

A viable bottom line from sustainability

Statement by

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There exists a perception gap between local and global companies in the sustainability movement, with the latter being ahead in terms of understanding and adoption. Nevertheless, more local companies are embracing concepts such as Sustainable Development Goals ("SDGs") and incorporating these into their business approach.

The positive adoption is mostly due to the entire chain or spectrum of economy adopting these goals, such as institutional changes which require corporate sustainability reporting or commitment, to secure financial loans, building permits, trade allowances and concessions. Bursa Malaysia's mandatory reporting is one such sample of institutions playing their part to drive the local sustainability movement, and with time, I believe local companies will catch up with the advanced pursuits of their western counterparts.

Since formation, DRB-HICOM has consistently gone beyond achieving regulatory compliance and incorporated elements of sustainability into its business practices, with a large focus on resource efficiency as well as health and safety of our staff.

At present, DRB-HICOM recognises the importance of viewing sustainability in a more holistic manner, incorporating human capital, carbon emissions and local community into its sustainable policies as well as overall business practice.

To drive our Group's mission, a Sustainability Steering Committee was established in the Group to oversee and support the sustainability movement across our companies. Our current sustainability efforts focus on five key themes: Safety and Health; Energy Management; Waste Management; Human Capital and Corporate Responsibility, and quarterly reporting of data keeps us abreast of the progress as well as the challenges that we face throughout our Group.

Social Factors

DRB-HICOM operates throughout Malaysia, representing the primary labour provider in several locales. Therefore, in these areas, we have a direct impact not only on the environment, but also on local communities through employment, trade and economy, as well as housing demand.

Our organisation undoubtedly creates a pressure on the micro environment within which we operate. Hence, it is of utmost importance that we have a sustainable approach to our business, and ensure that local communities receive the benefits of our success as well.

In the financial year 2017/18, DRB-HICOM conducted 25 community development activities throughout Malaysia which included giving out more than 3,000 free motor vehicle checks at festive seasons, developing electric vehicle technology for public transportation usage as well as giving back to local communities.

With regard to Safety and Health, over the past few decades, the Malaysian Government has made effort to clamp down on workplace accidents, and coupled with new and advanced technology, safety at the workplace has significantly increased.

While many corporations still view occupational safety as important due to the financial impact accidents present, here at DRB-HICOM, we have always viewed safety with a high level of priority as it can impact one's livelihood or even cost a life. Beyond this loss, we must consider the impact onto a family, especially if the deceased is the sole breadwinner.

As compared to financial year 2016/17, we successfully decreased our incident cases by 11.1%. The primary measure taken to achieve this decrease was through educational workshops and awareness campaigns, which were conducted on a regular basis.

The Group Human Capital Division along with the Group Safety and Health Department coordinate these efforts across the Group, and a quarterly meeting is convened at the Steering Committee level to ensure we keep pace with progress of the efforts.

At DRB-HICOM, our talent pool is vital to our success, and we are firm believers that an inspired and happy workforce will produce quality output. Training is key to ensure that our talent can develop a hunger for innovation and that each person at all levels of a department is the right fit for the job. In the financial year 2017/18, we invested RM13 million into our staff by providing over 4,000 training sessions across all our subsidiaries.

In order to enhance professional work performance and develop a balanced workforce, activities that provide team building and social skills are conducted throughout the year. There was an average 20% increase in the number of participants for training activities, which is a good sign of employee participation and morale. We also recognise the trend of the digital world today, and are preparing for Industry 4.0 which will assume a greater role in the future economy.

Resource Management

Beyond the resources explored for our manufacturing, DRB-HICOM has begun to explore resource management from an organisational perspective, monitoring our energy usage as well as our waste generation data.

Over the past two years, we have required our subsidiaries to declare and work toward reducing their energy consumption, as this is the simplest and lowest hanging fruit for any business. To date, we have taken measures to decrease our energy consumption by almost 9% as compared to the previous year. Moving forward, we intend to work with more subsidiaries to reduce energy consumption, as well as conduct equipment audits, as ageing or inefficient equipment can be a major cause of energy wastage.

For the long-term outlook, DRB-HICOM is committed to continuously analyse and innovate our manufacturing processes as well as business plans, to not only ensure we are efficient from an energy perspective, but also ensure that we are one step ahead of our competitors with regard to market demands.

With waste generation, DRB-HICOM has yet to fully adopt a circular economy, but has begun exploring the collection of food waste through Alam Flora. This can be further enlarged across more businesses and waste categories, but will take some time. Employing a fully circular economy will need detailed consideration and independently assessed case studies for all subsidiaries. This is to guarantee that a feasible and solid business case to go down this road can be established prior to fully venturing into a circular economy concept.

Challenges

As a conglomerates with over 70 subsidiaries and around 56,000 employees, clearly our size is a challenge. Related to that is the diversity of our business, which include automotive distribution, automotive manufacturing and assembly, banking, education, waste management, postal, as well as certification. The challenge is in finding an effective system that can be applied across the industries.

Despite the challenges, we know that our sustainability efforts have borne fruit in many of the areas that we have focused on, with some areas beginning to show significant results. As it stands, we are currently developing roadmaps for these, as well as additional initiatives, so that there is a clearer blueprint for us to achieve our sustainable targets.

Growth

With sustainability gaining traction across the globe and also locally, the entire economic chain will demand sustainable practices across our organisation. This can be sustainable human resource practices and sustainable usage of resources. This is where the opportunity for competitive advantage lies.

As the economic chains pressure businesses to be sustainable, merely adhering to regulatory requirements would be a disadvantage to the Group, therefore, DRB-HICOM is committed to strategising and targeting our sustainability goals through benchmarked reporting. As the automotive and construction industry moves toward more sustainable concepts, creative thinking and innovation will continue to take root in DRB-HICOM, and with time, we should be able to lead the local market in being sustainable across our entire business portfolio.

Syed Faisal Albar

ABOUT THIS REPORT

DRB-HICOM Berhad is proud to present its second Sustainability Report and the progress of making our Group a more sustainable business. Sustainability has been ingrained in our values since the inception of our Group. With our diversified business in multiple sectors, we are conscious of the impact our businesses have on the environment, workplace, local community and economy. Reporting on our sustainability initiatives not only gives us an opportunity to showcase our progress and performance, but also identify expectations and concerns of our stakeholders. Through this exercise, we hope to unveil what sustainability means to our Group and our stakeholders, including the efforts taken to make DRB-HICOM a responsible and sustainable Malaysian conglomerate.

Our Reporting Approach

This report has been prepared in reference to the framework and guidance provided by the Global Reporting Initiative ("GRI") Standards. The content of the report is based on the reporting principles as defined by GRI Standards, which includes:

- Stakeholder Inclusiveness - capturing our stakeholders' expectations and concerns
- Sustainability Context - presenting our performance in the wider context of sustainability
- Materiality - identifying and prioritising the key sustainability issues that our Group encounters
- Completeness - reporting all sustainability topics that are relevant to our Group and influence our stakeholders

The Material references included in this report are as stated below:

- GRI 203 Indirect Economic Impacts 2016
- GRI 302 Energy 2016
- GRI 306 Effluents and Waste 2016
- GRI 403 Occupational Health and Safety 2016
- GRI 404 Training and Education 2016
- GRI 407 Freedom of Association and Collective Bargaining 2016
- GRI 413 Local Communities 2016

Scope and Boundaries

This report covers the sustainability performance and progress of all our businesses in Malaysia, unless otherwise stated. This report has encapsulated the overall sustainability performance of our Group for the period starting from 1 April 2017 to 31 March 2018. Our inaugural sustainability report was published in 2017 and has captured information from 1 January 2016 to 31 December 2016. We are determined to publish our sustainability performance and progress annually through our sustainability report. References to DRB-HICOM, the Company, the Organisation, the Group and we refer to DRB-HICOM and/or its sectors and subsidiaries.

Feedback

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AWARDS AND RECOGNITION

A. HR ASIA AWARDS - BEST COMPANIES TO WORK FOR IN ASIA 2017

DRB-HICOM was acknowledged as one of the Best Companies to Work for in Asia 2017, scoring above the industry average rating on all categories that include workplace culture, employee engagement, career advancement and development opportunities.

B. HR EXCELLENCE AWARDS 2017 – HR LEADER OF THE YEAR AWARD

DRB-HICOM's former Head of Group Human Capital, the late Muhammad Rizal bin Md. Zain, was awarded the HR Leader of the Year Award for his contribution in implementing considerable changes to the business.

C. MALAYSIA HR AWARDS 2017 – EMPLOYER OF CHOICE AWARD (PRIVATE SECTOR)

DRB-HICOM won Bronze under the Employer of Choice Award (Private Sector), being recognised for its continuous commitment and sustainability for the development of its human capital.

D. ASIA SUSTAINABILITY REPORTING AWARDS 2017













DRB-HICOM was nominated as the finalist of Asia's Best Sustainability Report within an Annual Report.

OUR COMMITMENT TO SUSTAINABILITY



A sustainable business is a profitable business. We understand that our business depends on a large amount of resources which has a significant impact on the environment and society at large. We see a potential threat to our long-term success if we don't hold ourselves accountable for such impacts. As a responsible Group, we are determined to take accountability for the footprints we leave behind. We are determined to operate responsibly through the integration of Social, Economic and Environmental ("SEE") principles throughout our Group's value chain. This is a commitment for all our business sectors, and the Group as a whole, as we work together to incorporate sustainability into our daily operations.

In 2015, the Sustainable Development Goals ("SDGs"), also known as Global Goals, were set up by the United Nations. These are a set of 17 Goals that was a call of action to end poverty, protect the environment and help people lead a peaceful and prosperous life. Malaysia is committed to support and implement the 2030 Agenda for Sustainable Development and its 17 Goals. We at DRB-HICOM reaffirm our support, aligning to the national aspirations towards achieving the national SDGs. We have mapped our material factors influencing our business to relevant SDGs. We are making progress in achieving these goals within and outside the Group.

Business Themes	GRI Standards Disclosure Indicator	Key Initiatives
SAFETY AND HEALTH		
 	<p>403-1: Workers representation in formal joint management-worker health and safety committees</p> <p>403-2: Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities</p>	<ul style="list-style-type: none"> • DRB-HICOM Emergency Assistance Team ("D-HEAT") • Injury Prevention and Intervention Programmes
ENERGY MANAGEMENT		
  	<p>302-1 Energy Consumption within the organisation</p> <p>302-4 Reduction of energy consumption</p>	<ul style="list-style-type: none"> • PROTON Green Initiative • Energy Management System in Manufacturing & Engineering
WASTE MANAGEMENT		
 	<p>306-2 Waste by type and disposal method</p>	<ul style="list-style-type: none"> • Separate@Source Programme • Buy Back Center • Food Composting • Material Recovery Facility • Awareness Programmes (Eco-Ranger, Waste is Amaze)
<i>Note: All initiatives are from Alam Flora</i>		
HUMAN CAPITAL		
 	<p>404-1: Average hours of training per year per employee</p> <p>404-2 Programmes for upgrading employee skills and transition assistance programmes</p> <p>407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</p> <p>413-2: Operations with significant actual and potential negative impacts on local communities</p>	<ul style="list-style-type: none"> • Seminar Skor SPM DRB-HICOM dan Berita Harian • DRB-HICOM We Care Programme • Human Capital Engagement Day
CORPORATE RESPONSIBILITY		
  	<p>203-1 Infrastructure investments and services supported</p> <p>413-2 Operations with significant actual and potential negative impacts on local communities</p>	<ul style="list-style-type: none"> • Breast Cancer Screening • Back to School Programme

OUR APPROACH TO SUSTAINABILITY

Themes

For the inaugural sustainability report published in 2017, we carried out assessments to identify economic, environmental and social concerns that impact our operations and those that were of the utmost importance to our stakeholders. Safety, Health and Environmental ("SHE") matters - occupational safety and health, waste management as well as energy consumption and reduction concerns were identified as having significant impact to the Group. Similarly, for social matters, developing human capital stood out as having significant impact to us, followed by the Group's corporate responsibility.

