

DRB-HICOM



EVOLUTION IN MOTION

Sustainability Report 2021



Evolution in Motion

In this year's Sustainability Report , our concept ' Evolution in Motion' along with our mobius ring design brings to the fore the true essence of sustainability.

Sustainability is and always will be an integral part of evolution. It represents continuity, a never ending cycle which can be perpetuated sustainably .

As an advocate of sustainability, our sustainability goals continue to inspire us as an organisation to make a difference. This year's cover highlights our efforts as an organisation to actualise the UN SDGs, with specific focus on responsible consumption & production, good health & well-being, decent work & economic growth, affordable & clean energy, zero hunger and climate action. All these SDGs are depicted visually through our use of icons on the SR Cover.

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ABOUT THIS REPORT

References to “DRB-HICOM”, “the Company”, “the Organisation”, “the Group” and “we” refer to DRB-HICOM Group of Companies. This report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core Option. Additionally, we have adhered to the best practice sustainability guidelines, standards and frameworks as follows:

- Bursa Malaysia’s Main Market Listing Requirements on Sustainability Reporting;
- FTSE4Good Bursa Malaysia Index’s Environmental, Social and Governance Indicators;
- Greenhouse Gas (“GHG”) Protocol Corporate Accounting and Reporting Standard;
- The United Nations Sustainable Development Goals; and
- Task Force on Climate-Related Financial Disclosure.

The reporting principles covered in this report includes:



Stakeholder Inclusiveness
Capturing our stakeholders’ expectations and concerns



Sustainability Context
Presenting our performance in the wider context of sustainability



Materiality
Identifying and prioritising the key sustainability issues that our Group encounters



Completeness
Reporting all sustainability topics that are relevant to our Group, and those that influence our stakeholders

REPORTING PERIOD

This report refers to the financial year from 1 January to 31 December 2021.

REPORTING SUITE



Annual Report



Sustainability Report

SCOPE AND BOUNDARIES

The scope of the report is focused on the Group's core business sectors operating in Malaysia. The data covers all operating companies of DRB-HICOM Group of Companies in Malaysia where it holds management control. This report excludes disclosures on our business activities outside of Malaysia and non-core business segments.

DRB-HICOM Berhad completed the disposal of its hospitality business, Rebak Island Marina Berhad and Horsedale Development Berhad on 31 December 2020 and as a result, these entities ceased to be subsidiary companies of the Group. Adjustments have been made to exclude both entities for the years of 2018, 2019, 2020 and 2021 in all performance data.

FEEDBACK

Any comments and feedback will help us improve our sustainability and reporting journey. Please share your thoughts with us by contacting:

Mahmood Razak Bahman

Head, Group Strategic
Communications Division

info@drb-hicom.com

MEMBERSHIPS AND ASSOCIATIONS

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

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

NAVIGATION ICONS

Our Six Capitals



Financial



Manufactured



Intellectual



Human



Social and
Relationship



Natural



We encourage our stakeholders to access the on-line version of this report via this QR code.

GROUP MANAGING DIRECTOR'S STATEMENT



Dear shareholders and stakeholders

The last two years have been an uphill battle with the continued COVID-19 pandemic forcing shifts in public policy and company behaviour, some of them permanently. But the nature of humans is to persevere, and alhamdulillah, we have. While still a quarter of a million new COVID-19 cases are recorded daily globally as of March 2022, recovery rates top 330,000 daily. This is most pleasing, knowing that of the 70 million active cases in the world today, a majority will survive it.

LESSONS LEARNED

Life's lessons are available at every turn. The pandemic enabled organisations to discover critical points of weakness in their supply chain. We see in the auto industry how supply chains were deemed inefficient, with microchip shortages prevailing even as we write this report. As a result, productions slow, or model specifications are adjusted, all impacting the bottom line. Thus, organisations need to find more sustainable ways to remain operating optimally and to be better prepared when the next curve ball arrives. The reality is, businesses cannot simply replace vendors and suppliers who were impacted by COVID-19 because everybody is affected. The World Economic Forum aptly commented on their website: "The COVID-19 pandemic has changed the business environment for many organisations around the globe, and has highlighted the importance of being able to react, adapt and set up crisis management mechanisms in order to weather situations of uncertainty." For businesses that survived and recovered from supply chain disruptions, many have now come up with new ways of working with third parties in ensuring a more resilient future.

Positively, the pandemic has inadvertently impacted the environment. The social and economic movement restrictions provided an unexpected silver lining, with decreased outdoor activities and movements in the past two years benefitting the natural environment; waterways and air quality became clearer and cleaner. The lesson learnt here is that we can do plenty to impact our environment. We should not need another lockdown to realise that heeding this lesson is key to a sustainable existence for each and every one of us. Here, the other nature of humans may yet come to fore; we forget rather easily how we got here, and may perhaps be lulled into returning to our old, less environment-friendly ways?

JUMPING ON THE BANDWAGON

Away from the pandemic, it is notable that more and more countries are getting on board the green energy sustainability wagon. With governments forcing a behaviour change, automotive brands are now investing heavily into developing and producing new zero-emission models. Here, with the Malaysian Government also showing greater intent to see less pollution from vehicles, carmakers are already introducing clean energy variants to their range. Hyundai, Volvo, and Mercedes-Benz are among the domestic market's early adopters trying to cash in on the tax exemptions dangled by the Government to try and kick-start the change.

PROTON too will be in this segment in the near future, with a roadmap already on the drawing board. Given the significant role of vehicles in any economy, this shift can help change the environment for the better. Admittedly, there are core issues such as charging infrastructure that needs to be revamped or boosted, but there are now clearer plans for this, with even fossil fuel brands coming on board. Change, as cliché as it sounds, is inevitable.

GRATITUDE

On behalf of the Board, I extend our appreciation to the employees for relentlessly pushing through the sustainable agenda at DRB-HICOM. While it has been glum and dull in the economic and pandemic sense, there is only one way from here on out, which is forward. Malaysia has now entered the transition into the endemic phase of our COVID-19 management, and this must signal better things as our economy and borders open up fully. It must of course be accompanied with prudence; face masks and sanitisers still offer the best physical defence, while vaccines have proven to be effective in reducing the mortality rate of patients.

My gratitude also extends to all our shareholders whose inputs keep us on our toes and provide a check and balance to our efforts at DRB-HICOM. Let us look forward to better things in the years ahead.

Thank you.

Syed Faisal Albar

AWARDS AND RECOGNITION



01

Sustainability & CSR Malaysia Awards 2021
“Company of the Year Award for Pioneering Renewable Energy”

Awarded to DRB-HICOM Berhad

Malaysia Travel Awards 2021
“Malaysia’s Leading Car Rental Company 2021”

Awarded to DRB-HICOM EZ-Drive Sdn. Bhd.

02



03

Islamic Finance Award 2021
“The Asset Triple A”

Awarded to Bank Muamalat Malaysia Berhad



PROTON Suppliers Conference and 2021 Award Ceremony
“Best Quality Award”
“Best Delivery Award”

Awarded to HICOM HBPO Sdn. Bhd.

04



SUSTAINABILITY AGENDA IN DRB-HICOM

OUR ASPIRATION

DRB-HICOM is among the region's leading conglomerates with 82 operating companies covering six main sectors (across Automotive, Aerospace and Defence, Properties, Banking, Postal and Services) nationwide. Working with different people and needs, we have always strived to lead by example in driving the sustainability agenda across all business sectors. This philosophy is a commitment from the Group as a whole, as we work together to incorporate sustainability from the Economic, Environmental and Social ("EES") aspects into our daily operations.

Building on a solid foundation of corporate governance, sustainability principles permeate decisions and actions we undertake to ensure responsible business practices, manage the environmental impact of our operational activities, provide an inclusive workplace for our employees and meet the needs of the wider society.

OUR VALUE CHAIN STRATEGY

Given the diverse nature of our business operations, sustainable and responsible business practices form the basis of our strategy to create long-term value for our stakeholders. We allocate and channel various forms of capital into our business operations with the objective of minimising our negative impacts and generating sustainable value for our diverse stakeholders.

As we believe that our global presence needs us to be forward-looking and be supportive of both international and national agendas, we therefore incorporate Sustainable Development Goals ("SDG" or "Goal") introduced by the United Nations into the Group's sustainable strategy. These 17 Goals include calls of action to end poverty, protect the environment and help people lead a peaceful and prosperous life. Malaysia has committed to support and implement the 2030 Agenda for Sustainable Development and its 17 Goals, and we at DRB-HICOM reaffirm our support, aligning our business strategy to the national aspiration towards achieving the Goals.

SUSTAINABILITY VISION



To be a frontrunner in meeting the sustainable standards set by the nation

SUSTAINABILITY MISSION



To ensure that business activities of our core sectors are aligned with the expectations of our stakeholders while also enhancing the long-term value of the Group through sustainable initiatives

COMMITTED TO A SUSTAINABLE FUTURE **DRB-HICOM**



SUSTAINABILITY AGENDA IN DRB-HICOM

OUR CAPITAL



FINANCIAL

Disciplined capital allocation of equity, debt and grants.



MANUFACTURED

Tangible and production oriented infrastructures, equipment, machineries, business structure and operational processes, that provide the framework and mechanics of how we do business.



INTELLECTUAL

Intellectual property, brand reputation, proprietary processes and systems, as well as product and service quality that serves to be our competitive advantage.



HUMAN

The competencies, skills, capabilities and experience of our employees and how they innovate, collaborate and align with our goals.



SOCIAL AND RELATIONSHIP

The strong relationships we create through regular engagements with all our key stakeholders, including industry and community partnerships.



NATURAL

Adoption of renewable energy and other energy conservation efforts. Continuation of waste and water management programmes.

OUR SUSTAINABILITY STRATEGIES

OUR ECOSYSTEM



Automotive



Aerospace and Defence



Properties



Banking



Postal



Services

OUR FOCUS SDG



OUR SUSTAINABILITY MODEL



OUR SUSTAINABILITY TARGETS

Safety-conscious Culture

Zero fatality and reduction in accident cases

Promoting Diversity and Gender Equality

Female representative of at least 30% at Management Level

Fight against Climate Change and Managing Environmental Impacts

Adoption of renewable energy and energy conservation efforts

OUR OUTPUT

End of 2021

- Market capitalisation of RM2.76 billion
- Group's revenue of RM12.4 billion
- 82 operating companies covering Automotive, Aerospace and Defence, Properties, Banking, Postal and Services.
- Property, plant and equipment assets value of RM5.7 billion
- Total asset of RM47.1 billion
- Product design and patent
- Leverage technology to drive insights and respond to ever-changing consumer trends
- Data privacy, cyber security and information security benchmarking, initiatives and programmes

46,000
workforce
within the
Group

RM6.4
million
investment
in training

851
talents
identified
across the
Group

- Intensified safety protocols and procedures in response to COVID-19 pandemic
- Empower communities, through continuous community programmes to ease their burden during the COVID-19 pandemic and the recent flood crisis
- RM1.2 million investment in community programmes
- Carbon emission equivalent ("CO₂e") avoidance - 9,892 tonnes CO₂e
- Revised Safety, Health & Environmental ("SHE") Policy to strengthen the commitment on environmental stewardship.

OUR IMPACT



Generate sustainable business revenue and long-term growth while conserving the environment and improving communities.



Economical, ecological and societal value to the people and nation.



Strengthening our brand value and reputation through greater understanding of our customer needs.



Built quality infrastructures and developments with green and innovative products while creating opportunities for sustained value.



Future-proof workforce and attracts high-skilled talent.



Built developments that meet the needs of the present without compromising the natural resources and ability for future generations to appreciate.



Improve local communities' well-being and support upward social mobility.

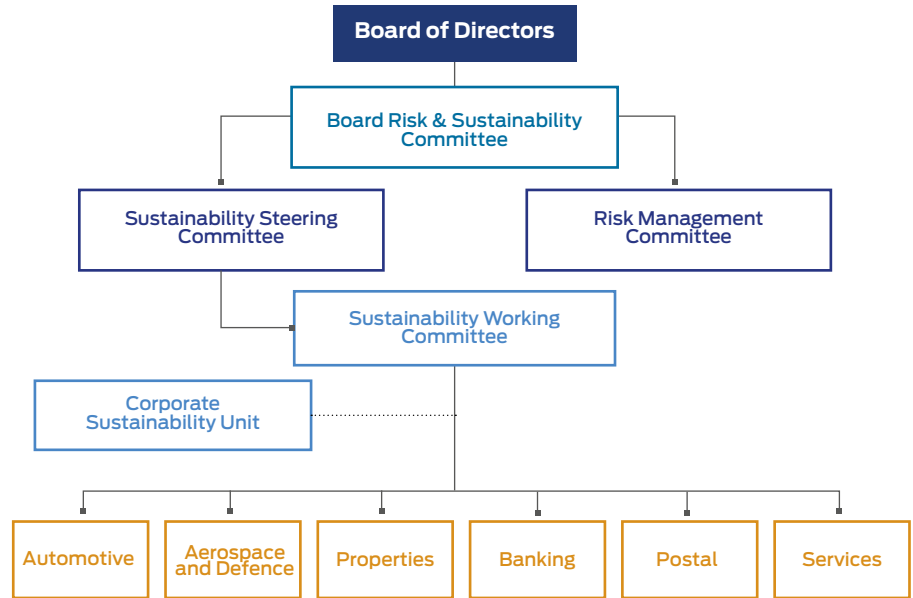


Continued focus on carbon reduction through optimising energy efficiency and generating renewable energy on site.

SUSTAINABILITY GOVERNANCE

OUR STRUCTURE

Led by the Board of Directors, 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 in the management and supervision of sustainability matters within the Group. It also ensures responsible management of sustainability opportunities and risks that focus on adding long-term value. The principle and importance of sustainability is embedded in every operation level across DRB-HICOM. By ensuring various levels of accountability, we can inculcate a culture of sustainability throughout the Group. Starting at the Board of Directors level, the sustainability governance of the Group encompasses our six business sectors (Automotive, Aerospace and Defence, Properties, Banking, Postal and Services). The roles and responsibilities of the sustainability governing body are depicted on the right.



DRB-HICOM Sustainability Governance Structure

Board of Directors

The Board of Directors provides oversight and strategic direction on the Group's sustainability agenda and endorses the proposed sustainability initiatives and material sustainability matters related to the Group.

Board Risk & Sustainability Committee ("BRSC")

BRSC oversees the entire sustainability performance against our material and salient sustainability issues, from climate change and human rights to safety and pollution, and directs the establishment of framework and policies to drive sustainability practices across the Group. BRSC also ensures the effective management of significant and material EES risks impacting the principal businesses of the Group.

Sustainability Steering Committee ("SSC")

Chaired by the Chief Operating Officer, Corporate Services, the SSC comprises 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. The SSC convenes its meetings on a quarterly basis.

Sustainability Working Committee ("SWC")

The SWC consists of nominated Sustainability Champions in each sector within the Group. The Champion acts as the cross-functional 'activation-arm' that effectively drives focus on executing strategic plans for our priority material topics. The working group is also tasked with collating information for relevant sustainability indicators.

Corporate Sustainability Unit ("CSU")

The CSU coordinates with and provides support to Sustainability Champions and various functions on identification and management of material sustainability matters, including overseeing stakeholder engagement, materiality assessment and managing sustainability-related risks. CSU also supports the Sustainability Champions in building sustainability capabilities in terms of knowledge sharing across the Group.

OUR POLICY

We at DRB-HICOM, aim to promote sustainable development and profitable growth. We incorporate EES perspectives into our strategies, intending to achieve sustainable development. The establishment of our Sustainability Policy has fortified our pledge towards mitigating and managing our direct and indirect EES impacts. Our Sustainability Policy aligns with our sustainability vision and mission statements, and it showcases our commitment to responsible business conduct through the integration of EES consideration throughout our business processes. Additionally, our Sustainability Policy lays out a framework for how we plan to respond to business opportunities and risks in the context of EES impacts. The policy applies to all of our products and services, organisational units, subsidiaries and operations in which we operate, and our supply chain. The policy outlines the Group’s commitments and expectations in all aspects of ethical business practices, addressing relevant governance and EES issues.

<p>Governance</p> <ul style="list-style-type: none"> • Integration of sustainability and climate-change aspects in business strategies • Fostering sustainability culture 	<p>Economic</p> <ul style="list-style-type: none"> • Fair and responsible procurement practices • Supporting the economic growth of the local suppliers
<p>Environmental</p> <ul style="list-style-type: none"> • Efficient use of natural resources • Minimising carbon footprint • Efficient waste & effluent management • Encourage the development of a circular economy 	<p>Social</p> <ul style="list-style-type: none"> • Compliance to labour standards • Respecting human rights • Contribution towards community developments

Specifically, our commitments on EES are as depicted in our Sustainability Policy below:

ECONOMIC 

GOVERNANCE

- Encourage a corporate culture that fosters sustainable practices and values in our business conduct
- Comply with, and exceed where practicable, all applicable legislation, regulations and code of ethics in our business practices
- Promote and ensure all employees are aware of and are committed to implementing sustainability activities as part of the Group’s strategy

SUPPLY CHAIN

- Advocate socially responsible procurement practices with our suppliers and vendors
- Encourage growth and development of local suppliers and vendors through optimal use of local resources and materials

ENVIRONMENTAL 

ENVIRONMENTAL MANAGEMENT

Consistently strive to reduce our carbon footprint by specifically committing to:

- Use natural resources efficiently, optimally and prevent pollution to the environment
- Reduce our use of carbon and be energy efficient in all of our operations
- Handle, and where possible, minimise our waste and effluent safely and efficiently
- Encourage consistent practices of reuse, recycle, remanufacture and recovery of products

SOCIAL 

HUMAN RIGHTS AND WORKPLACE

- Adhere to labour standards including but not limited to freedom of association and recognition of the right to collective bargaining, strict prohibition of all forms of forced and child labour and the elimination of direct and indirect discrimination with respect to employment and occupation
- Manage employees’ welfare and well-being and promote workplace diversity

COMMUNITY DEVELOPMENT AND SOCIAL IMPACT

- Contribute towards the welfare of the community in which the Group operates in
- Shape a healthy, resilient and sustainable community by supporting charitable causes and community development initiatives

SUSTAINABILITY RISK MANAGEMENT

SUSTAINABILITY RISKS AND OPPORTUNITIES

At DRB-HICOM, our business strategy is supported by the principles and values that is to improve the economic development as well as manage the environmental and social impacts. EES risk is categorised as one of the key risk types of DRB-HICOM Group and is integrated into the Group Enterprise Risk Management Policy.

