

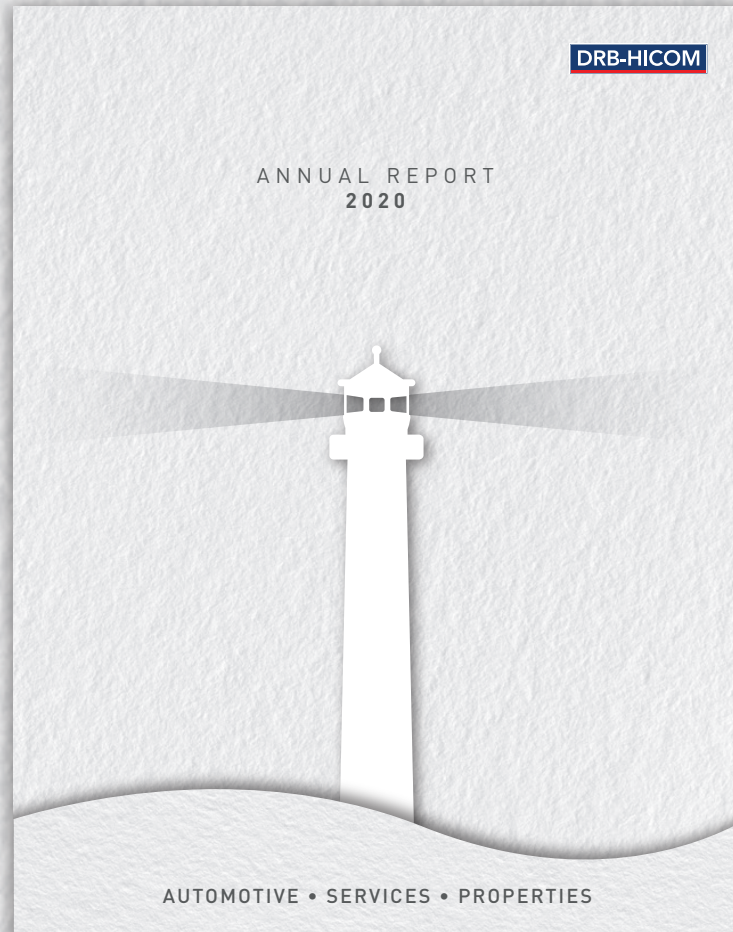
DRB-HICOM

ANNUAL REPORT
2020

ANNUAL REPORT
2020

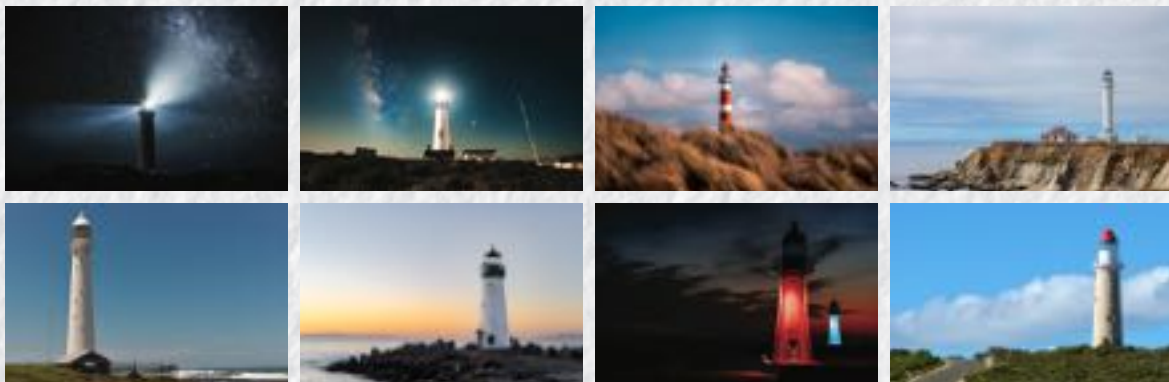


AUTOMOTIVE • SERVICES • PROPERTIES



The cover design of the DRB-HICOM Annual Report 2020 depicts the company as a lighthouse, standing strong and resilient against the backdrop of a most challenging year. For many, the lighthouse is a symbol of strength, presence and resilience. In fact, many lighthouses that were built centuries ago remain standing today, in defiance of the countless storms and raging ocean waves that pound against them repeatedly. But more than merely a sign of strength, a lighthouse represents hope when all seem lost, guidance when it is foggy or dark.

Just like the humble lighthouse, DRB-HICOM intends to stand firm and lead a way out of these troubled times for its stakeholders, employees, customers, subsidiaries, business partners, and shareholders. We stand united in these harsh times to come out standing proud, like the many lighthouses across the world.



Throughout this year's Annual Report, we show you several lighthouses from around the world. They stand singularly against the elements, showing their strength but never their troubles. It is a representation of what DRB-HICOM aspires to be – a shining symbol of strength, perseverance and tenacity – to all of its stakeholders.

THE INSIDE STORY

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SUSTAINABILITY REPORT

Begins from the back cover



**“GIVE LIGHT AND PEOPLE
WILL FIND THE WAY”**

- ELLA BAKER, CIVIL RIGHTS & HUMAN RIGHTS ACTIVIST



HIGHLIGHTS

- 04 Notice of Annual General Meeting
- 10 Statement Accompanying the Notice

NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN THAT the 31st Annual General Meeting (“AGM”) of DRB-HICOM Berhad (“DRB-HICOM or “the Company”) will be held on a fully virtual basis at the Broadcast Venue at Training Hall, Level 6, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 23 June 2021 at 10.00 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS

-
- 1** To receive the Audited Financial Statements for the financial year ended 31 December 2020, together with the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note A
 - 2** To approve the payment of a first and final dividend of 2.0 sen per share in respect of the financial year ended 31 December 2020. **(Resolution 1)**
Please refer to Explanatory Note B
 - 3** To re-elect the following Directors, who retire by rotation in accordance with Article 77 of the Company’s Constitution and who being eligible, offered themselves for re-election:
i) Dato’ Sri Syed Faisal Albar Syed A.R Albar **(Resolution 2)**
ii) Dato’ Ibrahim Taib. **(Resolution 3)**
Please refer to Explanatory Note C
 - 4** To re-elect Tan Sri Wan Zulkiflee Wan Ariffin who retires in accordance with Article 83 of the Company’s Constitution and who being eligible, offered himself for re-election. **(Resolution 4)**
Please refer to Explanatory Note D
 - 5** To approve the payment of Directors’ fees to the Non-Executive Chairman and Non-Executive Directors up to an amount of RM2,262,000 from 24 June 2021 until the next AGM of the Company. **(Resolution 5)**
Please refer to Explanatory Note E

- 6** To approve the payment of benefits payable (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors up to an amount of RM1,331,000 from 24 June 2021 until the next AGM of the Company. **(Resolution 6)**

Please refer to Explanatory Note F

- 7** To re-appoint Ernst & Young PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 7)**

Please refer to Explanatory Note G

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without any modifications:

- 8** Retention of Datuk Ooi Teik Huat as Independent Director **(Resolution 8)**

"THAT approval be and is hereby given to Datuk Ooi Teik Huat, who has served as an Independent Director of the Company for a cumulative term of more than twelve years, to continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting."

