



DRB-HICOM BERHAD
(Co. No. 203430-W)
(Incorporated in Malaysia)

BOARD CHARTER

DRB-HICOM BERHAD

BOARD CHARTER

A. BOARD RESPONSIBILITIES

The Board of Directors (“Board”) is responsible for the proper stewardship of the Company and its subsidiaries (collectively “Group”). The Board is to ensure the maximisation of shareholders’ value and safeguarding the stakeholders’ interests including securing sustainable long-term financial results and increasing shareholder value, with proper social and environmental considerations. Hence, the Board should collectively have sound and sufficient knowledge and expertise to enable effective governance and oversight.

Generally, a director’s responsibilities include:

1. To be aware of the Group’s operating environment and promote safety and soundness of the Group;
2. To be diligent in undertaking his duties and avoid conflict of interest situation;
3. To understand his oversight role and exercise independent judgment in decision making;
4. To devote adequate time and attention to discharge his duties and responsibilities effectively; and
5. To contribute actively to the functions of the board and be able to provide sound and objective advice

The Board has the following major responsibilities, which facilitate the discharge of the Board’s stewardship in the pursuit of the best interest of the Company:

1. Adopting and reviewing a strategic plan for the Company;
2. Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed and sustained;
3. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
4. Succession planning, including appointing, training, fixing the remuneration of and where appropriate, replacing senior management of the Group;
5. Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
6. Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The matters listed in the **Appendix A** are reserved for the collective decision of the Board.

B. BOARD MEMBERSHIP GUIDELINES

1. Composition

At least two directors or one third of the Board, whichever is higher, shall be independent directors as defined in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.

The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the ninth year, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. If the Board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval.

If the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders' meeting:-

- i. Tier 1: Only the Large Shareholder(s) of the company votes; and
- ii. Tier 2: Shareholders other than Large Shareholders vote.

The 'Large Shareholder' means a person who:-

- i. is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company;
- ii. is the largest shareholder of voting shares of the Company;
- iii. has the power to appoint or cause to be appointed a majority of the Directors of the Company; or
- iv. has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to give effect to.

The decision for the resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2.

The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution. However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

The Board is responsible to determine the appropriate size of the Board. The screening and evaluation process for potential new directors and directors to be nominated for re-election are delegated to the Board Nomination and Remuneration Committee (“BNRC”).

On the appointment of new Director, the new Director is required to commit sufficient time to attend to the Company’s meetings/matters before accepting his/her appointment to the Board.

Pursuant to the Malaysian Code on Corporate Governance (“MCCG”), Directors are required to notify the Chairman before accepting any new Directorship and to indicate the time expected to be spent on the new appointment.

On boardroom diversity, the Board is supportive of the gender boardroom diversity recommended by MCCG. The Board through the BNRC will review the proportion of the female to male board members during the annual assessment of the Directors’ performance taking into consideration the appropriate skills, experience and characteristics required of the Board Members, in the context of the needs of the Group.

The Board shall be responsible for recommending its members for election by the shareholders at the annual general meeting of the Company.

2. Role of Chairman

The Chairman represents the Board to the Shareholders. The Chairman is responsible for ensuring the integrity and effectiveness of the governance processes of the Board and will consult the Board members promptly over any matter that gives him cause for major concern.

The Chairman will act as facilitator at meetings of the Board and ensure that no Board Member, whether executive or non-executive, dominates the discussion, and that appropriate discussion takes place and that relevant opinions among the Board Members are forthcoming.

The Board shall also appoint from amongst its members an Independent Non-Executive Director to be called Senior Independent Director, to whom concerns from the other Directors, public or investors may be conveyed. Inquiries or complaints about decisions or actions taken by the Group should be addressed to the Senior Independent Director.

The key roles and accountabilities of the Chairman include:

1. Providing governance in matters requiring corporate justice and integrity;
2. Managing Board communications and Board effectiveness and effective supervision over management;
3. Creating conditions for good decision making during Board and Shareholders' meetings;
4. Ensuring Board proceedings are in compliance with good conduct and best practices;
5. Protecting the interest and provide for the information needs of various Stakeholders;
6. Maintaining good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations;
7. Ensuring that quality information to facilitate decision-making is delivered to the Board on timely manner; and
8. Ensuring compliance with all relevant regulations and legislation.