These risks are managed by the Group’s three lines of defence, namely Sector and Business Units, Group Risk Management & Sustainability Division and Group Internal Audit Division, alongside initiatives conducted to measure and mitigate risks across all sectors, units and divisions consistently. More information on our Risk Management framework and processes can be found in the Risk Management Statement on pages 70 to 77 of the Annual Report.

RISKS	OUR ACTION
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CLIMATE-RELATED RISK

Climate-related risks are classified into two categories, transition and physical risks, in accordance with the Task Force on Climate-related Financial Disclosures (“TCFD”).

Impacted Capitals:



Related SDGs:



At DRB-HICOM, we undertake a similar approach to understand our climate-related risks. We have reached another milestone beginning this year by embarking into our journey on reporting of climate-related risk based on recommendations prescribed by the TCFD. For more details on the Group’s commitment towards climate change and our current initiatives aligned to the four basic recommendations of TCFD, please refer to page 14.

Apart from the above, the Group has continuously taken various initiatives with regards to managing the adverse environmental impact due to climate change. Our mitigation efforts vis-à-vis Carbon, Waste and Water Management are further elaborated in Environmental section of this report on the pages 35 to 46.

WORKPLACE SAFETY AND HEALTH RISK

The health and safety of our employees as well as our stakeholders represents an integral part of DRB-HICOM’s operational excellence that we will not compromise.

Impacted Capitals:



Related SDGs:



Guided by the SHE Policy, we conduct stringent checks and employee trainings as well as implement control systems and standard operational procedures (“SOPs”) to ensure disruptions from safety and health related incidents at our workplace are effectively mitigated. All SHE-related data are reported and monitored on a monthly basis using our Integrated Reporting of Occupational Safety, Health & Environmental (“IROSHE”) system. For further disclosure on our actions in ensuring safety and health risks are well managed within the Group, kindly refer to page 50.

The Group has also initiated efforts in managing the COVID-19 pandemic impact. This includes constant monitoring of COVID-19 statuses and cases by the COVID-19 Committee, continual improvement on the safety and health measures and protocols employed within the Group.

RISKS

LEGAL & COMPLIANCE RISKS

The Government has emphasised on the participation of private sector in addressing corporate governance and other EES issues in Malaysia. The Government is also currently looking into establishing policies on climate change and energy efficiency.

Impacted Capitals:

Related SDGs:



OUR ACTION

With this in mind, the Group frequently engages with the Government, regulatory bodies as well as industry experts to ensure sufficient preparedness towards regulatory transitions.

In light of the provision of Section 17A of Malaysian Anti-Corruption Commission (“MACC”) Act, which took effect since June 2020, the Group has taken necessary measures to strengthen our anti-bribery and anti-corruption practices, and ensuring adequate procedures are in place.

Further details can be found at page 26 and 27 of this report.

OPPORTUNITIES

CIRCULAR ECONOMY WITHIN THE DRB-HICOM ECOSYSTEM

With 82 operating companies spanning across six diverse sectors i.e., Automotive, Aerospace and Defence, Properties, Banking, Postal and Services, DRB-HICOM has built an economic ecosystem that possesses sizeable potential in minimising wastes and making the most out of resources within our subsidiaries.

Impacted Capitals:

Related SDGs:



OUR ACTION

The Group is constantly exploring methods to adopt the circular economy approach and gradually move away from the traditional linear “take, make, dispose” industrial processes. We believe this will enable the Group to minimise wastage risks associated with raw materials and natural resources in the long term.

DECARBONISE OUR ENVIRONMENTAL FOOTPRINT

In supporting Malaysia’s commitment towards achieving a 45% nationwide carbon reduction by the year 2030 compared to base year 2005, the Group has been actively reducing its carbon footprint through energy reduction initiatives as well as adoption of cleaner and renewable energy sources.

Impacted Capitals:

Related SDGs:



We align our carbon management strategy with Malaysia’s commitment to carbon reduction and transition towards a low carbon economy.

The Group has consistently disclosed its Scope 1 and 2 carbon emissions since 2015, with strategic carbon-reduction initiatives implemented to drive the Group towards becoming a low carbon emission intensity organisation. While the Group continues to ensure efficient use of its resources, it has also begun harnessing renewable energy sources through the rooftop solar photovoltaic (“PV”) system beginning in 2019 and will continue to expand its proportion of renewable energy generation and utilisation in the near future.

SUSTAINABILITY RISK MANAGEMENT

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”)

Since the adoption of the landmark Paris Agreement in 2015 to combat climate change, we have seen significant shifts in technological advancements, policy actions, business practices and investment patterns. However, there is more to be done to ensure we do not surpass the irreversible climate breaking points.

A major milestone in our Sustainability Strategy is our TCFD journey in early 2021 and implementing its recommendations in phases. We have charted how the Group's commitment on climate change are aligned to the four principles put forward by the TCFD, i.e. 'Governance', 'Strategy', 'Risk Management', and 'Metrics and Targets' which is also aligned to our governance practices and current initiatives. We will continue to work on disclosing more data on a best-effort basis moving forward.



GOVERNANCE

BRSC and SSC have been formed to provide governance on climate-related risks and opportunities.



STRATEGY

We had identified the potential climate-related risks for the Group. The outcome of scenario analysis and action plans in mitigating the impacts of these risks will be integrated in our business strategies and financial planning moving forward.



RISK MANAGEMENT

We identified climate change as part of the Group's risk universe and performed risk assessment in accordance to the Group's Risk Management Framework.



METRICS AND TARGETS

Our GHG Scope 1 and 2 emissions performance is monitored and presented to the Board and Management level on a quarterly basis. A Key Performance Indicator (“KPI”) on carbon reduction has been set at the strategic level and will be implemented in FY2022.

MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES IN OUR BUSINESS

In line with the TCFD recommendations, we are committed to integrating climate-related risks as part of our DRB-HICOM Enterprise Risks Management Framework. The table below encapsulates the initial assessment that we performed with regards to the potential climate-related risks and opportunities to our business portfolios. Moving ahead, we will quantitatively evaluate the anticipated risks with scenario analysis for discussion and endorsement at management and board levels and subsequently integrate those measures as part of our business strategy and financial planning.

Physical Risks



Heavy Rainfall

- Heavy rainfall may lead to production and business disruption, specifically in flood-prone areas where our manufacturing premises resides



Drought

- Water scarcity causes interruption to our operations and whereby sourcing for alternative water sources may result in additional costs incurred by the Group



Extreme High Temperature

- Prolonged high temperature causing declines in labour productivity leading to operational stoppages

Transition Risks



Changes in consumer trends and preference

- Shifts in consumer trends towards next generation/ electric-powered vehicles and low carbon mobility services leading to significant asset impairments and write-offs
- Pressure to transition to renewables arising from the government's introduction of a new energy framework and targets



Stricter imposition of carbon emissions regulations

- Continual implementation of stringent carbon emission regulatory standards restricting entry of our products and services into the regional and global marketplace
- Failure to meet national regulation on carbon emission standards resulting in penalties imposed by authorities affecting corporate brand and image



Carbon Pricing

- Future introduction of the carbon tax, carbon trading and other emission requirements impacting the Group's long-term business performance and operational strategies due to our conventional energy-intensive business nature

Opportunities



Improved operation efficiency

- Group companies would be able to utilise the global push for sustainability and climate-change agenda to improve its existing machines / equipment efficiencies



Green Product
















- As climate change gains prominence across the world, the impact on the ecological environment and natural resources will be even greater
- The advent and adoption of green technologies presents opportunities for the Group to innovate and develop green products and services to penetrate new markets and improve consumer preferences




SUSTAINABILITY STAKEHOLDERS ENGAGEMENT




OUR STAKEHOLDERS




Our stakeholders are an integral part of our business, thus understanding and addressing their expectations and concerns are vital towards ensuring continuity in DRB-HICOM's sustainability journey. Engagement with our stakeholders is fundamental for us to assess the most material issues we encounter in our businesses. Our stakeholder prioritisation and engagement exercises are guided by Bursa Malaysia Securities Berhad ("Bursa Securities") Sustainability Toolkits. We identify our stakeholders by considering various factors, such as stakeholders' influence on the business and reputation; legal obligations; financial responsibility; physical proximity; degree of dependency and common business & community interests. Amidst the COVID-19 pandemic crisis, we continue to regularly engage with our stakeholders through a variety of communication channels, via virtual and physical platforms, formally and informally, in order to understand and respond to their concerns and expectations.




The table below encapsulates the data we have collated from the regular engagements with stakeholders throughout this reporting period.

STAKEHOLDER GROUP	Mode of Engagement	Frequency of Engagement	Scope of Interest
CUSTOMERS  Basis for selection: Influence	<ul style="list-style-type: none"> Corporate website Social media platforms Customer satisfaction survey Media releases Events 	<ul style="list-style-type: none"> Continuous Continuous Continuous As needed As needed 	<ul style="list-style-type: none"> Customer satisfaction Brand reputation Product innovation
Related SDGs: 	Impacted Capitals:  		
EMPLOYEES (INCLUSIVE OF TRADE UNIONS)  Basis for selection: Influence, Dependency	<ul style="list-style-type: none"> Internal circular SHE campaigns and dialogue SHE Pledge Employee engagement survey Employee engagement programme Code of Ethics and Business Practice Whistleblower Policy Dialogue with national and in-house unions 	<ul style="list-style-type: none"> Continuous Continuous Annually Triennially Continuous Continuous Continuous As needed 	<ul style="list-style-type: none"> COVID-19 safety protocols & practices Occupational safety and health Training and education Career progression Employment (turnover rate & benefits) Employee welfare and well-being Direct economic value generated and distributed Ethical business conduct and anti-corruption practices Corporate governance practices
Related SDGs:   	Impacted Capitals:  		
SUPPLIERS AND CONTRACTORS  Basis for selection: Dependency	<ul style="list-style-type: none"> Review meeting Business negotiation DRB-HICOM Group Procurement Policy ("GPP") DRB-HICOM Vendor Code of Conduct Zycus E-Procurement system 	<ul style="list-style-type: none"> Quarterly As needed Continuous Continuous Continuous 	<ul style="list-style-type: none"> Ethical business conduct and anti-corruption practices Fair procurement practices Vendor and supplier development Service-level Agreement ("SLA") achievements and contract progress Terms & Conditions and costs Administrative efficiency (vendor registration and bid auction)
Related SDGs:   	Impacted Capitals: 		

<p>LOCAL COMMUNITY</p>  <p>Basis for selection: Proximity</p>	<p>Mode of Engagement</p>	<p>Frequency of Engagement</p>	<p>Scope of Interest</p>
	<ul style="list-style-type: none"> Participation and sponsorship of community service events/ Non-Governmental Organisations (“NGO”) events Social and environmental contribution programme 	<ul style="list-style-type: none"> Continuous Continuous 	<ul style="list-style-type: none"> Human rights assessment Indirect economic impacts Community development Climate change Socio-economic
	<p>Related SDGs:</p> 	<p>Impacted Capitals:</p> 	

<p>INVESTOR COMMUNITY</p>  <p>Basis for selection: Financial Responsibility, Influence</p>	<p>Mode of Engagement</p>	<p>Frequency of Engagement</p>	<p>Scope of Interest</p>
	<ul style="list-style-type: none"> One-on-one and virtual group meetings Financial results announcement Annual General Meeting Engagement with Credit Rating Agencies & Shariah-compliant Reviews Dialogue/ teleconferences with existing and/ or potential investors Announcement via corporate website Annual Report Production 	<ul style="list-style-type: none"> Continuous Quarterly Annually Annually Continuous Continuous Annually 	<ul style="list-style-type: none"> Direct economic value generated and distributed Provide better understanding on DRB-HICOM businesses Create favourable opinions and investors’ support Fair market value for DRB-HICOM shares Increase shareholders’ value Lowering cost of financing Ethical business conduct and anti-corruption
	<p>Related SDGs:</p> 	<p>Impacted Capitals:</p> 	

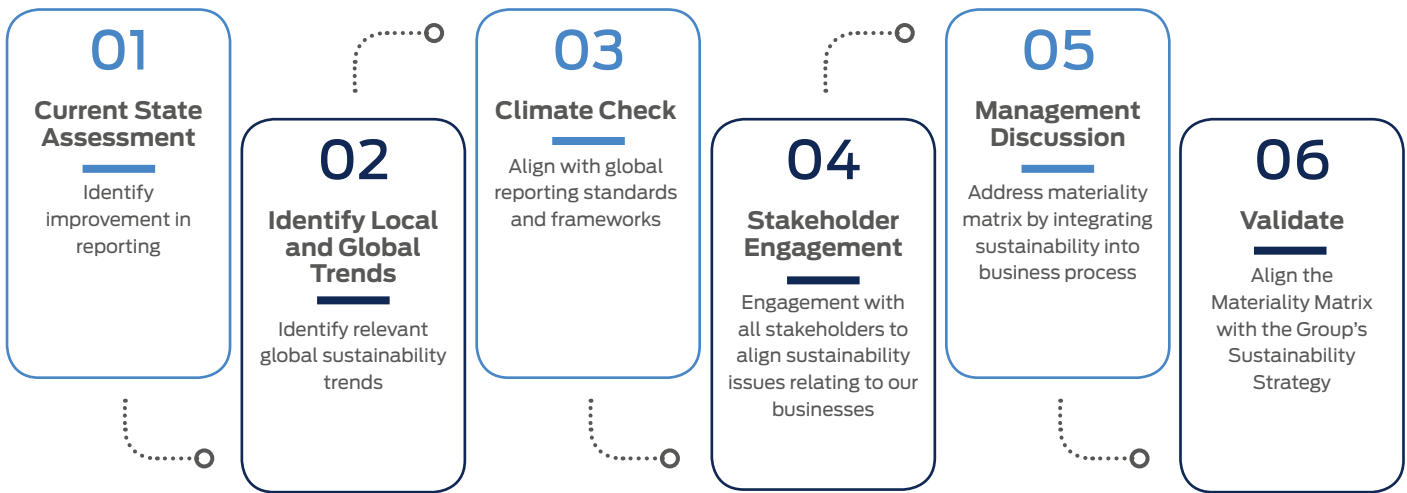
<p>REGULATORS</p>  <p>Basis for selection: Legal Obligation</p>	<p>Mode of Engagement</p>	<p>Frequency of Engagement</p>	<p>Scope of Interest</p>
	<ul style="list-style-type: none"> Jointly organised workshops and seminars with regulatory agencies Pro-active consultation with the relevant regulatory bodies on corporate compliance programmes 	<ul style="list-style-type: none"> Continuous Continuous 	<ul style="list-style-type: none"> Corporate governance practices Regulatory and legal compliance Environmental compliance Ethical business conduct and anti-corruption practices
	<p>Related SDGs:</p> 	<p>Impacted Capitals:</p> 	

<p>BUSINESS PARTNERS</p>  <p>Basis for selection: Influence, Dependency</p>	<p>Mode of Engagement</p>	<p>Frequency of Engagement</p>	<p>Scope of Interest</p>
	<ul style="list-style-type: none"> Business negotiation 	<ul style="list-style-type: none"> As needed 	<ul style="list-style-type: none"> Direct economic value generated and distributed Ethical business conduct and anti-corruption practices Corporate governance practices Brand reputation
	<p>Related SDGs:</p> 	<p>Impacted Capitals:</p> 	

MATERIALITY ASSESSMENT

Understanding our EES priority areas is vital in implementing sustainability strategies and initiatives that are aligned with our sustainability vision and mission statements. We identified these priority areas through the assessment of our materiality matrix on a biennial basis or as and when there are significant changes to the business landscape and prospects. This is to ensure that our material matters continue to be relevant, as well as to reflect and incorporate the current local and global sustainability trends, views from subject matter experts, and perspectives from our internal and external stakeholders into our strategies. The results were compiled, mapped and discussed with our SSC and subsequently approved by the BRSC for adoption.

OUR MATERIALITY PROCESS



DRB-HICOM MATERIALITY MATRIX



	Material Matters	Relevant SDGs	Impacted Capitals
Economic	Ethics & Anti-Corruption Maintaining an effective governance and internal control framework to uphold corporate values and ethical standards across our value chain	 	
	Indirect Economic Impacts Indirect value creation in strategic investment decisions to enhance shareholder returns		 
Environmental	Energy Ensuring the efficient and effective use of energy resources through the adoption of renewable energy	   	  
	Emission Protecting the environment via transitioning towards a low carbon economy	  	  
	Effluents and Waste Deploying effective waste management within the business operations and compliance to environmental policies and regulations	   	  
	Water Managing water resources efficiently and sustainably within the business operations	  	  
Social	Diversity and Equal Opportunity A workplace where all employees are treated fairly, with dignity and without discrimination	  	
	Employment (Turnover Rate & Benefits) Ensuring that employees are productively engaged and fairly remunerated	 	
	Local Communities Corporate volunteering initiatives, charitable support of programmes aimed at creating positive social impacts	  	
	Occupational Safety and Health Managing employees' safety and improving their health and well-being	 	
	Training and Education Encouraging continuous personal and professional development and upskilling competencies of employees	 	 
	Spend on Local Suppliers Encouraging the practice of local sourcing to safeguard businesses from the risks and challenges that may arise from being dependent on overseas procurement	 	 
	Freedom of Association and Collective Bargaining Protecting employees' rights and promoting a safe and secure working environment	 	 



ECONOMIC KEY HIGHLIGHTS

BUSINESS PERFORMANCE



Revenue in
FY2021
**RM12.4
billion**

FAIR BUSINESS PRACTICES

95%
Active Local
Suppliers



SOCIO-ECONOMIC

RISE26+

Bank Muamalat's
strategy to 'Promote
Value-based
Intermediation
(“VBI”) and
Sustainability



**Automotive
Market Share
38%**

January - December 2021
DRB-HICOM : 191,745 units
Malaysia's TIV¹ : 508,911 units



**RM5.24
billion**
was spent on local
suppliers

Zero
cases of non-
compliance to
Anti-Bribery and
Anti-Corruption
Policy was observed
in FY2021



**RM11.05
billion**

VBI Financing over
Total Financing Asset
by Bank Muamalat



Proton City Tanjong
Malim, accelerating
the economic
growth of the local
community

¹Total Industry Volume

ECONOMIC BUSINESS PERFORMANCE

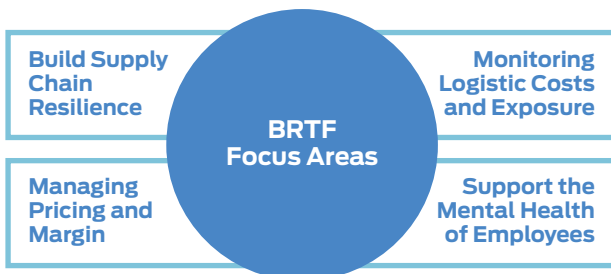
WHY IT IS IMPORTANT

At DRB-HICOM, business performance is imperative to the sustainability of the Group as it supports the growth of our business operations. Our resilient economic performance is a testament to our unwavering commitment to run our business sustainably and efficiently, capture opportunities and minimise risks through a strategic risk management approach.

