

# OUR SUCCESS BELIEFS



//

# ADOPT THE PACE OF NATURE: HER SECRET IS PATIENCE.

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**Ralph Waldo Emerson**  
American writer



The cover of this year's Sustainability Report marries the six Success Beliefs which will guide us towards the future with an over-arching commitment towards sustainability, symbolised by the soft blue background.

Sustainability has been infused into our corporate culture and it is central to the way in which we work and conduct business. As the journey to achieving optimal sustainability is endlessly challenging, we have our six Success Beliefs to guide and inspire our workforce to fully embrace sustainability in everything we do.

# THE INSIDE STORY

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# ABOUT THIS REPORT

## REPORTING APPROACH

This report has been prepared with reference to the Global Reporting Initiative (“GRI”) Standards. References to “DRB-HICOM”, “the Company”, “the Organisation”, “the Group” and “we” refer to the DRB-HICOM Group of Companies. 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
- Task Force on Climate-Related Financial Disclosures

The reporting principles covered in this report include:



### Stakeholder Inclusiveness

Capturing our stakeholders’ expectations and concerns



### Sustainability Context

Presenting our performance in the broader context of sustainability



### Materiality

Identifying and prioritising the key sustainability issues that our Group encounters



### Completeness

Reporting all sustainability topics relevant to our Group and those influencing our stakeholders

## REPORTING PERIOD

The reporting period for this document is for the financial year from 1 January to 31 December 2022.

## SCOPE AND BOUNDARIES

The report’s scope is focused on the Group’s core business sectors operating in Malaysia. The data covers all operating companies of the 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.

## STATEMENT OF ASSURANCE

This Sustainability Report has not been subjected to an assurance process this financial year. Nevertheless, constant monitoring of the reporting processes is undertaken by our internal team and any changes or updates required are made to maintain continuous accuracy and transparency.

## NAVIGATION ICONS

### Our Six Capitals:



Financial



Manufactured



Intellectual



Human



Social and Relationship



Natural

## FEEDBACK

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



**Cheah Chee Kong**  
Head, Group Risk Management & Sustainability Division



[sustainability@drb-hicom.com](mailto:sustainability@drb-hicom.com)

## ABOUT THIS REPORT



### MEMBERSHIPS AND ASSOCIATIONS

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

<b>MIGHT</b>	Malaysian Industry-Government Group for High Technology
<b>FMM</b>	Federation of Malaysian Manufacturers
<b>MIER</b>	Malaysian Institute of Economic Research
<b>MEF</b>	Malaysian Employers Federation
<b>MICG</b>	Malaysian Institute of Corporate Governance
<b>MAA</b>	Malaysian Automotive Association
<b>IIAM</b>	The Institute of Internal Auditors Malaysia
<b>MAPA</b>	Malaysian Auxiliary Police Association
<b>ICDM</b>	Institute of Corporate Directors Malaysia
<b>UNGC</b>	United Nations Global Compact



### REPORTING SUITE



Scan to read our  
Annual Report  
2022



Scan to read our  
Sustainability  
Report 2022

*These reports are also accessible on-line by scanning these QR codes.*

Further information  
can also be found  
on our website:



<https://www.drb-hicom.com/>

# GROUP MANAGING DIRECTOR'S STATEMENT



*View of the plant buildings in the DRB-HICOM Automotive Complex  
in Pekan, Pahang*



**Dear Stakeholders,**

**As the nation transitioned to the endemic phase of the global pandemic, the Malaysian Government increased its efforts in sustainability, as seen in its green financing initiatives and emphasis on sustainable practices for businesses. We took this as an opportunity to enhance our own initiatives throughout the year, taking substantial steps throughout our operations in the multiple industries we are involved in.**

We continue to be recognised by FTSE4Good for our solid Environmental, Social and Governance (“ESG”) performance, achieving a 4-star rating and placing DRB-HICOM in the top 25% among public listed companies. This is a significant milestone and we are honoured to be globally recognised for the long-term commitment to and consistent progress in advancing our sustainability agenda.

In this Sustainability Report, we share the commitment to reaching our ESG goals, defining plans and targets of our climate action responsibilities and the broader impact on our value chain.

## GROUP MANAGING DIRECTOR'S STATEMENT

### SETTING THE TONE

Starting from the top, we initiated steps to improve our formulation and articulation of strategic ESG targets. Setting clear and measurable targets will help achieve our short and long-term sustainability goals and instil accountability and transparency in their implementation.

One of the biggest lessons learned in the past years was the real and immediate impact of climate change on businesses.

As a business group with multiple interests across various industries, we recognise the responsibility in setting an example in heeding the call to action against climate change. Since FY2021, DRB-HICOM has adopted the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD") framework which provides us with a structured approach to managing the risks and opportunities related to climate change across our operations.

In preparing for FY2023, DRB-HICOM placed considerable focus on climate change risks and opportunities in our Annual Management Plan, quantifying risks, identifying opportunities and subsequently initiating carbon reduction investments, placing ESG factors at the core of our strategies.

### MITIGATING CLIMATE CHANGE

It is often said that "you can't improve what you don't measure". In FY2022, we introduced a key performance indicator for Scope 2 carbon intensity as part of our Group scorecard. In line with this, we have established a target of 20% renewable energy in our electricity consumption mix by 2035, garnering the support of all stakeholders.

DRB-HICOM subsidiaries have been encouraged to implement industry best practices and international standards in benchmarking their carbon reduction initiatives. They have been empowered in coming up with innovative initiatives within their operations. We continued the expansion of the rooftop solar photovoltaic project which to date, involved seven of our subsidiaries, bringing the Group's total renewable energy capacity to 28.505 MWp. This has resulted in a remarkable 21,554 tonnes of carbon emissions being avoided in FY2022.

We also made progress in waste and water management initiatives across the Group, forming partnerships with reputable NGOs and enterprises who share in our goals and aspirations for environmental stewardship. Collaborating with them will allow us to take our initiatives even further in creating a positive impact, and these are mentioned in this report.

### SUPPORTING OUR PEOPLE AND COMMUNITIES

Our people are the heart of our business. Empowering them with the right tools and ensuring a safe and conducive environment are fundamental to the sustainability of DRB-HICOM and achieving our strategic goals. Throughout the year in review, we continued to focus on their well-being and growth while addressing their evolving needs and aspirations. We launched our Leadership Efficacy and Development Programme ("LEAD"), designed to enhance technical and leadership competency for talents and successors.

It is just as important to support the people around us. We conducted various impactful community programmes, reaching more than 50,000 local communities in the areas we operate. These efforts in community development, nation-building, education and environmental protection will be continued in the coming years.

In this vein, DRB-HICOM continues to engage and support local suppliers to enhance economic growth and ensure sustainability within our supply chain.

### STAYING TRANSPARENT AND ACCOUNTABLE

On the governance front, DRB-HICOM remains committed to our governance framework by striving to ensure zero anti-bribery and anti-corruption non-compliance cases, as well as zero substantiated complaints concerning breaches of customer privacy and loss of customer data.

### ACKNOWLEDGEMENTS

On behalf of the Board of Directors, our appreciation goes to the people of DRB-HICOM. Their hard work and dedication have been the engine driving the Group's sustainability agenda, and they will continue to be the backbone of our organisational goals.

To our Board members, your guidance has been vital to our success. It has been my honour to receive your support in charting our sustainability course.

My deepest gratitude extends to all shareholders who continue to stand by us through thick and thin. Your readiness to engage and provide feedback has been invaluable in shaping our strategies for creating shared value.

Together, let's move onwards and upwards to the successes of the future.

Thank you.

**Syed Faisal Albar**



# AWARDS AND RECOGNITION

Our commitment to ESG practices is exemplified by the numerous local, regional and global awards and recognitions we have received. These accolades are a testament to our sustainability efforts that reputable rating agencies and awards organisations have acknowledged.

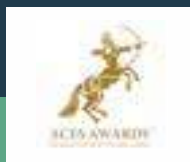


The DRB-HICOM team receiving the Green Initiative Award at the Asia Corporate Excellence and Sustainability (ACES) Awards 2022.



### Sustainability & CSR Awards 2022

Company of the Year Award for excellence in Renewable Energy, Sustainable Finance and CSR Initiatives



### Asia Corporate Excellence & Sustainability Awards 2022

Green Initiative Award



### Global Good Governance Awards 2022

3G Championship Award in Sustainability Reporting



Since 2022, DRB-HICOM has been a proud signatory of the United Nations Global Compact's ("UNGC") Ten Principles covering human rights, labour standards, the environment and anti-corruption, as well as contributing to the achievement of the 17 United Nations Sustainable Development Goals ("SDG or Goals").



The Group has been assessed based on FTSE4Good's ESG Themes for the sixth consecutive year. In 2022, DRB-HICOM achieved a 4-star rating, reflecting DRB-HICOM as the top 25% by ESG rating amongst PLCs in the FBM Emas Index that was assessed by FTSE Russell.



# SUSTAINABILITY AGENDA IN DRB-HICOM

## OUR SUSTAINABILITY VISION



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

## OUR 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

### OUR ASPIRATION

DRB-HICOM is among the region's leading business groups with 84 operating companies covering six main sectors nationwide, namely Automotive, Aerospace and Defence, Postal, Banking, Services and Properties. Interacting with diverse individuals and different needs, we have always been committed to leading by example by driving the sustainability agenda across all our business sectors. This philosophy reflects our collective dedication to integrating sustainability into our daily operations, encompassing ESG aspects. Our decisions and actions are rooted in a robust foundation of corporate governance. We strive to ensure responsible business practices, manage the environmental impact of our operations, foster an inclusive workplace for our employees and cater to 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 to minimise negative impacts while generating sustainable value for our diverse stakeholders.

As we believe that our global presence needs us to be forward-looking and supportive of both international and national agendas, we therefore incorporate SDG introduced by the United Nations into the Group's sustainable strategy. These 17 Goals include calls for action to end poverty, protect the environment and help people lead a peaceful and prosperous life. Malaysia has committed to supporting and implementing 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.

**DRB-HICOM**

## COMMITTED TO A SUSTAINABLE FUTURE



CLIMATE ACTION



LIFE ON LAND



GOOD HEALTH AND WELL-BEING

# SUSTAINABILITY AGENDA IN DRB-HICOM





## SUSTAINABILITY AGENDA IN DRB-HICOM

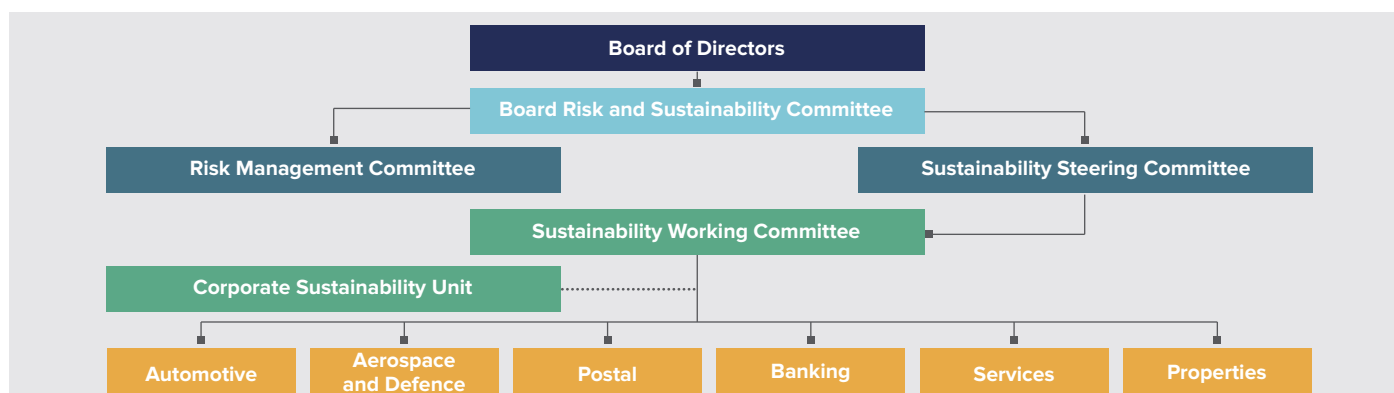


# SUSTAINABILITY GOVERNANCE

## OUR STRUCTURE

DRB-HICOM believes strong governance is vital in realising our objectives and achieving sustainability targets. Led by the Board of Directors and with the establishment of a robust sustainability governance structure, we are able to showcase how sustainability is always a top priority within the Group. This enhances the confidence of our shareholders, business partners and employees in our management of sustainable matters. It also ensures that sustainability opportunities and risks are responsibly managed, focusing on creating long-term value. The value of sustainability is ingrained at every operational level across DRB-HICOM. By ensuring various levels of accountability, we can instil a culture of sustainability throughout the Group. Starting at the Board of Directors level, the sustainability governance of the Group encompasses all of our six business sectors.

The sustainability governing body’s roles and responsibilities are as described below:



For the list of members of the Board Risk and Sustainability Committee, kindly refer to the Profile of Directors section on pages 42 to 45 of the DRB-HICOM Annual Report 2022, which begins at the back of this book.

### 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 and 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 frameworks and policies to drive sustainability practices across the Group. BRSC also ensures the effective management of significant and material ESG risks impacting the principal businesses of the Group.

### Risk Management Committee (“RMC”)

Chaired by the Group Managing Director (“GMD”), the RMC comprises the Group Directors of Corporate Divisions, Chief Operating Officers of Corporate Divisions and Business Sectors, and the Heads of relevant Divisions. The RMC is responsible for establishing and monitoring Group-wide sustainability and climate-related risks, strategies, priorities and targets to support the Group’s long-term business strategies and success. The RMC convenes at least once every quarter and/or as and when required.

### Sustainability Steering Committee (“SSC”)

The Group Chief Financial Officer leads the SSC which is composed of several key members including the Group Director of Operations Transformation Division, Head of Group Risk Management and Sustainability Division, Head of Group Strategic Communications Division, Head of Group Human Capital Division and the Head of Group Procurement Department. 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 at least once every quarter and additionally, as and when required.

### Sustainability Working Committee (“SWC”)

The SWC consists of nominated Sustainability Champions in each sector within the Group. The Champions acts as the cross-functional “activation arm” that effectively drives focus on the execution of strategic plans for our priority material topics.

### Corporate Sustainability Unit (“CSU”)





The CSU coordinates with and supports the Sustainability Champions and various functions on identifying and managing material sustainability matters, including overseeing stakeholder engagement, materiality assessment, managing sustainability-related risks and enhancing sustainability capabilities across the Group.

## SUSTAINABILITY GOVERNANCE

### OUR POLICY

At DRB-HICOM, we aim to promote sustainable development and profitable growth. Establishing our Sustainability Policy has fortified our pledge towards managing both our direct and indirect ESG impacts. Our Sustainability Policy is aligned with our sustainability vision and mission statements, showcasing our commitment to incorporating sustainability consideration throughout our business processes in managing our business responsibly.

Our Sustainability Policy provides a comprehensive framework for addressing business opportunities and risks within the context of ESG impacts. This policy applies to all of our products and services, subsidiaries, operational units and supply chains. Through this policy, the Group outlines its commitments and expectations in all areas of ethical business practices, including relevant sustainability issues. Our policy is communicated to our internal and external stakeholders via our corporate website.

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



For more information on DRB-HICOM's Sustainability Policy, please scan the QR code.

The following highlights our sustainability commitment in accordance with our Sustainability Policy:

 <p><b>ECONOMIC</b></p>	<p><b>GOVERNANCE</b></p> <ul style="list-style-type: none"> <li>Encourage a corporate culture that fosters sustainable practices and values in our business conduct</li> <li>Comply with and exceed where practicable, all applicable legislation, regulations and codes of ethics in our business practices</li> <li>Promote and ensure all employees are aware of and are committed to implementing sustainability activities as part of the Group's strategy</li> </ul>	<p><b>SUPPLY CHAIN</b></p> <ul style="list-style-type: none"> <li>Advocate socially responsible procurement practices with our suppliers and vendors</li> <li>Encourage growth and development of local suppliers and vendors through optimal use of local resources and materials</li> </ul>
 <p><b>ENVIRONMENTAL</b></p>	<p><b>ENVIRONMENTAL MANAGEMENT</b></p> <p>Consistently strive to reduce our carbon footprint by specifically committing to:</p> <ul style="list-style-type: none"> <li>Using natural resources efficiently, optimally and preventing pollution to the environment</li> <li>Reducing our use of carbon and be energy efficient in all of our operations</li> <li>Handling and where possible, minimising our waste and effluent safely and efficiently</li> <li>Encouraging consistent practices of reuse, recycle, remanufacture and recovery of products</li> </ul>	
 <p><b>SOCIAL</b></p>	<p><b>HUMAN RIGHTS AND WORKPLACE</b></p> <ul style="list-style-type: none"> <li>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</li> <li>Manage employees' welfare and well-being and promote workplace diversity</li> </ul>	<p><b>COMMUNITY DEVELOPMENT AND SOCIAL IMPACT</b></p> <ul style="list-style-type: none"> <li>Contribute towards the welfare of the community in which the Group operates in</li> <li>Shape a healthy, resilient and sustainable community by supporting charitable causes and community development initiatives</li> </ul>

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


In 2021, DRB-HICOM commenced its TCFD reporting journey. Recognising the importance of increasing transparency around climate-related risks and opportunities, we aim to support more informed financial decision-making and establish a more resilient financial system across the Group. By undertaking TCFD reporting, we can better understand and manage the potential impacts of climate change on our operations and communicate this information more effectively to our stakeholders. Through these efforts, we hope to strengthen our overall sustainability performance and contribute to a more sustainable future.

We understand that we can no longer ignore the financial impacts of climate change and must take proactive steps to implement sustainable and resilient solutions to the current and emerging climate-related risks. In the long run, our approach will ensure the long-term stability and resiliency of our business. We can effectively manage risks by prioritising sustainability and investing in climate-friendly practices. Furthermore, our approach aligns with our commitment to responsible and sustainable business practices, and we believe it will contribute to a more sustainable future for our business and the wider community.

During the year, we have charted how DRB-HICOM’s commitment to climate change is aligned with the four principles outlined by the TCFD, i.e. Governance, Strategy, Risk Management and Metrics and Targets, which are also aligned with our governance practices and current climate-related initiatives.


GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
<ul style="list-style-type: none"> <li>Board and management oversight functions</li> <li>Incorporation of TCFD requirement in the Sustainability Governance Framework</li> <li>Establishment of climate-related Key Performance Indicators (“KPI”)</li> </ul>	<ul style="list-style-type: none"> <li>Identification of climate-related risks and opportunities as part of the Group’s risk universe</li> <li>Consideration of ESG matters, inclusive of climate issues, during annual financial and operations planning</li> </ul>	<ul style="list-style-type: none"> <li>Integration of climate-related risks into the Group’s Enterprise Risk Management (“ERM”) processes</li> <li>Assessment and monitoring of significant climate-related risks across the Group</li> </ul>	<ul style="list-style-type: none"> <li>Carbon intensity and GHG emissions monitoring</li> <li>Establishment of carbon reduction targets</li> </ul>

## CLIMATE GOVERNANCE




**Board Oversight Function**

Our BRSC drives the climate resilience agenda for the Group by ensuring effective oversight on the development of the Group’s sustainability and climate-related strategies, priorities and targets to support the Group’s long-term business strategy and success. The BRSC also regularly reviews, endorses and oversees our progress towards appropriate targets and indicators related to material sustainability issues, including climate-related risks and opportunities.



**Management Role**

The RMC and SSC are responsible for establishing and monitoring the Group’s sustainability and climate-related strategies, action plans, projects and initiatives. The management team ensures that the controls are sufficient and effective and the robustness of climate actions are well-addressed. The RMC convenes every quarter to discuss and evaluate ESG matters, including updates related to climate actions.



**Working Group**

At the working level, the Group Risk Management and Sustainability Division (“GRMSD”) is responsible for driving the execution and implementation of climate measures in collaboration with Sustainability Champions and key people who are in charge in the subsidiaries and corporate offices.

FY2022 saw the introduction of a KPI on Scope 2 carbon intensity as part of the Group’s scorecard. The KPI was cascaded to all our operating companies. To further align with our Sustainability Commitments and targets, a KPI on the composition of renewable energy in the total electricity mix will be implemented across the Group.