Based on the key concerns identified, we have formed specific themes and assigned teams to take responsibility in managing these themes and their impacts. The teams have developed specific goals, targets and initiatives to ensure there is continuous progress within the Group in managing all the material concerns. We are certain this will ensure a sustainable business model for the Group.



Managing Our Supply Chain

We have built a strong relationship with our vendors and suppliers over the years, all of whom have been instrumental in the success of our business. We provide equal business opportunities to all suppliers through fair tendering and a Request for Quotation ("RFQ") process whereby all participants are evaluated transparently by the appointed committee members. Points are awarded to locally-based suppliers in our tender/RFQ evaluations where found practical. Prior to invitation in any tender or RFQ, a supplier will be screened through our pre-qualification ("pre-Q") evaluation. Only the suppliers who pass the pre-Q will qualify to participate in any tender or RFQ.

DRB-HICOM is committed to conduct business in a transparent and ethical manner. The Ethics in Procurement clause in our Group Procurement Policy ("GPP") outlines the behaviours and conditions that the procurement personnel must adhere to. We manage conflicts of interest, procurement relationships and ethical conduct of suppliers through our Invitation To Bid ("ITB") documents that are issued to participating suppliers during all tender exercises. The ITB documents provide the requirements suppliers have to strictly adhere to. The following are the relevant clauses:

1. Clause 2.7 : Confidentiality
2. Clause 2.8 : Bidder's Undertaking
3. Clause 2.16 : Bribery and Solicitation
4. Clause 2.17 : Compliance to Safety, Health and Environment Regulations and Guidelines
5. Clause 2.18 : Immigration Regulations

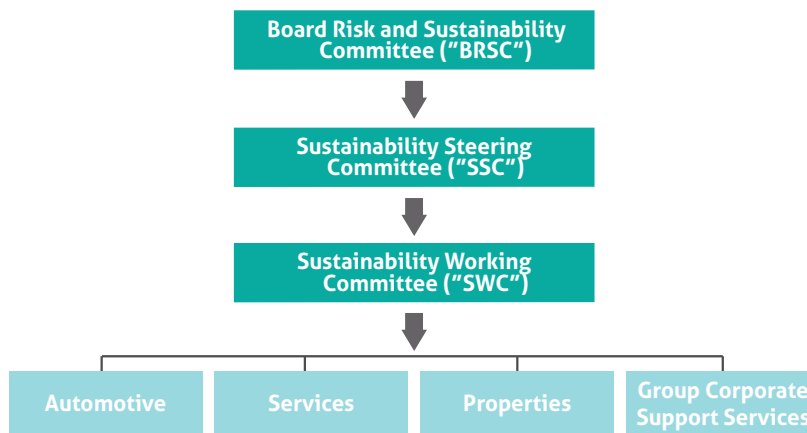
Any unethical behaviour is to be reported directly to the DRB-HICOM Group's toll-free Whistleblower hotline: 1-800-88-2005. This is mentioned in both GPP and ITB.

SUSTAINABILITY GOVERNANCE

Progress on sustainability within the Group is dependent on a good governance structure. DRB-HICOM is in the process of taking sustainability from a topic not included in the Board's agenda to one that is considered a key component in the Board's business strategy. This outcome is achieved through the formation of a governance structure where sustainability considerations are embedded at all levels within the organisation.

Governance Structure

The highest level where sustainability matters are considered is with the Board of Directors. The Board Risk and Sustainability Committee ("BRSC") reports to the Board of Directors and are responsible for the effective oversight of sustainability initiatives (in particular, sustainability reporting guidelines prescribed by Bursa Malaysia). The BRSC delegates the Sustainability Steering Committee ("SSC") the responsibility of implementing effective initiatives that inculcate a sustainability driven culture at DRB-HICOM. The SSC is also obligated to set goals and targets for key sustainability matters identified. The Sustainability Working Committee ("SWC") reports to the SSC and is responsible for managing all related information and perform assessments on sustainability related programmes. SWC also provides incentives for the employees to be environmental and socially responsible, and work together to help DRB-HICOM progress in a sustainable direction.



Sustainability Risk Management

Risk Management is important for the Group to identify and manage risks more effectively. By understanding the risks within our business processes, we are able to evaluate the possibilities to mitigate or even transform it into opportunities. Generally, sustainability is perceived as the preventive overlay for risks. At DRB-HICOM, we categorise risks into several groups; these include sustainability-related reputational risk, industrial risk, and organisational risk, among others. We have established a comprehensive system towards managing these risks within DRB-HICOM.

The Group's three lines of defense provide assurance to manage risks at various levels within the Group. Several initiatives have been implemented to measure and mitigate risks at all sectors, units and divisions, on a frequent basis. This ensures that risks identified are assessed thoroughly to reduce the severity of any possible impact.

For further information on risk management at DRB-HICOM, please view information provided between pages 74 and 79.







Our Sustainability Risk Management Approach



ENGAGING OUR STAKEHOLDERS

Engaging our stakeholders to understand their expectations and concerns on our businesses helps us identify areas within our operations that require improvement. Taking effective actions for the identified concerns and expectations will automatically improve the performance of our Group. We also believe in maintaining transparent communication with our stakeholders to ensure that they are aware of our performance, and support our growth as we progress.

Our Stakeholders

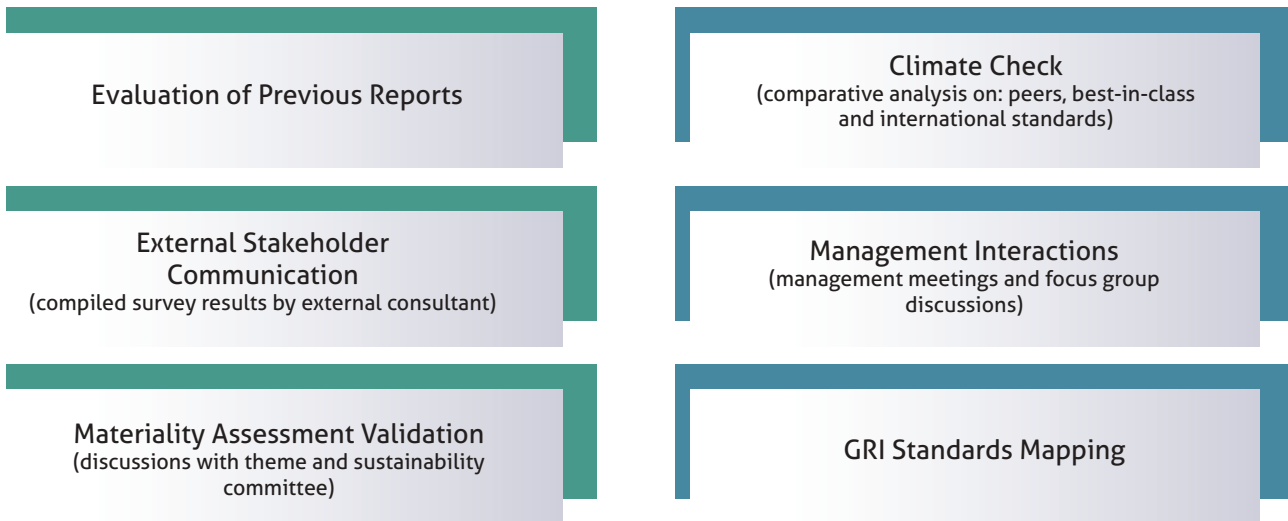
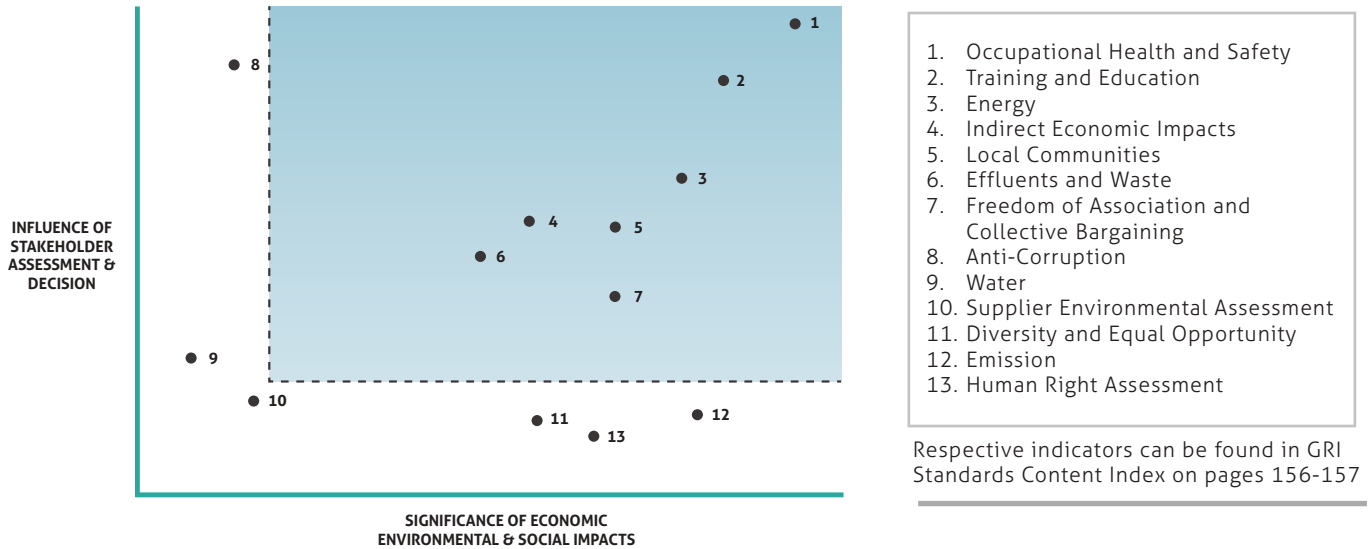
We nurture our relationship with our **employees**, who are the backbone of our business; the **customers**, to whom we strive to deliver quality products and services; **suppliers and contractors**, that provide products and services to us; **local communities**, to whom we are accountable for; and our esteemed **investors and regulators**. These are key stakeholders who have the greatest impact on our organisation, and with whom we engage regularly.