OUR APPROACH

We regularly assess our business practices and strive to achieve long-term sustainable economic growth for our stakeholders, despite having a diverse operation that are interlinked to create synergy. We deliver business performance that is supported by good corporate governance and high ethical standards. We ensure compliance of our entire operations and supply chain to local laws and regulations.

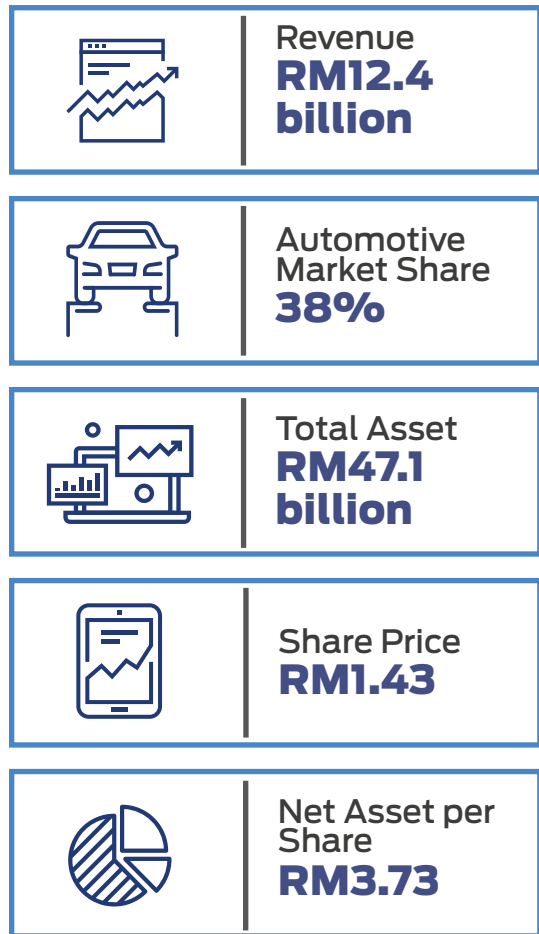
The COVID-19 pandemic has brought multi-faceted impacts to our businesses, and responding to the impact of this crisis has been our focus since 2020. Despite the uncertainty, we are staying grounded to our values and vision for all our stakeholders. We see this as an opportunity to take a step back and look at the bigger picture of what sustainable development means to us. In March 2020, we had set up the Business Recovery Task Force (“BRTF”) to reconfigure our operating models and strategies towards a new business reality. The BRTF established a crisis management structure for the Group, focusing on the entire spectrum of business challenges and opportunities faced by the Group due to the pandemic. Nevertheless, as the world moves into the endemic phase of COVID-19, the BRTF has refined its approach and shifted its focus towards reviewing and reassessing our business and operating models especially in the changing business conditions, building supply chain resilience, and monitoring logistics costs and exposures. Apart from the above, the Group has also endeavoured in supporting employees’ mental health and well-being during these challenging times. The Group will continue to undertake critical capital expenditure for modernisation, expansion and replacement of assets.



OUR PERFORMANCE

Set against the backdrop of a challenging landscape in the reporting year, the Group generated a revenue of RM12.4 billion and registered a pre-tax loss of RM291.3 million in FY2021. In the fiscal year ended 31 December 2021, DRB-HICOM’s total assets amounted to approximately RM47.1 billion.

The Group holds a 38% market share in the automotive industry for FY2021, and is still growing its presence in the market through its franchise brands. DRB-HICOM’s share price closed at RM1.43 on the last day of trading in 2021. As at 31 December 2021, the Group’s net assets per share stood at RM3.73.



For more details on DRB-HICOM’s FY2021 financial performance, five-year financial highlights and business overview, kindly refer to the Annual Report 2021.

ECONOMIC FAIR BUSINESS PRACTICES

SUSTAINABLE SUPPLY CHAIN MANAGEMENT

WHY IT IS IMPORTANT

The impact of EES performance extends across our supply chain. All our suppliers play a crucial role in charting the path towards socio-economic and environmental sustainability. We recognise the importance of sustainable procurement and actively collaborate with our suppliers to further our sustainable development efforts.

Given the multi-faceted nature of our services, we believe this is essential for the success of our business. We consistently promote strategic, collective and sustainable supply chain management that is centred upon the vision of “One DRB-HICOM Procurement” that aims to create efficiency through competency, collaboration, visibility and leverage on cost reduction as well as being socially and environmentally responsible for the Group by applying the best professional procurement practices.

OUR APPROACH

At DRB-HICOM, we are committed to providing equal and fair business opportunities through competitive bidding and appropriate procurement methods. Our process ensures all participants are evaluated transparently by the appointed committee members. We screen all potential suppliers through our pre-qualification (“PRE-Q”) evaluation exercise before proceeding to the next procurement stage.

To further enhance our relationship with the suppliers, Group Procurement Division introduces the Supplier Relationship Framework to DRB-HICOM Group of Companies. We also continuously assess our procurement policies and sourcing practices to limit the negative environmental and social externalities at all levels of our operations.

Embedding Sustainability Within Our Procurement Process

We uphold the GPP as a group-wide policy, which is reviewed every five years. We believe it is important that business partners and suppliers understand the importance of EES principles and work together with us to address sustainability issues.

As an extension to the GPP, the DRB-HICOM Vendor Code of Conduct (“VCOC”) was established as the core principle for all employees and vendors to conduct businesses in a manner that reflects our underlying values in ensuring sustainable development in our supply chain. We have enhanced the VCOC to incorporate additional sustainability evaluation criteria for our suppliers, including prohibitions against the use of forced, compulsory or trafficked labour or anyone held in slavery, whether adults or children. We expect all vendors to obtain materials with full deliberation and care to avoid the sourcing or usage of materials which are unlawful or obtained through unethical and unacceptable means. We expect our suppliers to undertake similar measures with their supply networks to ensure the elimination of unethical business practices across the entire supply chain.

VCOC

VCOC is aimed at creating a sustainable supply chain ecosystem across the Group. Suppliers are required to act with integrity, responsibility, honesty and respect, while also ensuring that their practices are ethical, safe, environmentally and socially responsible. The VCOC applies to all parties that supply goods and services to DRB-HICOM Group. The Group seeks only suppliers that operate in compliance with the criteria described in our VCOC. In FY2021, VCOC on-line self-assessment was conducted on selected vendors, and full compliance to VCOC was recorded in the assessment.



For more information on our VCOC, please scan the QR code.

ECONOMIC FAIR BUSINESS PRACTICES

Strengthening Supply Chain via Procurement Excellence Framework



Category Management

Our sourcing strategies allow us to assure the long-term competitiveness of products and services. It also assists us to strengthen relationships through close cooperation with the suppliers and business partners.

Key Initiative in FY2021

- Deployment of Multi Function Printers (“MFPs”) across the Group started in November 2019 with the objective of obtaining competitive pricing through centralised purchasing and at the same time enable the tracking and minimisation of paper consumption. This project recorded a reduction in paper usage by approximately 20% compared to FY2020.
- To provide long-term sustainable employment to the local community, we have taken initiative to source for local security officers across our operating companies. We managed to achieve 90% recruitment of local security officers, with remaining composition coming from non-local or foreign officers. We target to reduce the proportion of foreign security officers to below 10% within three years.



Procurement Academy

An initiative to focus on the complete spectrum of talent management to develop, engage and retain the talent among our Procurement Practitioners across the Group.

Key Initiative in FY2021

- In collaboration with DRB-HICOM University of Automotive Malaysia (“DRB-HICOM University”), Professional Diploma in Procurement was launched in FY2020 to assist procurement officers in understanding the depth and breadth of procurement management, as well as to demonstrate the ability to apply consistent standards and approaches when executing the procurement process. Special emphasis was given particularly to Sustainable Procurement, Strategic Commodities, Supplier Relationship Management, and Supplier Risk Management. As of 31 December 2021, 43 participants have enrolled in this programme.



Awareness

Engagement sessions are conducted for procurement officers and across the wider organisation.

Key Initiative in FY2021

- **Group Procurement Policy Awareness** – Sharing of procurement-related governance matters comprising code of conduct, procedures and processes to ensure all sourcing and purchasing activities were made according to the Group’s internal policy.
- **Quarterly Engagement Meeting with Procurement Leader** – A platform of excellence to facilitate knowledge sharing as well as to update on procurement activity across the Group.
- **Procurement Bulletin** – An e-bulletin issued to all employees of the Group to disseminate information relating to procurement activities, best practices, trends and issues.



Optimise E-Procurement Tool

We have shifted in phases towards adopting digital platforms for our procurement processes to improve sourcing, purchasing and vendor management activities. This was aimed to supporting multiple tasks, simplifying on-line purchasing processes, establishing meaningful relationships with suppliers and reduce manual data entry routines.

Key Initiative in FY2021

- E-Zycus – From the launch of E-Zycus in 2019, we have reduced the printing of standard tender documentation by 100%. Besides reducing the use of paper, the electronic tender issuance and submission also eliminated the costs and emissions incurred on postage/ travelling by suppliers in submitting hardcopy documents. Most importantly, E-Zycus has improved transparency and promotes fair competition amongst suppliers and ensures zero information leakages and prohibition of unauthorised access to the tender submissions.

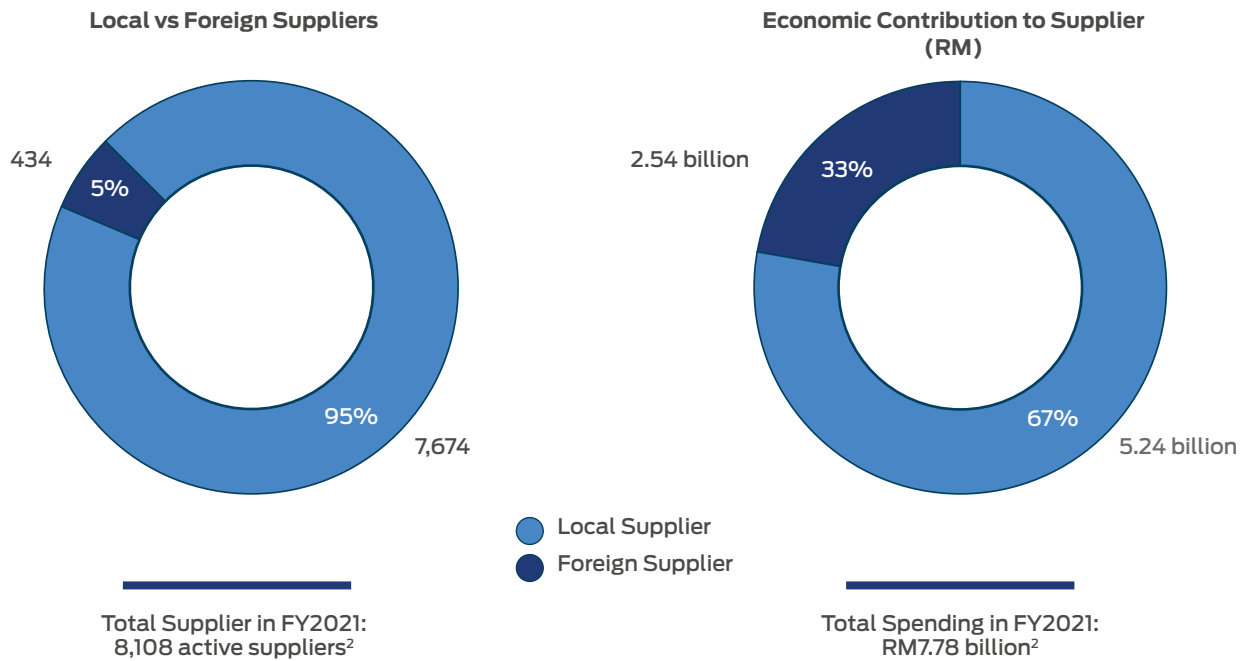
OUR PERFORMANCE

Supporting Local Procurement

Here at DRB-HICOM, we acknowledge the significance and benefits of local sourcing and procurement. We believe that by sourcing from local businesses, we are able to contribute to the country’s socio-economic growth and well-being.

SUPPLIER VALUE CREATION

95% of active suppliers are comprised of local vendors which constitute 67% of our total spending across DRB-HICOM Group in FY2021



²This procurement data excludes our joint ventures and associated companies

ECONOMIC FAIR BUSINESS PRACTICES

CULTIVATING A CULTURE OF INTEGRITY

WHY IT IS IMPORTANT

Maintaining a workplace culture with strong ethics and integrity is part of a robust governance framework and is fundamental to a good organisational performance towards creating a business environment that is fair, transparent and free from bribery and corruption. This principle is embedded in the Group's success beliefs, namely: Own It, Build Trust, One Team, Drive Innovation, Move Fast and Delight Customers.

OUR APPROACH

At DRB-HICOM, we believe integrity forms the basic foundation for trust and confidence, and represents a fundamental core value which is crucial for employees to adopt at all levels. The Group initiated the Anti-Bribery and Anti-Corruption ("ABAC") Management System to drive an integrity-based culture within the Group and at the same time to ensure adequate policies and procedures are in place.

The signing of the Integrity Pledge by our Group Managing Director, witnessed by the Chief Commissioner of MACC is testament of our effort to institute and reinforce an integrity-based culture in our organisation. By signing the pledge, we believe that, the best interests of the Group and long-term value to our shareholders will be safeguarded from corruption as our business will be conducted in accordance with the highest principles of integrity.

ABAC POLICY

To demonstrate the Group's zero tolerance position on corruption and bribery, an ABAC Policy was established and endorsed by our Board of Directors in 2020. The policy sets out the Group's position on bribery in all forms and matters of corruption that might confront the Group in its day-to-day operations. The policy also outlined the roles and responsibilities of employees at all levels in combatting bribery and corruption practices. The policy is in accordance with the requirements and obligations imposed under the MACC Act 2009 and Guidelines on Adequate Procedures issued under subsection (5) of Section 17A of MACC Act 2009.



For more information on our ABAC policy, please scan the QR code.

WHISTLEBLOWING POLICY

We encourage openness, integrity and accountability in our culture, which is protected by our Whistleblowing Policy. Our grievance mechanism provides a safe and reliable channel for our employees and external parties to voice grievances and report against malpractice without fear of repercussions. They are encouraged to voice out any misconduct such as dishonesty, fraud, corruption, bribery or illegal practices, abuse of power, or conflict of interest involving the Group. We further revised the policy in 2020 as an initiative to strengthen the core values and procedures outlined in the policy.



For more information on our Whistleblowing policy, please scan the QR code.

KEY POLICIES, FRAMEWORK AND PROCEDURES

As part of ongoing efforts to strengthen and ensure adequate internal procedures are in place to combat bribery and corruption, the Group has established the following policies, framework and procedures:

1. Group Procurement Policy & Procedures and Vendor Management Procedure
2. Risk Management Policy, Framework and Procedures
3. Code of Ethics and Business Practice
4. Gift and Business Courtesy Policy
5. Donation, Sponsorship and Corporate Responsibility Policy
6. Related Party Transaction Policy and Procedures

CULTIVATING A CULTURE OF INTEGRITY



ABAC Policy is communicated to all levels of management and employees through a series of awareness sessions



ABAC Policy is published on the DRB-HICOM Corporate Website as the platform of communication to employees and external stakeholders inclusive of customers, vendors, and intermediaries



Zero tolerance policy

against all forms of bribery and corruption



100%

of our operations assessed for risks related to bribery and corruption



ABAC and Code Of Ethics & Business Practice (“COEBP”) are part of new recruits’ induction training programme



Our Corruption-Free e-Pledge was introduced to all employees in 2020 to promote integrity, transparency and good governance



Zero cases of non-compliance

to ABAC Policy was observed in FY2021



A compulsory Annual Refresher Course on ABAC is conducted in two languages to accommodate employees at all levels



Revision of critical policies and procedures was conducted in FY2021 to strengthen the internal control mechanism within the Group



ABAC Refresher Course

was conducted at the Group level in FY2021



ECONOMIC SOCIO-ECONOMIC

SUSTAINABLE FINANCE INITIATIVES BY BANK MUAMALAT MALAYSIA BERHAD

WHY IT IS IMPORTANT

Our future growth is dependent on the long-term well-being of the people we serve. As such, our business strategy aligns with a commitment to deliver value for all stakeholders. As the responsible financial services arm of the Group, Bank Muamalat Malaysia Berhad (“BMMB”) offers its products and services in a sustainable and responsible manner. BMMB strives to reduce adverse environmental and social impacts resulting from its lending, financing and investment activities.

BMMB is the first Islamic Bank in the world and the first Bank in South East Asia to join the Global Alliance for Banking on Values (“GABV”). GABV is an independent network of the world’s leading value-based banks and banking cooperatives with a shared mission to use finance to deliver sustainable EES development. Via this effort, BMMB is committed to instilling value-based banking practices throughout its entire business operations and activities.

