

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1619
COMPANY NAME : DRB-HICOM BERHAD
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") of DRB-HICOM Berhad ("DRB-HICOM" or "the Company") is collectively committed to exhibit high standards of integrity, transparency and accountability in its governance and oversight roles. As stewards of the Company and its subsidiaries (collectively referred to as the Group), the Board upholds its fiduciary duties with due diligence, care and skill, taking into consideration the Environmental, Social and Governance ("ESG") factors, for ensuring the resilience and sustainability of the Group, whilst safeguarding the interests and enhancing the value of the Group and its stakeholders.</p> <p>Three (3) Governance Committees namely Board Audit Committee ("BAC"), Board Risk and Sustainability Committee ("BRSC") and Board Nomination and Remuneration Committee ("BNRC") were established to assist the Board in discharging its responsibilities, effectively.</p> <p>The key responsibilities of the Board in setting the strategy for the Company for the financial year ("FY") ended 31 December 2021, include but are not limited to the following:</p> <p>i. Establishing and reviewing the strategic direction of the Company</p> <p>The Board plays an active role in overseeing the formulation of the Group's long-term strategic objectives and directions, reviews and approves the Group's Annual Management Plan ("AMP"), the business and strategic plans, and monitors the achievement of the Group's corporate objectives.</p>

The Board Strategic Retreat, with external consultants and the Senior Management team, was held online from 4 to 6 August 2021 mainly to deliberate on the key business strategies such as the state of the world - Post COVID-19, digital disruption in the banking sector, transformation, evolution and innovation in the automotive sector, culture transformation/digital roadmap/talent roadmap and portfolio turnaround and the desired portfolio for the Group.

In December 2021, the Board approved the Group's AMP for FY2022, where the key focus areas include building resiliency in a Volatile, Uncertain, Complex and Ambiguous ("VUCA") world, defending market position, execution of digital initiatives, improving efficiencies and ensuring sound financial management.

To ensure the recovery and survival of the Group's businesses, the Board focuses on its business strategies that align with the endemic nature of COVID-19, which resuscitates as well as builds the Group's operating cashflows, manages margin compressions across some businesses with continued emphasis on liquidity/cashflow management and supply chain management. The dedicated COVID-19 crisis management task force, namely the Business Recovery Task Force ("BRTF") was established in April 2020 by the Management to navigate the DRB-HICOM Group's businesses during this unprecedented challenging period.

The Board oversees the Group's business affairs, conducts periodic reviews on the Group's financial performance and implements policies relating to financial matters, which include risk management, and internal control and compliance to ensure alignment with the Group's strategy, operations and external environment.

The Board reviewed and approved the corporate Key Performance Indicators ("KPIs") of the Group as a measure to monitor the Group's performance against its targets. This would ensure the financial performance and the businesses of the Group are properly managed and the shareholders' values are safeguarded.

Lastly, the Board reviewed the Company's funding requirements and treasury matters including the approval of financial arrangements.

ii. Overseeing the conduct of the Company's businesses.

The Board embraces ethical conduct within the Group, leading by example to avoid improper use of information, conflicts of interest, secret profit and any other unethical conduct within the Group.

There is a clear demarcation among the Board, the Board Committees and the day-to-day operational functions of the Management, which is reflected in the DRB-HICOM Board Charter and Terms of Reference ("TOR"). In addition, the Board has approved a framework on the Limits of Authority ("LOA") and the Management Delegated Authority ("MDA"), which sets the limits and authorisations for strategic, capital and operational expenditures. It is regularly updated and approved by the Board to reflect the changing business needs in addressing operational deficiencies.

The Board has full and effective control on the Group's performance by reviewing the Management's performance against the AMP periodically and ensuring that necessary financial and human resources are available to meet the Group's objectives.

The Board has emphasised the importance in leveraging the digital platforms with the establishment of the Digital Enablement Framework to cohesively drive the Group's digital strategy. This is done by implementing various initiatives through sustainability, innovation and technology with an aim to increase sales and marketing, create opportunities and value to enhance competitiveness for the DRB-HICOM Group to stay ahead of competitors in light of the changing economic landscape.

iii. Identifying principal risks and implementing controls to manage risks

The Board and the Management are responsible and accountable for the establishment of the Group's system of risk management and internal control. The Board is also responsible in overseeing the development of the Group's sustainability and climate-related strategies, alignment of priorities and targets with the Group's long-term business strategy, as well as to ensure collective achievement of sustainability goals across the organisation by integrating resilience and sustainability of the Group's strategy within key business areas.

The above roles are delegated by the Board to the BRSC, which is supported by the Risk Management Committee (“RMC”) of the Company.

The BRSC oversees the formulation of the Enterprise Risk Management framework, policies and risk measurement parameters across the Group and makes appropriate risk management recommendations to the Board for approval. The BRSC reviews and endorses the key risk parameters and appetites as well as action plans presented by the RMC. These systems cover not only the financial control but also strategic, organisational, operational, regulatory and compliance controls.

Salient features of the risk management methodologies are disclosed in the statement on ‘Risk Management’ contained in the Annual Report for the financial year ended 31 December 2021 (“Annual Report 2021”).

iv. Establishing succession planning

The Board, through the Board Nomination and Remuneration Committee (“BNRC”), has oversight of the succession planning for the Board, Board Committees and Senior Management. Under its TOR, BNRC is to ensure that all candidates appointed to these positions are of sufficient calibre and competence. In this respect, the factors considered by the BNRC include the candidates’ profiles, achievements, personalities and suitability for the respective positions. The Board is also responsible to review and approve the remunerations of the Group Managing Director (“GMD”) and the Senior Management as set out in the LOA of the Company.

In addition, a Group Talent Management Framework is put in place to identify and develop a talent pipeline for future leaders across the Group. Through the framework and structured leadership development programmes, mentoring and coaching, regular leadership assessments as well as cross-functional and cross-country assignments, the Group has met its target of identifying suitable potentials within the Group via its in-house talent identification process tool. The leadership talent pipeline is regularly reviewed via the Group Talent Council as potential successors are assessed for key positions in the Group against internal and external benchmarks.

In discharging its responsibility for succession planning, the BNRC is provided with the status of the succession planning in particular for the Group's Critical Positions and the potential successors that may fulfil such positions, in accordance with the approved Group Talent Management Framework. The BNRC reviewed the updates from Group Human Capital Division ("GHCD") and provided its feedback on the identification and assessment on the suitability and readiness of the potential successors and talent as part of the planning exercise. The update on the succession planning and talent management was tabled to the Board in May and December 2021.

The GMD and the Senior Management are also appointed as board members to key subsidiaries to ensure that the Group's governance remains linked with the strategic and operational focus on the Group's objectives.

- v. Developing and implementing the Investor Relations programmes and shareholders' communications policy

The Company's Corporate Disclosure Policy, which is in line with the Corporate Disclosure Guide issued by Bursa Malaysia Securities Berhad ("Bursa Securities"), and duly approved by the Board, provides guidance to the Officers, Management and all employees of the Group on the disclosure requirements of Bursa Securities. This facilitates the enhancement of the Company's compliance, accountability, effectiveness and timely disclosure of relevant information to all stakeholders.

The Corporate Disclosure Policy of the Company is available on the Company's website at www.drb-hicom.com.

Group Investor Relations ("IR") has been entrusted by the Board to handle IR related matters, including communications with the stakeholders. The key IR initiatives undertaken by the Company during the financial year are set out in the IR segment in the Annual Report 2021.

The Group maintains a website at www.drb-hicom.com which can be accessed conveniently by the shareholders, potential investors and the general public.

- vi. Reviewing the adequacy and integrity of the internal control

Despite retaining collective oversight on the internal control

system, the Board has delegated this responsibility to the BAC based on its TOR.

The BAC reviews the effectiveness of the internal control system of the Group periodically, during its quarterly meetings, to determine the reasonableness of its assurance on the efficiency of operations and conformance with laws and regulations, as well as with internal procedures and guidelines. The review covers the Group's financial, accounting, and reporting policies and practices as well as the adequacy of the internal control system to safeguard the shareholders' interests and the Group's assets.

The Group Internal Audit Division ("GIAD") presents its Audit Reports to the BAC highlighting any breach of internal controls and other areas of weaknesses, together with the recommendations to mitigate and rectify the issues highlighted. Thereafter, the BAC will report any material findings to the Board.