### Sustainability Framework

DRB-HICOM’s Sustainability Framework provides guidelines for integrating sustainability into its businesses and operations. During the year, GRMSD has taken the lead in revising the current framework by incorporating the TCFD reporting recommendations to ensure that the Group’s ESG approach incorporates climate change considerations with the quantification of its exposures. This enhancement to our sustainability governance provides clear guidance for the Group’s climate actions moving forward.



















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

### CLIMATE STRATEGY

#### Management of climate-related risks and opportunities in our business

Following the recommendations of the TCFD, we are committed to integrating climate-related risks into our DRB-HICOM ERM Framework. We conducted an assessment to assess potential climate-related risks and opportunities that may have a significant financial impact on our business portfolios. The results of this assessment are summarised in the table below. Going forward, further evaluation of anticipated risks through scenario analysis will be conducted for discussion and endorsement at the management and board levels.

Starting in 2023, the Group has placed a consideration on climate change risks and opportunities in its Annual Management Plan, whereby exposure to anticipated risks and opportunities are quantified and climate mitigation investments allocated accordingly. By integrating climate change considerations into the Annual Management Plan, the Group can align its strategic objectives with its sustainability commitments and ensure that climate-related risks and opportunities are addressed in its decision-making processes and for sustainable growth.

Physical Risks		
 <b>Flood</b>	<ul style="list-style-type: none"> <li>Heavy rainfall leading to production and business disruption, specifically in flood-prone areas where our manufacturing premises reside</li> </ul>	<b>Time Horizon</b> 
 <b>Drought</b>	<ul style="list-style-type: none"> <li>Water scarcity causing interruption to our operations, whereby sourcing for alternative water sources may result in additional costs incurred by the Group</li> </ul>	
 <b>Extreme high temperature</b>	<ul style="list-style-type: none"> <li>Prolonged high temperatures causing declines in labour productivity, leading to operational stoppages</li> </ul>	
Transition Risks		
 <b>Changes in consumer trends and preferences</b>	<ul style="list-style-type: none"> <li>Shifts in consumer trends towards next-generation or electric-powered vehicles and low-carbon mobility services, leading to significant asset impairments and write-offs</li> <li>Pressure to transition to renewables arising from the government's introduction of new energy framework and targets</li> </ul>	<b>Time Horizon</b> 
 <b>Stricter imposition of carbon emissions regulations</b>	<ul style="list-style-type: none"> <li>Continual implementation of stringent carbon emissions regulatory standards restricting entry of our products and services into the regional and global marketplace</li> <li>Failure to meet national regulation on carbon emissions standards, resulting in penalties imposed by authorities and affecting corporate brand and image</li> </ul>	
 <b>Carbon pricing</b>	<ul style="list-style-type: none"> <li>Future introduction of 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</li> </ul>	
Opportunities		
 <b>Improved operation efficiency</b>	<ul style="list-style-type: none"> <li>Group companies are able to utilise the global push for sustainability and climate change agenda to improve existing machine or equipment efficiencies</li> </ul>	<b>Time Horizon</b> 
 <b>Green product</b>	<ul style="list-style-type: none"> <li>As climate change gains prominence across the world, the impact on the ecological environment and natural resources will be even greater</li> <li>The advent and adoption of green technologies present opportunities for the Group to innovate and develop green products and services to penetrate new markets and improve consumer preferences</li> </ul>	

Note:  = Short Term (<1 year),  = Medium Term (1-5 years) and  = Long Term (>5 years)


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

### CLIMATE-RELATED RISK MANAGEMENT

DRB-HICOM’s risk management approach is guided by our ERM Framework and Policy, which integrates ESG risks including climate-related risks, throughout our risk management process. This ensures that potential climate-related risks and opportunities are identified, assessed, controlled and mitigated effectively. Additionally, regular monitoring and reporting of climate-related risks help ensure the Group remains informed and able to respond appropriately. Further details on the ERM Framework and processes can be found in the Risk Management Statement on pages 78 to 87 of the DRB-HICOM Annual Report 2022.

As part of its risk management approach, the Group identified floods as a significant risk arising from climate change to our businesses, specifically our Automotive sector. To mitigate the risk, we implemented various action plans throughout the year, including operational controls and green initiatives, which look to reduce our exposure to flood risk and mitigate the potential impact on its businesses.

In 2022, the subsidiaries within our Manufacturing and Engineering (“M&E”) business started monitoring climate-related risks and established risk appetites related to carbon intensity and damage to assets and machinery. This proactive step allows for a better understanding of the potential risks of climate change, as well as the implementation of appropriate measures before they become issues of significance.

Risk	Our Action
<div style="text-align: center;">  <p><b>FLOOD</b></p> <p>Unexpected weather conditions due to climate change may lead to unpredictable heavy rainfall. Heavy rainfall will cause production and business disruptions, specifically in flood-prone areas where our manufacturing premises reside.</p> </div>	<ul style="list-style-type: none"> <li>• Flood incidents can potentially impact our business and operations as well as the safety of personnel and assets. Any interruptions in the value chain could result in material adverse effect on our financial and operational results and our reputation in the marketplace.</li> <li>• Anticipating the potential risk of flooding, we have implemented several initiatives and countermeasures to reduce its impact, particularly within our Automotive sector. During the year, we established the Flood Mitigation Plan and Flood Disaster Management Plan to manage potential flood crises. We also conducted flood risk assessments, particularly in hotspot areas where our operations are located.</li> <li>• Approximately RM1.0 million was invested throughout 2022 to mitigate the risk of flood to our operations, which includes the installation of physical flood barriers and lever sensors, improvement of drainage system on-site and nearby areas, establishment of flood evacuation procedures and the relocation of critical assets.</li> </ul>

### CLIMATE METRIC AND TARGET

As part of the DRB-HICOM’s overall assessment of climate-related risks and opportunities, we identified Scope 1 and 2 carbon emissions, waste generation and water consumption as key metrics to track our environmental impact. The performance of these indicators are monitored and reported to our Board and management on a quarterly basis, allowing us to evaluate our progress and identify areas for continuous improvement.

The Group has consistently monitored its Scope 1 and 2 carbon emissions since 2015. Various strategic carbon reduction initiatives have been implemented to drive the Group towards becoming a low-carbon-emissions-intensity organisation. In line with this, in FY2022, the management introduced a target for reducing carbon intensity, which has been communicated to all our operating companies.

During the financial year, DRB-HICOM started calculating our Scope 3 emissions, specifically those associated with employees’ commuting and business travel. The Group aims to expand its monitoring and disclosure to other categories of Scope 3 emissions across its entire supply chain. Doing so allows us to understand indirect emissions better and identify areas for improvement in our sustainability performance, helping us to further reduce our carbon footprints and achieve our long-term goal of becoming more sustainable and responsible.

# STAKEHOLDER 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 their influence on the business and reputation, legal obligations, financial responsibility, physical proximity, degree of dependency and common business and community interests. Prioritising stakeholders allows for the effective allocation of resources and addressing stakeholders' concerns and expectations efficiently. With the transition of the COVID-19 pandemic to the endemic phase, we continue to regularly engage with our stakeholders through a variety of communication channels, including virtual and physical platforms, formally and informally, to better understand and respond to their concerns and expectations.

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

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

# SUSTAINABILITY STAKEHOLDER ENGAGEMENT

Frequency of Engagement		■ Continuous	■ As needed	■ Quarterly	■ Annually	■ Triennially
<p><b>LOCAL COMMUNITY</b></p> 	<p><b>Mode of Engagement</b></p> <ul style="list-style-type: none"> <li>■ Participation and sponsorship of community service events / Non-Governmental Organisation (“NGO”) programmes</li> <li>■ Social and environmental contribution programme</li> </ul>	<p><b>Scope of Interest</b></p> <ul style="list-style-type: none"> <li>• Human rights assessment</li> <li>• Indirect economic impacts</li> <li>• Community development</li> <li>• Climate change</li> <li>• Socio-economic</li> </ul>				
	<p>Basis for selection: Proximity</p>	<p>Related SDGs:</p>    	<p>Impacted Capitals:</p>   			
<p><b>INVESTOR COMMUNITY</b></p> 	<p><b>Mode of Engagement</b></p> <ul style="list-style-type: none"> <li>■ One-on-one and virtual group meetings</li> <li>■ Financial results announcements</li> <li>■ Annual General Meetings</li> <li>■ Engagement with Credit Rating Agencies and Shariah-compliant reviews</li> <li>■ Dialogue / teleconferences with existing and potential investors</li> <li>■ Announcement via the corporate website</li> <li>■ Annual Report production</li> </ul>	<p><b>Scope of Interest</b></p> <ul style="list-style-type: none"> <li>• Direct economic value generated and distributed</li> <li>• Provide a better understanding of DRB-HICOM’s businesses</li> <li>• Create favourable opinions and investor support</li> <li>• Fair market value for DRB-HICOM shares</li> <li>• Increase shareholders’ value</li> <li>• Lowering cost of financing</li> <li>• Ethical business conduct and anti-corruption</li> </ul>				
	<p>Basis for selection: Financial Responsibility, Influence</p>	<p>Related SDGs:</p>  	<p>Impacted Capitals:</p>  			
<p><b>REGULATORS</b></p> 	<p><b>Mode of Engagement</b></p> <ul style="list-style-type: none"> <li>■ Workshops and seminars with regulatory agencies</li> <li>■ Pro-active consultation with relevant regulatory bodies on corporate compliance programmes</li> </ul>	<p><b>Scope of Interest</b></p> <ul style="list-style-type: none"> <li>• Corporate governance practices</li> <li>• Regulatory and legal compliance</li> <li>• Environmental compliance</li> <li>• Ethical business conduct and anti-corruption practices</li> </ul>				
	<p>Basis for selection: Legal Obligation</p>	<p>Related SDGs:</p>   	<p>Impacted Capitals:</p>  			
<p><b>BUSINESS PARTNERS</b></p> 	<p><b>Mode of Engagement</b></p> <ul style="list-style-type: none"> <li>■ Business negotiation</li> <li>■ Category management initiative</li> </ul>	<p><b>Scope of Interest</b></p> <ul style="list-style-type: none"> <li>• Direct economic value generated and distributed</li> <li>• Ethical business conduct and anti-corruption practices</li> <li>• Corporate governance practices</li> <li>• Brand reputation</li> <li>• Business expansion with joint ventures and / or associates</li> </ul>				
	<p>Basis for selection: Influence, Dependency</p>	<p>Related SDGs:</p>  	<p>Impacted Capitals:</p>   			

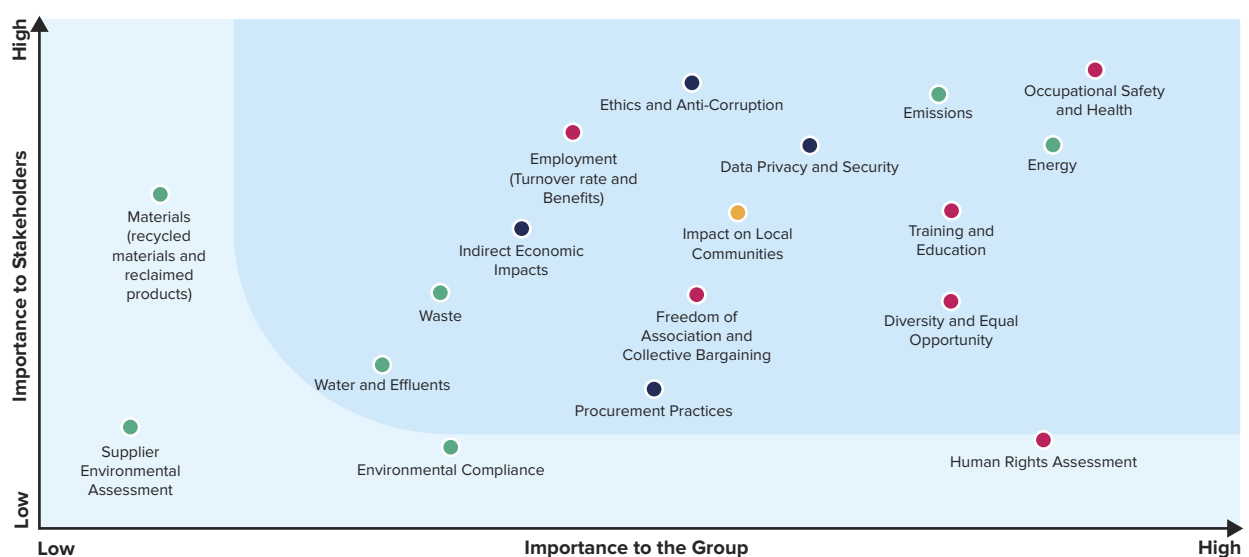
# MATERIALITY ASSESSMENT

In order to implement sustainability strategies and initiatives that are aligned with our Sustainability Vision and Mission Statements, it is vital to understand our ESG priority areas. 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 our material matters remain relevant, as well as to reflect and incorporate the most current local and global sustainability trends, input from subject matter experts and perspectives from our internal and external stakeholders, enabling us to align our strategies with current local and international best practices. The results were compiled, mapped and discussed with our SSC and subsequently approved by the BRSC for adoption. The actions taken to manage the material topics are explained in greater detail in the corresponding disclosures for each specific material topic throughout this report.

## OUR MATERIALITY PROCESS



## DRB-HICOM MATERIALITY MATRIX



### LEGEND

● Environmental

● Social - Employees

● Social - Community

● Governance and Business Practices

# MATERIALITY ASSESSMENT

Material Matters	Description	Relevant SDGs	Impacted Capitals	
<b>Environmental</b>	 <b>Energy</b>	Ensuring the efficient and effective use of energy resources through the adoption of renewable energy	   	  
	 <b>Emissions</b>	Protecting the environment via transitioning towards a low-carbon economy	  	  
	 <b>Waste</b>	Deploying effective waste management within the business operations and compliance with environmental policies and regulations	   	  
	 <b>Water and Effluents</b>	Managing water resources and effluents efficiently and sustainably within the business operations	  	  
<b>Social</b>	 <b>Diversity and Equal Opportunity</b>	A workplace where all employees are treated fairly, with dignity and without discrimination	  	
	 <b>Employment (Turnover Rate and Benefits)</b>	Ensuring that employees are productively engaged and fairly remunerated	 	
	 <b>Local Communities</b>	Corporate volunteering initiatives, charitable support of programmes aimed at creating positive social impacts	   	
	 <b>Occupational Safety and Health</b>	Managing employees' safety and improving their health and well-being	 	
	 <b>Training and Education</b>	Encouraging continuous personal and professional development and upskilling competencies of employees	 	 
	 <b>Freedom of Association and Collective Bargaining</b>	Protecting employees' right and promoting a safe and secure working environment	 	 
<b>Governance and Business Practices</b>	 <b>Ethics and Anti-Corruption</b>	Maintaining effective governance and internal control framework to uphold corporate values and ethical standards across our value chain	 	
	 <b>Indirect Economic Impacts</b>	Indirect value creation in strategic investment decisions to enhance shareholder returns		 
	 <b>Data Privacy and Security</b>	Protecting customers' privacy and database in ensuring customer confidence	 	  
	 <b>Procurement Practices</b>	Ensuring fair business practices and sustainable supply chain management	 	 



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# ENVIRONMENTAL DISCLOSURE

- 22 Carbon Management
- 29 Waste Management
- 33 Water Management

# ENVIRONMENTAL KEY HIGHLIGHTS



## FIGHT AGAINST CLIMATE CHANGE

To achieve 20% of renewable energy in electricity mix by 2035

### CARBON MANAGEMENT




**589** million  
kilowatt-hour ("kWh")  
of energy consumed in  
FY2022

FY2018:  
666,936,804 kWh  12%



**274,437**  
tonnes  
of carbon emissions  
in FY2022

FY2018: 283,234  
tonnes CO<sub>2</sub>e  3%



**21,554**  
tonnes  
of carbon emissions  
avoided from Solar  
Photovoltaic ("PV")  
System in FY2022

### WASTE MANAGEMENT



**21%**  
reduction in Group's total scheduled  
waste generation as compared to the  
baseline year of 2018




More than  
**36,970** kg  
of used fabric collected and  
repurposed in FY2022

### WATER MANAGEMENT



**2,658**  
megalitres ("ML")  
water consumed in  
FY2022

FY 2018:  
2,374ML  12%



**225** ML  
wastewater treated and  
discharged in FY2022



**763** ML  
recycled water  
generated through the  
wastewater recycling  
programme at PROTON's  
Tanjung Malim plant  
since 2015

# CARBON MANAGEMENT


## WHY IT IS IMPORTANT

The World Resources Institute states that energy sectors contribute over 70% of GHG emissions. This indicates that the current climate change challenges we face are largely the result of the exponential growth of human activities and energy consumption in our economy since the mid-20th century.

We are aware that climate change will have a significant impact on our businesses and the communities we serve in the long run. As an organisation operating in energy-intensive industries, we are committed to addressing climate change by adopting renewable energy initiatives and implementing energy conservation measures to reduce our GHG emissions and other environmental impacts in our business operations.

## OUR APPROACH

With a strong presence nationwide, the Group has been entrusted with the imperative role of contributing towards the betterment of the nation. To demonstrate our commitment towards climate change mitigation, our strategies are aligned with Malaysia's commitment to achieve net-zero GHG emissions by 2050.



As an extension of our efforts to support mitigating climate change, in 2022, we officially joined the UNGC and undertook to implement the UNGC's Ten Principles

We have implemented several decarbonisation strategies to reduce GHG emissions across our business operations. These strategies involve monitoring GHG emissions, identifying and prioritising areas for improvement, implementing energy reduction initiatives and transitioning to cleaner and renewable energy sources. To ensure that our GHG emissions reduction initiatives have a measurable impact, we have committed to achieving a 20% renewable energy mix in our electricity consumption by 2035.

Furthermore, we have aligned our climate change commitment with all four TCFD principles: Governance, Strategy, Risk Management, and Metrics and Targets. For more information on climate-related risks and opportunities, please refer to the TCFD disclosure on pages 12 to 14.

We have also engaged actively with our subsidiaries to encourage industry best practices and benchmarking against international standards. We continuously explore new and innovative carbon reduction initiatives to strengthen our commitment to decarbonisation.



Rooftop Solar at Pusat Mel Nasional Shah Alam

## Environmental Compliance

The Group adheres to Sustainability and SHE policies, which outline our commitment to mitigating climate change and minimising any negative environmental impacts resulting from our operations. These policies conform to the ISO 14001:2015 Environmental Management Systems ("ISO 14001") Standard.

All of our manufacturing subsidiaries were certified with ISO 14001 during the year under review, which provides guidance on identifying, managing, monitoring and controlling environmental concerns.

Additionally, we comply with the Environmental Quality (Clean Air) Regulations 2014 to ensure that our air emissions are within acceptable limits. We conduct routine air monitoring for emissions from our manufacturing plant chimneys as required by regulations. During the year under review, our air emissions met the permissible limits set by the Department of Environment ("DOE").

