

SUSTAINABILITY REPORT

For Financial Year 2018/19



This picture of our headquarters, Wisma DRB-HICOM, was hand-drawn by Kennard Lee Kean Aun ("Ken"), one of six differently-abled individuals employed by the company under our People with Disabilities (PWD) Programme. Ken is a staff of the Creative Services Department at Group Strategic Communications Division.



Dear shareholders,

Following our Sustainability Report last year, we continue our efforts as a group to improve the impact of our businesses towards the surrounding and the public. We realise that our stakeholders want all the elements related to sustainability – climate change, human rights, integrity, diversity and safety – be addressed while at the same time deliver quality products and credible financial performance that brings about long-term business value.

Statement by
**DATO' SRI SYED
FAISAL ALBAR**
Group Managing Director
DRB-HICOM Berhad

As I stated last year, DRB-HICOM's sustainability initiatives focus on five themes: Safety and Health; Energy Management; Waste Management; Human Capital, and Corporate Responsibility. This sustainability journey is a demanding one, what more for an organisation such as DRB-HICOM. With some 55,000 people in our ranks, this alone poses so many challenges.

Our wide geographic reach also means that our carbon footprint is larger than most. Our postal services, for example, cover the far reaches of our nation, and thus we endeavour to be responsible in the way we impact the environment within which we operate.

Our size means we consume more energy when compared to the smaller organisations. But we are cognisant to take proactive steps to ensure wherever we can, we manage energy consumption while not impacting the output of work.

The satisfaction is in the results we have achieved. This year, we are proud that the efforts across the Group have borne fruit. These are detailed in this report and I hope you will celebrate with us the small successes that will lead to greater ones.

On behalf of the Board, I extend my gratitude to our employees for embracing sustainability as they have done. This report details their success, and also the route charted towards building a more sustainable DRB-HICOM. In the end, their role in this journey with DRB-HICOM is one that will benefit future generations, and that must be a prime motivating factor for each and every one of us.

Thank you.

Syed Faisal Albar

SUSTAINABILITY REPORT

ABOUT THIS REPORT

Reporting Approach

This report focuses on the sustainability strategy and practices of DRB-HICOM and its subsidiaries, namely the material Economic, Environmental and Social aspects of our business operations.

This report has been prepared in reference to the reporting framework stipulated by the Global Reporting Initiative ("GRI") Standards and meets the statutory requirement prescribed by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The reporting principles covered in this report 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 those that influences our stakeholders.

The Materials established as the reporting perimeters 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

Reporting Period

This report refers to the financial year period from 1 April 2018 to 31 March 2019, unless indicated otherwise.

Scope and Boundaries

The scope of the report is confined to subsidiaries in which DRB-HICOM has more than 50% equity, unless indicated otherwise.

Memberships and Associations

DRB-HICOM is actively involved in nationally recognised memberships and associations in Malaysia. Examples of include, but are not limited to, the list below:

- MIGHT – Malaysian Industry-Government Group for High Technology
- FMM – Federation of Malaysian Manufacturers
- MIER – Malaysian Institute of Economic Research
- MIM – Malaysian Institute of Management
- MEF – Malaysian Employers Federation
- MICG – Malaysian Institute of Corporate Governance
- MAA – Malaysian Automotive Association
- IIAM – The Institute of Internal Auditors Malaysia
- FPLC – Federation of Public Listed Companies

References

References to "DRB-HICOM", "the Company", "the Organisation", "the Group" and "we" refer to DRB-HICOM and its subsidiaries.

Feedback

For further details, you may contact:

Name : Mahmood Abdul Razak

Designation : Head, Group Strategic Communications Division

Email : info@drb-hicom.com

AWARDS AND RECOGNITION



- A. Asia Sustainability Reporting Awards 2018**
 - Finalist – Asia’s Best Sustainability Report within Annual Report
 - Finalist – Asia’s Best SDG Reporting
- B. TalentCorp Life at Work Awards 2018** – Outstanding Practice (Workforce)
- C. Excellent Technology Development Award** – Geely Auto 2019 Annual Supplier Conference awarded to PHN Industry Sdn. Bhd.
- D. Best Performer 2018 Award** – Airbus Supply Chain & Quality Improvement Programme (“SQIP”) awarded to Composites Technology Research Malaysia Sdn. Bhd. (“CTRM”)
- E. HR Asia Awards** - Best Companies to Work For in Asia 2018

- F. HR Excellence Awards 2018**
 - Gold Winner – Excellence in HR Team Collaboration
 - Bronze Winner – Excellence in Graduate Recruitment & Development
- G. Malaysia HR Awards 2018** – Employer of Choice Award (Private Sector)
- H. Human Resources Asia Recruitment Awards 2018** – In-House Recruitment Professional of The Year (Silver) awarded to Vilashini Ananda Rajah, Head of Group Talent Acquisition
- I. Rentalcars.com Customer Favourite Award 2018** – Avis Malaysia’s Kuching and Kota Kinabalu branch

SUSTAINABILITY REPORT

THIS IS DRB-HICOM SUSTAINABILITY

Today, with over 100 years of experience and growth, DRB-HICOM strives to lead by example in driving our Group's sustainability agenda. The group is among the region's leading conglomerates with over 70 subsidiaries covering three main sectors (across Automotive, Services and Properties) nationwide, employing more than 55,000 strong employees base. Working with different sectors, people and needs, we have always aspired to reform the sustainability-sphere to achieve noteworthy and continuing improvement in economic, environmental and social outcomes. This is a commitment for all our business sectors, and Group as a whole, as we work together to incorporate sustainability into all our daily operations.

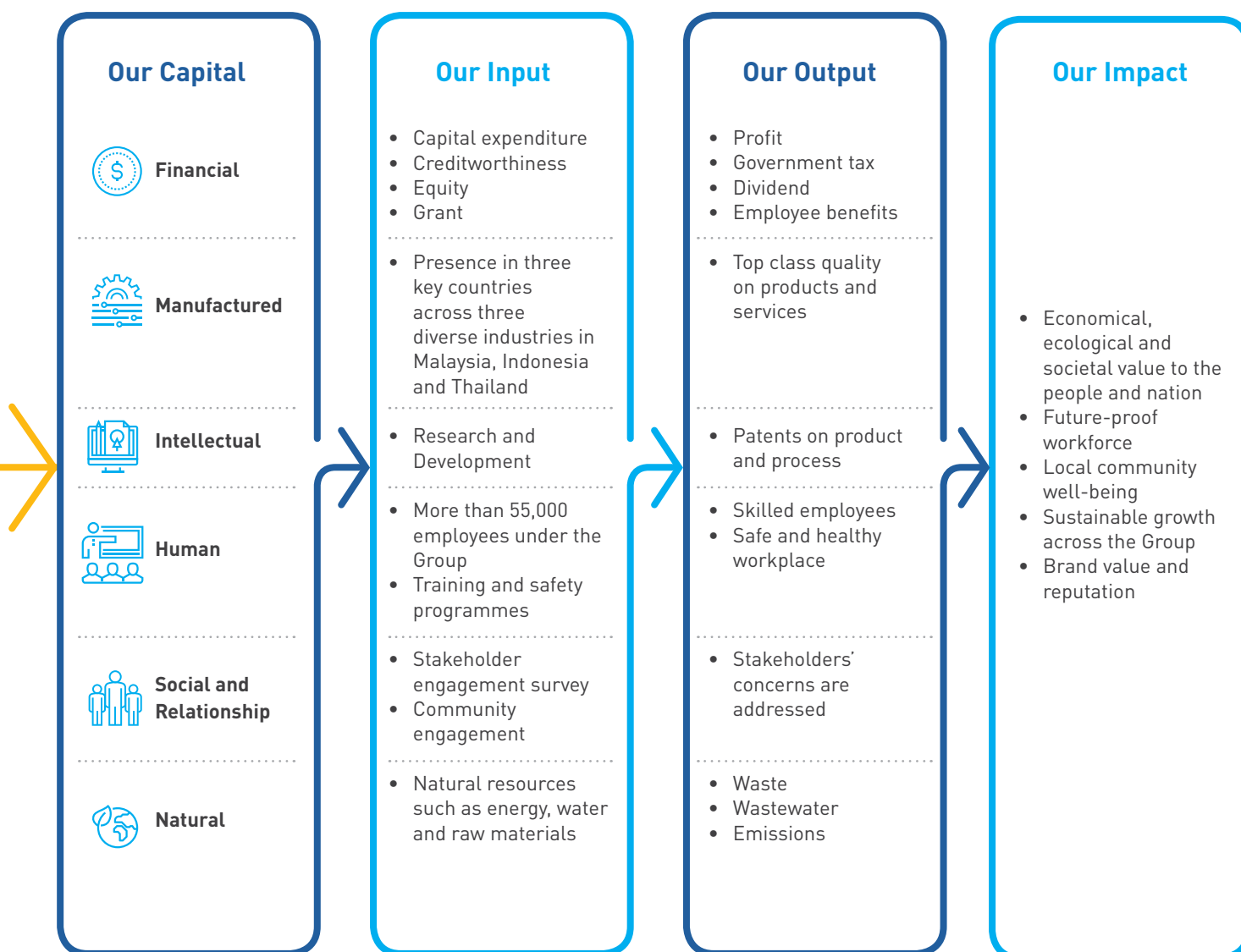
Building on a strong foundation of corporate governance, sustainability principles permeate decisions and actions we undertake to ensure responsible business practices, manage the environmental impact of our operational activities, provide an inclusive workplace for our employees and meet the needs of wider society. We recognise the responsibility we owe to our various stakeholders in delivering not only quality but ethical and responsible services and products. We continue to strive towards inculcating sound corporate governance practices that is in line with the Malaysian Code on Corporate Governance ("MCCG") and adhere to related industrial best practices (see page 63 to 74 for details).



Our value chain strategy

Given the diverse nature of our business operations, sustainable practices and responsible business strategy form the basis of our ability to create long-term value for our stakeholders. We allocate and channel our capital in the form of financial, manufactured, intellectual, human, social and relationship as well as natural capital into all our business operations with the objective to minimise our negative impact and generate sustainable value to our diverse stakeholders.

As we believe that our global presence needs us to be forward looking and be supportive on both global and national agendas, we therefore incorporate Sustainable Development Goals ("SDGs" or "Goals") introduced by the United Nations into the Group's sustainable strategy. These set of 17 Goals include calls 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 Goals.



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Managing Our Supply Chain

We have strengthened the relationships we have with our vendors and suppliers through years of mutual trust and respect via transparent business transactions. Given the multi-faceted nature of our services, we believe this is essential for the success of our business.

At DRB-HICOM, we are committed to providing equal and fair business opportunities through our tendering and Request for Quotation ("RFQ") processes. Our process ensures all the participants are evaluated in a transparent manner by the appointed committee members. We screen all potential suppliers through our pre-qualification ("pre-Q") evaluation before the tender or RFQ invitation is issued. Suppliers who pass the pre-Q are qualified to move forward their participation of the tender/RFQ. To encourage local supplier participation, we award additional points to them in our tender/RFQ evaluations where applicable.

We are dedicated to conducting our business in an ethical manner and ensuring transparency across all our business functions. The Ethics and Procurement clause in our Group Procurement Policy ("GPP") details the ethical requirement for procurement personnel. We manage conflicts of interest, procurement relationships and ethical conduct of suppliers through our Invitation To Bid ("ITB") documents. These documents are issued during the tender exercises to all participating suppliers. 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

We encourage all our stakeholders to report any unethical behaviour and have provided a safe platform to do so. They may access this platform easily through our Group's toll-free Whistleblower hotline at 1-800-88-2005, which is mentioned both in GPP and ITB.