Please refer to Explanatory Note H

- 9** Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") **(Resolution 9)**

"THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), and subject to the Companies Act 2016 ("CA 2016"), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental and/or regulatory authorities, approval be hereby given to the Company and its subsidiary companies (collectively "DRB-HICOM Group") to enter into any of the recurrent related party transactions ("RRPTs") of a revenue or trading nature as set out in Section 2.2.3 of the Circular to Shareholders dated 30 April 2021, which are necessary for the day-to-day operations in the ordinary course of business of the DRB-HICOM Group, on normal commercial terms, which are not more favourable to the related parties than those generally available to the public, undertaken on an arm's length basis, and are not detrimental to the minority shareholders of the Company ("Shareholders' Mandate");

THAT the Shareholders' Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of CA 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of CA 2016); or
- (c) the Shareholders' Mandate is revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Please refer to Explanatory Note I

- 10** To transact any other business of which due notice shall have been given in accordance with CA 2016 and the Company's Constitution.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the first and final dividend of 2.0 sen per share in respect of the financial year ended 31 December 2020, if approved by the shareholders at the 31st AGM, will be paid on 23 July 2021 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 30 June 2021.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (a) shares deposited into the depositor's securities account before 12.30 p.m. on 28 June 2021 in respect of shares which are exempted from mandatory deposit;
- (b) shares transferred into the depositor's securities account before 4.30 p.m. on 30 June 2021 in respect of ordinary transfers; and
- (c) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

SABARINA LAILA MOHD HASHIM

SSM PC No.: 201908001661

LS No.: 0004324

Company Secretary

Shah Alam, Selangor Darul Ehsan

30 April 2021

NOTES:

1. Virtual AGM

- (a) The 31st AGM of the Company shall be held as fully virtual meeting where members are only allowed to participate remotely via live streaming and online voting using Remote Participation and Electronic Voting ("RPEV") facilities which are available on Boardroom Share Registrars Sdn Bhd's website at Boardroom Smart Investor Portal at www.boardroomlimited.my. Please follow the procedures provided in the Administrative Guide for the 31st AGM in order to register, participate and vote remotely via RPEV facilities.
- (b) The venue of the 31st AGM is strictly for the purpose of complying with Section 327(2) of the CA 2016 which requires the Chairman of the Meeting to be present at the main venue ("Broadcast Venue") and to facilitate the conduct of the fully virtual meeting. No shareholder(s)/ proxy(ies) will be allowed to be physically present at the Broadcast Venue.

2. Proxy and/or Authorised Representative

- (a) Every Member including authorised nominees as defined under the Central Depositories Act and Exempt Authorised Nominees which holds ordinary shares in the Company for multiple beneficial owners in Omnibus Account, is entitled to:
 - (i) appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote instead of him at the meeting of Members and that such proxy need not be a Member; and
 - (ii) appoint more than one proxy in relation to the meeting provided that the Member specifies the proportion of his shareholdings to be represented by each proxy.
- (b) Where a Member entitled to vote on a resolution has appointed more than one proxy, the proxies shall only be entitled to vote on poll provided that the Member specifies the proportion of his shareholdings to be represented by each proxy.

NOTICE OF ANNUAL GENERAL MEETING

- (c) Where a Member is an Exempt Authorised Nominee which holds ordinary shares under Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- (d) If a member of the Company entitled to attend and vote at a meeting of the Company is not able to participate the 31st AGM via RPEV facilities on 23 June 2021, we strongly encourage members to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the instrument appointing a proxy.
- (e) The instrument appointing a proxy shall be in writing (in the common or usual form) ("Form of Proxy") under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under common seal of the corporation or under the hand of two authorised officers one of whom shall be a Director, or of its attorney duly authorised in accordance with Section 66 of CA 2016. A proxy may but need not be a Member of the Company and a Member may appoint any person without limitation to be his proxy. Form of Proxy authorises the proxy(ies) to demand or join in demanding a poll.
- (f) Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan (Tel: 603-7890 4700), not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the Form of Proxy shall not be treated as valid. Alternatively, the Form of Proxy can be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Online Portal at www.boardroomlimited.my before the proxy form lodgement cut-off time as mentioned above. Please refer to the Administrative Guide for further details.

3. Voting by Poll

Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

4. Members entitled to attend

For the purpose of determining a member who shall be entitled to attend the 31st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 16 June 2021. Only a depositor whose name appears therein shall be entitled to attend the 31st AGM or appoint a proxy(ies) to attend and vote on such depositor's behalf.

5. Explanatory Note A

- Audited Financial Statements

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the CA 2016 does not require the Audited Financial Statements to be formally approved by the shareholders. Hence, this item is not put forward for voting.

6. Explanatory Note B

- First and final dividend

The Board is recommending that the shareholders approve the payment of a first and final dividend.

With reference to Section 131 of the CA 2016, a company may only make a distribution to the shareholders out of available profits if the company is solvent. On 8 April 2021, the Board of Directors' of DRB-HICOM ("the Board") had considered the amount of dividend and decided to recommend the same for shareholders' approval.

The Board is satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within 12 months immediately after the distribution date which would be announced by the Company after the 31st AGM in accordance with Sections 132(2) and (3) of the CA 2016.

NOTICE OF ANNUAL GENERAL MEETING

7. Explanatory Notes C and D

- Re-election of Directors

The Directors who are subject to re-election at the 31st AGM of the Company are as follows:

- (a) Article 77 - Retirement by rotation
- (i) Dato' Sri Syed Faisal Albar Syed A.R Albar
 - (ii) Dato' Ibrahim Taib.

Article 77 of the Company's Constitution provides that one-third (1/3) or the number nearest to one-third (1/3) of the Directors for the time being, shall retire from office so that all the Directors shall retire from office once at least in every three years ("retirement by rotation") and shall be eligible for re-election.