3. New Board Members

New Board Members shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group. Copies of the following shall be provided to the newly appointed Director:

- i. Board Charter;
- ii. Constitution;
- iii. Directors' Code of Ethics;
- iv. Board Committees' compositions and terms of reference;
- v. Latest business plans;
- vi. Latest annual reports and financial statements;
- vii. Organisation chart;
- viii. Directors' & Key Management contact details; and
- ix. Schedule of Board Meetings for the year.

The Directors' Code of Ethics is as set out in **Appendix B**.

4. Shareholdings by Board Members in the Company

Board Members may hold shares in the Company. When buying or selling shares in the Company, Board Members must strictly observe the provisions of MMLR, Constitution, Directors' Code of Ethics and all relevant legislative and regulatory requirements.

C. BOARD STRUCTURES AND PROCEDURES

1. Board Committees

The Board may delegate specified matters to individual members or committees of the Board to oversee critical or major functional areas and to address matters which required detailed review or in-depth consideration. All such committees must be provided with written terms of reference which state clearly the extent and limits of their responsibilities and authority, specifically whether they have authority to decide on behalf of the Board or are to report back to the Board.

There shall be established the following committees:

- Board Audit Committee ("BAC");
- Board Nomination & Remuneration Committee ("BNRC"); and
- Board Risk & Sustainability Committee ("BRSC").

The respective Board Committees' terms of reference are set out in the **Appendices C, D and E.**

2. Board Meetings

The Board shall meet at regular intervals throughout the year. At each scheduled meeting, the Board shall consider, where applicable:

- Operational report(s), financial results and cash flow projections;
- Review the reports and recommendations of the BAC, BNRC and BRSC;
- Approve the quarterly announcement and quarterly financial statement to the shareholders and the public;
- Matters which are reserved for its collective decision;
- Significant capital expenditure and acquisitions;
- Significant disposal of the Company/Group assets;
- Major issues or opportunities;
- Changes in directorships and disclosure of interests;
- Disclosure of dealings by directors / principal officers;
- Summary of share ownership movement; and
- Any other matters requiring its authority.

In addition, the Board shall, at periodic intervals of each financial year:-

- Review the Company and Group goals;
- Review the strategies for achieving the stated goals;
- Approve the operational plan and budget;
- Consider and, if deem appropriate, declare or recommend the payment of dividends;
- Review/approve the reports and recommendations from the BAC;
- Review/approve the reports and recommendations from the BRSC; and
- Review/approve the reports and recommendations from the BNRC.

3. Access to Independent Professional Advice

In discharging the Directors' duties, each member of the Board is entitled to obtain independent professional advice at the cost of the Company.

4. The Company Secretary

The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board.

The Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

D. RELATIONSHIP OF THE BOARD WITH MANAGEMENT

1. Access to Management and Information

Board Members should be given unrestricted access to the Group's Management and to the information pertaining to the Company and/or Group including from the Company and/or Group's auditors and consultants.

Board Members must use proper judgment to ensure that the contact is not distracting to the business operations of the Group and the functioning of Management. Any such contact must be made through the Group Managing Director ("GMD")/Chief Executive.

2. Position of GMD/Chief Executive

The Board will link the Company's governance and management functions through the Chairman with the GMD/Chief Executive. All Board authority conferred on Management is delegated through the GMD/Chief Executive so that the authority and accountability of Management is considered to be the authority and accountability of the GMD/Chief Executive so far as the Board is concerned.

3. Accountability of GMD/Chief Executive

The GMD/Chief Executive is accountable to the Board for the achievement of the Company's goals and for observance of the Management authorities.

The GMD/Chief Executive shall be the head of the Management of the Company and the Group and in that capacity is answerable to the Board.

The key role of the GMD/Chief Executive, amongst others, include:

- developing the strategic direction of the Group;
- ensuring that the Group's strategies and corporate policies are effectively implemented;
- ensuring that the Board's decisions are implemented and Board directions are adhered to;
- providing directions in the implementation of short and long term business plans;
- providing strong leadership i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
- keeping Board fully informed of all important aspects of the Group's operations and ensuring sufficient information is distributed to the Board members;
- ensuring high performance and productivity of top management staff by creating conditions for top management motivation, performance management and professional development;
- ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
- developing and maintaining effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions; and
- ensuring the day-to-day business affairs of the Group are effectively managed.

4. Management Authorities

The GMD/Chief Executive is expected to act within all specific authorities delegated to him by the Board.