DRB-HICOM Green Procurement Policy

The Group established the DRB-HICOM Green Procurement Policy to require all employees to conduct purchasing and contracting activities in a resource efficient manner. It recommends each necessary purchase to consider the below:

1. Fit for purpose, provide value for money
2. Energy and resource efficient
3. Minimum use of virgin materials
4. Non-polluting
5. Durable, easily upgraded and repairable
6. Minimum packaging
7. Reusable and recyclable

Engaging PROTON's Supply Chain on Energy Management

PROTON has expanded its aspiration to reduce energy consumption to its supply chain. As part of the PROTON Green Initiatives, PROTON actively engages and provides technical assistance to its vendors as well as PROTON showrooms to facilitate the implementation of energy reduction initiatives in their operations.

To learn more on how PROTON engages its supply chain on energy management, please refer to page 162 to 163.

Sustainability Governance

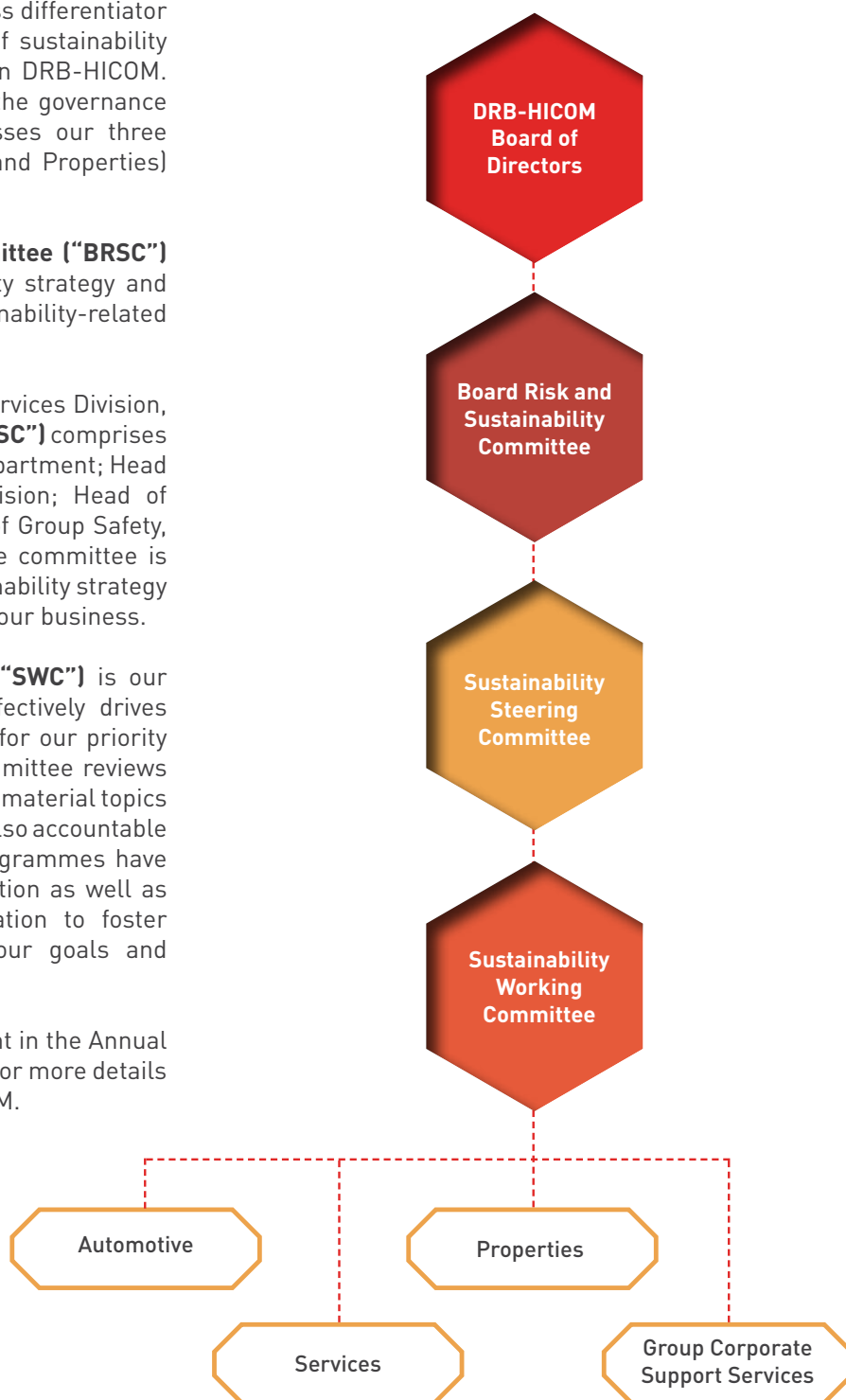
Recognising sustainability as a key business differentiator and a driver of our business, the spirit of sustainability is embedded in every level of operation in DRB-HICOM. Starting at the **Board of Directors** level, the governance of sustainability in the Group encompasses our three business sectors (Automotive, Services, and Properties) and Group Corporate Support Services.

The **Board Risk and Sustainability Committee ("BRSC")** has general oversight of our sustainability strategy and performance. The BRSC reviews our sustainability-related progress on a quarterly basis.

Chaired by Group Director for Financial Services Division, our **Sustainability Steering Committee ("SSC")** comprises of the Head of Group Risk Management Department; Head of Group Strategic Communications Division; Head of Group Human Capital Division and Head of Group Safety, Health and Environment Department. The committee is responsible to drive and ensure our sustainability strategy is effectively incorporated into all areas of our business.

The **Sustainability Working Committee ("SWC")** is our cross-functional 'activation arm' that effectively drives focus on the execution of strategic plans for our priority material topics. This diverse working committee reviews the status of strategic plans for our priority material topics and emerging material topics. The SWC is also accountable for analysing which stakeholders and programmes have the most impact on DRB-HICOM's reputation as well as working proactively across the organisation to foster engagements around the progress of our goals and sustainability commitments.

Kindly refer to Risk Management statement in the Annual Report on the pages 75 to 80 and 95 to 102 for more details on sustainability governance in DRB-HICOM.








DRB-HICOM
Sustainability Governance Structure

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Sustainability Risk Management

At DRB-HICOM, risks related to climate change, market and industries, reputation, and organisation are perceived as the overarching foundation for sustainability risk management. These risks are managed by the Group's three lines of defense, namely Sector and Business Units, Group Risk Management Department and Group Internal Audit Division, alongside initiatives conducted to measure and mitigate risks across all sectors, units and divisions on a consistent basis.

Risks	Description	Actions Taken
Climate-Related Risk 	<p>According to the Task Force on Climate-related Financial Disclosures ("TCFD"), climate-related risks can be divided into two categories, 1) risks related to the transition to a lower-carbon economy and 2) risks related to physical impacts of climate change.</p>	<p>At DRB-HICOM, we undertake a similar approach to understand our climate-related risks. We align our commitment to Malaysia's aspiration on carbon reduction in order to safeguard our business as well as the community we serve from climate-related risks. This means we constantly explore innovative ways and cutting edge technology to reduce our energy consumption as well as carbon footprint not only within the Group but also in our supply chain.</p>
Legal & Compliance Risk 	<p>The newly restructured Ministry of Energy, Science, Technology, Environment and Climate Change ("MESTECC") has emphasised on the participation of private sector in addressing climate change and other environmental issues in Malaysia. The government is currently looking into establishing policies on climate change and energy efficiency. This may result in increased compliance costs for businesses especially those which are involved in high energy intensity industries.</p>	<p>With this in mind, the Group frequently engage with the government as well as industry experts to ensure we are well prepared for regulatory transitions.</p>
Health & Safety Risk 	<p>The health and safety of our employees as well as all our stakeholders is an integral part of DRB-HICOM's operational excellence that we will not compromise.</p>	<p>Guided by the Group Safety, Health and Environment ("SHE") Policy, we conduct stringent checks and employee trainings as well as implement control systems and standard operational procedures to ensure disruptions from health and safety related incidents at our workplace are effectively mitigated.</p>
Opportunities	Description	Actions Taken
Circular Economy within DRB-HICOM Ecosystem 	<p>Over 70 subsidiaries spanning across three diverse sectors - Automotive, Services and Properties, DRB-HICOM has built an economic ecosystem that possesses sizable potential in minimising waste and making the most out of resources within our subsidiaries. For example, waste generated by one of our subsidiaries can be a source of raw material for other subsidiaries.</p>	<p>The Group is currently exploring methods to adopt the circular economy approach and gradually move away from the traditional linear "take, make, dispose" industrial processes. We believe this will enable the Group to minimise risks associated with raw material and natural resources in the long term.</p>
Decarbonise Our Environmental Footprint 	<p>In supporting Malaysia's commitment towards achieving a 45% nationwide carbon reduction by year 2030 compared to base year 2005, the Group has been actively reducing its carbon footprint through energy reduction initiatives as well as adoption of renewable energy sources.</p>	<p>We align our energy management strategy with Malaysia's commitment to carbon reduction. Since FY2016/17, the Group has recorded a reduction of over 42 million kWh in energy consumption, which is equivalent to a reduction of more than 28,000 tonnes of carbon emissions. While the Group continues to yield energy savings from energy reduction initiatives, our main subsidiaries PROTON and CTRM have plans to adopt and instal solar panels at their premises in the upcoming years.</p>

These Economic, Environmental and Social ("EES") risks and opportunities also complement the Group's Enterprise Risk Management ("ERM") framework. More information can be found in the Risk Management Statement on the pages 75 to 80 and 95 to 102 of the Annual Report.







ENGAGING OUR STAKEHOLDERS

Our stakeholders are an integral part of our business, thus understanding and addressing their expectations and concerns is key towards ensuring continuity in the DRB-HICOM sustainability journey. We are grateful and humbled by the involvement of our stakeholders in this journey, particularly in identifying areas for improvements and defining the expectations on our sustainability areas.

Over the years, we have nurtured our relationship with our stakeholders by placing an emphasis in prioritising our people, the quality of our products, the personalised services we provide, the social impact we create, the economic performance we achieve and our diligence in complying with relevant laws and regulations.

This year, DRB-HICOM has taken a digital approach by reaching out to our stakeholders via an online survey to understand their expectations and concerns about our businesses.

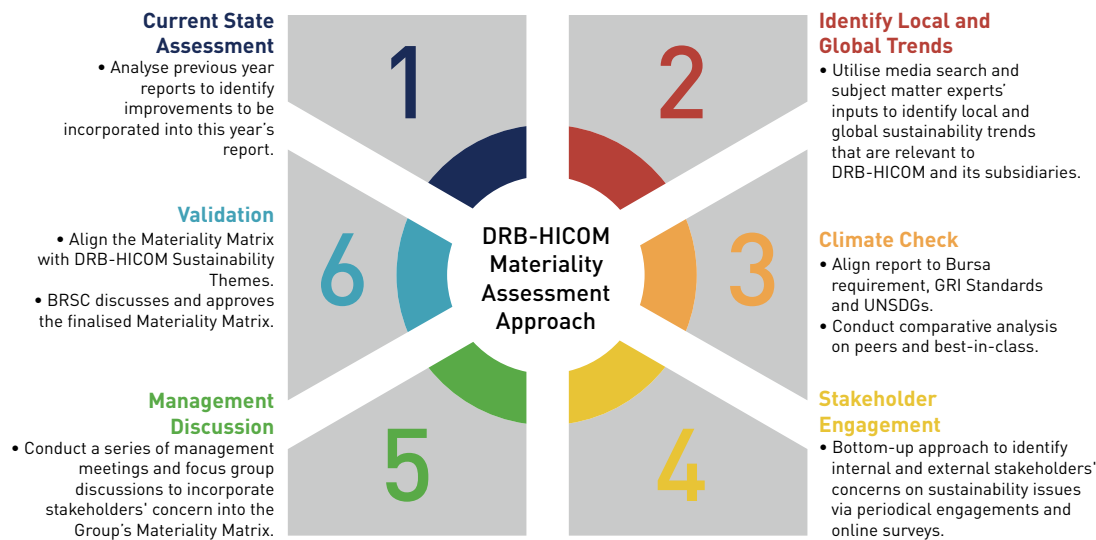
The table showcased below has been revised as per data we have collated from our engagement with stakeholders throughout FY2018/19.