In FYE 31 December 2021, the BAC and the Board reviewed the report on the internal control matters of the Group, which were highlighted by the External Auditors, and discussed the findings and recommended ways to improve the controls and procedures. In addition, the BAC and the Board also reviewed the summary of the overall assessment conducted by the External Auditors on the quality of the financial reporting, which was performed by the management of the Group's companies, covering the management accounts, draft financial statements, quality of reconciliations, assessment on internal controls, timeliness of audit confirmation replies and the adequacy of tax provision during the period of audit.

In carrying out its governance oversight, the Board also emphasised the importance of embracing integrity and ethical values across the organisation based on the Anti-Bribery and Anti-Corruption ("ABAC") Policy. The same applies to the Company's financial and non-financial reportings to ensure reliability, timeliness, transparency and compliance with the relevant standards.

DRB-HICOM has a zero-tolerance policy towards any form of bribery and corruption by its employees or any person or companies acting for or on behalf of the Group with its objective to maintain its working environment free from bribery and corrupt practices.

	<p>The Board and the Senior Management are committed to implement and enforce effective as well as robust policies and procedures to prevent, monitor and eliminate bribery or any other corrupt conduct. The Integrity Committee is responsible to oversee the implementation of the Policy, with direct access to the Board and Senior Management on issues concerning bribery and corruption.</p> <p>Following the adoption of the Company’s Policy in August 2020, DRB-HICOM had promoted a culture of integrity to internal and external parties to ensure the right level of communication on anti-corruption with continuous awareness programme. In addition, the employees of the Company signed the Corruption-Free Pledge under the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 and MACC Amendment Act 2018.</p> <p>The Policy Statement can be viewed on the corporate website at www.drb-hicom.com.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	: Applied
Explanation on application of the practice	<p>The Board of DRB-HICOM is helmed by Tan Sri Wan Zulkiflee Wan Ariffin ("Tan Sri Wan Zulkiflee"), an Independent Non-Executive Director of DRB-HICOM.</p> <p>The Chairman is responsible for providing leadership to the Board and ensuring the effective functioning of the Board. In fulfilling this role, the Chairman's responsibilities include, amongst others:</p> <ul style="list-style-type: none">• Providing leadership to the Board so that the Board can perform its responsibilities effectively;• Setting the agenda for Board meetings and ensuring all relevant issues are on the agenda;• Leading the Board in setting the values and standards of the Company, and establishing and monitoring good corporate governance practices in the Company;• Facilitating effective contribution of Non-Executive Directors ("NEDs") and ensuring that constructive relations, as well as a relationship of trust, be maintained between the Executive Director and NEDs;• Leading the Board meetings and discussions as well as encouraging active participation and allowing dissenting views to be freely expressed; and• Ensuring appropriate steps are taken to provide effective communication with shareholders and relevant stakeholders and that their views are communicated to the Board as a whole. <p>In April 2021 and December 2021, the Chairman chaired private discussions with the NEDs without the presence of the GMD and the Management, to discuss among others, the efficacy of the Board and other strategic issues.</p> <p>The detailed roles and responsibilities of the Chairman are encapsulated in the Board Charter, which is accessible on DRB-HICOM's website at www.drb-hicom.com.</p>

Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of a clear division of responsibilities between the Chairman and the GMD. The position of the Chairman is held by Tan Sri Wan Zulkiflee, whereas the position of the GMD is held by Dato’ Sri Syed Faisal Albar Syed A.R Albar.</p> <p>The distinct and separate roles of the Chairman and GMD, with clear division of their responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers over the decision-making process.</p> <p>Accordingly, the Chairman is responsible for providing leadership to the Board and oversight on the Management, whilst the GMD is responsible for managing and overseeing the day-to-day business activities of the Group. The GMD is accountable to the Board for execution of the Group’s strategies in line with the Board’s direction, oversees the operations of the divisions and drives the Group’s businesses and performance towards achieving the Group’s vision and goals.</p> <p>The respective duties and responsibilities of the Chairman and GMD are encapsulated in the Board Charter.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>Tan Sri Wan Zulkiflee, the Chairman of the Board, is also the Chairman of the BNRC. Tan Sri Wan Zulkiflee has vast experience and knowledge in human resources matters including talent and leadership development.</p> <p>The Board is of the view that Tan Sri Wan Zulkiflee is more than qualified to assume the role of Chairman of BNRC as he does not have any conflict of interest, is a strategist, strikes a balance between the management and the Company's stakeholders' (including shareholders) interests, and establishes good corporate governance structures. Tan Sri Wan Zulkiflee has good interpersonal skills when interacting with other Board members and the Company's employees, conducting himself in a professional and confidential manner during discussions of sensitive or controversial topics.</p> <p>The Board takes cognisance of the Malaysian Code on Corporate Governance's ("MCCG") recommendation for the Chairman of the Board should not be a member of the Committee(s) and to apply the same should a suitable candidate be identified by the Board to chair the BNRC.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	The Board will consider reviewing the composition of the BNRC and/or the appointment of additional Independent Director, going forward.

Timeframe	:	Others	As and when a suitable candidate is identified.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application :	Applied
Explanation on application of the practice :	<p>The Board is supported by the Group Company Secretary, Sabarina Laila Mohd Hashim ("Sabarina"), who has a legal background and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016 ("CA 2016"). She is licensed by the Companies Commission of Malaysia ("CCM") and has obtained her practising certificate issued by CCM under Section 241 of the CA 2016. Sabarina is also an Affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). She has approximately 30 years of vast experience in the legal and corporate secretarial field.</p> <p>The Group Company Secretary of DRB-HICOM works closely with the Chairman, GMD and Senior Management to ensure timely, appropriate and adequate resources, and that, information flow within and to the Board and Board Committees, and between the Board and Senior Management. The Board members have independent access to the advice and services of the Group Company Secretary, to enable them to discharge their fiduciary duties and responsibilities as Directors effectively.</p> <p>The Group Company Secretary provides support to the Board in shaping the corporate governance ("CG") of the Group. In this respect, she plays an advisory role to the Board, particularly with regards to the Company's Constitution, Board policies and procedures, CG best practices and its compliance with regulatory requirements, codes, guidelines and legislations.</p> <p>In order to upskill herself and keep abreast with the evolving capital market environment, regulatory changes and developments in corporate governance, Sabarina has attended relevant training and professional development programmes during the financial year. She has also attended continuous professional development programmes required by CCM or MAICSA for practising company secretaries.</p>

	<p>The fully virtual 31st Annual General Meeting (“AGM”) was successfully held on 23 June 2021. The Group Company Secretary played an important role in ensuring that the due processes and proceedings of the AGM were in place and properly managed pursuant to the Constitution and relevant laws and regulation.</p> <p>The role and responsibilities of the Company Secretary are outlined in the Board Charter.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	: Applied
Explanation on application of the practice	<p>The annual Board Meeting Schedule ("Schedule") is prepared and circulated in advance before the end of each calendar year, for proper planning by the Board members. The Schedule provides the meeting dates of the Board and Board Committees and the Annual General Meeting for the upcoming year.</p> <p>DRB-HICOM furnishes online board materials of all the Board and Board Committee meetings instead of distribution of hard copies. The customised solution provides various functionalities which enable the Directors and the committee members to access various Company documents, which are uploaded onto tablets for convenient reference. With that, the Directors and the committee members can access the meeting materials and relevant information in a timely and efficient manner, thus improving the Board's performance and overall effectiveness of decision-making.</p> <p>In terms of Board and Board Committee meetings, the Board Charter sets out the timeline on receipt of meeting materials as well as other pre and post meeting procedures, details of which are as follows:-</p> <p>Notice and Agenda</p> <ol style="list-style-type: none">i. At least 14 days' notice shall be given to the respective members and attendees prior to each Board and Board Committee meeting, except in the case of an emergency, where reasonable notice of the meeting shall be sufficient.ii. The Chairman, together with the Group Company Secretary and the GMD, shall ensure that a proper agenda is prepared in advance, so that the meeting is conducted in an effective manner.iii. The agenda and relevant papers for the meeting must be issued at least five (5) business days prior to the meeting, allowing sufficient