OUR APPROACH

Driving Value-Based Intermediation (“VBI”)

BMMB is among the first early adopters of VBI initiative. The VBI aims to deliver the intended outcomes of Shariah compliant business principles through practices, conduct and offerings that generate a positive and sustainable impact to the economy, community and environment, consistent with the shareholders’ sustainable returns and long-term interests. The bank’s mission statement is to ethically deliver the best value to stakeholders, society, and the environment, allows the integration of value-based banking practices across operations and creates a positive impact whilst minimising any adverse effect on the stakeholders and environment.

In ensuring BMMB adopts a sustainable business strategy, a Value-Based Committee was established to perform an oversight role in executing sustainable approaches in its lending, financing and investment activities.

In 2021, BMMB revised its five-year RISE 26+ strategic plan to include sustainability as one of the critical elements of the strategic plan. In RISE26+, BMMB aspired to continuously ‘Promote VBI and Sustainability’ by institutionalising VBI and contributing to social finance and community empowerment.

BMMB views positively on EES-related financing requests. These include any applications involving the development of green technologies and the empowerment of marginalised communities. A detailed Composite Risk Rating (“CRR”) Management Plan was developed to strengthen the BMMB’s capitalisation and capital management practices, as well as its overall sustainability practices. Moving ahead in FY2022, BMMB plans to implement climate-related risk management practices as well as adopt the Climate Change and Principle-based Taxonomy approach introduced by Bank Negara Malaysia, which would allow the bank to assess and categorise economic activities that meet climate objectives and promote the transition to a low-carbon economy.

#RISE26+

RISE26+ is anchored on value-based principles focusing on acceleration of growth and implementation of enhanced and digitalised platform as well as diversification of target markets.

It aims not only to maximise opportunity for growth but to expand and diversify customers segments, improve digital banking capabilities and tools, drive VBI and sustainability, foster innovations and operational efficiency as well as promote high performance culture in the bank.



Future Ready Workforce



Innovation and Next Generation Banking



Sustainable Business Growth and Profitability



Excellent Customer Experience

Through various sustainability-related products and offerings, BMMB is constantly on the lookout for opportunities to grow its sustainable business portfolio and at the same time, create a net positive impact for its stakeholders. Our contribution in achieving these objectives are depicted below:

Development in Supporting the Economic Growth



iTEKAD Mawaddah (“iTEKAD”)

iTEKAD is a restricted investment account product that incorporates Shariah innovation of two-tier mudarabah where BMMB crowdsourced funds from investors to invest in businesses owned by B40 individuals, Asnaf or micro-entrepreneurs, especially those involved in food & beverage, agriculture and gig³ economies.

Entrepreneurs who participated in this programme are provided with structured trainings and mentoring programmes such as financial education and advice on halal-related certification.

Total Amount Collected: RM220,000

Achieving a Sustainable Socio-economic Development

Property Ownership Campaign

UDA Holdings Berhad (“UDA”) entered into a memorandum of understanding (“MoU”) with BMMB to promote residential and commercial property ownership for Malaysians. BMMB will provide end-to-end financing to potential buyers for property projects developed by UDA.

In line with efforts to empower people from all walks of life and entrepreneurs to own properties in residential and commercial sectors, this MoU will reach out to more people so that they can afford to own a home through this initiative. The programme involves housing and commercial development projects, including affordable homes and ‘waqaf’ projects.



Total Financing Offered: RM2.7 Million

Digital Solution for Pasar Tani Traders

A strategic collaboration between BMMB, MukminPay and Lembaga Pemasaran Pertanian Persekutuan (“FAMA”) was formed to offer digital solutions to enable Pasar Tani FAMA traders to move towards a contactless and cashless business environment. This is to ensure safe, secure, and smooth transactions, especially during the COVID-19 pandemic.

Apart from ensuring a safe, secure, and smooth transactions between parties, this initiative is also in line with the Government’s aspiration to encourage electronic payment transactions and fully transform Malaysia into a cashless society.




116 Traders Subscribed to this Initiative

³The gig economy involves the exchange of labour for money between individuals or companies via digital platforms that actively facilitate matching between providers and customers, on a short-term and payment by-task basis


ECONOMIC SOCIO-ECONOMIC

OUR PERFORMANCE

ECONOMIC




RM669 million
channeled for **Small and Medium Enterprises (“SMEs”) Financing**
SMEs are recognised as direct contributors to the Real Economy that creates jobs to uplift the country’s socio-economic status.




RM176 million
channeled for **Education Financing**
Financing for universities and schools.


SOCIAL




RM1,838 million
channeled towards **Platform for Raising Community Standard of Living**
Financing projects that help to raise the community’s standard of living.



RM501 million
channeled for **Hospital and Medical Providers**
Financing for pharmaceutical companies, hospitals and clinics.




RM321 million
channeled for **Promoting Healthy Lifestyle**
Financing projects that provide facilities to enhance society’s well-being i.e., homeownership programmes that lead to better health and stronger communities.



RM7,270 million
channeled for **Retail Financing**
Financing for value-based products that benefitted B40 and M40 income groups.

ENVIRONMENTAL



RM271 million
channeled for **Preserving Natural Environments**
Financing projects related to environmental preservation such as water and energy conservation activities and products.



VBI Financing over Total Financing Asset for FY2021 amounting to

RM11.05 billion (52.9%)

CONTINUOUS EFFORT IN PROVIDING COVID-19 PROTECTION

With Malaysia slowly transitioning towards the endemic phase of the COVID-19 pandemic in 2021, BMMB once again rose to the occasion by embarking on several extended initiatives to alleviate the burden of those who are impacted by the crisis, especially the SMEs and B40 group.

Enhanced Financing Payment Assistance (“EFPA”)

BMMB is committed to assisting its customers, especially the B40 group and micro enterprises whose financial position has been impacted by the pandemic. These customers are able to apply for a three-month deferment of instalment payment or a 50% reduction in instalment payments for six months. Other forms of assistance are also available, such as financing restructuring and rescheduling.

Total Financing Amount:
RM4.97 billion

URUS and FIRST Support Schemes

The Financial Management and Resilience Programme (“URUS”) and Financial Resilience Support (“FIRST”) scheme are comprehensive loan repayment support programmes designed to help B50 individuals who are unemployed or have suffered more than 50% loss in income. The programmes provide a personalised financial plan that takes into account an individual's financial circumstances and affordability to serve financing obligations.

Total Financing Amount:
RM26.6 billion



ECONOMIC **SOCIO-ECONOMIC**

SUSTAINABLE CITY – PROTON CITY, TANJONG MALIM



Proton City, Tanjong Malim is a 4,000-acre township with industrial, commercial, residential and educational development. With over 3,200 acres in Proton City under DRB-HICOM Group of Companies, it currently houses the main assembly plant for PROTON and property development under Proton City Development Corporation Sdn. Bhd. (“PCDC”). The ultimate goal of Proton City is to be the most advanced integrated automotive city in Malaysia, providing synergy for the Group’s ASEAN automotive aspirations.

**Accelerating
Local
Economic
Growth**

**Environmental
Conservation
Efforts**

**Infrastructure
Development
for Social
Needs**

OUR APPROACH

As an iconic automotive city in the country, carbon emission reduction and community well-being remained our biggest concerns. Proton City aims to promote economic growth that accelerates rural to urban migration that is resilient and inclusive, preservation of natural resources, promote low-carbon economy, and improve the livelihoods of the surrounding communities.

Sustainability principles and elements were taken into consideration throughout the development of Proton City. This ensures the urbanisation process that has spurred a rise in industrial, commercial and residential development does not result in adverse impacts on society, or to the environment. To create a synergistic win-win formula for Proton City, stakeholders such as the government, private sectors, local communities, and investors were engaged to ensure development plans are all-inclusive and sustainable. The urban planning of Proton City is centred around EES pillars which specifically focus on accelerating local economic growth, environmental protection efforts and adequate infrastructure development for social needs.

FEATURES OF PROTON CITY TANJONG MALIM

**Integrated Automotive Hub**

Proton City is planned to be a premier integrated automotive and R&D hub for Malaysia.

**Adoption of Renewable Energy**

PROTON has embarked on the journey to reduce its carbon footprint with the installation of 12 Mega-Watt peak ("MWp") PV system at its manufacturing plant.

**Vendor Park**

The development of vendor park will accelerate the automotive ecosystem growth at Proton City and at the same time, creates business prospects and job opportunities for the local community.

**Development of Basic Amenities**

The city will be equipped with smart city features complemented with many essential amenities such as a multipurpose hall, mosque, petrol station, recreational parks, nature trails and many more for its residents.

**Residential & Commercial Development**

Residential and commercial units are developed under the brand of PCDC that meets the aspirations and affordability of the residents.

**Green Effort**

Contribute to a greener environment through tree planting projects. In collaboration with the local district council, tree planting exercises are being conducted throughout Proton City.

**Employment Opportunities**

With the city's development, it is expected that more employment opportunities will be created. Approximately 55% of PROTON's employees at the Tanjong Malim plant comprise of residents in Perak.

**Development of Learning Facilities**

The city houses educational institutes and entities including Universiti Pendidikan Sultan Idris ("UPSI"), Sekolah Kebangsaan Proton City and Sekolah Menengah Kebangsaan Proton City.

THE KEY PILLARS OF PROTON CITY DEVELOPMENT

**INTEGRATED AUTOMOTIVE CITY**

- Premier automotive and R&D hub for Malaysia
- Establish a self sustainable preferred economic zone for Perak
- Faster digital connectivity through 5G network

**EFFICIENT ECOSYSTEM**

- Establish an integrated supply chain network
- Improve part supply efficiency
- Reduce handling processes

**LOW OPERATING COST**

- Reduce utility costs through the adoption of renewable energy
- Environmental friendly plant with energy, waste and water conservation initiatives
- Recognised globally for green achievement

**EMPLOYEE & COMMUNITY SATISFACTION**

- Well-planned infrastructure & amenities
- Affordable houses
- Adequate educational facilities
- Safe and harmonious environment
- Smart city features

An aerial photograph of a vast solar farm during sunset. The rows of solar panels stretch across the landscape, reflecting the warm orange and yellow light of the setting sun. The sky is a gradient of colors, from deep orange near the horizon to a lighter, hazy blue at the top. The sun is a bright, glowing orb on the horizon, casting a long, soft glow across the scene. The overall atmosphere is serene and emphasizes the clean energy theme of the report.

ENVIRONMENTAL KEY HIGHLIGHTS

CARBON MANAGEMENT

1.8 million gigajoules ("GJ")

of energy consumed in FY2021

FY2018: 2.3 million GJ

24%



WASTE MANAGEMENT

43%

reduction in Group's total scheduled waste generation as compared to baseline year of 2018



WATER MANAGEMENT

2.1 million m³

water consumed in FY2021

FY2018 : 2.7 million m³

21%



Carbon Emmissions in FY2021

17%

235,209 tonnes CO₂e

FY2018: 283,080 tonnes CO₂e



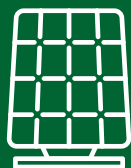
More than **17,539kg** of used fabric collected and repurposed in FY2021



223,341 m³ wastewater treated and discharged in FY2021

676,850 m³ recycled water

generated through the wastewater recycling programme at Proton Tanjung Malim since 2015



9,892 tonnes

of carbon avoidance through Solar PV System in FY2021

*All performance data disclosed were compared against the baseline year of 2018

ENVIRONMENTAL CARBON MANAGEMENT

WHY IT IS IMPORTANT

According to the World Resources Institute, more than 70% of global GHG emissions are contributed by energy sectors. It suggests that many global challenges associated with climate change we currently face are due to a rapid increase in human activities and energy consumption in our economy since the mid-20th century.

We acknowledge that climate change will impact our businesses in the long run and the communities we serve. As industries that are inherently energy-intensive, we strive to address climate change through the adaption of renewable energy and energy conservation effort to reduce GHG emissions and other environmental impacts in our business operations.

OUR APPROACH

With a strong presence in the country, the Company has been entrusted with an imperative role of contributing to the betterment of the nation. To demonstrate our commitment towards carbon reduction, our strategies are aligned with Malaysia's commitment in achieving 45% GHG emissions intensity reduction by the year 2030.

Our carbon management strategies include the monitoring of GHG emissions across our business operations, identify and prioritise areas for improvement, implementation of energy reduction initiatives as well as adopting cleaner and renewable energy sources.

Additionally, we have reached another milestone this year by disclosing the climate-related risks and opportunities based on the recommendations prescribed by the TCFD.

To strengthen our commitment, active engagements with our subsidiaries were conducted to encourage industry best practices and international standards benchmarking, and also to exploration of new and innovative carbon reduction initiatives in our operations.


Our Environmental Compliance

The Group is guided by the Sustainability and SHE policies which define our pledge to minimise any adverse environmental impact that may occur from our operations.


As of FY2021, all of our manufacturing subsidiaries are ISO 14001:2015 Environmental Management Systems Standard certified, that serves as a guideline for identifying, managing, monitoring and controlling environmental matters.

We also adhere to the Environmental Quality (Clean Air) Regulations 2014 to ensure that air quality discharged into the atmosphere is within the acceptable standard limits. We conduct regular air monitoring for emissions generated from chimneys at our manufacturing plants according to mandated regulations. During the year under review, our air emissions were within the permissible limit set by the Department of Environment (“DOE”).


Our Commitment:




Reduction of carbon emissions




Improve energy efficiency



Adoption of renewable energy



Compliance to the environmental policies and regulations



Protect the environment

ISO 14001:2015 ENVIRONMENTAL MANAGEMENT SYSTEMS

List of DRB-HICOM Group of Companies accredited with ISO 14001:2015 certification:

























RENEWABLE ENERGY

Given our commitment towards carbon emissions reduction, initiatives to support the transition of our business operations towards a low-carbon economy intensified with the Group embarking on a Group-wide Rooftop Solar PV project in 2019. To date, the continuous expansion of the rooftop solar PV project across our manufacturing facilities brings the total solar capacity of the Group to 22.541 MWp.



PROTON

- 12,000 MWp Solar PV system was fully commissioned in January 2021
- In FY2021, the total renewable energy generation was 11,782,414 kWh

CTRM

- Installation of the first phase 1.940 MWp Solar PV system completed and began harvesting solar in January 2020
- Second phase of 5.152MWp Solar PV system installation was completed and commissioned in October 2021
- In FY2021, the total renewable energy generation was 3,401,960 kWh

MODENAS

- 1,249 MWp Solar PV system was fully commissioned in December 2021
- In FY2021, the total renewable energy generation was 62,847 kWh

POS Malaysia

- 2,200 MWp Solar PV system was fully commissioned in November 2021
- In FY2021, the total renewable energy generation was 232,800 kWh

As an effort to pave the way towards a more sustainable and green future, the Group will continue to adopt and install Solar PV system across our subsidiaries to maximise energy generated from renewable sources in line with the national target to increase renewable energy in its energy generation mix to 40% by the year 2035.

ENVIRONMENTAL CARBON MANAGEMENT

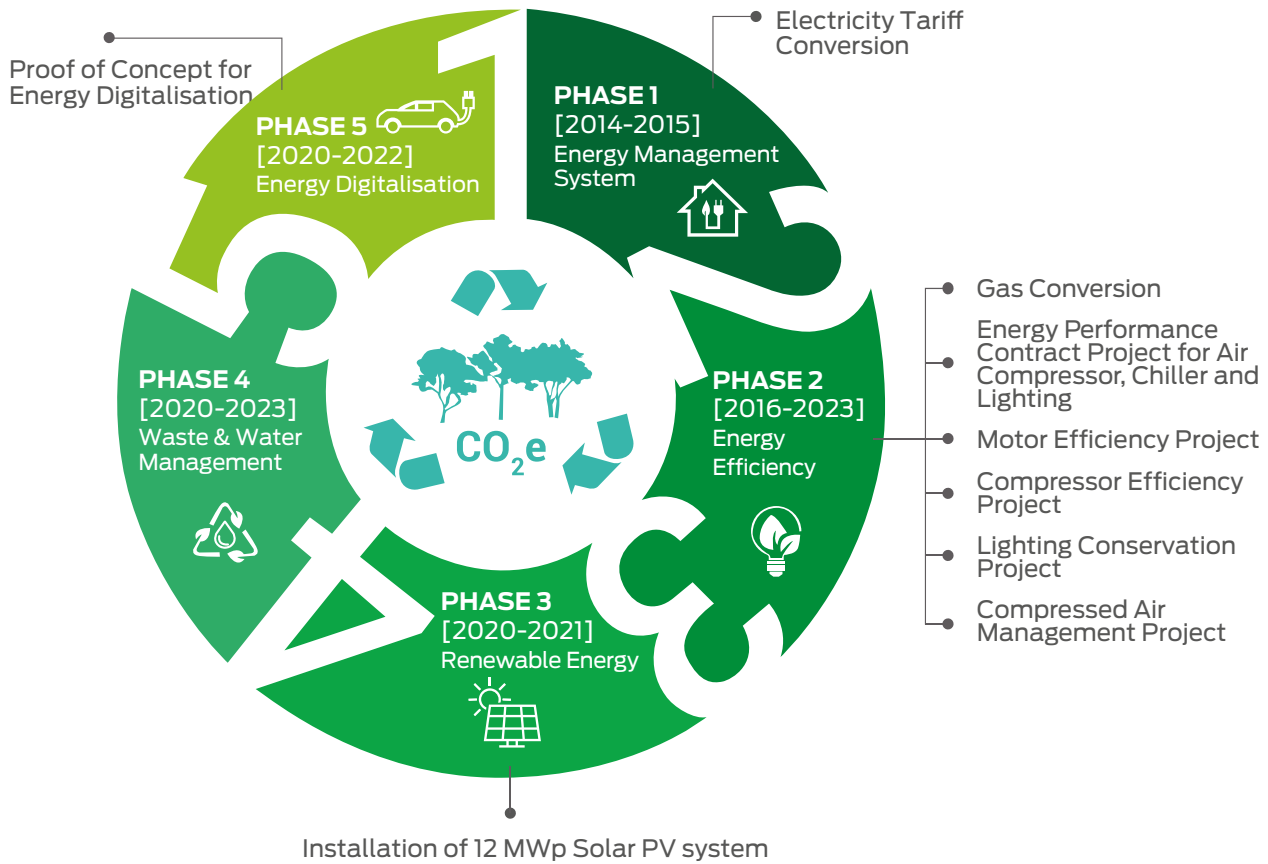
Managing Carbon Footprint at PROTON

PROTON has made reduction of carbon emission intensity as a material sustainability topic via its Green Initiatives since 2015. PROTON's New Energy Management Department is responsible to spearhead and oversee energy reduction programmes and initiatives across all PROTON operations.