Stakeholders	Mode of Engagement	Frequency of Engagement	Scope of Interest
Customers 	Website / Social media platforms Media conferences	Continuous As needed	<ul style="list-style-type: none"> • Direct economic value generated and distributed • Materials (recycled materials and reclaimed products) • Employment (turnover rate and benefits)
Employees 	DRB-HICOM Talent Development Programme Excellence award and scholarship programmes Code of Ethics and Business Practice ("COEBP") Whistleblower Policy Dialogue with national and in-house unions DRB-HICOM Safety, Health and Environment Council	Continuous Annually Continuous Continuous As needed Quarterly	<ul style="list-style-type: none"> • Training and education • Materials (recycled materials and reclaimed products) • Employment (turnover rate and benefits)
Suppliers and Contractors 	Business negotiation DRB-HICOM Group Procurement Policy ("GPP") Vendor development programme	As needed Continuous Annually	<ul style="list-style-type: none"> • Occupational health and safety • Anti-corruption • Effluents and waste
Local Community 	Participation in and sponsorship of community service events / NGO events Social and environmental contribution programme Safety, health and environment campaigns	As needed As needed Quarterly	<ul style="list-style-type: none"> • Materials (recycled materials and reclaimed products) • Human rights assessment • Indirect economic impacts
Investors Community 	In-house, one-to-one and small group meetings with stakeholders Annual General Meeting ("AGM") Extraordinary General Meeting ("EGM") of shareholders Financial results announcements Dialogue / Teleconference between the Group and investors Non-deal roadshows Planned visits / Business showcase	Continuous Annually As needed Quarterly Continuous As needed Annually	<ul style="list-style-type: none"> • Direct economic value generated and distributed • Environmental compliance • Employment (turnover rate and benefits)
Regulators 	Attend workshops and seminars organised by regulatory agencies to stay abreast of any regulatory requirement Pro-active engagement / consultation with the relevant regulatory bodies on corporate compliance matters	Continuous Continuous	<ul style="list-style-type: none"> • Anti-corruption • Energy • Training and education

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MATERIALITY ASSESSMENT

Our closed loop materiality assessment is a key component of our sustainability reporting journey, primarily in defining the reporting expectations and boundaries. Following the Materiality Matrix that was established in FY2017/18, DRB-HICOM has reviewed and revised the existing matrix by incorporating local and global sustainability trends as well as perspectives from our internal and external stakeholders via various engagements. The survey undertaken to engage our stakeholders was managed and verified by an independent third party consultant. The results were compiled and mapped according to the influence of sustainability issues emphasised by stakeholders and the significance of economic, environmental and social impacts to the business. Further to the establishment of the Materiality Matrix, it was discussed and approved by the BRSC. The Group strives to review the Materiality Matrix on an annual basis.



DRB-HICOM Materiality Matrix

Safety & Health

Key Highlights In
FY2018/19

13%

reduction in total number of incidents
as compared to FY2017/18

81%

reduction in total Lost Time Injuries as
compared to FY2017/18

191

Safety, Health & Environment ("SHE")
practitioners throughout the Group as of
31 March 2019

5 Subsidiaries

were awarded SoHELP Level 5
Achievement of Excellence

Open Dialogue

with the Group SHE practitioner to
share successful SHE initiatives



*CPR training during Safety, Health & Environment
Dialogue and Awareness Training.*



SUSTAINABILITY REPORT

Why It Matters

Our people matters. It is our primary aim to provide a safe and healthy working environment for our employees. It is important to the Group that we ensure the safety of all our stakeholders that do businesses at our premises are prioritised. With a business influence sphere that spans throughout Malaysia, it is our duty to be compliant with all relevant safety and health requirements.

We have put in place stringent checks, systems and processes to ensure that safety and health is never compromised, as we see these as not just a priority, but a necessity. We have also invested heavily in training and re-training courses, as well as run safety awareness and training programmes to instil a safety and health conscious culture in employees at all levels. This focus continues to be strongly reflected in the Group's policies, procedures and plans.

How We Approach It

Safety, health and environment ("SHE") matters at DRB-HICOM are guided by the Group's SHE policy. The policy focuses on four major objectives that include Compliance, Prevention of Pollution, Communication and Continual Improvement. These broad scopes underpin our overarching commitment towards protecting the environment where we operate while emphasising our employees' safety and health. The policy is applicable to all our business activities and premises.

The Group formed a SHE Council, headed by the Group Managing Director with the Group SHE Department acting as secretariat to monitor and advise on all SHE matters at Group level. The Council, with active participation from Senior Management of the Group, has a role in determining the overall safety and health strategies and initiatives, as well as to drive effective implementation. They meet quarterly to review the Group's SHE strategies, examine the progress on the Group's SHE performances, and evaluate audit results.

A strong safety culture relies on effective communication in the workplace. Today, there are more than 190 SHE practitioners across the Group who ensure and drive compliance monitoring with regard to managing SHE risks.

Key Objectives of DRB-HICOM's Group SHE Policy



Integrated Reporting Occupational Safety, Health & Environment ("IROSHE")

In 2015, Group SHE introduced IROSHE, a web-based data management system that enables us to monitor our SHE performance not only at Group level but also at subsidiary level. 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 helps in generating effective reports and analysis from the data collected. All results will be subsequently reported to the SHE Council on a periodic basis.

Our Performance

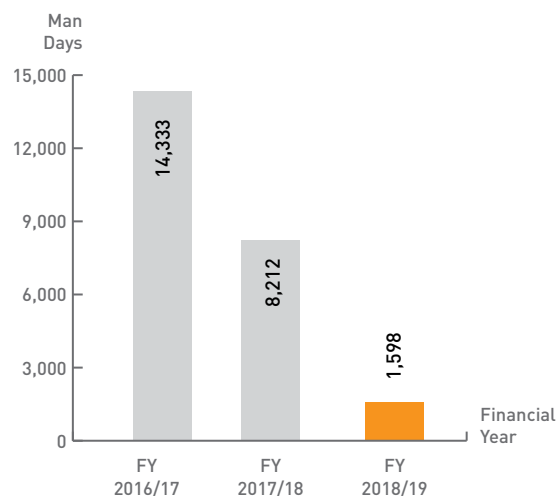
We continue to monitor our Group's safety and health performance by tracking both total Lost Time Injuries¹ ("LTI") and total number of incident cases². Based on the results³, we are progressing positively based on a year-to-year comparison.

For FY2018/19, we managed to reduce the total number of incident cases by approximately 13% compared to the previous year. The number of cases decreased from 760 to 676 and 591 for FY2016/17, FY2017/18 and FY2018/19 respectively. This is a significant progress as the Group aspires to have a consistent year-to-year reduction of 2% in the total number of cases.

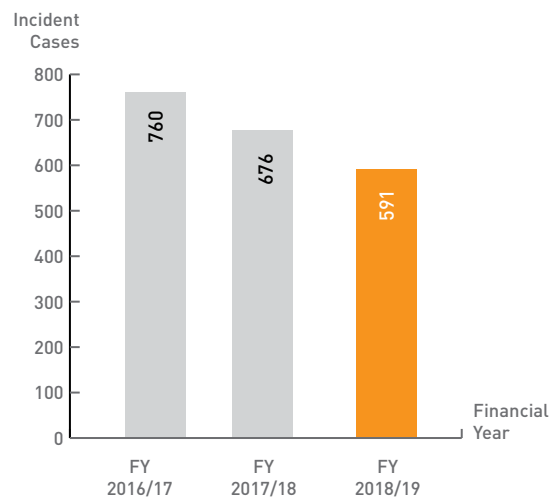
Based on the year-to-year comparison, the Group has recorded a significant drop in the total LTI for FY2018/19. We have recorded zero fatality cases, thus the aforementioned results. It is our utmost priority to ensure our people are safe and healthy while conducting their responsibilities to the company. We will continue to evaluate our current processes, monitor and find better ways to improve our safety and health matters.

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 in DRB-HICOM (Man Days)



Total Number of Incident Cases in DRB-HICOM

¹ Total Lost Time Injuries is the 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 - the total number of employees who change in status from one state of health to another (such as non-disease to disease) over a specific period of time.

³ This includes data from ISUZU HICOM Malaysia Sdn. Bhd. and HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.

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Systematic Occupational Health Enhancement Level Programme ("SoHELP")

The SoHELP programme is a systematic intervention programme aimed to help companies enhance hygiene standards in the workplace while meeting relevant regulatory requirements. The programme focuses on three main aspects: chemical management, ergonomic issues and hearing conservation. The Group has identified champions among the SHE practitioners as SoHELP Enablers to assist the companies to self-regulate and monitor. Department of Occupational Safety and Health ("DOSH") acts as the SoHELP Verifier to evaluate and certify the level of achievement from Level 1 to 5. For FY2018/19, five companies have achieved Level 5 – Excellent, i.e. Perusahaan Otomobil Nasional Sdn. Bhd. ("PROTON"), ISUZU HICOM Malaysia Sdn. Bhd., Bank Muamalat Malaysia Berhad, CTRM Aero Composites Sdn. Bhd. and Motosikal Dan Enjin Nasional Sdn. Bhd. ("MODENAS").



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



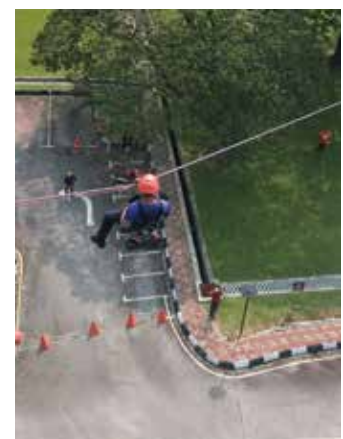
Established in the wake of floods in Pahang back in December 2014 to January 2015, D-HEAT is a trained team that responds to any disaster or crisis as and when the Management of DRB-HICOM deems fit for it to be deployed.

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 comprised Light Search and Rescue (Land and Water), Self-Contained Breathing Apparatus ("SCBA"), first aid, firefighting and rappelling.

D-HEAT Training Preparation for Flood Relief

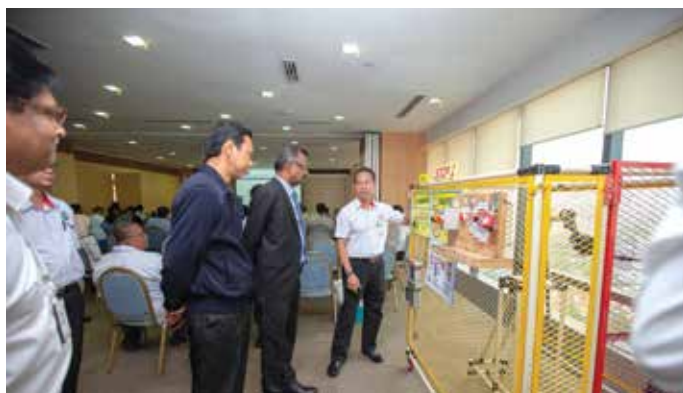
D-HEAT Team participated in one-day flood relief preparation training which include water pump testing, chainsaw testing, rigging testing and equipment handling.