	<p>time for Directors to review and evaluate the matters to be deliberated.</p> <p>iv. The Directors have direct access to the Management and unrestricted access to any information relating to the Group's business and affairs. The Directors may request to be furnished with additional information or clarification from the Management and may seek professional opinions to make informed decisions.</p> <p>Minutes</p> <p>i. The discussions and conclusions of the Board meetings shall be minuted in a clear, accurate, consistent, complete and timely manner. The minutes shall record the decisions of the Board, including the key deliberations, the rationale for each decision made, and any significant concerns or dissenting views. The minutes must indicate whether any Director abstained from voting or excused herself or himself from deliberation.</p> <p>The decisions made by the Board at the Board/Board Committee Meetings are conveyed, through action lists issued by the Group Company Secretary, to the respective management within five (5) working days after each meeting for their immediate action.</p> <p>ii. The draft minutes shall be tabled at the following meeting for confirmation and signing.</p> <p>iii. The minutes of meetings are properly kept in line with the requirements of relevant law and regulations, for example CA 2016 and Income Tax Act, 1967.</p> <p>Key decisions are made in Board meetings while Circular Resolutions are limited to urgent matters that arise for decisions after the Meetings or to formalise matters which have already been discussed during Board meetings, or where material updates have arisen requiring the Board's review and approval.</p>
<p>Explanation for departure</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company’s Board Charter which is available on the Company’s website at www.drb-hicom.com sets out the duties, roles and responsibilities of the Board, Board Committees, individual Directors, Chairman, GMD and Group Company Secretary. It provides insight into the functions of the Board and Board Committees, as well as outlines the processes and procedures in discharging their responsibilities.</p> <p>The Board Charter adopts principles of good governance, by maximising its adoption of the best practice requirements. The Board Charter was last reviewed in February 2021, to ensure that it remains consistent with the Board’s objectives, responsibilities, and all the relevant standards of corporate governance, and is updated from time to time to align with regulatory changes.</p> <p>The Board Charter also provides the requirement for Directors to maintain the degree of integrity and professionalism while at the same time, promoting transparency and accountability in their actions. In conjunction with the above, the Board is also responsible to ensure continuing education/training for the Directors to update their knowledge and enhance their skills through attendance at relevant programmes, to enable them to sustain their active participation and contribute effectively in Board deliberations.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company’s website.

<p>Application :</p>	<p>Applied</p>
<p>Explanation on application of the practice :</p>	<p>The Board is committed to maintaining the highest standards of conduct at the workplace and in business engagements. Conducting business with honesty, integrity and absence of any conflict of interest will underpin the Company’s relationships with the employees and in the wider community, with all relevant stakeholders.</p> <p>The Directors also adhere strictly to the Directors’ Code of Ethics established by the Company, in carrying out their fiduciary duties and responsibilities. The Directors’ Code of Ethics is provided in the Board Charter, which is available on the Company’s website at www.drbc-hicom.com.</p> <p>The Directors’ Code of Ethics provides principles and standards relating to the Directors’ duty to act in the best interest of the Group and the public, and covers areas of transparency, integrity, accountability, sustainability, anti-corruption/bribery, declaration of direct or indirect personal, professional and business interests, proper use of the Company’s assets and compliance with laws, rules and regulations.</p> <p>The Code of Ethics and Business Practice (“Employees’ Code of Ethics”) for employees promote integrity and ethical conduct/ behaviour in all aspects of the Company’s operations, including confidentiality of information, insider trading and conflict of interests. The Employees’ Code of Ethics serves to inculcate awareness amongst staff of the need to build and maintain a value-based culture beyond that of mere compliance.</p>

	<p>The Company has put in place appropriate controls and systematic procedures to identify conflict or any potential conflict of interests within the Group.</p> <p>The Directors and Senior Management are notified periodically of the closed periods in which they are not allowed to deal in the securities of the Company, if they were in possession of price-sensitive information.</p> <p>The Board approved the ABAC Policy Statement sets out DRB-HICOM’s stance against bribery and corruption. Programmes to create awareness and instil business ethics practices, one of the key elements of business sustainability for the staff, were conducted via an e-learning platform.</p> <p>To strengthen the integrity, governance and anti-corruption framework for DRB-HICOM, an Integrity Committee has been established with the responsibility to oversee the implementation of the Policy, with direct access to the Board of Directors and Senior Management on issues concerning bribery and corruption.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application :	Applied
Explanation on application of the practice :	<p>DRB-HICOM has established a Whistleblowing Policy (“Policy”) since 2006, making it clear that concerns regarding suspected fraud, corruption, illegal conduct, wrongdoings or any form of malpractices can be raised without fear of victimisation, harassment and discrimination of the employees or stakeholders who report such concerns. The Policy prescribes that employees report to the BAC Chairman and/or the Head of GIAD. Three channels are made available to employees and other stakeholders, which are the Whistleblower Hotline, e-mail and postal mail.</p> <p>All disclosures made under the Policy will be dealt with in strict confidence and thoroughly investigated. The BAC provides oversight of any investigations undertaken and their outcomes. The concern/complaint shall be assigned to GIAD (or any other party appointed by the Board) to assess, investigate and update the BAC on all follow-up actions taken, including the due process of investigation, on a quarterly basis, to ensure completeness and transparency.</p> <p>The Policy was revised in November 2020 and its disclosure procedures are accessible to the public on the Company’s website at www.drb-hicom.com.</p> <p>The Company has introduced the Whistleblowing Policy Brochure (“Brochure”) as an effort to enhance awareness of the Policy. The Brochure is available in English and Malay languages. The Brochure is disseminated via e-mail blast and hard copies of the same are also distributed by the Group Human Capital, as part of the awareness programme on the Policy.</p> <p>All operating companies are encouraged to prominently display the Brochures, posters and buntings at common areas and on notice boards.</p>

Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	: Applied
Explanation on application of the practice	<p>The Board, together with the BRSC, ensures effective oversight on the development of the Group’s sustainability and climate-related strategies, priorities and targets to support the Group’s long-term business strategy and success, as outlined in the Terms of Reference (“TOR”) of BRSC.</p> <p>The BRSC also assists the Board to ensure effective management of sustainability-related risks impacting the principal businesses of the Group.</p> <p>Furthermore, BRSC ensures that sustainability is integrated within the key business strategies towards the collective achievement of sustainability goals across the Group in order to enhance the long-term value creation for the Group through sustainable initiatives.</p> <p>This requirement has been adopted and incorporated in BRSC’s TOR, specifically outlined as per paragraph 3.1, 3.4 and 3.7 as follows:-</p> <p>3.1 Formulate the Board’s risk appetite at the Group level, establish strategic content in ensuring that the risk management strategies are complete and the sustainability efforts are aligned with the long-term business strategies, taking into account the environment in which the Group operates and the requirements of all stakeholders and the Board.</p>

	<p>3.4 Oversight of Sustainability Risks – Ensuring effective management of significant and material economic, environment and social (“EES”) risks impacting the principal businesses of the organisation.</p> <p>3.7 Sustainability – Ensuring that sustainability is integrated within the key business strategies towards the collective achievement of sustainability goals across the Group.</p>
<p>Explanation for departure</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>As a Group, the well-being of customers, employees and other stakeholders as well as the environment is crucial to sustaining the Group’s long-term performance. The Board ensures that there is an effective governance framework for sustainability within the Group, including the development of the Group’s sustainability and climate-related strategies taking into account the economic, ESG considerations, priorities and targets.</p> <p>The sustainability strategies and priorities are currently being reported externally via the annual report/ sustainability report. Internally, quarterly updates are being reported to the Risk Management Committee, Sustainability Steering Committee and at the BRSC level. This requirement also has been adopted and incorporated in the TOR of BRSC.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's sustainability agenda aims to make the Company more resilient to disruptions, flexible to change and accountable to the economic environment and ESG. The Board oversees the development of the Group's sustainability and climate-related strategies. Priorities and targets are aligned with the Group's long-term business strategy, with carbon management being one of the top key priorities in the Group's sustainability agenda.</p> <p>During the financial year under review, the Directors attended various training programmes to ensure that they are well equipped with the necessary skills and knowledge to perform their duties and meet the challenges in this area.</p> <p>In addition, the Sustainability Steering Committee has been established in 2017 to monitor and implement the sustainability-related policies, measures and actions in achieving the Group's sustainability milestones and goals.</p> <p>The BRSC's TOR have been expanded to incorporate oversight function with regards to climate-related risks and opportunities, along with the impact.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

<p>Application :</p>	<p>Applied</p>
<p>Explanation on application of the practice :</p>	<p>Sustainability remains a top priority for DRB-HICOM. The establishment of a robust Sustainability Governance Structure enhances the confidence of our shareholders, business partners, and employees on the management and supervision of sustainability matters. It also ensures responsible management of sustainability opportunities and risks that focus on adding long-term value.</p> <p>Sustainability has been incorporated as one of the top agenda discussions in the Board and Committee’s deliberation, particularly BRSC. General performance evaluation with a zero-fatality target has been embedded into the Company’s corporate performance evaluation of the management and employees at all levels since FY2021, with the results to its sustainability metrics shared in the Sustainability Report.</p> <p>The sustainability progress and performance of the Company are reported to the BRSC and subsequently to the Board of Directors on a quarterly basis to promote accountability and facilitate performance evaluation. From this reporting template, the BRSC and the Board measures the progress against the achievement of sustainability targets and prompt Management to further include deliverables in sustainability risk and opportunities.</p> <p>The Board via the Board Effectiveness Assessment (“BEA”) evaluates its Board and Committees overall performance and as an outcome of the 2021 BEA, the Board has earmarked “Sustainability, ESG and Climate Change” as one of the areas whereby the Board will focus on henceforth, including Board development.</p>
<p>Explanation for departure :</p>	<p></p>