## ISO 14001:2015 ENVIRONMENTAL MANAGEMENT SYSTEMS

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

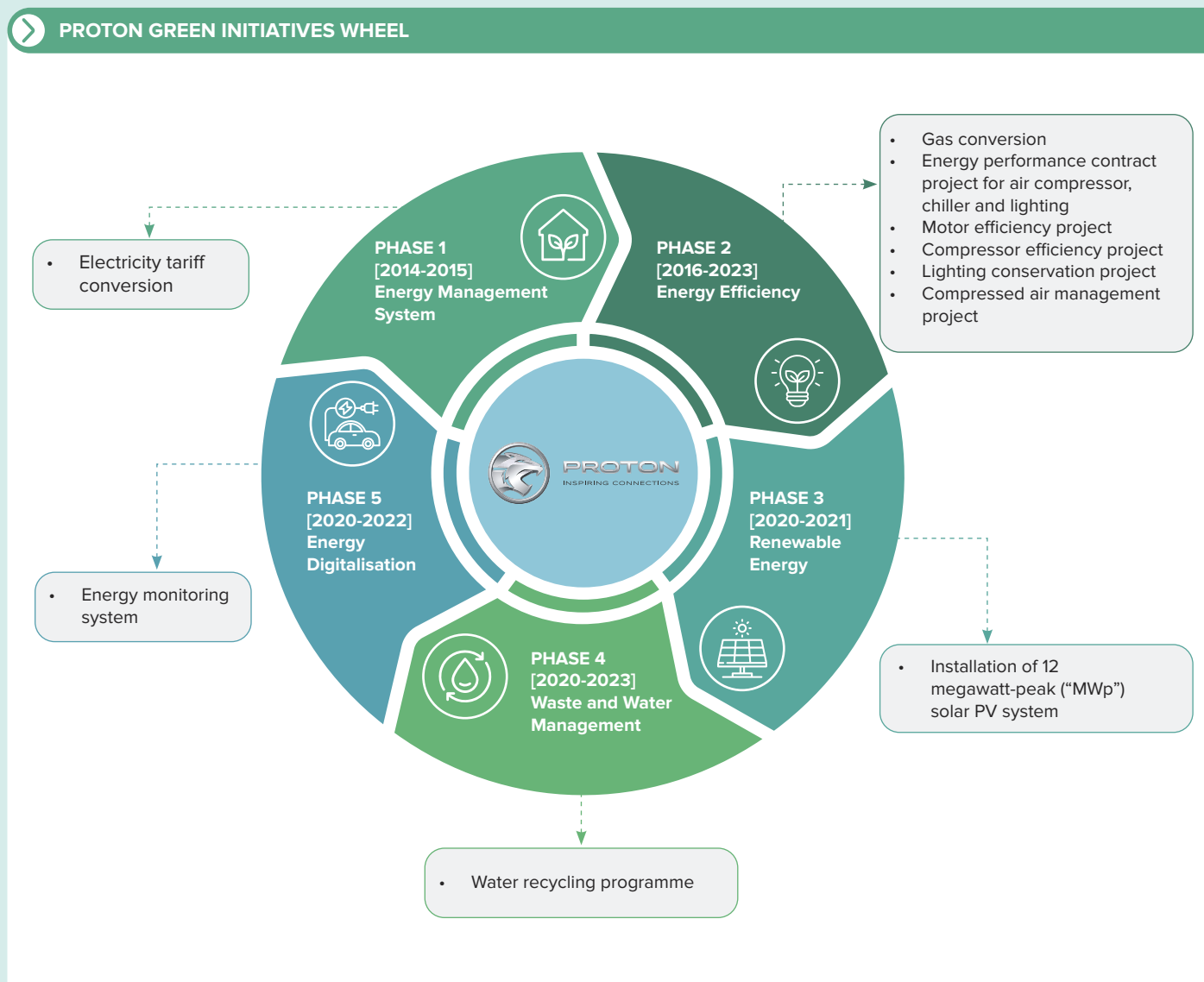




## CARBON MANAGEMENT

### Managing carbon footprint at PROTON

Since 2015, PROTON has made reducing carbon emissions intensity a significant sustainability topic through its Green Initiatives programme. PROTON's New Energy Management Department leads and oversees energy reduction programmes and initiatives throughout all PROTON operations. The department's Registered Electrical Energy Managers ("REEMs") are certified by the Energy Commission to achieve PROTON's energy reduction target in tandem with the company's goal of becoming the top ASEAN automotive brand. The Green Initiatives programme is aligned with the national objective of reducing carbon emissions by 45% by 2030 based on the 2005 level.

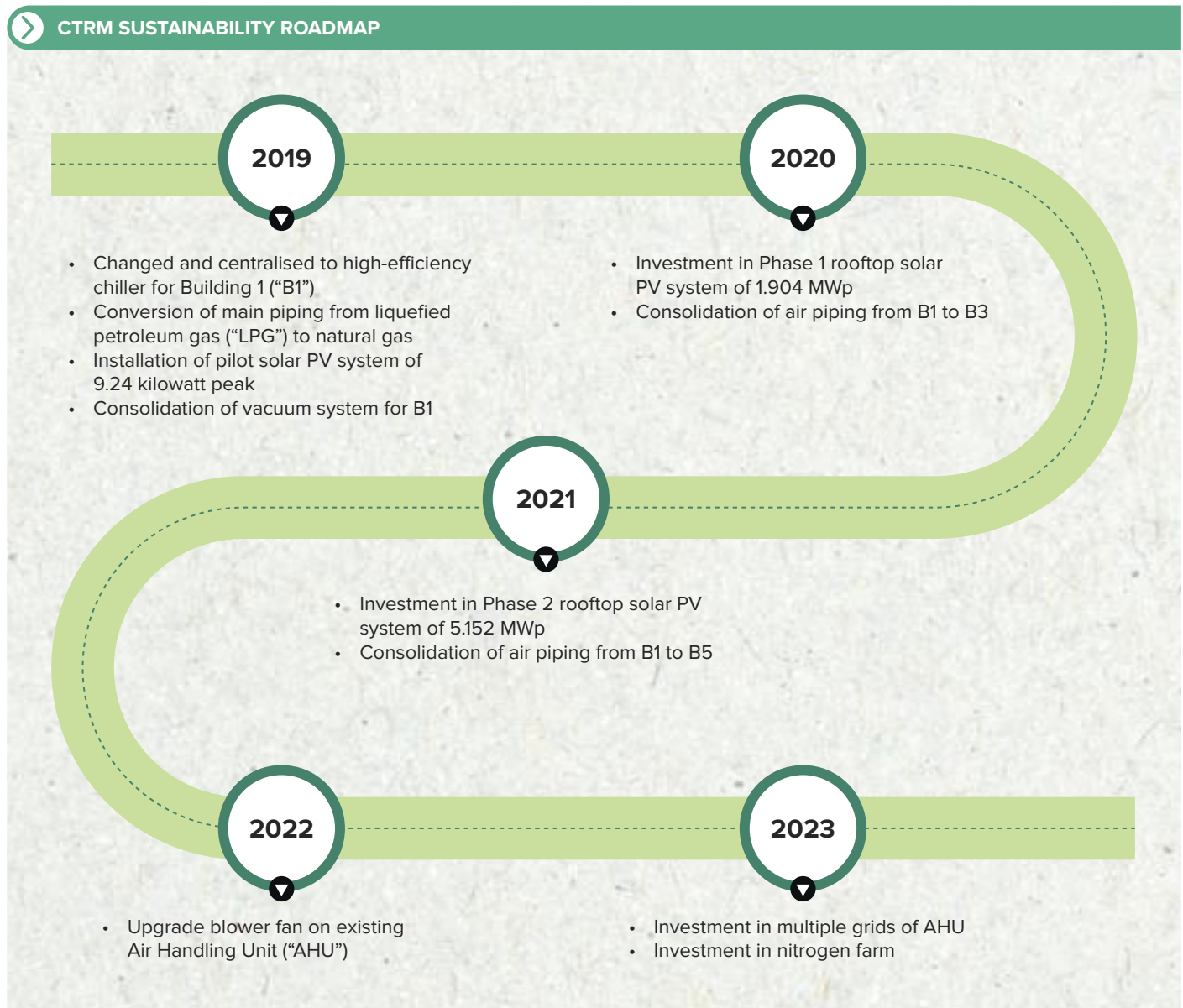


## CARBON MANAGEMENT

### Managing carbon footprint at Composites Technology Research Malaysia Sdn. Bhd.

Composites Technology Research Malaysia Sdn. Bhd. (“CTRM”) has implemented an Energy Management Policy to guide its employees in implementing energy conservation practices and transitioning into an energy-efficient aerospace industry player while maintaining product quality and complying with regulatory requirements. CTRM has set an annual target of reducing its electricity consumption by 2% against its revenue, demonstrating its commitment to optimising energy usage and adopting environmentally responsible carbon management practices.

The Facilities Department at CTRM has a team of in-house REEMs who continuously explore potential energy-saving initiatives while monitoring and maintaining existing sustainable programmes. The department’s KPIs are linked to CTRM's targets to reduce yearly energy consumption by 2%. For FY2022, CTRM managed to reduce 10% of its energy consumption as compared to the previous reporting year.

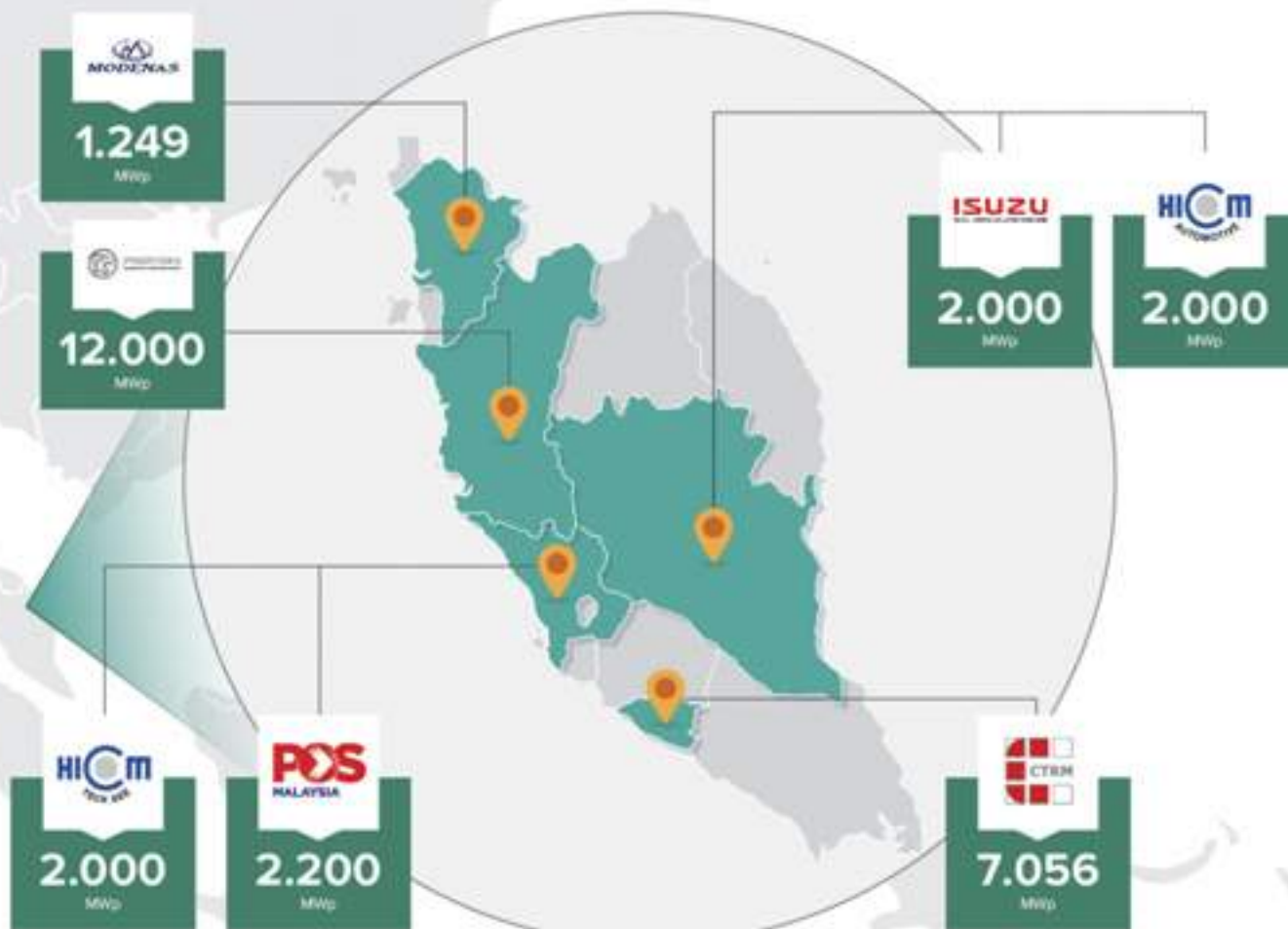




## CARBON MANAGEMENT

**Accelerate green energy transition**

As part of our commitment to reducing carbon emissions, we have intensified initiatives to transition our business operations towards a low-carbon economy. In 2019, the Group embarked on its rooftop solar PV project which has since expanded across our manufacturing facilities, bringing our total solar capacity to 28.505 MWp.

**DRB-HICOM RENEWABLE ENERGY FOOTPRINT****HIGHLIGHTS**

- Participation of **7 companies** across the Group
- Harnessing **33,730,387 kWh** of renewable energy
- Contributing to the avoidance of GHG emissions by **21,554 tonnes CO<sub>2</sub>e**
- Achieving **9%** of renewable energy in the electricity consumption mix in 2022

**Continuous expansion in green energy transition**

To pave the way for a more sustainable and green future, the Group will continue to adopt and install solar PV systems across our subsidiaries, maximising the energy generated from renewable sources and striving to achieve 20% of renewable energy in the electricity consumption mix by 2035.

## CARBON MANAGEMENT

### Paving the way to low-carbon mobility


The automotive transition towards low-carbon mobility has gradually become an industry consensus, making the development of New Energy Vehicles (“NEV”) a global trend and Electric Vehicles (“EV”) increasingly the norm. At DRB-HICOM, we are committed to creating a low-carbon future for mobility, and we work together with global partners to implement our ideals and provide users with eco-friendly smart products and solutions. We aim to contribute towards building competitive green innovation enterprises, promoting the green transformation of the industrial chain and driving global carbon neutrality.

### Distributor of green products

In January 2022, our automotive manufacturer, PROTON, formally established a global joint venture with premium EV brand, smart Automobile Company (“smart”) to introduce its range of NEV into the rapidly growing ASEAN automotive market.



➤
**COLLABORATION BETWEEN smart AND PROTON**

APPOINTMENT OF:




**PROTON**  
INSPIRING CONNECTIONS

**As the importer, distributor and dealer of smart electric vehicles in:**


FIRST MODEL:




**smart #1**  
**in Q4 2023**

### Assembler of green products

HICOM Automotive, our subsidiary in Pekan, Pahang, was awarded assembly rights for the EQS 500 4Matic Mercedes-Benz EV. This will be the German marque’s first locally-assembled EV in the Malaysian plant and is a testament to the technical excellence of our automotive plant.



*The EQS 500 4MATIC to be assembled by HICOM Automotive, Pekan*



Mercedes-Benz

**EQS 500 4Matic**

The pioneer of a completely new generation of vehicles which are fully electric, fully digital and uncompromisingly luxurious.

- Electrical consumption per hundred km: 21.3 to 17.6 kWh
- Combined CO<sub>2</sub> emissions target: 0 g/km

This initiative not only promotes the adoption of electric vehicles in Malaysia and contributes to the nation’s goal of achieving net-zero GHG emissions by 2050, but it also creates higher-paying job opportunities. In addition, it will have a positive impact on sub and supplier industries by increasing local content sourcing which can enhance Malaysia’s business, investment and economic outlook.

## CARBON MANAGEMENT

### Building a green future

CTRM has demonstrated its commitment to environmental responsibility and resource efficiency by introducing a green building, referred to as Building 6 (“B6”). B6 has been installed with a Building Management System (“BMS”) that helps to optimise energy usage and reduce waste through an integrated monitoring system. The building has also incorporated several other eco-friendly features, as illustrated below.



Building 6 at CTRM Aero Composites



#### Energy Efficiency

Equipped with energy efficiency equipment, such as LED lighting, green chiller and chill water pump



#### AHU Water Recycling

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



#### High-Efficiency Water Management

Fitted with high-efficiency water-saving taps and certified under Water Efficient Product Labelling Scheme



#### Low Thermal Transfer Value

Constructed using materials with high thermal resistance



#### Rainwater Harvesting

Rainwater tank is equipped with a filtration device and harvested rainwater will be used externally



#### Stormwater Management

Installed based on Urban Stormwater Management Manual



#### Building Management System

Equipped with BMS for centralised monitoring

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

# CARBON MANAGEMENT

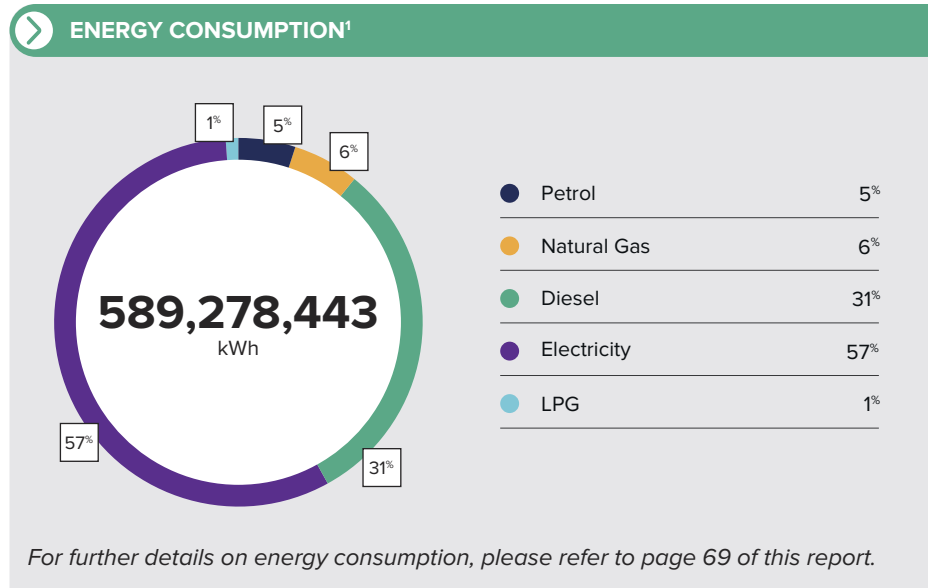
## OUR PERFORMANCE

### 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 LPG.

In FY2022, our total energy consumption from non-renewable sources was 589,278,443 kWh, marking a decrease of 77,658,361 kWh or a 12% reduction from the baseline year of 2018.

Energy reduction strategies that have been implemented over the years have managed to minimise our energy consumption in proportion to our activities.



### Managing our GHG emissions

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

GHG emissions by scope¹		Tonnes CO <sub>2</sub> e
SCOPE 1:	Direct GHG emissions from sources that are owned and controlled by the company. (i.e. petrol, diesel, natural gas and LPG)	212,509
SCOPE 2:	Indirect GHG emissions from the generation of the electricity purchased by the company	61,928
<b>Total GHG emissions for FY2022</b>		<b>274,437</b>

GHG intensity¹	Tonnes CO <sub>2</sub> e/RM
GHG emitted per million revenue	17.69

For further details on GHG emissions, please refer to page 69 of this report.

In FY2022, total GHG emissions were lower by 8,797 tonnes CO<sub>2</sub>e or 3% compared to the baseline year of 2018. Reported as Scope 2 emissions, electricity usage represents the largest source of emissions for our carbon footprint in FY2022. As such, our climate mitigation strategies have largely focused on addressing Scope 2 emissions.

During the financial year, the Group initiated the calculation of Scope 3 emissions by collecting data on employees' commuting activities in HICOM Holdings Berhad. Moving forward, we strive to expand our coverage and disclose further on other categories of Scope 3 emissions across the entire value chain.