Our D-HEAT members attended High Angle Rescue Training and Water Rescue Training provided by BOMBA Bukit Jelutong in 2019.



Key Initiative 2: Safety, Health & Environment Dialogue and Awareness Training

From 26 to 28 September 2018, Group SHE organised a dialogue session with more than 190 SHE practitioners across DRB-HICOM's Group of Companies. Through the dialogue, we conducted open discussions to get feedback and opinions on SHE matters, including inviting our subsidiary, PHN Industry Sdn. Bhd. to demonstrate their 'Safety Dojo' amongst SHE practitioners, ensuring continued improvements to make DRB-HICOM a safe place to work. The dialogue included presentation on corrective / preventive SHE-related action plans, SHE awareness training as well as providing cardiopulmonary resuscitation ("CPR") training to other employees in Wisma DRB-HICOM.



Key Initiative 3: Safety, Health and Environment Campaign

The SHE team organised a safety, health and environment campaign on 24 and 25 October 2018 in Wisma DRB-HICOM. About 10 external exhibitors participated in this two-day event providing healthcare advice, free optometry check-ups and fire safety awareness. One of the key events for the campaign was a blood donation drive in collaboration with the National Blood Bank or Pusat Darah Negara where more than 80 DRB-HICOM employees donated their blood.



SUSTAINABILITY REPORT

Energy Management

Key Highlights in
FY2018/19

3.0%

reduction in Group's total energy consumption as compared to FY2017/18

PROTON Green Initiatives reduced

> 2.2 million kWh

energy consumption across all operations

Certified Green Building

for CTRM new manufacturing plant – Building 6

Expanded Energy Audits

to PROTON showrooms as an extension of PROTON Green Initiatives



Dunham-Bush Green Chiller verified by AHRI* installed in Wisma DRB-HICOM.

*AHRI- Air Conditioning, Heating & Refrigeration Institute based in United States.



Why It Matters

According to the World Resources Institute, more than 70% of global Greenhouse Gas ("GHG") emissions are contributed by energy sectors. It suggests that many global challenges associated with climate change we currently face are mainly due to a rapid increase in human activities and energy consumption in our economy since the mid-20th century. While we acknowledge that climate change is expected to impact not only the communities we serve but also our businesses in the long run, especially industries that are inherently energy-intensive, we strongly believe it is our responsibility to take an active role towards finding a sound solution towards embracing a low carbon society for our future generation.

How We Approach It

At DRB-HICOM, we are pleased to be entrusted with an imperative role in contributing to the betterment of the nation due to the Group's strong presence with more than 70 subsidiaries across various sectors in Malaysia. We align our energy management strategy with Malaysia's commitment to carbon reduction as well as United Nations Sustainable Development Goals ("UNSDGs") to demonstrate our commitment towards energy management. This means the Group constantly engages with our subsidiaries to not only reduce energy consumption through adopting industry best practices and international standards but also to drive them to explore new and innovative ways such as opting for renewable energy to transform the way we manage our energy consumption.

Energy Management at PROTON

PROTON has further escalated energy-related matters as one of the material sustainability topics via its Green Initiatives in September 2015. This has subsequently fostered the launch of PROTON Green Initiatives that drives PROTON towards reducing 40% of total energy consumption by 2020 in comparison with the base year 2015.

In January 2019, PROTON streamlined their energy reduction efforts by introducing the New Energy Management ("NEM") department to spearhead and oversee energy reduction initiatives across all PROTON operations. Their Registered Electrical Energy Managers ("REEMs") are certified under the Energy Commission to achieve PROTON's energy reduction target, in tandem with PROTON's aspiration towards becoming the leading ASEAN automotive company.

ISO 14001:2015 Certification

12 DRB-HICOM subsidiaries received ISO 14001: 2015 certification:

- HICOM Automotive Manufactures (Malaysia) Sdn. Bhd.
- HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.
- HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.
- HICOM Diecastings Sdn. Bhd.
- PHN Industry Sdn. Bhd.
- Oriental Summit Industries Sdn. Bhd.
- DRB-HICOM Environmental Services Sdn. Bhd.
- Glenmarie Properties Sdn. Bhd.
- Composites Technology Research Malaysia Sdn. Bhd.
- HICOM HBPO Sdn. Bhd.
- PROTON Tanjung Malim Sdn. Bhd.
- Alam Flora Sdn. Bhd.

To date, PROTON has successfully implemented PROTON Green Initiatives Phase 1 (Energy Management System), Phase 2 (Energy Efficiency) and Phase 3 (Waste and Water Management). Notably, PROTON has commissioned Energy Performance Contracting ("EPC") in PROTON Tanjung Malim Plant and PROTON Centre of Excellence in January 2019.

Based on the United Nations Industrial Development Organisation ("UNIDO") Energy Management System Tool adopted by PROTON to monitor and evaluate its energy performance on monthly basis, initiatives implemented under Phase 1 and Phase 2 have yielded up to 34% total energy consumption reduction against the base year, which is equivalent to more than RM18 million cost savings across PROTON. Phase 3 is currently underway in PROTON Tanjung Malim Plant via the Recycled Water Initiative. Kindly refer to page 168 for more details on PROTON's Phase 3 – Waste & Water Management.

In FY2019/20, PROTON is ready to step into the PROTON Green Initiatives Phase 4 (Renewable Energy) with new and exciting initiatives in the pipeline. While PROTON continuously adopts best practices in optimising energy performance in its manufacturing process, it plans to install a 9.75 Mega-Watt peak ("MWp") Solar Photovoltaic ("PV") system as well as implement the conversion of energy source from Liquefied Petroleum Gas ("LNG") to Compressed Natural Gas ("CNG") in the PROTON Tanjung Malim Plant. It is estimated that both measures will generate more than RM 5.5 million energy savings once it is completed in FY2019/20.

SUSTAINABILITY REPORT

PROTON Green Initiatives Strategy



Reducing Energy in PROTON's Supply Chain

After its success in reducing energy consumption within PROTON's operations in the past three years, PROTON believes it is time to expand its aspiration to reduce energy consumption through its upstream and downstream supply chain by assisting them towards adopting energy efficiency initiatives.

This year, PROTON has embarked on an energy audit programme across its branches in Malaysia with the objective to achieve energy reduction by 5% per branch. To date, we have completed energy audits in seven branches located in Northern and Southern region of Peninsular Malaysia. We plan to complete energy audit in all branches, including branches in East Malaysia, by end of FY2019/20. Apart from our PROTON branches, we are also in the midst of engaging with our vendors as well as our subsidiaries to implement effective energy reduction initiatives.



Energy Management at CTRM

As a prominent player in the Aerospace and Composites industry in Malaysia, CTRM actively supports government initiatives in climate change as the industry is considered inherently energy-intensive among other industries.

CTRM's commitment to energy management not only reflects CTRM's corporate responsibility towards the environment but also subsequently reduces its overall product costing that is highly associated with energy cost.

To advocate the efficient usage of energy, CTRM established the Energy Management Policy back in 2014. It lays the foundation for all CTRM employees to continuously improve the use of energy efficiency with minimum waste and without compromising on regulatory compliance as well as product quality for customer satisfaction. To further demonstrate its determination in optimising its energy management practices, CTRM has set an annual 2% electricity consumption reduction target across its operations.

This year, CTRM sets its focus on improving energy efficiency while preparing itself towards embracing the usage of renewable energy within its manufacturing plants. Several replacements and upgrades were conducted to further improve its energy performance (see details in page 166). CTRM also introduced the Building Management System ("BMS") to monitor its energy consumption in its newly built manufacturing plant Building 6. As for the adoption of renewable energy, CTRM has initiated an in-house 10kWp Solar PV system that will be installed on top of the main guard house at Building 3.

Certified Green Building for the new CTRM Plant

Occupying a floor size of more than 21,000 square meters, the new CTRM manufacturing plant in Melaka – Building 6 or B6 – is completed and will be fully operational in FY2019/20. The plant serves as CTRM's additional capacity to deliver its upcoming new orders.

From design to construction, B6 took into account various environmental considerations. Apart from incorporating natural lighting as well as adopting LED lighting into the plant, B6 is equipped with other environmental-friendly features such as rainwater harvesting, water leak detection and air handling unit ("AHU") condensate water recycling system.

B6 was certified Platinum under the GreenRE's non-residential green building certification. It is also the first manufacturing building equipped with Building Management System within the Group.

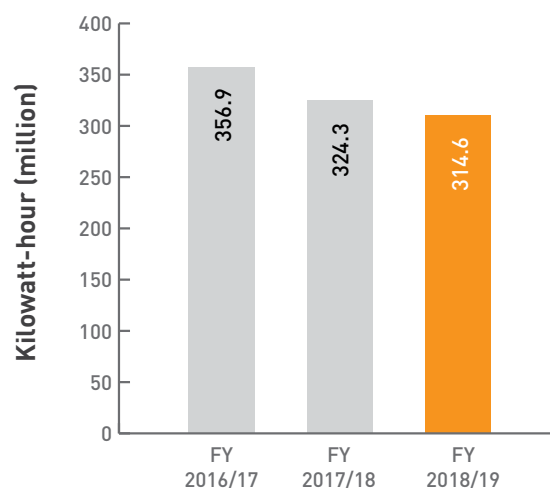


Moving forward, CTRM will consistently uphold its commitment to reduce its environmental impact by adopting best practices in energy management into its operations. This will be complemented by the installation of two MWp Rooftop Solar PV system alongside with the implementation of conversion from LPG to CNG that are both planned for full operation by end of FY2019/20.

Our Performance

The Group has experienced a downward trend in its total electricity consumption with a reduction rate of 11.8% since FY2016/17⁴. This has been contributed by the increasing number of subsidiaries that have aligned their energy management strategy with the Group's aspiration in transforming the way we consume energy. This year, we saved a total of 9.6 million kWh in electricity, or a 3.0% reduction as compared to last year, which is equivalent to a reduction of more than 6,400 tonnes of CO₂ emissions⁵.

As PROTON and CTRM constitute a large portion of the Group's total energy consumption, both subsidiaries have been active in reducing their energy consumption. Total energy usage in PROTON reduced 3.4% this year, augmenting the 15.6% reduction in the previous year. Meanwhile, CTRM experienced an increase of 2.5% in total electricity consumption as compared to FY2017/18 as the aforementioned completed Building 6 comes online. However, this is mitigated by several energy reduction initiatives that has resulted in improved energy efficiency in CTRM's production process.