The assets of the Group are expected to be adequately maintained and protected, and not unnecessarily placed at risk.

The GMD/Chief Executive shall within the specific authorities delegated to him by the Board establish a Management Committee and Risk Management Committee comprising certain key management staff who shall be responsible, within the limits of the authority determined and powers delegated by the Board from time to time.

The terms of reference of the Management Committee and Risk Management Committee are as attached in **Appendices F and G**.

5. Leadership Development

There shall be a periodic report by the GMD/Chief Executive to the BNRC and/or Board on succession planning.

E. DIRECTORS REMUNERATION

The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the BNRC.

Non-executive Board Members will be paid a basic fee as ordinary remuneration and they will also be paid a sum based on their responsibilities in Board Committees and for their attendances at meetings. The fee which is subject to the approval of the shareholders, shall be fixed in sum and not by a commission or on percentage of profits/turnover.

F. BOARD AND MEMBER ASSESSMENT

The Chairman keeps under review, informally, the contributions made by Board Members. The BNRC is given the task to review annually the activities and effectiveness of the Board and the Board Members. The Chairman of the BNRC oversees the overall evaluation process.

The BNRC is required to report annually an assessment of the Board's and its Committees' performance. The assessment report together with the report on the Board balance (the required mix of skills and experience and other qualities) will be discussed with the full Board. This exercise is carried out after the end of each financial year or such other time as may be deemed appropriate.

The performance of the Group Managing Director ("GMD") is assessed based on the KPIs approved by the Board.

G. RELATIONSHIP BETWEEN THE BOARD AND SHAREHOLDERS, INSTITUTIONAL INVESTORS, PRESS, CUSTOMERS, ETC

The Board will use its best endeavour to familiarize itself with issues of concern to Shareholders.

The Board believes that Management speaks for the Group. Nevertheless, individual Board Member may, from time to time at the request of the Management, meet or otherwise communicate with various constituencies that are involved with the Group. Comments from the Board, if appropriate in most circumstances, shall come from the Chairman/GMD.

APPENDIX A

MATTERS RESERVED FOR COLLECTIVE DECISION OF THE BOARD

The authorities of the Board are specified below. The authorities may be varied from time to time as determined by the Board.

Conduct of the Board

1. Appointment and recommendation for removal of directors.
2. Appointment and removal of Company Secretaries.
3. Appointment of Board Committees and members.
4. Approval of terms of reference of Board Committees and amendments to such terms.
5. Appointment of senior executive positions, including that of the Chief Executive and Executive Directors of the Company and their duties and the continuation (or not) of their service.

Remuneration

1. Approval/recommendation of the Directors' fee/remuneration arrangements for Non-Executive Directors.
2. Approval of remuneration structure and policy for GMD, Chief Executive and Executive Directors.
3. Approval of remuneration packages for GMD, Chief Executive and Executive Directors.
4. Approval of any proposed employees' share option scheme and/or amendments to the scheme, subject to other approvals that may be required by laws or regulations.

Operational

1. Approval of business strategy and group operational plan and annual budget.
2. Ongoing review of performance against business strategy and group operational plan, including monitoring of key risks and risk management policies and actions.
3. Approval of capital expenditure above the prescribed amount as may be determined from time to time.
4. Approval of bad debts write-off in excess of the prescribed amount as may be determined from time to time.
5. Approval of investment or divestment in a company/business/property/undertaking.
6. Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities.
7. Approval of changes in the major activities of the Company or Group.
8. Approval of treasury policies and bank mandate.
9. Approval of the Limits of Authority for the Company.

Financial

1. Approval of interim and annual financial statements.
2. Approval for release of financial announcements.
3. Approval of Annual Directors' Report and Statutory Accounts.
4. Approval of interim dividends, recommendation of final dividends and making of any other distribution.
5. Adoption of accounting policies.
6. Review the effectiveness of the Group's system of internal controls. This function is delegated to the BAC which will in turn report to the Board on its findings.

Other Matters

1. The granting of powers of attorney by the Company.
2. The entering into of any indemnities or guarantees.

3. Recommendations for alteration of the Company's Constitution.
4. Alteration of accounting reference date, registered office and name of the Company.
5. Purchase of own shares by the Company.
6. Issue of any debt instruments.
7. Scheme of reconstruction or restructuring.
8. Any other significant business decision.
9. Any other matter requiring the convening of a general meeting of shareholders or any class of shareholders.
10. Any other matters as may be required by the laws or the governing authorities.
11. Any other matters requiring the Board's approval under the Limits of Authority of the Company.