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	: Adopted
Explanation on adoption of the practice	: The sustainability agenda is currently being actively overseen at the management level by the Head of Group Risk Management & Sustainability Division, supported by the Corporate Sustainability Unit and the Sustainability Steering Committee (SSC), which is chaired by the COO - Corporate Services. The SSC comprises the Group Director, Operations Transformation Division; Head, Group Risk Management & Sustainability Division; Head, Group Strategic Communications Division and Head, Group Human Capital Division. The SSC is responsible for monitoring the implementation of sustainability-related policies, measures and actions in achieving the Group’s sustainability milestones and goals.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	: Applied
Explanation on application of the practice	<p><u>Board composition</u></p> <p>The Company has established a formal and transparent policy and procedures for the selection, nomination and appointment processes (including re-election/re-appointment) of new Directors for the Company and its subsidiaries, the details of which are outlined in the Board Charter.</p> <p>The Board delegates the responsibility of reviewing the structure, size and composition including the tenure and annual re-election of a director of the Board to the BNRC. The Board composition was reviewed by the BNRC in February 2022 in view of the 12-year tenure limit on independent directors, where Datuk Ooi Teik Huat ("Datuk Ooi") has been re-designated as NINED on 1 March 2022.</p> <p><u>Director's retirement/re-election</u></p> <p>Pursuant to Article 77 of the Constitution of DRB-HICOM, one-third or the number nearest to one-third of the Directors for the time being, shall retire from office so that all the Directors shall retire from office once at least in every three years ("retirement by rotation") and shall be eligible for re-election. The schedule of retirement by rotation was determined by the BNRC and the Director's eligibility to stand for re-election was also considered, taking into account their tenure of services.</p> <p>For the purpose of determining the eligibility of Datuk Ooi and Datuk Idris Abdullah ("the Retiring Directors") at the 32nd AGM, the BNRC had assessed the Retiring Directors' performance, contribution and independence via the annual Board Effectiveness Assessment ("BEA"), taking into consideration among others, the Director's level of contribution to the Board's deliberations through their skills, experience and strength in qualities; demonstrated objectivity in the Board's decision-making process, gave valuable feedback through sharing of knowledge and experience and acted in the best interests of</p>

	<p>the Company.</p> <p>Based on the outcome of the BNRC’s review, the Retiring Directors’ performance and contribution in the discharge of their duties during the assessment period had been satisfactory. The BNRC was satisfied that the Retiring Directors had contributed effectively to the Board’s deliberations and demonstrated their diligence and commitment as Directors of the Company.</p> <p>On 7 April 2022, the Board approved the re-election of the Retiring Directors as recommended by the BNRC to be considered for re-election pursuant to Article 77 of DRB-HICOM’s Constitution at its 32nd AGM and they have given their consent for re-election at the AGM.</p> <p>The profiles of the retiring Directors are set out in the Profile of the Board of Directors on pages 38 to 41 of Annual Report 2021.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As at 31 December 2021, the Board had six (6) members, comprising four (4) Independent Non-Executive Directors (“INEDs”), one (1) Non-Independent Non-Executive Director (“NINED”) and one (1) Executive Director. Hence, approximately 66.67% of the Board members were Independent Directors, complying with Paragraph 15.02 of the Main Market Listing Requirements (“MMLR”) of Bursa Securities and adopting Practice 5.2 of the MCGG whereby for Large Companies, the board comprises a majority of independent directors.</p> <p>Based on the review of the Board composition conducted through the BNRC, the Board’s composition was revised effective 1 March 2022, where Datuk Ooi has been re-designated from INED to NINED. Following the said revision, the current Board comprises three (3) INEDs, two (2) NINEDs and one (1) Executive Director i.e. 50% of the Board members are Independent Directors.</p> <p>The Board takes cognisance of the requirement of Practice 5.2 in relation to the board composition with a majority of independent directors for Large Companies.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will consider reviewing the composition of the Board including the appointment of additional Independent Directors, whenever a vacancy arises.
Timeframe	:	Within three years

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders’ approval through a two-tier voting process.

Application	:	Applied
Explanation on application of the practice	:	<p>In 2021, the Company had obtained the shareholders’ approval at the 31st AGM held on 23 June 2021 to retain Datuk Ooi as an INED of the Company notwithstanding that he had served the Board for more than 12 years.</p> <p>In February 2022, the BNRC and the Board had reviewed the composition of the Board including the assessment on the independence of Datuk Ooi as INED. Based on the said review, Datuk Ooi had been re-designated from INED to NINED on 1 March 2022 to comply with the 12-year tenure limit on independent directors to be imposed by Bursa Securities.</p> <p>As at the date of this report, none of the INEDs has served the Board for more than nine years.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	: Applied
Explanation on application of the practice	<p>The Company has established a formal and transparent policy and procedures for the selection, nomination and appointment processes (including re-election/re-appointment) of new Directors for the Company and its subsidiaries, the details of which are outlined in the Board Charter.</p> <p>Even though the Board determines the appointment of new Directors and its appropriate size, it delegates the responsibility of reviewing the structure, size and composition of the Board to the BNRC. The succession plan for Senior Management is also reviewed by the BNRC, prior to it being presented to the Board.</p> <p>The appointments of new Directors, GMD and Senior Management are based on merit, core competencies and objective criteria, such as diversity in skills, experience, age, cultural background and gender. The BNRC considers the challenges and opportunities faced by the Group, as well as future skills and expertise needed to allow the Group to compete efficiently and effectively in the open market. Besides that, the appointment of a new Director is also subject to the requirements of Chapter 2, Paragraph 2.20A of the MMLR of Bursa Securities.</p> <p>The shortlisted candidates will be interviewed as part of the assessment process; selection is based on whether they are willing and able to devote sufficient time to the role, the ability to discharge their responsibilities, their number of directorships in listed companies, the requisite mix of skills, knowledge, expertise, experience and professionalism, and impeccable integrity, as well as other requirements, which are relevant to enrich and enhance the Board's composition and functions. Furthermore, the Board also takes</p>

	<p>cognisance of the board diversity whenever a vacancy arises to ensure a balance and diverse Board composition. Upon ascertaining a suitable candidate, BNRC will make the necessary recommendation to the Board for approval.</p> <p>The diversity in the race/ethnicity (cultural background), nationality, age and gender of the Board as at 1 March 2022 is as follows:-</p> <table border="1" data-bbox="528 521 1410 680"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Race/Ethnicity</th> <th colspan="2">Nationality</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Others</th> <th>Malaysian</th> <th>Foreigner</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>4</td> <td>1</td> <td>1</td> <td>6</td> <td>0</td> </tr> </tbody> </table> <table border="1" data-bbox="528 719 1410 878"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>< 50</th> <th>50-55</th> <th>56-60</th> <th>> 60</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>1</td> <td>0</td> <td>1</td> <td>4</td> <td>5</td> <td>1</td> </tr> </tbody> </table> <p>The disclosures on Board skills and experience, diversity and gender are also available in the Corporate Governance Overview Statement of the Annual Report 2021.</p>		Race/Ethnicity			Nationality		Malay	Chinese	Others	Malaysian	Foreigner	Number of Directors	4	1	1	6	0		Age Group				Gender		< 50	50-55	56-60	> 60	Male	Female	Number of Directors	1	0	1	4	5	1
	Race/Ethnicity			Nationality																																		
	Malay	Chinese	Others	Malaysian	Foreigner																																	
Number of Directors	4	1	1	6	0																																	
	Age Group				Gender																																	
	< 50	50-55	56-60	> 60	Male	Female																																
Number of Directors	1	0	1	4	5	1																																
<p>Explanation for departure</p>																																						
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																																						
<p>Measure</p>																																						
<p>Timeframe</p>																																						