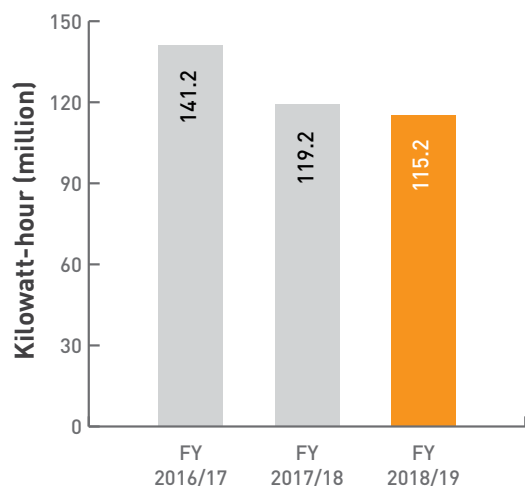


Total Electricity Consumption in DRB-HICOM Group of Companies⁴

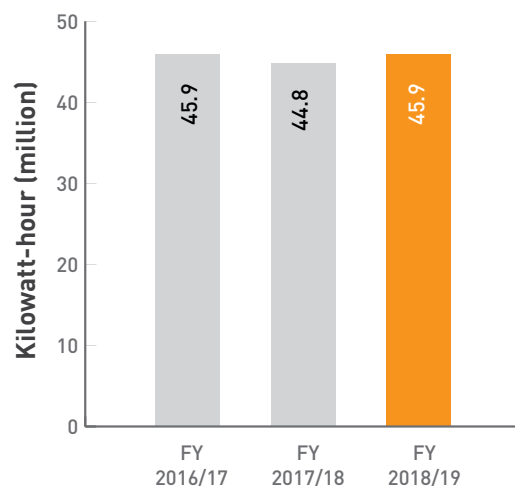
⁴ This includes data from Isuzu HICOM Malaysia Sdn. Bhd. and HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd. The data does not include branches from Pos Malaysia Berhad and Bank Muamalat Malaysia Berhad.

⁵ This is calculated via World Resources Institute GHG Protocol tool for purchased electricity, Version 4.8.

SUSTAINABILITY REPORT



Total Electricity Consumption in PROTON



Total Electricity Consumption in CTRM

Key Initiative 1: PROTON Green Initiatives in FY2018/19



PROTON Green Initiatives has been an integral part of the journey towards transforming PROTON into a leading Malaysia automotive company in energy efficient production. Since 2015, PROTON has continuously invested its efforts and resources into optimising energy performance across its operations. This year, PROTON has conducted several initiatives under the PROTON Green Initiatives which have resulted in more than 2.22 million kWh of energy reduction. Approximately 40% of the energy reduction is contributed by PROTON Casting Plant through maximum demand management of its induction furnace.

Initiatives	Facility Location	Reduced Energy (kWh)
Maximum demand management	●	913,920
Dust collector operation controlling and monitoring	●	481,920
Installation of LED lightings	● ● ● ●	438,608
Air compressor operation controlling and monitoring	● ●	376,433
Optimisation of fan system	●	18,636

● PROTON Shah Alam Plant ● PROTON Tanjung Malim Plant ● PROTON Casting Plant ● PROTON Centre of Excellence

PROTON Green Initiatives activities in FY2018/19

Key Initiative 2: CTRM's Energy Reduction Initiatives in FY2018/19



Beginning with awareness campaigns to promote the importance of energy conservation to its employees back in 2016, CTRM's energy reduction initiatives are now focused on improving energy efficiency and will move forward to the adoption of renewable energy in the near future. Four main energy reduction initiatives were conducted in FY2018/19, resulting in up to 2.16 million kWh (equivalent to RM1.5 million cost value) energy reduction. For example, CTRM's Building 2 now uses a more energy efficient air compressor, replacing two old air compressors which had a utilisation rate of 58%. This has effectively halved the equipment's energy consumption as compared to the previous compressors.

Initiative	Reduced Energy (kWh)
New chiller at Building 1	1,622,074
New air compressor at Building 2	273,685
Installation of LED lightings	191,002
Optimisation of air conditioning system	76,722

CTRM Energy Reduction Initiatives activities in FY2018/19



Key Initiative 3: Wisma DRB-HICOM Energy Reduction Initiatives in FY2018/19



The Group has taken steps to reduce energy consumption at the DRB-HICOM Head Office - Wisma DRB-HICOM. With the assistance of DRB-HICOM Environmental Services Sdn. Bhd. ("DHES") followed by an energy audit by GreenTech Malaysia⁶, the Group decided to replace the 23-year old chillers in the building with three new energy saving chillers. To date, one new chiller has already been installed and operating since February 2019 while the other two chillers will be installed by end of July 2019.



⁶ The Malaysian Green Technology Corporation ("GreenTech Malaysia") is an organisation established in 2010 under the purview of the Ministry of Energy, Science, Technology, Environment & Climate Change. It is charged with catalysing green technology deployment as a strategic engine for socio-economic growth in Malaysia in line with the National Green Technology Policy 2009.

SUSTAINABILITY REPORT

Waste Management

Key Highlights in
FY2018/19

Continuous promotion of
digital reporting
across the Group

**New material
recovery facility**
in Belenggu Halt, Pahang

Collected
2,426 tonnes of recyclables from
SDS Programme since April 2016

Launched
**'Mendaya Komuniti'
Programme**

to promote food composting in
Program Perumahan Rakyat ("PPR")
in Kuala Lumpur

Launched
**3R on Wheels ("3RoW")
Initiative**

to promote awareness on waste
segregation and recycling around
Klang Valley



3R on Wheels by Alam Flora.



Why It Matters

DRB-HICOM, through its subsidiary Alam Flora Sdn. Bhd. ("Alam Flora"), has established itself as one of the key players in the waste management sector in Malaysia. Proper waste management is essential to develop a nationwide long-term strategy for environmental protection. We believe it is our responsibility to contribute to this agenda and help promote initiatives in line with the national target of '22% recycling rate in 2020' as embodied in Malaysia's Green Technology Master Plan.

This target has been actively promoted and implemented by the Ministry of Energy, Science, Technology, Environment and Climate Change ("MESTECC"). We have started promoting the use of state-of-the-art waste management practices within the Group, and hope to eventually bring these efforts to the public by collaborating with the local communities.

How We Approach It

We are determined to conduct our business in a responsible manner and aim to reduce the waste generated by the Group as a whole. Our SHE Policy provides guidance to ensure adherence to all applicable environmental laws and regulations across all our operations. We engage with responsible and ethical waste management contractors to ensure proper collection and disposal of the waste generated by the Group.

At DRB-HICOM, we have established a Green Procurement Policy and encourage all our subsidiaries to conduct procurement in a resource-efficient manner. The Policy provides guidance to conduct purchasing and contracting activities by preferably selecting and purchasing goods, services and processes, which utilise reusable, recyclable materials with minimal packaging.

Our Performance

At Wisma DRB-HICOM, our waste is segregated in different bins and collected by DRB-HICOM Environmental Services Sdn. Bhd. ("DHES") on every Thursday. This year, we generated a total of 3.3 tonnes of waste in the form of paper, cardboard and plastic. While we acknowledge that more than 95% of waste generated in our head office is paper, we strive to reduce our paper consumption by promoting digital reporting of documents and reports.

As this is the first year of reporting our head office's waste production, we will consider this year's (FY2018/19) disclosed data as the baseline for our future reports and will subsequently include waste production data of other subsidiaries in the future.

Type of waste	Amount of waste (kilogram)
Paper	3,142
Cardboard	128
Plastic	33

Waste Production in Wisma DRB-HICOM in FY2018/19

It is our commitment to continually improve our waste management performance through initiatives such as PROTON Recycled Water Initiative at its Tanjong Malim Plant. As part of PROTON Green Initiatives, PROTON recycles wastewater from the plant back into its manufacturing process, resulting in significant reduction in water consumption. We are always looking for ways to adopt best practices and make progress in our waste management practices.

Recycled Water Initiative in PROTON Tanjong Malim Plant



Apart from significant water savings generated by the adoption of dry scrubber tools in its paint shop, the PROTON Tanjong Malim Plant has implemented recycled water initiative since 2017 to channel wastewater discharge from the plant back to its manufacturing process.

Over the past two years, PROTON Tanjong Malim plant has reused over 153,000 m³ recycled water, averaging 58% in wastewater recycling⁷. This has resulted in approximately RM214,000 cost savings after taking into account of the operating cost of the water recycling system. Moving forward, PROTON Tanjong Malim Plant will continue to explore best practices in water management such as rainwater harvesting as part of PROTON's commitment in embracing sustainable practices across its business to reduce their environmental impact.

⁷ This is dated from January 2017 to December 2018.

SUSTAINABILITY REPORT

Waste in Alam Flora

Alam Flora is one of the leading environmental management companies in Malaysia. They are dedicated to help the environment by providing innovative solutions for waste minimisation and management in the community.

Through Alam Flora together with its fully-owned subsidiary, DHES, DRB-HICOM is contributing towards shaping consumer behaviour to adopt and move towards advanced waste management practices in their day-to-day habits. The following five key initiatives demonstrate our efforts and progress in the area for the current financial year.



Key Initiative 1: Separation @ Source (S@S) Programme



We aim to support national initiatives to improve waste management in Malaysia and have launched the S@S programme to support the enactment of Solid Waste and Public Cleaning Management Act 2007. The programme was launched with the aim to encourage households in separating recyclable and non-recyclable wastes. The recyclables waste which are collected through the S@S programme are sold to recycling vendors appointed by Ministry of Urban Wellbeing, Housing and Local Government.

Since April 2016, we have collected a total of 2,426 tonnes of recyclables. The items include paper, plastic, metal, aluminium, glass and other recyclable materials.



Key Initiative 2: Buy Back Centre and 3R on Wheels

11
SUSTAINABLE
CITIES AND
COMMUNITIES



12
RESPONSIBLE
CONSUMPTION AND
PRODUCTION



13
CLIMATE
ACTION



Since 2004, Alam Flora has built eight Buy Back Centres (“BBCs”) located around Kuala Lumpur, Putrajaya and Cyberjaya, which 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.

As an extension of BBCs, 3R on Wheels (“3RoW”) was officially launched on 1 December 2018 by the Minister of Housing and Local Government, in conjunction with the National Recycling Day.

With its main aim of providing easy access to members of the public to recycling activities, 3RoW has managed to bring about greater awareness on waste segregation at home and at same time, seeing waste as an additional source of income. The locally-fabricated 3RoW is a six wheeler, seven-tonne truck which had been fitted with a giant LED screen on its side together with a retractable stage for organising awareness talks and demonstrations on S&S.



SUSTAINABILITY REPORT

Key Initiative 3: Food Composting



Since 2018, Alam Flora has collaborated with Putrajaya Corporation to help reduce the amount of food waste going to landfills. Two composting centres in Precinct 16 and 18 were set up with the aim of collecting food waste from food courts, restaurants, and markets. Each of the food composting equipment has the capacity to compost a total of 500 kg of food waste regularly. Thus far, we have converted 6.5 tonnes of food waste into compost.

On 20 October 2018, DHES organised the 'Mendaya Komuniti' programme or empowering the community at the PPR Seri Alam in Sungai Besi, Kuala Lumpur. The programme involves the setting up of a domestic recyclable waste collection and composting centre which will be managed by more than 4,000 residents staying at the public housing area.

The generated compost will then be used by the community to fertilise the plants and trees within the housing areas. A mini herb garden was also created next to the composting centre for residents to use and consume.



Key Initiative 4: Material Recovery Facilities



Our first Material Recovery Facility (“MRF”) in collaboration with Kuala Lumpur International Airport (“KLIA”) commenced operations in 2018.

The MRF is equipped with trommel machines that are able to sort out dry recyclable items. This year, the facility in Sepang has processed a total of 912 tonnes of recyclables, which include but are not limited to magazines, PET bottles, aluminum cans and papers.

At present, DHES manages MRFs in Sepang, Selangor and Belenggu Halt, Pahang. DHES will soon be opening a new MRF in Precinct 5, Putrajaya.



Key Initiative 5: Awareness Programmes



Eco-Ranger

Alam Flora's Eco-Ranger team is responsible for creating awareness about correct waste separation methods to help improve waste recycling rate. They conduct 'on-the-ground' programmes such as public talks, demonstrations and exhibitions to spread awareness in an interactive manner.

One of our events was held in April 2018 to support DBKL's LA21 Bukit Bintang cleaning initiative where the Eco-Rangers conducted a waste separation demonstration and briefing session.