Stakeholders	Mode of Engagement	Frequency of Engagement	Concerns	Expectations
 <p>Customers</p>	<ul style="list-style-type: none"> Website / Social Media Platforms Marketing Promotions and Activation Media Conferences Customer Call Centres Consumer Surveys 	<ul style="list-style-type: none"> Continuous As needed As needed Continuous Annually 	<ol style="list-style-type: none"> Management of health and safety risks in all operations Total energy consumption in all operations Impact of infrastructural developments, investments and services 	<ol style="list-style-type: none"> Provide training and education to all employees Community engagement, impact assessment and development programmes in all operations Safe disposal of effluents and waste from all operations that have least impact on communities and biodiversity
 <p>Employees</p>	<ul style="list-style-type: none"> DRB-HICOM Talent Development Programme Excellence Award and Scholarship Programmes Code of Ethics and Business Practice ("COEBP") Whistle Blower Policy Dialogue with National and In-House Unions DRB-HICOM Safety, Health and Environment Council 	<ul style="list-style-type: none"> Continuous Annually Continuous Continuous As needed Quarterly 		
 <p>Suppliers and Contractors</p>	<ul style="list-style-type: none"> Business Negotiation DRB-HICOM Group Procurement Policy ("GPP") Vendor Development Programme 	<ul style="list-style-type: none"> As needed Continuous Annually 		
 <p>Local Communities</p>	<ul style="list-style-type: none"> Participation In and Sponsorship of Community Service Events / NGO Events Social and Environmental Contribution Programme Safety, Health and Environmental Campaigns 	<ul style="list-style-type: none"> As needed As needed Quarterly 		


Stakeholders	Mode of Engagement	Frequency of Engagement	Concerns	Expectations
Investors 	<ul style="list-style-type: none"> In-House, One-to-One and Small Group Meetings with Stakeholders Annual General Meeting ("AGM") / Extraordinary General Meeting ("EGM") of Shareholders Media Briefings Dialogue Between the Group and Investors Roadshows and Teleconferences 	<ul style="list-style-type: none"> Ad hoc Annually/ As needed As needed Ad hoc As needed 	<ul style="list-style-type: none"> 4. Violation of freedom of association and collective bargaining of workers 5. Risks and incidences related to corruption 6. Water use by all operations, Greenhouse Gas (GHGs) and other significant emissions produced by operations 	<ul style="list-style-type: none"> 4. Assessment of suppliers on environmental criteria to mitigate negative impacts in supply chain 5. Diversity in representation of all employee categories (age group, gender, minority group etc.), and equal opportunity 6. Assessment of suppliers on human rights criteria to mitigate negative impacts in supply chain emissions produced by operations
Regulators 	<ul style="list-style-type: none"> Attend Workshops and Seminars organised by Regulatory Agencies to Stay Abreast of Any Regulatory Requirements Pro-Active Engagement / Consultation with the Relevant Regulatory Bodies on Corporate Compliance Matters 	<ul style="list-style-type: none"> Continuous Continuous 		

MATERIALITY ASSESSMENT

With reference to the GRI Standards reporting guidelines, our report is developed based on the Materiality principle that encompasses economic, environmental and social sustainability issues of our operations. We conducted focus group discussions to understand our stakeholders' concerns. Feedback from stakeholders were compiled by external consultants. DRB-HICOM has conducted the materiality assessment and validation through discussions with respective working groups. The Materiality matrix was compiled and mapped according to the influence of sustainability issues to stakeholders and significance of economic, environmental and social impacts to DRB-HICOM. Seven material sustainability issues were identified as highlighted in the materiality matrix below:



Our Materiality Assessment Approach



Safety and Health

Key Highlights in
FY2017/18

<h3 style="color: #2e8b57; margin: 0;">11.1%</h3> <p style="margin: 0;">Reduction on Total Number of Incidents</p>	<h3 style="color: #2e8b57; margin: 0;">42.7%</h3> <p style="margin: 0;">Reduction on Total Lost Time Injuries</p>
<p style="margin: 0;">Competency Based</p> <h2 style="color: #2e8b57; margin: 0;">Hiring and Training</h2> <p style="margin: 0;">for SHE Practitioners</p>	<p style="margin: 0;">Launched</p> <h2 style="color: #2e8b57; margin: 0;">Behaviour-Based Safety Programme</h2> <p style="margin: 0;">in Composites Technology Research Malaysia Sdn. Bhd.</p>
<p style="margin: 0;">More than</p> <h2 style="color: #2e8b57; margin: 0;">150</h2> <p style="margin: 0;">for SHE Practitioners throughout the group</p>	



SUSTAINABLE DEVELOPMENT GOALS

1  NO POVERTY		2  ZERO HUNGER		
3  GOOD HEALTH AND WELL-BEING	4  QUALITY EDUCATION	5  GENDER EQUALITY	6  CLEAN WATER AND SANITATION	7  AFFORDABLE AND CLEAN ENERGY
8  DECENT WORK ECONOMIC GROWTH	9  INDUSTRY, INNOVATION AND INFRASTRUCTURE	10  REDUCED INEQUALITIES	11  SUSTAINABLE CITIES AND COMMUNITIES	12  RESPONSIBLE CONSUMPTION AND PRODUCTION
13  CLIMATE ACTION	14  LIFE BELOW WATER	15  LIFE ON LAND	16  PEACE, JUSTICE AND STRONG INSTITUTION	17  PARTNERSHIPS FOR THE GOALS

Target for Safety and Health in FY2017/18

To reduce by 2% total number of incidents against FY2016/17 level



ACHIEVED

Why It Matters

At present, DRB-HICOM stands as one of the largest and most diversified conglomerates in Malaysia. We put forward a formidable force with about 56,000 employees across the nation, mainly involved in the Automotive, Services, and Properties, sectors. With a diverse range of operations that are interlinked in generating sustainable value to the Group, maintaining our employees' wellbeing is undoubtedly a top priority for the Group. Besides striving to build a healthier and resilient workforce, we believe a strong safety and health culture will increase the productivity of our business operations and protect our brand's reputation.

How We Approach It

All our practices pertaining to Safety, Health and Environment ("SHE") are guided by the Group's SHE policy. The policy adopted four key principles, namely compliance, reduction of pollution, communication and continual improvement, to underpin our overarching commitment towards protecting the environment where we operate as well as our employees' workplace safety and health.

Every employee in DRB-HICOM is accountable for adhering to the policy while remaining vigilant for potential SHE hazards in their daily operations.

The SHE Council is headed by the Group Managing Director with the Group SHE acting as secretariat to the council. The Council, with active participation from Senior Management of the Group, meets quarterly to review the Group's SHE strategy and examine the progress on the Group's SHE performances and audit results. Ultimately, the establishment of the Council is to ensure safe work practices, create conducive working environment and build SHE culture within DRB-HICOM in order to sustain ideal health levels of all our employees.

A strong safety culture relies on effective communication in the workplace. Today, there are more than 150 SHE practitioners across the Group who ensure and drive compliance monitoring in regard to safety and health.



Key Principles in DRB-HICOM 'SHE' Policy

Integrated Reporting Occupational Safety, Health & Environmental (“IROSHE”)

In 2015, Group SHE introduced a web-based data management system – IROSHE that enables us to monitor on our SHE performance not only at Group level but also at the subsidiaries. It is compulsory for all subsidiaries to report their SHE performance (e.g. energy, waste and safety & health) via IROSHE on a monthly basis.

IROSHE will help in generating effective reports and analysis from the data collected. All results will be subsequently reported to the SHE Council.

Our Performance

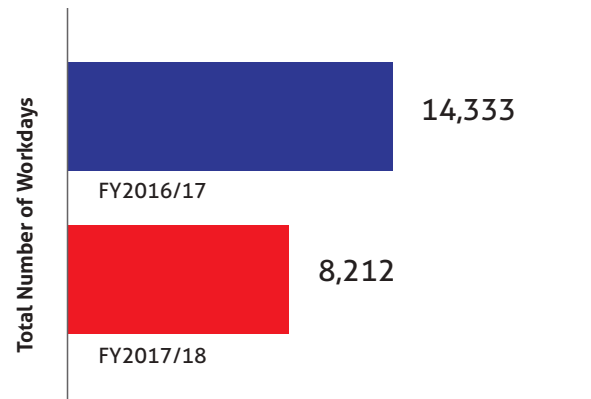
We track our Total Lost Time Injuries¹ and Total Number of Incident Cases² to better manage and control potential risk. Consequently, these measures are making a markedly positive impact on our performance.

In FY2017/18, we managed to reduce the total number of incident cases by 11.1%. It went down from 760 to 676 incidents, which is equivalent to 84 fewer incidents than the previous year. This result has exceeded our target of 2% reduction of FY2016/17 level.

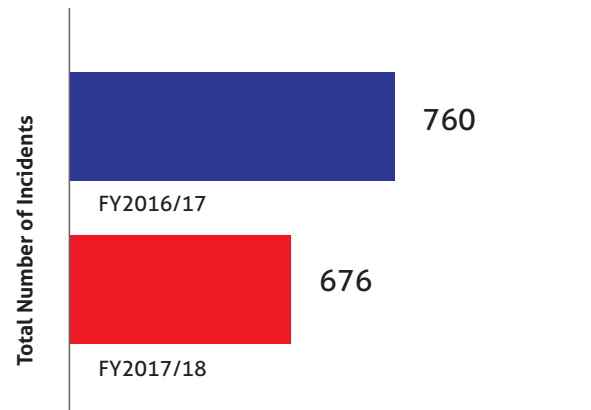
Moreover, we have achieved 42.7% reduction in the total lost time injuries from 14,333 to 8,212 lost workdays. This indicates a decrease of 6,121 days in total number of lost workdays due to injury or illness as compared to FY2016/17³.

Near Miss Reporting

We encourage our employees to report near miss incidents across all operations as part of the measures to prevent any such recurrence. Our near miss reporting system is designed to ensure that all near miss incidents (including minor incidents) are reported, recorded and investigated in a consistent and effective manner.



Total Lost time Injuries



Total Number of Incident Cases

¹ Total Lost Time Injuries (Total Lost Workdays): The number of workdays on which the employee would have worked but could not because of occupational injury or occupational poisoning or occupational disease

² Total Number of Incident Cases: Incident cases include occupational injury/disease, fatality, pandemic case, fire, natural disaster and property damage

³ The data disclosed represents 25 selected subsidiaries

Key Initiative 1: DRB-HICOM Emergency Assistance Team ("D-HEAT")

Established in the wake of floods in Pahang during December 2014 to January 2015, D-HEAT is a trained team that responds to any disaster or crisis when the Management of DRB-HICOM deems fit for it to be deployed.

D-HEAT members are selected according to the criteria issued by Fire and Rescue Department of Malaysia ("BOMBA"). The members have undergone various training courses under the guidance of Balai Bomba Seksyen 15, Shah Alam. Some of the trainings have included light Search and Rescue (Land and Water), Self-Contained Breathing Apparatus ("SCBA"), first aid, firefighting and rappelling.

D-HEAT Search and Rescue Navigation ("SARNAV") Training at Taman Botani Negara Shah Alam, Selangor


In FY2017/18, D-HEAT members underwent various training courses under the supervision of BOMBA Kota Anggerik and Forest Ranger Taman Botani Shah Alam. On 24 and 25 March 2018, in collaboration with BOMBA, Kota Anggerik had organised a Search & Rescue Navigation ("SARNAV") training session at Taman Botani Negara Shah Alam, Selangor.

Key Initiative 2: Injury Prevention and Intervention Programmes

In our continual efforts to nurture SHE culture and instil greater awareness among employees, DRB-HICOM conducts various injury prevention and intervention programmes to minimise the risk of injury. Several activities and training programmes have been conducted by our subsidiary companies, including Composites Technology Research Malaysia Sdn. Bhd. ("CTRM"), Pos Malaysia and PROTON, to ensure a thorough understanding of safety and health roles and responsibilities.