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	: Applied
Explanation on application of the practice	<p>Succession planning is an integral part of the Board’s Corporate Governance practices to ensure continuity in meeting the Group’s long-term goals and objectives. The BNRC is responsible for recommending suitable candidates to fill in the vacancies on the Board. In undertaking this responsibility, the BNRC leverages on recommendations from the existing board members, the management or major shareholders, along with external sources to “cast a wider net” and gain access to a wide pool of potential candidates. The BNRC has the option to utilise a wide network of industry contacts such as industry and professional associations, as well as independent search firms, to identify candidates for the proposed appointment as Director.</p> <p>The selection process is robust and objective, where candidates are screened to ensure that they possess the right character, experience, integrity, competence and time to effectively discharge their roles as Directors. Any potential conflicts of interest and their Directorships in other companies are also verified.</p> <p>In 2021, there is no appointment of additional directors.</p>
Explanation for departure	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>The profiles of the Directors are published in the Annual Report and DRB-HICOM's corporate website, which include the Directors' age, gender, directorships in other companies, working experience and conflict of interest, if any.</p> <p>The following explanatory notes have been included in the Notice of 32nd AGM, to accompany resolutions for the re-appointment of Directors who are due to retire and have offered themselves for re-election pursuant to Constitution of the Company ("the Retiring Directors"):</p> <p>For the purpose of determining the eligibility of Directors standing for re-election at the 32nd AGM, the Board through its BNRC, had assessed the Retiring Directors' performance, contribution and independence via the annual BEA, taking into consideration among others, the Directors' level of contribution to the Board's deliberations through their skills, experience and strength in qualities; demonstrated objectivity in the Board's decision-making process, gave valuable feedback through sharing of knowledge and experience and acted in the best interests of the Company.</p> <p>Based on the outcome of the BNRC's review, both Datuk Ooi and Datuk Idris's performance and contribution in the discharge of their duties during the assessment period via the BEA had been satisfactory. The BNRC was satisfied that both Datuk Ooi and Datuk Idris had contributed effectively to the Board's deliberations.</p> <p>Datuk Ooi and Datuk Idris had abstained themselves from deliberation and decision by the Board on their re-elections. The Board upon due deliberation, resolved to approve the proposed re-election of Datuk</p>

	Ooi and Datuk Idris as Directors of the Company at the 32nd AGM of the Company, as recommended by the BNRC.	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	<p>Tan Sri Wan Zulkiflee Wan Ariffin, an INED, was appointed as the Chairman of the Board and Chairman of BNRC.</p> <p>The remaining members of the BNRC are:-</p> <ul style="list-style-type: none"> i. Datuk Ooi Teik Huat – NINED; and ii. Dato’ Idris Abdullah @ Das Murthy – INED. <p>Tan Sri Wan Zulkiflee Wan Ariffin’s profile is set out on page 38 of the Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>For the year under review, the Company has five (5) male Directors and one (1) female Director. The female Board member is Sharifah Sofia Syed Mokhtar Shah, representing 17% of the total number of Directors.</p> <p>Notwithstanding that, the Board believes that women directors could add value to Board discussions, through their unique aspects, approaches and ideas to help the Group succeed. The Board will consider suitable female candidates for appointment to the Board, whenever a vacancy arises.</p> <p>Despite that, the current Board composition has a good mix of industry-specific knowledge, broad business sense and commercial experience. This enables the Board to fulfil its oversight responsibilities, provide clear and effective leadership in many aspects of the Group's strategies and performances, as well as ensure that the highest standards of professionalism, conduct, transparency and integrity are maintained by the Group.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board supports the Government's target of having 30% women's participation on boards of public companies in Malaysia. The Board will consider the appointment of additional women Directors based on suitability and merit, whenever a vacancy arises.	
Timeframe	:	Others	As and when a suitable woman candidate who is able to complement the current Board composition and mix is identified.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has its Diversity Policy which sets out the approach for achieving diversity within the Board of DRB-HICOM and its subsidiaries, in terms of age, gender and ethnicity, so that the necessary range of perspectives, experience and expertise could benefit the stewardship and management of the DRB-HICOM Group.</p> <p>The Group practices non-discrimination in any form, whether based on age, gender or ethnicity throughout the Group and this includes the selection of Board members and Senior Management. The Board is committed to ensuring that the Directors of the Company possess a broad balance of skills, knowledge, experience, background and independence, as the synergy of such diversity could create a powerful and dynamic Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The BNRC carries out the BEA exercise annually to determine that the performance of its Board, Board Committees and individual directors are effective and identify steps for its improvement. The process is facilitated by the Group Company Secretary. Areas of evaluation broadly cover the effectiveness of the Board, the fit and proper criteria of the individual Director, the Board skills matrix, the independence of Independent Directors, the effectiveness of the BAC and others.</p> <p>The Board takes cognisance of the MCCG's recommendation for Large Companies to engage independent experts at least every three years, to facilitate in objective and candid board evaluations. Nevertheless, the Board is satisfied with the outcome of the internal self-assessment evaluation methodology, from which customised questionnaires are completed by all Directors of the Company to determine the overall effectiveness of the Board and individual directors. Each director is able to provide candid, frank opinion and recommendation to improve the performance and overall governance process of the Group.</p> <p>After completion of the BEA form, each Director submits it on a confidential basis to the Group Company Secretary, who in turn collates the responses and produces a report, which is tabled to the BNRC. The BNRC reviews the report and submits its findings, together with key actions to be undertaken by the management on the identified areas that need improvement, to the Board for its notation.</p> <p>Upon the completion of the annual assessment conducted for the FYE</p>

	<p>31 December 2021, the Board concurred with the BNRC that:</p> <ul style="list-style-type: none"> • The size and composition of the Board are adequate to provide a diversity of views and facilitate effective decision-making, and well balanced to fairly reflect the interests of the major and minority shareholders of the Company; and • All the members of the Board are persons of high calibre and integrity, and they have a sound understanding of the Group’s businesses as well as deep industry expertise. They possess the qualifications, skills, competencies and proficiency to provide the Board with a good mix of governmental and industry-specific knowledge, broad business sense and commercial experience. <p>The BNRC reviewed the results, and shared the outcome of the BEA 2021 with the Board. The overall performance of the Board and Board Committees for the financial year ended 31 December 2021 was rated satisfactory, which reflects that the Board members had been effective in their overall discharge of duties and responsibilities.</p> <p>With the view to raise the bar on the Board’s governance practices and overall effectiveness, the Board members’ comments/feedback were considered and a Framework of Key Actions was formulated, for Management’s focus areas, to enable continuous improvement and enhancement.</p> <p>The Board is also satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. The quorum of Board meeting had been met with full attendance by all six (6) Directors of the Company. The meeting attendance at Board and Board Committee meetings are evidenced by the attendance record in the CG Overview Statement as set out on pages 61 to 62 of the Annual Report 2021.</p>
<p>Explanation for departure</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	
<p>Timeframe</p>	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company’s desire to attract and retain the right talent in the board and senior management to drive the company’s long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company’s website.

<p>Application :</p>	<p>Applied</p>
<p>Explanation on application of the practice :</p>	<p>DRB-HICOM has in place a remuneration framework which covers the remuneration procedures and structure of the Directors, GMD and Senior Management. It is designed to attract, motivate and retain Directors and Senior Management of the right calibre, experience and quality needed to drive and manage the business strategy and objectives of the Company, creating sustainable value and returns for the stakeholders (including shareholders).</p> <p>The remuneration packages for the GMD, who is the sole Executive Director, and Senior Management are structured in a way that links top executive rewards to the achievement of the Corporate KPIs. As for NEDs, the remuneration packages are structured such that their independence and objectivity are not impaired, as well as linking them to the Company’s performance and shareholders’ value creation. The Board, with the assistance of the BNRC, reviews the overall remuneration framework of the NEDs, GMD and Senior Management and revises the said framework, from time to time, to ensure its relevance and effectiveness.</p> <p><u>Remuneration for NEDs</u></p> <p>The NEDs’ remuneration comprises an annual fee for service on the Board and Board Committees as well as the monthly and meeting allowances, which are deemed as benefits. The remuneration level for NEDs reflects their responsibilities and positions on the Board and Board Committees, attendance and any special skills or expertise that</p>

they bring to the Board. The Company also reimburses reasonable expenses incurred by the NEDs in the course of their duties.

In April 2021, the BNRC recommended to the Board that the Directors' benefits payable to the Non-Executive Chairman be revised by incorporating a monthly fixed allowance. Thereafter, the Board obtained the shareholders' approval at the 31st AGM held on 23 June 2021 for the inclusion of the monthly fixed allowance into the Directors' Remuneration Framework as shown below:

		Directors' Remuneration (RM)	
		Chairman	Member
Fees (per annum)	Board	300,000	180,000
	BAC	60,000	40,000
	BRSC	30,000	20,000
	BNRC	10,000	8,000
Meeting Allowance (per meeting)	Board	2,000	2,000
	BAC	2,000	2,000
	BNRC & BRSC	2,000	2,000
Monthly Fixed Allowance	Board	70,000 per month	N/A

Shareholders' approval will be sought at the 32nd AGM for the payment of the Directors' fees and benefits payable to Non-Executive Chairman and NEDs, which remain unchanged, according to Section 230(1) of the Companies Act 2016.