<sup>1</sup> This includes energy and GHG emissions data for our joint ventures and associate companies, namely HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd. ("HYMM"), ISUZU HICOM Malaysia Sdn. Bhd. ("IHM"), HICOM HBPO Sdn. Bhd. ("HHBPO") and Motorsikal dan Enjin Nasional Sdn. Bhd. ("MODENAS")

# WASTE MANAGEMENT

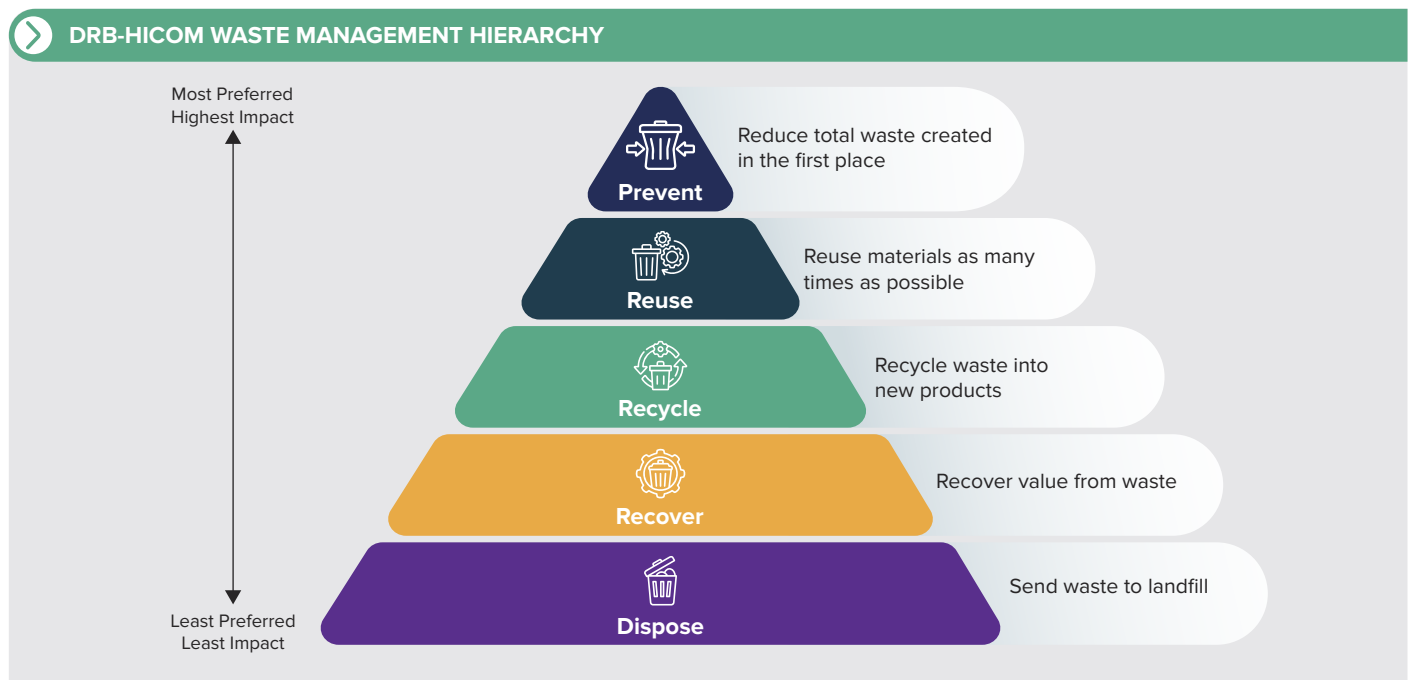
## WHY IT IS IMPORTANT

Malaysia has taken steps to instil sustainability practices in critical economic sectors to curb the harmful impact on the environment. One vital aspect is proper waste management which forms a crucial component in the country's long-term strategy to safeguard the environment.

As responsible members of the community, DRB-HICOM recognises the importance of supporting the national agenda and driving initiatives that align with the 12th Malaysia Plan's goal of achieving a 40% recycling rate by 2025. We are actively promoting cutting-edge waste management techniques within our organisation, with the ultimate aim of extending these practices to the wider community through collaborations with local stakeholders. Our efforts are geared towards reducing pollution, waste and resource depletion in our business operations.

## OUR APPROACH

As a responsible organisation, we are steadfast in our commitment to conducting our businesses in a responsible manner and strive to minimise the amount of waste generated. Our SHE Policy offers guidance to all stakeholders to ensure compliance with all relevant environmental laws and regulations across our diverse business operations and environment. We expect all vendors, their employees, agents and subcontractors to adhere to the high ethical standards established in our VCOC guidelines while carrying out business with us or on our behalf. Additionally, we are guided by the six steps in the waste management hierarchy to manage waste based on the potential benefits.



## Prevent

We prioritise waste avoidance in all our business operations wherever possible. We recognise that waste prevention is crucial in lessening the environmental impact of waste and preserving natural resources. Our efforts towards digitalisation serve as evidence of our commitment to waste reduction. We have initiated digital reporting, particularly for our Board of Directors Meetings, and replaced paper-based administrative applications with on-line-based alternatives like IT myRequest and Meeting Room e-Booking system, among others. This transition from paper to digital communication has significantly contributed to preventing paper waste.



## WASTE MANAGEMENT



### Prevent

DRB-HICOM remains committed to raising awareness among its employees about the significance of safeguarding the environment. To this end, the company organised a “Care For Nature” campaign in June 2022. The objective was to instil a sense of personal and collective obligation to conserve the environment and protect nature. Numerous activities were carried out, which included:

- Environmental awareness talk by the DOE
- Distribution of indoor plants to green up employees’ workspaces or homes
- Environmental exhibition by DOE
- Plastic-free initiative to use reusable containers in the cafeteria



### Reuse

We actively encourage our employees to practise waste reuse, extending product lifespans and minimising the need for new ones. Since 2021, DRB-HICOM has partnered with Kloth Malaysia Sdn. Bhd., a local social enterprise focused on textile recycling, to reduce the amount of fabric waste that ends up in landfills. During FY2022, we added three more fabric recycling bins, bringing the total to eight. These new bins are situated at Masjid Al-Akram in Datuk Keramat and Sekolah Menengah Kebangsaan Bukit Jelutong in Shah Alam. Wearable items like clothes and shoes are gathered in these bins and sent to Life Line Clothing Malaysia, a fabric-recycling factory. The fabrics are sorted into 400 different categories and repurposed into various products.

A total of RM3,697 was raised for beneficiaries in FY2022 comprising two schools and a mosque.

**Total fabric recycling bins adopted:**  
**8** bins

---

**Total collection of used fabric in FY2022:**  
**36,970** kg

---

**Total funds raised for beneficiaries in FY2022:**  
**RM3,697**

*DRB-HICOM Head of Group Strategic Communications, Mahmood Razak Bahman together with Sekolah Menengah Kebangsaan Bukit Jelutong Principal, Bahari Said and his students at the fabric recycling bin located at the school*

## WASTE MANAGEMENT



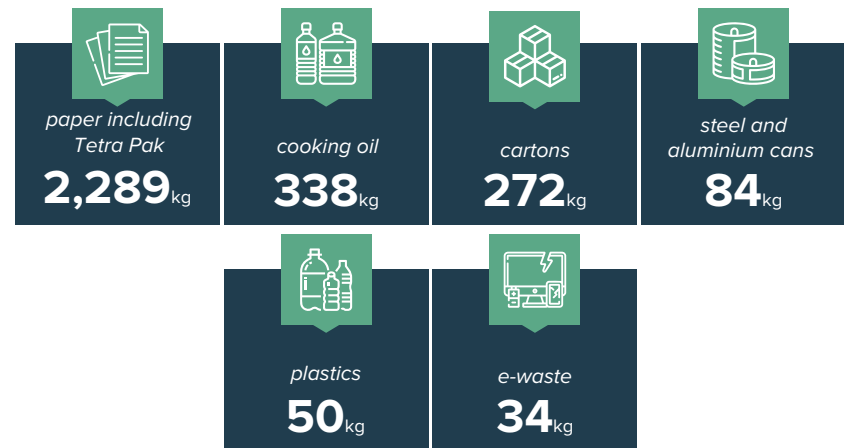
## Recycle

Recycling is practised within our business premises where recyclable items such as paper, cardboard boxes, plastic, bottles and cans are collected by the recycling vendor, Alam Flora Environmental Solutions Sdn. Bhd. The recyclable items are sold for cash and PETRONAS Mesra reward points.

The intention of this initiative is to encourage our employees to practise appropriate waste segregation methods at home and to ensure proper disposal of waste after its use to reduce environmental pollution.

## Total collection of recyclable items in FY2022:

**3,067** kg which consists of the following:



## Recover

Waste recovery and recycling are distinct but interconnected concepts in waste management. Recycling focuses on producing new products while waste recovery encompasses a broader range of activities aimed at extracting value from waste and minimising its environmental impact.

We initiated a food composting programme in 2020 by installing a compost machine at Wisma DRB-HICOM to repurpose food waste from the cafeteria. However, the programme was temporarily halted due to the Government-imposed COVID-19 movement restrictions.

In June 2022, the composting machine was put to use for the first time, resulting in 21kg of compost in collaboration with Glenmarie Hotel and Golf Resort. To ensure effective and proper food waste management at Wisma DRB-HICOM, designated bins for food waste collection have been placed on every floor of our corporate office and cafeteria.

Apart from this, we regularly organise awareness campaigns to educate our employees on food composting. We are targeting greater participation of our operating companies in the near future.

## Food Composting Programme

Total collection of food waste from June to December 2022



**1,984** kg

Food waste diverted away from landfills and processed to form compost



**540** kg

Compost shared with employees for gardening purposes



Compost generated from food waste is available to our employees at no cost

# WASTE MANAGEMENT



## Dispose

DRB-HICOM adheres to local laws and regulations for the disposal of both recyclable and non-recyclable waste. We segregate our general and scheduled waste and employ licensed contractors to manage its disposal in designated facilities in accordance with regulatory requirements.

To ensure proper management of scheduled waste related to after-sales services, EON launched a Centralised Vendor of Scheduled Waste Collection project for its service outlets. In July 2022, three licensed vendors were appointed to serve 19 service outlets across Malaysia.

This initiative has enabled us to establish a structured disposal process wherein waste generation is accurately recorded, monitored and managed in an environmentally responsible manner that complies with regulations.

### Centralised Vendor of Scheduled Waste Project



Scheduled waste is stored, segregated and labelled as per regulatory requirements

## OUR PERFORMANCE

During FY2022, we recorded a total of 4,020 metric tonnes (“MT”) of scheduled waste. This amount reflects a 762 MT or 16% decrease in scheduled waste production when compared with the baseline year of 2018. We did not incur any fines or penalties related to the management of scheduled waste during this period.

The majority of scheduled waste generated comprised mixed waste, ink and paint sludge, and oil and hydrocarbon. All scheduled waste production data were reported and verified by the DOE in accordance with the requirements set forth in the Malaysian Environmental Act 1974 – Environmental Quality (Scheduled Waste) Regulations 2005.

### Disposed Waste and Diverted Waste in FY2022



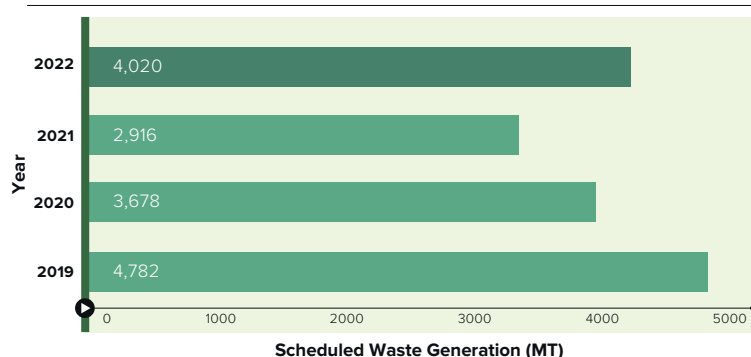
**90%**  
scheduled waste diverted from disposal



**10%**  
scheduled waste directed to disposal

Note : Disposed waste refers to non-recycled waste and diverted waste refers to recycled waste

### Scheduled waste generation<sup>2</sup>



<sup>2</sup> This includes scheduled waste data for our joint ventures and associated companies, HYMM, IHM and MODENAS

# WATER MANAGEMENT

## WHY IT IS IMPORTANT

The UNGC reports that currently around 2.4 billion people, over a third of the world's population, reside in water-stressed countries and the numbers are expected to increase to two-thirds by 2025. The world is facing a serious challenge of declining water quality, exacerbated by a range of factors including agricultural runoff and industrial effluent. Climate change is also significantly impacting the water cycle, resulting in more frequent natural disasters, such as droughts and floods.

We acknowledge that water scarcity will have negative consequences not only on business operations but also on the surrounding ecosystems and communities. Therefore, we are committed to efficiently and sustainably managing our water resources to safeguard the environment and our business operations.

## OUR APPROACH

DRB-HICOM places great emphasis on managing water resources effectively by closely monitoring water withdrawal, consumption and discharge across our Group's operations. Our efforts extend to encouraging sustainable water management practices, such as rainwater harvesting, reverse osmosis ("RO") systems and wastewater recycling. We also prioritise educating our employees on water conservation to help achieve sustainable consumption and production patterns, and combat climate change impacts in line with SDG 12 and 13.

Despite Malaysia's abundant rainfall, water supply stability remains a challenge, particularly during dry seasons which can negatively impact our operations. We have implemented contingency plans to ensure that premises situated in high water-stressed areas are adequately managed, ensuring a reliable and sufficient water supply from alternative sources.

We continue to collaborate with relevant stakeholders to identify and implement water conservation opportunities while leveraging innovative initiatives and technologies to optimise water efficiency across all our operations.

## OUR PERFORMANCE

### Monitoring our water withdrawal

To ensure efficient management of our water resources, we closely monitor the water withdrawal process across all of our business operations. We primarily source our water from municipal potable treated water.

During FY2022, our total water withdrawal was 2,883ML, which represents a 7% increase compared with the baseline year of 2018. This increase can be attributed to the overall acceleration of our business activities after the peak of the COVID-19 pandemic from 2020 to 2021.

### Monitoring the quality of effluent discharge

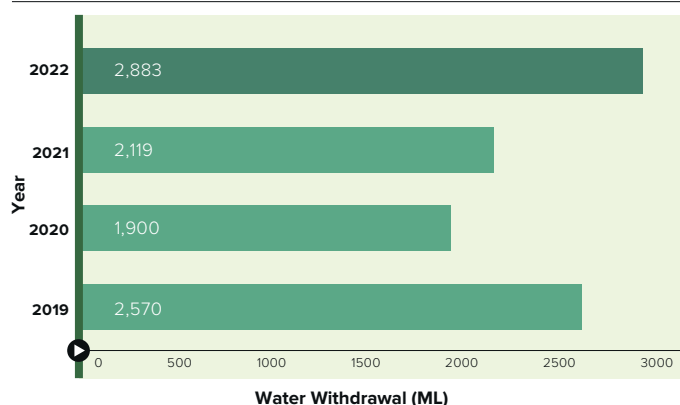
We ensure that effluents discharged from our manufacturing plants comply with all statutory requirements imposed by the DOE, thus making it safe for the environment and the community. This is done through our in-house treatment facilities to further strengthen our commitment towards responsible wastewater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

#### ENVIRONMENTAL QUALITY (INDUSTRIAL EFFLUENT) REGULATION 2009

DRB-HICOM companies with treatment plants which fulfill the Environmental Quality (Industrial Effluent) Regulations 2009:



### Water Withdrawal<sup>3</sup>



<sup>3</sup> This includes water data for our joint ventures and associated companies, HYMM, IHM, HHBPO and MODENAS



## WATER MANAGEMENT

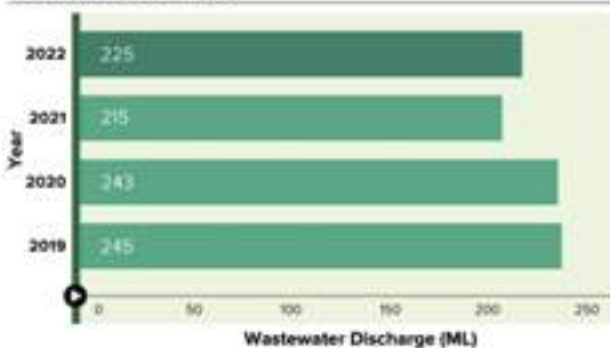
### Managing wastewater from our manufacturing plants

In FY2022, we generated 225ML 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. PHN Industry 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. Adhering to regulations, our treated wastewater is discharged at drain points within our premises, enabling accessibility for effluent sampling. Subsequently, the discharge will flow into streams and eventually into major rivers, such as Sungai Pahang, Pahang; Sungai Klang, Selangor and Sungai Bernam, Perak. During the year under review, the wastewater we discharged complied with all statutory regulations.

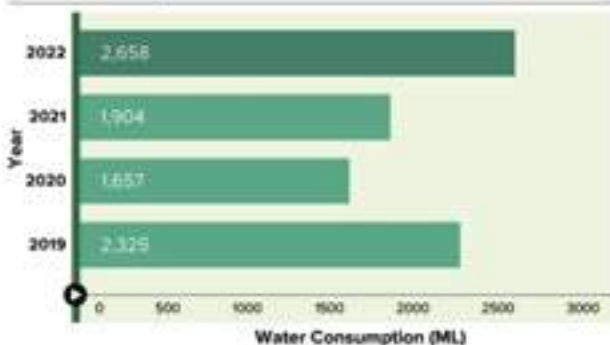
#### Wastewater Discharge<sup>4</sup>



### Monitoring our water consumption

In FY2022, our total water consumption was 2,658ML, an increase of 284ML or 12% compared with the baseline year of 2018.

#### Water Consumption<sup>4</sup>



#### Recycled Water at PROTON



Water recycling at PROTON's Tanjung Malim plant

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

Total Water Treated and Reused from 2015-2022:

**763** ML

Total Savings from 2015-2022:

**RM 1,228,137**

#### Recycled Water at HICOM-Teck See



RO system at HICOM-Teck See

Since late 2019, HICOM-Teck See has installed an RO system that effectively optimises water consumption for their electroplating production line. Rejected water from the RO system is repurposed for non-critical tanks in the electroplating production line, cooling towers and for general purposes.

#### Rainwater Harvesting System at M&E Companies

Our M&E companies, namely HICOM Automotive, PHN Industry and HICOM-Teck See have implemented rainwater harvesting systems that are primarily used for landscaping, cleaning and other general purposes.

<sup>4</sup> This includes water data for our joint ventures and associated companies, HYMM, IHM, HHBPO and MODENAS



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# SOCIAL DISCLOSURE

- 38 Safety and Health
- 45 Human Capital
- 52 Corporate Responsibility

# SOCIAL

## KEY HIGHLIGHTS



### SAFETY-CONSCIOUS CULTURE

Zero fatality and reduction in accident cases

### PROMOTING DIVERSITY AND GENDER EQUALITY

Female representation of at least 30% at the managerial level

## SAFETY AND HEALTH



**13%**

reduction in the total number of accidents compared with FY2021



**1.73**

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



**141**

of our SHE practitioners across the Group are certified as Occupational Safety and Health Coordinators ("OSH-C")

## HUMAN CAPITAL



**18.84**

average training hours per employee annually



**35%**

female representation at managerial level



**80**

special needs employees across the Group

## CORPORATE RESPONSIBILITY



**79**

outreach programmes conducted across the Group



**>RM1.5 million** investment in corporate responsibility activities



**>50,000**

lives touched through our corporate responsibility activities

# SAFETY AND HEALTH

## WHY IT IS IMPORTANT

Our people’s welfare is of utmost importance. We are committed to providing a safe and healthy working environment therefore, the safety of our employees and our stakeholders, who are an integral part of DRB-HICOM’s operational excellence, must take precedence. As our business has a reach that extends throughout Malaysia, it is our responsibility to adhere to and comply with all legislation and regulations, including but not limited to, the Occupational Safety and Health Act 1994 (“OSH 1994”) and the Factories and Machinery Act 1967 (“FMA 1967”).

We have put in place appropriate processes, checks and systems to ensure strict compliance to with 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

All matters pertaining to employee health and safety are guided by the SHE Policy, which reflects the current business environment and SHE practices. It strengthens governance and fosters a safety-conscious culture among internal and external stakeholders. The policy focuses on the 4C elements: Compliance with the SHE requirements, Care for People and Environment, Continuous Improvement and Creating a Culture. The policy underscores the Group’s unwavering commitment to safety compliance and protecting the environment where it operates while prioritising its employees’ safety, health and well-being. The policy applies to all its business activities and operating premises.

➤
**DRB-HICOM SHE POLICY**

Compliance with SHE Requirements	Care for People and Environment	Continuous Improvement	Creating A Culture
<p>To comply with all legislative and regulatory requirements, safety rules, codes of conduct and best practices related to SHE</p>	<p>To implement safe and best practices towards minimising or preventing injuries and pollution at the workplace</p> <hr style="width: 50%; margin: 10px auto;"/> <p>To practice reduce, reuse or recycle (“3R”) based on the life cycle assessment method towards protecting the environment</p> <hr style="width: 50%; margin: 10px auto;"/> <p>To promote a sustainable lifestyle towards securing a future for the generations ahead</p>	<p>To continuously identify potential hazards and risks in all activities and processes towards reducing the risk of incidents</p> <hr style="width: 50%; margin: 10px auto;"/> <p>To continuously reduce energy consumption and waste generation towards minimising our impact on the environment</p>	<p>To create a culture of SHE by continuously engaging and educating all stakeholders, including employees, partners, vendors and contractors on this policy</p>

Safety is everyone’s responsibility. To reinforce this objective and demonstrate our commitment to upholding our employees’ safe work culture, we introduced a corporate safety and health performance indicator in 2021. This initiative aims to build resilience among all employees and foster a culture of continuous improvement in safety and health. The shared indicator reflects our commitment to maintaining zero fatality and reducing the LTIFR compared to the previous reporting year. Through this initiative, we strive to demonstrate our unwavering commitment to our employees’ well-being.



