



SUSTAINABILITY REPORT

FINANCIAL PERIOD ENDED 31 DECEMBER 2019





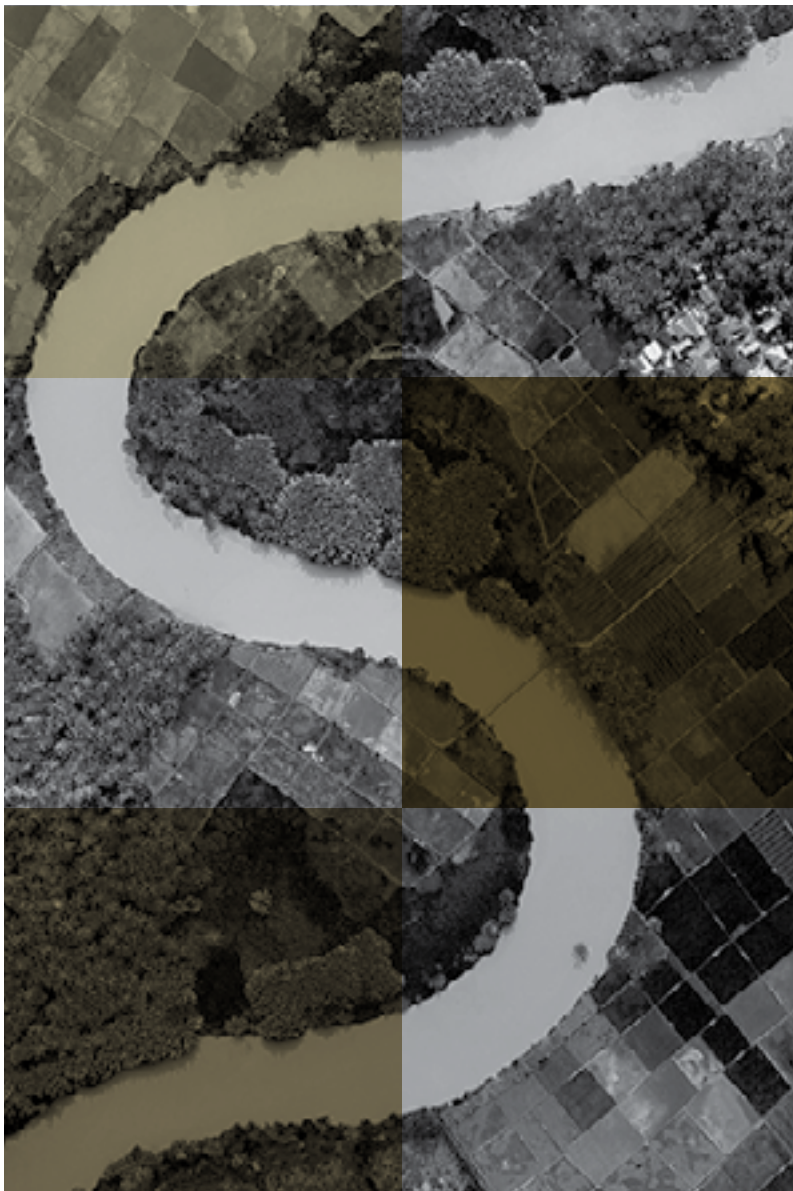
For this sustainability report, we constructed iconographic elements that highlight some of DRB-HICOM's key sustainability initiatives in fulfilling the United Nation's 17 Sustainable Development Goals ("SDGs") which remains our priority despite the current COVID-19 pandemic. On the top left corner, we placed an iconographic sun that encircles a seedling to represent the 7th SDG, *Affordable & Clean Energy*. In the same top tier, you'll find a recycling icon meant as a depiction of the 12th SDG, *Responsible Consumption & Production*.

To illustrate the 5th SDG, *Gender Equality*, we adapted the gender icons at the bottom left of our sustainability cover. This element reflects the importance that we place in providing workplace equality for every staff member of DRB-HICOM. At the bottom, you'll find an iconographic globe which signifies the Company's dedication in caring for humanity and the environment by instilling programmes and efforts to counter *Climate Change*, the 13th SDG.

Finally, on our sustainability cover you'll find a silhouette of people against a backdrop of a tree to show our skew towards the 11th SDG, *Sustainable Cities and Communities*. Through this, we signify DRB-HICOM's contributions in diverse fields to continuously aid in the overall well-being of everyone in the community as part of our social sustainability initiatives and to also help the nation on the road to recovery.

THE INSIDE STORY

CONTENT



GENERAL DISCLOSURES

- 004 Group Managing Director's Statement
- 006 Awards and Recognition
- 008 Sustainability Agenda in DRB-HICOM
- 009 • Our Value Chain Strategy
- 010 • Managing Our Supply Chain
- 011 • Sustainability Governance
- 012 • Sustainability Risk Management
- 013 Engaging Our Stakeholders
- 014 Materiality Assessment

DISCLOSURES ON 5 KEY THEMES

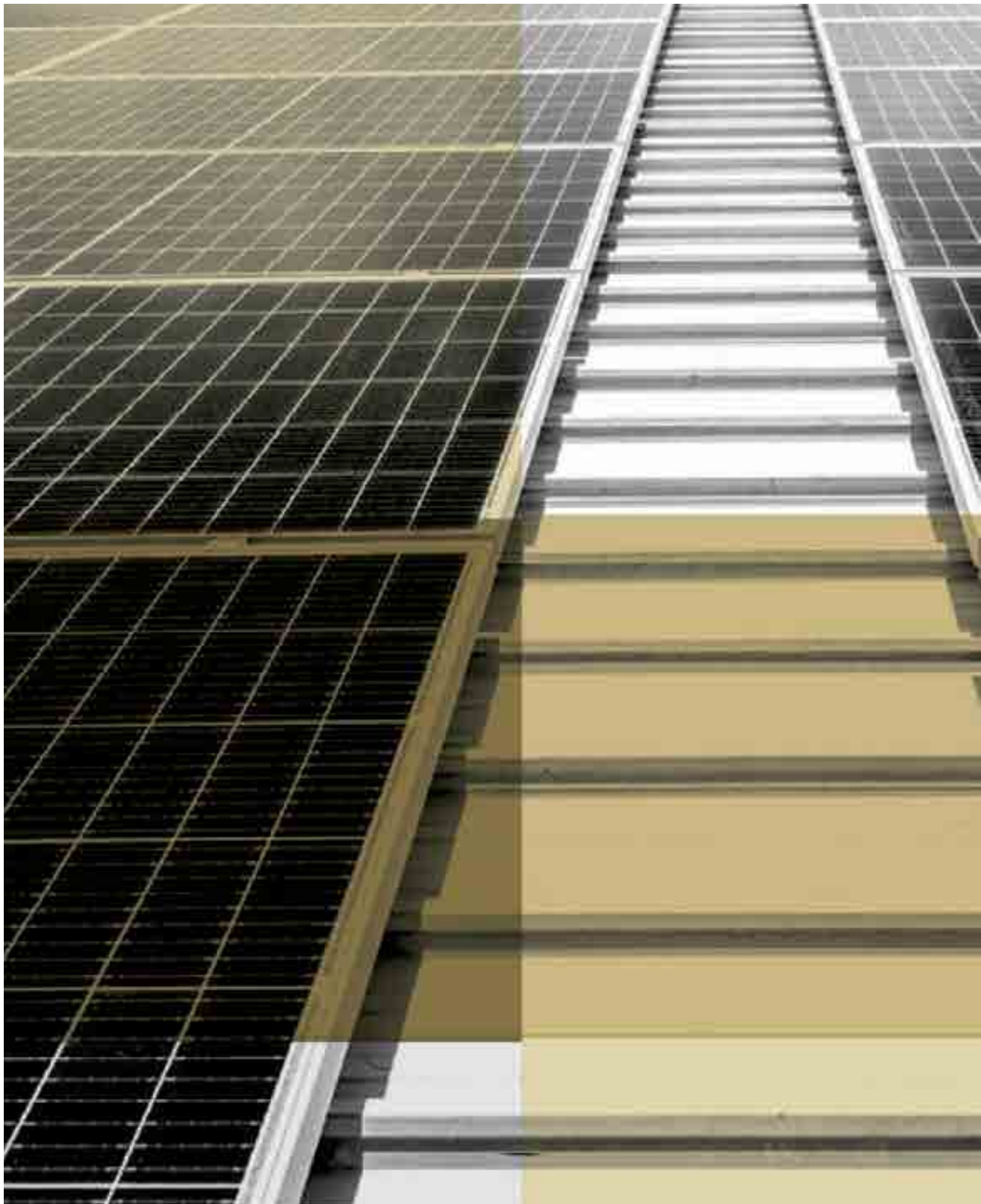
- 018 Safety & Health
- 024 Energy Management
- 032 Waste Management
- 036 Human Capital
- 044 Corporate Responsibility

ABOUT THIS REPORT

- 051 Reporting Approach
- 052 GRI Content Index
- 054 Glossary

DRB-HICOM ANNUAL REPORT FPE 31 DEC 2019

Begins from the back cover

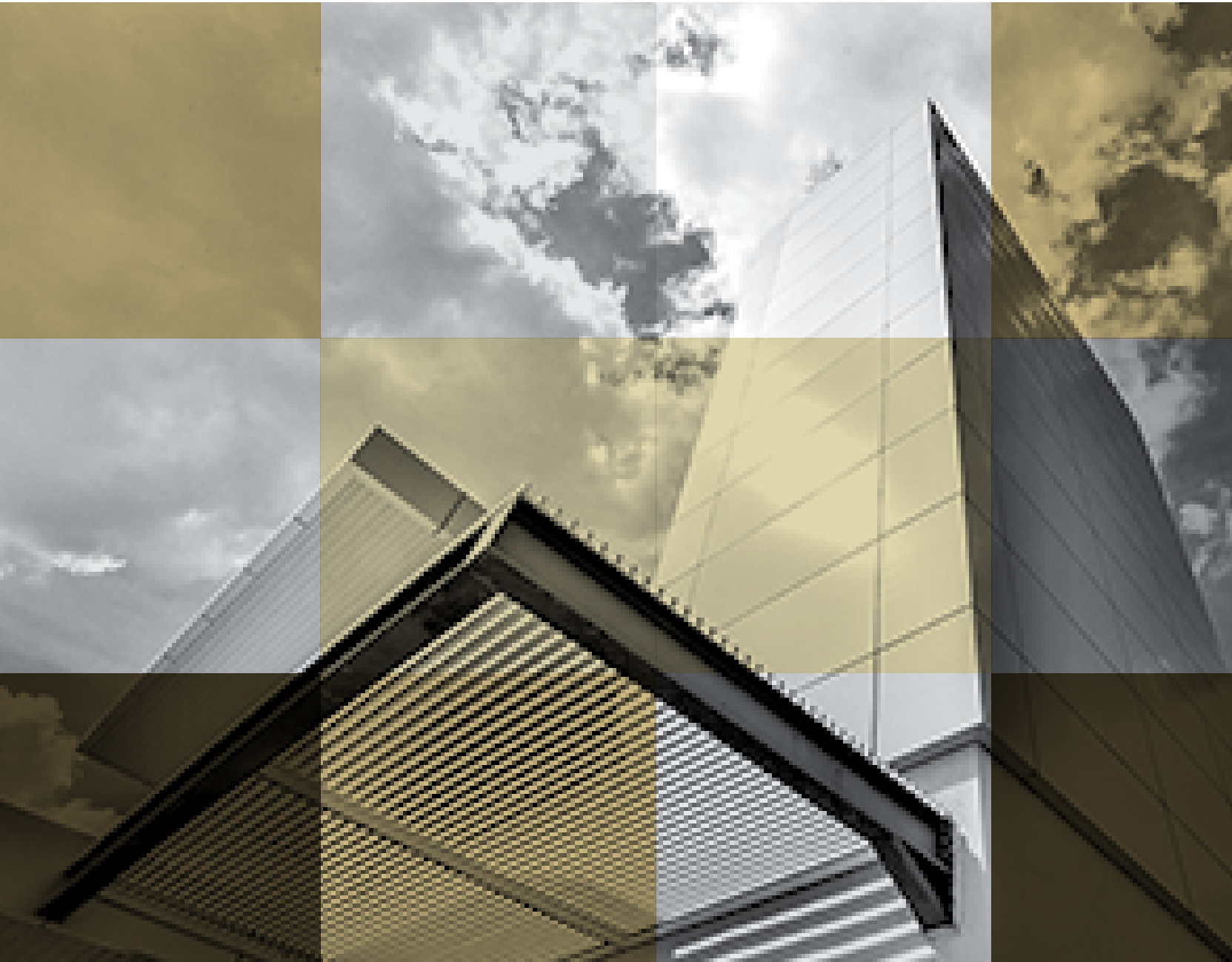




GENERAL DISCLOSURES

- 004 Group Managing Director's Statement
- 006 Awards and Recognition
- 008 Sustainability Agenda in DRB-HICOM
- 009 • Our Value Chain Strategy
- 010 • Managing Our Supply Chain
- 011 • Sustainability Governance
- 012 • Sustainability Risk Management
- 013 Engaging Our Stakeholders
- 014 Materiality Assessment

GROUP MANAGING DIRECTOR'S STATEMENT



Dear Shareholders and other Stakeholders,

Sustainability has a new factor to consider from now on. As you read this in June or July 2020, the world is grappling with a pandemic outbreak and a health crisis of unprecedented proportions, the COVID-19 virus. The world has of course had its share of pandemics before; the Cocoliztli epidemic in the mid-1500s killed 15 million inhabitants of Central America¹, while the Great Plague of London ended in 1666 with some 100,000 lives lost². But, their economic impact and geographical spread too were relatively small as global trade and travel is a far cry from the levels we are at today.

The erroneously-termed Spanish Flu that hit during the first quarter of the 20th century – as World War I raged – comes close to a geographical reach. It is the deadliest pandemic in modern history³, with an estimated 50 million lives lost across all continents, but the economic impact was localised as the world was already at war, and global exports were valued at US\$19.5 billion⁴ (1913 data; United Nations did not track data over the war years).

COVID-19 however, appeared at a time when cross border trade for merchandise (excluding services) rang up US\$16.3 trillion in 2019⁵, and a time when global travel is valued at US\$8.3 trillion annually⁶. This means that when the then unknown virus first raised alarm bells in China on 31 December 2019, the chance of it spreading globally was real. And spread it did, with COVID-19 now infecting some 6.6 million people, with more than 390,000 lives perishing as we go to print in early June 2020.

So as we enter the second half of 2020, we reflect on our sustainability efforts in 2019 with a deep realisation that whatever we have achieved thus far will need to be re-visited vis-à-vis the recent developments globally. While stakeholders continue to look through our practices with a fine-tooth comb, we are aware that their scrutiny is going to be even more intense. DRB-HICOM Berhad ("DRB-HICOM") needed to build sustainable long-term business value via quality outputs and financial success, but now it needs to be achieved under a new normal.

Experts are saying that from this point on in our history, investors will look at corporate governance in a different way, as COVID-19 takes a central role in our daily lives, perhaps until a cure is found. Data relating to environment, social and governance (ESG), the three core factors used to measure the impact of a business, will be central to this new normal. UK's Barclays Investment Bank launched Barclays' Fundamental ESG Research, an open-ended series of reports⁷ to examine the impact COVID-19 will have on ESG. Their Global Head of Research Jeff Meli says the bank will study if the virus "*will accelerate the trend towards ESG even further*". Meanwhile, Bank of America Global Research recently issued a report arguing that how corporates respond to COVID-19 "*are likely to foster employee and community goodwill and enhance brand and reputation*"⁸.