GMD and Senior Management's Remuneration

The remuneration and terms of employment for the GMD and Senior Management are determined and recommended based on the policy framework set out by the BNRC.

The criteria in determining the GMD's remuneration includes, but not limited to, his performance, the consumer price index and information from independent sources, benchmarked against similar positions in a selected group of comparable companies, achievement of KPIs in a scorecard aligned with the corporate objectives, financial performance and shareholders' value creation.

The BNRC, as well as the Board, will assess the performance of the Senior Management personnel using the Corporate, Sector and

	<p>Divisional Scorecard. The same assessment will also be used as a basis to determine their performance bonus and annual increment. The proposed remuneration for Senior Management will take into consideration their individual performance, the responsibilities entrusted to them, as well as their remuneration positioning in terms of internal and external equity.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company’s desire to attract and retain the right talent in the board and senior management to drive the company’s long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company’s website.

Application	: Applied
Explanation on application of the practice	<p>The Board is satisfied that the BNRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions, which include amongst others, review of the remuneration framework of the Board, GMD and Senior Management. As such, there exist no necessity to separate the nomination and remuneration functions into two (2) distinct committees.</p> <p>The TOR of the BNRC delineates the authority, duties and responsibilities in relation to the nomination and remuneration matters, which is accessible on DRB-HICOM’s website at www.drb-hicom.com.</p> <p>The BNRC aims to ensure that Directors’ remuneration is competitive, motivates good performance and loyalty, and supports growth in shareholders' value.</p> <p>The details of the BNRC’s activities for the FYE 31 December 2021 is set out on pages 56 to 57 of the Annual Report 2021.</p>
Explanation for departure	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	Details of the remuneration of individual Directors of the Company for the FYE 31 December 2021 are as follows:-

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Wan Zulkiflee Wan Ariffin	Independent Director	310,000	458,333	0	0	35,200	0	803,533	310,000	458,333	0	0	35,200	0	803,533
2	Dato' Ibrahim Taib	Independent Director	240,000	34,000	0	0	0	0	274,000	360,000	123,000	0	0	0	0	483,000
3	Datuk Ooi Teik Huat	Independent Director	268,000	40,000	0	0	0	0	308,000	268,000	40,000	0	0	0	0	308,000
4	Datuk Idris Abdullah @ Das Murthy	Independent Director	258,000	40,000	0	0	0	0	298,000	364,000	84,500	0	0	0	0	448,500
5	Sharifah Sofia Syed Mokhtar Shah	Non-Executive Non-Independent Director	180,000	14,000	0	0	0	0	194,000	266,000	34,000	0	0	0	0	300,000
6	Dato' Sri Syed Faisal Albar Syed A.R Albar	Executive Director	0	0	0	0	0	0	0	0	0	2,102,400	1,320,000	13,700	548,507	3,984,607
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company’s performance.

Practice 8.2

The board discloses on a named basis the top five senior management’s remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure												
Explanation on application of the practice	:													
Explanation for departure	:	<p>The Board is of the opinion that disclosing the remuneration component on a named basis of Senior Management will neither be in the best interest nor to the advantage of the Group, considering the highly competitive market for talents. Talent poaching is common in the industry and the Group intends to ensure that the employee retention efforts are safeguarded.</p> <p>Currently, the performance of Senior Management personnel is assessed on an annual basis and measured against their KPIs for the year. The Board will ensure that the remuneration for the Senior Management personnel commensurate with corporate and individual performances.</p> <p>The Senior Management’s remuneration (including salary, bonus, allowances and other emoluments) are disclosed in the bands of RM50,000, as follows:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Senior Management’s Remuneration</th> <th style="width: 30%;">Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM1,150,001 to RM1,200,000</td> <td style="text-align: center;">1</td> </tr> <tr> <td>RM1,300,001 to RM1,350,000</td> <td style="text-align: center;">1</td> </tr> <tr> <td>RM1,550,001 to RM1,600,000</td> <td style="text-align: center;">1</td> </tr> <tr> <td>RM1,650,001 to RM1,700,000</td> <td style="text-align: center;">1</td> </tr> <tr> <td>RM3,950,001 to RM4,000,000</td> <td style="text-align: center;">1</td> </tr> </tbody> </table>	Senior Management’s Remuneration	Number of Senior Management	RM1,150,001 to RM1,200,000	1	RM1,300,001 to RM1,350,000	1	RM1,550,001 to RM1,600,000	1	RM1,650,001 to RM1,700,000	1	RM3,950,001 to RM4,000,000	1
Senior Management’s Remuneration	Number of Senior Management													
RM1,150,001 to RM1,200,000	1													
RM1,300,001 to RM1,350,000	1													
RM1,550,001 to RM1,600,000	1													
RM1,650,001 to RM1,700,000	1													
RM3,950,001 to RM4,000,000	1													

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application :	Not Adopted
Explanation on adoption of the practice :	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman of the Board and BAC are held by separate individuals, who are independent directors. As at 1 March 2022, the Chairman of the Board is Tan Sri Wan Zulkiflee Wan Ariffin while the Chairman of the BAC is Dato' Ibrahim, a Senior INED. This promotes robust and open deliberations by the Board on matters referred by the BAC.</p> <p>Details of the composition and activities of the BAC are set out in the Audit Committee Report contained in the Annual Report 2021.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the recommendation of the MCCG, the TOR of BAC has been revised in February 2022 to include the cooling off period of at least three years before any former key audit partner could be appointed as a BAC member, to safeguard the independent audit of the Company’s financial statement.</p> <p>As at the date of this report, the BAC comprises three members and none of them are former key audit partners.</p> <p>The TOR of the BAC is available on the Company’s website at www.drb-hicom.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	: Applied
Explanation on application of the practice	<p>The Company has put in place the procedures for the BAC to assess the suitability, objectivity and independence of the external auditors of the Company pursuant to the External Auditor Policy & Procedure, which was approved by the Board in 2018.</p> <p>The BAC also manages the Company’s relationship with its external auditors, on behalf of the Board. The BAC considers the re-appointment, remuneration and terms of engagement of the external auditors annually. The review covers the independence and service level of the external auditors, which include, amongst others, the quality of work, timeliness and non-audit services provided.</p> <p>The BAC had in April 2022 undertaken an annual assessment of the quality of audit which encompassed the performance of EY, the quality of EY’s communications with the BAC and DRB-HICOM, and EY’s independence, objectivity and professionalism.</p> <p>EY had also provided the required confirmation of their independence to the BAC that they were and had been independent throughout the conduct of the audit engagement during the FYE 31 December 2021 in accordance with:</p> <ul style="list-style-type: none"> • the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“MIA By-Laws”); and • the International Ethics Standards Board for Accountant’s Code of Ethics for Professional Accountants. <p>Based on the assessment, the BAC was satisfied with the quality of audit, performance, competency and sufficient resources provided by EY to the Group. Thus, the BAC has recommended that the Board</p>

	endorses EY's re-appointment for the ensuing financial year and recommends that the shareholders of the Company approve EY's re-appointment at the 32nd AGM.	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application :	Applied
Explanation on application of the practice :	<p>The BAC has a mix of qualified and experienced professionals in the field of accountancy, consultancy and law. The Chairman and members of the BAC discharge their duties in accordance with the TOR of the BAC. The Profiles of the BAC members are set out on pages 40 to 41 of the Annual Report 2021.</p> <p>The BAC members are expected to devote sufficient time to attend relevant training and continuous professional development programmes to keep themselves abreast of the introduction of new accounting and auditing standards, practices and rules. In addition, when there are changes to or adoption of new provisions of the Malaysian Financial Reporting Standards ("MFRS"), members will be briefed on such matters by the external auditors.</p> <p>As recommended by the BNRC, the Board had, at its meeting held on 24 February 2022, reviewed the outcome of the annual evaluation of the members of the BAC, including its composition and effectiveness. The Board is satisfied with the BAC's existing performance and the current diversity of the BAC members as they are able to discharge their duties and responsibilities effectively.</p> <p>On 1 March 2022, the composition of BAC has been revised with the appointment of Dato' Ibrahim as the Chairman of BAC and the re-designation of Datuk Ooi as a member of BAC.</p> <p>The detailed report of the BAC's activities for the FYE 31 December</p>