- (b) Article 83 - Retirement by casual vacancy
- (i) Tan Sri Wan Zulkiflee Wan Ariffin

Article 83 of the Company's Constitution provides that any Directors appointed during the year shall hold office only until the next AGM, and shall then be eligible for re-election ("casual vacancy").

All Directors standing for re-election as Directors and being eligible, have offered themselves for re-election at the 31st AGM of the Company.

8. Explanatory Notes E and F

- Directors' Fees and Benefits

Section 230(1)(b) of the CA 2016 provides that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiary companies shall be approved at a general meeting.

The Directors' fees and benefits payable to the Non-Executive Chairman and Non-Executive Directors ("NEDs") of the Company comprises of fees and benefits payable to the Non-Executive Chairman and NEDs as members of the Board and Board Committees of the Company and its subsidiary companies, and the amount is estimated based on the following framework:

A. Directors' Fees

- (i) Board/Board Committee of DRB-HICOM

| Board/Board Committee | Fee (per annum) | |
|--|-----------------|-----------|
| | Chairman | Member |
| Board | RM300,000 | RM180,000 |
| Board Audit Committee ("BAC") | RM60,000 | RM40,000 |
| Board Nomination and Remuneration Committee ("BNRC") | RM10,000 | RM8,000 |
| Board Risk and Sustainability Committee ("BRSC") | RM30,000 | RM20,000 |

NOTICE OF ANNUAL GENERAL MEETING

(ii) Board Members of DRB-HICOM who are also the Board/Board Committee Members of subsidiary companies

| Subsidiary Company | Fee (per annum) | |
|---------------------------------|---|---|
| | Pos Malaysia Berhad ("Pos Malaysia") | Bank Muamalat Malaysia Berhad ("BMMB") |
| Chairman of the Board | RM120,000 | - |
| Board Members | RM80,000 | RM120,000 |
| Chairman of the Board Committee | RM8,000 | - |
| BAC Member | RM10,000 | - |
| Board Committee Member | RM6,000 | - |

B. Directors' Benefits

(i) Board/Board Committee of DRB-HICOM

In the Directors' Remuneration review conducted by the BNRC, the proposed revisions to the Directors' benefits of DRB-HICOM are summarised in the table below:

| Description | Chairman | | NEDs/Member | |
|--|----------|--------------------|-------------|-----------|
| | Current | Proposed | Current | Proposed |
| Meeting allowance (per meeting) | | | | |
| Board | RM2,000 | No Change | RM2,000 | No Change |
| BAC | RM2,000 | No Change | RM2,000 | No Change |
| BNRC | RM2,000 | No Change | RM2,000 | No Change |
| BRSC | RM2,000 | No Change | RM2,000 | No Change |
| Monthly Fixed Allowance * | - | RM70,000 per month | - | - |

Note:

*It is proposed that monthly fixed allowance be introduced to remunerate the Chairman, in recognition of the significant roles in leadership and oversight, and the wide-ranging scope of responsibilities as the Chairman of DRB-HICOM in all matters concerning the interests and businesses of the Group, including overall stakeholder management particularly the governmental and regulatory authorities and customers.

(ii) Board Members of DRB-HICOM who are also the Board/Board Committee Members of subsidiary companies

| Type of Meeting | Meeting allowance per meeting (RM) (for Chairman and members) |
|---|--|
| BMMB | |
| • Board | 3,000 |
| • BAC | 3,000 |
| • Board Risk Management Committee | 3,000 |
| • Board Compliance Committee | 3,000 |
| Pos Malaysia | |
| • Board | 1,000 |
| • BAC | 2,500 |
| • Board Tender Committee | 1,000 |
| • Board Risk, Sustainability and Compliance Committee | 1,000 |
| • Board Digital-First Committee | 1,000 |
| • BNRC | 1,000 |
| • Shareholders' Meeting | 1,000 |

NOTICE OF ANNUAL GENERAL MEETING

The total amount of benefits payable to the Non-Executive Chairman and NEDs is estimated to be up to RM1,331,000 from 24 June 2021 to the next AGM in 2022 (Current Period), based on the revised Board Remuneration which will take effect from 24 June 2021 subject to the shareholders' approval.

In determining the estimated total amount of Directors' fees and benefits payable for the Non-Executive Chairman and NEDs, the Board has considered various factors, including the number of scheduled meetings for the Board and Board Committees based on the composition of NEDs, including a provisional sum as contingency for future appointments of NED on the Board and increase in number of Board and Board Committee meetings.

The proposed Resolutions 5 and 6, if passed, will give authority to the Company to pay the Directors' fees and benefits payable on a quarterly/monthly basis and/or as and when incurred. The Board opined that it is just and equitable for such payment to be made, since the Non-Executive Chairman and the NEDs have discharged their responsibilities and rendered their services to the Company and its subsidiary companies throughout the period.

9. Explanatory Note G

- Re-appointment of Auditors

The Board, through the BAC, has conducted an annual assessment of the suitability and independence of the external auditors, Ernst & Young PLT ("EY") and agreed that EY has met the relevant criteria as prescribed under Paragraph 15.21 of the MMLR of Bursa Securities.

10. Explanatory Note H

- Retention of Independent Director

Practice 4.2 of the Malaysian Code on Corporate Governance 2017 provides that shareholders' approval can be sought in the event that the Company intends for an independent director who has served in that capacity cumulatively beyond nine years, to continue to act as Independent Director of the Company.

The Board is recommending to the shareholders for Datuk Ooi Teik Huat ("Datuk Ooi"), who has served as an Independent Director of the Company for a cumulative term of 12 years and six months, to continue to act as an

Independent Director of the Company. The Board, based on the BNRC's assessment, had endorsed the proposal that Datuk Ooi be retained as an Independent Director of the Company. The Board believes that with his knowledge and understanding of the Group's businesses, he would continue to provide valuable insight and feedback through sharing of knowledge and experience, whilst remaining objective and exercising independent judgement in the Board and Board Committees' deliberations. Datuk Ooi has always acted in the best interests of the Company and has at all times exercised due care in carrying out his fiduciary duties, and his tenureship with the Company has neither impaired or compromised his integrity.

The shareholders' approval for Ordinary Resolution 8 will be sought on a single-tier voting basis. The detailed justifications of the Board for making such recommendation are set out in the Corporate Governance Report of the Company which is available on the Company's website at www.drb-hicom.com.