For a group that employs 52,000 people, our responsibility towards this group we affectionately call *Warga* is key. Each one of our five sustainability themes – Safety and Health; Energy Management; Waste Management; Human Capital, and Corporate Responsibility – must consider our *Warga*. This pandemic may have taught all of us the value of the simpler things in life such as going out for a walk in the park, or even enjoying a meal with friends, but business organisations need to realise that addressing the well-being of their employees now has different and more challenging considerations. For example, our Business Continuity Plan needs to be continuously refined to be more comprehensive as well as to incorporate the unthinkable occurrence not only a pandemic but also other global calamities that may bring a prolonged adverse impact towards businesses within our Group.

Our Group is involved in several businesses that are deemed "essential services". This group of employees must operate even in an environment of crisis, so it is incumbent upon us to ensure our business sustainability jives with our *Warga's* sustainability; their safety and that of their family must come into sharper focus.

On the other side of this equation are the businesses that, for the greater good of the society, must stop work, or alter work arrangements when a crisis happens. It raises the issue of job security, of a heightened gap between low supply against increased demand, and new challenges that our staff faces when we impose a work from home protocol. There is probably no greater time than now when innovation in the approach to business sustainability is required.

To our employees, on behalf of the Board I thank them again for their continued dedication towards the sustainability agenda. As I present you the 2019 DRB-HICOM Sustainability Report with pride of what we have achieved, it comes with knowledge that doing "better" in the years ahead will be measured against new benchmarks. My team and I are up for this challenge, and we hope you will laud our efforts along the way.

Thank you.

Syed Faisal Albar

¹<https://www.livescience.com/worst-epidemics-and-pandemics-in-history.html>

²<https://www.livescience.com/worst-epidemics-and-pandemics-in-history.html>

³<https://www.livescience.com/spanish-flu.html>

⁴<https://unstats.un.org/unsd/trade/imts/Historical%20data%201900-1960.pdf>

⁵https://www.wto.org/english/news_e/pres20_e/pr855_e.htm

⁶https://www.reportlinker.com/p05775452/Travel-and-Tourism-Spending-Market-Global-Industry-Analysis-Size-Share-Growth-Trends-and-Forecast.html?utm_source=PRN

⁷<https://www.internationalinvestment.net/news/4013146/barclays-expands-esg-research-division>

⁸https://www.barrons.com/articles/what-esg-investors-want-to-see-from-companies-during-a-crisis-51586517300?mod=hp_LATEST

AWARDS AND RECOGNITION



01



02



03



04

**01 Employer Branding Award 2019
"Malaysia Best Employer Brand"**

Awarded to Composites Technology Research Malaysia Sdn. Bhd.

**02 Employer Branding Award 2019
"Asia's Best Employer Brand"**

Awarded to Composites Technology Research Malaysia Sdn. Bhd.

**03 Melaka Green Award 2019
"Gold Award for Green Project"**

Awarded to Composites Technology Research Malaysia Sdn. Bhd.

**04 Putra Brand Award 2019
"Silver Award for Automotive Category"**

Awarded to PROTON Holdings Berhad

**05 Car of The Year Award 2019
– Proton X70**

Awarded to PROTON Holdings Berhad

**06 EUMCCI (EU-Malaysia Chamber of Commerce and Industry) Europa Sustainability Award Malaysia 2019
"Best Environmental Impact (Large)"**

Awarded to DRB-HICOM Environmental Services Sdn. Bhd.



07 Frost & Sullivan Asia Pacific Best Practices Award 2019
"Malaysia Waste Management Company of the Year"
Awarded to Alam Flora Sdn.Bhd.

08 Honda Supplier Conference Award 2019
"Environment Appreciation Award"
Awarded to PHN Industry Sdn. Bhd.

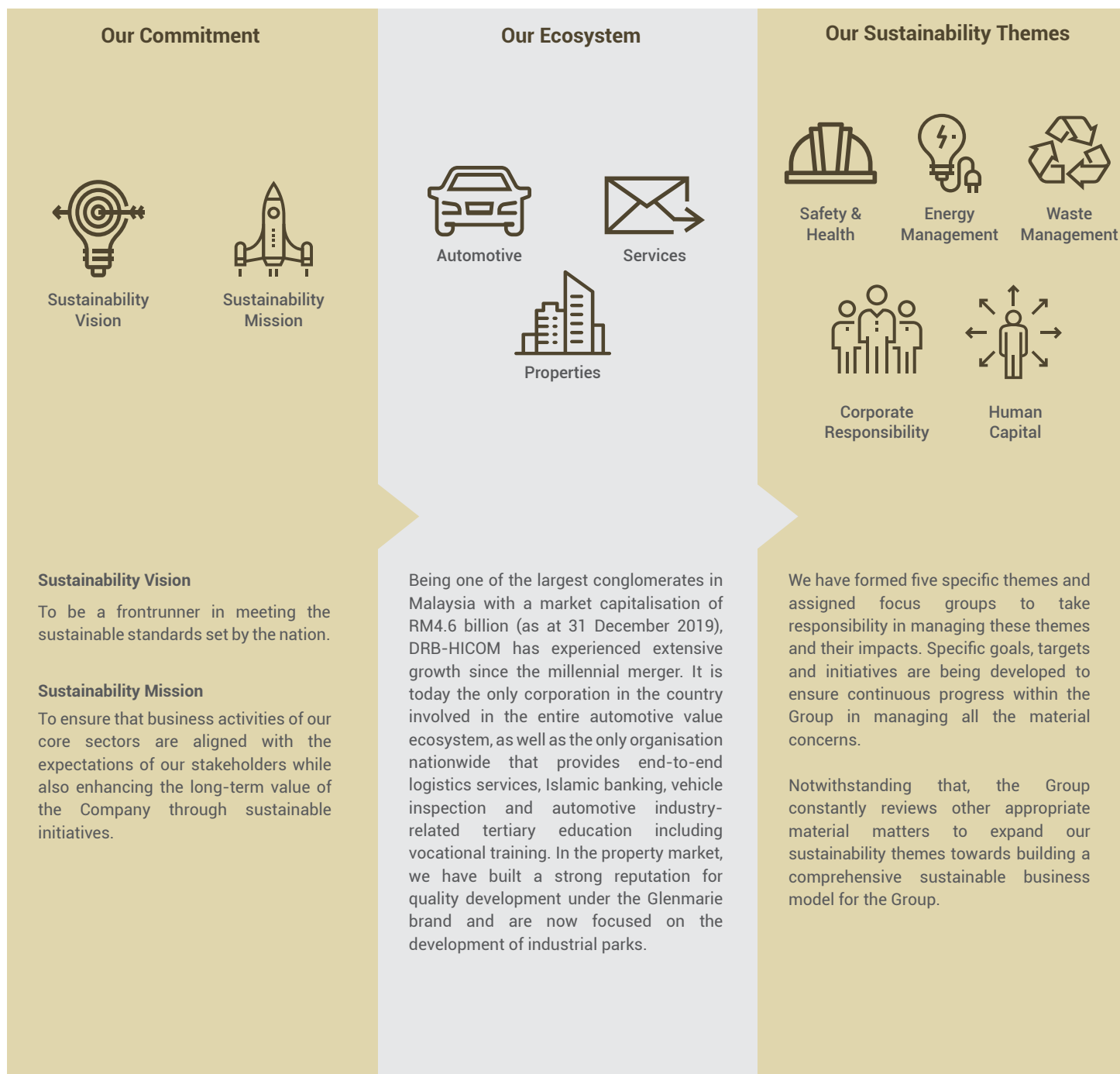
09 Honda Supplier Conference Award 2019
"Best Delivery"
Awarded to PHN Industry Sdn. Bhd.

10 Anugerah Emas & Pengiktirafan Industri 4.0 by Malaysia Productivity Corporation
Awarded to PHN Industry Sdn. Bhd.

SUSTAINABILITY AGENDA IN DRB-HICOM

DRB-HICOM is among the region's leading conglomerates with over 70 subsidiaries covering three main sectors (across Automotive, Services and Properties) nationwide, employing 52,000 employees. Working with different people and needs, we have always strived to lead by example in driving the sustainability agenda across all business sectors. This is a commitment from the Group as a whole, as we work together to incorporate sustainability from the Economic, Environmental and Social ("EES") aspects into our daily operations.

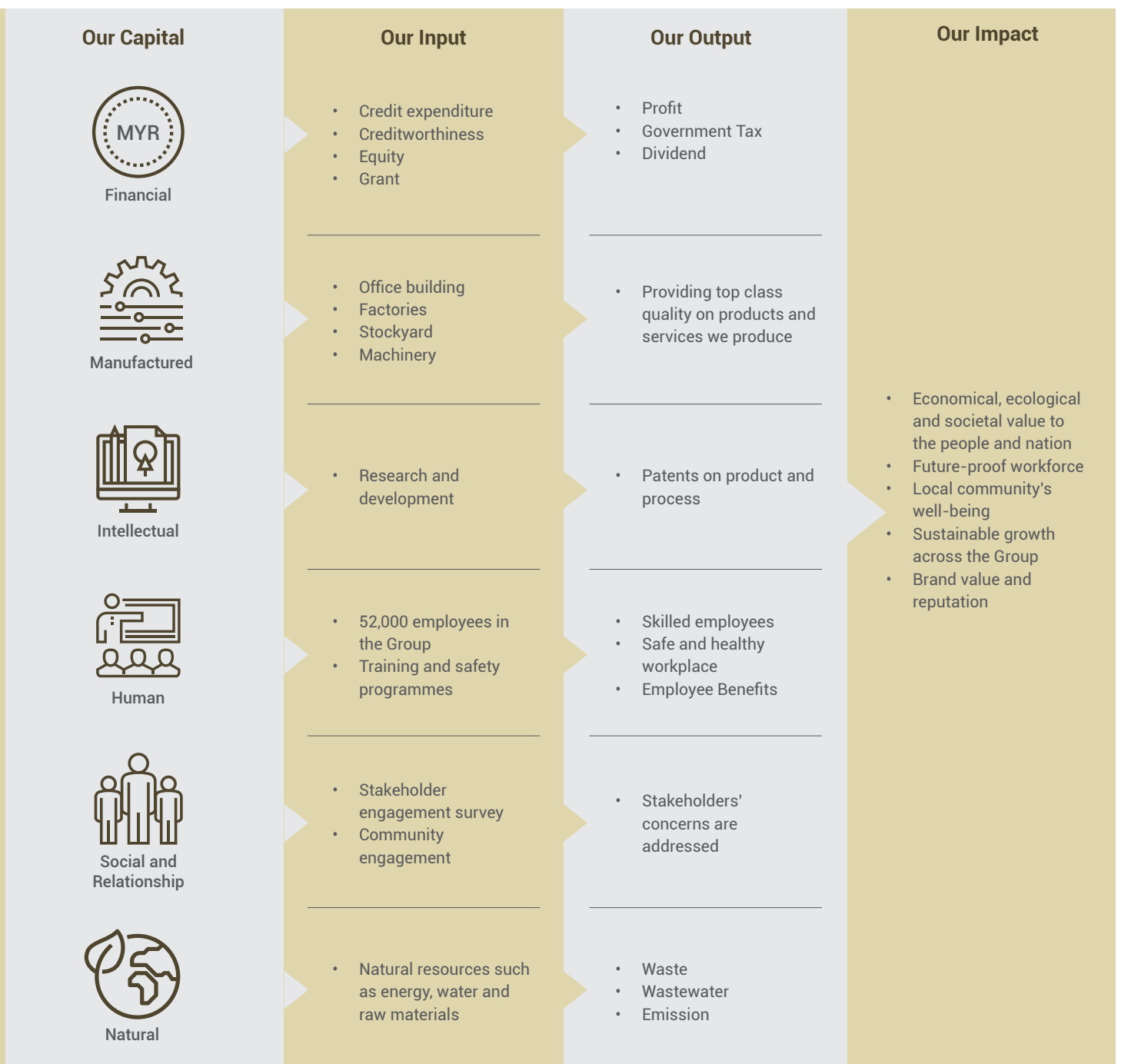
Building on a strong foundation of corporate governance, sustainability principles permeate decisions and actions we undertake to ensure responsible business practices, manage the environmental impact of our operational activities, provide an inclusive workplace for our employees and meet the needs of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



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 all our business operations with the objective of minimising our negative impacts and generate sustainable value to our diverse stakeholders (see table below).

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



SUSTAINABILITY AGENDA IN DRB-HICOM

MANAGING OUR SUPPLY CHAIN

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

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

To encourage local suppliers' participation, we award additional points to them in our tender/RFQ evaluations where applicable.

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

Clause 2.7	Confidentiality
Clause 2.8	Bidder's Undertaking
Clause 2.16	Bribery and Solicitation
Clause 2.17	Compliance to Safety, Health & Environment ("SHE") Regulations and Guidelines
Clause 2.18	Immigration Regulations

DRB-HICOM's Group Procurement Policy

The Group upholds the GPP as a group-wide policy. We believe it is important that business partners and suppliers understand importance of EES principles and work together with us in addressing sustainability issues.

As an extension to the GPP, the DRB-HICOM Vendor Code of Conduct ("VCOC") and Green Procurement Policy were established as the principles for all employees and vendors to conduct businesses in a manner that reflects our underlying values in ensuring sustainable development in our supply chain.

We are also committed to ensure transparency in our own business and in our approach tackling modern slavery throughout our supply chains. As part of our pre-Q process, we include prohibitions against the use of forced, compulsory or trafficked labour or anyone held in slavery, whether adults or children. We expect our suppliers will hold their own suppliers to the same practices.

Engaging PROTON Holdings Berhad Supply Chain on Energy Management

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

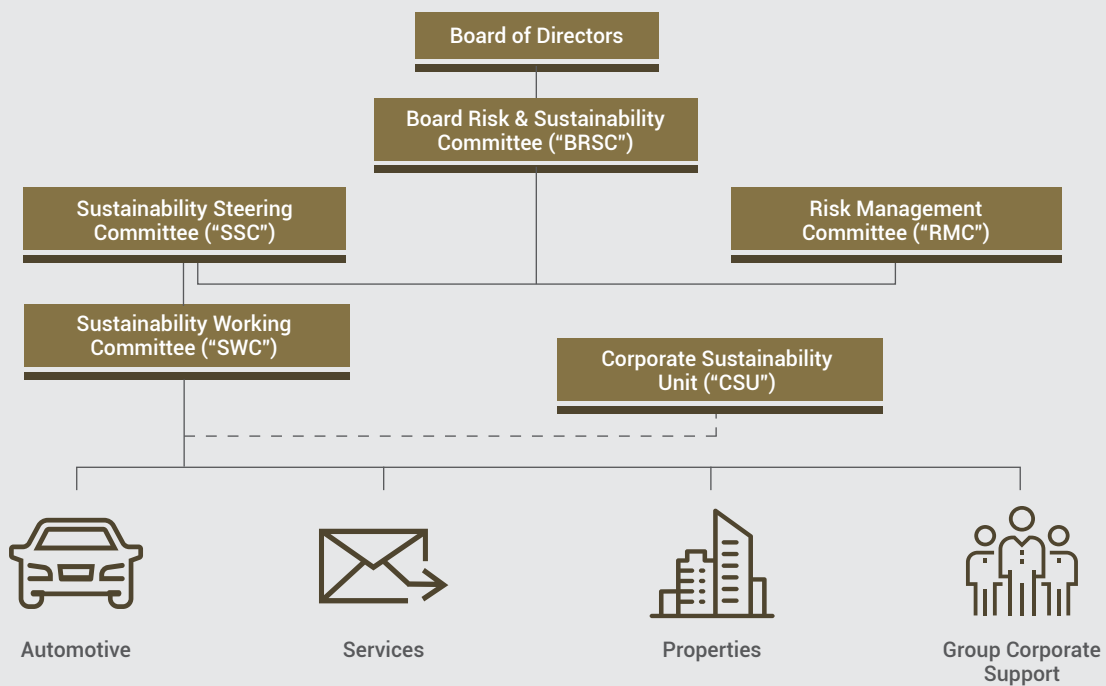
To learn more on how PROTON engages its supply chain on energy management, please refer to pages 25 to 26.