Their Registered Electrical Energy Managers ("REEMs") are certified under the Energy Commission to achieve PROTON's energy reduction target, in tandem with PROTON's aspiration towards becoming the leading ASEAN automotive brand.

The Green Initiatives programme is aligned with the nation's target to reduce carbon emissions by 45% by 2030 based on the 2005 level.

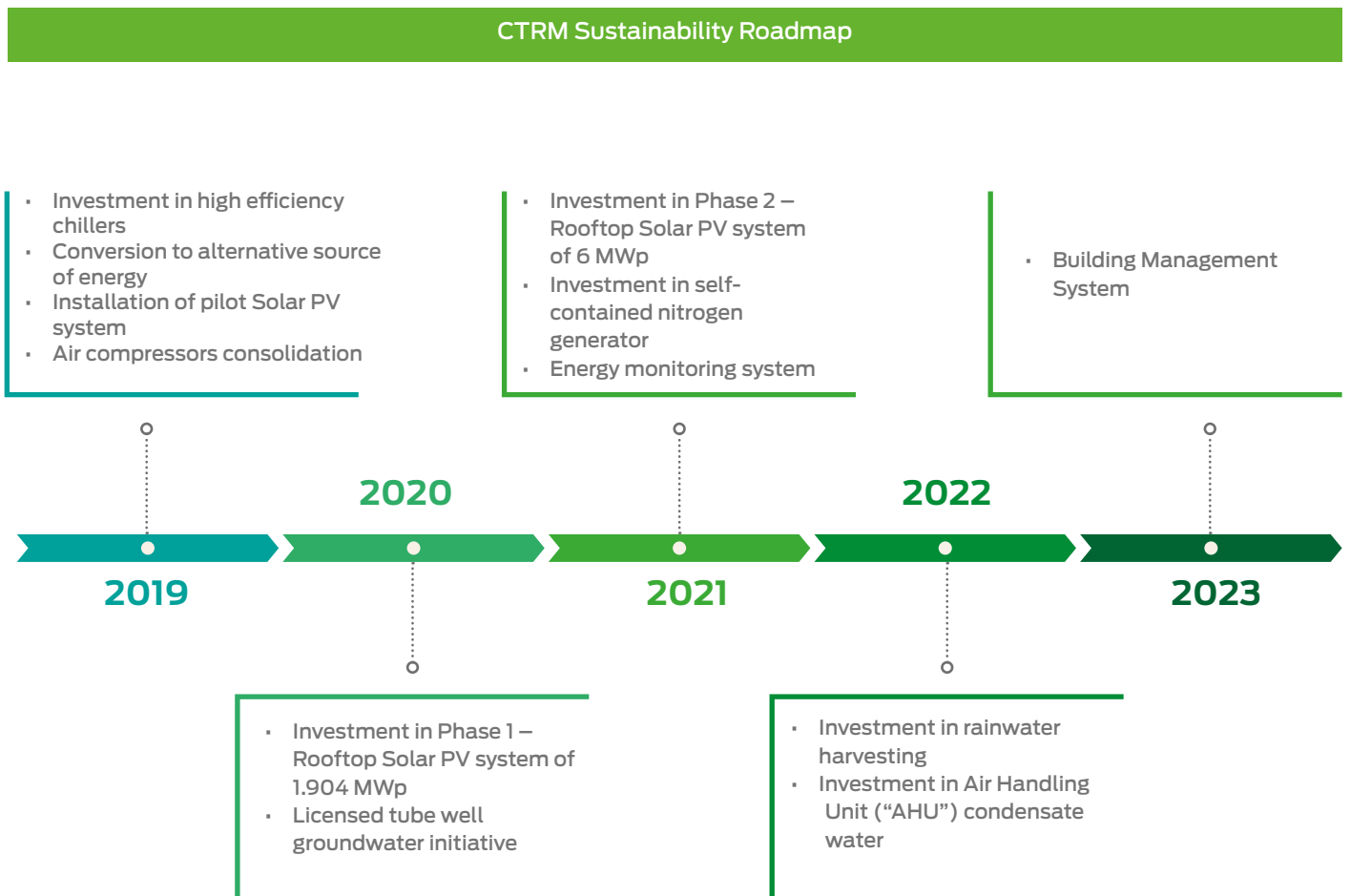
PROTON Green Initiatives Wheel



Managing Carbon Footprint at Composites Technology Research Malaysia Sdn. Bhd. (“CTRM”)

CTRM’s Energy Management Policy serves as a guideline for its employees to implement energy conservation practices and to transform the business into an energy-efficient aerospace industry player. These are being done without compromising on product quality, while complying with regulatory requirements. CTRM has set an annual 2% electricity consumption reduction target against its revenue, to further demonstrate its commitment to optimising energy usage and environmentally responsible carbon management practices.

CTRM’s Facilities Department has its own in-house REEMs who are tasked to further explore potential energy saving initiatives, apart from continuously monitoring and maintaining implemented sustainable programmes. The department’s KPI are tied to CTRM’s target to reduce its yearly energy consumption by 2%.



ENVIRONMENTAL CARBON MANAGEMENT

OUR PERFORMANCE

Monitoring our energy consumption

At DRB-HICOM, we monitor our energy consumption in the form of electricity usage, consumption of petrol, diesel, natural gas and liquefied petroleum gas (“LPG”).

In FY2021, our total energy consumption from non-renewable sources was 1,807,9094 GJ, marking a decrease of 583,186 GJ or a 24% reduction compared to the baseline year of 2018. The significant reduction in 2021 was attributed mainly to the economic disruption brought upon by the COVID-19 pandemic that affected the Group’s businesses, although energy reduction initiatives that have been implemented over the years did manage to reduce our energy consumption in proportion to our business operations.

Managing our GHG emissions

Our carbon footprint is calculated in accordance with GHG Protocol, which is the corporate accounting and reporting standard for emission-related disclosures.

SCOPE 1

Direct emissions from sources that are owned and controlled by the company
(i.e. petrol, diesel, natural gas and LPG)

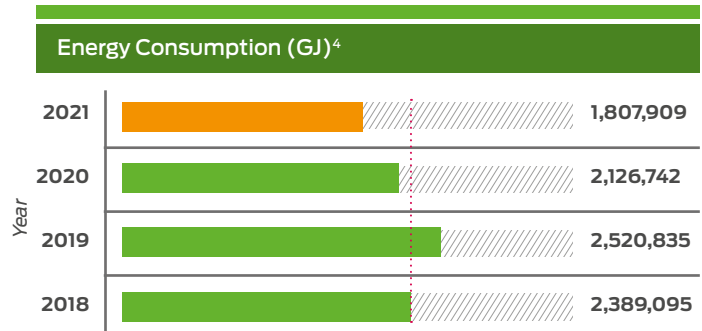
SCOPE 2

Indirect emissions from the generation of electricity purchased by the company

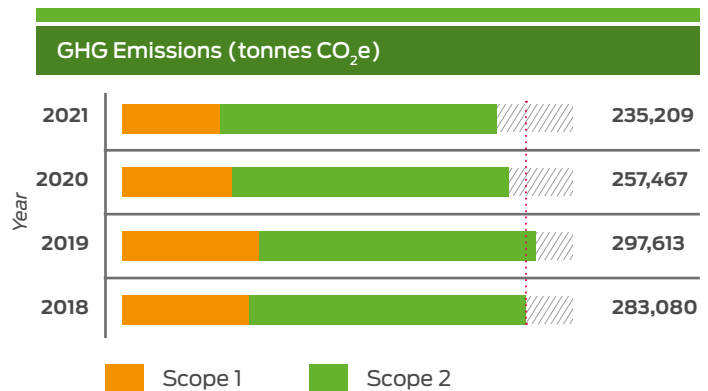
In FY2021, total carbon emissions were lower by 47,871 tonnes CO₂e or 17% compared to the baseline year of 2018. Reported as Scope 2 emissions, electricity usage represents the largest source of emissions for our operations, accounting for more than 77% or 181,901 tonnes CO₂e of our carbon footprint in FY2021. As such, our carbon mitigation strategies have been largely focused in addressing Scope 2 emissions.

We are currently undergoing an exercise to expand our data collection to include Scope 3 emissions, which will continue throughout 2022 for future reporting disclosure.

Energy Consumption



GHG Emissions



Breakdown of GHG Emissions (tonnes CO₂e)

Year	2018	2019	2020	2021
Scope 1	86,540	91,750	74,672	53,308
Scope 2	196,540	205,863	182,795	181,901

⁴This includes energy data for our joint ventures and associated companies namely HYMM, IHM and MODENAS from 2018 to 2021

KEY INITIATIVE: CTRM GREEN BUILDING

As part of its commitment to be an environmentally responsible and resource-efficient entity, CTRM has introduced a green building, known as Building 6 (“B6”). B6 is equipped with Building Management System (“BMS”), which assists to optimise energy usage and waste through an integrated monitoring system. The building also adopts other environmentally-friendly features, as depicted below.



Energy Efficiency

- B6 is equipped with energy efficiency equipments such as LED lighting, green chiller and chill water pump

Recycle AHU

- Condensate water from AHU is channelled to external storage tanks and toilet storage tanks

High Efficiency Water Management

- B6 is fitted with high efficiency and water saving taps and certified under Water Efficient Product Labelling Scheme

Low Thermal Transfer Value

- B6 was constructed using a material with high thermal resistance

Rainwater Harvesting

- Rainwater tank is equipped with a filtration device, and harvested water will be used externally

Stormwater Management

- Installed based on Urban Stormwater Management Manual

Building Management System

- B6 is equipped with BMS for centralised monitoring

KEY INITIATIVE: CONVERSION OF LPG TO NATURAL GAS

Since 2020, PROTON and CTRM have switched to cleaner and cheaper fuel by using natural gas instead of LPG to improve energy efficiency at their manufacturing plants.

The initiative has resulted in cost savings and a reduction in carbon emissions. The Group will continuously implement similar initiatives across our manufacturing companies in the near future.

Natural Gas versus LPG



Obtained from natural resources



Releases less carbon emissions



Cheaper in price

**Total Carbon Emissions Avoidance in FY2021:
612 tonnes CO₂e**

**Total Savings in FY2021:
RM3.3 million**

ENVIRONMENTAL WASTE MANAGEMENT

WHY IT IS IMPORTANT

Malaysia has introduced various initiatives to plant the seeds of sustainability in critical economic sectors to mitigate the negative impact on the environment. One key area is proper waste management, which is essential to develop a long-term national environmental protection strategy.

We believe it is our responsibility to contribute to this agenda and help promote initiatives in line with the national target of 40% recycling rate by 2025 under the 12th Malaysia Plan. This target has been actively promoted and implemented by the nation. We have started promoting state-of-the-art waste management practices within the Group, in hope to eventually bring these efforts to the public by collaborating with local communities and relevant stakeholders to reduce the pollution, waste, and resource use within our business operations.

OUR APPROACH

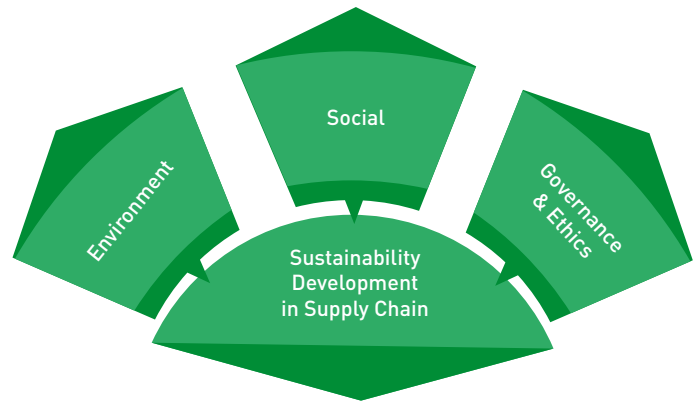
As a responsible conglomerate, we are steadfast in our commitment to conduct our business in a responsible manner and aim to reduce the overall waste generated by the Group.

Our Procurement Policy provides guidance for all stakeholders to ensure adherence to all applicable environmental laws and regulations across our diverse business operations and environment. We are committed to reduce recyclable waste comprising paper, metal, plastic and carton box. Responsible and ethical waste management contractors were engaged to ensure proper collection and disposal of waste generated by the Group. All vendors and their employees, agents and subcontractors are expected to abide by our high ethical standards set forth in our VCOC guidelines, while conducting business with us or on our behalf.

Under the environmental principle, our vendors are encouraged to supply environmental-and-socially friendly products which take into account all phases of the products lifecycle, i.e., production, transportation, maintenance and disposal.

Looking ahead, we will endeavour to manage and reduce waste through digitalisation. We have embarked on digital reporting, especially for our Board of Directors' meetings. Apart from that, we have eliminated paper-based administration applications and migrated to on-line-based applications, such as IT myRequest, Meeting Room e-Booking System and IROSHE System, to name a few. For DRB-HICOM, digitalisation offers significant potential to the Group's operational workflow by ensuring improved efficiency and productivity.

DRB-HICOM's Principles of Sustainable Development in Supply Chain:



Towards Sustainable Paper Sourcing

To demonstrate our commitment to sustainable development and corporate social responsibility, we ensure that all papers purchased are certified with Programme for the Endorsement of Forest Certification.

We believe that this promotes the growth and use of sustainable products and reduce deforestation through credible global standards.

OUR PERFORMANCE

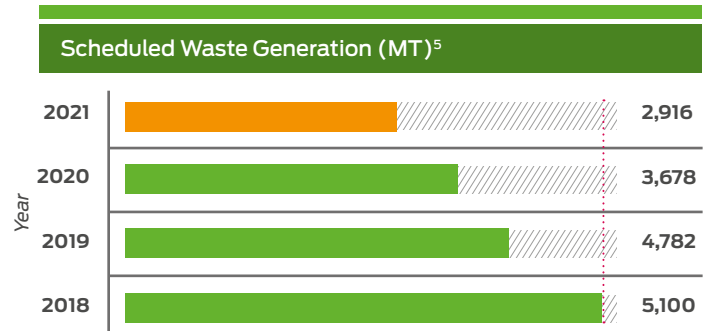
Monitoring our scheduled waste generation

We categorise our scheduled waste generation in accordance with the Malaysian Environmental Quality Act 1974 (“EQA Act 1974”) - Environmental Quality (Scheduled Waste) Regulations 2005. Scheduled waste generated by our Group are properly managed by registered contractors as required under the Act.

In FY2021, we recorded 2,916 metric tonnes (“MT”) of scheduled waste, marking a 2,184 MT or 43% decrease in scheduled waste generation as compared to the baseline year of 2018.


The scheduled waste generation were mainly derived from mixed waste, ink & paint sludge, and oil & hydrocarbon.

Scheduled Waste Generation



KEY INITIATIVE: DRB-HICOM GREEN DAY

On 12 April 2021, DRB-HICOM took another step in our green journey by organising the DRB-HICOM Green Day. It seeks to inculcate the importance of environmental awareness or “Green-culture” among our employees and the communities, and also to represent the DRB-HICOM Group as a responsible corporate citizen that cares for the environment. Several activities were conducted, including:

-  Collection of used clothes as well as sale of recycled items by Kloth Cares
-  Collection of goods for recycling by Alam Flora Environmental Solution
-  Sharing session on composting “Keajaiban Pengkomposan dan kelebihannya” by Universiti Kebangsaan Malaysia
-  Various competitions such as:
 - Best-dressed according to the ‘green’ theme
 - The largest contribution of used clothes
 - The largest contribution of recycled materials



**Total Collection of Used Clothes:
270 kg**

**Total Single Largest Contribution of Used Clothes:
64 kg**

⁵ This includes energy data for our joint ventures and associated companies namely HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd. (“HYMM”), ISUZU HICOM Malaysia Sdn. Bhd. (“IHM”) and MODENAS from 2018 to 2021

ENVIRONMENTAL WASTE MANAGEMENT

KEY INITIATIVE: FABRIC RECYCLING PROGRAMME



With the aim of minimising used fabric out of landfills, DRB-HICOM collaborated with Kloth Malaysia Sdn. Bhd. (“Kloth Malaysia”) and sponsored four fabric recycling bins, placed in three locations around Klang Valley.

The recycling bins are located at Wisma DRB-HICOM, Subang Parade in Subang Jaya, and two bins at Sekolah Menengah Kebangsaan Saujana Utama. Kloth Malaysia pays RM0.10 for every kilogramme of fabric collected and the school is the beneficiary of the cash paid out by Kloth Malaysia.

Fabrics such as clothes, shoes, and other wearable products are collected and sent to Life Line Clothing Malaysia, a fabric-recycling factory, and segregated into 400 different categories before up-cycling or repurposing into different products.





Total Collection of Used Fabric in FY2021:
17,539 kg

Total Money Derived in FY2021:
RM1,774

KEY INITIATIVE: GREEN INITIATIVE AT WISMA DRB-HICOM

Green Café

Since 2019, DRB-HICOM has launched its own Green Café at the Wisma DRB-HICOM Café as part of the Group's efforts to instil “green-conscious” culture among employees. Under the Green Café programme, several initiatives will be initiated progressively, which include:

 <p>5R-Refuse, Reduce, Reuse, Repurpose, Recycle</p>	 <p>Food waste separation & food composting</p>	 <p>Set up vertical herb garden from discarded plastic bottles</p>	 <p>Collection of used cooking oil</p>
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The Café however has been inoperative since March 2020.

Recycling Programme

In collaboration with Alam Flora Sdn. Bhd., a recycling programme was conducted at Wisma DRB- HICOM on 7 December 2021.

Employees were encouraged to bring their recyclable items, such as used cooking oil, paper, aluminium cans and other recyclable items to be sold for cash and PETRONAS Mesra reward points.