11. Explanatory Note I

- Proposed Shareholders' Mandate

The Proposed Ordinary Resolution 9, if passed, will enable DRB-HICOM Group to respectively enter into RRPTs of a revenue or trading nature, which are necessary for the day-to-day operations of the DRB-HICOM Group as set out in Section 2.2.3 of the Circular to Shareholders dated 30 April 2021, subject to the transactions being in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the MMLR of Bursa Securities)

- The profiles of the Directors, who are due for retirement and seeking re-election, pursuant to the Company's Constitution, as set out in the Notice of Annual General Meeting, are set out in the Directors' Profile pages 38 to 43 of the Company's Annual Report 2020.
- The details of any interest in securities held by the said Directors are set out in the "Directors' Report" section on pages 132 to 137 of the Company's Annual Report 2020.

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**“YOUR PATH IS
ILLUMINATED
BY THE LIGHT,
YET DARKNESS
LETS THE STARS
SHINE BRIGHT”**

- J.L.W. BROOKS, DIRECTOR, PRODUCER



CORPORATE DISCLOSURE

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Vision

**TO BE NUMBER 1
AND CONTINUOUSLY
EXCEL IN ALL
THAT WE DO**

Mission

**TO LEAD IN THE GROWTH
OF THE NATION IN THE
AREAS OF DRB-HICOM'S
CORE BUSINESSES**

111
YEARS

INCORPORATED IN 1910

3 CORE
SECTORS

AUTOMOTIVE | SERVICES | PROPERTIES

OVER 80

OPERATING COMPANIES

50,000

EMPLOYEES

Shared Values

EXCELLENCE | DECORUM | TEAMWORK | INTEGRITY
INNOVATION | QUALITY | TRANSPARENCY

CORPORATE PROFILE

DRB-HICOM is one of the largest and most diversified conglomerates in Malaysia, with key businesses in the Automotive, Services and Properties sectors. Among others, it owns Malaysia's first national car brand – PROTON, and MODENAS, the national motorcycle company.



Listed on Bursa Malaysia with a market capitalisation of RM4.02 billion¹, DRB-HICOM is the only corporation in the country involved in the entire automotive value chain. In addition to PROTON, it also assembles Mercedes Benz, and Volkswagen cars at its automotive complex in Pekan, Pahang and is also involved in automobile distribution, sales and after-sales, logistics, rental and leasing. Other than passenger cars and motorcycles, the Group is involved in commercial, defence and customised vehicles. It also has a strong Manufacturing and Engineering (M&E) segment that supplies components to Tier-1 OEMs in the automotive as well as aerospace industries.

DRB-HICOM's Services division comprises courier and logistics services under Pos Malaysia Berhad Group; Islamic banking under Bank Muamalat Berhad; vehicle inspection under PUSPAKOM Sdn. Bhd., and tertiary education via DRB-HICOM University of Automotive Malaysia ("DRB-HICOM University"), which prides itself on being "a university by the industry and for the industry".

Since 2018, the Group has been streamlining its Properties Sector to focus on industrial development. This saw the divestment of its non-core properties at end 2020 that included its hospitality and leisure assets – along with the acquisition of more industrial land, which now totals 2,791 acres. The Group has proven its industrial expertise via the development of HICOM Industrial Estate, Glenmarie Industrial Park, and HICOM Pegoh Industrial Park. Building on this legacy, it is currently developing the masterplans for two more industrial parks, in Tebrau, Johor; and Pulau Sebang, Melaka.

DRB-HICOM is also involved in construction and concession projects, including that for the integrated Immigration, Customs, Quarantine and Security ("ICQS") complex in Bukit Kayu Hitam, Kedah, which was completed in 2019; and Media City in Kuala Lumpur, for which the development is currently on-going.



¹ As of 31 December 2020

DRB-HICOM was formed in 1996 following the merger of Diversified Resources Berhad (“DRB”) and HICOM Holdings Berhad (“HHB”). HHB’s history dates back to 1910, when an investment company involved primarily in agriculture was established. In 1993, it acquired HICOM Berhad (“HICOM”) from the Ministry of Finance and changed its name to HHB. HICOM itself was a company engaged principally in the development of heavy industries. It played a significant role in the development of PROTON and led the country in the manufacture of motorcycles and general-purpose engines, eventually branching into foundry works and machining, diecasting, cement production as well as industrial estates and golf resort development.

DRB was incorporated on 28 August 1990 as a private limited company under the name Peerless Assets Sdn. Bhd. On 19 September 1991, it changed its name to DRB and on 4 September 1992, it was listed on the main board of Bursa Malaysia. DRB-HICOM assumed its present name on 11 May 2000.



CALENDAR OF EVENTS 2020



25 February

DRB-HICOM FC WINS KLFA SUPER LEAGUE

DRB-HICOM Football Club ("DRBHFC") or better known as D'GreatBees secured the 2019/2020 Kuala Lumpur FA ("KLFA") Super League title after a pulsating final against Imigresen FC at the Kuala Lumpur Stadium in Cheras, KL.

24 March

DRB-HICOM CONTRIBUTES RM1 MILLION TO NATIONAL COVID-19 FUND

DRB-HICOM presented a cheque for RM1 million for the COVID-19 fund to Prime Minister YAB Tan Sri Muhyiddin Yassin in a simple ceremony in Putrajaya. The fund was established by the government on 11 March 2020 to assist those affected by the pandemic.



30 March

DONATION OF PORTABLE VENTILATORS TO KEMENTERIAN KESIHATAN MALAYSIA

To give support in time of crisis, DRB-HICOM donated 30 portable ventilators to Kementerian Kesihatan Malaysia ("KKM"). Head of Group Strategic Communications, Mahmood Razak handed over the contribution to the then Chief Secretary of KKM, Dato' Seri Dr Chen Chaw Min at a simple ceremony at the ministry's office. All the ventilators were delivered to 30 hospitals in 13 states (Perlis, Kedah, Penang, Perak, Selangor, Negeri Sembilan, Melaka, Johor, Pahang, Terengganu, Kelantan, Sabah and Sarawak).

In addition, DRB-HICOM distributed packed food to media frontliners to thank them for their contributions and sacrifices during the pandemic.

20 May

FOOD FOR CHARITY HOMES

Sahabat DRB-HICOM volunteers brought the joy of Ramadhan to over 90 children at three orphanages around Selangor by delivering KFC meals for iftar.



29 June

AIDILFITRI WITH ASNAF FAMILIES

In conjunction with the Hari Raya Aidilfitri celebration, DRB-HICOM provided daily necessities worth RM150 each to 40 families from kariah Masjid As-Salam Taman Puchong Perdana.