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

SUSTAINABILITY GOVERNANCE

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

Figure 1: DRB-HICOM Sustainability Governance Structure



The Board of Directors of DRB-HICOM provide oversight and strategic direction on the Group's sustainability agenda, with the BRSC overseeing the entire sustainability performance and directing the establishment of framework and policies to drive sustainability practices across the Group. For more details on the BRSC, kindly refer to our Corporate Governance Statement on the pages 56-67.

Chaired by the Group Director of Financial Services, the SSC is comprised of the Head, Group Risk Management, Sustainability and Safety, Health & Environmental Division, Head, Group Strategic Communications Division and Head, Group Human Capital Division. The SSC is responsible for monitoring the implementation of sustainability-related policies, measures and actions in achieving the Group's sustainability milestones and goals. The SSC convenes its meeting on a monthly basis.

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

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



Kindly refer to the Risk Management section in the Annual Report at page 82 for more details on sustainability governance in DRB-HICOM.

SUSTAINABILITY AGENDA IN DRB-HICOM

SUSTAINABILITY RISK MANAGEMENT

At DRB-HICOM, our business strategy is underpinned by the principle and values that improve the economic development and at the same time manage the environmental and social impact. Our sustainability risk management encompasses the process of identifying, assessing and establishing mitigation action on EES risks and opportunities as that complements the Group's overarching Enterprise Risk Management framework.

These risks are managed by the Group's three lines of defense, namely Sector and Business Units, Group Risk Management, Sustainability and Safety, Health & Environmental Division and Group Internal Audit Division, alongside initiatives conducted to measure and mitigate risks across all sectors, units and divisions on a consistent basis. More information can be found in the Risk Management Statement on pages 82 to 87 of the Annual Report.

Risks	Descriptions	Actions Taken
Climate-Related Risk 	According to the Task Force on Climate-related Financial Disclosures, climate-related risks can be divided into two categories, namely risks related to the transition to a lower-carbon economy and risks related to physical impacts of climate change.	At DRB-HICOM, we undertake a similar approach to understand our climate-related risks. We align our commitment to Malaysia's aspiration on carbon reduction in order to safeguard our business as well as the community we serve from climate-related risks. This means we constantly explore innovative ways and cutting-edge technology to reduce our energy consumption as well as carbon footprint not only within the Group but also in our supply chain.
Legal & Compliance Risk 	The Government has emphasised on the participation of private sector in addressing climate change and other environmental issues in Malaysia. The Government is also currently looking into establishing policies on climate change and energy efficiency. This may result in increased compliance costs for businesses especially those which are involved in high energy intensity industries.	With this in mind, the Group frequently engages with the Government as well as industry experts to ensure we are well prepared for regulatory transitions.
Health & Safety Risk 	The health and safety of our employees as well as all our stakeholders is an integral part of DRB-HICOM's operational excellence that we will not compromise.	Guided by the Group Safety, Health & Environmental ("GSHE") Policy, we conduct stringent checks and employee trainings as well as implement control systems and standard operational procedures to ensure disruptions from health and safety related incidents at our workplace are effectively mitigated. All SHE-related data are being reported and monitored on a monthly basis using our Integrated Reporting Occupational Safety, Health & Environment ("IROSHE") system.
Opportunities	Descriptions	Actions Taken
Circular Economy within DRB-HICOM Ecosystem 	Over 70 subsidiaries spanning across three diverse sectors – Automotive, Services and Properties – DRB-HICOM has built an economic ecosystem that possesses sizeable potential in minimising waste and making the most out of resources within our subsidiaries.	The Group is currently exploring methods to adopt the circular economy approach and gradually move away from the traditional linear "take, make, dispose" industrial processes. We believe this will enable the Group to minimise risks associated with raw material and natural resources in the long term.
Decarbonise Our Environmental Footprint 	In supporting Malaysia's commitment toward achieving a 45% nationwide carbon reduction by year 2030 compared to base year 2005, the Group has been actively reducing its carbon footprint through energy reduction initiatives as well as adoption of renewable energy sources.	We align our energy management strategy with Malaysia's commitment to carbon reduction. Since 2016, the Group has recorded a reduction of over 68 million kilowatt-hour ("kWh") in energy consumption, which is equivalent to a reduction of more than 46,000 tonnes of carbon dioxide equivalents emissions ("CO ₂ e"). While the Group continues to yield energy savings from energy reduction initiatives, we have plans to adopt and install Solar Photovoltaic System ("PV") at our subsidiaries' rooftops in the upcoming years.








ENGAGING OUR STAKEHOLDERS

Our stakeholders are an integral part of our business, thus understanding and addressing their expectations and concerns is vital towards ensuring continuity in DRB-HICOM's sustainability journey. We are grateful and humbled by the involvement of our stakeholders in our sustainability journey, particularly in identifying areas for improvements and defining the expectations on our sustainability areas. The stakeholder prioritisation and engagement exercises are guided by Bursa Malaysia Securities Berhad ("Bursa Securities") Sustainability Toolkits.

We identify our stakeholders by considering various factors such as stakeholders' influence on the business and reputation; legal obligations; financial responsibility; physical proximity; degree of dependency; common business and community interests.

In preparing this report, an online survey in both English and Bahasa Malaysia were made available to our stakeholders. Through this survey, we sought their views on current sustainability performance, as well as issues and challenges they believe we need to address.

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

Stakeholder Group	Basis for Determining Stakeholder	Mode of Engagement	Frequency of Engagement	Scope of Interest
Customer 	<ul style="list-style-type: none"> Influence 	<ul style="list-style-type: none"> Corporate website Social media platforms Media conferences Customer satisfaction survey 	<ul style="list-style-type: none"> Continuous Continuous As needed Continuous 	<ul style="list-style-type: none"> Direct economic value generated and distributed Materials (recycled materials and reclaimed products) Employment (turnover rate & benefits)
Employees (inclusive of Trade Union) 	<ul style="list-style-type: none"> Influence Dependency 	<ul style="list-style-type: none"> Internal circular Safety, Health & Environment campaigns and dialogue Employee Engagement Survey Employee Engagement Programme Kelab Sukan DRB-HICOM Code of Ethics and Business Practice Whistleblower Policy Dialogue with National and In-House Unions 	<ul style="list-style-type: none"> Continuous Annually Triennially Continuous Continuous Continuous Continuous As needed 	<ul style="list-style-type: none"> Training and education Occupational health and safety Materials (recycled materials and reclaimed products) Employment (turnover rate & benefits)
Suppliers and Contractors 	<ul style="list-style-type: none"> Dependency 	<ul style="list-style-type: none"> Business negotiation DRB-HICOM Group Procurement Policy ("GPP") DRB-HICOM Vendor Code of Conduct Zycus - e-Procurement system 	<ul style="list-style-type: none"> As needed Continuous Continuous Continuous 	<ul style="list-style-type: none"> Occupational health and safety Anti-corruption Effluents and waste
Local Community 	<ul style="list-style-type: none"> Proximity 	<ul style="list-style-type: none"> Participation in and sponsorship of community service events/ Non-Governmental Organisations ("NGO") events Social and environmental contribution programme 	<ul style="list-style-type: none"> Continuous Continuous 	<ul style="list-style-type: none"> Materials (recycled materials and reclaimed products) Human rights assessment Indirect economic impacts
Investors Community 	<ul style="list-style-type: none"> Financial Responsibility Influence 	<ul style="list-style-type: none"> In-house, one-to-one and small group meetings with stakeholders Annual General Meeting Extraordinary General Meeting of shareholders Financial results announcements Dialogue/teleconference between the Group and investors Non-deal roadshows Planned visits/business showcase 	<ul style="list-style-type: none"> Continuous Annually As needed Quarterly Continuous As needed Annually 	<ul style="list-style-type: none"> Direct economic value generated and distributed Environmental compliance Employment (turnover rate & benefits)
Regulators 	<ul style="list-style-type: none"> Legal Obligations 	<ul style="list-style-type: none"> Jointly organised workshops and seminars with regulatory agencies Pro-active engagement/consultation with the relevant regulatory bodies on corporate compliance 	<ul style="list-style-type: none"> Continuous Continuous 	<ul style="list-style-type: none"> Anti-corruption Energy Training and education
Business Partners 	<ul style="list-style-type: none"> Influence Dependency 	<ul style="list-style-type: none"> Business negotiation 	<ul style="list-style-type: none"> As needed 	<ul style="list-style-type: none"> Occupational health and safety Anti-corruption

MATERIALITY ASSESSMENT

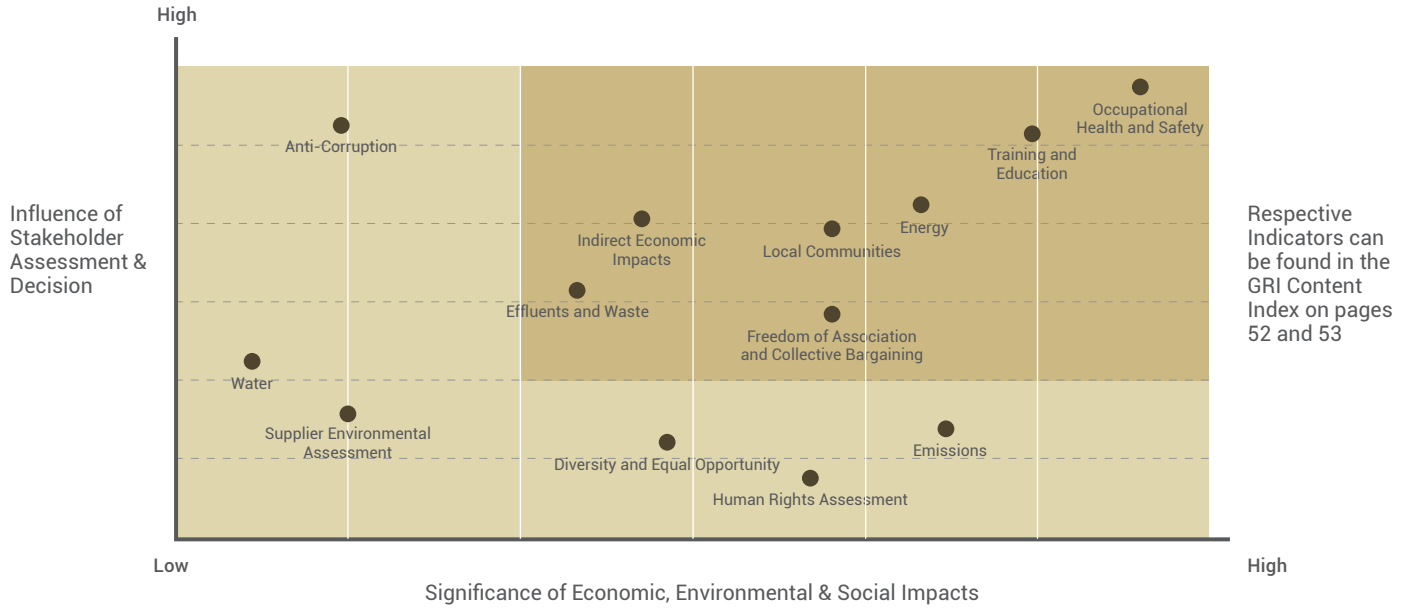
Our closed-loop materiality assessment is a key component of our sustainability reporting journey, primarily in defining the reporting expectations and boundaries. Our materiality assessment is based on a review of the Group's EES impacts, as well as an analysis of sustainability risks and opportunities.

For this reporting period, the Group has reviewed and revised the existing matrix by incorporating local and global sustainability trends as well as perspectives from our internal and external stakeholders via various engagements. The results were compiled, mapped and subsequently discussed with and approved by the BRSC. The Group strives to review the materiality matrix on a biennial basis.

DRB-HICOM Materiality Assessment Approach



DRB-HICOM Materiality Matrix







DISCLOSURES ON 5 KEY THEMES

- 018 Safety & Health
- 024 Energy Management
- 032 Waste Management
- 036 Human Capital
- 044 Corporate Responsibility

SAFETY & HEALTH

KEY HIGHLIGHTS



181

SHE practitioners throughout the Group as of 31 December 2019¹



5

DRB-HICOM subsidiaries received ISO 45001:2018 certification



4

DRB-HICOM subsidiaries received OHSAS 18001:2007 certification



1st

SOHELP DIY conducted by GSHE at PUSPAKOM with an achievement of Level 4 - Advanced



Safety Dojo

Launched at PROTON on 15 October 2019

WHY IT IS IMPORTANT

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

We have put in place appropriate processes, checks and systems to ensure strict compliance 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 health culture as our way of life.



OUR APPROACH

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

Main Objective of DRB-HICOM's GSHE Policy

Compliance

Comply with all legislative and regulatory requirements related to SHE, as well as code of conduct, best practices and behaviour.

Communication

Engage and educate SHE Policy to all employees, partners, contractors and stakeholders working within our premises.

Prevention of Pollution

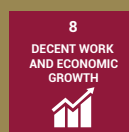
Identify and implement Best Green Practices for the workplace and to minimise and prevent at source where possible.

Continuous Improvement

Identify and reduce the potential hazards, risks and impact to safety, health and environment in order to achieve continuous improvements in all activities and working conditions.

The SHE Council, headed by the Group Managing Director ("GMD") and with active participation from Senior Management, has a role in determining the overall safety and health strategies, as well as to ensure effective implementation. With the GSHE Department acting as the secretariat, the responsibility lies on it to drive and implement all SHE-related matters at Group level. The Council meets quarterly to review the safety and health strategies, examine the progress of actions, and evaluate results of plans undertaken.

SUSTAINABLE DEVELOPMENT GOALS



¹This excludes 15 SHE practitioners from Alam Flora Sdn. Bhd. ("Alam Flora") and its subsidiary company due to divestment of the company on 5 December 2019.

In line with the requirements of Occupational Safety and Health, the Group has put in place a formal process for undertaking the Hazard Identification, Risk Assessment and Risk Controls ("HIRARC"). Prescribed under the Occupational Safety and Health Act 1994 (Act 514), the HIRARC will enable employees to identify significant hazards, analyse and assess its associated risks thereupon and apply suitable control measures.

A strong safety culture relies on effective communication in the workplace. Today, there are more than 180 SHE practitioners across the Group who ensure and drive compliance monitoring with regards to managing SHE risks.

DRB-HICOM Emergency Assistance Team



In disaster preparedness, DRB-HICOM Emergency Assistance Team ("D-HEAT") was established in 2014, to respond to any disaster or crisis as and when the Group deem fit for it to be deployed.

D-HEAT members comprises of employees which are selected according to criteria issued by Fire and Rescue Department of Malaysia. The members have undergone various training courses to equip them with the necessary skills for disaster preparedness.



Flood Action Committee

In Pahang, flash floods are throughout the year. As a responsible corporate, DRB-HICOM formed a Flood Action Committee in 2012 through its Pahang-based subsidiaries. The team operates voluntarily to reduce flood risks by identifying key issues, mapping out a flood mitigation plan, setting up an agenda and working in partnership with agencies and authorities to manage flood risks. With better coordination between federal and state levels in disaster management planning, we can significantly minimise equipment damage and economic losses caused by natural catastrophes.