It is a bi-annual event held in partnership with the Traders Association of Bukit Bintang. The aim was to create awareness on waste segregation as well as encourage the traders and resident in the area to keep their areas clean. The event was a success with more than 500 participants in attendance.



Waste Is Amaze

The 'Waste is Amaze' fashion design competition held in September 2018 is an annual programme premised on the concept of using recyclable materials to create outfits.

The programme is in its third year with the recent theme being 'Green Velocity'. In conjunction with the annual Petrosains Science Festival at KLCC, more than 100 submissions were received from all over the country with only 30 designers being picked to be in the finals.

The unique fashion competition is seen as one of the key attractions of the week-long event, eagerly awaited by the visitors to the fair.

SUSTAINABILITY REPORT

Human Capital

Key Highlights in
FY2018/19

396

potential talent available in
talent pool

5,157

number of training
programmes conducted

Invested

> RM 17 million

on training programmes

Average **19.3** training hours
per employee per year*

100%

employee performance appraisal in
the Group

3

people with disabilities were employed
within the Group as of 31 March 2019



Employees wearing their favourite jerseys
in conjunction with FIFA World Cup 2018.

* Average training hours per employee categories:

- Lower management/non-executive (0.09 hours);
- Middle management (0.26 hours);
- Upper management (12.09 hours); and
- All levels (6.89 hours).

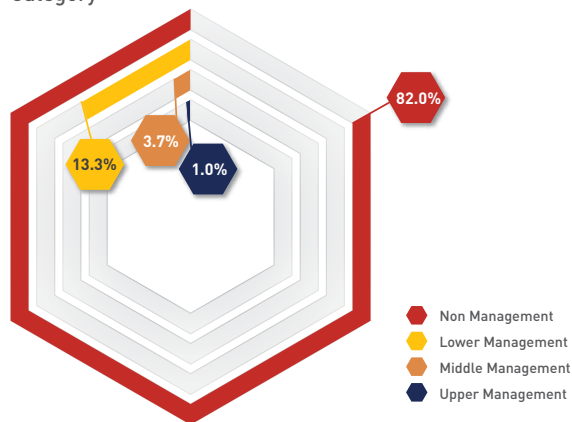


Highlight of Our Workforce

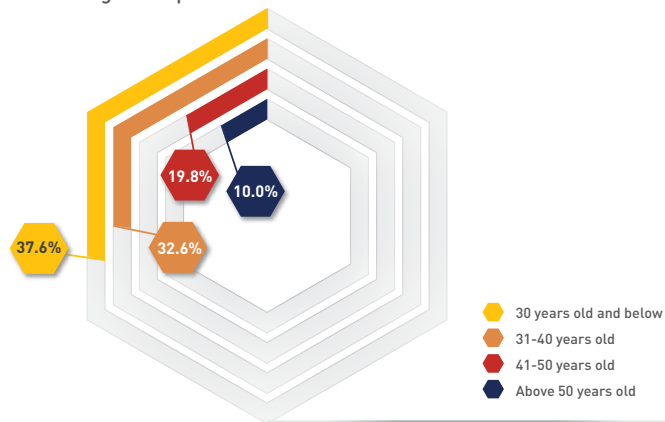
DRB-HICOM Employee Statistics FY2018/19

Total employee number: 55,678 (as of 31 March 2019)

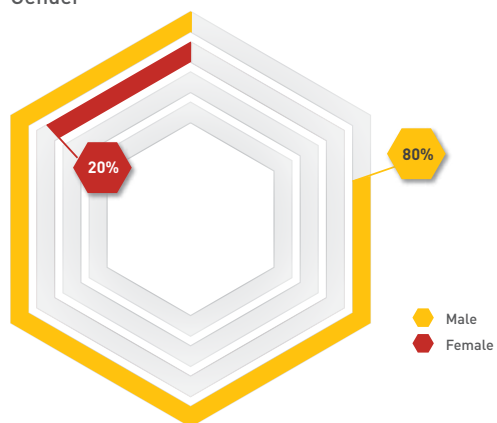
Workforce by Category



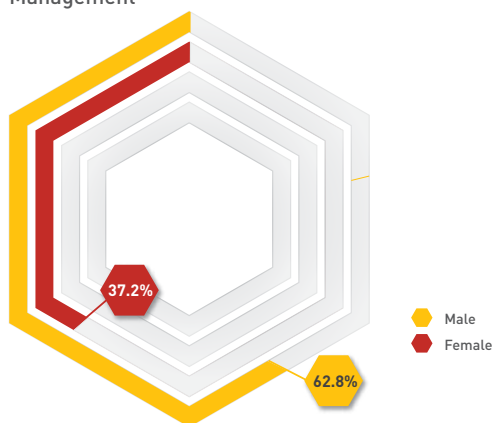
Workforce by Age Group



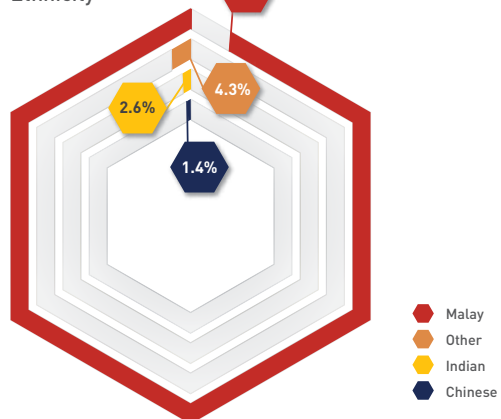
Workforce by Gender



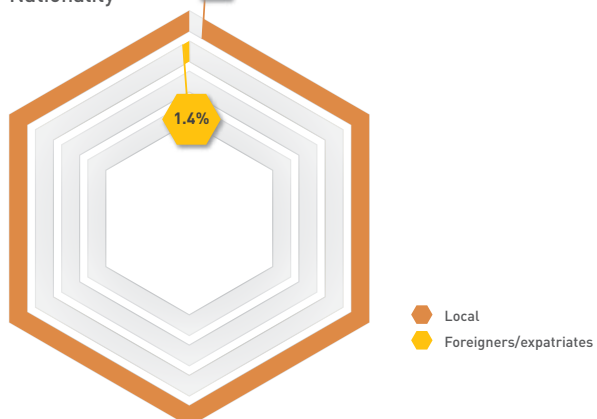
Women in Management



Workforce by Ethnicity



Workforce by Nationality



SUSTAINABILITY REPORT

Why It Matters

Businesses today are more complex than before as the need to build highly engaged workforce becomes an essential part of the business strategy. Having a unique and diverse workplace is a business imperative that helps DRB-HICOM attract and retain the brightest and most talented individuals.

Our people are simply the most valued resource we have. We recognise the important role they play in our current success and long-term growth. We are committed to empowering them to succeed by investing in their personal and professional development, creating safe and healthy work environments that are also free of harassment, discrimination or prejudice of any form and never wavering from our responsibility to treat them with respect and dignity.

How We Approach It

At DRB-HICOM, Group Human Capital Division is accountable to not only attract and recruit talent, but also manage learning and development, build a leadership pipeline and create an environment that embraces diversity and inclusion. Central to our Human Capital practices are policies, procedures and strategies aligned to internationally recognised best practices. Our **Group Human Capital Winning Workforce Strategy** underlines the 2020 aspiration, which is *'To be a Preferred Employer with High Performance Culture through effective Employee Value Proposition ("EVP") initiatives'* to ensure our employees are engaged and empowered to share in our success.

We continuously invest in our employees to keep them informed of new industry trends and to develop a workforce with varied skills required across our diverse operations. In the reporting year, our investment expenditures increased to approximately RM17 million with more than 5,000 training programmes conducted. This resulted in a 28% increase of training programmes participation by our employees as compared to FY2017/18.

We measure the success of our Human Capital practices with the help of various platforms which include but not limited to Employee Engagement and Cultural Survey, Internal Customer Satisfaction Index and feedback forms that we received after every employee engagement event. We utilise these platforms to track, evaluate and report the results to management on a regular basis. The results are later provided to operating companies to review and address any opportunities for improvement.



Learning and Development

Key Initiative 1: Learning & Development Insight Exchange (“LDEX”)



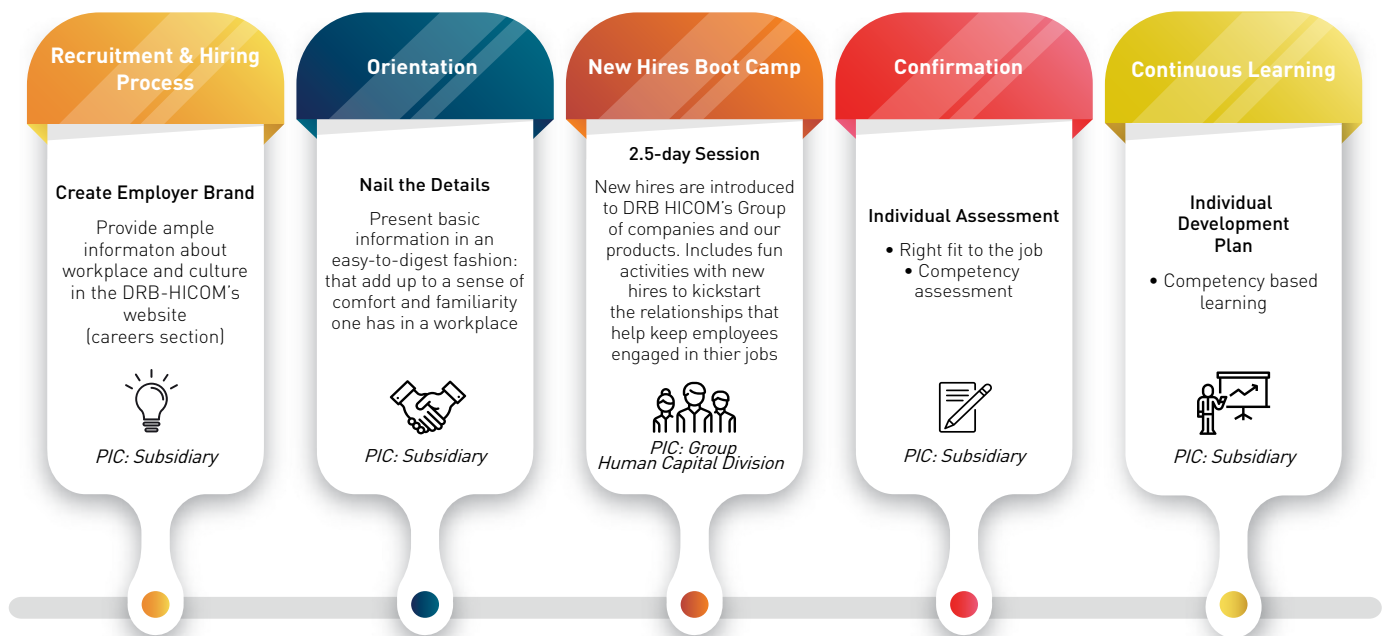
DRB-HICOM collaborated with Human Resource Development Fund (“HRDF”), Malaysia Automotive Robotics & IoT Institute (“MARii”) and Skillsoft with the aim to engage and share updates with Learning & Development (“L&D”) Practitioners from operating companies in DRB-HICOM. The event provides a platform for knowledge sharing on L&D best practices and enhances team collaboration and networking. A total of 35 L&D practitioners attended the session.



Key Initiative 2: Onboarding Programme for New Hires

Onboarding is the initial process of assimilating new employees into an organisation. In addition to equipping new hires with the tools necessary to succeed in their new position, a successful onboarding programme provides new hires with the resources to become fully engaged and culturally aware members of a productive workforce. The Group Human Capital Division has developed an onboarding framework for new hires.