27 July

DRB-HICOM 30th ANNUAL GENERAL MEETING

DRB-HICOM's held its first-ever virtual Annual General Meeting which was broadcast from its head office at Wisma DRB-HICOM. Approximately 400 shareholders and proxies joined in the meeting.



CALENDAR OF EVENTS 2020



14 September

MALAYSIA PRIHATIN MERDEKA GATHERING

In celebration of National Day and Malaysia Day, a SOP-compliant gathering was held at Wisma DRB-HICOM with the objective of creating a spirit of unity amongst the staff. The programme was officiated by Group Managing Director, Dato' Sri Syed Faisal Albar.

15 September

PROTON'S NEW SUV PRODUCT REVIEW AND PRODUCTION ROLL-OUT

A media preview session of PROTON's latest SUV, the X50, and official production roll-out was held at PROTON Tanjung Malim graced by YB Dato' Shahrul Zaman, Chairman of Perak Industries, Investment and Corridor Development.



3 October

TAN SRI MUHYIDDIN CHARITY GOLF - FOUNDER'S CUP 2020

DRB-HICOM took the opportunity to participate in Tan Sri Muhyiddin Charity Golf Foundation's initiative to help the underprivileged by providing scholarships and developing young golf talents.

CALENDAR OF EVENTS 2020

27 October

LAUNCH OF PROTON X50

The launch of PROTON's second SUV, the X50 was held virtually at PROTON's Centre of Excellence Complex in Shah Alam. The launch was broadcast live on their official social media channels, garnering a total of total of 335,906 viewers.



1 November

EON REVEALS NEW LOGO AND ANNOUNCES 9 PROTON DEALERSHIPS

Edaran Otomobil Nasional Berhad ("EON") launched a new logo, marking the inclusion of PROTON to their stable. EON now operates nine PROTON dealerships, having taken over the outlets from PROTON Edar Sdn. Bhd.



11, 12 & 13 November

DRB-HICOM BRINGS DEEPAVALI CHEER TO FAMILIES IN PPR

Once again, DRB-HICOM teamed up with Kechara Soup Kitchen to deliver daily essentials to 50 families in the Klang Valley. Due to the tight COVID-19 SOPs, DRB-HICOM volunteers assisted Kechara Soup Kitchen in preparing and distributing groceries to the families. This programme was done to ensure that all families had enough food and essentials to celebrate the festival.



CALENDAR OF EVENTS 2020



Various Dates in December

BACK TO SCHOOL

A total of 922 children received back-to-school assistance in the form of cash aid and school equipments for the 2021 school year. DRB-HICOM continued with this initiative to include HHB staff with a combined household income of RM5,000.00 and below, and families with children aged between 7 to 17 years old.

DRB-HICOM also extended the programme to selected school children in Melaka as well as eligible employees at Composite Research Technology Malaysia Sdn. Bhd. ("CTRM"), Batu Berendam, a subsidiary of DRB-HICOM.

Various Dates in December

COVID-19 AID TO SCHOOLS IN SELANGOR

Primary and secondary school children from 20 rural schools in Selangor each received a stand thermometer, face masks and sanitiser from DRB-HICOM to promote good hygiene practices during this pandemic. This initiative was carried out in support of the Government's efforts to control the COVID-19 outbreak.



Various Dates in December

MAJLIS ANUGERAH PELAJAR CEMERLANG 2019

For the 2019 exams, 288 children of Warga DRB-HICOM received their awards for achieving stellar results in the PT3, SPM and STPM examinations. In adherence to the COVID-19 SOPs, the presentation ceremony was called off and their rewards were made via bank transfer instead.



*File picture of Majlis Anugerah Pelajar Cemerlang 2018

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FINANCIAL CALENDAR

For the Financial Year ended 31 December 2020

ANNOUNCEMENT DATES

OF UNAUDITED CONSOLIDATED RESULTS

1st QUARTER : **25 JUNE**
ENDED 31 MARCH 2020 : 2020

2nd QUARTER : **28 AUGUST**
ENDED 30 JUNE 2020 : 2020

3rd QUARTER : **26 NOVEMBER**
ENDED 30 SEPTEMBER 2020 : 2020

4th QUARTER : **24 FEBRUARY**
ENDED 31 DECEMBER 2020 : 2021

DIVIDEND

FIRST AND FINAL DIVIDEND OF 2.0 SEN PER SHARE

NOTICE : ENTITLEMENT : PAYMENT
30 APRIL 2021 : **30 JUNE 2021** : **23 JULY 2021**

31st ANNUAL GENERAL MEETING

NOTICE : MEETING
30 APRIL 2021 : **23 JUNE 2021**

CORPORATE INFORMATION

As at 8 April 2021

BOARD OF DIRECTORS

| | Name | Designation |
|---|--|--|
| 1 | Tan Sri Wan Zulkiflee Wan Ariffin | Chairman Independent Non-Executive Director |
| 2 | Dato' Sri Syed Faisal Albar Syed A.R Albar | Group Managing Director |
| 3 | Datuk Ooi Teik Huat | Senior Independent Non-Executive Director |
| 4 | Dato' Ibrahim Taib | Independent Non-Executive Director |
| 5 | Datuk Idris Abdullah @ Das Murthy | Independent Non-Executive Director |
| 6 | Sharifah Sofia Syed Mokhtar Shah | Non-Independent Non-Executive Director |

BOARD AUDIT COMMITTEE

Chairman

Datuk Ooi Teik Huat

Members

Dato' Ibrahim Taib

Datuk Idris Abdullah @ Das Murthy

COMPANY SECRETARY

Sabarina Laila Mohd Hashim (LS0004324)

Tel : +603 2052 7695

Fax : +603 2052 7696

E-mail : sabarina@drb-hicom.com

INTERNAL AUDIT

Abdul Jamil Johari

Head, Group Internal Audit

Tel : +603 2052 8962

Fax : +603 2052 8959

E-mail : jamil@drb-hicom.com

AUDITORS

Ernst & Young PLT

202006000003 (LLP0022760-LCA & AF0039)