All equipment, including boats and life jackets, are identified and tested to smoothen the disaster management operations before the onset of the flood season.



On 2 August 2019, ISUZU HICOM Malaysia Sdn. Bhd. ("IHM") received the prestigious ISO 45001:2018 and ISO 14001:2015 certifications for its Pekan and Shah Alam branches. The Certification marked another milestone for the company in meeting the environmental regulations and enhancing corporate environmental responsibility efforts.

ISO 45001:2018 Certification

Five (5) DRB-HICOM subsidiaries received ISO 45001:2018 certification:

- DRB-HICOM Defence Technologies Sdn. Bhd.
- HICOM HBPO Sdn. Bhd.
- HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.
- HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.
- ISUZU HICOM Malaysia Sdn. Bhd.

OHSAS 18001:2007 Certification

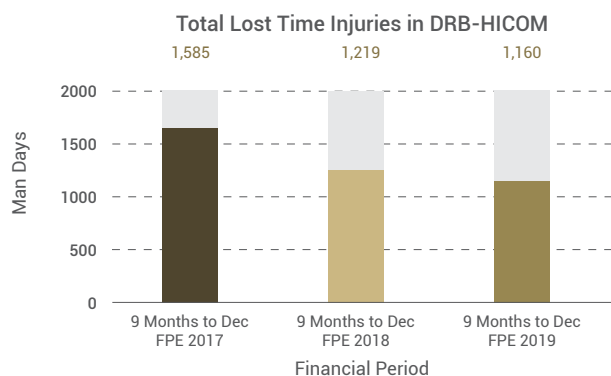
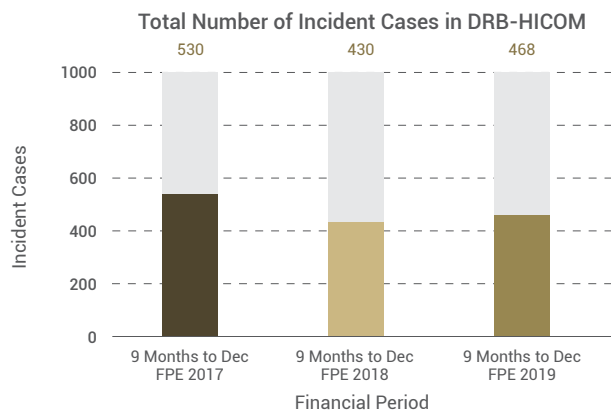
Four (4) DRB-HICOM subsidiaries received OHSAS 18001:2007 certification:

- DRB-HICOM Auto Solutions Sdn. Bhd.
- Glenmarie Properties Sdn. Bhd.
- HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.
- PHN Industry Sdn. Bhd.

SAFETY & HEALTH

OUR PERFORMANCE

We continue to monitor our Group's safety and health performance by tracking both total number of incident cases² and total Lost Time Injuries ("LTI")³. The Group posted the following results for the nine-month corresponding period under review:



In this reporting period, we saw the total number of incident cases⁴ increase to 468 compared to 430 in the previous corresponding period, mainly due to higher risk of traffic accidents occurring in the logistics and services sectors. Investigations were conducted and taken for each incident reported. As a result, the Group's LTI gradually reduced as compared to the preceding periods.

Fatality at Workspace	9 Months to Dec FPE 2017	9 Months to Dec FPE 2018	9 Months to Dec FPE 2019
	1	0	2

Despite our efforts in ensuring the safety of our employees at the workplace, the Group experienced two fatality cases⁵ during the period under review. Immediate corrective and preventive actions were taken to mitigate a recurrence.

The Group is determined to ensure zero fatality moving forward, and will continue to expand efforts to evaluate our current operating processes, strengthen SHE policies and procedures, and conduct safety awareness programmes to safeguard the health and well-being of all our employees.



Integrated Reporting Occupational Safety, Health & Environment

We closely monitor our SHE performance via IROSHIE, a web-based data management system that enables us to analyse our SHE performance not only at Group level but also at the subsidiary level. Established in 2015, IROSHIE functions as a centralised platform for all subsidiaries to monitor, analyse and report their safety and environmental performance on a monthly basis. Through the system, the Group and subsidiaries shall report the following SHE data:

1. Classification of accidents and incidences;
2. Accident rate, frequency rate, severity rate and fatality rate;
3. SHE-related activities for the month;
4. Scheduled waste, general waste and food waste;
5. Energy, water, petrol and diesel consumption;
6. Gas (liquefied petroleum gas ("LPG") & natural gas) consumption;
7. SHE audits; and
8. Building licenses.

We go beyond the legal requirement by making it compulsory for our employees to report near-miss incidences across all operations as part of the safety measures to reduce the risk of workplace accidents. Our near-miss reporting system is designed to ensure that all near-miss incidents (including minor incidents) are reported, recorded and investigated consistently and effectively.

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

² Total number of incident cases - the total number of employees who change in status from one state of health to another (such as non-disease to disease) over a specific period of time.

³ Total Lost Time Injuries is the total lost workdays - the number of workdays on which the employee would have worked but could not because of occupational injury or occupational poisoning or occupational disease. Fatalities are separately reported.

⁴ This includes data from IHM and HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd. ("HYMM")

⁵ The two fatalities were attributed to the automotive and services sectors. Both accidents occurred within the East Coast region.

* Financial Period End ("FPE")

Systematic Occupational Health Enhancement Level Programme Do It Yourself

On 18 April 2019, the first Systematic Occupational Health Enhancement Level Programme Do It Yourself ("SOHELP DIY") programme was conducted by GSHE. SOHELP DIY is a systematic intervention programme aimed to help companies enhance hygiene standards in the workplace while meeting relevant regulatory requirements particularly in the field of chemical management, ergonomic issues and hearing protection.

Through SOHELP DIY, health-related compliance with Regulations of Factory and Machinery (Noise Exposure) Regulations 1989, Occupational Safety and Health (Use and Standard of Exposure Chemical Hazardous to Health) Regulations 2000 and Guidelines on Ergonomics Risk Assessment at Workplace 2017 may be enhanced.



PUSPAKOM Sdn. Bhd. ("PUSPAKOM") was chosen as the first company to be enrolled in this programme. The Group has identified champions among the PUSPAKOM's SHE practitioners as SOHELP Enablers to assist the company to self-regulate and monitor. GSHE acts as the internal SOHELP Verifier to evaluate and certify the level of achievement from Level 1 to 5. For FPE 2019, PUSPAKOM achieved Level 4 – Advanced.



KEY INITIATIVE 1: AUTOMATED EXTERNAL DEFIBRILLATOR DEVICE INSTALLED AT WISMA DRB-HICOM

A launch ceremony was held on 23 July 2019 and it was attended by the Group Director, Financial Services together with the Head, Group Strategic Communications, Head, Group Risk Management, Sustainability & SHE Division as well as appointed medical personnel at Wisma DRB-HICOM.

Essentially, an Automated External Defibrillator ("AED") is a portable electronic device to diagnose and act as an emergency treatment for irregular heartbeats, a condition medically referred to as "cardiac arrhythmias", which can lead to sudden cardiac arrest.

To ensure its effectiveness, 48 personnel at Wisma DRB-HICOM consisting of the medical personnel, auxiliary police and first aiders are trained in cardiopulmonary resuscitation ("CPR") and how to use AED.



SAFETY & HEALTH

KEY INITIATIVE 2: LOCKOUT-TAGOUT TRAINING

On 15 April 2019, GSHE conducted training for nominated staff on the Lockout-Tagout ("LOTO") guidelines which forms part of the Group's workplace safety programme.

LOTO is a safety procedure used in industrial and research settings to ensure potentially hazardous machines are properly disabled prior to the completion of maintenance or repair works.

This exercise requires the main energy sources to be 'isolated and rendered inoperative' before works are carried out on the machines.

The person-in-charge who holds the key to the lock is the only person who is permitted to unlock and restart the machine. This condition is to prevent accidental start-up of the machine to mitigate the risk of injury.

The LOTO system will be applied at several locations in Wisma DRB-HICOM such as the generator room, pump room, electrical room and rooms with gas pipes.



Explanation on LOTO equipment by a qualified trainer

KEY INITIATIVE 3: SAFETY, HEALTH & ENVIRONMENT CAMPAIGN, DIALOGUE AND AWARENESS TRAINING 2019

i. Safety, Health & Environment Campaign

On 9 and 10 October 2019, GSHE organised the Safety, Health & Environment Campaign 2019 in Wisma DRB-HICOM. With the theme 'Let's Make It Happen Together', the campaign sought to advocate a healthy lifestyle among the Group's employees. A total of nine external exhibitors participated in this two-day event providing healthcare advice, blood pressure and body mass index tests, dental examination and free eye checks.

With its collaboration with the National Blood Bank or Pusat Darah Negara, 100 donors from the Group came forward to donate their blood. This amount was an improvement from the last blood donation drive held at the same venue, which saw 81 blood donors.



ii. Safety, Health & Environment Dialogue

GSHE organised a dialogue session on 24 October 2019 that brought together SHE practitioners from the subsidiaries to share and discuss their respective SHE performance and practices. Through the dialogue, GSHE shared the Group's overall workplace incidents statistics and also discussed issues on SHE performance reporting to the Group from its subsidiaries.

One of the highlights of the dialogue is a sharing session on the method to strengthen occupational safety and health management at the workplace led by Department of Occupational Safety and Health ("DOSH").



iii. Safety, Health & Environment Awareness Training

From 18 to 20 November 2019, GSHE conducted SHE Awareness Training to raise awareness on SHE concerns among the employees in Wisma DRB-HICOM.

The training was compulsory for existing and new staff which emphasised on the following topics:

1. Introduction to SHE and incident statistics across DRB-HICOM Group;
2. Fire safety and preventive actions in managing fire-related incidences;
3. Heart attack and methods to perform CPR; and
4. Global environmental pollution issues and approaches recommended by DOSH in addressing pollution.

KEY INITIATIVE 4: LAUNCHING OF SAFETY DOJO CENTRE AT PROTON



Safety briefing to PROTON's management after the launching ceremony

On 15 October 2019, PROTON launched the Safety Dojo Centre at Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB"). The term 'dojo' refers to a Japanese name for training centre, often described as a room or hall which replicates the working conditions of a shop floor. This concept is used to acclimatise the new staff on the working environment prior to be assigned to the actual working condition.

The establishment of PROTON Safety Dojo Centre is aligned with the Vision Zero target of zero Class 1 accidents, as mandated by the Chief Executive Officer ("CEO") of PROTON.

Subsequent to the launching event, heads of department were invited for a training session which provides insights on safety leadership and feedback on the effectiveness of the centre were obtained during the session. All participants were required to take an online test to gauge their knowledge after the training was conducted.



Vision Zero: Zero Class 1 Accidents

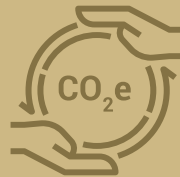
ENERGY MANAGEMENT

KEY HIGHLIGHTS



14

DRB-HICOM subsidiaries received ISO 14001:2015 certification



3,000 tonnes CO₂e

Total reduction in carbon footprint across all operations under PROTON Green initiatives



23

PROTON Edar Sdn. Bhd. ("PESB") branches completed energy audits and identified energy measures



442 tonnes CO₂e

Total reduction in carbon footprint across all operations under Composite Technology Research Malaysia Sdn. Bhd. ("CTRM") Energy Reduction initiatives



GOLD Award

Won by CTRM in October 2019 under Green Project category

WHY IT IS IMPORTANT

According to the World Resources Institute, more than 70% of global Greenhouse Gas ("GHG") emissions are contributed by energy sectors. It suggests that many global challenges associated with climate change we currently face are due to a rapid increase in human activities and energy consumption in our economy since the mid-20th century. We acknowledge that climate change is expected to impact not only the communities we serve but also our businesses in the long run. As industries are inherently energy-intensive, we strive to minimise the use of non-renewable resources to reduce GHG emissions and other environmental impacts.

OUR APPROACH

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

Most of our manufacturing subsidiaries are certified with the ISO 14001:2015 Environmental Management Systems ("EMS"), which provides guidance on how we identify, manage, monitor and control environmental matters.



ISO 14001:2015 Environmental Management Systems

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

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

SUSTAINABLE DEVELOPMENT GOALS



ENERGY MANAGEMENT

MANAGING ENERGY AT PROTON

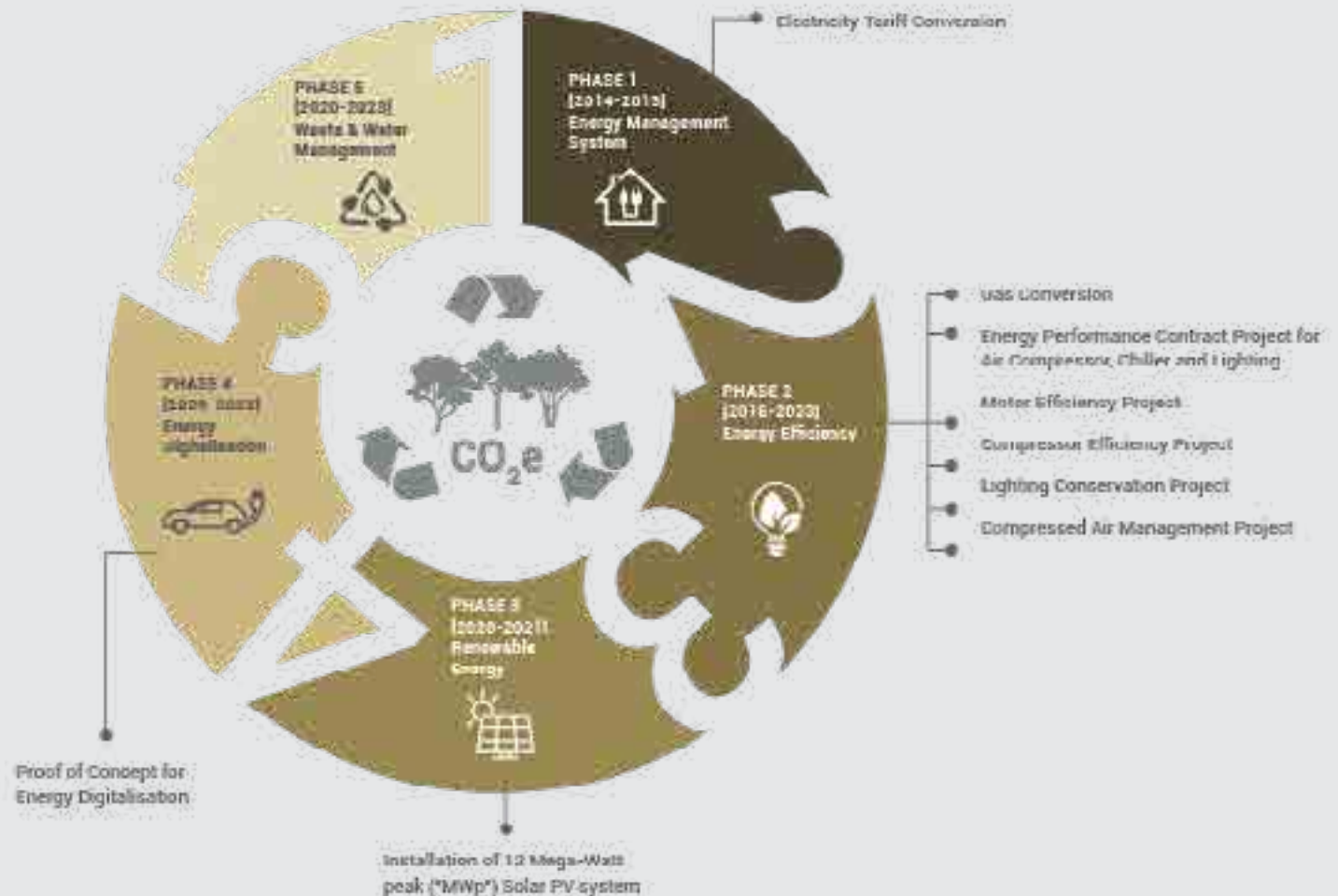
PROTON has made energy-related matters as a material sustainability topic via its Green Initiatives in September 2015. This has subsequently enhanced the Green Initiatives agenda in driving PROTON towards reducing 40% of total energy consumption by 2020 in comparison with base year 2015.