This initiative was also introduced to promote the proper waste segregation at home and disposal of waste after its use to safeguard against environmental pollution.

Total Collection of Recyclable Items:
823 kg



ENVIRONMENTAL WATER MANAGEMENT

WHY IT IS IMPORTANT

According to the United Nations World Water Development Report, nearly six billion people will suffer from clean water scarcity by 2050. This is the result of increased demand for water, reduction of clean water resources, and increased water pollution, driven by overpopulation and uncontrolled economic growth.

We believe that water scarcity will not only adversely affect our business operations, but the surrounding ecosystems and communities as well. As such, we strive to manage our water resources efficiently and sustainably to safeguard our business operations and the environment.

OUR APPROACH

As part of our efforts to manage water, we monitor the Group's water usage and implement sustainable water consumption initiatives, such as wastewater recycling and controlled groundwater withdrawal. Additionally, we continue to educate our employees on the importance of conserving water. Through these initiatives, we aspire to achieve SDG 12 in ensuring sustainable consumption and production patterns, and SDG 13 to combat climate change and its impact.

While the country is blessed with sufficient rainfall, stable water supply remains an issue affecting our business operations during dry weather seasons. We have put in place contingencies to ensure that operating premises residing in high water stress areas are effectively addressed and managed to facilitate a consistent and sufficient supply of water from identified alternative sources.

To further optimise our water usage, we seek to identify water conservation opportunities through collaboration with relevant stakeholders and strive to implement innovative initiatives and technology to maximise water efficiency across all operating companies.

Monitoring the quality of effluent discharge

We ensure that effluents discharged from our manufacturing plants comply with all statutory requirements imposed by the DOE, thus making it safe for the environment and the community. This is done through our in-house treatment facilities to further strengthen our commitment towards responsible wastewater discharge.

ENVIRONMENTAL QUALITY (INDUSTRIAL EFFLUENT) REGULATION 2009

List of DRB-HICOM Group of Companies facilitates with treatment plants and fulfills the Environmental Quality (Industrial Effluent) Regulations 2009.



HICOM Automotive
Manufacturers
(Malaysia) Sdn. Bhd.



HICOM
Diecastings
Sdn. Bhd.



HICOM-Teck See
Manufacturing
Malaysia Sdn. Bhd.



ISUZU HICOM
Malaysia
Sdn. Bhd.



Oriental Summit
Industries
Sdn. Bhd.

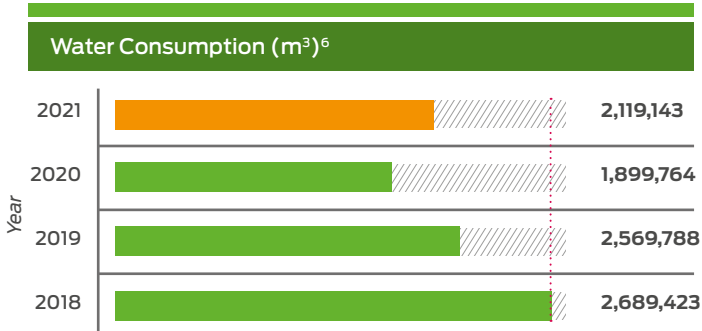


PROTON
Tanjung Malim
Sdn. Bhd.

ENVIRONMENTAL WATER MANAGEMENT

OUR PERFORMANCE

Water Consumption



Monitoring our water consumption

In managing our water usage effectively, we practice close monitoring of our water consumption at all business operations. Our water is mostly drawn from municipal potable treated water.

In FY2021, our total water consumption was 2.1 million m³, a reduction of 570,280 m³ or 21% compared to the base period of 2018. This is a result of water-saving initiatives implemented during the year and slowed production due to the COVID-19 pandemic.

Managing wastewater from our manufacturing plants:

In FY2021, we generated 223,341 m³ of wastewater discharged from six of our manufacturing plants in the following sites:

1. HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd
2. HICOM Diecastings Sdn. Bhd.
3. HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.
4. ISUZU HICOM Malaysia Sdn. Bhd.
5. Oriental Summit Industries Sdn. Bhd.
6. Proton Tanjung Malim Sdn. Bhd.

The wastewater generated at our manufacturing companies is treated at our own treatment plants before being discharged into the drain. During the year under review, wastewater discharged complies with all statutory regulations.

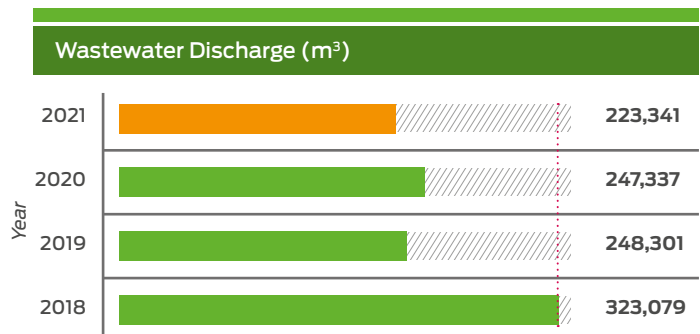
Recycled water at PROTON

Since 2015, PROTON's Tanjung Malim plant has implemented a recycled water initiative to channel wastewater from the plant back to its manufacturing process as an initiative to optimise water consumption and increase plant efficiency.

Total Water Treated and Reused from 2015-2021:
676,850 m³

Total Savings from 2015-2021:
RM1,089,729

Wastewater Discharge



KEY INITIATIVE: TUBE WELL PROJECT AT CTRM



In collaboration with Badan Kawal Selia Air Negeri Melaka, CTRM has initiated a tube well project to mitigate water disruption in their operation during dry weather season. This initiative involves the withdrawal of groundwater as an alternative water supply for its operations.

⁶This includes energy data for our joint ventures and associated companies namely HYMM, IHM and MODENAS from 2018 to 2021

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SOCIAL KEY HIGHLIGHTS



SAFETY & HEALTH

20%

reduction in total number of accidents as compared to FY2020



1.92

Lost Time Injury Frequency Rate ("LTIFR") for every one million man-hours worked

Zero cases

of fatalities recorded in FY2021 across the Group



11.74

average training hours per employee annually

>5,500 trainings conducted, with approximately 70% conducted virtually



98

special needs employees across the Group for FY2021

CORPORATE RESPONSIBILITY

>44,831

lives touched through our Corporate Responsibility activities



>RM600,000

invested on Corporate Responsibility activities



> RM620,000

COVID-19 contribution to the communities



SOCIAL SAFETY & HEALTH

WHY IT IS IMPORTANT

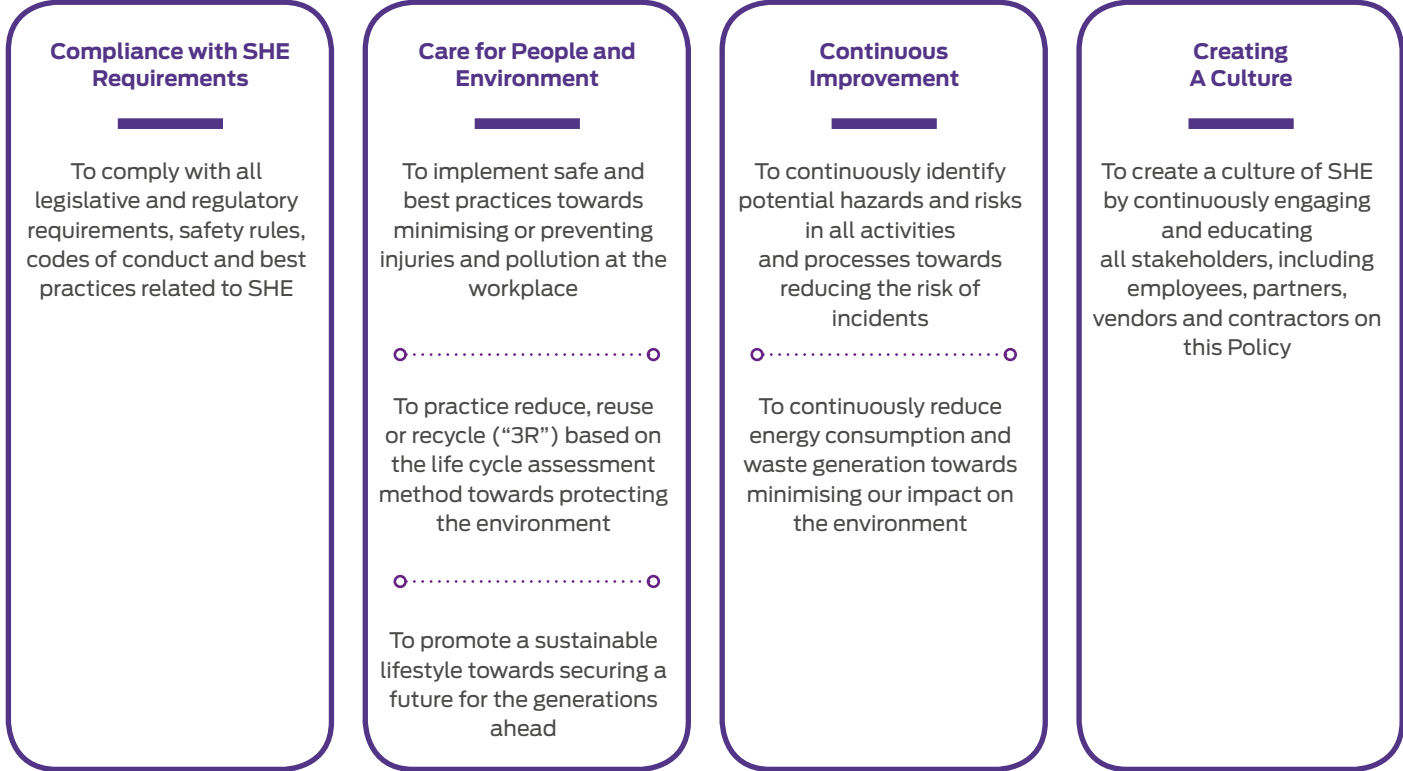
Our people matter. It is our primary aim to provide a safe and healthy working environment, thus it is important that we prioritise the safety of all our stakeholders that do business at our premises. With a business influence sphere that spans across Malaysia, it is our duty to be compliant to all relevant safety and health legislation such as the Occupational Safety & Health Act 1994 (“OSH Act 1994”), Factories and Machinery Act 1967 (“FMA Act 1967”), to name a few.

We have put in place appropriate processes, checks and systems to ensure strict compliance to all relevant safety and health requirements. We have also invested heavily in training and re-training courses as well as awareness campaigns to instil a conscious culture of safety and health for employees at all levels. This effort continues to be strongly reflected in the Group’s policies and procedures, as it is our intention to inculcate safety and healthy culture as our way of life.

OUR APPROACH

Employee safety and health matters at DRB-HICOM are guided by the SHE Policy. In strengthening the governance and instilling a safety-conscious culture amongst our internal and external stakeholders, we have revised our SHE Policy to reflect the current business environment and SHE practices. The policy focuses on the 4C pillars, namely Compliance with SHE requirements; Care for People and Environment; Continuous Improvement; and Creating a Culture. These broad scopes underpin our overarching commitment towards safety compliance and protecting the environment where we operate while prioritising our employees’ safety, health and well-being. The policy applies to all our business activities and operating premises.

DRB-HICOM SHE POLICY



Safety & Health Oversight Function

The Risk Management Committee (“RMC”), headed by the Group Managing Director (“GMD”) and with active participation from Senior Management, has a role in determining the overall safety and health strategies, as well as ensuring effective management of SHE actions. The RMC and SHE Committees (at the Group and operating companies) convene quarterly to review the safety and health strategies, monitor the progress of actions taken and evaluate results against planned targets.

Identification of Risks and Hazards

In proactively addressing and managing SHE risks and hazards, the Group subscribes to the Hazard Identification, Risk Assessment and Risk Controls (“HIRARC”) standard and methodology, in line with the requirements set forth under the OSH Act 1994 (Act 514). The HIRARC enables employees to identify significant hazards, analyse and assess the associated risks, and apply suitable control measures to mitigate the identified concerns.

Capacity Building

A strong safety culture relies on effective communication in the workplace. Utilising various platforms, physical and virtual, we practice continuous competency training for all SHE practitioners across the Group. These are key to enforcement and driving compliance to safety practices. There are 162 SHE practitioners across all our business facilities, inclusive of 98 of them who are Certified Occupational Safety and Health Coordinators (“OSH-C”).

Capacity Building Initiative



OSH Coordinator Training

98 SHE practitioners across the Group participated in OSH-C training organised by DRB-HICOM University and The Federation of Malaysian Manufacturers



Group Safety, Health & Environment (“GSHE”) Portal

A GSHE Portal was established to provide a platform for employees to get reliable information and updates on SHE matters



SHE Bulletin

Monthly publication that is issued via e-mail to all employees to communicate on current SHE issues, trends and knowledge sharing



Periodic SHE Awareness Campaign

As a sustained effort to educate and boost awareness on SHE related matters, health-related topics such as mental health, healthy dieting and measures to prevent COVID-19 were shared throughout 2021

SOCIAL SAFETY & HEALTH

SHE Culture

As a strategic priority, we aim to foster and maintain a positive safety culture in our organisation through DRB-HICOM Behavioural Safety Campaign, which introduces Zero Harm. Zero Harm is our aspiration to reduce the number of SHE incidents and an approach to creating a good safety culture. The Zero Harm approach applies to all operating companies within the Group.

The Group aims to maintain a zero fatality goal in all its business facilities. All employees should be concerned with safety as it is everyone’s responsibility. In uplifting this objective, a corporate safety & health performance indicator was introduced in 2021 for all employees to build resilience and inculcate a culture of continuous improvement in safety and health.



Unsafe Condition Unsafe Act Reporting System



The Unsafe Condition, Unsafe Act (“UCUA”) is our initiative to create a culture that encourages everyone to look after each other’s safety. Employees are encouraged to proactively identify and report safety hazards to ensure prompt attention and rectification measures can be carried out to maintain a safe work environment. The UCUA reporting system, managed via a web-based application platform, made it convenient for employees to play their role in identifying and reporting UCUA. In 2021, 165 UCUA reports were received and resolved at the Group level.

SHE Compliance

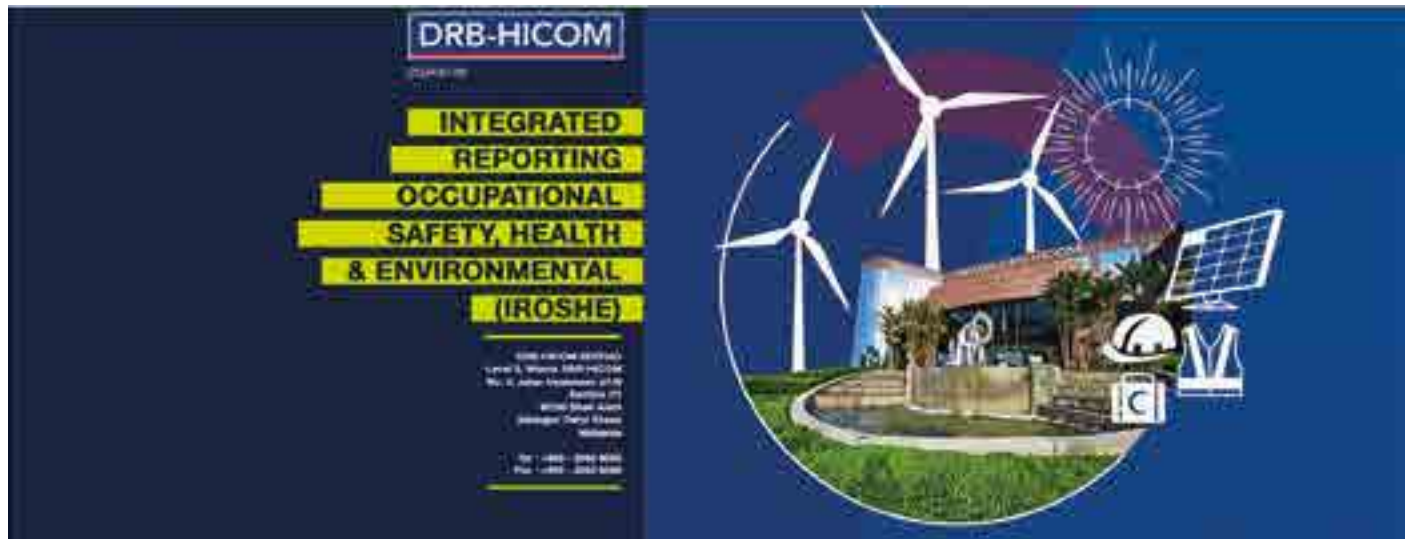
At DRB-HICOM, we endeavour to comply with the OSH Act 1994, FMA Act 1967 and EQA Act 1974. Our SHE Committee, which convenes every quarter, oversees strict compliance to all relevant SHE laws and regulations governed by local regulatory bodies, and undertakes regular internal inspections to assess compliance. As of 31 December 2021, nine of our operating companies are ISO 45001:2018 certified.

ISO 45001:2018 Certification

Nine DRB-HICOM Group of Companies received ISO 45001:2018 certification:



SHE Management System



IROSHE is a web-based data management system that enables us to analyse SHE performance across the Group. Established in 2015, IROSHE functions as a centralised platform for all operating companies to monitor, analyse and report their safety and environmental performance on a monthly basis. Through the system, the Group and subsidiaries report on the following data:

1. Frequency and severity of accidents, including any fatality
2. Scheduled waste, general waste and food waste
3. Energy, water, petrol and diesel consumption
4. Gas (LPG & natural gas) consumption
5. SHE audits
6. Building licenses

From the data collected, IROSHE system helps in generating useful reports and analysis, which will be subsequently reported to Senior Management quarterly for informed decision making.