The activities and programmes undertaken by the aforementioned subsidiaries in FY2017/18 include:

CTRM	Pos Malaysia	PROTON
<p>OCCUPATIONAL HEALTH AND SAFETY</p> <p>Safety, Health and Environment ("SHE") Campaign</p> <p>Cutting Apparatus - Knife Improvement</p> <p>Behavior Based Safety ("BBS") Programme</p> <p>ROAD SAFETY</p> <p>Road Safety Campaign</p> <p>Forklift and Reach Truck Improvement</p> <p>Integrated Gemba with Health Management System (Unsafe Act and Unsafe Condition)</p>	<p>OCCUPATIONAL HEALTH AND SAFETY</p> <p>SHE Mobile Campaign</p> <p>Accident Prevention Team ("APT")</p> <p>SoHELP Programme Participation</p> <p>SHE D'Hearty - Counselling for MVA Victim</p> <p>Plant Safety Audit</p> <p>Fire Training and Evacuation</p> <p>Dengue Prevention - Fogging and Misting.</p> <p>ROAD SAFETY</p> <p>Motorcycle Defensive Riding Training</p> <p>Motorcycle Safety Audit</p> <p>Road Safety Pledge</p> <p>Advocacy Programme</p>	<p>OCCUPATIONAL HEALTH AND SAFETY</p> <p>SHE Campaign</p> <p>ROAD SAFETY</p> <p>Defensive Driving</p> <p>Road Safety Briefing and Inspection Road Hazard Mapping</p> <p>Commuting Safety Support Programme</p> <p>Safety Inspection Video</p>



Energy Management

Key Highlights in
FY2017/18

<p style="font-size: 24px; font-weight: bold; color: #2e8b57;">8.8%</p> <p>Reduction on Group's Total Energy Consumption- equivalent to 23,042 tonnes of CO₂ emissions</p>	<p>Saved</p> <p style="font-size: 24px; font-weight: bold; color: #2e8b57;">RM13.3million</p> <p>on Group's Energy Cost</p>
<p>PROTON Green Initiative Resulted</p> <p style="font-size: 24px; font-weight: bold; color: #2e8b57;">RM3.7million</p> <p>Energy Cost Savings in PROTON</p>	<p>New Target : To Receive</p> <p style="font-size: 24px; font-weight: bold; color: #2e8b57;">ISO 50001</p> <p>Energy Management Certification for All Subsidiaries under Manufacturing and Engineering ("M&E") by 2020</p>
<p>Invested</p> <p style="font-size: 24px; font-weight: bold; color: #2e8b57;">RM2.5million</p> <p>on Energy Management System in HICOM Diecastings Sdn. Bhd.</p>	



SUSTAINABLE DEVELOPMENT GOALS

1



NO POVERTY

2



ZERO HUNGER

3



GOOD HEALTH AND WELL-BEING

4



QUALITY EDUCATION

5



GENDER EQUALITY

6



CLEAN WATER AND SANITATION

7



AFFORDABLE AND CLEAN ENERGY

8



DECENT WORK ECONOMIC GROWTH

9



INDUSTRY, INNOVATION AND INFRASTRUCTURE

10



REDUCED INEQUALITIES

11



SUSTAINABLE CITIES AND COMMUNITIES

12



RESPONSIBLE CONSUMPTION AND PRODUCTION

13



CLIMATE ACTION

14



LIFE BELOW WATER

15



LIFE ON LAND

16



PEACE, JUSTICE AND STRONG INSTITUTION

17



PARTNERSHIPS FOR THE GOALS

Target for Energy Management in FY2017/18

To reduce by 2% total energy consumption against FY2016/17 level



ACHIEVED

Why It Matters

Climate change is one of the most challenging issues for the businesses today. Many businesses, especially businesses with high energy consumption, are facing significant energy risk due to climate change. As one of the largest conglomerates in Malaysia, we recognise that our Automotive Sector is an inherently energy-intensive business. Therefore, with regard to this particular sector, we strive to foster best practices in energy management to ultimately mitigate climate change-related risks and the impact our business may create.

How We Approach It

At DRB-HICOM, the Automotive sector contributed more than 75% of total energy consumption within the Group. In supporting Malaysia's commitment towards achieving a 45% nationwide CO₂ reduction by year 2030 compared to base year 2005, DRB-HICOM is therefore moving forward with its response to climate change by focusing on PROTON and Manufacturing & Engineering ("M&E") division of our Automotive sector.

PROTON

PROTON is the largest consumer of energy in DRB-HICOM (FY2017/18: 33.4%). Despite its significance in energy consumption, PROTON's commitment to reduce consumption and improve operational efficiency on a continuous basis has never changed. This is complemented by the Group's SHE Policy⁴ and the PROTON Green Policy that lay the foundation for PROTON's aspiration towards becoming the leading Malaysian automotive company in energy efficient production and provider of products that are of the highest quality as well as environmentally-friendly.

⁴ Please refer to Page 126 for more details in DRB-HICOM SHE Policy

PROTON Green Policy

PROTON is committed to:

- Comply with all applicable legal and other requirements
- Reduce vehicle emission and fuel consumption in line with competitors
- Reduce energy consumption and improve operational efficiency on a continuous basis
- Reduce waste through recycling activities
- Promote innovative green technologies
- Expand Green Competency, Awareness and Initiatives throughout the PROTON ecosystems

To this end, we have embarked on our journey with PROTON Green Initiative in 2015 in tandem with the PROTON Transformation Initiatives. The programme spans across five years until year 2020 with the objective to reduce 40% of PROTON's total energy consumption by 2020 as compared to base year 2015.

In pursuit of this target, we have collaborated with the United Nations Industrial Development Organisation's ("UNIDO") in 2015 to equip energy management system in PROTON's manufacturing plants. With the assistance and training from UNIDO, we incorporated online advanced control and optimisation strategy for energy management into PROTON's daily operations.

Each manufacturing plant is supervised by energy managers who are qualified and certified under Suruhanjaya Tenaga.

Moving forward, we will continue to replace inefficient equipment from our operations with higher energy efficient equipment. We also plan to introduce Energy Management Contracting into PROTON next year as part of the PROTON Green Initiative. We strongly believe that we are on track towards achieving our year 2020 target.

Manufacturing & Engineering

To ensure subsidiaries in M&E consume energy in a responsible and efficient manner, we have aligned our requirements in energy management to international standards ISO 14001:2015 Environment Management and ISO 50001:2011 Energy Management. This is in line with our aim to receive ISO 50001:2011 Energy Management certification for all subsidiaries in M&E by 2022.

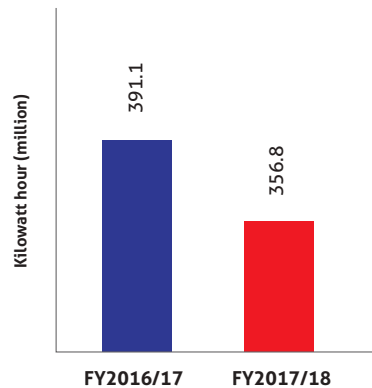
Back in 2014, we formed the M&E Energy Management System Working Group to operationalise the Group's strategy in reducing energy consumption within M&E. With the objective to systematically optimise energy consumption through best practices, the Working Group selected HICOM Diecastings Sdn. Bhd. ("HDSB") in 2015 as the first subsidiary within our M&E division to implement the energy management system.

The implementation of an energy management system in HDSB has translated into significant energy reductions since 2015. In light of the success that HDSB has achieved, we are planning to implement energy management systems in other M&E subsidiaries.

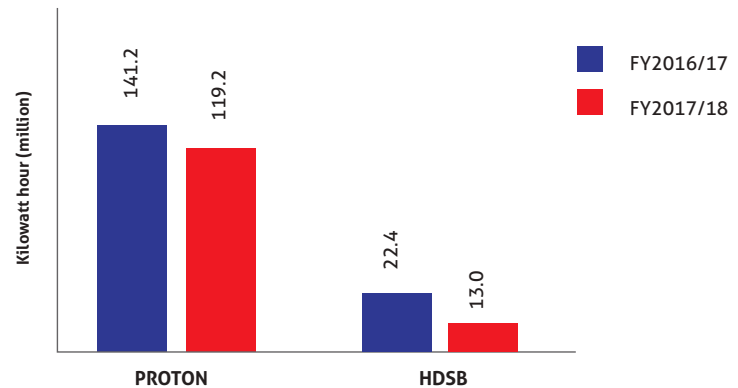
Our Performance

In FY2017/18, the Group reduced its total energy consumption⁵ by 8.8% compared to FY2016/17, equivalent to a reduction of 23,042 tonnes of CO₂ emissions⁶. It has saved us a total of RM13.3 million⁷ on energy bills this year, primarily due to significant energy reduction in our subsidiaries - PROTON and HDSB.

At PROTON, we have marked a 15.6% reduction on total energy consumption, amounting to 22.0 million kWh. This year, the PROTON Green Initiative itself has contributed up to RM3.7 million in savings on PROTON's energy bill.



Total Energy Consumption in DRB-HICOM⁸



Total Energy Consumption within PROTON and HDSB

⁵ Electricity consumption only

⁶ This is calculated via World Resources Institute (2015)

GHG Protocol tool for stationary combustion. Version 4.7

⁷ This excludes all branches of BMMB, DHES and EON

⁸ Erratum: The corrected value for total energy usage reported in FY2016/17 Sustainability Report is 384 million kWh

Key Initiative 1: PROTON Green Initiative

The PROTON Green Initiative was first introduced in 2015. Since then, PROTON has been initiating and implementing various energy conservation and efficiency initiatives to drive its aspiration to be the leader of energy efficient production in Malaysia's automotive industry.

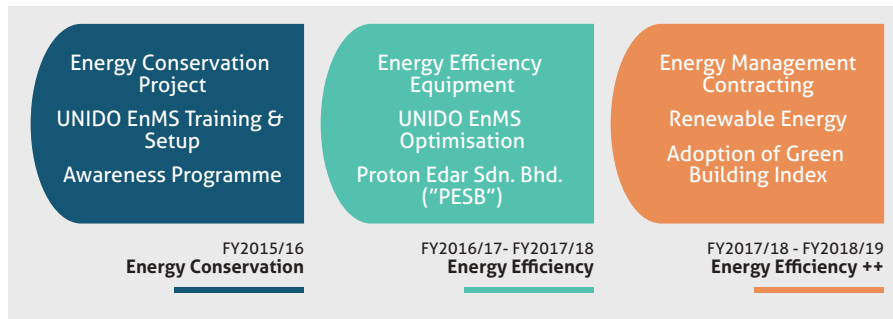
In FY2017/18, PROTON continued its journey in reducing its energy consumption through energy conservation and efficiency initiatives, as exhibited below, across its manufacturing plants. These initiatives have resulted in RM3.7 million energy savings in total in FY2017/18. Air leakage reduction, for example, achieved more than RM810,000 energy savings in PROTON Shah Alam Plant, this year alone.

PROTON Green Vision

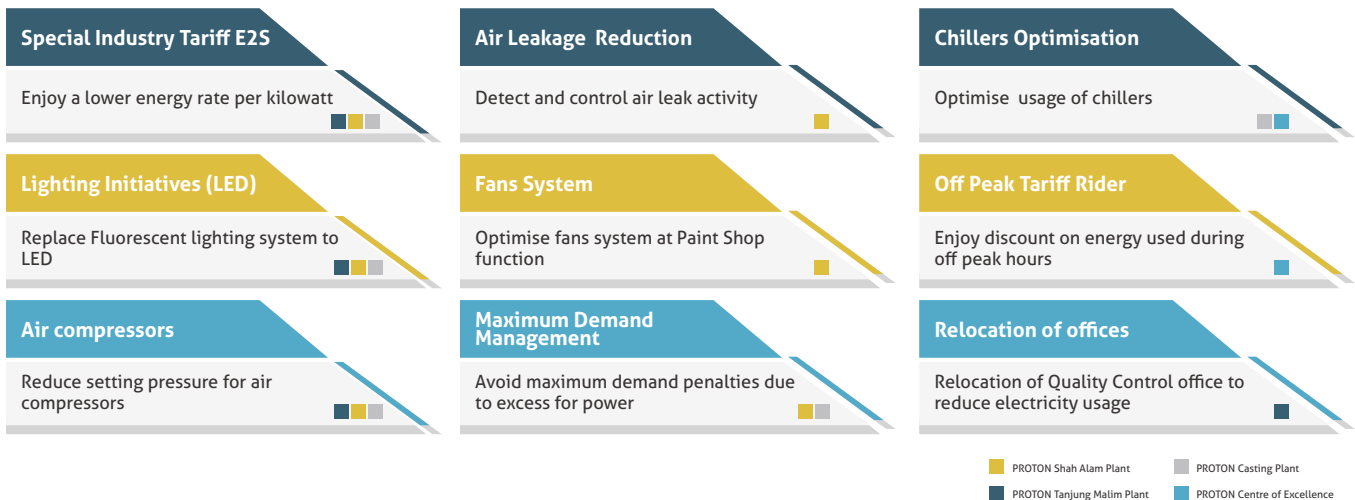
Spearheading the Malaysian automotive industry in promoting innovative green technologies towards energy efficient products to achieve a sustainable society.