In January 2019, PROTON streamlined their energy reduction efforts by introducing the New Energy Management Department to spearhead and oversee energy reduction initiatives across all PROTON operations. Their Registered Electrical Energy Managers ("REEM") are certified under the Energy Commission to achieve PROTON's energy reduction target, in tandem with PROTON's aspiration towards becoming the leading ASEAN automotive company. In monitoring energy consumption and savings activities, PROTON set up an Energy Management team in PONSB by shop level and this programme will be replicated in PROTON Tanjung Malim Sdn. Bhd. ("PTMSB") plant.



PROTON Green Initiatives is aligned with the nation's target to reduce carbon emission by 45% by 2030 based on the 2005 level. The details of PROTON Green Initiatives by phases are depicted in the Figure 2 below:

Figure 2: PROTON Green Initiatives Wheel

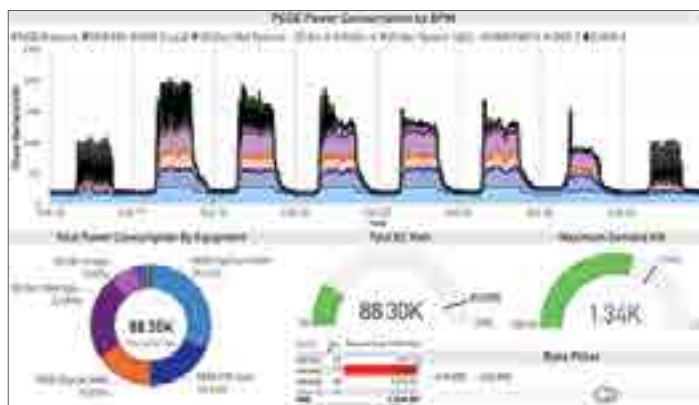


ENERGY MANAGEMENT

Since 2015, PROTON has reduced electricity consumption at four locations comprising three plants and a corporate office by 65 million kWh (equivalent to a reduction of approximately 45,000 tonnes of CO₂e)⁶.

PROTON is embarking on ISO 50001:2018 EMS certification and is currently conducting a gap analysis, documentation check and training for PTMSB staff to achieve 100% readiness by December 2020. The approach taken is to ensure PROTON Green Policy and programmes are assimilated into the PROTON's long-term sustainability transformation initiatives.

PROTON Green Initiatives Roadmap 2019 has been revised to include new projects like 12 MWp Solar PV at PTMSB, LPG conversion to compressed natural gas as well as Energy Digitalisation.



PROTON uses analytics tool that connects to hundreds of data sources for its energy monitoring that delivers data insights and reporting

The implementation of these initiatives by PROTON is to ensure prudent energy monitoring via dashboard visualisation by December 2020. From 2021 onwards, Energy Digitalisation will utilise cloud computing technology to provide live data streaming and connectivity across critical machinery and equipment to facilitate on point decision-making, monitoring and analysis.

Energy Reduction throughout PROTON's Supply Chain

PROTON aims to reduce its energy consumption through its upstream and downstream supply chain by assisting them towards adopting energy efficiency initiatives. With their REEMs, PROTON has embarked on energy audit programme across its supply chain.

As of 31 December 2019, PROTON has completed the energy audit for 23 PROTON showroom branches nationwide. Energy audits are similarly being carried out for interested vendors and subsidiaries in order to assist them in their cost savings initiatives. Additionally, energy awareness campaigns are periodically conducted with the vendors to encourage them to take positive actions in support of PROTON Green Initiatives.



MANAGING ENERGY AT CTRM

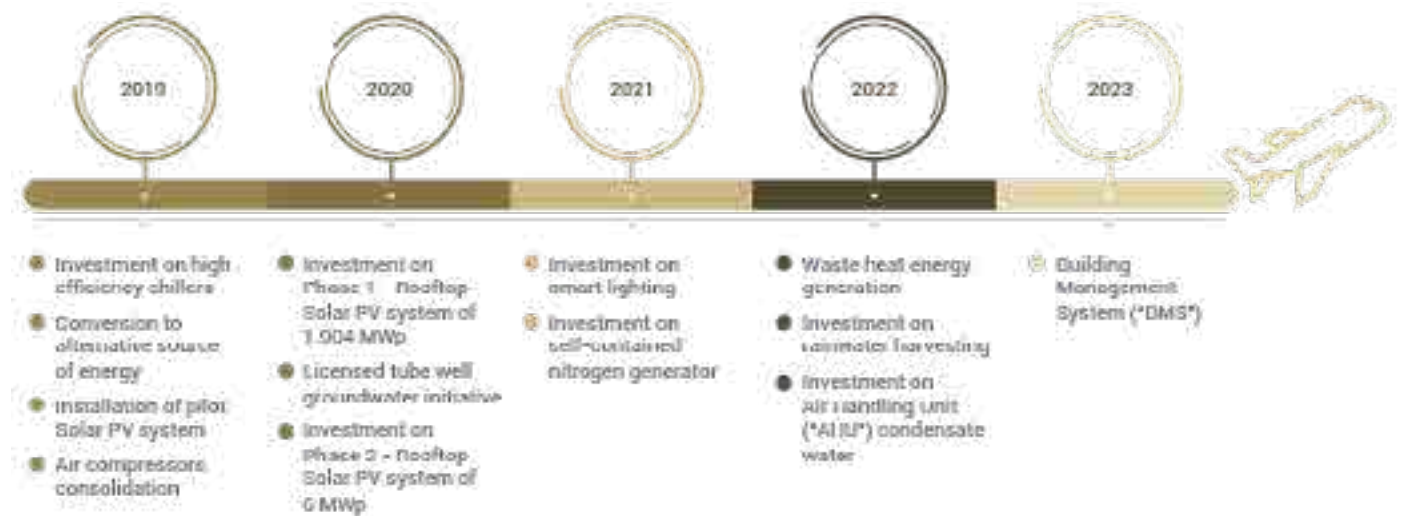
As a prominent player in the aerospace and composites industry in Malaysia, CTRM actively supports Government initiatives in reducing carbon emissions and becoming carbon neutral by 2050. CTRM's commitment to energy management not only reflects the Group's responsibility towards consistently enhancing the use of green energy supporting the environment but also helps reduces its overall energy costs.

To advocate the efficient usage of energy, CTRM established its Energy Management Policy in 2014. The Policy forms the basis to promote the implementation of energy efficient processes for all CTRM employees with minimum waste. These are being done without compromising product quality, as well as adherence to regulatory requirements. CTRM has set an annual 2% electricity consumption reduction target against its revenue, to further demonstrate its resolve in optimising energy management practices.

CTRM's Facilities Department has its own in-house REEMs which are tasked to further explore potential energy saving initiatives, apart from continuously monitoring and maintaining implemented sustainable programmes. The department's Key Performance Indicators ("KPI") are tied to CTRM's target to reduce its energy consumption by 2% every year.

⁶This is calculated via World Resources Institute GHG Protocol tool for purchased electricity, Version 4.8.

CTRM Sustainability Roadmap



CTRM has completed its installation of 1.904 MWp Solar PV project and will begin harvesting solar power in 2020. The success rate of this project will be the basis to proceed with the plan to install an additional 6 MWp Solar PV on the remaining rooftop space of CTRM buildings.

Moving forward, CTRM will continue its ethos to improve the business production and reduce cost without comprising product quality as well as the environment. CTRM aspires to reduce its carbon footprint by introducing renewable energy into its energy source.

ENERGY MANAGEMENT

CTRM Green Building: Building 6

First manufacturing building equipped with Building Management System within the Group.



BUILDING 6 ("B6")



Rainwater Harvesting

Rainwater tank is equipped with a filtration device, and water will be used externally i.e. landscape irrigation system, outdoor cleaning



Stormwater Management

Installed based on Urban Stormwater Management Manual



Water High Efficiency

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



Low Thermal Transfer Value

B6 was constructed using material with high thermal resistance



Recycled AHU

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



Building Management System

B6 is equipped with BMS for centralised monitoring



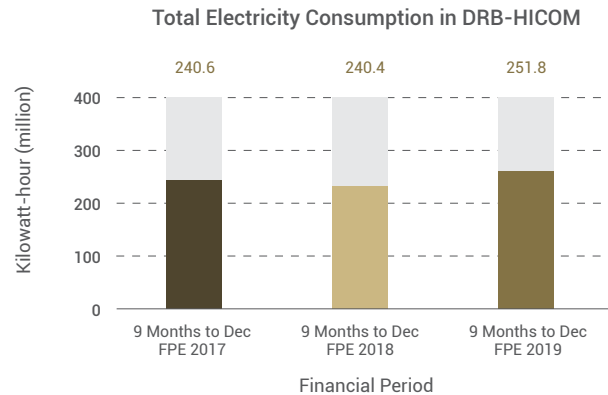
Energy Efficiency

B6 is equipped with energy efficiency equipment such as light-emitting diode ("LED") lighting, green chiller and chill water pump

OUR PERFORMANCE

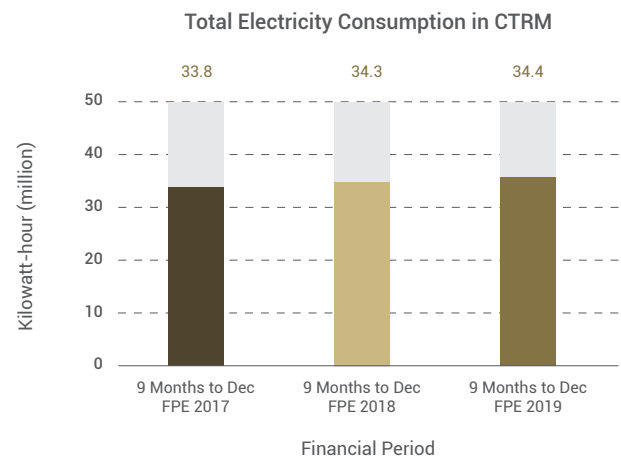
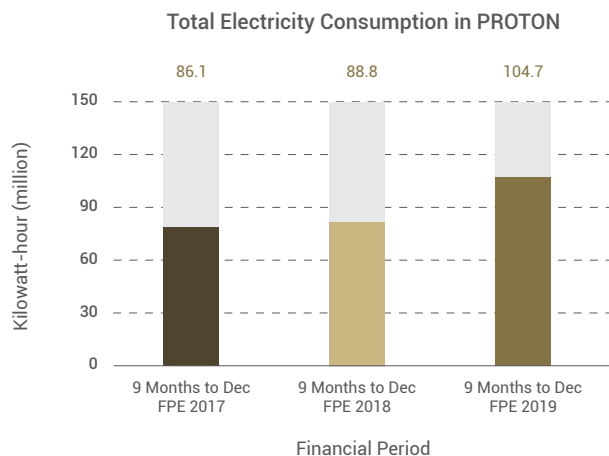
For the nine-month FPE 31 December 2019, our purchased electricity consumption increased from 240.4 million kWh to 251.8 million kWh, or a 4.7% rise as compared to the corresponding period⁷ in 2018. This is equivalent to an increase of more than 7,600 tonnes of CO₂e emissions⁸.

This rise is contributed by increased production volume at PROTON with three new completely knocked-down production shops, namely main assembly, sub-assembly and trim & final at PTMSB plant.



Energy optimisation initiatives continue to be implemented across the Group, with an increasing focus on PROTON and CTRM, that represents approximately 55% of the Group's total energy consumption. Overall energy usage in PROTON increased by 17.9% while CTRM experienced a minimal increase of 0.3% in total electricity consumption as compared to the previous year.

While the Group continues to yield energy savings from energy reduction initiatives, we have plans to adopt and install Solar PV system at our subsidiaries' rooftops in the forthcoming years.



⁷This includes data from IHM, and HYMM. The data does not include branches from Pos Malaysia Berhad ("Pos Malaysia") and Bank Muamalat Malaysia Berhad ("Bank Muamalat").

⁸This is calculated via World Resources Institute GHG Protocol tool for purchased electricity, Version 4.8.

ENERGY MANAGEMENT

KEY INITIATIVE 1: PROTON GREEN INITIATIVES IN FINANCIAL PERIOD ENDED ("FPE") 31 DECEMBER 2019

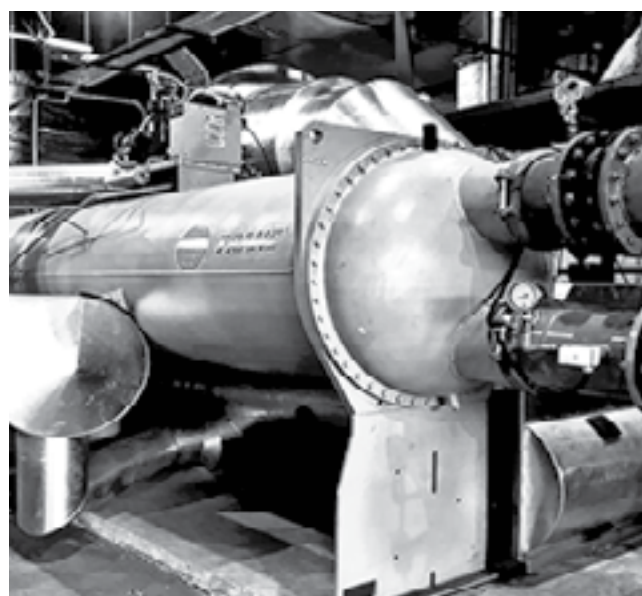


PROTON Green Initiatives has been an integral part of the journey towards transforming PROTON into a leading Malaysian automotive company in energy-efficient production. Since 2015, PROTON has continuously invested its efforts and resources into optimising energy performance across its operations. PROTON has conducted several initiatives under the PROTON Green Initiatives, which have resulted in more than 4.35 million kWh of energy reduction. Approximately 76% of the energy reduction is contributed by the installation of LED lightings via relamping activities at PTMSB and PONSB plants as well as PROTON Centre of Excellence ("COE").

PROTON Green Initiatives Activities in FPE 2019

Initiatives	Facility Location	Reduced Energy (kWh)	Reduced Carbon Dioxide Equivalent Emissions (kg CO ₂ e)
Installation of LED lightings	PTMSB plant, PONSB plant, PROTON COE	3,317,543	2,227,277
Installation of magnetic chiller	PROTON COE	430,025	289,703
Electricity tariff conversion	PTMSB plant	332,264	223,070
Implementation of zero-cost energy management processes	PESB branches	274,852	184,526

KEY INITIATIVE 2: CTRM ENERGY REDUCTION INITIATIVES IN FPE 2019



Beginning with awareness campaigns to promote the importance of energy conservation to its employees back in 2016, CTRM is now focused on improving energy efficiency and will move forward to the adoption of renewable energy in the near future. Four main energy reduction initiatives were conducted in FPE 2019, resulting in a reduction of up to 442,010 kg of CO₂e emissions.