APPENDIX B

DIRECTORS' CODE OF ETHICS

Board members are required to observe the Directors' Code of Ethics as follows:

1. Compliance at all times with this Code of Ethics and the Board Charter.
2. Observe high standards of corporate governance at all times.
3. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
4. Act in good faith and in the best interests of the Company and Group.
5. Not misuse information gained in the course of duties for personal gain or for political purposes, nor seek to use the opportunity of the service as Directors to promote their private interests or those of connected persons, firms, businesses or other organizations.
6. Uphold accountability at all times. This includes ensuring that the Company's resources are properly safeguarded and the Company conducts its operations as economically, efficiently and effectively as possible at all time.
7. Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.
8. Declaration of any personal, professional or business interests that may conflict with Directors' responsibilities. Guidance on declaration and registration of interests is given in the section entitled "Declaration of Interests" below.
9. Follow the guidelines on acceptance of gifts and hospitality as stated in the section entitled "Guidelines on Acceptance of Gifts" below.

Declaration of Interests

Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company Secretary of any changes to their:-

1. Shareholdings in the Company and its related corporations, whether direct or indirect; and
2. Directorships or interests in any other corporations.

In addition to the above, member of the Board who has a material interest, either directly or through a partner, spouse or close relative, in matters being considered by, or likely to be considered by the Board should declare that interest. Such declarations should describe the interest clearly and state whether it carries direct or indirect financial benefits. This requirement also applies to members of the Senior Management.

Relevant interests in this context are as follows:

1. Executive and non-executive directorships of, significant shareholdings in, or employment by public or private companies likely or possibly seeking to do business with the Company.
2. Ownership or part-ownership of, or employment by, businesses or consultancies likely or possibly seeking to do business with the Company.

Register of Interests

The Code requires that a formal register of interests be established. The register should include details of all directorships and other relevant interests declared by the Board Members and members of the Senior Management.

The register should be kept up-to-date through an annual survey of members' interests, carried out by the Company Secretary.

Conduct in Meetings

Any Board Member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.

New Directorships

Board Members should notify the Chairman before accepting any new directorships in any Public Listed or Private companies which includes an indication of time that will be spent on the new appointment.

Membership of Committees

Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

Guidelines of Acceptance of Gifts

The following set out guidelines on acceptance of gifts:

1. The conduct of individuals must not create suspicion of any conflict between their position as a member of the Board and any private interest;
2. Board Members acting as such must not give the impression that they have been influenced by a benefit to show favour or disfavour to any person or organization having dealings with the Company;
3. Board Members must not accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Board Member; and
4. Gifts other than of token value should generally be refused.

APPENDIX C

TERMS OF REFERENCE OF BOARD AUDIT COMMITTEE

1. The Board Audit Committee (“BAC”) shall be established to assist the Board in fulfilling its oversight responsibilities. The BAC shall review and ensure that the process of assessing risk, control and governance, including operational and financial controls, business ethics and compliance, are properly managed and monitored.

2. **COMPOSITION**

The following requirements are to be fulfilled by the Board in the appointment of members of the BAC from among its members:

- 2.1 The BAC shall comprise not fewer than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent Directors. The quorum for all meetings of the BAC shall not be less than two (2) and all shall be Independent Non-Executive Directors.
- 2.2 The Chairman of the BAC shall be appointed by the Board from among the Independent Non-Executive Directors and at least one member of the BAC must be a member of the Malaysian Institute of Accountants or must have at least three (3) years working experience and;
 - i. must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - ii. must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
- 2.3 Alternate Directors shall not be appointed as a member of the BAC; and subject to any regulatory disqualification, members of the BAC shall not be removed except by the Board.

- 2.4 In the event of any vacancy in the BAC, the Board shall within two (2) months fill the same so as to comply with all regulatory requirements. In any event the Board shall review the term of office and performance of the BAC and each of its members at least once every three (3) years.
- 2.5 If a former key audit partner is recommended for appointment as a member of the BAC, he or she must observe a cooling-off period of at least two (2) years before his or her appointment.