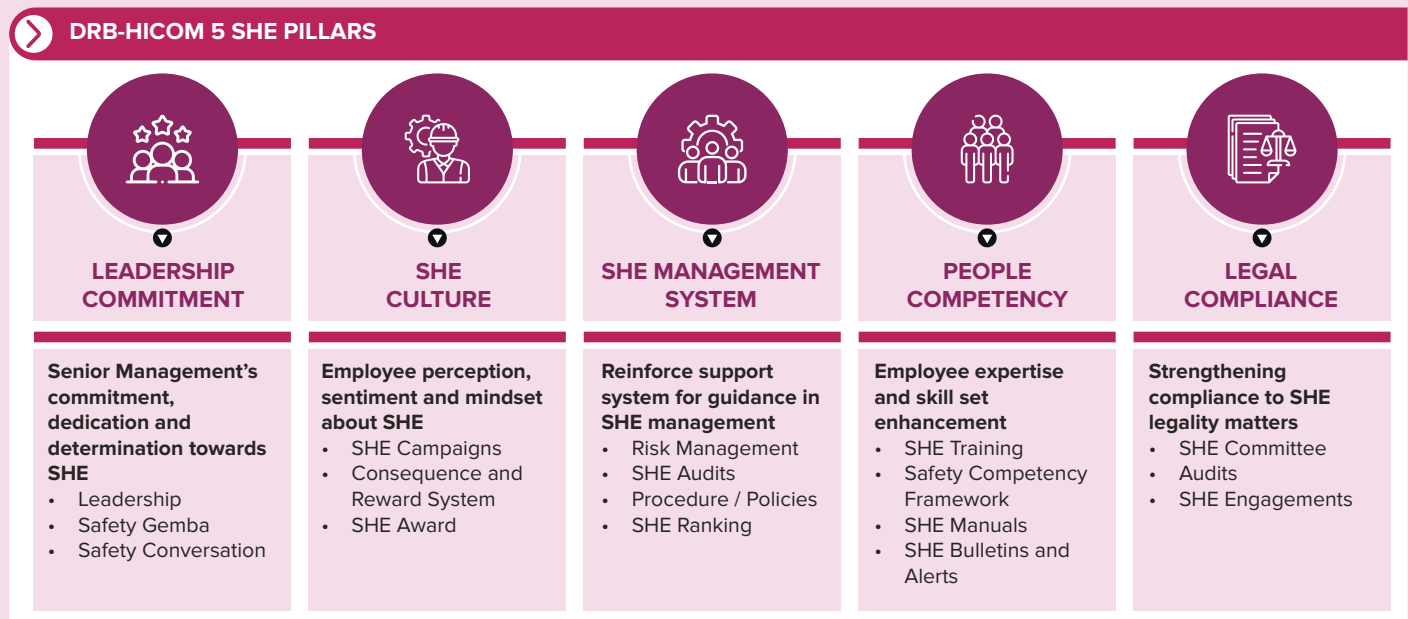
## SAFETY AND HEALTH

### Safety and Health Oversight Function

The BRSC oversees the Group's sustainability performance against our material and sustainability issues, including safety and health. Supported by the RMC which is headed by the GMD with active participation from Senior Management, the Committee has a role in determining the overall safety and health strategies and ensuring effective management of SHE actions. The RMC and SHE Committees at the Group and operating companies convene quarterly to review safety and health strategies, monitor the progress of actions taken and evaluate results against planned targets.

### 5 SHE Pillars

In 2021, the Safety, Health and Environmental Framework comprising 5 SHE Pillars was established to function as a foundation for the Group to operate in empowering safety and health matters. The 5 SHE Pillars consist of Leadership Commitment, SHE Culture, SHE Management System, People Competency and Legal Compliance. In 2022, all activities that focused on strengthening the Group's safety and health functions were based on these pillars. Our SHE Annual Plan which drives the Group's progress in enhancing safety and health practices is developed holistically based on these SHE Pillars covering all areas accordingly.



### Pillar 1 – Leadership Commitment

The Leadership Commitment pillar is a testament to the dedication and determination of the Senior Management to drive safety and health matters across the Group. It emphasises the importance of instilling safety and health values in all employees through a top-down approach, where leaders demonstrate their commitment and participation in relevant activities within the Group. Leaders of the Group conduct Safety Gemba, a walkabout exercise in the operating companies to promote safety culture and motivate employees in their respective workplaces. Additionally, through the Safety Pledge, leaders from the Group can send important messages to all employees via various communication channels, such as e-mail, WhatsApp and notice boards, to continually remind them of the importance of safety and health.



*Safety Gemba conducted by the Senior Management*



## SAFETY AND HEALTH



### Pillar 2 – SHE Culture

Our strategic priority is to foster and maintain a positive safety culture in our organisation, prioritising continuous improvement at the workplace. We introduced the Zero Harm programme in 2021 to reduce SHE incidents and create a safety-conscious culture that covers all employees in the Group. The initiative has been documented in our Zero Harm Manual, which was rolled out to 23 operating companies at the end of 2022.

To promote a safety-conscious culture, we actively uphold our Unsafe Condition, Unsafe Act (“UCUA”) programme. We encourage individuals to proactively identify and report safety hazards, ensuring that prompt attention and rectification measures are carried out to maintain a safe work environment. The web-based application platform makes it accessible and convenient for employees to identify and report UCUA. The programme was received well among employees and saw 143 UCUA cases reported with 80% resolved at the Group level in 2022. Currently, nine operating companies have embarked on the digitalised UCUA programme in promoting safety culture at their respective organisations.

The Group ensures continuous awareness of Zero Harm across all levels of employees within the organisation. The Zero Harm Manual will be integrated as part of the Occupational Safety and Health Management System (“OSHMS”) in the respective companies.

We believe that employees’ access to non-occupational medical and healthcare services is just as important as occupational safety. As part of our periodic SHE Awareness Campaign, we launched the DRB-HICOM Health Campaign 2022 with the theme “Reduce Sugar, Be Healthier”, aligned with World Diabetes Day 2022. The campaign aimed to raise awareness and educate employees about healthy lifestyles. Activities promoted included blood donation, health assessments and exhibitions.

In accordance with Section 15 of OSHA 1994, it is the responsibility of every organisation to ensure the safety and health of its employees. Acknowledging our role as a responsible organisation that complies with the law and regulations, we practise continuous responsibility for the safety and health of our employees, even in situations where we have no direct control over the work or the workplace.



## SAFETY AND HEALTH



## Pillar 3 – SHE Management System

In implementing the SHE Management System, the Group conducts regular safety audits on its operating companies. These audits aim to monitor and assess legal compliance and SHE standards based on the OSHMS, ensuring adherence to legal requirements. In 2022, 13 companies participated in the safety audit exercise initiated by the Group.

To further enhance workplace safety regulations, the Group established Standard Operating Procedures (“SOPs”) on flood mitigation, reward management, consequence management and earthquake tremors. These SOPs were shared with operating companies in 2022 to be adopted by them based on their respective organisational management systems.

The Integrated Reporting Occupational Safety, Health and Environment (“IROSHE”) is a web-based data management system that enables us to analyse SHE performance across the Group. The system is a centralised platform for all operating companies to monitor, analyse and report their safety, health 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. Petrol, diesel and gas (LPG and natural gas) consumption
4. Electricity consumption
5. Water consumption
6. SHE audits
7. Building licences



The data collected provides significant input for the IROSHE system to generate useful reports and analyses, which will be presented to the Senior Management every quarter to aid in informed decision-making.

DRB-HICOM takes proactive measures to address and manage SHE risks and hazards by adhering to the Hazard Identification, Risk Assessment and Risk Controls (“HIRARC”) standard and methodology, which aligns with OSHA 1994 requirements. Through HIRARC, employees can identify significant hazards, assess associated risks and implement appropriate control measures to mitigate identified concerns.

The HIRARC is reviewed annually or as needed to identify work-related hazards and risks, and control measures are implemented to minimise the risk of occupational incidents at the workplace. Those performing HIRARC must have completed either OSH-C or HIRARC training by certified training providers.

For new operations or projects, the project owner consults with our project committee and in accordance with our Work Permit Procedure, risk assessments for review and approval by our Group Safety, Health and Environment (“GSHE”) must be carried out before job commencement.

## SAFETY AND HEALTH



### Pillar 4 – People Competency

Recognising that effective communication is essential for a strong safety culture at the workplace, we ensure all SHE practitioners across the Group receive continuous competency training. For this, we utilise various physical and virtual platforms to ensure consistency in approach. These are important facets of enforcement and driving compliance with safety practices. In 2022, we stepped up our commitment to SHE by increasing our trained and competent practitioners in the Group with the inclusion of an additional 43 participants in the OSH-C programme, 30 in the Tripod Beta Analysis and 29 in the Bowtie Risk Management.

#### OSH Coordinator Certification

A total of **141** SHE practitioners across the Group have been certified as OSH-C under DRB-HICOM University of Automotive Malaysia (“DRB-HICOM University”) and Federation of Malaysia Manufacturers programmes



#### GSHE Portal

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

#### SHE Competency Initiatives

#### 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

Reflecting a sustained effort to endure and boost awareness on SHE-related matters and health-related topics such as mental health, healthy diet and lifestyle were shared throughout 2022



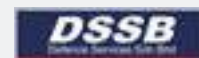
### Pillar 5 – Legal Compliance

At DRB-HICOM, we endeavour to comply with OSHA 1994, FMA 196, EQA 1974 and other relevant acts. Our SHE Committee which convenes every quarter oversees strict compliance with all relevant SHE laws and regulations governed by local regulatory bodies and undertakes regular internal inspections to assess compliance. This allows the committee to monitor and track the SHE performance of operating companies, including accident statistics, legal compliance, SHE initiatives and sharing of best practices and success stories.

In keeping with our commitment to continuously improving safety and health performance and management, we engaged in benchmarking activities and liaised with several business corporations, regulatory bodies and agencies to facilitate knowledge and experience sharing. The Group carried out several activities, such as collaborating with the Malaysia Civil Defence Force (“APM”) to implement the Civil Defence Emergency Response Team (“CDERT”) among our Group of Companies. Additionally, three SHE Engagements were organised with our operating companies. The Group also engaged with Tenaga Nasional Berhad (“TNB”), Malaysia Institute of Road Safety Research (“MIROS”), Department of Occupational Safety and Health (“DOSH”) and Fire and Rescue Department of Malaysia (“BOMBA”).

### ISO 45001:2018 CERTIFICATION

As of 31 December 2022, 11 of our operating companies are ISO 45001:2018 certified.



## SAFETY AND HEALTH

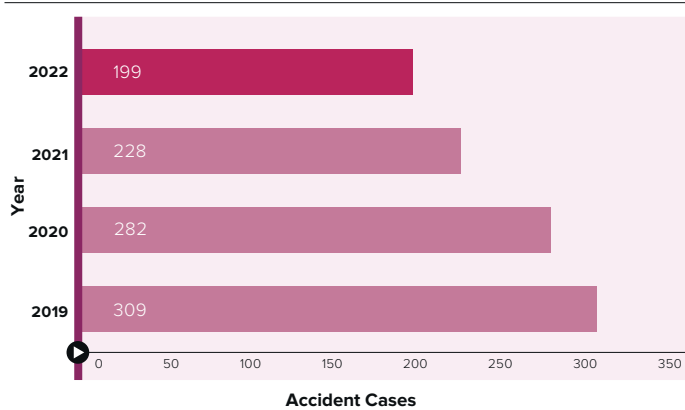
### OUR PERFORMANCE

We monitor our Group's safety and health performance by tracking the total number of accident cases and LTIFR.

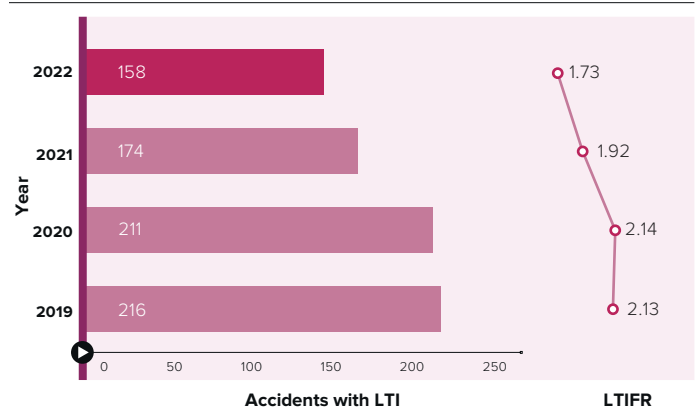
In the current reporting year, the total number of accident cases decreased to 199, a significant drop from 228 in FY2021. For every accident recorded, we conducted thorough investigations and implemented actions to prevent similar incidents from recurring. This included providing necessary training to personnel working in high-risk areas, improving risk assessments and SOPs, conducting refresher courses and strengthening safety monitoring at sites.

The Group ended FY2022 with an LTIFR of 1.73 cases per million hours worked and 158 accident cases involving Lost Time Injuries ("LTI").

**Accident Cases<sup>5</sup>**



**Accidents with LTI and LTIFR<sup>5</sup>**



We have remained steadfast in our efforts to uphold the safety of our employees at the workplace. However, the Group experienced one road fatality in 2022 involving an employee from Pos Malaysia Berhad ("Pos Malaysia"). The Group takes this incident seriously and immediately developed and implemented corrective actions to address the issue to prevent any future recurrence. The initiatives taken included conducting an investigation of the incident, providing defensive driving training to our employees and establishing a Global Positioning System monitoring system.






The Group's top priority is to provide stakeholders with the assurance of a safe and conducive working environment. This objective applies not only to our workers and employees but also to their families, contractors working for us and local communities who may be impacted by our nature of business. The Group remains committed to strengthening safety and health performance in all relevant areas to maintain DRB-HICOM as a safe workplace.

<sup>5</sup> This includes safety data for our joint ventures and associated companies, HYMM, IHM, HHBPO and MODENAS









## SAFETY AND HEALTH

### NAVIGATING COVID-19

A COVID-19 Committee (“C19C”) was formed in 2020 to manage the pandemic and its impact on our businesses. With the transition of the COVID-19 pandemic to the endemic phase, the SOPs and restrictions set by the Government were relaxed. As such, we moved to revisit our approach to handling COVID-19 to align with the Government’s SOPs and with the conduct of our businesses, simultaneously taking into consideration our employees’ health and well-being. The directions and plans cover:

 <p><b>COVID-19 Protocols</b></p> <p>Protocols for positive cases and those who are cohabiting with such individuals</p>	 <p><b>Effective Communication</b></p> <p>Frequent reminders to employees on COVID-19 information and safety measures</p>	 <p><b>Working Arrangement</b></p> <p>Work-from-home (“WFH”) for positive-case individuals and close contacts</p>	 <p><b>Self Health Declaration</b></p> <p>e-Profile platform to monitor positive cases among employees and employee vaccination status</p>	 <p><b>Proactive Self-Testing</b></p> <p>Employees were encouraged to conduct COVID-19 self-test for business travel and post-exposure to high-risk personnel</p>
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To safeguard the health and well-being of our employees, we have implemented a range of measures and support across the country in accordance with the Government’s policy.

 <p><b>WFH</b> applicable to positive-case employees and close-contact employees</p>	 <p><b>Virtual engagement</b> is highly recommended and encouraged to support our employees to take advantage of virtual options to hold meetings, discussions, and social events as well as attending training courses</p>	 <p><b>COVID-19 Psychosocial Support Response Team</b> monitors positive employees by offering occasional calls and follow-ups on physical and mental health status</p>	 <p><b>Social messaging application group</b> was created to foster continuous open communication with our employees</p>
 <p><b>Webinars</b> were organised to encourage virtual engagement in assisting employees in expanding their knowledge through virtual training and knowledge sharing without the requirement to attend physically</p>	 <p><b>Outpatient claim</b> for employees who are close contacts to a positive case to undergo COVID-19 testing</p>	 <p><b>Special COVID-19 vaccination leave</b> for employees who receive vaccination appointment dates on working days</p>	 <p><b>On-line COVID-19 management process</b> was established for COVID-19 cases, allowing employees to submit their risk profiles and declare their self-test results</p>



# HUMAN CAPITAL

## WHY IT IS IMPORTANT

The Group appreciates all value created and contributed by its employees, regardless of position, age, gender, educational background, work experience or ethnicity. It strives to offer an inclusive, fair and active working environment for its employees, giving them equal opportunities to succeed in their careers at DRB-HICOM.

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

## OUR APPROACH

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

The effectiveness of the Group’s human capital practices is measured via various avenues, including but not limited to, business performance or productivity level, customers’ or stakeholders’ feedback, employees’ safety and wellness, employee surveys and focus group sessions, as well as regular informal feedback from our employees. The Group leverages these channels to gauge employees’ well-being and identify areas for enhancement in human capital practices.

## OUR EMPLOYEE FOOTPRINT



### Workforce by Category<sup>6</sup>



### Workforce by Gender<sup>6</sup>



### Workforce by Employment Contract<sup>6</sup>



### Workforce by Age Group<sup>6</sup>



### Workforce by Employment Type<sup>6</sup>



### New Employee Hires<sup>6</sup>



<sup>6</sup> This includes employee data for our joint ventures and associated companies, namely Honda Malaysia Sdn. Bhd., Isuzu Malaysia Sdn. Bhd., HYMM, IHM, MODENAS and HHBPO

<sup>7</sup> Central region is inclusive of Selangor, Kuala Lumpur and Putrajaya

## HUMAN CAPITAL

### Learning and Development

DRB-HICOM is dedicated to providing its employees with learning and development opportunities to expand their knowledge base, keep their work skills up-to-date and enhance job satisfaction. The Group's commitment to empowering its employees to succeed includes regular personal and professional development investments.

The current environment has accelerated the shift in education and learning with the distinctive rise of digital learning tools and resources, which facilitate independent and remote learning, providing more flexibility for our employees.

The Group identifies employee development needs through various platforms, such as our in-house Competency Assessment Tool which facilitates career development conversations between employees and their superiors. This platform helps superiors understand each team member's professional goals, strengths and development needs better to enhance their competencies and capabilities.

The Group's focus on learning and development includes programmes in leadership, governance, functional and technical competencies. The Group leverages abundant digital learning resources available in the market to instil a continuous learning culture. Through the 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, the Group invested approximately RM18.2 million in training programmes, resulting in an average of 18.84 hours of training per employee. The Group remains committed to providing equal opportunities for learning and growth to all employees.

### Building the talent pipeline

DRB-HICOM believes that everyone has unique abilities, competencies and the potential to become a driving force for change and improvement. To harness our employees' best performance, the Group is committed to nurturing skills and capabilities in order to unlock the best in them to drive creativity and innovation that will contribute to the Group's long-term sustainable growth.

The Group's talent management framework aims to build and sustain its leadership bench strength and wider talent pool by continuously attracting, developing and retaining the right talent. DRB-HICOM believes it is fundamental to fill the right position with the right capabilities which will determine the quality and success of future leaders' place within the organisation.

Through a multitude of on-the-job assignments, access to leadership and development insights and structured talent development programmes, we can develop and upskill our employees to unleash their potential. We have identified a total of 2,083 talents across the Group with the potential to grow and assume leadership roles.

### OUR PERFORMANCE



#### Average Training Hours<sup>8</sup>

**18.84** average training hours completed per employee



#### Average Training Hours by Gender and Employee Category<sup>8</sup>



**16.83**  
hours



**26.38**  
hours

Managerial



**28 hours**

Executive



**29 hours**

Non-Executive



**16 hours**



#### Number of Training<sup>8</sup>

**4,461** trainings organised with a total of **842,508** training hours completed



#### Investment on Training<sup>8</sup>

More than **RM18.2 million** spent on learning and development

<sup>8</sup> This includes employee data for our joint ventures and associated companies, namely Honda Malaysia Sdn. Bhd., Isuzu Malaysia Sdn. Bhd., HYMM, IHM, MODENAS and HHBPO

## HUMAN CAPITAL

**Managing high performance**

DRB-HICOM is committed to developing a pool of agile and well-equipped talents with the necessary skills and experience to thrive in the long term. In FY2022, the Group launched the Leadership Efficacy and Development programme which aims to enhance technical and leadership competencies for talents and successors. Our approach ensures fluidity and close integration across the Group from identifying talents in one of the Group companies to appointing a successor to a key leadership role within the Group.