SOCIAL SAFETY & HEALTH

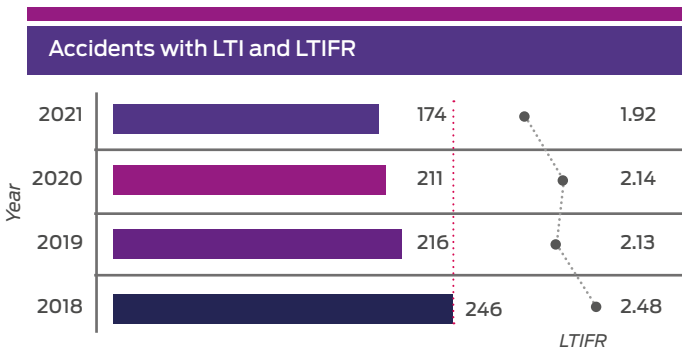
OUR PERFORMANCE

We continue to monitor our Group’s safety and health performance by tracking both the total number of accident cases and LTIFR⁷. The Group posted the following results for the year under review:



Reduction in 54 cases equivalent to 19% for FY2021 as compared to the same period in FY2020

This reporting year saw the total number of accident cases decrease to 228 compared to 282 in FY2020. For every accident recorded, investigations were conducted, and actions taken to prevent similar incidents from recurring. This includes providing necessary training to personnel working in high-risk areas, improving risk assessments and SOPs, and strengthening safety monitoring at sites.



LTIFR decreased by 10.7% for FY2021 as compared to the same period last year

The Group ended FY2021 with an LTIFR of 1.92 cases per million worked hours and 174 accident cases involving Lost Time Injuries (“LTI”).

Navigating COVID-19

As we navigate through the COVID-19 pandemic, which has led to a staggering impact on daily lives and major interruptions to businesses, we stand firm in upholding our commitment to ensure the well-being of our people follow by the safe and optimal operation of our companies across the value chain.

A COVID-19 Committee (“C19C”) was formed in 2020 to manage the pandemic and its impact on businesses. C19C monitored the situation daily: delivering directives, advisories and memorandums to all employees via virtual briefings and e-mail blasts. The directions and plans cover:

- 
COVID-19 Protocols
 Protocols are implemented for positive cases, while quarantine and contact-tracing procedures are deployed
- 
Effective Communication
 Frequent communication to all employees on COVID-19 information and safety measures
- 
Working Arrangement
 Work-from-home (“WFH”) implemented to safely and remotely continue operations
- 
Employee Self Health Declaration
 Daily health check-in platform to monitor employees’ well-being
- 
Proactive Self-Testing
 Employees are encouraged to conduct COVID-19 self-test for business travel and post-exposure to high risk personnel

For further details on other COVID-19 assistance provided to our employees, kindly refer to page 61.



ZERO FATALITY RECORDED IN FY2021 FOR THE GROUP

We strive to maintain a zero fatality target by consistently expanding the efforts to evaluate our operating processes, strengthen SHE policies & procedures and conduct safety awareness programmes to safeguard the health and well-being of all our employees and key stakeholders.

⁷This includes safety data for our joint ventures and associated companies namely HYMM, IHM and MODENAS from 2018 to 2021

SOCIAL HUMAN CAPITAL

WHY IT IS IMPORTANT

We believe that our employees, regardless of position, age, gender, education background, work experience or ethnicity create value. Thus, we strive to offer a fair and active working environment for our employees, enabling them to have equal opportunities to achieve success in their careers at DRB-HICOM.

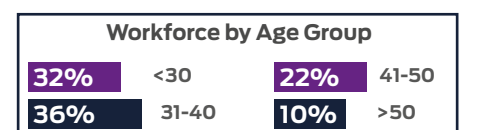
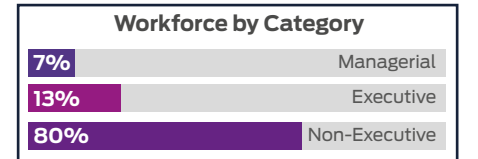
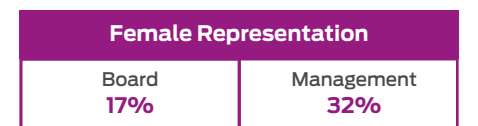
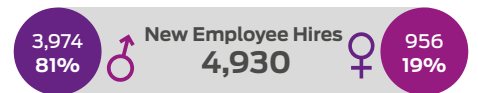
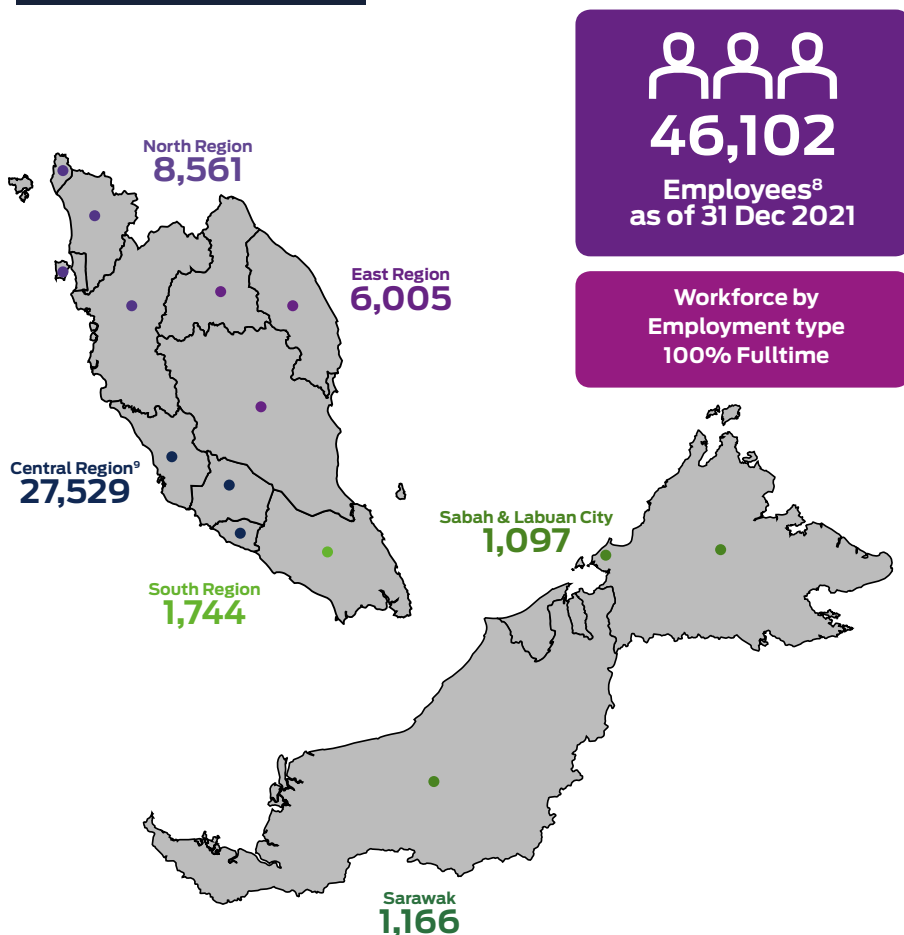
Ours is a workplace with that offers opportunities to learn and thrive, while at the same time ensuring employees remain satisfied, motivated, competitive and highly engaged. We believe that having a unique and diverse workplace and productive employees are business imperatives that will help DRB-HICOM attract and retain the brightest and most talented individuals.

OUR APPROACH

At DRB-HICOM, the Group Human Capital (“GHC”) is accountable to not only attract and recruit talents, but also enable learning and development, fostering high-performance culture, building leadership bench strength, and creating an environment that embraces diversity and inclusion. Central to our human capital processes are policies, procedures and strategies aligned to internationally-recognised best practices.

The effectiveness of our human capital practices are measured via various avenues, such as productivity level, employees’ safety and wellness, employee surveys and focus group sessions, as well as any form of informal feedback from our employees. We leverage these channels to gauge employees’ well-being and identify areas for enhancement in human capital practices.

Employee Footprint



⁸This includes employee data for our associates and joint venture companies, namely Honda Malaysia Sdn. Bhd., Isuzu Malaysia Sdn. Bhd., HYMM, IHM and MODENAS
⁹Central Region is inclusive of Selangor State, Kuala Lumpur City and Putrajaya City

SOCIAL HUMAN CAPITAL

LEARNING AND DEVELOPMENT

We believe learning and development offer a prime opportunity to expand the knowledge base of our employees, and ensure their work skills stay relevant and improve satisfaction with their jobs. Therefore, we are committed to empowering them to succeed by regularly investing in their personal and professional development.

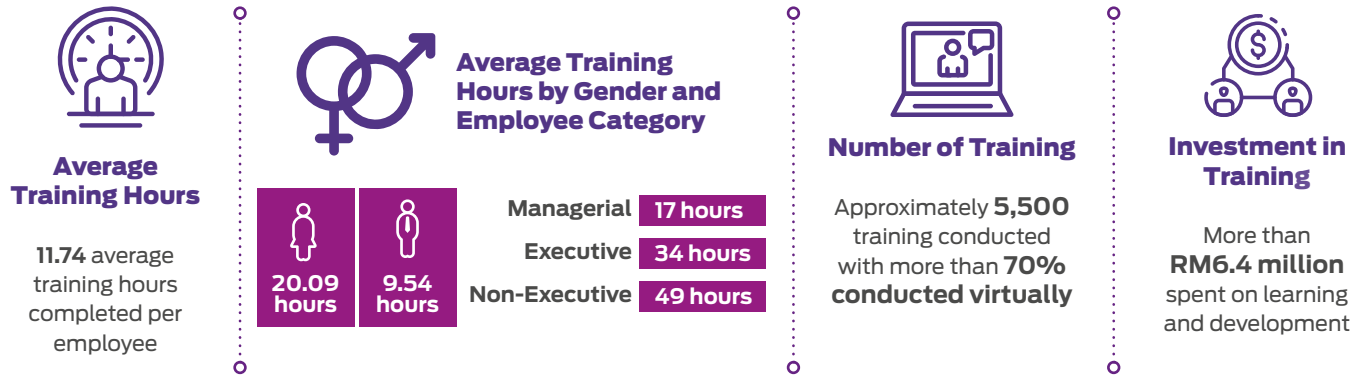
The COVID-19 pandemic crisis has accelerated the shift in education and learning, with the distinctive rise of digital learning tools and resources, whereby learning can now be undertaken independently and remotely.

As we adapt to the new norms, we regularly identify the development needs of employees through various platforms, including our in-house Competency Assessment Tool, which also facilitates individual career development conversations and planning between employees and their superiors. Through the platform, superiors are able to develop a better understanding of each of their team members' professional goals, strengths, and development needs to enhance their competencies and capabilities.

We also continue with our focus on learning and development through several programmes associated with leadership, governance as well as functional and technical competency development.

To sustain our efforts in instilling a continuous learning culture, we leverage abundant digital learning resources available in the market to ensure employees have convenient access to learn and develop themselves anytime and anywhere. Through our DRB-HICOM Learning Experience Platform, employees have access to just-in-time, bite-sized, and personally-curated learning content, which they can assimilate, share and meaningfully discuss amongst themselves.

During the year under review, we invested approximately RM6.4 million in training programmes resulting in an average of 11.74 hours of training per employee. We remain committed to the principle of gender equality in providing opportunities for learning and growth.



DRB-HICOM Competencies Dictionary



DRB-HICOM recognises the importance for employees to be continuously upskilled or reskilled to meet the changing business requirement. In order to drive the needs-based upskilling and reskilling initiatives, the competencies dictionary, as a skills taxonomy tool, has been improved to be more dynamic and up-to-date.

The competencies dictionary covers four knowledge cores, namely Business, Digital, Leadership and Personal Effectiveness. With over 30 multi-disciplinary and descriptive competencies, the competencies are interchangeable to ensure that all learning and development efforts aptly adjust to the business needs.

Employees are expected to be upskilled or reskilled in various areas of knowledge, including but not limited to data analytics, benchmarking, digital technologies and coaching.

BUILDING THE TALENT PIPELINE

We believe that everyone has unique abilities, competencies and the potential to become a driving force for change and improvement. To harness our employees' best performance, we are committed to nurturing their skills and capabilities to unlock the best in them to drive creativity and innovation that will contribute to our long-term sustainable growth.

Our talent management framework aims to build and sustain our leadership bench strength and wider talent pool by continuously attracting, developing, and retaining the right talent. We believe it is fundamental to fill the correct position with the right capabilities, which will determine the quality and success of future leaders within the organisation.

Through a multitude of on-the-job assignments, access to leadership and development insights, as well as structured talent development programmes, we are able to develop and upskill our employees to unleash their potential. To date, we have identified a total of 851 employees across the Group who have the potential to grow and assume leadership roles.

Our key focus in talent management is to build a robust and holistic succession plan for our leadership teams across the Group. We aim to attain it by ensuring that the approaches are adequately fluid and closely integrated across the Group, from identifying talents in one of the Group companies to appointing a successor to the Group's key leadership role.



DRB-HICOM Talent Management Framework

Our Performance

Number of Talent Pool
851 leadership talents were identified across the Group



Voluntary Turnover rate
Turnover rate of 8.5% across the Group in FY2021

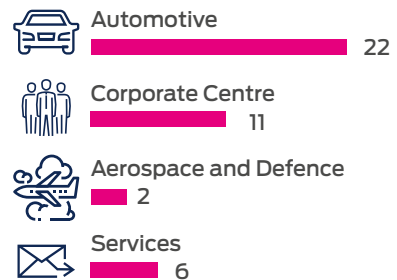
DRB-HICOM Succession Planning



Succession planning has been central at DRB-HICOM to ensure a robust leadership bench strength that continuously supports business growth.

A total of 41 Mission Critical Positions ("MCPs"), which refers to positions critical to the Group in achieving its corporate strategic objectives, have been identified.

The current ready-now ("R0") succession coverage ratio stands at 46.3%, where 19 MCPs have at least a R0 successor. The Group aspires to ensure all MCPs have R0 successors by 2024.



SOCIAL HUMAN CAPITAL

RESPECTING HUMAN RIGHTS

We have always placed great importance on creating employment opportunities that value and respect human rights. We align our commitment to human rights with the Universal Declaration of Human Rights by the United Nations. In FY2021, we revised our Human Resource Planning & Recruitment Procedure to incorporate diversity and equal opportunity as part of our recruitment process.





Importantly, we also ensure that our commitment to human rights is disseminated throughout our supply chain via VCOC by prohibiting suppliers to be associated with any practice related to forced, child and trafficked labour as well as ensuring their workers' living conditions are well taken care of. This allows the Group to promote a culture that fosters fairness, equity and respect for social diversity beyond our own hiring practices.

Additionally, the Group has incorporated the establishment of Human Rights Policy in its work plan for FY2022. This policy will emphasise DRB-HICOM Group's commitment towards promoting diversity and equal opportunity and the prohibition of any form of workplace discrimination and harassment. The policy will be applicable to the entire human capital process, including recruitment, remuneration, training & development as well as promotion & upgrading. In FY2021, there are no recorded cases involving a violation of human rights among our employees across the Group.

 <p>Exercising non-discrimination and promoting gender equality</p>	<p>Freedom to form and join a union and to bargain collectively</p> 	 <p>Eliminate any form of:</p> <ul style="list-style-type: none"> • Forced or bonded labour • Human trafficking and modern slavery • Child labour
 <p>Favourable Working Conditions</p>	 <p>Eliminate Violence & Sexual Harassment</p>	 <p>Protect the Rights of Vulnerable Group</p>

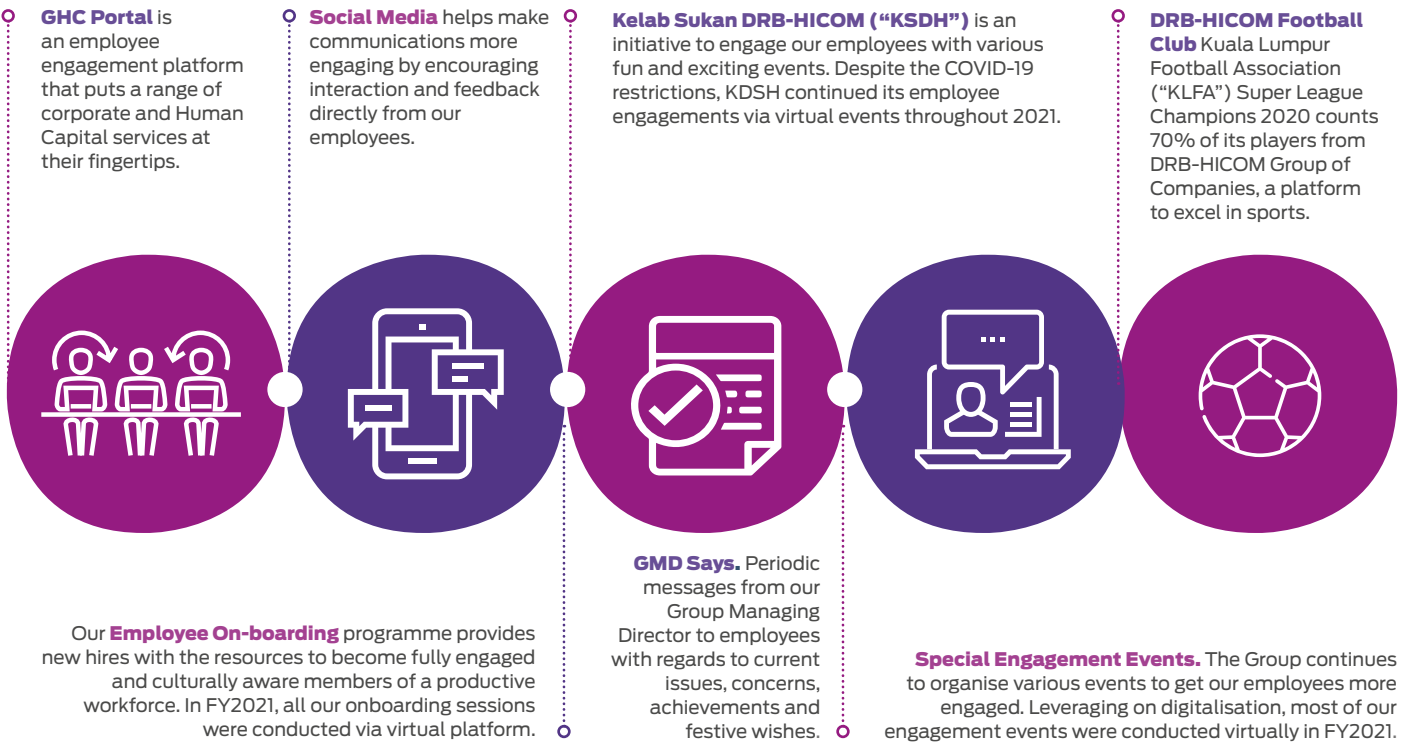
DIVERSITY AND INCLUSION

At DRB-HICOM, we believe that people should have access to the same opportunities regardless of their nationality, race, religion, gender, marital status, age and disabilities. As a company that operates in male-dominated industries such as automotive, manufacturing, postal and services, we strive to have an equal gender representation in our workforce by continuously encouraging women participation in our Group of Companies. We ensure the women in our workforce have an equal opportunity to grow, excel and flourish throughout their careers in DRB-HICOM.