CTRM Energy Reduction Initiatives Activities in FPE 2019

Initiatives	Reduced Carbon Dioxide Equivalent Emissions (kg CO ₂ e)
Installation of new centralised chiller	169,405
Rationalisation of new air compressor	137,800
LED lightings replacement	96,173
Optimisation of air conditioning system	38,632

KEY INITIATIVE 3: DRB-HICOM UNIVERSITY OF AUTOMOTIVE MALAYSIA - ENERGY AUDIT CONDITIONAL GRANT

On 13 August 2018, DRB-HICOM University of Automotive Malaysia ("DRB-HICOM University") received an Energy Audit Conditional Grant from Sustainable Energy Development Authority Malaysia to implement energy conservation measures with total target savings of 15%. The Ministry of Energy, Science, Technology, Environment and Climate Change and Energy Commission are the joint executing organisations to ensure that the implementation of incentives will benefit the building sectors, particularly on efforts to manage and reduce energy consumption.

There were seven Energy Conservation Measures ("ECM") identified during the audit. These recommendations will result in potential savings of approximately 13%, which equivalent to 158,227 kWh.

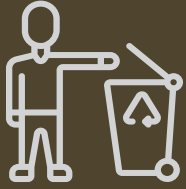
The project commenced in February 2019, focusing on energy conservation at Student Activity Centre, DRB-HICOM University, Pekan. Indirectly, this project is also aimed to inculcate awareness about the importance of energy conservation for sustainable future to the building community, which comprises of students, academicians and administration officers.



Figure 3: DRB-HICOM University ECMs

WASTE MANAGEMENT

KEY HIGHLIGHTS



2.5 tonnes

Office waste in Wisma DRB-HICOM collected and recycled



6,901 tonnes

Recyclables waste from four (4) key programmes under Waste Management at Alam Flora



"The Green Café"

Launched at Wisma DRB-HICOM to encourage a more sustainable lifestyle



Digital Reporting

Continuous promotion across the Group

WHY IT IS IMPORTANT

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

We believe it is our responsibility to contribute to this agenda and help promote initiatives in line with the national target of 28% recycling rate by the year 2030 as embodied in Malaysia's Green Technology Master Plan.

This target has been actively promoted and implemented by the nation. We have started promoting the use of state-of-the-art waste management practices within the Group. We hope to eventually bring these efforts to the public by collaborating with local communities.



OUR APPROACH

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

Our SHE Policy provides guidance for all stakeholders to ensure adherence to all applicable environmental laws and regulations across our diverse business operations and environment.

We are committed in reducing recyclable waste comprising paper, metal, plastic and carton box. We engage with responsible and ethical waste management contractors to ensure proper collection and disposal of waste generated by the Group.

We expect all vendors and their employees, agents and subcontractors to abide by our high ethical standards set forth in our VCOC guidelines, while conducting business with us or on our behalf. The following three principles ensure sustainable development in our supply chain:



SUSTAINABLE DEVELOPMENT GOALS



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

Looking ahead, we endeavour to manage and reduce waste through digitalisation. We have embarked on digital reporting, especially for our Board of Directors meetings. Apart from that, we have eliminated paper-based administration applications and migrated to online-based applications such as IT myRequest, Meeting Room e-Booking System and IROSHE System, to name a few.



For us, digitalisation offers significant potential to the Group's operational workflow by ensuring improved efficiency and productivity.

OUR PERFORMANCE

At Wisma DRB-HICOM, our waste is segregated in different bins and collected by DRB-HICOM Environmental Services Sdn. Bhd. on a weekly basis. In the period under review, we generated a total of 2.5 tonnes of waste in the form of paper, cardboard and plastic. While we acknowledge that more than 90% of waste generated in our head office is paper, we strive to reduce our paper consumption by promoting digital reporting of documents and reports.

It is our commitment to continuously improve our waste management performance through best practices, awareness campaigns and innovative programmes.

Towards Sustainable Paper Sourcing

To demonstrate our commitment to sustainable development and corporate social responsibility, we ensure that all paper purchased are certified with Programme for the Endorsement of Forest Certification. We believe this promotes the growth and use of sustainable deforestation through credible global standard.

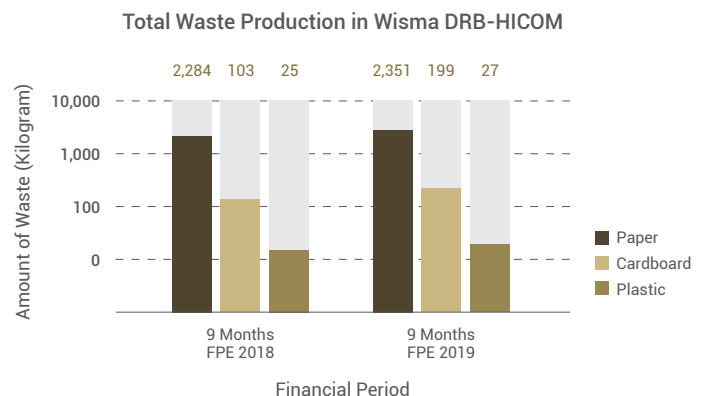


Recycled Water Initiative in PROTON Tanjung Malim Plant



Apart from significant water savings generated by the adoption of dry scrubber tools in its paint shop, the PTMSB plant has implemented a recycled water initiative since 2015 to channel wastewater from the plant back to its manufacturing process.

Since 2015, PTMSB plant has reused over 222,670 m³ of recycled water, averaging 58% in wastewater recycling. This activity has resulted in approximately RM326,169 cost savings after taking into account the operating cost of the water recycling system. Moving forward, PTMSB plant will continue to explore best practices in water management such as rainwater harvesting as part of PROTON's commitment in embracing sustainable practices across its business to reduce their environmental impact.



WASTE MANAGEMENT

Saying Goodbye to Single-use Plastics



All avoidable single-use plastics will be eliminated from the HYMM's cafeteria by 2020

Plastic pollution is a global problem that needs to be addressed sustainably. Beginning 8 July 2019, HYMM implemented a plastic-free policy. The policy states that all employees should use their own food and beverage containers if they want to pack food from the cafeteria.

It is part of efforts to raise awareness among HYMM's employees to reduce plastic use when buying food and beverages at the cafeteria. The policy is aligned with the national target, which aims to do away with single-use plastic by 2030.

With zero-cost investment, the initiative taken by HYMM to implement a plastic-free policy symbolises the company's readiness and preparedness if the federal Government or state Government plan to impose this law on all business entities.

Similarly, in conjunction with a Bank Muamalat Green Café Launch on 14 June 2019, the bank distributed non-single use food container to all employees as an initiative to go green by reducing the usage of plastic. Instead of using styrofoam boxes, the employees can bring along the container to pack their breakfast and lunch. A total of RM30,000 was invested in expressing commitment in conserving the environment for the future generation.

KEY INITIATIVE 1: LET'S GREEN OUR CAFETERIA

On 5 April 2019, DRB-HICOM launched an eco-friendly programme aptly titled "The Green Café" as part of the company's efforts to encourage a more sustainable lifestyle among its workforce. Our GMD who was on hand to launch the initiative, spoke about the importance of turning awareness into action if real change is to be seen.

Under the Green Café programme, there will be several sustainable activities introduced, beginning with the Company's headquarters at Wisma DRB-HICOM. These include:



GMD and the Head of Group Human Capital launching the event



5R - Refuse, Reduce, Reuse, Repurpose, Recycle



Food Waste Separation & Food Composting



Set up vertical herb garden from discarded plastic bottles



Collection of used cooking oil



Rooftop Solar PV System



Rainwater harvesting system

KEY INITIATIVE 2: WISMA DRB-HICOM RECYCLING PROGRAMME

In conjunction with DRB-HICOM Let's Green Our Café programme, a recycling programme in collaboration with Alam Flora was conducted at Wisma DRB-HICOM on 7 August and 3 September 2019 respectively. Employees were asked to bring their recyclable items such as used cooking oil, paper, aluminium cans and other recyclable items to be sold for cash and PETRONAS Mesra reward points.

A total of 597 kg of recyclable items we collected, ranging from newspapers, magazines, cardboard, paper, aluminium, plastics, used cooking oil and car batteries. An initiative was also introduced to promote the proper disposal of cooking oil after its use to safeguard against environmental pollution.



KEY INITIATIVE 3: ALAM FLORA WASTE MANAGEMENT INITIATIVES IN FPE 2019

Alam Flora is one of the leading environmental management companies in Malaysia. They are dedicated to help the environment by providing innovative solutions for waste minimisation and management in the community. Through Alam Flora, DRB-HICOM is contributes towards shaping consumer behaviour to adapt and move towards advanced waste management practices in their day-to-day habits. The following four key initiatives demonstrate our efforts and progress in the area for the current reporting period.

i. Separation @ Source Programme

The programme aims to improve waste management by encouraging the public to separate recyclable and non-recyclable wastes. The collected recyclables scraps are sold to recycling vendors appointed by the Ministry of Urban Wellbeing, Housing and Local Government.



Outcome: Total waste via S@S collected in 2019 is 442 tonnes

ii. Buy Back Center and 3R On Wheels

There are eight Buy Back Center ("BBC") located around Kuala Lumpur which act as a one-stop platform for the public to sell used items such as paper, iron scrap, used cooking oil, at market prices. As an extension of BBCs, 3R On Wheels ("3ROW") was launched as a mobile BBC to ease the public's recycling activities. 3ROW has managed to bring about greater awareness to the public on waste segregation at home and at the same time, seeing waste as an additional source of income.



Outcome: Total waste collected by BBC in 2019 is 3,573 tonnes

iii. Food Composting

To help reduce the amount of food waste from restaurants, food court, and market going to landfills, Alam Flora collaborated with Putrajaya Corporation to set up two composting centres in Putrajaya (Precinct 16 and Precinct 18). Each food composting equipment can process a total of 500 kg of food waste daily. A domestic recyclable waste collection and composting centre were also established at the Projek Perumahan Rakyat ("PPR") Seri Alam in Sungai Besi that benefits approximately 4,000 residents staying at the public housing area.



Outcome: Total weight of waste received in 2019 is 6 tonnes

iv. Material Recovery Facilities

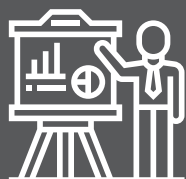
At present, we have a total of three Material Recovery Facilities in Selangor, Putrajaya and Pahang respectively which are equipped with trommel machines that can sort out dry recyclable items. These items can then be recovered for recycling purposes.



Outcome: Total weight of waste collected in year 2019 is 2,880 tonnes

HUMAN CAPITAL

KEY HIGHLIGHTS



21.4

Average training hours per employee per year



4,411

Number of training programmes conducted



>RM15 million

Invested on training programmes



217

Special needs employees across the Group as of 31 December 2019

WHY IT IS IMPORTANT

Businesses today are becoming more complex and the need to keep employees satisfied, motivated, competitive and highly-engaged becomes an essential part of business strategy. Having a unique and diverse workplace is a business imperative that helps DRB-HICOM attract and retain the brightest and most talented individuals.

We believe training and education presents a prime opportunity to expand the knowledge base of our employees, ensure their work skills stay current and improve satisfaction toward their jobs. We are committed to empowering them to succeed by investing in their personal and professional development while creating safe and healthy work environments that are also free from harassment, discrimination and prejudices of any form.

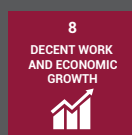
OUR APPROACH

At DRB-HICOM, the Group Human Capital Division is accountable to not only attract and recruit talent but also manage learning and development, build a leadership pipeline and create an environment that embraces diversity and inclusion. Central to our human capital practices are policies, procedures and strategies aligned to internationally-recognised best practices. Our employees are governed by the Employee Handbook, which contains applicable workplace policies accessible online through the Human Resource Management System ("HRMS").

Our Group Human Capital Winning Workforce Strategy, depicted in Figure 4, underlines our 2020 aspiration, which is 'to be a Preferred employer with High-Performance Culture through effective Employee Value Proposition ("EVP") initiatives'.

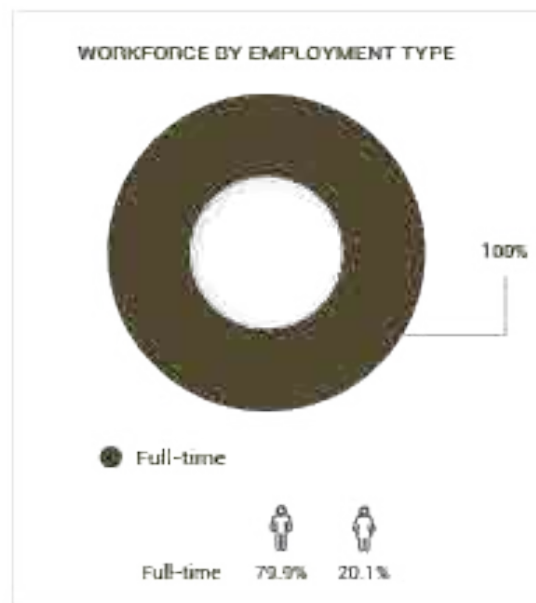
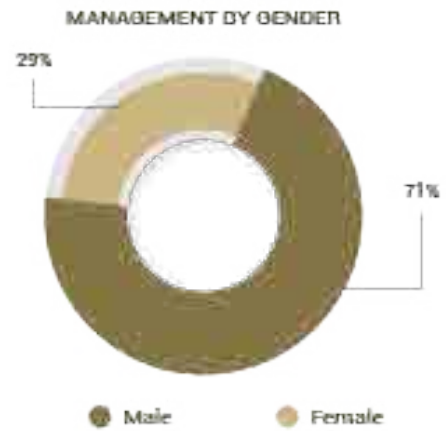
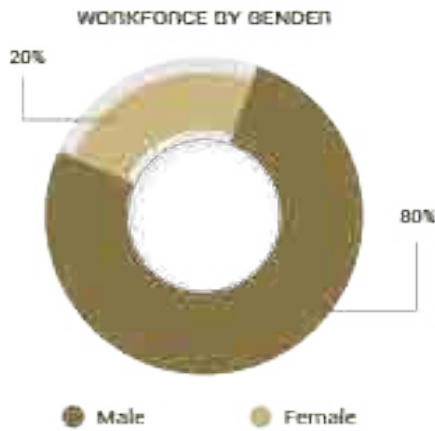
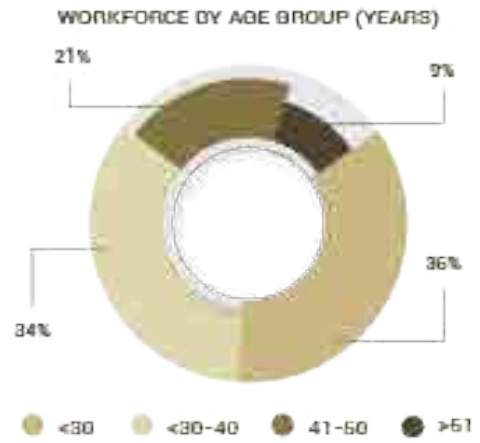
We measure the success of our human capital practices with the help of various platforms which include but are not limited to Employee Engagement Survey ("the Survey"), Internal Customer Satisfaction Index and feedback forms that we receive after every employee engagement event. We utilise these platforms to track, evaluate and report the results to management regularly. The results are later provided to operating companies to review and address opportunities for improvement.

SUSTAINABLE DEVELOPMENT GOALS



DRB-HICOM EMPLOYEE PROFILE FY2019

As at 31 December 2019, total employees within the Group⁹ is 51,776¹⁰. Further details of our employee data are as presented below.



⁹ Within our operations in Malaysia.

¹⁰This excludes employee data for Alam Flora and its subsidiary company due to its divestment on 5 December 2019.

¹¹This includes contract employees across the Group.

HUMAN CAPITAL

LEARNING AND DEVELOPMENT

We continuously invest in our employees to keep them informed of new industry trends and to develop a workforce with varied skills required across our diverse operations.