Chartered Accountants

Level 23A, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

50490 Kuala Lumpur

Malaysia

Tel : +603 7495 8000

Fax : +603 2095 5332

STOCK EXCHANGE LISTING

Listed on Main Market of

Bursa Malaysia Securities Berhad

Listing Date : 4 September 1992

Stock Name : DRBHC0M

Stock Code : 1619

BOARD NOMINATION AND REMUNERATION COMMITTEE

Chairman

Tan Sri Wan Zulkiflee Wan Ariffin

Members

Datuk Ooi Teik Huat

Datuk Idris Abdullah @ Das Murthy

REGISTERED OFFICE

Level 5, Wisma DRB-HICOM

No. 2, Jalan Usahawan U1/8

Seksyen U1

40150 Shah Alam

Selangor Darul Ehsan

Malaysia

Tel : +603 2052 8000

Fax : +603 2052 8099

INVESTOR RELATIONS

Norli Dollah

Senior Manager, Investor Relations

Tel : +603 2052 8194

Fax : +603 2052 8228

E-mail : invest@drb-hicom.com

PRINCIPAL BANKERS

Bank Muamalat Malaysia Berhad

Malayan Banking Berhad

RHB Bank Berhad

AmBank (M) Berhad

CIMB Bank Berhad

AGM HELPDESK

Tel : +603 2052 8935

BOARD RISK AND SUSTAINABILITY COMMITTEE

Chairman

Datuk Idris Abdullah @ Das Murthy

Members

Datuk Ooi Teik Huat

Dato' Ibrahim Taib

COMPANY WEBSITE

www.drb-hicom.com

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.

Registration No: 199601006647

(378993-D)

11th Floor, Menara Symphony

No. 5, Jalan Professor Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan

Malaysia

Tel : +603 7890 4700

Fax : +603 7890 4670

E-mail : [BSR.Helpdesk@](mailto:BSR.Helpdesk@boardroomlimited.com)