**DRB-HICOM SUCCESSION PLANNING**

DRB-HICOM places great importance on succession planning to ensure a strong leadership bench that continuously supports business growth. The organisation has identified 41 Mission Critical Positions ("MCPs") which are crucial to achieving the Group's corporate strategic objectives. Currently, the ready-now ("R0") succession coverage ratio stands at 68%, with 31 MCPs having at least one R0 successor. The Group's goal is to have R0 successors for all MCPs by 2024.

<sup>9</sup> This includes employee data for our joint ventures and associated companies, namely Honda Malaysia Sdn. Bhd., Isuzu Malaysia Sdn. Bhd., HYMM, IHM, MODENAS and HHBPO




# 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 United Nations Guiding Principles on Business and Human Rights (“UNGP”). Importantly, we also ensure 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 workers’ living conditions are well taken care of. This will allow the Group to promote a culture that fosters fairness, equity and respect for social diversity beyond our hiring practices.



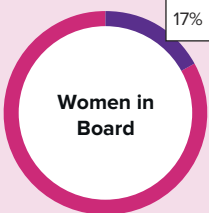
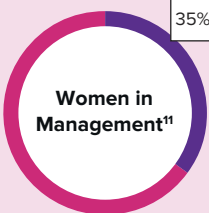


Furthermore, the Group has plans to establish a Human Rights Policy that emphasises its commitment to promoting diversity, equal opportunities and the prohibition of any form of workplace discrimination or harassment. This policy will be applicable to the entire Human Capital process, including recruitment, remuneration, training and development, promotion and upgrading. The policy will be officially published on the corporate website to ensure continuous communication with relevant stakeholders. In FY2022, there were no recorded cases of human rights violations among the employees across the Group.

-  Exercising non-discrimination and promoting gender equality
-  Eliminating any form of:
  - Forced or bonded labour
  - Human trafficking and modern slavery
  - Child labour
-  Freedom to form and join a union and to bargain collectively
-  Favourable working conditions
-  Eliminating violence and sexual harassment
-  Protecting the rights of vulnerable group

## Diversity and inclusion

DRB-HICOM upholds the belief that all individuals, regardless of their nationality, race, religion, gender, marital status, age or disabilities, should have equal access to opportunities. As an organisation that operates in industries primarily dominated by men, such as automotive, manufacturing, postal and services, it strives to achieve gender equality in its workforce. The Group is committed to fostering a work environment that encourages and supports women’s participation across all levels of the Group. Our goal is to achieve a minimum of 30% representation of women at the Board and managerial levels. For more details regarding Board diversity, please refer to the Corporate Governance section on page 58 of the DRB-HICOM Annual Report 2022.

GENDER REPRESENTATION<sup>10</sup>

 <ul style="list-style-type: none"> <li>Managerial <b>68%</b></li> <li>Executive <b>58%</b></li> <li>Non-Executive <b>84%</b></li> </ul>	 <ul style="list-style-type: none"> <li>Managerial <b>32%</b></li> <li>Executive <b>42%</b></li> <li>Non-Executive <b>16%</b></li> </ul>	 <p><b>Women in Board</b> 17%</p>	 <p><b>Women in Management<sup>11</sup></b> 35%</p>
<p><b>Lactation Room</b></p> <p>At our head office, we provide a lactation room which is private and comfortable</p>	<p><b>Special Parking</b></p> <p>We provide reserved parking bays near the entrance of our office building for our pregnant and differently-abled employees</p>	<p><b>Parental Leave</b></p> <p>In FY2022, a total of 2,342 employees took parental leave and 98% reported back for duty at the end of their leave</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p><b>1,793</b> 99% returned</p> </div> <div style="text-align: center;">  <p><b>549</b> 93% returned</p> </div> </div>	<p><b>Respect, support and encourage</b> the development of people with differing abilities. <b>80</b> employees with special needs were recruited across the Group in FY2022</p>

<sup>10</sup> This includes employee data for our joint ventures and associated companies, namely Honda Malaysia Sdn. Bhd., Isuzu Malaysia Sdn. Bhd., HYMM, IHM, MODENAS and HHBPO

<sup>11</sup> Cik Sharifah Sofea Syed Mokhtar Shah ceased to be a member of the DRB-HICOM Board of Directors on 20 December 2022. As of 1 March 2023, Puan Uji Sherina Abdullah was appointed as the Independent and Non-Executive Director of DRB-HICOM







## HUMAN CAPITAL

### 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.

DRB-HICOM believes in continuous engagement with its employees as their views are important to help us understand their needs and expectations better. Beginning FY2022, employee engagement is part of our corporate target, with the aim to achieve at least a 90% engagement.



<p><b>GHC Portal</b> is an on-line employee engagement platform that puts a range of corporate and human capital services at the fingertips of employees.</p>	<p><b>Social Media</b> makes communications more engaging by encouraging interaction and dialogue. This is a great way to boost engagement and to garner valuable feedback directly from our employees.</p>	 <p><b>Kelab Sukan DRB-HICOM ("KSDH")</b> is an initiative to engage our employees via various fun and interesting events. KSDH organises holiday trips, annual dinners, family days, Hari Raya gatherings, feasts and sports activities for employees.</p>	 <p><b>DRB-HICOM Football Club.</b> The Kuala Lumpur Football Association ("KLFA") Super League Champions 2020 counts 70% of its players from DRB-HICOM Group of Companies, and is a platform to excel in sports.</p>
			
<p><b>Our Employee Onboarding</b> programme provides new hires with the resources to become fully engaged and culturally aware members of a productive workforce.</p>	<p><b>GMD's Message.</b> Periodic messages from our GMD to employees with regard to current issues, concerns, achievements and festive wishes.</p>	<p><b>Special Engagement Events.</b> The Group continues to organise various events to get our employees more engaged. Leveraging on digitalisation, our engagement events are conducted both physically and virtually.</p>	

### MANAGING GRIEVANCES



#### GHC Help Desk



#### Our Whistleblowing Communication is available via our corporate website

DRB-HICOM understands the significance of having established policies and procedures to handle employee grievances. The Group is committed to resolving complaints and grievances (regarding employment Terms and Conditions) from employees through orderly and effective means. The Group has implemented the GHC Help desk which is accessible through an on-line portal to provide a platform for employees to voice their concerns without fear of victimisation, harassment or discrimination. There is also a well-established Whistleblower Policy in place to provide a formal avenue for issues to be raised by employees in a strictly confidential manner.



## HUMAN CAPITAL

### Promoting good health and well-being

The Group believes in providing a conducive and healthy working environment for our employees to contribute positively and effectively on a daily basis. DRB-HICOM promotes work-life balance to enhance employees’ physical and mental health as well as work performance. A number of initiatives were in place during the reporting year as part of the efforts towards creating a sustainable environment for individual and community involvement.



#### Employee Health Screening

To promote a healthier community in line with the national agenda, DRB-HICOM introduced an Employee Health Screening programme that is available to all employees over 40 years of age. This initiative is designed to encourage early detection of any potential disease or condition even in the absence of symptoms or signs. The Group believes that by implementing this programme, we can create a safer and healthier workplace for employees.

#### Health Messages via Desktop Screensaver

In order to promote the significance of self-care on an ongoing basis, the Group utilises digital channels to communicate with its employees. By leveraging digitalisation as a platform, we provide educational resources on current health concerns, including their causes and preventive measures to mitigate them. This approach helps to equip our employees with the knowledge they need to take care of their health and well-being.

#### DRB-HICOM Community Programme

In partnership with health agency, Naluri, we implemented an all-encompassing digital health solution to encourage our employees to improve their health conditions and well-being. Through this platform, our employees have access to a wide range of experts who can assist them with any health-related issues, including healthy eating, mental health, physical fitness, finances or medical conditions.

Moreover, all employees are entitled to professional mental health support. By using the Naluri app, employees can reach out to certified holistic health coaches who are committed to helping them achieve their health and wellness objectives, such as weight loss, sleep management, stress management, nutrition guidance, exercise direction, brain health or other specific health concerns.

#### InBody Self-Check Kiosk

A Self-Care Zone equipped with InBody proprietary state-of-the-art health devices was set up to enable employees to track their health parameters, such as heart rate, muscle mass, fat percentage and skeletal weight. For a period of seven days, the device was located at the lobby of Wisma DRB-HICOM, accompanied by clinical nutrition specialists to attend to employees’ queries and concerns. This device measures body health parameters accurately and provides baseline data for nutrition counselling, treatment of obesity and developing complete physical fitness profiles.

### Best Care is Self Care!



As part of the DRB-HICOM Community Programme, Health Camps were held in February and September 2022, where employees have the opportunity to conduct multiple health checks, such as obesity screening, dental, physio and ergonomic well-being, glaucoma screening and fitness assessment

## HUMAN CAPITAL

### Performance appraisals

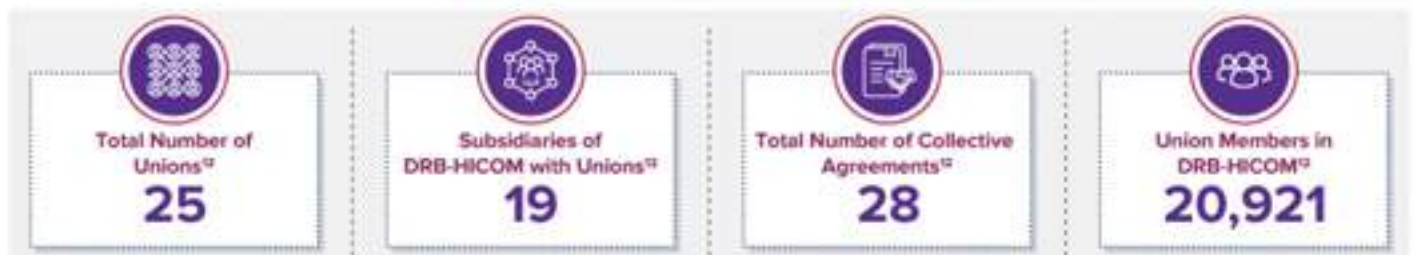
DRB-HICOM's approach to performance management is centred around creating a work environment that enables employees to achieve their full potential. To support this goal, the Group has developed a flexible and transparent performance management process that leverages the in-house Human Resource Management System ("HRMS") which is accessible to all employees. This process aligns each employee's job responsibilities with the business objectives of the Group and is supplemented by regular feedback and coaching from their respective supervisors. Throughout the reporting period, the performance of every employee in the Group was appraised and their contributions and achievements were recognised in line with their KPIs through compensation and other forms of appreciation.



### Engaging with unions

DRB-HICOM places great importance on having an engaged and empowered workforce that helps to improve its operations. To achieve this, the Group fosters open dialogue and genuine collaboration with employees, as well as civil society organisations and other stakeholders to define and implement best practices. The Group fully respects employees' fundamental rights to form or join any organisation, association or union for collective bargaining purposes.

The Group engages in negotiations with its unions through collective agreements that outline the agreed terms and conditions of employment for their respective trade union members. Furthermore, the Group continuously strives to identify and mitigate any potential risks to its employees. During the reporting period, none of our operations were found to pose any risks to the employees.



<sup>12</sup> This includes employee data for our joint ventures and associated companies, namely Honda Malaysia Sdn. Bhd., Isuzu Malaysia Sdn. Bhd., HYMM, IHM, MODENAS and HHBPO

# CORPORATE RESPONSIBILITY

## WHY IT IS IMPORTANT

The Group recognises the significant impact it can have on the well-being of local communities through its extensive footprint across Malaysia. To maximise the creation of shared value and empower the community it serves, DRB-HICOM prioritises direct local engagement and collaborative partnerships with stakeholders, moving beyond traditional philanthropic approaches. The Group’s Corporate Responsibility (“CR”) initiatives are designed to nurture and empower the surrounding community while also ensuring that the business does not result in any negative social impacts. Through CR, the Group helps the community to grow together by promoting sports, education, healthy living and wellness.



## OUR APPROACH

The CR initiatives at DRB-HICOM are aligned with the ESG impacts of the Group’s operations. In addition to group-initiated programmes, we also collaborate with charitable organisations and NGOs to maximise impacts. The Group measures the effectiveness of its programmes based on their outreach to the community. DRB-HICOM impacts the local community through the Sahabat DRB-HICOM volunteer programme which serves as the Group’s platform for conducting community outreach projects. Through this programme, employees can participate in various community outreach initiatives that contribute to community development, nation-building, education and environmental protection. To ensure a structured approach in navigating its social impacts via community development, the Group established a Donation, Sponsorship and CR Policy and Procedure in FY2021. This policy aims to achieve its CR goals by:

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

<p><b>79</b> outreach programmes<sup>13</sup></p>	<p><b>&gt;RM1.5</b> million invested in CR events<sup>13</sup></p>	<p><b>&gt;50,000</b> lives touched through our CR events<sup>13</sup></p>
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<sup>13</sup> This includes corporate responsibility data for our joint ventures and associated companies, HYMM, IHM, HHBPO and MODENAS



## CORPORATE RESPONSIBILITY

## Joining hands for zero hunger

## CTRМ supports needy families during Ramadhan

Aimed at providing financial aid and necessities to the less fortunate families in Melaka, CTRM continues to make an impactful change and bring joy to the community through its *Semarak Ramadhan* programme, the annual CR programme held during the month of Ramadhan.

In 2022, 61 families within CTRM's vicinity received RM15,750 worth of essential goods. This aid was made possible through the company's contribution, as well as donations by employees.



CTRМ handing over essential items to an asnaf family

## Bringing Deepavali Joy to 300 families

In conjunction with the Deepavali celebrations, the Group, in collaboration with Yayasan Amal Malaysia and Sahabat DRB-HICOM, distributed 300 food baskets to the Indian community in Program Perumahan Rakyat ("PPR") Batu Muda, PPR Sentul Murni, and PPR Taman Wahyu, Kuala Lumpur.

Each family received a food basket worth RM100, containing household essentials such as rice, sugar, cooking oil, flour, sardines, salt, tea and chicken.



Handover ceremony at PPR Batu Muda, Sentul

## Environmental rebalancing effort

## Sahabat DRB-HICOM at Pantai Kelanang for beach clean up



Sahabat DRB-HICOM and Bumi Biru PLT at Pantai Kelanang

In an effort to promote environmental conservation and create a positive impact on the environment, 32 Sahabat DRB-HICOM members participated in a Beach Cleaning Programme at Pantai Kelanang, Morib, Selangor. This programme was conducted in collaboration with Bumi Biru PLT, a well-known NGO that spearheads the 'MY Clean Beach' movement in Malaysia. The waste collected during the programme was sent to local recycling centres and the proceeds were used to benefit the B40 community.

Total waste collected:

**552** kg

which consists of the following:



**421** kg  
plastic bottles



**129** kg  
general waste



**2** kg  
cans and glass

## CORPORATE RESPONSIBILITY

### In the spirit of great heart

#### Bracing the storm together

In 2022, Malaysia was hit by severe natural disasters that caused extensive damage and displacement of communities in multiple states. DRB-HICOM partnered with relief agencies to provide direct aid to those affected.

As part of its response, its subsidiary, MODENAS, offered discounts on selected parts and labour costs and accepted the RM1,000 repair voucher offered by the Government for severely damaged motorcycles due to the flood. Additionally, Pos Malaysia collaborated with the Malaysian Red Crescent Society to distribute 10 tonnes of goods and flood relief to victims affected along the northern and east coast states of Malaysia.



more than  
**RM160,000**  
worth of aid channelled to  
communities affected by the flood

#### Free Voluntary Vehicle Inspection during festive season

During the Chinese New Year and Hari Raya festivities, PUSPAKOM conducted a free Voluntary Vehicle Inspection (“VVI”) campaign aimed at educating the public on the significance of vehicle safety and roadworthiness. As most citizens planned to return to their hometowns to celebrate with their families, the campaign was launched during these festive seasons in order to get vehicles inspected before travelling. PUSPAKOM provided this complimentary service worth over RM134,050 to a total of 2,681 vehicle owners.



Vehicle inspection performed by PUSPAKOM

#### Treasure hunt winners donate prizes to charity

On 10 November 2022, in conjunction with National Unity Day, the Group organised the first-ever Jejak Warisan Heritage Hunt, a corporate responsibility initiative. A team of 32 employees from various divisions came together to participate. The event started at Keretapi Tanah Melayu Station, and participants were given clues to find six locations in Kuala Lumpur City Centre. The final leg of the hunt took place at Kompleks Dayabumi, Pos Malaysia’s Headquarters, where participants had to complete their last mission. The winning team, Star Hunter, donated their

RM5,000 prize money to Islamic Relief Malaysia. The second-place team, Tuah, donated their RM4,000 prize money to Hunger Hurts Malaysia and the third-place team, Kaki Chicken, donated their RM3,000 winnings to Aman Palestine. The remaining teams were given consolation prizes of RM1,500 to donate to beneficiaries of their choice. The event aimed to promote unity, teamwork and community engagement among its employees while contributing to the betterment of society.



A team completing a task at Pasar Seni



Prizes being donated to eight beneficiaries



## CORPORATE RESPONSIBILITY

## Transforming lives through education

## Back-to-School Programme

In 2022, a total of 859 underprivileged students from primary and secondary schools within the Chendering area of Kuala Terengganu were selected to receive RM100 worth of cash aid and a school bag each under the annual Back-to-School programme.

Through this programme, DRB-HICOM hopes that it will give students a chance to pursue quality education to help improve their lives and contribute to their families and communities better.



Handover ceremony at Sekolah Menengah Kebangsaan Chendering

## PROTON contributes sports equipment and cash to schools in Tanjong Malim

In June 2022, DRB-HICOM's subsidiary, PROTON, and its sports and recreation arm for staff, Kelab PROTON, contributed sports equipment and cash to two schools in Tanjong Malim to promote sports amongst students.

The two schools, Sekolah Menengah Kebangsaan Proton City and Sekolah Kebangsaan Proton City, received sports equipment worth RM7,000 and cash contributions worth RM5,000, respectively.



Handover ceremony for sports equipment at Sekolah Menengah Kebangsaan Proton City



# GOVERNANCE AND BUSINESS PRACTICES

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# GOVERNANCE AND BUSINESS PRACTICES

## KEY HIGHLIGHTS



### TRANSPARENT AND FREE FROM CORRUPTION

Zero cases of non-compliance of the Anti-Bribery and Anti-Corruption Policy

### PROCUREMENT PRACTICES



**94%**

active local suppliers



**RM5.5** billion

spent on local suppliers

### FAIR BUSINESS PRACTICES



**Zero**

cases of non-compliance of the Anti-Bribery and Anti-Corruption Policy observed in FY2022



**Zero**

substantiated complaints concerning breaches of customer privacy and losses of customer data recorded in FY2022

### SOCIO-ECONOMIC



**RISE26+**

Bank Muamalat's strategy to promote Value-Based Intermediation ("VBI") and sustainability



**RM12.33** billion

VBI Financing over Total Financing Asset by Bank Muamalat



**Automotive High-Tech Valley**

a catalyst to revitalise automotive sector towards low-carbon industry

# PROCUREMENT PRACTICES

## SUSTAINABLE SUPPLY CHAIN MANAGEMENT

### WHY IT IS IMPORTANT

The impact of ESG performance extends across our supply chain networks. 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 centres upon the vision of “One DRB-HICOM Procurement” which aims to create efficiency through competency, collaboration and visibility, and to leverage on cost reduction, as well as being socially and environmentally responsible by applying the best professional procurement practices.

### OUR APPROACH

At DRB-HICOM, we are committed to promoting fairness and equality in business opportunities through competitive bidding and appropriate procurement methods. Our evaluation process ensures that all participants are assessed transparently by the appointed committee members. Before proceeding to the next procurement stage, we subject all potential suppliers to a pre-qualification (“PRE-Q”) evaluation exercise that includes sustainability criteria. To improve our relationships with suppliers, we have introduced the Supplier Relationship Framework across all DRB-HICOM Group of Companies. We also continuously evaluate our procurement policies and sourcing practices to minimise any adverse environmental and social impacts at all levels of our operations.