PROTON Green Mission

To be the leading Malaysian automotive company in energy efficient production and providing products that are a joy to ride and environmentally friendly.



Roadmap for PROTON Green Initiative (2015-2020)

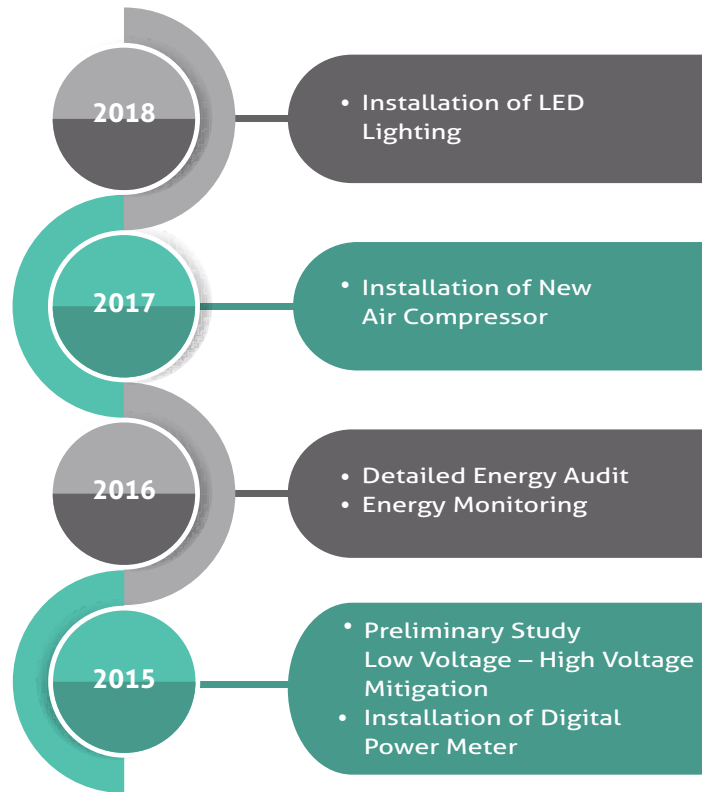


Activities in PROTON Green Initiative FY2017/18

Key Initiative 2: Energy Management System in HDSB

As we move towards the target of receiving ISO 50001:2011 Energy Management certification for all subsidiaries in M&E by 2022, HDSB has been selected as the first subsidiary in our M&E division to implement an energy management system. Since its commencement in 2015, HDSB has invested RM2.5 million into a number of measures to shape its energy management practices toward international standards and best practices. These measures include detailed energy audit, refurbishment of equipment and energy monitoring.

Over the last three years, HDSB installed a Low Voltage - High Voltage mitigation system, new air compressors and LED lightning into their manufacturing plants. HDSB has also installed digital power meters to enable its energy managers to conduct online real-time energy consumption monitoring. We are pleased to announce that these measures have translated into a total of RM1.25 million energy savings as of 30 April 2018.



 <h2 style="margin: 0;">Waste Management</h2>		<p>Key Highlights in FY2017/18</p>
<p>Promote</p> <h3>Digital Reporting</h3> <p>for All Subsidiaries</p>	<p>Conducted</p> <h3>Waste Composition Study</h3> <p>for All Subsidiaries</p>	
<p>CTRM Launched</p> <h3>"Do It Right the First Time"</h3> <p>Waste Minimisation Programme</p>	<p>Launched</p> <h3>Material Recovery Facility</h3> <p>In KLIA</p>	
<p>8</p> <p>Buy Back Centres in Putrajaya, Cyberjaya and Kuala Lumpur</p>	<p>Collected</p> <h3>1,886</h3> <p>Tonnes of Recyclables from S@S Programme Since April 2016</p>	



SUSTAINABLE DEVELOPMENT GOALS

1  NO POVERTY		2  ZERO HUNGER		
3  GOOD HEALTH AND WELL-BEING	4  QUALITY EDUCATION	5  GENDER EQUALITY	6  CLEAN WATER AND SANITATION	7  AFFORDABLE AND CLEAN ENERGY
8  DECENT WORK ECONOMIC GROWTH	9  INDUSTRY INNOVATION AND INFRASTRUCTURE	10  REDUCED INEQUALITIES	11  SUSTAINABLE CITIES AND COMMUNITIES	12  RESPONSIBLE CONSUMPTION AND PRODUCTION
13  CLIMATE ACTION	14  LIFE BELOW WATER	15  LIFE ON LAND	16  PEACE, JUSTICE AND STRONG INSTITUTION	17  PARTNERSHIPS FOR THE GOALS

Why It Matters

DRB-HICOM has established a strong presence in Malaysia's waste management landscape through its subsidiary Alam Flora Sdn. Bhd. In addition to delivering high quality waste management solutions, we are convinced that it is our responsibility to continuously reduce waste generated and promote state-of-the-art waste management practices within the Group. We hope to mirror these efforts to the public by collaborating with the local municipalities. This is in line with our support of the national "22% recycling rate in 2020" target as embodied in Green Technology Master Plan implemented by the Ministry of Energy, Green Technology and Water Malaysia ("KeTTHA"). On this basis, we are inspired to be part of the solution by incorporating waste management expertise and experiences we have gained over the past decades.

How We Approach It

Guided by our SHE Policy⁹, we are committed to reducing waste generated by the Group while ensuring our waste management practices across all operations adhere to all applicable environment laws and regulations. We ensure that all waste generated by the Group is collected and disposed by licensed and responsible waste management contractors.

We encourage all subsidiaries to conduct purchasing and contracting activities in a resource-efficient manner through our Green Procurement Framework to enhance our efforts in waste reduction. The framework guides our employees to preferably select and purchase goods, services and processes which are reusable, recyclable and minimal in packaging wherever possible.

Additionally, we believe that it is essential for us to understand the composition of waste generated in all our subsidiaries in order to optimise our waste management practice. In FY2017/18, we conducted a waste composition study across the Group involving all subsidiaries. This study has facilitated better accounting on waste produced. It has also optimised our implementation of recycling bins and waste collection systems throughout our operations.

Our Performance

In FY2017/18, we achieved a marked improvement in our waste management practices. This is accredited to our continual waste management initiative in placing more recycle bins throughout our office buildings such as Wisma DRB-HICOM and our subsidiaries to further encourage waste segregation for proper recycling and disposal. This year, we launched the waste minimisation programme "Do It Right the First Time" in CTRM where we optimise resource allocation of our production processes at the design stage. We also promote digital reporting across the Group.

Moving forward, we strive to further reduce and recycle waste generated by the Group. We will closely and continuously monitor our waste management practices against relevant regulations and best practices.

⁹ Please refer to Page 126 for more details in DRB-HICOM SHE Policy

Waste in Alam Flora

Since 1998, Alam Flora has been providing waste management services in Kuala Lumpur, Putrajaya and Pahang. To date, an average of 1.01 million tonnes of waste generated from more than 3.5 million people are collected and processed by Alam Flora annually. Alam Flora has strived to continuously promote a clean and healthy living environment for people and businesses in the above areas.

Alam Flora is also our vehicle towards supporting Malaysia in reducing waste generation through prevention, reduction, recycling and reuse. This is attributed to Alam Flora's five key initiatives with the objective to shape consumer behavior in embracing state-of-the-art waste management practices.

Key Initiative 1: Separate @ Source ("S@S") Programme

Under the enactment of Solid Waste and Public Cleaning Management Act 2007 (Act 672), the government has mandated separation of solid waste at source starting from September 2015. In response to the enactment, we have launched the Separation @ Source ("S@S") programme in Kuala Lumpur, Putrajaya and Pahang to encourage households to separate recyclables and non-recyclables. Recyclables collected through the S@S programme will be sold to recycling vendors appointed by Ministry of Urban Wellbeing, Housing and Local Government.

Since April 2016, we have collected a total of 1,886 tonnes of recyclables which include paper, plastic, metal, aluminium, glass and others recyclable materials.



Key Initiative 2: Buy Back Centre

Back in 2004, we launched our Buy Back Centre in Putrajaya - the first of its kind in Malaysia. The Buy Back Centre functions as a one-stop platform for the public to sell used items, such as paper, iron scrap, aluminium cans and used cooking oil, at market price. In light of the increasing demand for recycling over the years, we will continue to establish more Buy Back Centers to promote a recycling lifestyle and mindset among Malaysians. To date, a total of eight Buy Back Centres are available for the public in Putrajaya, Cyberjaya and Kuala Lumpur.

Key Initiative 3: Food Composting

We collaborated with Putrajaya Corporation by establishing two composting centres in Precinct 16 and 18 to collect food waste from food courts, restaurants and markets. Knowledge on proper waste separation is shared with the public in the aforementioned areas. Our composting centres have the capacity to compost a total of 200kg food waste daily. All compost produced were distributed to visitors who attended Putrajaya Corporation's green events.





Key Initiative 4: Material Recovery Facilities

We commenced our first Material Recovery Facility ("MRF") in Sepang on 19 February 2018. In partnership with KLIA, this project is an effort to divert waste away from landfills through recycling. To date, we managed to recover an average of 52 tonnes of recyclables every month.



Key Initiative 5: Awareness Programme


Eco-Ranger

We believe it is part of our responsibility to create awareness on proper waste separation methods. Hence, we have introduced a dedicated team, the ECO Rangers, from our employees to support this endeavour. The ECO Rangers conduct 'on-the-ground' programmes such as public talks, demonstrations and exhibitions to spread awareness of waste separation to the public in both urban and rural areas.



Waste is Amaze

We took a step further in our on-going efforts in cultivating the 5R practice (Refuse, Reduce, Reuse, Recycle and Recover) by organising a unique annual fashion design competition at the Petrosains Festival. On 17 September 2017, the competition attracted 25 talented local designers who showcased their creativity through costume design encompassing the theme 'Animal Kingdom Culture' using recyclable materials such as bio-degradable plastic bags, newspapers, aluminium cans and plastic bottles covers.