The onboarding framework is a collaborative initiative between Human Capital Division at the subsidiary level and the Group Human Capital Division. For FY2018/19, the Group Human Capital Division has recruited a total of 113 new hires across the Group with five sessions of onboarding programmes.



DRB-HICOM Onboarding Programme Framework

SUSTAINABILITY REPORT



Key Initiative 3: Customised Programmes

Pos 2 Sync Teambuilding Programme

This programme focuses on strengthening teamwork, enhancing networking and improving team collaboration internally between employees from Pos Laju and Pos Mel Nasional nationwide. Apart from that, the programme focuses on inculcating positive mindset, working attitude and professionalism in ensuring higher service quality to meet the customer expectations.

Approximately 400 participants attended the programme that was conducted in four locations – Port Dickson, Penang, Besut and Kota Kinabalu.



The Essential Roles of Leadership for CTRM

The Essential Roles of Leadership (“ERL”) is a unique training programme specially developed to groom employees to become future leaders.

The participants were exposed to various learning experiences to build team spirit and help them understand the critical role and responsibilities required to achieve the overall company vision. This programme was conducted as a customised in-house programme for CTRM Aero Composites Sdn. Bhd. The session was attended by approximately 50 participants.

Digital Simulation Workshops for HR Leaders

To offer a practical but risk-free learning environment for employees to apply skills they learned in training, the Group Human Capital Division introduced a series of gamification and digital simulation workshops in FY2018/19 on selected development areas and with the identified target audience.

As a pilot initiative, 31 HR Heads across the Group have attended four gamified digital simulation workshops that focused on *Business Acumen*, *Leadership*, *Execution and Influencing*. Building up from the feedbacks from the Heads, the Group Human Capital Division would next introduce the workshops to more target audiences in the Group to uplift more Digital L&D in the future.



Talent Management

One of the Group Human Capital's talent management main strategic objectives is developing DRB-HICOM's talent pool across all levels. Through a structured talent development programme, we are able to develop and upskill our employees in order to explore their potential talent. This is to ensure that we have adequate and competent talent to meet DRB-HICOM's current and future requirements. To date, we have a total of 396 employees across the Group who have attended our talent development programmes.

One of the key strategic objectives of talent management is to enhance and develop an integrated talent management framework. The objective of the enhanced framework is to create an integrated process for managing people, which allows organisation to rapidly, and effectively respond to business needs. With such an integrated programme we will have processes in place to identify the right people at the right place at the right time to do the right things and get the right results.



DRB-HICOM Talent Management Framework

SUSTAINABILITY REPORT



Key Initiative 1: Professional Talent Development Programmes



Collaboration with DRB-HICOM University of Automotive Malaysia

DRB-HICOM development programmes are homegrown programmes designed based on the needs and challenges of the current business. In FY2018/19, five development programmes were accredited by DRB-HICOM University.

The first convocation ceremony for the development programmes were held on 21 July 2018, coinciding with DRB-HICOM University convocation day. A total of 118 talents graduated in the convocation ceremony.

DRB-HICOM Innovation Accelerator Programme (“DIA”)

In May 2018, we have launched the DIA to continue the journey of innovation in DRB-HICOM. DIA is a systematic, scalable and repeatable process that transforms managers into ‘leaderpreneurs’. Participants graduate by delivering real, tangible and measurable solutions within the 12-week programme.



In order to graduate from the programme, the participants must deliver practical, tangible and measurable innovative solutions of cost savings or revenue generation, with the minimum valuation of RM45,000 each within 12 weeks. At the end of the 12 weeks, 18 participants from DRB-HICOM Group collectively achieved valuation of over RM3.2 million from the innovations they introduced, which were evaluated by the senior management of the Group.

Employee Engagement

At DRB-HICOM, our engagement strategies are based on the five pillars of our strategic Employee Value Proposition (“EVP”) framework. Our aim is to ensure we create inclusive, unique and compelling place to work and grow for all. The five pillars of EVP below demonstrate our values and commitment in creating a strong brand for our employees and future talents.

GHC Winning Workforce Strategy Year 2015-2020

2020 ASPIRATION

To be a Preferred Employer with High Performance Culture through effective EVP initiatives

Best Company To Work For

Employee Of Choice

KEY ENABLES

Five Employee Value Proposition Pillars of DRB-HICOM

DRB-HICOM MARQUE

The acknowledgement of awards for outstanding contributions of achievement in line with DRB-HICOM’s mission and vision.



DRB-HICOM NURTURES

A scaled list of development programmes that offers employees to enhance their competencies and creating a learning culture organisation.



DRB-HICOM EXCELLENCE

To provide with special facilities which helps our employees maintain a work-life balance and provide accessibility with quality.



DRB-HICOM REWARDS

An extent of perks and rewards in which DRB-HICOM offers to employees and help to create a winning culture.



DRB-HICOM DYNAMIC

Variety of care programmes to ensure employees have access to the resources needed to care for their health and family.

DRB-HICOM Employee Value Proposition Framework

SUSTAINABILITY REPORT

Local Communities

Key Initiative 1: DRB-HICOM We Care Programme – Understanding Neuro-Development for Better Parenting

4
QUALITY
EDUCATION



10
REDUCED
INEQUALITIES



The DRB-HICOM We Care Programme is aimed at helping employees with differently-abled children to cope better by engaging in different parenting methods. Started off with only 38 participants in 2016, the number tripled in 2017 as we increased our efforts in reaching out to more employees within the Group.

Conducted by an in-house neuro-development consultant, the training focuses on the importance of creating a learning environment rich with healthy variations of movement and developmental patterns while paying close attention to the process of learning and curiosity.

The programme also involves one-to-one counselling and coaching as well as house visits for children that may be immobile. The aim of this programme is to give each child a chance to develop their capabilities and functional lifestyles.



Key Initiative 2: Employee Engagement Experience



The Employee Engagement Experience aims to provide a platform for employees to obtain information and engage in human capital related matters directly with their respective personnel.

The presence of various government agencies such as Employee Provident Fund ("EPF"), Social Security Organisation ("SOCSO"), Lembaga Tabung Haji, Inland Revenue Board ("IRB") among others, offering their respective services, gave the employees a chance to manage their personal transactions conveniently. The Group also took this opportunity to showcase their products such as the PROTON X70 and MODENAS Dominar D400.



Key Initiative 3: Employee Health and Wellness Initiative

Employee health and wellness plays a significant part in productivity, well-being and performance. We believe that with the right education, skills, tools, and social support, we are able to help our employees adopt and maintain a healthy lifestyle. Some of our initiatives include Eat Right Programme, Body Composition Analysis ("BCA") measurement and Healthy Brain Diet. Other programmes include the Breast Cancer Awareness Campaign and World Heart Day Campaign.



Key Initiative 4: People with Disability ("PWD") Programme



DRB-HICOM embarked on PWD programme in early FY2018/19. This is in line with our belief in equal employment opportunities for all.

Through DRB-HICOM's PWD programme, we demonstrated our commitment to support this important cause. DRB-HICOM has thus far incorporated three PWD candidates into our workforce and we intend to double this figure in the near future. To better facilitate this initiative, the Group Human Capital Division conducted PWD management education courses to ensure new hires are well assimilated into our workforce.

DRB-HICOM was featured in Malay Mail and BERNAMA for its fair and equitable hiring process through its PWD programme. Our hope is to inspire other organisations to give PWDs the opportunity to contribute to the nation.



SUSTAINABILITY REPORT

Performance Appraisals

In DRB-HICOM, performance management is the process of creating a work environment in which employees are able to perform to the best of their abilities. Using our in-house Human Resource Management System ("HRMS") that is accessible by all employees, we have established a flexible and transparent performance management process that is based on the competencies required by the employees' job scope as well as the objectives of the Group. The performance appraisal process is supplemented by frequent feedback and coaching from each employee's supervisor.

DRB-HICOM PERFORMANCE MANAGEMENT CYCLE

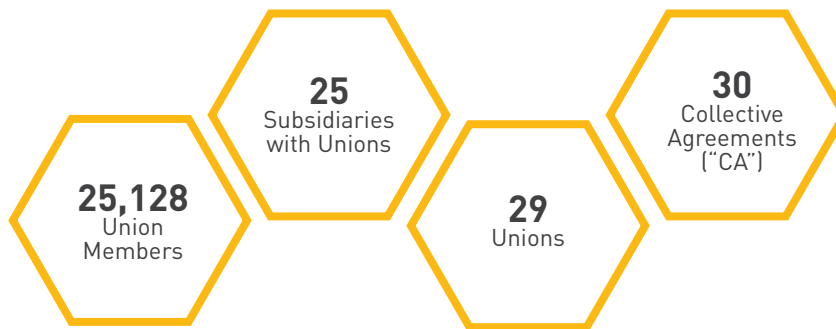
It's more than just assigning ratings. It is a continuous cycle.



In FY2018/19, the performance of every employee in the Group was appraised. Compensation and recognition are awarded based on their contributions and KPI achievements.

Engaging with Unions

DRB-HICOM values engaged and empowered workforce that contributes to improving our operations and as such we foster open dialogue and genuine collaboration with our employees. We engage with civil society organisations and other stakeholders to define and implement best practices. We respect our employees' fundamental rights to form or join any organisation, association or union in collective bargaining. In FY2018/19, none of our operations were identified to be at risk to our employees.



Achievement in Human Capital

We believe that consistent employer branding allows us to showcase our value proposition, which leads to greater visibility in the public, resulting in more potential talents to join our Group and inspire more talents to grow with us.

In FY2018/19, the Group Human Capital Division participated in six different Human Resources ("HR") related awards and won all participated awards. In view of our employer branding strategies, it is important to continue maintaining the momentum, which will shape our future and contribution towards our company's success.

For more details on the awards won and received, please refer to our Awards and Recognition section on page 148.

