

Sustainability Report

Procurement Practices



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WHY IS THIS IMPORTANT?

Protasco, as a diversified enterprise engaged in all facets of the construction and infrastructure value chain, plays a crucial role in bolstering the local marketplace. This is achieved through responsible procurement practices that support local industries, facilitate the transfer of local knowledge, and promote shared prosperity within local communities. The implementation of fair and equitable procurement practices enhances trust with our external providers, allowing us to effectively source competitively priced products and services that align with our specific needs.

OUR APPROACH

The Purchasing & Procurement Department (PPD) at the Corporate Office currently oversees procurement for their employees, Clean Energy, Engineering & Consultancy Services, Education, and Property Development and Construction segments. However, businesses undertaking projects, such as Maintenance, Property Development, Construction and Trading & Manufacturing have their own dedicated procurement departments and procedures. Moving forward, purchasing and procurement processes will become decentralised, with each BU representative establishing their policies and responsibilities for procurement. Corporate office will provide guidance on matters essential for standardisation and sustainability initiatives, ensuring alignment across all units.

External providers undergo evaluation based on both their performance and their capability to deliver services on time and at competitive prices. Responsible local contractors, who have demonstrated a positive contribution to the nation’s economy through a strong performance track record, receive thoughtful consideration. However, the assessment of external providers primarily focuses on their performance in delivering quality services at reasonable prices.

In FY2023, the Group has taken steps to disseminate surveys to all its suppliers to gather information about their ESG practices. This initiative is in its early stages and requires further refinement. Moving forward, improved reporting on our suppliers’ ESG adoption will be provided. As for FY2023, the information obtained will be shared based on the current status of the initiative.

In project-specific procurement, a more detailed examination of safety track records is conducted to verify adherence to the pertinent laws and regulations of the OSHA and the Department of Environment (DOE). This scrutiny is particularly emphasised in the areas of Maintenance, Property & Construction, and Trading & Manufacturing.

Protasco follows the ISO9001:2015 Quality Management Systems for the procurement of construction and building materials. Contractors working with us are required to responsibly source construction materials and supplies from entities approved by the CIDB, Standard and Industrial Research Institute of Malaysia (SIRIM), or IKRAM Quality Assurance’s approved material list.

OUR PERFORMANCE

Prior to presenting our FY2023 procurement performance in this report, we would like to acknowledge a minor error identified in SR2022. Please refer to the details below:

“Procurement in all our project-based subsidiaries is carried out by their respective Contract and Administration Departments in accordance with the procurement practices and procedures established by the Purchasing and Procurement Department (PPD). Plans are underway to further synchronise the procurement practices of the subsidiaries at the Group level. The effectiveness of our procurement process has a bearing on the Group’s financial performance. Currently, suppliers are not evaluated for their environment performance, OSH track records, commitment to worker welfare etc. Once a better process in place, the Group will take account these ESG factors.”
(FY2022 Sustainability Statement; page 42 (2nd paragraph).

Should be read as:

“Procurement in all our project-based subsidiaries is carried out by their respective Contract and Administration Departments of subsidiaries in accordance with the procurement control practices and measures from the PPD, Corporate Office at the Group level. Plans are underway to further synchronise the procurement practices of the subsidiaries at the Group level. The effectiveness of our procurement process has a bearing on the Group’s financial performance. Currently, suppliers are not evaluated for their environment performance, OSH track records, commitment to worker welfare etc. Once a better process in place, the Group will take account these ESG factors.”

This report consolidates a comprehensive record of procurement activities across all BUs, offering a comparative analysis over the past three years. To enhance future reporting, the data collection process will be refined by categorising current and new suppliers separately. As of FY2023, the data presented incorporates information from both new and existing suppliers who are actively engaged in business transactions.

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Prioritising ESG practices and anti-corruption policies is essential for maintaining ethical and sustainable business operations. As a Group, we recognise that conducting comprehensive screening is vital to mitigate risks and ensure alignment with our organisation’s values and goals. In FY2023, only 3% of our suppliers underwent ESG screening, marking the initial phase of our efforts. We now intend to intensify our evaluation of ESG practices and reinforce compliance with anti-corruption policies.

Suppliers by countries and Malaysian State for FY2023

The pie chart shows our Group’s supplier by countries.

Based on the data for FY2023, the vast majority (97%) of our suppliers are based in Malaysia, while the remaining 3% are overseas suppliers. We choose to engage overseas suppliers only when necessary due to factors such as insufficient quantity, quality, or availability of supply within Malaysia, and when their costs align with our project or business operation estimates.



Approximately 31% of our suppliers are located in Kuala Lumpur, with Selangor, Sarawak, and Terengganu following closely. We also extend support to suppliers from other regions where our projects are undertaken.

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3-Years Comparison for Procurement Practices at Group level

| No. | Details | FY2023 | FY2022 | FY2021 |
|-----|---|----------------------|----------------------|--------------------|
| 1. | Local Procurement Actual (RM) | RM298,483,995 | RM259,381,475 | RM4,942,232 |
| 2. | Foreign Procurement Actual (RM) | RM3,002,531 | RM4,818,349 | RM3,020 |
| 3. | Total Procurement Actual (RM) | RM301,486,526 | RM263,199,824 | RM4,945,252 |
| 4. | Percentage of Local Procurement Actual | 99.56% | 98.55% | 99.93% |
| 5. | Number of Local Suppliers | 452 | 428 | 128 |
| 6. | Number of Foreign Suppliers | 15 | 14 | 1 |
| 7. | Total Number of Suppliers | 467 | 442 | 129 |
| 8. | Percentage of Local Suppliers | 97% | 97% | 99% |
| 9. | Number of suppliers screened/audited for good ESG performance | 14 | N/A | N/A |
| 10. | Number of suppliers removed from procurement list or cautioned for poor ESG performance | N/A | N/A | N/A |
| 11. | Number of suppliers endorsed anti-bribery anti-corruption policies | N/A | N/A | N/A |

Community Development



Related UNSDGs:



WHY IS THIS IMPORTANT?

As a socially responsible corporate entity, Protasco is dedicated to investing our time and effort in fostering the growth of sustainable and inclusive communities. Through our active involvement in community development and employee volunteerism, we aim to improve the well-being of the communities in which we operate, aligning with our mission to deliver enduring and sustainable benefits to society.

Participating in diverse projects aimed at aiding B40 families, the Group actively contributes to improving their lives and prospects. One of the myriad



ways this is achieved is through the provision of support and quality education via the Group’s Education segment.

OUR APPROACH

Each BU within the Group is tasked with contributing to community support aligned with the nature of its business and financial strength. The collaboration among BUs internally assumes significance, as it brings together diverse expertise to effectively support the community based projects and initiatives based on its specific needs.

Aligned with our strategic objective, specifically emphasising Sustainability Theme #3: Humanity Care & Support for our Sustainability Goals, we wholeheartedly embrace the UNSDGs as our guiding framework to actively support and contribute to the communities in which we operate.