 Human Capital		Key Highlights in FY2017/18
272 Talents Available in Talent Pools (All Levels)	46 Average Training Hours per Employee per Year	
4,256 Number of Training Programmes Conducted	65,070 Training Programmes Participation by Employees	
Invested RM13,200,000 For Training Programmes	20% Increase Training Programmes Participation by Employees as Compared to FY2016/17	



**SUSTAINABLE
DEVELOPMENT
GOALS**

1
NO POVERTY

2
ZERO HUNGER

3
GOOD HEALTH AND WELL-BEING

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QUALITY EDUCATION

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GENDER EQUALITY

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CLEAN WATER AND SANITATION

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PEACE, JUSTICE AND STRONG INSTITUTION

17
PARTNERSHIPS FOR THE GOALS

Target for Human Capital in FY2017/18

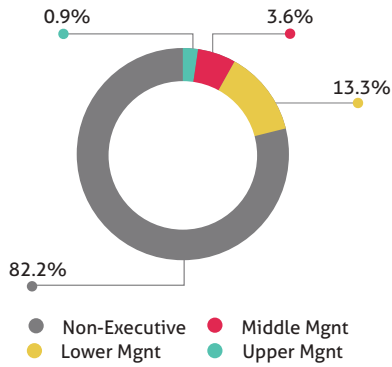
To attain average 40 training hours per employee per year



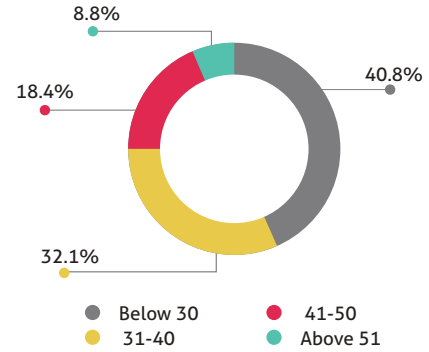
ACHIEVED

Highlights of Our Workforce

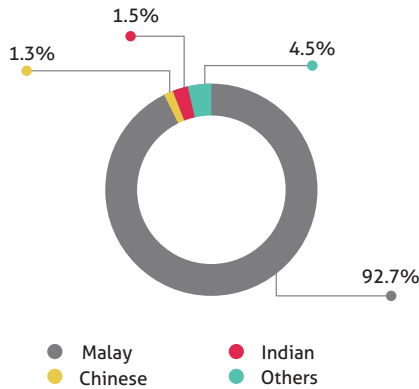
Total employee number: 55,701 (as of 31 March 2018)



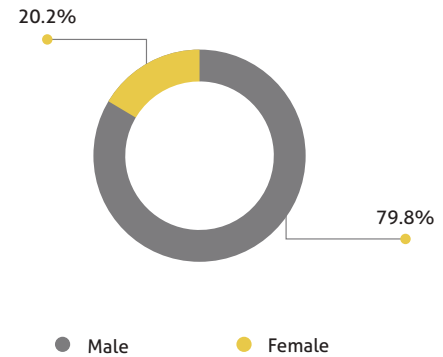
Workforce by Category



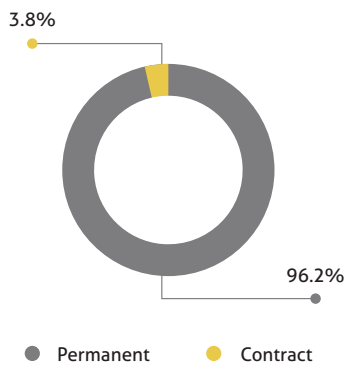
Workforce by Age Group



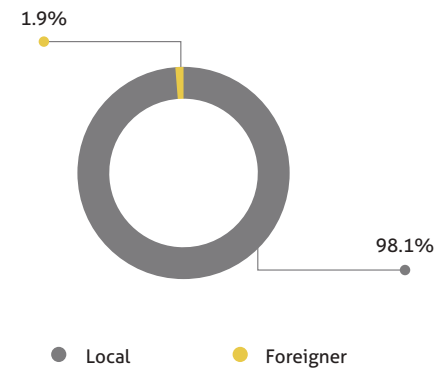
Workforce by Ethnicity



Workforce by Gender



Workforce by Contract



Workforce by Nationality

*Percentage may not add up to total due to rounding

Why It Matters

We recognise that the diversity of our workforce has helped to develop our cross-functional capability and enhance the strength of our organisation. Acknowledging this, we endeavour to create a workplace that respects employees' diverse backgrounds and individuality. We are committed to attract, retain, develop, and engage the best talents and make them the capital driver for our success. Through inclusive workplace and appropriate capability development efforts, we improve the robustness of our workforce to deliver superior performance and ensure continued sustainability of our organisation.

How We Approach It

Group Human Capital guides our actions in learning and talent management within DRB-HICOM, with oversight given by the Group Managing Director. Our approach is guided by the Human Capital Policies and Procedures Manual which includes Learning and Development, Talent Management, and Succession Planning. The Group Learning and Talent Management ("LTM") is responsible for strategising and developing training and development initiatives throughout the Group. Besides, an annual budget and a group of training personnel are allocated for each subsidiary to better manage learning activities. A training plan has also been established across the Group to ensure all employees receive sufficient training and development opportunities to realise their fullest potential.

Develop Talent Pool and Build Talent Pipeline



Attract and Retain High Performing Workforce



Establish Positive Employer Branding



Industry 4.0 and Advocate Digitalisation



DRB-HICOM Strategic Human Capital Development Focus



Code of Ethics And Business Practice (“COEBP”)

DRB-HICOM promotes integrity and high ethical standards in all aspects of our business practices. The success of the Group’s business is dependent on the trust and confidence earned from our employees, shareholders and other stakeholders. DRB-HICOM seeks to ensure its core values are upheld at all times in every aspect of business conduct.

To ensure compliance with the obligations set forth in our COEBP, DRB-HICOM is committed to:

- Build and foster a corporate culture of integrity
- Create appropriate awareness of our COEBP
- Set-up measures to prevent, detect and respond to unethical or non-compliant behaviour
- Continuous improvement on our corporate governance standards
- Protect people who come forward in good faith with compliance related concerns

DRB-HICOM believes that everyone deserves to work in an environment where all employees are treated with dignity and respect. The Group is committed to providing a workplace that is free from discrimination and prohibits all practices that are unethical and undesirable.

Hence, COEBP is considered an agreement that guides employees on how to perform duties and obligations with professionalism, honesty and integrity. This reaffirms our commitment to a strong ethical culture that promotes DRB-HICOM’s core values and help maintain a harmonious industrial environment for all our businesses.

Whistleblower Policy

COEBP is integral to our Terms and Conditions of Services. It details the responsibilities and accountability of employees at all levels, as well as that of vendors, dealers and suppliers/contractors. To ensure all parties adhere to the COEBP, the Company provides a dedicated channel for whistle-blowing on any violation of the COEBP or any other improper conduct, wrongdoing and malpractice, with strictest confidentiality guaranteed. The Whistleblower Policy¹⁰ outlines our commitment in ensuring that employees and other stakeholders are able to raise genuine concerns without fear of retribution or retaliation.

No Gift Policy

We exercise a zero-tolerance policy towards any acts of corruption or bribery. This supports the Group’s shared values underscoring elements of Integrity, Decorum, Innovation, Excellence, Transparency, Teamwork and Quality in every aspect of our operations. Conforming to our commitment in conducting a corruption-free business that adheres to the Malaysian Anti-Corruption Commission (“MACC”) Act 2009, we have adopted a No Gift Policy which prevents our employees from soliciting or receiving any gifts from vendors, customers and other external parties.

Engaging with Unions

DRB-HICOM endorses a collective bargaining system to ensure human rights are upheld while maintaining peace and harmony within the Group. Additionally, the negotiated Collective Agreement acts as a document of reference for the rights and responsibilities of both the Group and its employees. All conventions concerning freedom of association and the recognition of the right to collective bargaining are also clearly reflected in our Employee Handbook.

We constantly engage with our unions to ensure that we have an open and constructive relationship with them. These unions are empowered to bring forward collective voice in pursuing the interests of members within the boundaries of Malaysian Employment Act, Industrial Relations Act, Trade Unions Act and other relevant legislations. In FY2017/18, none of our operations were identified to be at risk to our employees.

21,494 Union Members in DRB-HICOM	30 Total Number of Unions	26 Total Subsidiaries in DRB-HICOM in Unions
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¹⁰ Information on the Whistleblower Policy and Procedures is available on DRB-HICOM’s corporate website at <https://www.drb-hicom.com/whistleblower-policy/>

Learning and Development

We aim to create a conducive working space for our people to showcase a high performance working culture. In this regard, we provide employees with the opportunities and tools to advance their overall careers, hence fostering a culture that focuses on learning and capacity building.

In our pursuit of grooming in-house talent, we have designed the People Capability Roadmap ("PCR") framework that focuses on identifying gaps in both individual

professional experience and expertise. This framework further strategises specific development plans to close each competency gap successfully.

In FY2017/18, the average training hours per employee was 46, while the attrition rate¹¹ was as low as three percent.

Internal Mobility

Internal mobility is an essential part of building a career at DRB-HICOM. We encourage our employees to explore opportunities in new business sectors and industries. We also support our employees with transitions to new roles to further develop their skills and interests. By better facilitating internal mobility, we strive to tap into the full potential of our employees to bring the most value to both our organisation and workforce.

Key Initiative 1: Fourth Industrial Revolution: The Prologue

Industrial Revolutions represent profound change for any organisation. The shift to Industry 4.0 entails the ability to embrace and integrate digital and physical technologies to the workplace, which enable development and innovation, improve operations, and increase productivity. Consequently, DRB-HICOM has empowered its people with the necessary tools of knowledge and skills for adapting with the current needs of new technology. We have strategically introduced new programmes, which are tailored to meet the needs of this paradigm shift towards a technology dependent world.

Mastering Disruption Workshop

Disruptive innovation creates a new reality and businesses need to stay innovative to remain competitive and relevant in the market. Those who are unable to innovate would simply fall far behind the competition.

Acknowledging such undeniable importance, DRB-HICOM has ensured their lines of leaders across the organisation, 150 heads and managers in total, are first empowered to be able to grasp insights in the disruptive market and shifts in business models, functions and processes as necessarily through continuous innovations.



¹¹ Calculation of the number of individuals or items that vacate or move out of a larger, collective group over a specified time frame

Design Thinking – Think like a Designer!

On the verge of massive changes, it is important to have cutting-edge ideas and innovations navigated towards the need of stakeholders, both internal and external, with the right value proposition.

Design Thinking, as proven by many entrepreneurs and innovators, is a practical tool that DRB-HICOM can adopt to manage the ideation and design process with its user-centric approach to get insights from the user experience. A total of 334 inspired innovators across the Group have attended such programmes.

Key Initiative 2: Customised Programmes

Pos Malaysia CEO Mindset: Coaching & Communication

The programme was conducted for managers to learn about bridging interpersonal relationships with the employees, by tackling communication barriers, and coaching them to raise their motivation and increase work performance. In nine sessions, a total of 212 branch managers across Pos Malaysia Group have participated in our programme.

CTRM Developing High-Performance Culture

The boot camp introduced the “Change Management” concept to 26 CTRM employees. The aim of the camp is to create a flexible but structured process by mastering the necessary skills to make decisions, therefore unleashing the power and productivity within the organisation.

PROTON Pembangunan Penyeliaan Yang Efektif

The programme emphasised on the functions of a supervisor to plan, organise, manage, train and supervise employees; apart from building team spirit amongst employees, in accordance to the roles and responsibility to achieve the company’s vision and mission as a whole. A total of 115 supervisors across the PROTON Group have taken part in the programme.



Talent Management

Apart from establishing a positive employer brand, we believe that a strong talent management strategy is integral towards building a steady pipeline of exceptional talent.

We believe steadfastly in considerable career investment on the younger generation, which will be instrumental towards developing a highly skilled and adaptable workforce. We constantly monitor and evaluate our talent acquisition strategy by gauging the amount of talent available to us.