 <p>Lactation Room At our head office, we provide a lactation room for mothers to breastfeed in a private and comfortable setting</p>	 <p>Special Parking We provide reserved parking bays near the entrance of our office building for our pregnant and differently-abled employees</p>	 <p>Parental Leave A total of 2,730 employees took parental leave in 2021 and 99% reported back for duty at the end of their leave</p> <ul style="list-style-type: none"> 1,917 male employees 100% returned 813 female employees 99% returned 	 <p>Respect, support and encourage the development of people with differing abilities. 98 special needs employees were recruited across the Group in FY2021</p>
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FOSTERING EMPLOYEE ENGAGEMENT

DRB-HICOM is committed to creating a work environment that promotes active employee engagement and provides abundant opportunities to excel and grow. We believe in continuous engagement with our employees as their views are important to help us understand better their needs and expectations. Internally, communications with our employees are kept pro-active via various physical and virtual channels.



Managing Grievances



GHC Help Desk



Our Whistleblowing Communication is available via our corporate website

At DRB-HICOM, we recognise the value and importance of having formalised policies and procedures to address employee grievances. The Group makes every reasonable effort to address complaints and grievances (relating to matters affecting the Terms and Conditions of service) from employees and provides orderly and effective means of managing grievances. GHC Helpdesk is accessible through the Group’s on-line portal. It serves as one of the platforms to allow employees to voice their concerns without being subjected to victimisation, harassment or discriminatory treatment. There is also a well-established Whistleblower Policy to provide a formal avenue for issues to be raised by employees in a strictly confidential manner.

SOCIAL HUMAN CAPITAL



What is DRB-HICOM Community Programme?

A comprehensive and personalised employee assistance programme that improves your mental health.



DRB-HICOM

What you need to know about COVID-19 Variants, Tests & Ivermectin

by Dr Anza Elias

At DRB-HICOM, providing a conducive and healthy working environment for our employees is important, to enable them to contribute positively and effectively on a daily basis. We promote work-life balance to enhance employees' physical and mental health as well as work performance. A number of initiatives are in place during the reporting year as part of the efforts towards creating a sustainable environment for individual and community involvement.

Promoting Good Health and Well-Being

DRB-HICOM Cares Community Program

Launched in November 2021, in collaboration with health agency Naluri, this programme aims to improve health conditions for adults with chronic health issues. It is an integrated and holistic approach to health, focusing on chronic disease and mental health. It is our intention to shift the mindset of staff away from reliance on clinical care and move towards self-care.



International Women's Day

To uphold women's achievements, recognise challenges, and focus greater attention on women's rights and gender equality, we celebrate International Women's Day with all of our employees. In collaboration with the Ministry of Women, Family, and Community Development ("KPWKM"), we held a webinar entitled 'Violence Against Women' to promote awareness and educate women on the ways to prevent and respond to any violence against women.



Webinar on Mental Health & Nutrition

We continue our effort in educating our employees on the importance of mental health. A webinar on Mental Health and Nutrition was conducted to educate our employees on stress management and methods of handling heavy workloads in the WFH environment.












Health Messages via Desktop Screensaver

We leverage on digitalisation as the platform of communication to educate our employees on current health issues, their causes and precautionary measures to be taken to overcome them.



OUR COVID-19 RESPONSE

The on-going COVID-19 pandemic has impacted us from many perspectives and created new norms in our daily conduct and lifestyle. In ensuring the health and well-being of our employees are safeguarded, we established various measures and support for our employees, in line with the government's policy implementation across the country.

 <p>WFH and Split Team Arrangements are initiated in line with government restrictions and guidelines</p>	 <p>Virtual Engagement to encourage and support our employees to take advantage of virtual options to hold meetings, discussion, and social events as well as attending training courses</p>
 <p>COVID-19 Psycho Social Support Response Team was established to monitor COVID-19 P1 and P2 active cases by offering daily calls and follow-ups on physical and mental health status</p>	 <p>e-Farma and e-Farma Call are initiatives that offer teleconsultation and Long-Term Medication for employees with stable chronic illnesses to request medication to be home-delivered during Movement Control Order ("MCO")</p>
 <p>A social messaging app was introduced to foster continuous open communication with our employees</p>	 <p>Webinars are organised to assist employees in adapting to the WFH environment</p>
 <p>Outpatient claim for employees with P2 status to undergo COVID-19 testing</p>	 <p>Special COVID-19 Vaccination Leave for employees who receive vaccination appointment dates on working days</p>
 <p>International Travel Declaration initiative was introduced to track our employees who have traveled abroad</p>	 <p>On-line COVID-19 Management Process was established for COVID-19, which allows employees to submit risk profiles, WFO requests and declare their self-test results</p>

SOCIAL HUMAN CAPITAL

PERFORMANCE APPRAISALS

At DRB-HICOM, performance management is the process of creating a work environment where employees are able to perform to the best of their abilities. Using our in-house Human Resource Management System (“HRMS”), which is accessible to all employees, we have established a flexible and transparent performance management process that aligns the deliverables required by the employees’ job scope against the business objectives of the Group. The performance appraisal process is supplemented by frequent feedback and coaching from each employee’s supervisor. Throughout the reporting period, the performance of every employee in the Group is appraised. Compensation and recognition are awarded based on their contributions and KPI achievements.



100%
of our employees are subjected to Performance Appraisal

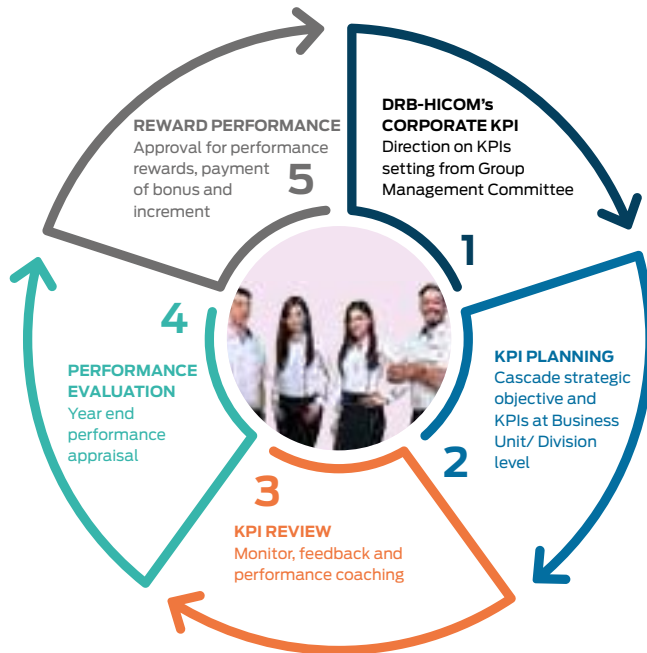
ENGAGING WITH UNIONS

DRB-HICOM values an engaged and empowered workforce that contributes to improving our operations, and as such, we foster open dialogues and genuine collaboration with our employees. We engage with civil society organisations and other stakeholders to define and implement best practices.

We respect our employees’ fundamental rights to form or join any organisation, association or union in collective bargaining. Negotiations with our unions were made through collective agreements that outline the agreed terms and conditions of employment for the respective trade union. During the reporting year, none of our operations was identified to be at risk to our employees.

DRB-HICOM PERFORMANCE MANAGEMENT CYCLE

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



Union Members in DRB-HICOM	DRB-HICOM Group of Companies with Unions	Total Number of Unions	Total Number of Collective Agreements
22,089	24	27	32

SOCIAL CORPORATE RESPONSIBILITY

WHY IT IS IMPORTANT

We acknowledge our capacity to positively impact a local community's well-being through our extensive footprint across Malaysia. The emphasis we place on direct local engagement and collaborative partnerships with our stakeholders reflects our dedication to moving beyond the conventional philanthropic approach toward maximising the creation of shared value to empower the community in which we serve.

Through Corporate Responsibility ("CR"), we nurture and empower the many communities surrounding us and ensure we do not impact them negatively. The Group helps the community grow together through CR by promoting sports, education, healthy living, and wellness.

OUR APPROACH

Our CR initiatives are aligned with the EES impacts of our operations. Aside from Group-initiated programmes, we also form partnerships with charitable bodies and NGOs. The impact of our programmes are measured based on the number we reach with the activity.

At DRB-HICOM, we assist the local community through the Sahabat DRB-HICOM volunteer programme, which acts as the Group's arm in conducting community outreach initiatives. Through this platform, our employees can participate in meaningful community outreach programmes and contribute to community development, nation-building, education, and environmental protection.

In 2021, we established a Donation, Sponsorship and CR Policy & Procedure to ensure a more structured approach to creating social impact via our community development contribution. The policy aims to achieve its objective by:

- Encouraging partnerships with entities/ NGOs for projects/ initiatives towards a common goal
- Prioritising support towards the community on education and nation building activities
- Emphasising on building sustainable life skills
- Contributing towards the welfare of the community
- Shaping a healthy, resilient and sustainable community

Navigating Social Impacts from COVID-19

In FY2021, we continued to channel aid from the Group and our subsidiaries to help shelter those directly impacted by this crisis. We have contributed more than RM620,000 in cash and in-kind to help the community survive through this difficult time. These contributions include Personal Protective Equipment ("PPE") kits for the medical frontliners as well as food and daily necessities for impacted groups.



Our Performance



>44,000
lives touched through our
Corporate Responsibility
activities



>RM600,000
invested on Corporate
Responsibility activities



>RM620,000
COVID-19 contribution to the
communities

SOCIAL CORPORATE RESPONSIBILITY

Yayasan Foodbank Malaysia (“YFBM”) Joins Hands with DRB-HICOM

A collaborative effort to supply B40 families with food baskets via food banking was conducted throughout March and September 2021. Over 300 families in Selangor, Kedah and Pahang were given support to ease their burden caused by the implementation of MCO as citizens struggled to obtain basic needs. Under the supervision of YFBM, supplies amounted to RM82,350 were constantly replenished in concentrated areas for those in need.



Free Voluntary Vehicle Inspection (“VVI”) During Festive Seasons – Ensuring Road Safety

In conjunction with the Chinese New Year and Hari Raya festivities, PUSPAKOM Sdn. Bhd. (“PUSPAKOM”) conducted free VVI to educate the public regarding the importance of vehicle safety and roadworthiness. The campaign was launched during festive seasons as most citizens would drive back to their hometowns to celebrate with their families. To ensure a safe journey for our citizens, a collective effort by over 1,000 staff from PUSPAKOM delivered this complimentary service worth over RM125,000 to a total of 2,500 vehicle owners.

Helping New Generation for a Better Future

To ensure inclusive and equitable education and promote lifelong learning opportunities for all, DRB-HICOM University has provided financial aid on study fees and pocket allowance to the qualified Asnaf. The donation was redistributed to 86 of DRB-HICOM University students involving the allocation of Zakat money amounting to RM200,000. It is hoped that the contribution will benefit the students and be used on the path of goodness.

HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. (“HICOM Automotive”) Food Basket Programme

With the help of 87 staff from HICOM Automotive, food supplies were distributed during the height of MCO to the company’s surrounding community, specifically to Masjid Sri Maulana and Ibu Pejabat Polis Daerah Pekan. The initiative was initiated to support frontliners and communities in need to withstand the adversities brought upon by the COVID-19 pandemic.

DRB-HICOM FLOOD RELIEF RESPONSE

Bracing the Storm Together

On 16 December 2021, a tropical depression made landfall on the eastern coast of Peninsular Malaysia, bringing torrential downpours throughout the peninsula for three days. The communities surrounding our operations, including our employees, were among those affected by this catastrophe. We stand side by side with our employees and communities struggling with the supply of food and continue to provide our utmost assistance to overcome this natural disaster together.

DRB-HICOM and its Group of Companies joined hands to help the employees and communities affected, extending more than RM600,000 worth of aid, including cash, life jackets, food and basic necessities. Volunteers across ranks also rallied to clean up houses affected by the floods.

National car maker PROTON came forward and offering discounts on selected parts and labour cost, while giving free exterior cleaning and towing service. PROTON also announced acceptance of the RM1,000 repair vouchers offered by the Government, while also accepting the voucher as down payment for a new car for ones that were declared a total loss.

Islamic banking arm Bank Muamalat, meanwhile provided a six-month payment relief on loan and financing products for individuals, SMEs and business customers who were impacted by the floods to alleviate their financial burden. It also offered a free replacement for bank-related documents lost in the floods, such as debit and credit cards, as well as damaged cheques and bank statements.

The Group's efforts, along with those from other well-meaning organisations, may have helped the people and community around us, but for us, it was a lesson on unity and togetherness, perseverance, hope and courage.



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GRI CONTENT INDEX

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GRI 409: Forced or Compulsory Labor 2016		
103-1	Explanation of the material topic and its boundaries	SR 11, 23, 58
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GLOSSARY

3R	Reduce, Reuse and Recycle
5G	The fifth generation technology standard for broadband cellular networks
ABAC	Anti-Bribery and Anti-Corruption
AHU	Air Handling Unit
ASEAN	Association of Southeast Asian Nations
B40	Bottom 40% of income group
B50	Bottom 50% of income group
B6	Building 6
BMMB	Bank Muamalat Malaysia Berhad
BMS	Building Management System
BRSC	Board Risk & Sustainability Committee
BRTF	Business Recovery Task Force
Bursa Securities	Bursa Malaysia Securities Berhad
C19C	COVID-19 Committee
CO ₂ e	Carbon dioxide equivalent
COEBP	Code Of Ethics & Business Practice
COVID-19	Coronavirus disease 2019
CSR	Corporate Social Responsibility
CR	Corporate Responsibility
CRR	Composite Risk Rating
CSU	Corporate Sustainability Unit
CTRM	Composites Technology Research Malaysia Sdn. Bhd.
DRB-HICOM University	DRB-HICOM University of Automotive Malaysia University
DOE	Department of Environment
EES	Economic, Environmental and Social
EFPA	Enhanced Financing Payment Assistance
ESG	Environmental, Social and Governance
EQA Act 1974	Environmental Quality Act 1974
FAMA	Lembaga Pemasaran Pertanian Persekutuan
FIRST	Financial Resilience Support Scheme
FY	Financial Year
GABV	Global Alliance for Banking on Values
GHC	Group Human Capital
GHG	Greenhouse Gas
GJ	Gigajoule
GMD	Group Managing Director
GPP	Group Procurement Policy
GRI	Global Reporting Initiative
GSHE	Group Safety, Health & Environment

HICOM Automotive	HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.
HIRARC	Hazard Identification, Risk Assessment and Risk Controls
HRMS	Human Resource Management System
HYMM	HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.
IT	Information Technology
IHM	ISUZU HICOM Malaysia Sdn. Bhd.
iTEKAD	iTEKAD Mawaddah
IROSHE	Integrated Reporting of Occupational Safety, Health & Environmental
kg	Kilogramme
Kloth Malaysia	Kloth Malaysia Sdn. Bhd.
KLFA	Kuala Lumpur Football Association
KPI	Key Performance Indicator
KPWKM	Ministry of Women, Family, and Community Development
KSDH	Kelab Sukan DRB-HICOM
kWh	Kilowatt-hour
LPG	Liquefied petroleum gas
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
m ³	Cubic metre
M40	Middle 40% of income group
MACC	Malaysia Anti Corruption Commission
MCP	Mission Critical Positions
MCO	Movement Control Order
MFP	Multi Function Printer
MODENAS	Motosikal Dan Enjin Nasional Sdn. Bhd.
MoU	Memorandum of Understanding
MT	Metric Tonne
MWp	Mega-Watt peak
NGO	Non-Governmental Organisation
OSH	Occupational Safety and Health
OSH Act 1994	Occupational Safety and Health Act 1994
OSH-C	Occupational Safety and Health Coordinators

GLOSSARY

P1	A COVID-19 positive person
P2	Person in close contact with P1
PCDC	Proton City Development Corporation Sdn. Bhd.
Pos Malaysia	Pos Malaysia Berhad
PPE	Personal Protective Equipment
PRE-Q	Pre-qualification
PROTON	PROTON Holdings Berhad
PUSPAKOM	PUSPAKOM Sdn. Bhd.
PV	Photovoltaic
RO	Ready-Now
R&D	Research and development
RE	Real Economy
REEM	Registered Electrical Energy Manager
RISE26+	A five-year strategic business plan introduced by BMMB, for the year 2021 to 2026
RM	Ringgit Malaysia
RMC	Risk Management Committee
SDG or Goal	Sustainable Development Goal
SHE	Safety, Health & Environment
SLA	Service-level Agreement
SME	Small and Medium Enterprise
SOP	Standard Operating Procedure
SSC	Sustainability Steering Committee
SWC	Sustainability Working Committee
TCFD	Task Force on Climate-related Financial Disclosures
The Company	DRB-HICOM Group of Companies
The Group	DRB-HICOM Group of Companies
The Organisation	DRB-HICOM Group of Companies
UCUA	Unsafe condition and unsafe act
UDA	UDA Holdings Berhad
UPSI	Universiti Pendidikan Sultan Idris
URUS	Financial Management and Resilience Programme formulated by the banking industry
VBI	Value-based Intermediation
VCOC	Vendor Code of Conduct
VVI	Voluntary Vehicle Inspections
We	DRB-HICOM Group of Companies
WFH	Work from Home
YFBM	Yayasan Foodbank Malaysia

DRB-HICOM

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