As illustrated in our Group Human Capital Winning Workforce Strategy, Training and Education is one of the employee value proposition pillars of DRB-HICOM. People development initiatives are fundamental to enhancing competencies and creating a progressive learning culture organisation.



Figure 4: DRB-HICOM Employee Value Proposition Framework

We conduct training needs assessment for our employees through Individual Development Plans ("IDP") introduced in early 2019, a tool to assist employees in career and personal development. Its primary purpose is to help employees reach short and long-term career goals, as well as improve current job performance. Through IDP, superiors are able to develop a better understanding of their subordinates' professional goals, strengths and development needs to enhance the employee's competencies and capabilities.

We continue with our focus on learning and talent development through several initiatives comprising programmes associated with leadership and functional competencies development which forms part of DRB-HICOM employees' capability development plan.

During the period under review, we invested approximately RM15 million in training programmes amounting to an average of 21.4 hours of training per employee. We remain committed to the principle of gender equality in providing opportunities for learning and growth as reflected in Figure 5.

Average Training Hour by Gender and Employee Category



Figure 5: Average Training Hour by Gender and Employee Category

BUILDING THE TALENT PIPELINE

Our robust succession planning ensures the sustainability of our talent pool by continuously attracting, developing and retaining the right talent. We believe it is fundamental to fill the right position with the right capabilities, which will determine the quality and success of future leaders that we place within the organisation.

Through a structured talent development programme, we are able to develop and upskill our employees in order to explore their potential talent. This is to ensure that we have adequate and competent talent to meet DRB-HICOM's current and future business requirements. To date, we have a total of 590 employees across the Group who have attended our talent development programmes.

One of the key strategic objectives of talent management is to enhance and develop an integrated talent management framework. The objective of the enhanced framework is to create an 'integrated process' for managing people, which lets the organisation rapidly and effectively respond to business needs.

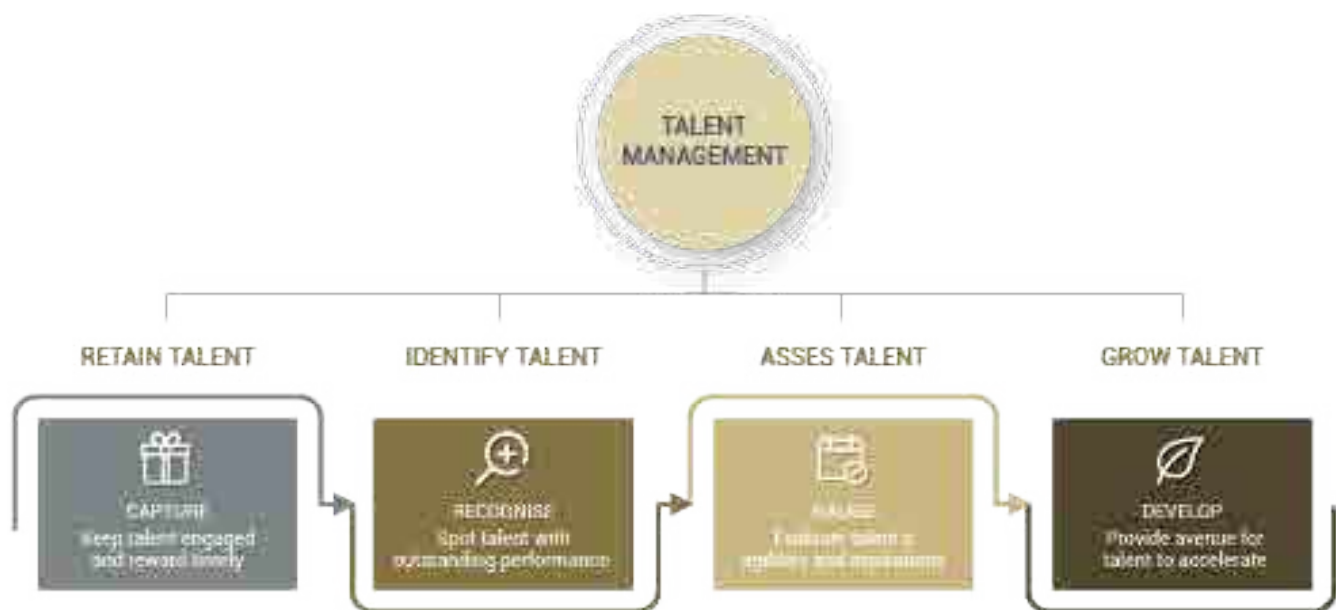


Figure 6: DRB-HICOM Talent Management Framework

RECRUITING FOR DIVERSITY

At DRB-HICOM, we strive to recruit the most innovative minds from diverse backgrounds as we value the creativity that different perspectives bring to the organisation. We offer the same recognition, rewards and treatment to all potential and existing employees regardless of race, religion, sex, age, gender, marital status or disability. We do not tolerate any form of discrimination or harassment under any circumstances.



217
Special needs
employees
across the Group

Our DRB-HICOM We Care Programme continues to serve the special needs communities by identifying, acquiring and assimilating the right talents into our workforce. To date, we have a total of 217 special needs employees across the Group assigned under various companies and divisions. We are also committed to actively engage our foreign workers within the Group to ensure their living conditions, health and welfare are being managed and maintained at all times.

HUMAN CAPITAL

FOSTERING EMPLOYEE ENGAGEMENT

DRB-HICOM cares about creating a work environment that promotes active employee engagement and provides abundant opportunities to excel and grow. All the initiatives we deliver are guided by the five pillars of our strategic EVP framework. We believe in continuous engagement with our employees as their views are important to help us understand better their needs and expectations.

In 2019, we began organising Employee Engagement Surveys to monitor employees' engagement level. The Survey is a biennial initiative that measures employees' perception towards the organisation and commitment to delivering the organisation's objectives. Engaged employees are more likely to support the Group's vision, mission and delivery of services. The Group's engagement score ranked 69% against the benchmark Global Engagement Trend¹² of 65%.

Similarly, we also conduct an Internal Customer Satisfaction Survey to measure the level of satisfaction amongst our internal stakeholders. We derive and implement our engagement activities and initiatives based on the findings and gaps acquired from the survey.



69%
engagement level



Managing Grievances

At DRB-HICOM, we recognise the value and importance of having formalised policies and procedures in place to address employee grievances. The Group makes every reasonable effort to address complaints and grievances (relating to matters affecting the terms and conditions of service) from employees and provides orderly and effective means of managing grievance. The Group Human Capital Help Desk that is accessible through the Group's online portal serves as one of the platforms for employees to voice out without being subjected to victimisation, harassment or discriminatory treatment. 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.



Group Human
Capital Help Desk



For further information with regards to our Whistleblower Policy, kindly refer to Statement of Risk Management and Internal Control on the pages 68 to 71 of the Annual Report

¹² Global Engagement Trend is a study conducted in 2018 by Aon plc, a leading global professional services firm. The study measures employee engagement for more than 1,000 companies around the globe. More than 60 industries are represented in the study.

EMPLOYEE WELLNESS PROGRAMMES

We believe in providing a conducive and healthy work environment for our employees to contribute positively and effectively on a daily basis. We promote work-life balance to enhance employees' physical and mental well-being as well as work performance.

Group Human Capital Division took it a step further this year by collaborating with an independent brain health consultant to provide a safe, non-judgmental and confidential channel for our employees to speak out about issues that affect their mental and emotional well-being.

The initiative focuses on assisting employees to:

- learn various possible solutions to manage stress and anxiety, eating and sleeping disorders;
- equip themselves with amazing techniques of improving well-being, life performance, brain development, posture and body movement as well as healthy brain maintenance practices.



Consultancy sessions are available every week on Wednesdays and Fridays at the corporate office. House visits can be arranged for employees who prefer a more private and comfortable setting.



Group Human Capital Division also organise other health talks and activities such as Cancer Awareness Exhibition, Eat Healthy talk, Pinktober Fundraising Campaign and World Heart Day event.

Kelab Sukan DRB-HICOM ("KSDH") is another initiative by the Group to improve employees' well-being at work. KSDH committee organises holiday trips, annual dinners, family days, weekly zumba classes and other sports activities for the employees.

HUMAN CAPITAL

EMPLOYEE AND FAMILY CARE PROGRAMMES

Workplace Child Care Centre

To improve our employees' work-family balance and to provide greater peace of mind to working parents especially mothers as well as encouraging the inclusion of women in the job market, the Group has embarked on the initiative of offering childcare facilities at the workplace. In early 2019, HICOM Automotive Manufacturers Malaysia Sdn. Bhd. ("HA") established a childcare centre located within its corporate office premise. HA's Taska Ar-Raudhah is equipped with skilled staffs and a child-friendly environment. To date, it manages 24 children ranging from 1 to 4 years old with supervision from five well-trained teachers. We believe that having childcare facilities at our workplace makes a significant difference. The parents have the flexibility of continuing with their career while simultaneously taking an active part in the growth of their children.



Parenting Programme

At DRB-HICOM, we believe that workplace parenting programmes improve employee productivity and morale while reducing stress and absenteeism. Throughout the reporting period, the Group offered a variety of workplace parenting education programmes for our staff. These programmes provide an opportunity for our employees to learn the skills and techniques of balancing family and work, time management as well as gain valuable parenting knowledge and skills to make them a better parent.



PERFORMANCE APPRAISALS

At DRB-HICOM, performance management is the process of creating a work environment whereby employees are able to perform to the best of their abilities. Using our in-house HRMS that is accessible to all employees, we have established a flexible and transparent performance management process that aligns with the competencies required by the employees' job scope against the business objectives of the Group. The performance appraisal process is supplemented by frequent feedback and coaching from each employee's supervisor.

Throughout the reporting period, the performance of every employee in the Group was appraised. Compensation and recognition were awarded based on their contributions and KPI achievements.



100%
of our employees
are subjected to
Performance Appraisal



Figure 7: DRB-HICOM Performance Management Cycle

ENGAGING WITH UNIONS

DRB-HICOM values engaged and empowered workforce that contributes to improving our operations and as such we foster open dialogue and genuine collaboration with our employees. We engage with civil society organisations and other stakeholders to define and implement best practices. We respect our employees' fundamental rights to form or join any organisation, association or union in collective bargaining. Negotiations with our unions were made through collective agreements that outline the agreed terms and conditions of employment for the respective trade union. During the reporting period, eight union meetings were conducted and none of our operations were identified to be at risk to our employees.

23,208

Union Members in
DRB-HICOM

33

Total Number of
Unions

16

Total Subsidiaries of
DRB-HICOM with Unions

36

Total Number of
Collective Agreements

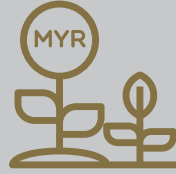
CORPORATE RESPONSIBILITY

KEY HIGHLIGHTS



>44,000

Lives touched through our Corporate Responsibility events



>RM800,000

Investment on Corporate Responsibility events



Zero Hunger

Distribution of food to more than 12,000 people



Youth Empowerment

Back-to-School Aid channelled to more than 2,000 children

WHY IT IS IMPORTANT

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

Through Corporate Responsibility ("CR"), we nurture and empower communities surrounding us and ensure our business does not result in negative social impacts to them. We trust that through CR, we can help the community to grow together with us by promoting employability, sport, education, healthy living and wellness.

OUR APPROACH

Our CR initiatives are aligned with EES impacts of our operations.

Aside from Group-initiated programmes, we also form partnerships with charitable bodies and NGOs. The impact of our programmes are measured based on the outreach number.

At DRB-HICOM, we impact the local community through the Sahabat DRB-HICOM volunteer programme, which acts as the Group's arm in conducting community outreach programmes. Through this platform, employees can take part in various meaningful community outreach programmes and contribute towards community development, nation-building, education and environmental protection.



SUSTAINABLE DEVELOPMENT GOALS



TRANSFORMING LIVES THROUGH EDUCATION

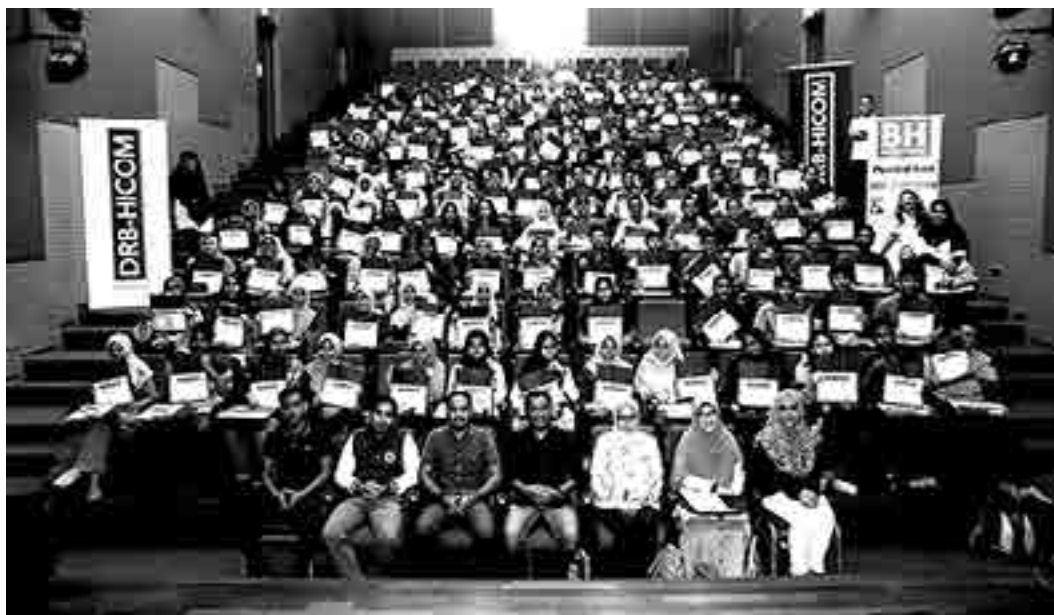
DRB-HICOM Sponsors Educational Pull-outs to Schools

Partnering with the News Straits Times Press (Malaysia) Berhad, DRB-HICOM had sponsored weekly copies of New Straits Times (“NST”) and Berita Harian (“BH”) for students in five schools across Peninsular Malaysia. The sponsorship is for 3,750 copies of NST and BH newspapers containing educational pull-outs namely *School Times* of NST and *Skor* from BH for the five schools. They are SMK Bandar Tun Razak, Kuala Lumpur, SMK Bukit Sentosa, Selangor, SMK Sungai Udang, Melaka, SMK Abu Bakar, Pahang, and SMK Hutan Kampung, Kedah. Each school received 50 copies of the pull-outs weekly from 6 August to 20 November 2019 to supplement the student’s learning and preparations for the national examinations. DRB-HICOM hopes this initiative will benefit the students involved by nurturing their minds and instilling the reading culture among them.



Seminar SKOR SPM 2019

Organised for the third time, Seminar SKOR SPM in collaboration with BH was held on the 20 and 21 July 2019, focused on four main subjects; Bahasa Malaysia, English, Mathematics and History. 168 children of *Warga* DRB-HICOM and its subsidiaries participated in the programme. With the goal of providing learning opportunities to the less fortunate, DRB-HICOM also sponsored a total of 60 underprivileged students from SMK SS10 Kota Damansara and SMK Seksyen 7, Shah Alam to attend the workshop.



CORPORATE RESPONSIBILITY

Back-to-School Aid

Each year, DRB-HICOM organises a Back-to-School Programme to alleviate the financial burden of low-income families preparing for a new school year. This year's programme benefitted 2,284 underprivileged primary school students in multiple regions across Malaysia. Each student receives monetary aid and necessities such as school bags and stationery.