boardroomlimited.com

PRINCIPAL SOLICITORS

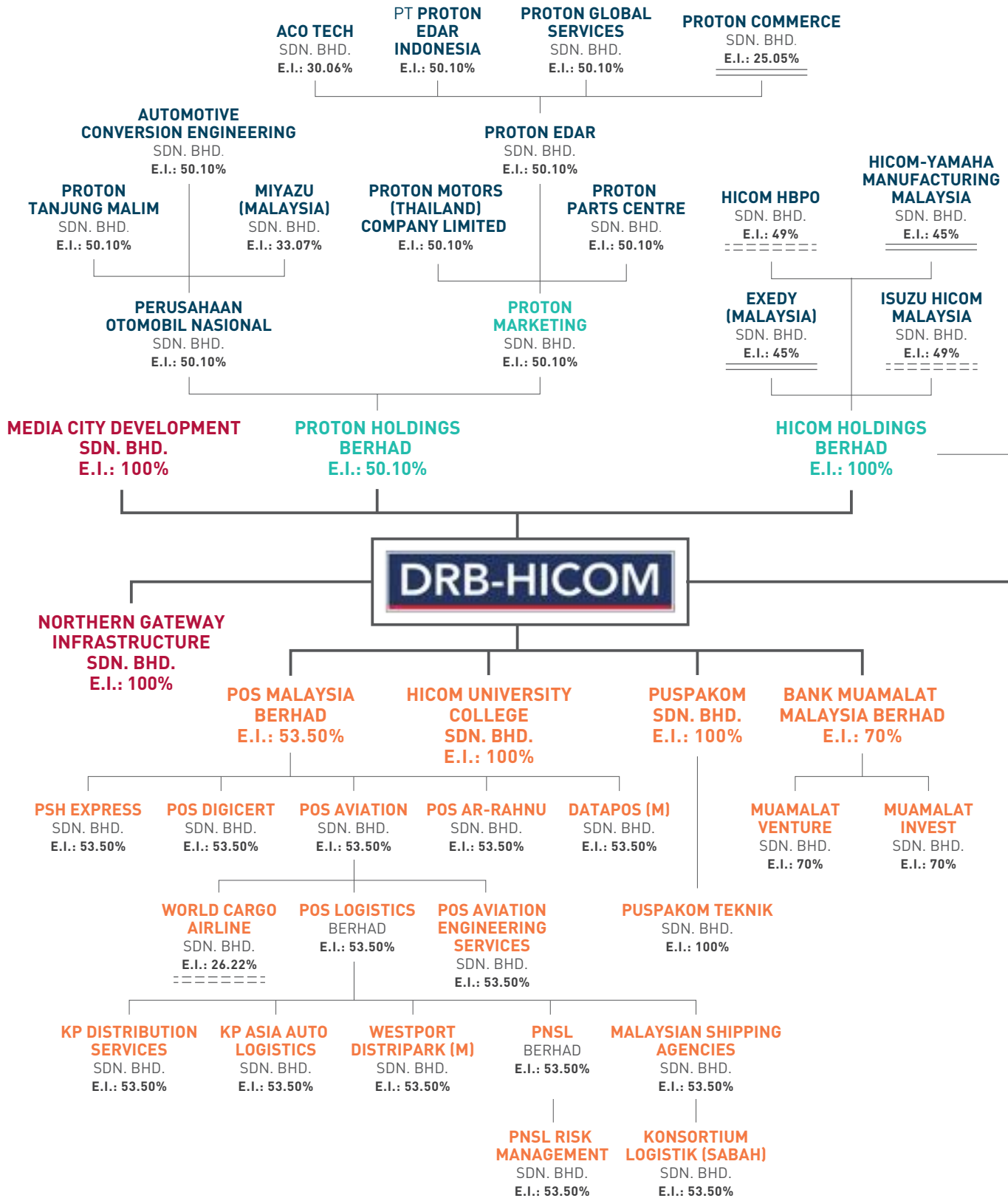
Hisham, Sobri & Kadir

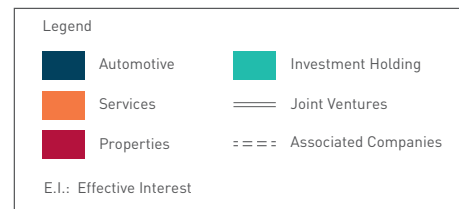
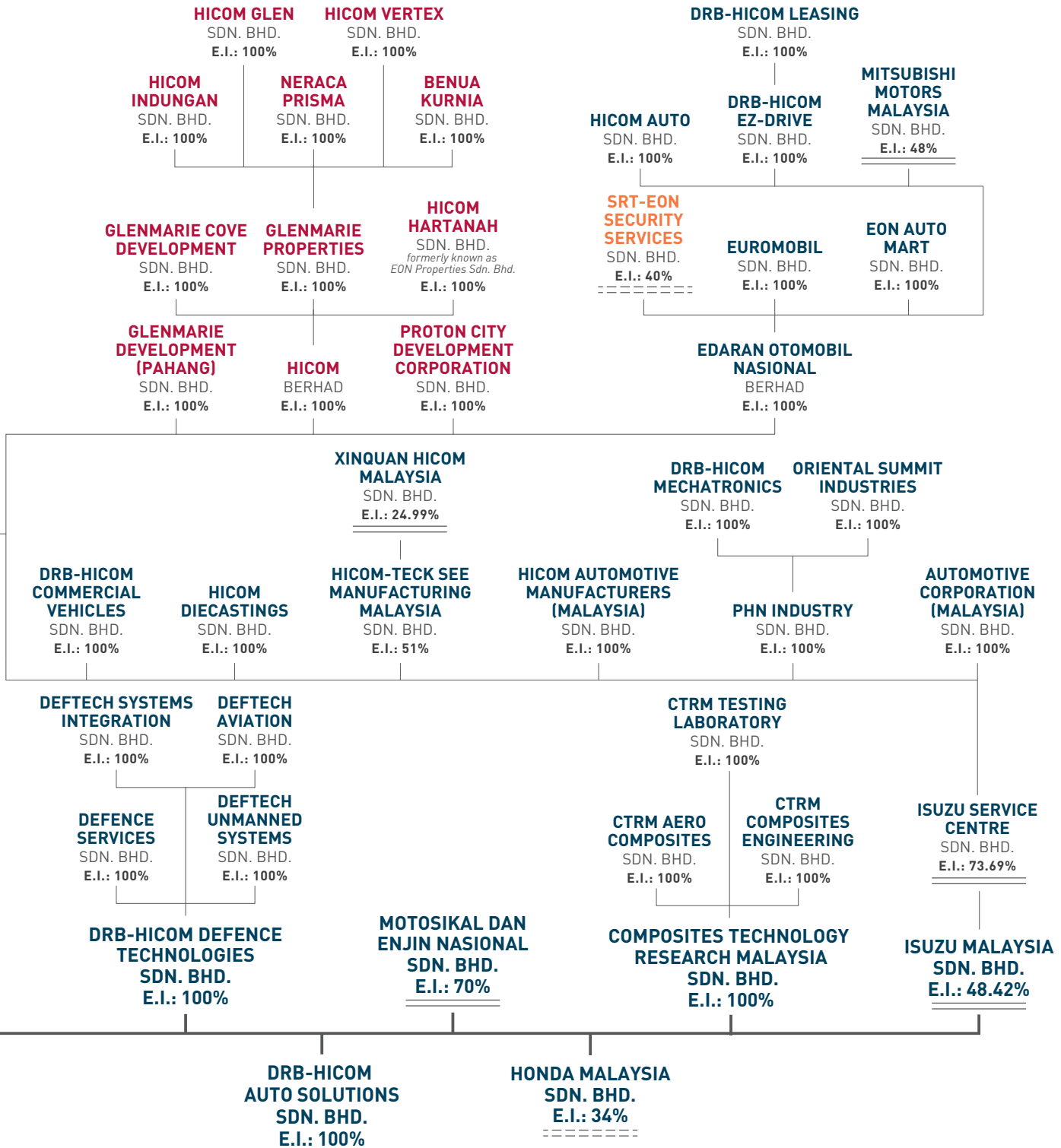
Lee Hishammuddin Allen & Gledhill

Kadir Andri & Partners

GROUP CORPORATE STRUCTURE

Operating Companies as at 31 December 2020





HIGHLIGHTS
CORPORATE DISCLOSURE
PERFORMANCE REVIEW
LEADERSHIP
ACCOUNTABILITY
PERSPECTIVE
FINANCIAL STATEMENTS
RELATED INFORMATION

INVESTOR RELATIONS

FY2020 witnessed an unprecedented turn of events on the domestic and global front as the on-going COVID-19 pandemic heightened risks and uncertainties across the globe. The imposition of numerous variations of the Movement Control Order ("MCO") throughout the year, led to the unexpected shutdown of all non-essential businesses, which impacted the Group's operations. Notwithstanding the current challenging business landscape, DRB-HICOM remains fully committed in delivering long term shareholder value through various strategic initiatives across the business spectrum.

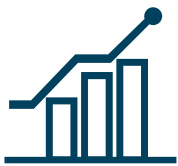
KEY HIGHLIGHTS FY2020



Market Capitalisation
RM4.02 billion
Share price as at 31 Dec 2020 : RM2.08



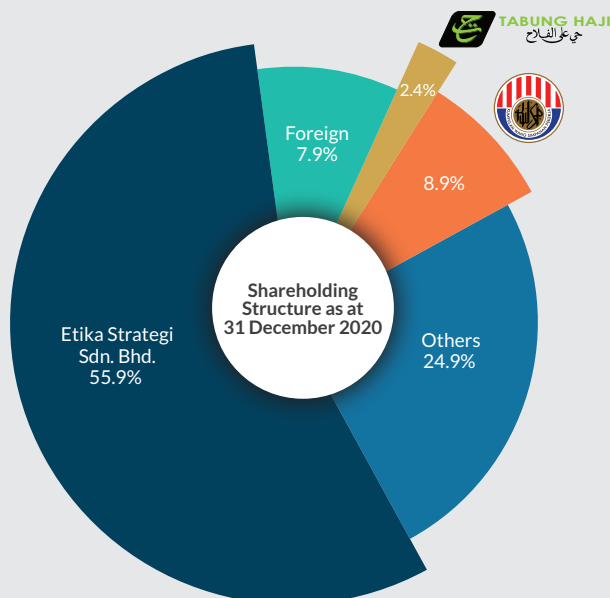
**Institutional & Private/
Retail Shareholders**
40,513