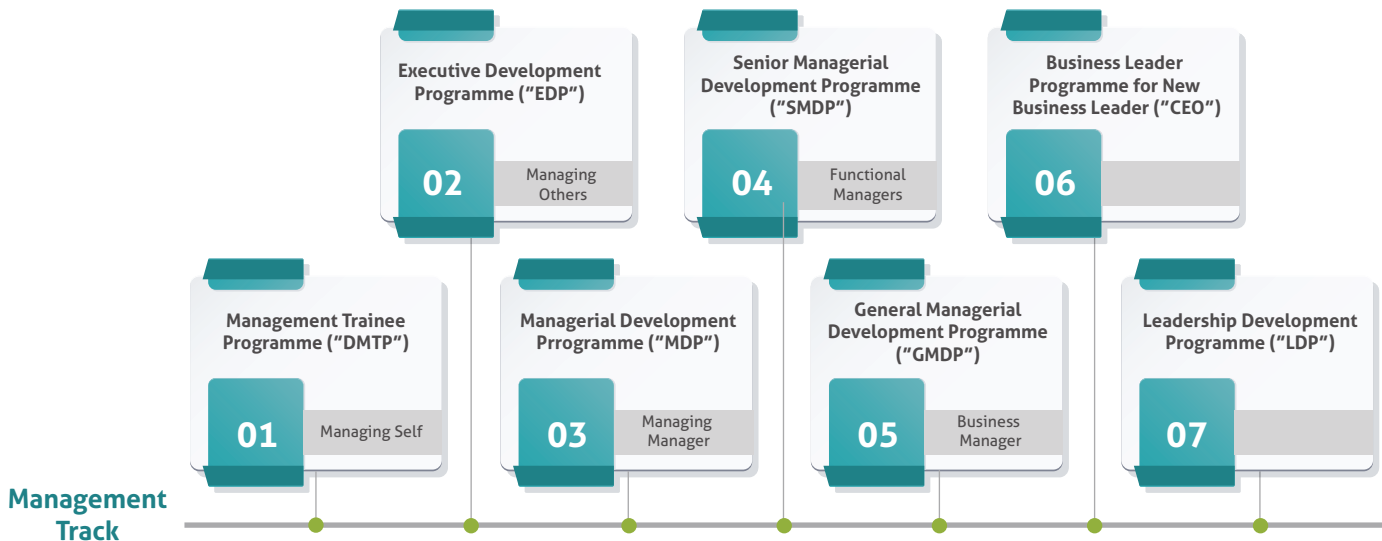
We employ robust talent management tools to generate internal talent pools at all levels within DRB-HICOM – a reliable source of talent and a valuable piece of the succession planning process. We carry out various assessments to identify individuals who warrant greater investment as potential leaders of the future. Following this, structured talent development plans will be developed for identified talents. Continuous monitoring and tracking on talent activities is performed by Group Human Capital, which will later be presented to Group Managing Director.

In FY2017/18, we thus far have 272 talents from all levels in our talent pool database.

We have developed effective succession plans that give priority to our people with the potential to fill pivotal positions within our Group.

Although our succession plan covers a period of three to five years, we conduct a yearly review on the successors' readiness to ensure a consistent talent pipeline and to avoid the risk of failing to respond to potentially unavoidable or unanticipated changes.

This effort has provided us a tangible advantage towards creating a formidable workforce in the automotive sector, not merely for the Group, but also for the country, the region and beyond.



DRB-HICOM Talent Development Programme

Key Initiative 1 : Professional Development Programmes



Management Trainee Programme (“DMTP”) Boot camp Enhancement

DMTP is a programme designed exclusively for “young executives” or fresh graduates to start their career with DRB-HICOM. It is a comprehensive programme that accelerates job competence at the entry level and gears the potential young executives towards becoming future leaders of the company. In this 1-year programme, DMTP Executives will expand their potential through a structured development plan, hands-on experience and exposure to current business operations.

Seeing the success and the greater potential of our young talent, we have revamped the boot camp for DMTP in FY2017/18 with outdoor activities such as rafting, jungle treasure hunts, jungle survival, jungle trekking and jungle night drops. This is to achieve an even more holistic approach of development in not only an intellectual aspect, but the physical and emotional aspects as well, which are the keys to managing oneself, managing others and managing a business.

Operation Execution Excellence (“OEE”) Project

OEE is a project that requires us to engage with middle management level employees across the Group in order to understand the organisational constraints that are preventing them from delivering high performance, especially in terms of execution excellence. Through this project, the employees will also be sharing their proposed solutions. This is to create a sense of ownership and to engage directly with the employees. There are three key goals for this project, namely:

- i. to identify the performance gaps/ root causes between current and desired performance
- ii. to develop specific intervention plan (business or people-related action plans) based on the identified gaps
- iii. to monitor and measure the effectiveness of implementation plan

These goals are aimed to be achieved through a facilitation session. For FY2017/18, with the participations of 206 Managers and Senior Managers from 21 companies, the findings from five sessions of the programme were later used as the base for developing intervention plans to improve or maximise the dynamism and execution excellence of the organisation.

DRB-HICOM Executive Development Programme (“EDP”)

In line with our strategic objectives to create high skilled internal talent at all levels, EDP is one of the structured development programmes for Executive and Senior Executive levels. The EDP aims to equip our potential talents with the right skills and knowledge to be effective future leaders, prepare our potential talent to move from a self-contributory role to one that involves managing others, therefore creating a highly skilled internal talent pool at both Executive and Senior Executive levels.

For FY2017/18, 74 Executives and Senior Executives across the Group have been nominated in series of three batches. The 6-month programme was designed around five competencies; Teamwork, Drive for Excellence, Customer Focus, Problem Solving & Decision Making, Innovation, where they underwent a series of classroom trainings and were assigned onto a capstone project with the guidance from a mentor.



Key Initiative 2 : Professional Certification Programmes

DRB-HICOM Domestic Inquiry Certification

The programme, in collaboration with MEF Academy, was conducted to upscale the knowledge and skills for Industrial Relationship in Human Resource ("HR") practitioners. The programme was enhanced with the assessment of role playing and a 2-week tutorial after the training. A total of 33 HR employees across the Group have attended the programme and have been accredited with the certification.

DRB-HICOM Human Resource Certification

The programme was conducted to upscale the knowledge and skills for HR personnel with a series of modules in Organisational Development, Total Rewards, Talent Management, Talent Acquisition, Organisational Learning and Development, Talent Acquisition, Performance Management and Labour Law. A total of 52 HR employees have attended the programme and have been accredited with the certification.

PSMB Train the Trainer ("TTT") Certification

To engage growth by Learning and Development to greater heights, a 5-day PSMB TTT certification programme was conducted to shape and certify the competency of 72 internal trainers in DRB-HICOM that are able to apply adult learning principles with effective delivery, conduct training needs analysis, design competency-based training programmes and to deliver a training session effectively.

Employee Engagement

In DRB-HICOM, we aim to employ a range of platforms for timely and efficient communication to better engage and understand employees' needs. These platforms of communication include DRB-HICOM's town hall sessions, intranet network, email blasts, newsletters, and printed notices displayed around the companies' notice boards.

We believe that it is crucial to keep employees updated on our strategic vision and priorities. Our town hall sessions are used as a medium to update employees on the current business performances and activities in a more engaging and interactive manner.

In line with our communication efforts, we have conducted an Employee Engagement Survey to provide our employees with a channel to share their opinions with management. Key findings of the survey will be communicated to both management and our employees.

Additionally, we believe that physical health is vital to employee well-being as it plays a crucial role in being productive at work. Group Human Capital has put in place a holistic framework that entails four key areas to strengthen DRB-HICOM's journey towards becoming the "Employer of Choice". The four key areas consist of Quality of Life, Employee Wellbeing, Events/Programmes and Branding.

<p>Quality of life</p> <ul style="list-style-type: none"> • E-Birthday Card • POS-On-Wheels • Mother's Room • Sports Club Activity Room • Subsidised Vending Machine • Shuttle Service to LRT CGC-Glenmarie Station • Staff Benefits <ul style="list-style-type: none"> + 'We Rock The Spectrum' Gym Membership + 'Back to School' Shopping Spree at SOGO, Kuala Lumpur 	<p>Employee Wellbeing</p> <ul style="list-style-type: none"> • Autism Awareness • Cancer Awareness • Sleep Apnea Awareness • Vehicle Safety Measures • 'JOM Naik Tangga' Campaign • Stress Management Workshop • Wealth Management Workshop • Health Intervention at the Workshop
<p>Events/Programmes</p> <ul style="list-style-type: none"> • Women's Day • Children's Day • PINKTOBER Day • Syawal Box Charity Drive • Student Excellence Awards • Human Capital (HC) Engagement Day • Special Needs Children Seminars/Talk/Therapies 	<p>Branding</p> <ul style="list-style-type: none"> • National Day Participant • Labour Day Participant • Career Fairs/Talks • Industrial Visits • Learning of Corporate Best Practices <ul style="list-style-type: none"> + MAGIC + BURSA Malaysia

Local Communities

We believe that our business is only as strong as the communities in which we live and work. Acknowledging this responsibility, DRB-HICOM shares its expertise and resources to help building more resilient communities by investing in local community programmes. In FY2017/18, we took our efforts to a higher level and mapped out the initiatives for local communities against the United Nations Sustainable Development Goals

("SDGs"). As a result, our contributions have positively impacted local communities by ensuring inclusive and equitable quality education and promoting lifelong learning opportunities. Additionally, we also encouraged sustainable economic growth, productive employment and decent work for all employees that transcend the social and economic values of our business.

Key Initiative 1: Seminar Skor SPM DRB-HICOM dan Berita Harian

DRB-HICOM believes that education is paramount in developing future talents and in producing a highly educated workforce. This is in tandem with the Malaysian Education Blueprint ("MEB") 2013-2025 to transform the Malaysian education system, enabling future generations to receive a holistic education and to keep pace with an increasingly competitive global economy.

DRB-HICOM successfully organised its first extensive preparatory seminar for students for their upcoming SPM examinations in November 2017. The two full-day seminar, in collaboration with Berita Harian, was held on 14 to 15 October 2017 at the EON Headquarters in Glenmarie. It was attended by about 150 students comprising of children from within the DRB-HICOM communities and Bank Muamalat Malaysia Berhad's adopted school, Sekolah Menengah Agama Integrasi Rawang ("SEPINTAR"). Bank Muamalat Malaysia Berhad and DRB HICOM University of Automotive Malaysia, two subsidiaries under DRB-HICOM, were the main sponsors of the seminar.



Key Initiative 2: "DRB-HICOM We Care" Programme

The DRB-HICOM We Care is a programme initiated to reach out to employees with differently-abled (special needs) children. It is designed to help such parents with caregiving responsibilities to cope with the unique challenges and requirements in raising a child with a disability. Besides guiding parents in engaging their children with the appropriate physical therapy for unhindered development, this programme also includes counselling as well as awareness talks.

Currently, DRB-HICOM has about 140 differently abled children registered under the programme. These children include those who are developmentally, behaviourally, physically and sensory impaired.

DRB-HICOM also collaborated with We Rock the Spectrum Kid's Gym, a US-based special needs gym franchise that is designed to address the dynamic nervous system of children with special needs, with a focus on autism. Through this collaboration, employees of the Group are given the privilege to enjoy special discounted rates to utilise the gym. The programme was officially launched at We Rock The Spectrum Kid's Gym, Evolve Concept Mall in Ara Damansara on 25 November 2017.

The first 50 registered children were entitled to free 12 visits to the gym, a complimentary Bank Muamalat BEE-Star account with RM100 credited into the account and other door gifts. The sponsors for the programme included Alam Flora Sdn. Bhd., PUSPAKOM Sdn. Bhd., DRB-HICOM Auto Solution Sdn. Bhd., PHN Industry Sdn. Bhd., MPH Bookstores Sdn. Bhd., and Bank Muamalat Malaysia Berhad.



Key Initiative 3: Human Capital Engagement Day

In line with the Malaysian Government's call for companies to start adopting Industry 4.0, Group Human Capital has responded by incorporating digital transformation into its strategic framework. Four new digital platforms were introduced to leverage digital technologies in order to transform business models and operations as well as to facilitate engagement between the Group and employees. The four platforms are the Human Capital Helpdesk, Workforce Analytics, Human Capital Portal and Human Capital Digital Interface. These platforms enable employees

to obtain information, provide feedback as well as perform workforce data analytics. At DRB-HICOM, we believe that we are only able to achieve our full potential of such technological advancements with the support of a capable and highly skilled workforce. With regard to this, Group Human Capital has organised a Human Capital Engagement Day as a platform for employees to have their voices heard on any digitisation and human capital related matters.