	2021 is set out in the BAC Report contained in the Annual Report 2021.	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

<p>Application :</p>	<p>Applied</p>
<p>Explanation on application of the practice :</p>	<p>The Board has established a risk management and internal control system that enables the identification, measurement, continuous monitoring and reporting of all relevant and material risks on a group and entity-wide basis, including new and emerging risks. Further, the Board recognises that this system is designed to manage, rather than eliminate the risks of not adhering to the Group’s policies, and achieve goals and objectives within the risk appetite and risk tolerance determined by the Board and Management. Therefore, the system provides reasonable but not absolute assurance, against the occurrence of any material misstatement or loss.</p> <p>The establishment of the Group’s ERM Framework is based on the best practices outlined in the revised International Organisation for Standardisation (ISO) 31000:2018 – Risk Management Principles and Guidelines. The key components of the Framework are Risk Governance and Culture, Enterprise Risk Assessment, Risk Mitigation and Measurement, Training and Development and Enterprise Risk Reporting. Another important feature of the Framework is the categorisation of risks into eight clusters, namely Strategic Risk, Financial Risk, Market and Business Risk, Organisational Risk, Operational Risk, Information Risk, Regulatory Risk and Reputation Risk, which enable the Group to identify, assess and recognise the appropriate treatment for these risks.</p> <p>The BRSC periodically reviews the adequacy and effectiveness of the Group’s policies, procedures and Framework, and whenever necessary, recommends revisions for the Board’s consideration and approval. This is to ensure that the Board is sufficiently capable of responding to changes in the risk profiles and remaining consistent with the Group’s business strategy.</p> <p>Further details on the Risk Management framework are provided on</p>

	pages 70 to 77 of the Annual Report 2021.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, via the BRSC, oversees the risk management matters of the Group, which include identifying, managing, monitoring, treating and mitigating significant risks across the Group, as outlined in the Group Risk Management policy of DRB-HICOM, as well as the Sustainability Reporting Guidelines prescribed by Bursa Securities. The BRSC also assists the Board to fulfil its responsibilities with regard to the governance of emerging risks and the overall risk exposure of the Group.</p> <p>The BRSC reviews the risk management principles, framework and policies for managing risks within the Group and reports to the Board periodically. The BRSC also reviews, monitors and assesses the risk appetite and risk tolerance performed by the Group Risk Management, so as to safeguard the shareholders’ investments and the Group’s assets. During its meeting, the BRSC discusses the Group’s consolidated risk report which comprised top key risks of the Group with mitigating plans laid out, update on key economics, outlook of the various business sectors, and matters arising therefrom. The BRSC also deliberates on the effectiveness of the controls being implemented and the timelines proposed by the subsidiary companies.</p> <p>The RMC, chaired by the GMD, reviews and presents the identified Group’s top key risks and the action items to the BRSC on a quarterly basis. The RMC also keeps itself abreast with the emerging risks that could adversely affect the Group from achieving its objectives, such as risks relating to cyber-security and corporate liability.</p> <p>Apart from the oversight of the Board and the various Committees, the risk management and internal control systems are also regulated by a formal corporate structure with clear lines of reporting and</p>

	<p>responsibility to ensure proper segregation of duties, assignment of authority and accountability within the Group.</p> <p>Further details on the effectiveness of the Risk Management and Internal Controls are provided in the Statement on Risk Management and Internal Control on pages 78 to 83 of the Annual Report 2021.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>In recognising the importance of the strategic risk of sustainability and the effective management of sustainability practices within the Group, the Board has established the Board Risk and Sustainability Committee ("BRSC") to oversee risk management matters of the Group, which include identifying, managing, monitoring, treating and mitigating significant risks across the Group, including risks that threaten its sustainability.</p> <p>The BRSC of the Company comprises three members, with a majority of INED, as follows:-</p> <ol style="list-style-type: none">a. Datuk Idris Abdullah @ Das Murthy (Chairman) (INED)b. Datuk Ooi Teik Huat (NINED)c. Dato' Ibrahim Taib (INED) <p>The duties and responsibilities of BRSC are as set out in the TOR of the BRSC, which is available on the Company's website at www.drb-hicom.com.</p>

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application :	Applied
Explanation on application of the practice :	<p>The Board has established an in-house Group Internal Audit Division (“GIAD”) for DRB-HICOM Group, which is led by the Head of GIAD who reports directly to the BAC, and administratively to the GMD. The companies under the Group which are listed or regulated by Bank Negara Malaysia are also under the purview of the BAC and the internal audit functions of the respective companies.</p> <p>The Head of GIAD shall be accountable in reporting to the BAC the assessment of adequacy and effectiveness of the Group’s control processes. He has full access to the BAC Chairman for consultation and clarification on audit scope and objectiveness as well as reporting purpose.</p> <p>The internal audit charter approved by the BAC defines GIAD’s purpose, authority and responsibility. The GIAD function undertakes independent assessments on the Group’s internal control system based on the audit engagements, which are carried out in the financial year and provides assurance to the BAC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of the internal control under review.</p> <p>The BAC reviews the internal audit reports presented by the Head of GIAD at each BAC Meeting held throughout the financial year. This includes review on the Division’s activities with respect to:</p> <ul style="list-style-type: none">i. Status of audit activities as compared to the approved Annual Audit Plan.ii. Results of the scheduled, follow-up and special audits.iii. Adequacy of the Management’s responsiveness to the audit findings and recommendations.

	<p>iv. Status of the Internal Audit's Quality Assurance and Improvement Programme.</p> <p>v. Adequacy of the audit resources, training and development of staff within the Division.</p> <p>vi. Related Party Transactions and Recurrent Related Party Transactions of the Group of companies.</p> <p>During the FYE 31 December 2021, the BAC held two (2) private meetings with the Head of GIAD to review and discuss the Group's key internal controls and internal audit related matters.</p> <p>The GIAD's Annual Audit Plan, financial budget and manpower requirements for the ensuing year were reviewed and approved by the BAC to ensure that there are adequate, competent and proficient internal auditors.</p> <p>The BAC also performs annual evaluation on the GIAD in accordance with Paragraph 15.12(e) of the MMLR of Bursa Securities.</p>
<p>Explanation for departure</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	
<p>Timeframe</p>	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied									
Explanation on application of the practice	:	<p>The Group has an in-house internal audit function which is carried out by the Group Internal Audit Division (“GIAD”) and is headed by Abdul Jamil Johari. He holds a Degree in Bachelor of Law from University of Wales, Cardiff in 1995 and a Certificate in Legal Practice, with more than 25 years of experience in Internal Audit.</p> <p>Both Internal Audit Department of Pos Malaysia Berhad and GIAD of PROTON Holdings Berhad (“PROTON”) report on a quarterly basis to GIAD as these subsidiary companies are under the purview of BAC.</p> <p>As of 31 December 2021, the total staff strength in GIAD (inclusive of the internal audit staff of PROTON) was as summarised below:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">No</th> <th style="width: 60%;">Entity</th> <th style="width: 30%;">GIAD’s manpower as at 31 December 2021</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>DRB-HICOM Berhad</td> <td style="text-align: center;">19</td> </tr> <tr> <td style="text-align: center;">2</td> <td>PROTON Holdings Berhad</td> <td style="text-align: center;">14</td> </tr> </tbody> </table> <p>The GIAD reports directly to the BAC to preserve its independence and objectivity. As guided by the Internal Audit Charter, GIAD has no operational responsibility and authority over the activities of its audits to maintain its independence and objectivity.</p> <p>GIAD adopts a risk-based approach as part of its audit planning and execution, with focus on significant identified risks and effectiveness of the controls in mitigating such risks. In performing the audit engagements, GIAD is guided by the Institute of Internal Auditors’ International Professional Practice Framework (“IPPF”) which includes the definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal</p>	No	Entity	GIAD’s manpower as at 31 December 2021	1	DRB-HICOM Berhad	19	2	PROTON Holdings Berhad	14
No	Entity	GIAD’s manpower as at 31 December 2021									
1	DRB-HICOM Berhad	19									
2	PROTON Holdings Berhad	14									