3. **MEETINGS AND ATTENDANCE**

The quorum for all meetings of the BAC shall not be less than two (2), a majority of whom shall be Independent Non-Executive Directors. The Chairman shall chair all meetings and in his absence, another Independent Non-Executive Director shall chair it.

- 3.1 Meetings shall be held not less than four (4) times a year and the Group Managing Director, Group Chief Operating Officer, and Head of Group Internal Auditor (“GIAD”) shall, by invitation, attend the meetings. Other Management members shall be invited to attend as and when required by the BAC.
- 3.2 The external auditors are invited to attend the BAC meetings as and when necessary.
- 3.3 The BAC shall meet separately with the internal and external auditors at least twice a year without the attendance of the Management.
- 3.4 The Company Secretary shall be the Secretary of the BAC and shall provide the necessary administrative and secretarial services for the effective functioning of the BAC. The draft minutes shall be circulated to the BAC members for comment and the final minutes shall be tabled at the subsequent BAC meeting for confirmation and signature by the BAC Chairman.

4. **AUTHORITY**

The Board has empowered the BAC to:

- 4.1 investigate any activity within the scope of the BAC's duties and its terms of reference and shall have full and unrestricted access to any information or documents relevant to the BAC's activities;
- 4.2 obtain independent legal or other professional advice as necessary;
- 4.3 communicate directly with the external auditors, internal auditors and all employees of the Group;
- 4.4 have adequate resources to perform its duties as set out in its terms of reference; and
- 4.5 make recommendations for improvements of operating performance and management control arising from internal and external audit recommendations.

5. **RESPONSIBILITIES AND DUTIES**

The functions of the BAC have been expanded to include matters specified in the Malaysian Code on Corporate Governance as follows:

5.1 **Risk Management and Internal Control**

Ensure that Management has in place an adequate system of risk management and internal control to safeguard shareholders' interests and the Company's assets.

5.2 Financial Reporting

Review the annual and quarterly financial results of the Group focusing on, among others, financial disclosures, changes in accounting policies, and practices and compliance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

5.3 Internal Audit

In respect of the internal audit function:

- i. to review the adequacy of the scope, functions, competency and resources of the GIAD and to assess whether it has the necessary authority to carry out its responsibilities with regards to the annual audit plan;
- ii. to review internal audit program and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the GIAD;
- iii. to review any appraisal or assessment of the performance of the Head of GIAD as well as approve the appointment or termination of senior staff members of the GIAD; and
- iv. to discuss any issues from the audits with the Head of GIAD separately without the presence of Management.

6. EXTERNAL AUDIT

With regards to external auditors:

- 6.1 to review and consider the appointment, resignation or termination of external auditors and their audit fee:

- 6.2 to discuss with the external auditors, prior to the commencement of audit, the nature and scope of audit and to ensure coordination where more than one audit firm is involved;
- 6.3 to review with the external auditors the audit plan, their evaluation of the systems of internal accounting controls, their audit report and the assistance given by the Company's officers to the external auditors;
- 6.4 to review the quarterly and year-end annual financial statements before submission to the Board and announcements to the Bursa Malaysia Securities Berhad, focusing particularly on:
- any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - significant and unusual events;
 - the going concern assumption;
 - compliance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Bursa Malaysia MMLR and other legal requirements; and
 - to convene meeting at least twice a year on any issues arising from the audits, with the external auditors separately without the presence of the Management;
- 6.5 to review the external auditor's Management Letter and Management's response; and
- 6.6 to assess the suitability, objectivity and independence of the external auditor and to establish appropriate policies and procedures for this purpose.

7. **OTHER RESPONSIBILITIES**

Other responsibilities of the BAC include:-

- 7.1 to instruct the external and internal auditors that the BAC expects to be advised if there are any areas that require their special attention including major findings of internal investigations and Management's response;
- 7.2 to report its activities to the Board in such manner and at such times as it deems appropriate and report to Bursa Malaysia Securities Berhad where the BAC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the MMLR;
- 7.3 to review any related party transactions that may arise within the Company or Group in complying with the MMLR;
- 7.4 to review any allocation of share options pursuant to the Employees' Share Option Scheme ("ESOS") granted to employees in the Group; and
- 7.5 to consider and examine any other matters as the BAC considers appropriate or as instructed by the Board.