Corporate Responsibility

Key Highlights in
FY2017/18

<p>25 Successfully Completed Community Development Activities</p>	<p>881.5 Total Volunteering Hours</p>
<p>Benefitted More Than 6,000 Individuals Through Our Community Development Activities</p>	<p>121 Employees Participated in Community Development Activities</p>

Target for FY2018/19:
To Implement Diversified Programmes in Community Development Activities



**SUSTAINABLE
DEVELOPMENT
GOALS**

1
NO POVERTY

2
ZERO HUNGER

3
GOOD HEALTH AND WELL-BEING

4
QUALITY EDUCATION

5
GENDER EQUALITY

6
CLEAN WATER AND SANITATION

7
AFFORDABLE AND CLEAN ENERGY

8
DECENT WORK ECONOMIC GROWTH

9
INDUSTRY INNOVATION AND INFRASTRUCTURE

10
REDUCED INEQUALITIES

11
SUSTAINABLE CITIES AND COMMUNITIES

12
RESPONSIBLE CONSUMPTION AND PRODUCTION

13
CLIMATE ACTION

14
LIFE BELOW WATER

15
LIFE ON LAND

16
PEACE, JUSTICE AND STRONG INSTITUTION

17
PARTNERSHIPS FOR THE GOALS

Why It Matters

The diversity of our subsidiaries creates a wide range of impact on the local communities, and this impact creates a ripple effect to the society at large. We understand that there is an interdependent relationship between us and the local community, and if not for them, we would not see sustainable growth in our business.

How We Approach It

Upholding our mission (to create a long-term value of the Company through sustainability initiatives), we manage our impact to the society through various programmes throughout the year. These programmes are aimed at creating an interdependent relationship

between the society and our business, such that the impact of these programmes are felt for both, the community and us.

Group Strategic Communication ("GSC") division is responsible for carrying out holistically impactful activities throughout the year. The idea for effective community development activities are initiated by The GSC team, who then submit the proposal to the Management for their Approval. Upon approval, the activities are executed by the Corporate Responsibility ("CR") team and the impact is then calculated based on the outreach number.

For FY2018/19, the CR team targets to effectively use the budget by organising diversified programmes that have a larger outreach impact and with a focus on all three, economic, social and environmental causes.

Investing in Eco-Friendly Infrastructure

DRB-HICOM Defence Technologies Sdn. Bhd. ("DEFTECH"), a wholly-owned subsidiary of DRB-HICOM, was appointed as the manufacturer of Malaysia's first Super Quick Charge ("SQC") Electric Vehicle ("EV") – the Putra NEDO EV bus, which has been operating in Putrajaya since 2017. This marks the first step in making Putrajaya a sustainable, low-carbon and green city.

The buses are powered by electricity and are accompanied by a super charging system. The batteries are made up of lithium titanium oxide ("LTO") component and are estimated to last up to 10 years with proper maintenance. The batteries are rapid charging and require only 10 minutes for a full charge. Each bus has an electric cruising capacity of 30 kilometers, and charging is done through an overhead pantograph. This gives the bus characteristics such as safe operational use, long lifespan, low-temperature performance, rapid charging, high input/output power and large effective capacity.



Spreading Festive Cheer



Ziarah Ramadhan Kedah

Ziarah Ramadhan Kedah was a programme held on 2 June 2017 in Gurun, Kedah. This was a special programme for providing assistance in the form of groceries and duit raya for asnaf families in the region.

25 of our staff members took part in the programme and were available to around 400 people in 100 families.

Sambutan Aidilfitri DRB-HICOM Bersama Anak-Anak Yatim Dan Asnaf

On 14 July 2017, we hosted 73 orphans and asnaf students from Sekolah Kebangsaan Bangsar KL for Hari Raya Celebration. We also conducted a motivational talk with the objective to emphasise the importance of education.



Deepavali Celebration with Orphans at Tanjung Malim

31 underprivileged children celebrated Deepavali with 10 of our fellow Sahabat DRB-HICOM on 4 November 2017. The children aged between 5 to 16 years and were invited to the Tandoor Grill Restaurant for a day of fun and laughter. The children were given goodie bags with stationary, a box of colour pencils, a coin box (courtesy of Pos Malaysia) and some chocolates along with candy.



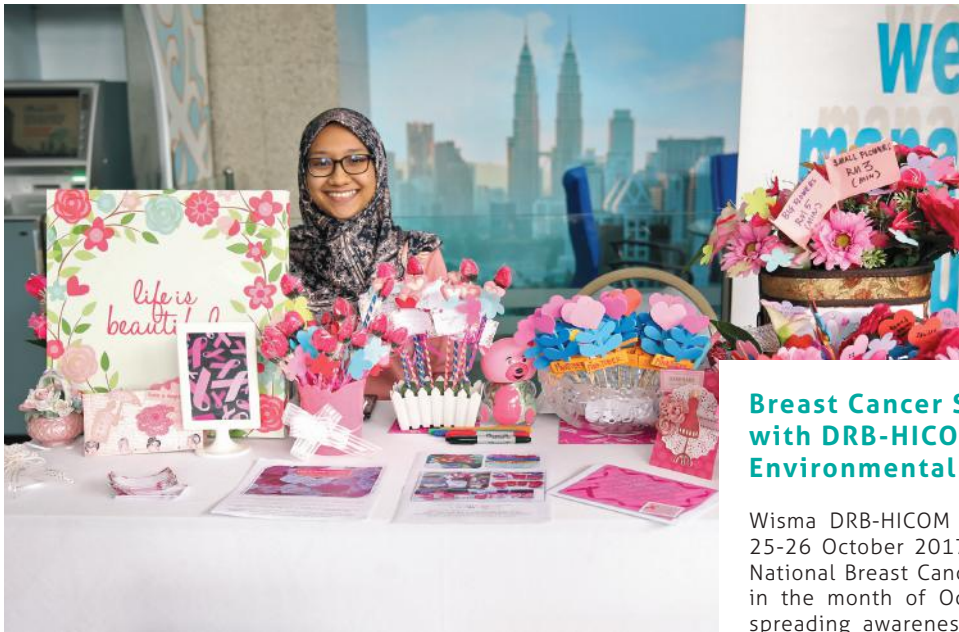
Free Voluntary Vehicle Inspection ("VVI") for Private Owner (CNY and Hari Raya Aidilfitri 2017)

Free voluntary vehicle inspection was provided to all private vehicle owners on two occasions – Chinese New Year and Hari Raya Aidilfitri – last year.

For Chinese New Year, these events were held at all PUSPAKOM branches nationwide whereas during Hari Raya, the events were held at Wisma DRB HICOM and Persatuan Orang-Orang Cacat Anggota Malaysian ("POCAM"). Through both the initiatives, about 3,461 vehicles were inspected.

This initiative helped enhance PUSPAKOM's corporate image and raise the public's awareness on vehicle safety.

Our Women, Our Strength



Breast Cancer Screening In Conjunction with DRB-HICOM Safety, Health & Environmental (“SHE”) Campaign

Wisma DRB-HICOM saw a celebration of PINKTOBER on 25-26 October 2017. PINKTOBER is an adaptation of the National Breast Cancer Awareness Month that takes place in the month of October, dedicated to celebrating life, spreading awareness, and embracing pink in a show of support of the fight against breast cancer.

Breast screening was sponsored for non-executives in conjunction with SHE Week. Meanwhile, Warga DRB-HICOM staff donned various shades of pink as part of their work attire, Wisma DRB-HICOM distributed sweets and chocolates to all divisions located within, as a symbol of hope and love while spreading the message of awareness on the issue of breast cancer.

Impact of Our Initiatives

Items such as wish sticks and flowers were sold to raise funds for breast cancer patients. Employees also took the opportunity to write personal messages of hope and encouragement to patients. All the notes were later compiled and converted into a photobook which was presented to the Breast Cancer Foundation (“PRIDE”) along with the funds raised. Free screening was provided to DRB-HICOM non-executive staff to promote awareness on early breast cancer detection.



Promoting Education

DRB-HICOM's Back-to-School Programme

Back to School programme took place in January 2018 where 717 children from four schools received "Back to School" aid from the Group.

The programme provides aid to children of selected Warga where the children received the aid of RM150 each to assist them with basic necessities needed for the on-going school year. The children each received a brand new school bag, school supplies such as pencils, erasers, rulers, sharpeners, pens, and colour pencils.



The Star Media Group Berhad Sponsorship

DRB-HICOM participated in The Star Media Group Berhad's Newspaper-in-Education ("NiE") Corporate Sponsorship Programme and sponsored RM25,000. This is equivalent to 31,250 copies of Star-NiE pull-outs together with The Star newspapers, benefitting 21 rural and sub-urban secondary schools. The chosen schools to receive the pullouts, with the objective to bridge the gap of English proficiency, are within the operations of the Group's subsidiaries in Pekan, Gurun, Tanjung Malim, Shah Alam, Gombak and Melaka.



Healthy Living

Colour Run

DRB-HICOM values and promotes a healthy lifestyle for all. On 13 August 2017, our staff participated in the "Colourful Weekend with fun Colour Run" at Padang Merbok, Kuala Lumpur. Participants start the 5 kilometers untimed run with white t-shirts and are doused from head to toe in different colours every Kilometer passed. All participants will finish the run plastered in colour to demonstrate that a healthy community is a happy community regardless of age, skin, creed, colour or gender.



DRB-HICOM CNY Celebration with Hemodialysis Patients

DRB-HICOM CNY Celebration with Hemodialysis patients was held on 5 March 2018. It aims to share the Lunar New Year's festive joy with hemodialysis patients and was participated by more than 270 patients from Pertubuhan Medifund Kuala Lumpur, Pusat Hemodialisis Kau Ong Yah Ampang ("PHKOYA") and 20 of our Sahabat DRB-HICOM. The event was not only a success but has also helped Sahabat DRB-HICOM to gain better understanding on kidney failure.

Promoting Sports

Malaysian Blind Football Association

Malaysian Blind Sports Association ("MBSA") is a non-profit organisation under the purview of the Malaysia Sports Commissioner Office. Since its inception, MBSA has made great strides in the international sporting arena in several categories including cycling, football, shooting, goalball and many more.

The team took part in the Asian league of the IBSA 6th Asia Football Championship (5-a-side) which was held from 12 to 17 December 2017 at Bukit Jalil Hockey Stadium. In line with this, DRB-HICOM sponsored RM10,000.00 for the team's on-going training programmes.





Serdang Badminton Club Sponsorship

Serdang Badminton Club is one of the leading badminton clubs in Malaysia which took part in Malaysia's first Professional Badminton League – The Malaysia Purple League which started in 2014.

To support their ongoing development programmes, DRB-HICOM sponsored RM 30,000.00 to fund its participation in Purple League.



EurAsia Cup 2018

This year, DRB-HICOM returned once again as the presenting partner for the third edition of the EurAsia Cup - a bi-annual match-play golf tournament which was held from 12 to 14 January 2018 at Glenmarie Golf and Country Club.

The tournament provides an opportunity for DRB-HICOM to be associated with an international event between Asia and Europe. These players are among the best in the world and the tournament has put Malaysia on the world sporting map.

EurAsia Cup also provides a platform for DRB-HICOM to grow our brand awareness globally. Through the live broadcasts, Malaysia and DRB-HICOM were showcased around the world to 670 million homes.

DRB-HICOM Football Club

DRB-HICOM Football Club is a football club established to give an opportunity for employees of DRB-HICOM to be involved in Malaysia football competition. The club is competing in Kuala Lumpur Football Association ("KLFA") League in 1st Division. This has become an important avenue to uncover and nurture talents within the Group who will go on to become stars in the local as well as regional football arena in the future.

The 30 team members consist of employees from various companies under DRB-HICOM Group. This combination of players from various companies in the Group is in line with the objective of the club's establishment i.e. to unite DRB-HICOM's employees through sports, specifically in football which is the number one sport in Malaysia.



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