	<p>Auditing.</p> <p>GIAD is also guided by the internal policies, procedures, the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organisation of the Treadway Commission (“COSO”) and Control Objectives for Information and Related Technology (“COBIT”) issued by Information Systems Audit and Control Association (“ISACA”).</p> <p>The BAC reviews, challenges and approves the GIAD audit plan annually with periodic reviews to ensure business alignment, risk assessment and audit methodology and ensure robustness in the audit planning process. All internal audit assignments and ad hoc assignments during the financial year were conducted by GIAD.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of continuous and effective communication with the Company's shareholders, investors and other stakeholders, which is accurate, transparent and accountable. As such, the Board has adopted a Corporate Disclosure Policy. In line with the Policy, the Board, along with the Management, also ensures that the Company's website contains relevant information on the Group, including, amongst others, the Group's business activities, investor relations activities, all announcements released to Bursa Securities and any press releases made by the Company/Group.</p> <p>At the general meetings of the Company, every shareholder is given the opportunity to raise questions on the Company's financial performance, activities and any concerns regarding the Company/Group. Besides that, the Company has established an Investor Relations Department, a dedicated channel to respond to any enquiries from the shareholders, investors and other stakeholders.</p> <p>The activities undertaken by the Investor Relations Department during the FYE 31 December 2021 were outlined on pages 26 to 30 of the Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board acknowledges that integrated reporting based on a global recognised framework could assist in providing the stakeholders with a comprehensive and holistic view of the business. Although the Group has not adopted the prescribed reporting method as yet, it has published an Annual Report that contains information in line with the fundamental elements, which underpins integrated reporting and communicates the Group's strategy, governance, performance and prospects.</p> <p>The Board has considered adopting integrated reporting for the Group's Annual Report in the near future. An assessment on the methodology and a study on the relevant framework are currently being undertaken by the Management.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board, along with the Management, is working towards adopting the globally recognised integrated reporting for the Company.	
Timeframe	:	Others	At the appropriate time

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	: Applied
Explanation on application of the practice	<p>In 2021, DRB-HICOM dispatched the Notice of its 31st AGM, 28 days before the AGM, well in advance of the 21-day requirement under the CA 2016 and MMLR of Bursa Securities. The additional time given to the shareholders allows them to make the necessary arrangements to either attend and participate in person, or through corporate representative(s) or proxy(ies) digitally, by way of virtual meeting.</p> <p>The Company provides the Administrative Guide when giving notice of the 31st AGM, which provides information to the shareholders regarding the details of the AGM, their rights to appoint proxies or representatives and information as to who is considered a proxy.</p> <p>The notes to the Notice of the 31st AGM had provided detailed explanations for each resolution proposed, giving clarity so that the shareholders can make informed decisions, when exercising their rights to vote during the AGM.</p> <p>The Notice of AGM was published in one (1) nationally circulated newspaper, for wider dissemination, to encourage shareholders' participation.</p> <p>In addition, the Notice of AGM and Proxy Form which were contained in the Annual Report, were posted on the website of DRB-HICOM at www.drb-hicom.com.</p> <p>For the forthcoming 32nd AGM scheduled on 22 June 2022, the Notice of AGM is scheduled to be issued to the shareholders of the Company on 29 April 2022, i.e. more than 28 days prior to the AGM.</p>
Explanation for departure	:

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	: Applied
Explanation on application of the practice	<p>All six (6) Directors attended and participated in the 31st AGM of the Company held on 23 June 2021, which was conducted on a fully virtual basis using Online Meeting Platform of Lumi AGM via https://web.lumiagm.com provided by Boardroom Share Registrars Sdn Bhd (“Boardroom”), 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan.</p> <p>The Group Company Secretary, the Group Director of Financial Services, the External Audit Partner, the Poll Administrator and the Scrutineer also attended and participated in the virtual 31st AGM of DRB-HICOM, together with the Senior Management.</p> <p>The proceedings of the 31st AGM included the presentation by GMD on the business performance and prospect of the Group for the FYE 31 December 2020, a presentation on the detailed responses to questions raised by the Minority Shareholders Watch Group (“MSWG”) prior to the aforesaid AGM and a Q&A session during which the Chairman invited the shareholders to use the query box facility to submit questions (real time) during the meeting, pertaining to the Company’s financial statements and other items for adoption at the meeting, before presenting the resolutions and put them forward for voting. Besides the Directors and the GMD, the Management and External Auditors were in attendance to respond to the shareholders’ queries.</p>
Explanation for departure	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application :	Applied
Explanation on application of the practice :	<p>Due to the COVID-19 pandemic and the Movement Control Order imposed by the Government of Malaysia, the Company’s 31st Annual General Meeting was conducted on a fully virtual basis using Online Meeting Platform of Lumi AGM on 23 June 2021.</p> <p>The 31st AGM was attended by 824 shareholders and proxy holders, where they participated and voted in the meeting remotely via live streaming and online voting using Remote Participation and Electronic Voting (“RPEV”) facilities. Boardroom was appointed as the Poll Administrator to conduct the online electronic polling process and SKY Corporate Services Sdn Bhd was appointed as the independent scrutineer to verify the poll results.</p> <p>The Company, together with Boardroom, had ensured that good cyber hygiene practices were in place, including the data privacy and security to prevent cyber threats during the AGM. Boardroom had made representation to the Company that the security, confidentiality, integrity and availability of Lumi AGM application are vital to conducting a successful AGM. Its Lumi AGM systems and suppliers’ services are certified to the ISO/IEC 27001:2013 international standard, which provides a robust, auditable and externally verified framework of controls designed to maintain confidentiality, integrity and availability of customers’ information and personal data that Lumi processes on their behalf. Boardroom also states that the clients’ data has never been used for quality assurance purposes and is not retained beyond the purpose of processing clients’ proxy forms for the conduct of the general meetings.</p>
Explanation for departure :	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.

Application :	Applied
Explanation on application of the practice :	<p>In a fully virtual general meeting, all meeting participants, including the Chairman of the meeting, Board members, Senior Management and shareholders, participated in the 31st AGM online to support a meaningful and robust engagement with the shareholders.</p> <p>The Chairman of the Board chaired the 31st AGM in an orderly manner. Prior to tabling the agenda of the 31st AGM, the shareholders were briefed by the GMD on the business performance and prospect of the Group for the FYE 31 December 2020. In addition, the Group Director of Financial Services shared the detailed responses to questions raised, prior to the aforesaid AGM, by the MSWG.</p> <p>The Virtual Meeting Portal was opened for login one (1) hour before the commencement of the meeting. Upon logging in, shareholders were allowed to use the messaging window facility via the Virtual Meeting Portal to submit their questions.</p> <p>The Board endeavoured to provide clear and meaningful responses to questions posed to them by the shareholders at the 31st AGM. The questions posed by the shareholders and the answers provided by the Board, Senior Management and External Auditors during the 31st AGM had been uploaded to the Company's website. The MSWG's Q&A presented during the 31st AGM is also available on the Company's website.</p> <p>All resolutions set out in the Agenda of the 31st AGM were conducted by way of a poll using the RPEV facilities. The Board also encouraged active participation by the shareholders and investors during the AGM.</p>

	The shareholders who participated through RPEV facilities were also able to cast their votes online.	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	: Applied
Explanation on application of the practice	<p>The Company has engaged Boardroom as the Poll Administrator and/or RPEV service provider for DRB-HICOM’s 31st AGM. To enable the eligible shareholders to participate and vote remotely, shareholders were invited to register online with Boardroom Smart Investor Portal at website https://boardroomlimited.my. Registrations were verified and approved within one (1) business day and notifications were e-mailed to the shareholders. Through Boardroom’s website, shareholders were allowed to submit questions before the AGM and request for printed copies of the Annual Report.</p> <p>On the day of the meeting, the Virtual Meeting Portal was opened for login one (1) hour before the commencement of the meeting. Thereafter, shareholders were allowed to use the messaging window facility via the Virtual Meeting Portal to submit their questions.</p> <p>All questions had been grouped into three (3) categories namely, financials, operations and corporate governance. All the Q&As were read out and made visible to the shareholders via live stream and had been responded by the Board, Senior Management and External Auditors during the meeting. The Q&As, together with the Minutes of Meeting, were posted on the corporate website after the meeting.</p> <p>The Q&A session served as an interaction between the Directors, Management and shareholders during the fully virtual meeting whilst the members in attendance in the proceedings of the 31st AGM could proceed to cast their votes via the Virtual Meeting Portal.</p>

	The poll results were verified by the Scrutineers, SKY Corporate Services Sdn Bhd and thereafter, the poll results of each Resolution 1 to 9 were displayed to the shareholders and proxies present as the Chairman declared that the resolutions were duly passed.	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application :	Applied
Explanation on application of the practice :	The Minutes of the 31st AGM held on 23 June 2021 (including all the Questions raised during the meeting and the Answers in relation thereto) were made available to the shareholders via DRB-HICOM's website within 30 business days from the date of the AGM.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

Click or tap here to enter text.