APPENDIX D

TERMS OF REFERENCE OF BOARD NOMINATION AND REMUNERATION COMMITTEE

1. **MEMBERSHIP**

- 1.1 The Board Nomination and Remuneration (“BNRC”) shall comprise not fewer than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent Directors.
- 1.2 The quorum for the Committee shall be two (2) members.
- 1.3. The Chairman and members of the Committee shall be appointed by the Board.
- 1.4 The appointment of a Committee member terminates when the members ceases to be a director, or as determined by the Board.
- 1.5 In the event of equality of votes, the Chairman shall have a casting vote. In the absence of the Chairman, the members present shall elect one of their number to chair the meeting.
- 1.6 Where the members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such member or new members as may be required to make up the minimum number of three (3) members.

2. **DUTIES**

The duties of the BNRC are as follows:

- 2.1 To consider, evaluate and recommend to the Board any new board appointments. In making a recommendation to the Board on the candidate for directorship, the Committee shall have regard to:

- i. Size, composition, mix of skills, experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group.
 - ii. The appropriate number of Independent Directors to fairly reflect the interests of Minority Shareholders and that Independent Directors should make up at least one-third of the membership of the Board.
 - iii. Best Practices of the Malaysian Code on Corporate Governance which stipulates that Non-Executive Directors should be persons of calibre, credibility and have the necessary skill and experience to bring an independent judgement on issues considered by the Board.
- 2.2 To recommend to the Board, Directors to fill the seats on Board Committees.
- 2.3 To review annually and recommend to the Board with regard to the structure, size, balance and composition of the Board and its Committees including the required mix of skills and experience, core competencies which Non-Executive Directors should bring to the Board and other qualities to function effectively and efficiently.
- 2.4 To evaluate on an annual basis, the effectiveness of the Board as a whole, the Board Committees and each Director's ability to contribute to the effectiveness of the Board and the relevant Board Committees.
- 2.5 To recommend to the Board whether Directors who are retiring by rotation should be put forward for re-election/reappointment at annual general meetings.

- 2.6 To ensure an appropriate framework and plan for Board and Management succession in the Group.
- 2.7 To provide adequate training and orientation to new Directors as well as continuous trainings for all Directors during the year.
- 2.8 To review Management's recommendation on appointment or promotion of Senior Management personnel of Grade 11 and above (Group Director and above).
- 2.9 To review and ensure that the Directors' fees for the Company are reflective of the contribution of each individual Director;
- 2.10 To establish and recommend the remuneration structure and policy for Executive Directors and Senior Management of Grade 11 and above (Group Director and above); the terms of employment or contract of employment/service and any compensation payable on the termination of the service contract by the Company and/or the Group and to review for changes to the policy, as necessary.
- 2.11 To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed KPIs with the performance-related elements of remuneration forming a significant proportion of the total remuneration package of Executive Directors and Senior Management.
- 2.12 To review and recommend the entire individual remuneration packages for each of the Executive Directors and Senior Management personnel of Grade 11 and above including, where appropriate, bonuses and increments.
- 2.13 To review with the Group Managing Director, the Executive Directors and their goals and objectives and to assess their performance against these objectives as well as their contributions to the corporate strategy.

- 2.14 To advise on any major changes in employees' benefits structure throughout the Company or Group.
- 2.15 To review and recommend to the Board any employees' share option scheme.
- 2.16 To consider other matters as referred to the Committee by the Board.

3. MEETINGS AND MINUTES

- 3.1 The Committee shall meet as and when required upon request by the members, provided that the Committee shall meet at least once a year. The Group Managing Director, Executive Director and other Management Member shall be invited to attend meetings of the Committee as and when required by the BNRC.
- 3.2 The Committee may have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate at the cost of the Group. The Committee may request other directors, members of management, counsels, consultants as applicable to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities.
- 3.3 The Company Secretary shall be the Secretary of the Committee.
- 3.4 The agenda for each meeting including supporting information shall be circulated at least five (5) working days before each meeting to the Committee members and all those who are required to attend the meeting.
- 3.5 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved. The meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the members may determine. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved.

- 3.6 Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference.
- 3.7 The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be made available to all Board members upon request.
- 3.8 The Committee may deal with matter by way of written resolutions in lieu of convening a formal meeting for exceptional circumstances.
- 3.9 All recommendations of the Committee shall be submitted to the Board for consideration and approval.
- 3.10 The Committee, through its Chairman, shall report to the Board at the next Board meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.
- 3.11 The Chairman shall be available to answer questions about the Committee's work at the annual general meetings of the Company.