SUSTAINABILITY REPORT

Corporate Responsibility

Key Highlights in
FY2018/19

100

Corporate Responsibility events

>11,000

lives touched through our Corporate Responsibility events

Invested

> RM 1.5 million

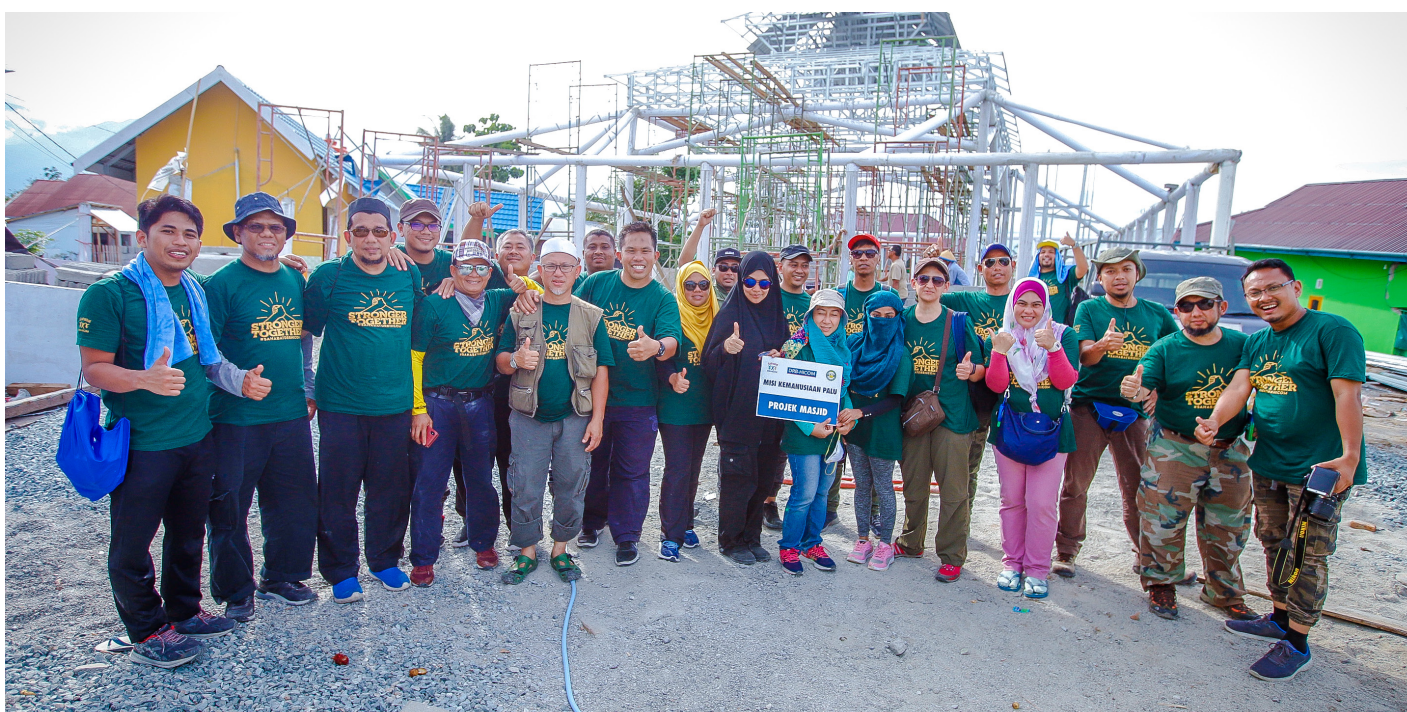
on Corporate Responsibility events

2,672

total volunteering hours
by Sahabat DRB-HICOM

**Continued
achievement**

of more diversified programmes in
community development activities



Sahabat DRB-HICOM volunteers are all smiles in front of the mosque that they helped rebuild during a humanitarian mission in Palu, Indonesia.



Why It Matters

We acknowledge our capacity in creating positive impact on the well-being of local communities through our extensive footprint across Malaysia. The emphasis we place on direct local engagement and collaborative partnerships with our subsidiaries reflects our dedication to move beyond conventional philanthropic approach towards creating shared value to empower the community in which we served.

How We Approach It

At DRB-HICOM, we impact the local community through the **Sahabat DRB-HICOM** volunteer programme, which acts as the Group's arm in conducting community outreach programmes. Aside from Group-initiated programmes, we also form partnerships with charitable bodies and NGOs. The impact of our programmes is measured based on the number of people we are able to reach out to.



Kindness Beyond the Boundaries

Sahabat DRB-HICOM First Mission Abroad to Palu



The devastating twin disaster on 28 September 2018 in Palu, Sulawesi, Indonesia left many families in extremity, beyond just being homeless. In wanting to extend hope to these victims, 24 Sahabat DRB-HICOM joined hands to support our Humanitarian and Rehabilitation Program in Palu, together with Yayasan Amal Malaysia ("YAM"), a NGO that has enabled our volunteers to carry out the humanitarian mission steadily at badly affected areas in and around Palu.

Several programmes were conducted such as '*Projek Masjid Kekal*' where the volunteers helped to rebuild the destroyed mosque. '*Projek Mesin Jahit*', '*Projek Kuih*', and '*Projek Batu Blok*' were also introduced to enable the locals to sustain their families through small businesses. Hygiene kits, toys, packets of rice and a set of praying attire together with a Quran were also distributed to the villagers.



SUSTAINABILITY REPORT

DRB-HICOM Support in Enhancing Mushroom Cultivation and Business ("EMCUBUS") in Lombok



DRB-HICOM collaborated with Islamic Relief Malaysia ("IRM") to embark on a mushroom cultivation project in Lombok, Indonesia to help the victims of earthquake that hit the island in July 2018. We have built a total of 38 Mushroom Houses with 82 direct beneficiaries and 410 indirect beneficiaries.

The project was coordinated by the Woman Mushroom Farmer Group and supported by the Woman Syariah Cooperative. The project had resulted in significant outcomes as follows:

- a) Increased bag logs production by 1,800 unit per day;
- b) Additional production of 2-5 kg fresh mushroom per day; and
- c) Trained community volunteers in community mobilisations and financial management of Syariah microfinance.

This was achieved with the reconstruction of the main infrastructure in the form of an incubation house, a mushroom production house and the establishment of a main seedling centre. This is expected to increase bag log production to 3,500 bag logs per day.



Spreading Festive Cheer

Jom Bubur Lambuk for Ramadhan

DRB-HICOM's Jom *Bubur Lambuk* programme was held again this Ramadhan, took place on 4 June 2018. About 20 Sahabat DRB-HICOM joined the programme to distribute *bubur lambuk* in the vicinity of Bank Muamalat on Jalan Melaka, Kuala Lumpur. A total of 1,200 packets of *bubur lambuk* were distributed to both members of the public and DRB-HICOM employees.



DRB-HICOM brings Aidilfitri Cheer to Paediatric Patients

As a way of showing care and concern to the surrounding communities as well as bringing festive cheer, DRB-HICOM celebrated Aidilfitri with children at the Paediatric Ward of National Heart Institute, Kuala Lumpur on 28 June 2018. A total of 50 children undergoing treatment received 'duit raya' and goodies. DRB-HICOM also contributed RM5,000 and educational toys to the institute.

Chinese New Year Celebration with Special Children Society of Ampang

In conjunction with the Chinese New Year festivities, Sahabat DRB-HICOM took the opportunity to celebrate with the Special Children Society of Ampang ("SCSOA") on 25 February 2019. There are currently 72 students at SCSOA with various degrees of Asperger Syndrome, Attention Deficit Hyperactivity Disorder ("ADHD") and Autism.

At the event, guests were briefed on DRB-HICOM's 'Train The Trainer' sponsorship programme for the staff of SCSOA. In this programme, selected teachers and educators of SCSOA will be taught how to further enhance their knowledge in suitable teaching methods for the children. The students were also entertained by Yaya the Clown with many other activities, including magic tricks and games.



Program Keselamatan Balik Kampung by CTRM

CTRM organised 'Program Keselamatan Balik Kampung', a safety campaign in conjunction with the Hari Raya festivities. Few activities were conducted such as safety exhibition, talks on road safety and distribution of free helmets to employees. The event is essential as it is CTRM's commitment and responsibility to remind the employees, especially those who are traveling on the road to drive safely during the holiday break.

SUSTAINABILITY REPORT

Deepavali Celebration with Students from SK Pasir Panjang, Port Dickson



The annual DRB-HICOM Deepavali celebration continued this year, this time with students of SK Pasir Panjang in Port Dickson. On 13 November 2018, students of the school and five of their educators were bussed to @theAcademy Learning Center, where they were entertained with games and quizzes as well as to enjoy Deepavali delicacies. DRB-HICOM also presented the children with schoolbags and Deepavali money, while the school received a donation of RM5,000 to help fund the school's expansion programme.



Our Women, Our Strength

PINKTOBER 2018 Breast Cancer Campaign by CTRM



In creating awareness on Breast and Maxilla Cancer, CTRM organised PINKTOBER 2018 Breast Cancer Campaign in October 2018. Facts and information on breast cancer as well as early signs and detection methods were explained by the subject matter expert to participants.



Diskusi Wanita 1.0 by DRB-HICOM University of Automotive Malaysia



Organised by the School of Foundation and Interdisciplinary Studies ("SOFIDS"), this programme invited the Deputy Director of Islamic Welfare of Jabatan Agama Islam Negeri Pahang ("JAIP") as a speaker to discuss on women's health. The event also invited representatives from other higher education institutions in Pekan such as Kolej Komuniti Pekan and Institut Kemahiran Mara Tan Sri Yahya Ahmad to be part of this event.

Nurturing Future Generation

Back to School Programme by CTRM

Back to School Programme by CTRM was conducted as part of the initiative to alleviate the financial burden of selected CTRM's employees. A shopping voucher worth RM150 was given to each employee with school children for purchase of school supplies and necessities. This programme not only aims to lighten the financial burden shouldered by underprivileged employees, but also to instill the importance of education in children.



Program Eksplorasi Akademik by Pos Malaysia Berhad ("Pos Malaysia")



'Program Eksplorasi Akademik' 2018 is a 3-day 2-night academic trip for 80 Standard Six students from Pos Malaysia's adopted schools namely SK Paloh Hinai, Pahang and SK Ulu Bernam, Perak. The programme was organised for underprivileged students from rural areas in Pahang and Perak as part of the reward for their academic and non-academic achievements. Moving forward, Pos Malaysia plans to recruit more underprivileged schools to make sure a broader selection of younger generation can benefit from such programme.

DRB-HICOM Back to School Aid

Each year DRB-HICOM organises a Back to School Programme for both children of Warga DRB-HICOM and selected schools. The 16 and 26 February 2019 was a memorable day for students of SK Bukit Sentosa, Rawang and SK Merbau Sempak, Sungai Buloh, respectively, as 658 of them received brand new stationeries along with school bags for their new school term. In addition, all recipients received RM100 cash to help with their school expenses. Apart from that, 74 Warga DRB-HICOM with a total 132 school-going children received financial aid as well.



SUSTAINABILITY REPORT

Seminar Skor SPM Berita Harian 2018



On 18 and 19 October 2018, DRB-HICOM for the second year collaborated with Berita Harian and organised the *Seminar Skor SPM* Berita Harian. The programme is exclusively dedicated to the children of Warga DRB-HICOM who will be sitting for SPM examinations. The benefit of the seminar was shared together with 86 less fortunate children from SMK TTDI Jaya, SMK Seksyen 18 and SMK Seksyen 7, Shah Alam and SMK Seksyen 10, Kota Damansara as part of DRB-HICOM's Corporate Responsibility initiatives towards the community. The two-day seminar provided the students with various techniques for answering examination questions and a sharing session of useful tips, notes and guides to enable students to obtain outstanding results in the examination.



PROTON Youth Engagement Programme



As part of initiatives to nurture skill, capabilities and knowledge of the young, PROTON organised year-long engagement programmes with students from local universities. Through this programme, a Vehicle Safety Awareness Talk was conducted by key engineers. They were given an opportunity to test drive PROTON vehicles accompanied by engineers to experience the functions and quality of the automotive parts and components.



DRB-HICOM's Movie Night - *Pulang*

On 27 July 2018, DRB-HICOM sponsored 76 university students majoring in film and animation from Universiti Teknologi MARA, Portman University, Akademi Seni Budaya dan Warisan Kebangsaan ("ASWARA") as well as 81 Warga DRB-HICOM for a movie night out to watch the epic love story, *Pulang*. The initiative is part of DRB-HICOM's corporate responsibility efforts to reach out and bring joy to well-deserving communities.

Sahabat DRB-HICOM Visits Turtle Conservation Centre



On 6 March 2019, 30 members of Sahabat DRB-HICOM made their way to the Turtle Conservation & Information Centre located in Padang Kamunting, Masjid Tanah, Melaka as part of their Community Relations outreach programme.

As part of ongoing initiatives towards conserving the environment and protecting the endangered fauna, the Sahabat cleaned the turtle tanks, swept the hatcheries, carried out mural paintings and replanted *ketapang* and *merambong* trees on the beach front where the turtles lay their eggs. A contribution of RM10,000 was given to purchase 8,700 turtle eggs from local turtle eggs sellers, which will then be incubated at the hatcheries nearby.



SUSTAINABILITY REPORT

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