### Supply chain governance


We uphold the Group Procurement Policy (“GPP”) as a group-wide policy which is reviewed every five years. We believe it is crucial that business partners and suppliers understand the importance of ESG principles and work together with us in addressing sustainability issues. GPP outlines our procurement practices that support key principles of sustainability. Our sourcing processes take into consideration the entire lifecycle of a product, namely production, transportation, maintenance and disposal when determining its cost, as well as social and environmental impacts. As an extension to the GPP, the DRB-HICOM VCOC was established as the core principle for all employees and vendors to conduct business in a manner that reflects our underlying values in ensuring sustainable development in our supply chain. The VCOC incorporates key ESG evaluation criteria for our suppliers.

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>• Compliance with environmental regulations and guidelines</li> <li>• Supply of environmentally friendly products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Human rights</li> <li>• Fair compensation and appropriate working hours, and safe working and living conditions.</li> <li>• Fair labour practices</li> <li>• Responsible material sourcing</li> </ul>	<ul style="list-style-type: none"> <li>• Anti-Bribery and Anti-Corruption</li> <li>• Confidentiality and data privacy</li> <li>• Fair dealings and integrity</li> <li>• Declaration of conflicts of interest</li> </ul>

### Vendor Code of Conduct

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 and environmentally and socially responsible. The VCOC applies to all suppliers providing goods and services to the Group. The Group seeks only suppliers that operate in compliance with the criteria described in our VCOC. In FY2022, the VCOC on-line self-assessment was conducted on selected vendors and zero non-compliance cases were recorded throughout the year.

For more information on our Vendor Code of Conduct, please scan the QR code.



Scan Me

## PROCUREMENT PRACTICES

### Strengthening supply chain via Procurement Excellence Framework



#### Category Management

Our sourcing strategies allow us to ensure the long-term competitiveness of products and services. It also assists us in strengthening supplier relationships through closer cooperation with our suppliers and business partners.

#### Key Initiatives in FY2022

- 1 The deployment of Multi Function Printers across the Group began in November 2019, with the objective of obtaining competitive pricing through centralised purchasing and at the same time, enabling the tracking and minimisation of paper consumption. This project recorded a reduction in paper usage by approximately 52% since inception.
- 2 To provide long-term sustainable employment to the local community, we have taken the initiative to source for local security officers for our operating companies. We achieved 96% recruitment of local security officers, with the remaining comprising non-local or foreign officers.



#### Procurement Academy

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

#### Key Initiative in FY2022

- 1 In collaboration with DRB-HICOM University, Professional Diploma in Procurement has been made available with the aim to equip procurement officers with a deeper understanding 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 2022, 69 participants have completed this programme.



#### Awareness

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

#### Key Initiatives in FY2022

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



#### eProcurement Tools

In phases, we have shifted towards adopting digital platforms for our procurement processes to improve sourcing, purchasing and vendor management activities. This aims to support multiple tasks, simplify on-line purchasing processes, establish meaningful relationships with suppliers and reduce manual data entry routines.

#### Key Initiative in FY2022

- 1 **Zycus eProcurement** - Since the launch of Zycus eProcurement 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 costs and emissions incurred on postage or travelling by suppliers in submitting hardcopy documents. Most importantly, Zycus eProcurement has improved transparency and promoted fair competition among suppliers as well as ensured zero information leakages and prohibition of unauthorised access to the tender submissions.



## PROCUREMENT PRACTICES

### Vendor Self-Assessment Programme

As part of our journey to strengthen our supply chain engagement, we have commenced the Vendor Self-Assessment Programme (“VSAP”). This VSAP serves as part of our initiative and effort to create sustainable supply chains for all our existing and prospecting vendors as well as to integrate ESG issues and risks into our procurement processes. The assessment sets out expectations related to ethical and responsible business conduct, human rights, labour practices, community engagement and environmental stewardship.

In FY2022, a pilot programme was conducted for prioritised suppliers of our M&E business. A thorough analysis of the responses will be performed and the suppliers will be categorised based on their sustainability maturity level prior to proceeding with the subsequent phase. Moving forward, the programme will be rolled out to the remaining critical suppliers across all sectors in stages.



### OUR PERFORMANCE

#### Supporting local procurement

At DRB-HICOM, we acknowledge the importance and advantages of local sourcing and procurement. We firmly believe that engaging with local businesses will allow us to contribute to the growth and prosperity of the country’s economy and society.



<sup>14</sup> This procurement data excludes our joint ventures and associated companies

# 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 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

#### Integrity and Governance Unit

The Group has established an Integrity and Governance Unit ("IGU") responsible for Anti-Bribery and Anti-Corruption ("ABAC") monitoring and initiatives. The IGU directly and independently reports to the Board Audit Committee and is supported by an ABAC Working Committee which assists in the overall implementation of the ABAC programme under the TRUST principles, namely Top-Level Commitment, Risk Assessment, Undertake Control Measures, Systematic Review, Monitoring and Enforcement, and Training and Communication. IGU's core functions include complaint management, detection and verification, integrity enhancement and governance. The IGU is accountable for the overall coordination and implementation of the Group's ABAC Policy.

#### Anti-Bribery and Anti-Corruption Working Committee

The IGU's function and activities are supported by an ABAC Working Committee which assists the unit in rolling out the overall implementation and additional scope of work of ABAC programmes and initiatives to ensure effective implementation.

#### Bribery and Corruption Risk Assessment

Bribery and corruption risk identification and assessment are part of the wider DRB-HICOM Group Risk Management Policy and Framework. The ABAC risk management process is a framework that aids the Group identify structural weaknesses and risk factors that may lead to acts of bribery and provide a suitable method of mitigating or preventing bribery and corruption within our governance framework. Bribery and corruption risk assessments are conducted periodically, and especially when there is a change in the law or circumstances of the business, by identifying, assessing and prioritising the internal and external risks of the Group. The risk assessment for bribery and corruption is incorporated into the existing ERM processes and system.

For more information about the Group ERM Framework, please refer to pages 78 to 87 in the DRB-HICOM Annual Report 2022.

### Key Policies, Frameworks 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, frameworks and procedures:



**Group Procurement Policy and Procedures, and Vendor Management Procedures**



**Risk Management Policy, Framework and Procedures**



**Code of Ethics and Business Practice**



**Gift and Business Courtesy Policy**



**Sponsorship, Donation and Corporate Responsibility Policy**



**Related Party Transaction Policy and Procedures**

### ABAC POLICY

The ABAC Policy sets out the Group's position on bribery in all its forms and matters of corruption that might confront the Group in its day-to-day operations. The Policy outlines the roles and responsibilities of employees at all levels in combatting bribery and corrupt practices. The Policy is documented in accordance with the requirements and obligations imposed under the Malaysian Anti-Corruption Commission ("MACC") Act, 2009 (Amendment 2018) and Guidelines on Adequate Procedures issued pursuant to subsection (5) of Section 17A of MACC Act, 2009 (Amendment 2018).

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



Scan Me

## FAIR BUSINESS PRACTICES

### WHISTLEBLOWING POLICY

We encourage openness, integrity and accountability in our culture, which is embedded in our Whistleblowing Policy. Our grievance mechanism provides a safe and reliable channel for our employees and external parties to voice concerns and report against malpractices without fear of retaliation. Whistleblowers are encouraged to report any misconduct, such as dishonesty, fraud, corruption, bribery or illegal practices, abuse of power or conflict of interest involving the Group.

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



Scan Me



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



The ABAC Policy is published on the DRB-HICOM website as the platform of communication to employees and external stakeholders



The ABAC and COEBP are part of new recruits' induction training programme



Our corruption-free e-Pledge is made compulsory to all employees to promote integrity, transparency and good governance



The Integrity Bulletin is issued periodically via e-mail as a monthly communication channel to inculcate a culture of integrity among employees



Revision of critical policies and procedures is conducted to strengthen internal control mechanisms within the Group



### Zero

cases of non-compliance with ABAC Policy observed in FY2022



**Zero tolerance policy** against all forms of bribery and corruption



### 100%

of our operation assessed for risks related to bribery and corruption

*Note : This includes data for our joint venture and associated companies, namely HYMM, IHM, HNBPO and MODENAS*



PROTON launching its revised Whistleblowing Policy



## FAIR BUSINESS PRACTICES

### DATA PRIVACY AND SECURITY

#### WHY IT IS IMPORTANT

Digital technologies have fundamentally changed how we operate and serve our customers. However, as we embrace digitalisation, we must also prioritise cybersecurity measures to safeguard our data. Data breaches can severely impact business continuity and erode stakeholder trust, credibility and loyalty.

At DRB-HICOM, we are fully committed to complying with applicable privacy and personal data protection laws. We ensure that our collection, use, processing and storage of personal data for our employees, directors, customers and other third parties are in line with local and international laws as well as our internal policies and procedures.

#### OUR APPROACH

To safeguard the confidentiality and integrity of the data of our customers, employees and other stakeholders, we have integrated all data privacy and cybersecurity-related initiatives into our daily operations. We have also taken stringent measures to address possible gaps and minimise the risks of data breaches from cyber threats.

#### Cybersecurity Committee

The establishment of a Cybersecurity Committee, which plays an oversight function, ensures the confidentiality, integrity and availability of the Group's information technology resources and data by safeguarding them from compromise, misuse, loss or damage caused intentionally or unintentionally.

#### Cybersecurity Risk Management

Cybersecurity risk management is an essential element in managing risks associated with the use of information technology. Aligned with the Group's ERM Framework, identifying, analysing, evaluating and addressing of the Group's existing and emerging cybersecurity threats were performed periodically and as and when required. Risk analyses including significant risk exposures, evaluation and proposed treatment, were presented to the RMC and BRSC on a quarterly basis. We strive to minimise the risk of cyber threats through enhanced and continuous security monitoring via Security Operations Centre ("SOC"). This includes evaluating the Group's readiness in responding to cyber-attacks and data breaches by conducting periodic security scorecard rating assessments and awareness programmes.

#### OUR PERFORMANCE

We do not disclose or use any personal information of our stakeholders for any purpose other than those agreed upon and to communicate any changes in data protection policies or measures to the respective stakeholders directly.



# 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 delivering value for all stakeholders. As the responsible financial services arm of the Group, Bank Muamalat Malaysia Berhad (“BMMB”) delivers 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 development. Through this effort, BMMB is committed to instilling value-based banking practices throughout its entire business operations and activities.

### OUR APPROACH

#### DELIVERING VALUE-BASED INTERMEDIATION

BMMB is among the early adopters of Value-Based Intermediation (“VBI”). The VBI aims to deliver the intended outcomes of Shariah through practices and offerings that generate 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 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 stakeholders and the environment.

In ensuring BMMB adopts a sustainable business strategy, a Value-Based Committee was established. The committee plays an oversight role in the execution of sustainable approaches in its lending, financing and investment activities.

The bank’s five-year Strategic Plan called RISE 26+ has introduced sustainability as one of the key elements of its strategic plans. In RISE26+, BMMB aspires to continuously promote VBI and sustainability by institutionalising VBI and contributing to social finance and community empowerment.

BMMB views requests for financing that will result in positive ESG outcomes positively. These include any applications involving the development of green technologies and the empowerment of marginalised communities.

During the reporting year, BMMB embedded ESG considerations in its credit approval processes. ESG assessment that was part of the financing evaluation processes has integrated the Climate Change and Principle-Based Taxonomy (“CCPT”) Framework introduced by Bank Negara Malaysia. The assessment allows BMMB to measure customers’ climate risk score and ESG rating. From the assessment, BMMB may exercise authority to reject any credit application with significant ESG issues, especially for sectors most vulnerable to environmental and social risks and those with activities that have significant potential adverse impacts on the environment and society. BMMB targeted at least 30% of its new financing disbursement to be VBI-aligned. Beginning FY2023, the Bank targets to maintain VBI assets to be at least 50% of the total financing assets.

### #RISE26+

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

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

- #R

**Future Ready Workforce**
- #I

**Innovation and Next Generation Banking**
- #S

**Sustainable Business Growth and Profitability**
- #E

**Excellent Customer Experience**



## SOCIO-ECONOMIC

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 contributions to achieving this objective are depicted below:

## DEVELOPMENT IN SUPPORTING THE ECONOMIC GROWTH

## iTEKAD and i-PUSH 2022 SCHEME

BMMB established strategic cooperation with the Pahang Government through the Bank Muamalat iTEKAD support programme, which is the Pahang Micro Entrepreneur Financing Scheme 2022 (“i-PUSH 2022”) with an allocation of RM20 million by the state Government.

The iTEKAD and i-PUSH programmes add value to the state Government’s efforts in helping entrepreneurs by managing financial distribution assistance or micro-financing and providing training and advisory services on halal certification for the *asnaf*, B40 and small and medium-sized enterprises (“SMEs”). The programme has benefitted 750 entrepreneurs in FY2022. BMMB will continue to replicate the programme in other states.



**Total Fund Disbursed: RM6 million**

## UPLIFTING THE SOCIETY

## SMART Mortgage Scheme

BMMB introduced affordable home schemes for the B40 segment, namely SMART Mortgage-SRP (Skim Rumah Pertamaku) and SMART Mortgage-SJKP (Skim Jaminan Kredit Perumahan). These initiatives aim to help eligible groups own their first homes. Self-employed and non-fixed income earners, including gig workers, business owners and small traders or entrepreneurs, are among the eligible groups who can leverage this opportunity. The scheme is guaranteed by SJKP to help those without monthly income statements to own houses. For those who are eligible, the amount of financing provided through this scheme includes related expenses such as mortgage-reducing term takaful, long-term house owner takaful, and legal and valuation fees. BMMB has always placed emphasis on efforts to assist the affordable market segment in owning houses, and with this home loan scheme, eligible house buyers have the opportunity to own their first homes.

**Total Fund Disbursed: RM464.6 million**

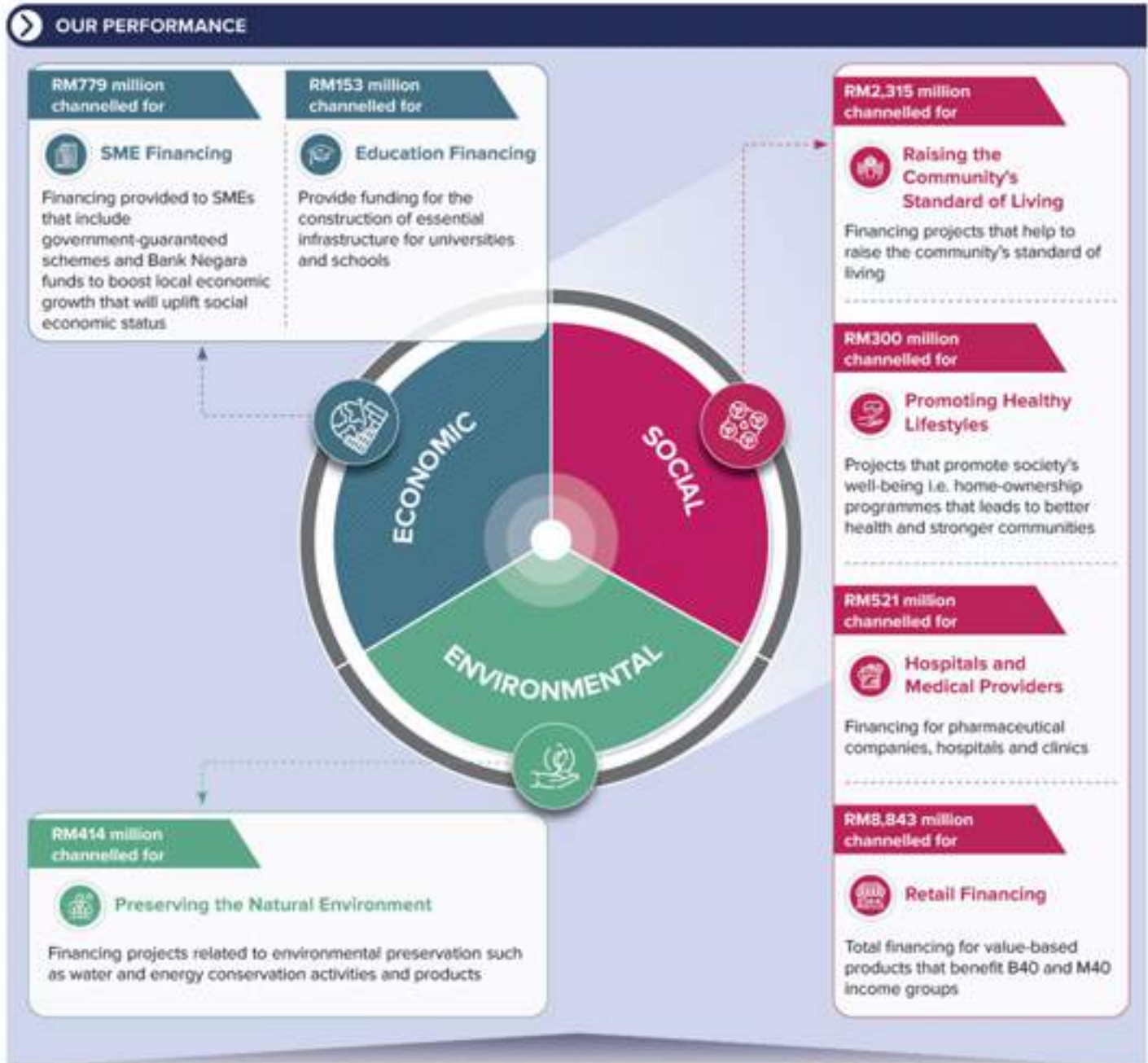
## Mobile Banking

In August 2022, BMMB launched its *Bank Bergerak*, an on-going effort to provide top-notch banking services to communities residing in remote and underserved areas with limited or no access to banking services. This initiative aligns with the Group’s commitment to promoting financial inclusion for customers in rural areas. With this mobile service, our customers can enjoy enhanced convenience and easier access to banking services, reducing their travel time to fulfil their banking obligations.

**Number of transactions recorded: 937 (RM1.11 million)**



SOCIO-ECONOMIC



## SOCIO-ECONOMIC

## DRB-HICOM AUTOMOTIVE HIGH-TECH VALLEY IN TANJONG MALIM



The Group unveiled its development plan for the Automotive Hi-Tech Valley (“AHTV”) in April 2022, marking the start of a high-impact major project that will boost the national automotive industry. AHTV is situated within a 4,000-acre township of industrial, commercial, residential and educational development in Tanjong Malim which currently houses the main assembly plant for PROTON and property development under Proton City Development Corporation Sdn. Bhd. (“PCDC”). AHTV features an integrated ecosystem that serves as a catalyst for the revitalisation of the domestic automotive sector in line with the National Automotive Policy 2020.



The town of Tanjong Malim will see an economic overflow from the activities of the AHTV development project which is expected to generate jobs during construction as well as when it is operational. Moreover, AHTV aims to become a reference centre for research and development (“R&D”) on technologies that adhere to global climate compliance standards. To achieve this, a research university dedicated to the automotive industry will be established.

As an iconic automotive city in the country, we acknowledge our responsibility to minimise our environmental impact and enhance social well-being for future generations. In developing AHTV, we have incorporated sustainable principles and elements that align with the ESG pillars. We prioritise sustainability to mitigate any negative effects that may arise from the industrial, commercial and residential development surge within the urbanisation process. Various stakeholders, such as the Government, private sectors, local communities and investors, are engaged to ensure that all inclusive sustainable plans are developed and implemented to provide greater synergy to create a win-win formula for AHTV.





Ensuring a healthy environment and preserving biodiversity are crucial for the proper functioning of ecosystems. We understand that the development of AHTV carries the risk of biodiversity loss, which may adversely affect the environment and local communities. With that in mind, we are committed to complying with all local laws and guidelines governing the development of AHTV. Environmental impact assessments were conducted during the planning process and prior to the development to identify potential risks and minimise any negative impacts. Furthermore, we took special care to ensure that the development areas of AHTV are not located within protected areas or regions of high biodiversity value, and we avoided harm to endangered species listed on the International Union for Conservation of Nature Red List and national conservation lists.

Our commitment to safeguarding the environment extends to protecting the rights of our surrounding communities to live in a pollution-free environment. To this end, we have incorporated safe buffer zones between industrial and residential areas in the township development of AHTV. We are dedicated to ensuring that our development activities do not violate the fundamental right to a clean and healthy environment, and we will continue to work towards promoting environmental sustainability in all our endeavours.