Assimilating Children with Autism Spectrum Disorder

In our continuous effort to assimilate and empower children with autism spectrum disorder, beginning February 2019, DRB-HICOM sponsored a train-the-trainers programme. This programme is an educational model and specifically aimed to the teachers at the Special Children Society of Ampang ("SCSOA"). The selected teachers and educators of SCSOA were taught how to further enhance their knowledge in suitable teaching methods for the children. A total of 24 classes were conducted by our appointed trainer, who specialises in neuro and brain plasticity of child development. Throughout this programme, consistent monitoring and observation of the children's development were conducted. Statistics showed the children benefited especially in the areas of coordination movement, managing tantrums, fine and gross motor skill and enhancing attention span.



DRB-HICOM University of Automotive Malaysia Scholarship Programme

Our efforts in ensuring quality and inclusive education are undertaken by our DRB-HICOM University. Operating from a well-facilitated 42-acre campus strategically located in the DRB-HICOM Automotive Complex in Pekan, the university now houses two faculties, namely the Faculty of Engineering & Technology and Faculty of Business & Management. Our aspiration is to complement the automotive industry through sustainable development of human capital.

DRB-HICOM University embraces diversity among its student population, with students from different backgrounds, abilities and nationalities. As part of the university's on-going efforts to lend a helping hand to the underprivileged and make education more accessible for all, DRB-HICOM continuously provides financial aid through education funds and scholarships. As at 31 December 2019, DRB-HICOM University channelled more than RM17 million in scholarships to 782 students.



456

Number of graduates produced as at 31 December 2019



>RM17 million

Scholarship offered to students



IN THE SPIRIT OF A GREAT HEART

MODENAS Bikers Convoy for Charitable Cause

In conjunction with World Motorcycle Day celebrations, Motosikal dan Enjin Nasional Sdn. Bhd. ("MODENAS") organised a bikers' convoy from Shah Alam to Tanjong Malim, incorporating community work, involving over 100 MODENAS owners. The riders made their way to Tahfiz Ulum Ad Din Nur Ramadhan in Tanjong Malim, Perak to take part in a beautification and cleaning project for the centre. Founded in 2015, the tahfiz centre houses 62 students aged between 9 and 19 years old. MODENAS CEO led the activities, which included cleaning up the centre's surau and giving its main hall a new coat of varnish. Contributions collected from MODENAS employees were handed over to the centre's head caretaker followed by the contributions from each of MODENAS Owners Clubs.



DRB-HICOM Donates Modenas Kriss MR2 Bike to a Good Samaritan

On 12 June 2019, DRB-HICOM donated a new Modenas Kriss MR2 motorcycle to a kind-hearted, unemployed man who voluntarily cleans Taiping streets to preserve the town's beauty. Moved by his selflessness and community spirit, DRB-HICOM, donated a new Modenas Kriss MR2 motorcycle worth more than RM4,000 to him. DRB-HICOM hopes that through this contribution, it will enable him to be more mobile in making his daily rounds throughout the city to perform his good deed.



CORPORATE RESPONSIBILITY

ENVIRONMENTAL REBALANCED EFFORT

Eksplorasi Alam 2019 by Pos Malaysia Berhad

On 27 April 2019, Pos Malaysia organised a tree planting activity at Taman Alam, Kuala Selangor in conjunction with their Green Finger Programme. This programme was an expression of the company's concern and commitment towards the sustainability of the environment in line with the country's development. Over 40 employees volunteered in the programme and around 300 mangrove trees were planted at the event. This also reflects Pos Malaysia's commitment in supporting the Government's efforts in the conservation and preservation of the environment. Apart from giving back to Mother Nature, the programme inculcates teamwork as well as a love for nature among those involved. In the future, Pos Malaysia wishes to emulate this programme to other states to reach a wider community.



Coral Reef Restoration project by Bank Muamalat

Coral reefs play a vital part in our marine ecosystem and suffers greatly from water pollution, unsustainable diving and fishing activities. Since September 2017, Bank Muamalat, has participated in coral reef conservation programme of Pulau Selakan, Sabah, Pulau Tenggol and Pulau Perhentian Kecil, Terengganu. In conjunction with Merdeka month, 15 volunteers from Bank Muamalat have visited the islands and planted coral reefs in the specified coral restoration areas.

Funds channelled to this programme is hoped to develop the biodiversity of marine ecosystems, protect and repopulate damaged reef areas. On a yearly basis, a follow-up visit to the islands will be arranged to witness the progressive growth of the coral reef and to ensure the coral frames are well maintained.



DRB-HICOM Lends a Hand to Clean and Spruce-Up Masjid Tengku Kelana Jaya Petra

On 20 June 2019, a total of 50 Sahabat DRB-HICOM and Alam Flora personnel joined hands for a gotong-royong session to clean and spruce up the interior and surroundings of Masjid Tengku Kelana Jaya Petra in Kelana Jaya. The corporate responsibility initiative also seeks to further strengthen the ties between DRB-HICOM and the mosque's *qariah* members and gave those involved a chance to be part of an *amal jariah* activity in the month of Syawal. Alam Flora also presented the mosque with a 3R Collection Cage that was placed within the vicinity of the mosque, where funds generated from the collection of the recycled items will be channelled to the mosque.



CORPORATE RESPONSIBILITY

JOINING HANDS FOR ZERO HUNGER

Feed a Family

Refugees in Malaysia face significant challenges, one of which is putting food on their tables. In May 2019, via our collaboration with Carefugees, a NGO founded in 2013, DRB-HICOM sponsored grocery packs for distribution to 200 refugee families. We believe it is a vital social support to the refugees as most of them have little or no source of income.

Sekampit Beras Programme by CTRM

Wanting to bring a cheerful Ramadhan, CTRM contributed necessities such as rice, milk, flour, sugar and cooking oil to approximately 25 families living within the sites of their primary operations in Batu Berendam, Melaka. The contribution came from the company as well as employees.



Foodbank Project

In line with the Group's commitment towards building a sustainable economy and society, the Group through its Sahabat DRB-HICOM and in collaboration with NGOs namely Kechara Soup Kitchen Society and Persatuan Prihatin Wanita Islam Subang organised the Foodbank Project. During the reporting period, Sahabat DRB-HICOM joined hands in distributing grocery items filled with variety of foodstuffs such as rice, noodles and other items to 232 less fortunate families living in PPR Desa Mentari and PPR Kota Damansara.



ABOUT THIS REPORT

REPORTING APPROACH

This report focuses on the sustainability strategy and practices of DRB-HICOM Group of Companies, namely the material EES aspects of our business operations.

This report has been prepared in accordance to the reporting framework stipulated by the GRI Content Index and meets the statutory requirement prescribed by Bursa Securities. The reporting principles covered in this report includes:

Stakeholder Inclusiveness	: Capturing our stakeholders' expectations and concerns.
Sustainability Context	: Presenting our performance in the wider context of sustainability.
Materiality	: Identifying and prioritising the key sustainability issues that our Group encounters.
Completeness	: Reporting all sustainability topics that are relevant to our Group, and those that influences our stakeholders.

The Materials established as the reporting perimeters in this report are as stated below:

1. GRI 203 Indirect Economic Impacts 2016
2. GRI 302 Energy 2016
3. GRI 306 Effluents and Waste 2016
4. GRI 403 Occupational Health and Safety 2016
5. GRI 404 Training and Education 2016
6. GRI 405 Diversity and Equal Opportunity 2016
7. GRI 407 Freedom of Association and Collective Bargaining 2016
8. GRI 413 Local Communities 2016

REFERENCES

References to "DRB-HICOM", "the Company", "the Organisation", "the Group" and "we" refer to DRB-HICOM Group of Companies.

CHANGE OF REPORTING PERIOD

The Group has changed its financial year end from 31 March to 31 December and as a result this report disclosed the 9 month financial period from 1 April 2019 to 31 December 2019.

SCOPE AND BOUNDARIES

The scope of the report is primarily focused on the Group's core business sectors operating in Malaysia where the Group holds management control. This report excludes disclosures on our business activities outside Malaysia and non-core business segments.

DRB-HICOM Berhad completed the disposal of its entire 97.37% equity interest in Alam Flora on 5 December 2019 and as a result, Alam Flora ceased to be a subsidiary company of the Group. Adjustments have been made to exclude Alam Flora for the months of December 2017, 2018 and 2019 in all performance data.

MEMBERSHIPS AND ASSOCIATIONS

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

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

FEEDBACK

For further details, you may contact:

Name	: Mahmood Abdul Razak
Designation	: Head, Group Strategic Communications Division
e-mail	: info@drb-hicom.com

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE NUMBER
General Disclosure		
GRI 102: General Disclosures 2016	102-1 Name of the organisation	Cover Page
	102-2 Activities, brands, products and services	AR 102-121
	102-3 Location of headquarters	AR 23
	102-4 Location of operations	AR 102-121
	102-5 Ownership and legal form	AR 24-26
	102-6 Market served	AR 102-121
	102-7 Scale of the organisation	AR 14-15, 32-33, 93-94, 102 SR 37
	102-8 Information on employees and other workers	SR 37
	102-9 Supply chain	SR 10
	102-10 Significant changes to organisation and its supply chain	AR 79, 93, 114 SR 51
	102-11 Precautionary principle or approach	AR 68-71, 82-87 SR 12
	102-12 External initiatives	SR 8-9, 12, 14, 19, 51
	102-13 Membership of associations	SR 51
	102-14 Statement from senior decision-maker	SR 5
	102-16 Values, principles and norms of behaviour	AR 12, 57-58 SR 8, 10
	102-18 Governance structure	AR 57 SR 11
	102-40 List of stakeholder groups	SR 13
	102-41 Collective bargaining agreements	SR 43
	102-42 Identifying and selecting stakeholders	SR 13
	102-43 Approach to stakeholder engagement	SR 13
	102-44 Key topics and concerns raised	SR 13
	102-45 Entities included in the consolidated financial statements	AR 24-25
	102-46 Defining report content and topic boundaries	SR 51
	102-47 List of material topics	SR 15, 51
	102-48 Restatements of information	NIL
	102-49 Changes in reporting	SR 51
	102-50 Reporting period	SR 51
	102-51 Date of the most recent report	SR 51
102-52 Reporting cycle	SR 51	
102-53 Contact point of questions regarding the report	SR 51	
102-54 Claims of reporting in accordance with the GRI Standards	SR 51	
102-55 GRI content index	SR 52	
102-56 External assurance	NIL	
Material topics		
Indirect Economic Impacts		
GRI 103 Management Approach 2016	103-1 Explanation of the material topic and its boundaries	SR 44
	103-2 The management approach and its components	SR 44
	103-3 Evaluation of the management approach	SR 44

GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	SR 35, 44-50
Energy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	SR 24
	103-2 The management approach and its components	SR 24-31
	103-3 Evaluation of the management approach	SR 20
GRI 302 Energy 2016	302-1 Energy consumption within the organisation	SR 29
	302-2 Reduction of energy consumption	SR 30
Waste		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	SR 32
	103-2 The management approach and its components	SR 32-35
	103-3 Evaluation of the management approach	SR 20
GRI 306 Waste 2016	306-2 Waste by type and disposal method	SR 33, 35
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	SR 18
	103-2 The management approach and its components	SR 18-23
	103-3 Evaluation of the management approach	SR 18-20
GRI 403 Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committee	SR 18
	403-2 Types of injury and rates of injury, occupational disease, lost days, and absenteeism, and number of work-related fatalities	SR 20
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	SR 36, 38
	103-2 The management approach and its components	SR 38-40
	103-3 Evaluation of the management approach	SR 36
GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	SR 38
	404-2 Programmes for upgrading employee skills and transition assistance programmes	SR 38-39
	404-3 Percentage of employees receiving regular performance and career development reviews	SR 43
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	SR 40
	103-2 The management approach and its components	SR 40
	103-3 Evaluation of the management approach	SR 36
GRI 405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	SR 37, 40
Freedom of Association and Collective Bargaining		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	SR 43
	103-2 The management approach and its components	SR 43
	103-3 Evaluation of the management approach	SR 43
GRI 407 Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR 43
Local Communities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	SR 44
	103-2 The management approach and its components	SR 44
	103-3 Evaluation of the management approach	SR 44
GRI 413 Local Communities 2016	413-1 Operations with significant actual and potential negative impacts on local communities	SR 44-50

GLOSSARY

3ROW	3R On Wheels
AED	Automated External Defibrillator
AHU	Air Handling Unit
Alam Flora	Alam Flora Sdn. Bhd.
B6	Building 6
Bank Muamalat	Bank Muamalat Malaysia Berhad
BBC	Buy Back Centres
BH	Berita Harian
BRSC	Board Risk & Sustainability Committee
Bursa Securities	Bursa Malaysia Securities Berhad
CEO	Chief Executive Officer
CO ₂ e	Carbon dioxide equivalents emissions
COE	PROTON Centre of Excellence
CPR	Cardiopulmonary resuscitation
CR	Corporate Responsibility
CSU	Corporate Sustainability
CTRM	Composites Technology Research Malaysia Sdn. Bhd
D-HEAT	DRB-HICOM Emergency Assistance Team
DOSH	Department of Occupational Safety and Health
DRB-HICOM	DRB-HICOM Group of Companies
DRB-HICOM University	DRB-HICOM University of Automotive Malaysia
ECM	Energy Conservation Measures
EES	Economic, Environmental and Social
EMS	Energy Management System
EVP	Employee Value Proposition
FPE	Financial Period End
GHG	Greenhouse Gas
GMD	Group Managing Director
GPP	Group Procurement Policy
GRI	Global Reporting Initiative
GSHE	Group Safety, Health & Environment (Policy) Group Safety, Health & Environmental (Division)
HA	HICOM Automotive Manufacturers Malaysia Sdn. Bhd.

HIRARC	Hazard Identification, Risk Management and Risk Controls
HRMS	Human Resource Management System
HYMM	HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.
IDP	Individual Development Plans
IHM	ISUZU HICOM Malaysia Sdn. Bhd.
IROSHE	Integrated Reporting Occupational Safety, Health & Environment
ITB	Invitation to Bid
KPI	Key Performance Indicators
KSDH	Kelab Sukan DRB-HICOM
kWh	Kilowatt-hour
LED	Light-emitting diode
LOTO	Lockout-Tagout
LPG	Liquefied Petroleum Gas
LTI	Lost Time Injuries
MODENAS	Motosikal Dan Enjin Nasional Sdn. Bhd.
MWp	Mega-Watt peak
NST	The New Straits Times
PESB	Proton Edar Sdn. Bhd.
PONSB	Perusahaan Otomobil Nasional Sdn. Bhd.
Pos Malaysia	Pos Malaysia Berhad
PPR	Projek Perumahan Rakyat
Pre-Q	Pre-qualification
PROTON	PROTON Holdings Berhad
PTMSB	PROTON Tanjong Malim Sdn. Bhd.
PUSPAKOM	PUSPAKOM Sdn. Bhd.
PV	Photovoltaic
REEM	Registered Electrical Energy Managers
RFQ	Request for Quotation
RMC	Risk Management Committee
SCSOA	Special Children Society of Ampang
SDG or Goal	Sustainable Development Goals
SHE	Safety, Health & Environment
SSC	Sustainability Steering Committee

SWC	Sustainability Working Committee
The Company	DRB-HICOM Group of Companies
The Group	DRB-HICOM Group of Companies
The Organisation	DRB-HICOM Group of Companies
The Survey	Employee Engagement Survey
We	DRB-HICOM Group of Companies



DRB-HICOM

Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.
Tel: +603 2052 8000 | Fax: +603 2052 8099
Email: info@drb-hicom.com
Website: www.drb-hicom.com