APPENDIX E

TERMS OF REFERENCE OF THE BOARD RISK AND SUSTAINABILITY COMMITTEE

1. OBJECTIVE

To formulate proactive and effective policies to eliminate or minimize corporate and operational risks of the Group.

2. MEMBERSHIP

2.1 The Board Risk and Sustainability Committee (“BRSC”) shall comprise not fewer than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent Directors.

2.2 The quorum for the Committee shall be two (2) members.

2.3 The Chairman and members of the Committee shall be appointed by the Board of Directors (“Board”) and shall include a mixture of risk and business knowledge experience.

2.4 The appointment of a Committee member terminates when the member ceases to be a director, or as determined by the Board.

2.5 In the event of equality of votes, the Chairman shall have a casting vote. In the absence of the Chairman, one member of the Committee shall be elected to chair the meeting.

2.6 Where the members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such member or new members as may be required to make up the minimum number of three (3) members.

3. DUTIES

The duties of the Board Risk and Sustainability Committee are as follows:

- 3.1 Establishing Strategic Context - Ensuring that the strategic context of the risk management strategy and sustainability efforts are aligned with the long-term business strategy and takes into account the environment within which the Group operates and the requirements of all stakeholders and the Board.
- 3.2 Establishing Risk Management Structure – Ensuring a short and long term risk management strategy, framework and methodology have been implemented and consistently applied by all Companies/Divisions.
- 3.3 Oversight of Sustainability Risks – Ensuring the effective management of significant and material economic, environment and social (“EES”) risks impacting the principal businesses of the organization.
- 3.4 Establishing Risk Management Processes – Determining the overall risk management processes that should be adopted by the Companies / Divisions and overseeing the development of appropriate guidelines and policies for implementation.
- 3.5 Embedding Risk Management Capability – Ensuring risk management processes are integrated into all core business processes and that the culture of the organization reflects the risk consciousness of the Board.
- 3.6 Embedding Sustainability – Ensuring sustainability is integrated within key business strategies towards the collective achievement of sustainability goals across the organization.
- 3.7 Establishing Reporting Mechanisms – Providing a consolidated risk, assurance and sustainability reporting to the Board to support the statement relating to internal controls in the Company’s annual report.

3. DUTIES (CONT'D)

- 3.8 Integrating & coordinating assurance activities – Ensuring alignment and coordination of risk, assurance and sustainability activities across the organization.
- 3.9 Establishing Business Benefits – Identifying opportunities to release potential business benefits through the enhancement of risk management capabilities.
- 3.10 Establishing Effectiveness of Risk Management Processes – Facilitating and reviewing the development and implementation of improvements to simplify and enhance the effectiveness of the existing risk management system.
- 3.11 Establishing Controls Effectiveness – Ensuring effective assessment and monitoring of mitigating controls implemented to reduce the impact and likelihood of occurrence of identified risks and sustainability concerns;
- 3.12 Managing the Enterprise-wide Risk Management Program – Supporting the implementation of risk management and sustainability processes within the business units across the Group.
- 3.13 Stakeholder Engagement – Overseeing the effective management of stakeholder engagement, including the establishment and implementation of adequate grievance / dispute reporting mechanisms.
- 3.14 Acknowledgement of Sustainability Matters – Ensuring the effective preparation of sustainability disclosure statements/reports as required by Bursa Malaysia Securities Berhad relating to management of sustainability matters of the Company.

4. MEETINGS AND MINUTES

- 4.1 The Committee shall meet as and when required upon request by the members, provided that the Committee shall meet at least four (4) times a year. The Group Managing Director, Group Director of Financial Services Division and Head of Risk Management Division shall be invited to attend meetings of the Committee as and when required by the BRSC. The Committee may establish procedures from time to time to govern its meetings, keeping of its minutes and other administrative matters.
- 4.2 The Committee may have access to such information and advice, both from within the Group and externally, as it deems appropriate at the cost of the Group. The Committee may request other Directors, members of management, counsels, consultants as applicable to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities.
- 4.3 The Secretary of the Committee shall be appointed by the Committee from time to time. Committee meeting agenda shall be the responsibility of the Chairman with input(s) from the Committee members. The Chairman may also request Management to participate in the process.
- 4.4 The agenda for each meeting including supporting information/documents shall be circulated at least five (5) working days before each meeting to the Committee members and all those who are required to attend the meeting.
- 4.5 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved. The meeting shall stand adjourned to the same day the following week at the same time and place, or to such other day and at such other time and place as the Committee members may determine. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved.