## SOCIO-ECONOMIC

### THE CORE STRATEGIES OF THE AHTV DEVELOPMENT PLAN

<p><b>Future automotive</b></p>  <p>Advancing Malaysian automotive R&amp;D and manufacturing, and leading the future of Next-Generation Vehicles ("NxGV") and Mobility-as-a-Service</p>	<p><b>Global R&amp;D centre</b></p>  <p>Establishing Malaysia as a global R&amp;D centre focusing on research areas of mobility, connectivity, big data and lifestyle, making Malaysia NxGV-ready and Industrial Revolution 4.0 technology-proficient</p>	<p><b>Nurture local talent</b></p>  <p>Attracting world-class talent and nurture local talent critical to Malaysia's future competitiveness in the areas of engineering, information technology, design, artificial intelligence, mobility solutions and software development</p>	<p><b>Investment and partnership in automotive industry</b></p>  <p>Spurring investments and partnerships in the Malaysian automotive sector; an opportunity for global original equipment manufacturers ("OEMs") and suppliers to expand their automotive sector, using Malaysia as a gateway to ASEAN and wider markets</p>
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### Key Features of AHTV, Tanjung Malim

 <p><b>High technology and EV</b></p> <p>AHTV aims to become a high-technology and EV hub to support the country's high technology aspirations</p>	 <p><b>Vendor park</b></p> <p>The development of the vendor park will accelerate the automotive ecosystem growth of AHTV, while also creating business prospects and job opportunities for the local community, AHTV currently houses 18 vendors, mainly in the automotive business</p>	 <p><b>Residential and commercial development</b></p> <p>Residential and commercial units are developed under the brand PCDC that meets the aspirations and affordability of residents</p>	
 <p><b>Employment opportunities</b></p> <p>AHTV aspires to nurture local critical talent and highly-skilled employment; with the full-scale development of AHTV, more employment opportunities are expected to be created for the local community</p>	 <p><b>Adoption of renewable energy</b></p> <p>PROTON has embarked on the journey to reduce its carbon footprint with the installation of a 12 MWp solar PV system at its manufacturing plant</p>	 <p><b>Green effort</b></p> <p>AHTV will contribute to a greener environment through tree planting projects; in collaboration with the local district council, a tree planting exercise was conducted</p>	 <p><b>Development of learning facilities</b></p> <p>The city currently houses educational institutes and entities, including University Pendidikan Sultan Idris ("UPSII"), Sekolah Kebangsaan Proton City and Sekolah Menengah Kebangsaan Proton City</p>



# PERFORMANCE DATA

Description	Unit of measurement	2018	2019	2020	2021	2022
<b>Energy Consumption*</b>						
<b>Total non-renewable energy</b>	kWh	666,936,804	703,896,176	592,915,805	503,656,207	589,278,443
Purchased electricity	kWh	307,573,940	322,164,455	286,063,505	284,665,330	332,564,537
Petrol	kWh	42,525,991	43,414,292	33,723,512	26,253,691	31,162,396
Diesel	kWh	246,187,691	258,154,539	229,142,181	164,243,625	183,541,852
Liquified petroleum gas	kWh	43,078,892	53,550,085	17,484,294	5,628,665	7,350,864
Natural gas	kWh	27,570,290	26,612,804	26,502,314	22,864,896	34,658,795
<b>Renewable energy - solar</b>	kWh	-	-	2,342,500	15,244,295	33,730,387
<b>GHG Emissions*</b>						
<b>Total GHG emissions</b>	tonnes CO <sub>2</sub> e	283,234	297,779	257,587	235,291	274,437
Scope 1	tonnes CO <sub>2</sub> e	86,694	91,916	74,792	53,390	61,928
	tonnes CO <sub>2</sub> e	86,540	91,750	74,672	53,308	61,831
	tonnes CH <sub>4</sub>	1	1	1	0	1
	tonnes N <sub>2</sub> O	0	0	0	0	0
Scope 2	tonnes CO <sub>2</sub> e	196,540	205,863	182,795	181,901	212,509
	tonnes CO <sub>2</sub>	196,540	205,863	182,795	181,901	212,509
GHG emissions intensity	tonnes CO <sub>2</sub> e/ RM million	23.62	21.27	19.58	19.01	17.69
GHG emissions avoidance - solar	tonnes CO <sub>2</sub> e	-	-	1,497	9,742	21,554
<b>Waste*</b>						
Scheduled waste generation	tonnes	5,100	4,782	3,678	2,915	4,020
Waste diverted from disposal	tonnes	-	-	-	-	3,983
Waste directed to disposal	tonnes	-	-	-	-	37
<b>Water*</b>						
Water withdrawal	ML	2,689	2,570	1,900	2,119	2,883
Water discharge	ML	315	245	243	215	225
Water consumption	ML	2,374	2,325	1,657	1,904	2,658
<b>Human Capital Indicator*</b>						
<b>Total workforce</b>	Persons	55,678 <sup>†</sup>	51,776 <sup>‡</sup>	50,851	46,102	44,719
<b>Workforce by category*</b>						
Manager	%	5 <sup>†</sup>	7 <sup>‡</sup>	7	7	7
Executive	%	13 <sup>†</sup>	13 <sup>‡</sup>	13	13	14
Non-executive	%	82 <sup>†</sup>	80 <sup>‡</sup>	80	80	79
<b>Workforce by age group*</b>						
<30	%	37 <sup>†</sup>	36 <sup>‡</sup>	34	32	31
31-40	%	33 <sup>†</sup>	34 <sup>‡</sup>	35	36	36
41-50	%	20 <sup>†</sup>	21 <sup>‡</sup>	21	22	22
>50	%	10 <sup>†</sup>	9 <sup>‡</sup>	10	10	11
<b>Workforce by gender*</b>						
Female	%	20 <sup>†</sup>	20 <sup>‡</sup>	20	21	21
Male	%	80 <sup>†</sup>	80 <sup>‡</sup>	80	79	79

\* This includes data for our joint ventures and associated companies, namely HYMM, IHM, MODENAS and HHBPO

\* This includes employee data for our joint ventures and associated companies, namely Honda Malaysia Sdn. Bhd., Isuzu Malaysia Sdn. Bhd., HYMM, IHM, MODENAS and HHBPO

- Data unavailable

\* From 1 April 2018 to 31 March 2019, prior to changes at the end of the financial year from 31 March to 31 December

\* From 31 March 2019 to 31 December 2019 (nine-months period), due to changes at the end of the financial year from 31 March to 31 December

## PERFORMANCE DATA

Description	Unit of measurement	2018	2019	2020	2021	2022
<b>Workforce in managerial position by gender*</b>						
Female	%	37 <sup>†</sup>	29 <sup>#</sup>	29	32	35
Male	%	63 <sup>†</sup>	71	71	68	65
<b>Board composition by gender</b>						
Female	%	25 <sup>†</sup>	14 <sup>#</sup>	17	17	17
Male	%	75 <sup>†</sup>	86 <sup>#</sup>	83	83	83
<b>New hires<sup>@</sup></b>	Persons	-	-	-	4,930	7,876
<b>New hires by gender<sup>@</sup></b>						
Female	%	-	-	-	19	20
Male	%	-	-	-	81	80
<b>Average training hours per employee</b>	Hours	6.89 <sup>†</sup>	21.4 <sup>#</sup>	18.28	11.74	18.84
<b>Average training hours by gender</b>						
Female	Hours	-	29.97 <sup>#</sup>	26.30	20.09	26.38
Male	Hours	-	18.76 <sup>#</sup>	16.23	9.54	16.83
<b>Parental leave<sup>@</sup></b>	Persons	-	-	-	2,730	2,324
<b>Parental leave by gender<sup>@</sup></b>						
Female	Persons	-	-	-	813	549
Male	Persons	-	-	-	1,917	1,793
<b>Employee appraised*</b>	%	100	100	100	100	100
<b>Employee as union members*</b>	Persons	25,128	23,208	23,064	22,089	20,921
<b>Total number of unions*</b>	Number	29	33	33	27	25
<b>Safety and Health<sup>†</sup></b>						
Fatality	Case	0	2	1	0	1
Accident	Case	312	309	282	228	199
LTIFR	Number	2.48	2.13	2.14	1.92	1.73
<b>Community Investment<sup>†</sup></b>						
Total investment cost	RM	>1,500,000	>800,000	>500,000	>600,000	>1,500,000
Outreach	Persons	>11,000	>44,000	>32,000	>44,000	>43,000
<b>Supplier Value Creation<sup>†</sup></b>						
<b>Composition of supplier</b>						
Local	%	-	-	91 <sup>^</sup>	95	94
Foreign	%	-	-	9 <sup>^</sup>	5	6
<b>Spending on supplier</b>						
Local	%	-	-	97 <sup>^</sup>	67	62
Foreign	%	-	-	3 <sup>^</sup>	33	38

<sup>†</sup> This includes data for our joint ventures and associated companies, namely HYMM, IHM, MODENAS and HHBPO

<sup>#</sup> This includes employee data for our joint ventures and associated companies, namely Honda Malaysia Sdn. Bhd., Isuzu Malaysia Sdn. Bhd., HYMM, IHM, MODENAS and HHBPO

- Data unavailable

<sup>\*</sup> From 1 April 2018 to 31 March 2019, prior to changes at the end of the financial year from 31 March to 31 December

<sup>#</sup> From 31 March 2019 to 31 December 2019 (nine-months period), due to changes at the end of the financial year from 31 March to 31 December

<sup>@</sup> Collection of this data was initiated from the beginning of 2021 onwards

<sup>^</sup> This data excludes Pos Malaysia Group, PROTON Group, BMMB, joint ventures and associated companies

<sup>></sup> This excludes data for our joint ventures and associated companies, namely HYMM, IHM, HHBPO and MODENAS

# GRI CONTENT INDEX

<b>Statement of use</b>	DRB-HICOM has reported the information cited in this GRI content index for the period [1 January 2022 to 31 December 2022] with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI	DISCLOSURE	PAGE NUMBER
<b>GRI 2: General Disclosure 2021</b>		
<b>1.</b>	<b>The organisation and its reporting practices</b>	
2-1	Organisational details	AR 4, 16-17, 27-29
2-2	Entities included in the organisation's sustainability reporting	SR 2
2-3	Reporting period, frequency and contact point	SR 2
2-4	Restatements of information	N/A
2-5	External assurance	SR 2
<b>2.</b>	<b>Activities and workers</b>	
2-6	Activities, value chain and other business relationships	AR 16, 17, 110-153
2-7	Employees	SR 45
<b>3.</b>	<b>Governance</b>	
2-9	Governance structure and composition	AR 54, SR 10
2-10	Nomination and selection of the highest governance body	AR 56
2-11	Chair of the highest governance body	SR 10
2-12	Role of the highest governance body in overseeing the management of impacts	SR 10
2-13	Delegation of responsibility for managing impacts	SR 10
2-14	Role of the highest governance body in sustainability reporting	SR 10
2-15	Conflicts of interest	AR 59
2-16	Communication of critical concerns	AR 92, SR 62
2-17	Collective knowledge of the highest governance body	AR 57, 64, 65
2-18	Evaluation of the performance of the highest governance body	AR 72
2-19	Remuneration policies	AR 72
2-20	Process to determine remuneration	AR 72
<b>4.</b>	<b>Strategy, policies and practices</b>	
2-22	Statement on sustainable development strategy	SR 7-9
2-23	Policy commitments	SR 11
2-24	Embedding policy commitments	SR 11
2-25	Processes to remediate negative impacts	SR 62
2-26	Mechanisms for seeking advice and raising concerns	SR 62
2-27	Compliance with laws and regulations	SR 22, 32-34, 42, 62
2-28	Membership associations	SR 3

## GRI CONTENT INDEX

GRI	DISCLOSURE	PAGE NUMBER
<b>GRI 2: General Disclosure 2021</b>		
<b>5.</b>	<b>Stakeholder engagement</b>	
2-29	Approach to stakeholder engagement	SR 15, 16
2-30	Collective bargaining agreements	SR 51
<b>GRI 3: Material Topics 2021</b>		
3-1	Process to determine material topics	SR 17
3-2	List of material topics	SR 17, 18
<b>GRI 201: Economic Performance 2016</b>		
3-3	Management of material topics	AR 106-153
201-1	Direct economic value generated and distributed	AR 38
<b>GRI 203: Indirect Economic Impacts 2016</b>		
3-3	Management of material topics	SR 52-55, 64-68
203-2	Infrastructure investments and services supported	SR 52-55, 65, 66, 68
<b>GRI 204: Procurement Practices 2016</b>		
3-3	Management of material topics	SR 58-60
204-1	Proportion of spending on local suppliers	SR 60
<b>GRI 205: Anti Corruption 2016</b>		
3-3	Management of material topics	SR 61, 62
205-1	Operations assessed for risks related to corruption	SR 61, 62
205-2	Communication and training about anti-corruption policies and procedures	SR 61, 62
205-3	Confirmed incidents of corruption and actions taken	SR 62
<b>GRI 302: Energy 2016</b>		
3-3	Management of material topics	SR 22-27
302-1	Energy consumption within the organisation	SR 28
302-4	Reduction of energy consumption	SR 23-28
<b>GRI 303: Water and Effluents 2018</b>		
303-1	Interactions with water as a shared resource	SR 33
303-2	Management of water discharge-related impacts	SR 33, 34
303-3	Water withdrawal	SR 33
303-4	Water discharge	SR 34
303-5	Water consumption	SR 34
<b>GRI 304: Biodiversity 2016</b>		
3-3	Management of material topics	SR 67
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SR 67



## GRI CONTENT INDEX

GRI	DISCLOSURE	PAGE NUMBER
<b>GRI 305: Emissions 2016</b>		
3-3	Management of material topics	SR 22-27
305-1	Direct (Scope 1) GHG emissions	SR 28, 69
305-2	Energy indirect (Scope 2) GHG emissions	SR 25, 28, 69
305-4	GHG emissions intensity	SR 28, 69
305-5	Reduction of GHG emissions	SR 23-28
<b>GRI 306: Waste 2020</b>		
306-1	Waste generation and significant waste-related impacts	SR 29-33
306-2	Management of significant waste-related impacts	SR 29-32
306-3	Waste generated	SR 32, 69
306-4	Waste diverted from disposal	SR 32, 69
306-5	Waste directed to disposal	SR 32, 69
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
3-3	Management of material topics	SR 60
308-1	New suppliers that were screened using environmental criteria	SR 60
308-2	Negative environmental impacts in the supply chain and actions taken	SR 60
<b>GRI 401: Employment 2016</b>		
3-3	Management of material topics	SR 45-51
401-1	New employee hires and employee turnover	SR 45, 47, 70
401-3	Parental leave	SR 48, 70
<b>GRI 403: Occupational Health and Safety 2018</b>		
403-1	Occupational health and safety management system	SR 38-42
403-2	Hazard identification, risk assessment, and incident investigation	SR 41
403-3	Occupational health services	SR 38, 39, 42
403-5	Worker training on occupational health and safety	SR 38, 39, 42
403-6	Promotion of worker health	SR 39, 40, 42, 44
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR 38-41, 43
403-9	Work-related injuries	SR 43, 70
<b>GRI 404: Training and Education 2016</b>		
3-3	Management of material topics	SR 46
404-1	Average hours of training per year per employee	SR 46, 70
404-2	Programmes for upgrading employee skills and transition assistance programmes	SR 46, 47
404-3	Percentage of employees receiving regular performance and career development reviews	SR 51
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
3-3	Management of material topics	SR 48
405-1	Diversity of governance bodies and employees	AR 57, 58 SR 45, 48

## GRI CONTENT INDEX

GRI	DISCLOSURE	PAGE NUMBER
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
3-3	Management of material topics	SR 51
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR 51
<b>GRI 408: Child Labor 2016</b>		
3-3	Management of material topics	SR 11, 48, 58
408-1	Operations and suppliers at significant risk for incidents of child labor	SR 11, 48, 58
<b>GRI 409: Forced or Compulsory Labor 2016</b>		
3-3	Management of material topics	SR 11, 48, 58
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR 11, 48, 58
<b>GRI 413: Local Communities 2016</b>		
3-3	Management of material topics	SR 52
413-1	Operations with significant actual and potential negative impacts on local communities	SR 53-55
<b>GRI 414: Supplier Social Assessment 2016</b>		
3-3	Management of material topics	SR 60
414-1	New suppliers that were screened using social criteria	SR 60
414-2	Negative social impacts in the supply chain and actions taken	SR 60
<b>GRI 418: Customer Privacy 2016</b>		
3-3	Management of material topics	SR 63
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR 63

# GLOSSARY

3R	Reduce, Reuse and Recycle
ABAC	Anti-Bribery and Anti-Corruption
AHTV	Automotive Hi-Tech Valley
AHU	Air Handling Unit
APM	Malaysia Civil Defence Force
ASEAN	Association of Southeast Asian Nations
B1	Building 1
B40	Bottom 40% of households based on income
B6	Building 6
BMMB	Bank Muamalat Malaysia Berhad
BMS	Building Management System
BOMBA	Fire and Rescue Department of Malaysia
BRSC	Board Risk and Sustainability Committee
Bursa Securities	Bursa Malaysia Securities Berhad
C19C	COVID-19 Committee
CCPT	Climate Change and Principle-Based Taxonomy
CO <sub>2</sub> e	Carbon dioxide equivalent
COEBP	Code of Ethics and Business Practice
COVID-19	Coronavirus disease 2019
CR	Corporate Responsibility
CSR	Corporate Social Responsibility
CSU	Corporate Sustainability Unit
CTRM	Composites Technology Research Malaysia Sdn. Bhd.
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
DRB-HICOM University	DRB-HICOM University of Automotive Malaysia
EQA 1974	Environmental Quality Act 1974
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EV	Electric Vehicles
FMA 1967	Factories and Machinery Act 1967
FY	Financial Year
GABV	Global Alliance for Banking on Values
GHC	Group Human Capital

GHG	Greenhouse Gas
GMD	Group Managing Director
GPP	Group Procurement Policy
GRI	Global Reporting Initiative
GSHE	Group Safety, Health and 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.
IGU	Integrity and Governance Unit
IHM	ISUZU HICOM Malaysia Sdn. Bhd.
IROSHE	Integrated Reporting of Occupational Safety, Health and Environmental
ISO 14001	ISO 14001:2015 Environmental Management Systems
iTEKAD	iTEKAD Mawaddah
kg	Kilogramme
KPI	Key Performance Indicator
KSDH	Kelab Sukan DRB-HICOM
kWh	Kilowatt-hour
LPG	Liquefied petroleum gas
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
M40	Middle 40% of income group
MCP	Mission Critical Positions
MIROS	Malaysia Institute of Road Safety Research
ML	Megalitre
MODENAS	Motosikal dan Enjin Nasional Sdn. Bhd.
MT	Metric Tonne
MWp	Megawatt-peak
NEV	New Energy Vehicles
NGO	Non-Governmental Organisation
NxGV	Next-Generation Vehicles
OEM	Original equipment manufacturer
OSH	Occupational Safety and Health
OSH 1994	Occupational Safety and Health Act 1994

## GLOSSARY

OSH-C	Occupational Safety and Health Coordinators
P2	Person in close contact with COVID-19-positive individuals
PCDC	Proton City Development Corporation Sdn. Bhd.
Pos Malaysia	Pos Malaysia Berhad
PPR	Program Perumahan Rakyat
PRE-Q	Pre-qualification
PROTON	PROTON Holdings Berhad
PUSPAKOM	PUSPAKOM Sdn. Bhd.
PV	Photovoltaic
R&D	Research and development
R0	Ready-Now
REEM	Registered Electrical Energy Manager
RISE26+	A five-year strategic business plan introduced by BMMB, for the years 2021 to 2026
RM	Ringgit Malaysia
RMC	Risk Management Committee
RO	Reverse Osmosis
SDG or Goal	Sustainable Development Goals
SHE	Safety, Health and Environment
SLA	Service-Level Agreement

smart	smart Automobile Company
SME	Small and Medium-Sized Enterprise
SOC	Security Operations Centre
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
TNB	Tenaga Nasional Berhad
UCUA	Unsafe Condition, Unsafe Act
UNGP	United Nations Guiding Principles on Business and Human Rights
UPSI	Universiti Pendidikan Sultan Idris
VBI	Value-Based Intermediation
VCOC	Vendor Code of Conduct
VSAP	Vendor Self-Assessment Programme
VVI	Voluntary Vehicle Inspection
WFH	Work-from-home



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**DRB-HICOM**

Registration Number: 199001011860 (203430-W)

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