conducted must not be used as a conduit to avoid or evade the laws and regulatory requirements. Ultimately, it shall not be used to facilitate corruption, illegal and money laundering activities.
- b) All of these activities must be verified and approved by the respective Executive Director (“ED”) or CEO of the business segment for legitimacy and genuineness and not be made to improperly influence a favourable business outcome.
- c) All of these activities must be made in accordance with the approval limits or budget as per Protasco’s Discretionary Authority Limit (“DAL”).

3. Facilitation Payment

- a) Offering, promising or requesting facilitation payment is just as prohibited as actually paying or receiving facilitation payments.
- b) Protasco prohibits accepting or obtaining, directly or indirectly, facilitation payments from any person for the benefit of the employee himself or herself or for other person as it is seen as bribery.
- c) All employee must not offer, promise, give, request, accept or receive anything which might reasonably be regarded as a facilitation payment. If an employee receive a request or being offered facilitation payments, he or she must report immediately to Head of Division (“HOD”) or GMD. (or as provided under the Whistle Blowing Policy).

4. Due Diligence on Third Parties

- a) Conduct due diligence to assess the integrity of Protasco’s prospective business counterpart – customers, contractors, vendors, suppliers, solicitors, agents, consultants, JV partners and government intermediaries (hereinafter referred to as third parties).
- b) All third parties are to be made aware of Protasco’s Directors Code of Conduct, Whistleblowing and Integrity & Anti-Corruption policy. Third parties must sign the declaration form to agree and confirm on conforming to all anti-corruption policies throughout the business dealings.
- c) Continue to be aware of and monitor third party’s performance to ensure ongoing compliance.
- d) To identify red flags throughout the due diligence process and all red flags must be sufficiently mitigated by third parties, before proceeding with business dealings.
- e) Where the department involved finds that the red flag could not be mitigated despite all the non-exhaustive measures, the department shall not proceed with business dealings with the third party.
- f) For any third party with positive public official traces and department decided to recommence the business dealings, the disclosure in the financing requisition or Request for Proposal (“RFP”) is mandatory.

5. Financial and Non-Financial Controls

- a) Segregation of duties and approving powers to be assigned with 4 layers of financial activities checking - maker, checker, approver and internal audit verification as per Standard Operating Procedures ("SOP") on Payments.

6. Corruption Risk Management

- a) Regular and on-going assessment of the nature and extent of the risk relating to corruption and bribery, the level of exposure in order to be aware of the risks potentially present internally and externally.

7. Record Keeping

- a) Every department must ensure that all business transactions and dealings are recorded and traceable. They must retain at least 7 years all records, operational documents, other documents and transactions to enable Protasco to comply with and attend to any enquiries from the relevant authorities.
- b) Records on customer's identification, business correspondence and security documents are to be kept by respective departments up to 7 years after the business dealings are terminated/exited/completed.

8. Employee Recruitment

- a) Proper background checks to be carried out in order to ensure that potential employee has not been convicted in any bribery or corruption cases.
- b) More detailed background checks to be taken when hiring employees at the managerial position as they are tasked with decision-making obligations.
- c) HRD are opt to conduct psychometric test to ascertain the level of integrity of all existing employees and new hires.
- d) All employees are required to sign the Integrity & Anti-corruption declaration form.

9. Communication and Training

- a) Protasco will communicate Integrity & Anti-Corruption policy to all employees. Relevant employees will receive training on the terms and implementation of the policy and with the relevant reporting procedures.
- b) Seminars and online training programs must be designed and attended by employees to allow them to become acquainted with anti-corruption legislation and the consequence of non-compliance.

10. Monitoring and Review by the BOD

- a) The BOD will ensure that this policy is executed accordingly and reviewed on need basis and adapted to changing circumstances or in response to any incident involving corruption activities within the organisation.