4. MEETINGS AND MINUTES (CONT'D)

- 4.6 Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference.
- 4.7 The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be made available to all Board members upon request.
- 4.8 All recommendations of the Committee shall be submitted to the Board for consideration and approval.
- 4.9 The Committee, through its Chairman, shall report to the Board at the next Board meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.
- 4.10 The Chairman shall be available to answer questions about the Committee's work at the annual general meeting of the Company.

APPENDIX F

TERMS OF REFERENCE OF BOARD OF MANAGEMENT

1. **COMPOSITION**

The Board of Management Committee shall consist of the Group Managing Director/Executive Director(s) as Chairman, Group Chief Operating Officer, Group Chief Financial Officer and Group Directors of the Company, Head of Department and any new member who may be appointed by the Group Managing Director or Group Chief Executive Officer of the Company.

2. **MEETING**

- a. The Management Committee shall meet at such time as the Committee deems it necessary.
- b. The quorum necessary for the transaction of the business of the Management Committee shall be any two (2) members present, one of whom must be either the Group Managing Director or the Executive Director or the Group Chief Operating Officer or the Group Chief Financial Officer. In the absence of the Group Managing Director or the Executive Director, the Group Chief Operating Officer or the Group Chief Financial Officer shall take the Chair with the permission of the Group Managing Director or the Executive Director.
- c. The Company Secretary or such person as appointed by the Chairman for the purpose shall be present at all meetings of the Management Committee to record minutes of the meetings.
- d. The Management Committee shall establish its rules and procedures.
- e. Decisions of the Management Committee shall be complied with and executed upon and the Management Committee could, if it deems fit, stipulate directions as to the implementation of its decisions.

3. **RESPONSIBILITIES**

The Management Committee shall be responsible, within the limits of the policy determined and powers delegated by the Board of Directors (“Board”) from time to time, for inter alia :

- a. Formulating Company and Group policies for recommendation to, and further consideration by, the Board.
- b. Implementation of key policy decisions of the Board.

APPENDIX G

TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE

1. OBJECTIVES

The objectives of the Risk Management Committee is to oversee and manage all risks of the DRB-HICOM Berhad and its subsidiaries (“DRB-HICOM Group”), and to ensure that the risk management process is in place and functioning and that there is an on-going process to continuously manage the risks proactively.

2. COMPOSITION

The Risk Management Committee shall comprise the Group Managing Director or Executive Director as Chairman, Group Chief Operating Officer, Group Chief Financial Officer, Head of Operations and any new members who may be appointed by the Group Managing Director or the Executive Director.

3. DUTIES & RESPONSIBILITIES

The responsibilities of the Risk Management Committee are as follows:

- 3.1 To report to the Board of Directors (“Board”) of DRB-HICOM Berhad on an aggregated view of the key risks faced by all operating units within the DRB-HICOM Group and their respective management action plans to mitigate these risks.
- 3.2 To ensure that the risk policies and procedures of the operating units are aligned to the business strategies and the risk return direction of the Board of DRB-HICOM.

- 3.3 To review, assess and ensure, through the Risk Management Secretariat at Corporate Office, that there is adequate framework for risk identification, risk measurement; risk monitoring and control and the extent to which these are operating effectively.
- 3.4 To ensure that infrastructure, resources and systems are in place for risk management of the DRB-HICOM Group.

4. MEETING – FREQUENCY AND QUORUM

- 4.1 The Risk Management Committee shall meet quarterly and additional meetings may be called as and when the Committee deems necessary.
- 4.2 The quorum necessary for the transaction of the business of the Risk Management Committee shall be any two (2) members present, one of whom must be either the Group Managing Director or Executive Director or Group Chief Operating Officer. In the absence of the Group Managing Director or the Executive Director, the Group Chief Operating Officer or the Group Chief Financial Officer shall take the Chair.

No.	DRB-HICOM Berhad Board Charter	Date
i.	Adopted	11 July 2012
ii.	First Revision	25 February 2016
iii.	Second Revision	26 May 2016
iv.	Third Revision	16 December 2016
v.	Fourth Revision	22 June 2017
vi.	Fifth Revision	31 May 2018