Highest Share Price
RM2.42



No. of shares traded
0.9 billion



SHAREHOLDER BASE

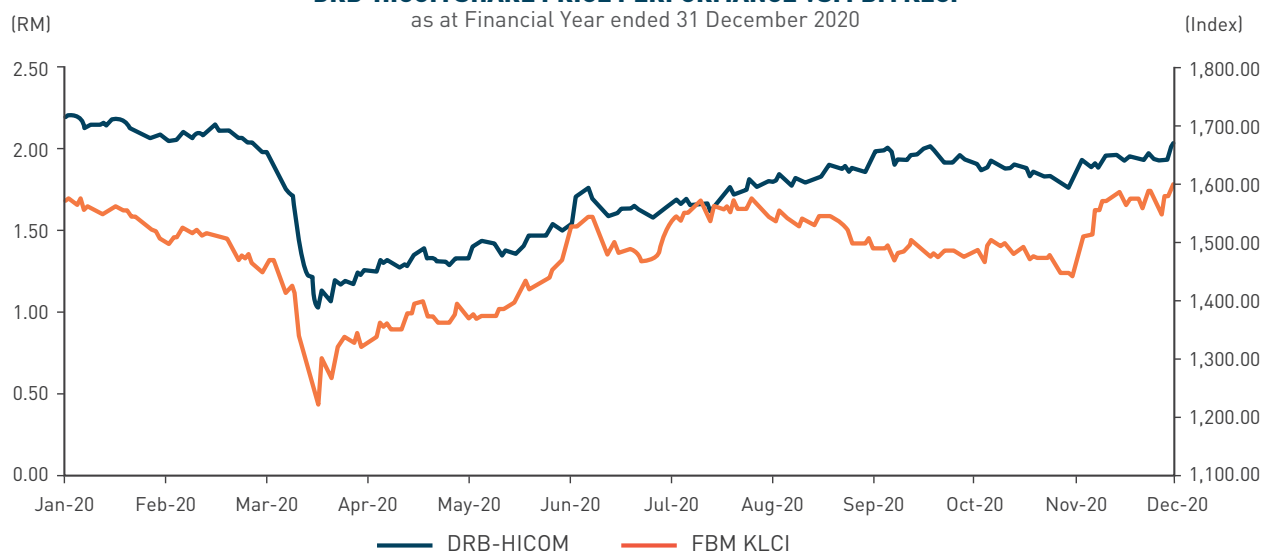
DRB-HICOM's diverse shareholder base comprises of government agencies, corporate, institutional and private/retail shareholders. The Group had a total of 40,513 shareholders as at 31 December 2020. Etika Strategi Sdn. Bhd. and Employees Provident Fund remained DRB-HICOM's substantial shareholders with 55.9% and 8.9% interest respectively, while foreign shareholding stood at 7.9%.

SHARE PERFORMANCE

The COVID-19 pandemic had severely affected global markets with a sharp fall seen in mid-March 2020. FBM KLCI plunged to a record low of 1,207.80 points before climbing back to 1,627.21 at the end of 2020. DRB-HICOM's share price was not spared too and hit an all-time low of RM0.98 before picking up its pace towards the second half of the year. The Group's share price closed at RM2.08 on the last day of trading in 2020. Various economic stimulus packages were introduced by the Government to spur domestic economic growth as global economic outlook remain uncertain. The announcement on the extension of the sales tax holiday for passenger cars until 30 June 2021 is expected to boost the overall Automotive sector and revive consumer interest.

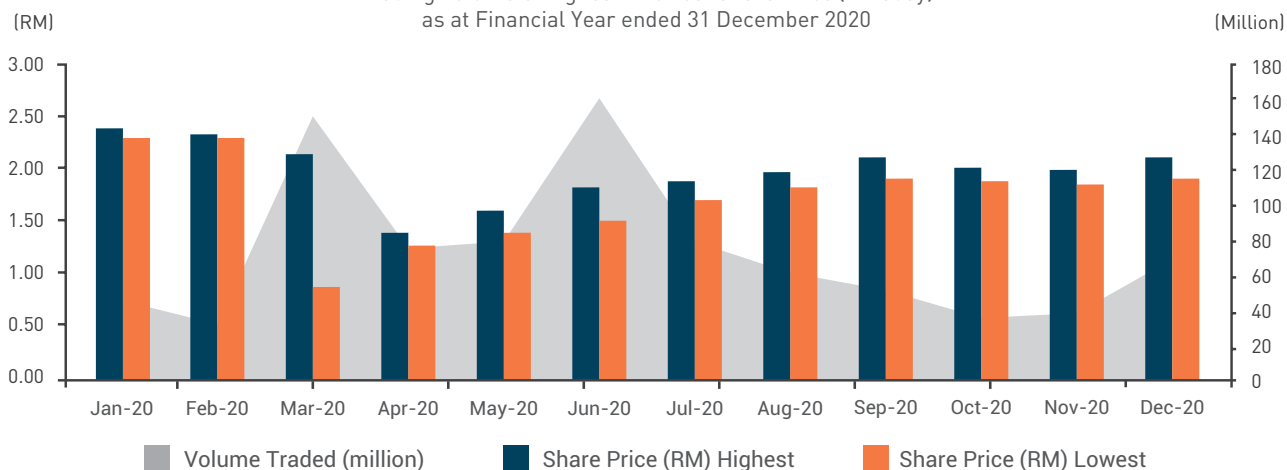
DRB-HICOM SHARE PRICE PERFORMANCE VS. FBM KLCI

as at Financial Year ended 31 December 2020



SHARE PRICE & VOLUME TRADED

Trading Volume & Highest - Lowest Share Price (Intraday)
as at Financial Year ended 31 December 2020



| Share Price FY2020 | Jan | Feb | March | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|--------------------|------|------|-------|------|------|-------|------|------|------|------|------|------|
| Highest (RM) | 2.42 | 2.37 | 2.21 | 1.53 | 1.67 | 2.02 | 1.99 | 2.11 | 2.20 | 2.09 | 2.10 | 2.25 |
| Lowest (RM) | 2.20 | 2.14 | 0.98 | 1.28 | 1.40 | 1.57 | 1.70 | 1.88 | 1.95 | 1.90 | 1.83 | 1.97 |
| Volume (Mil) | 45.9 | 36.0 | 147.6 | 78.4 | 80.8 | 152.4 | 77.0 | 57.1 | 51.3 | 35.9 | 36.9 | 82.9 |

INVESTOR RELATIONS

INVESTORS ENGAGEMENT

2020 marked a tumultuous year for businesses around the globe as COVID-19 forced businesses to adopt new approaches in tackling unexpected crisis. Unlike previous years, most of the engagements were done virtually as companies adapted to the new normal while maintaining timely and accurate dissemination of information to the investing community.

Engagement with investors were regularly made through these channels:

QUARTERLY FINANCIAL RESULTS

25 June
2020
1Q FY2020

28 Aug
2020
2Q FY2020

26 Nov
2020
3Q FY2020

24 Feb
2021
4Q FY2020

ANNUAL GENERAL MEETING

22 Held virtually
at Boardroom 1, Wisma DRB-HICOM
July 2020

CREDIT RATING EXERCISE

Sukuk Wakalah Programme of up to **RM3.5** billion
Perpetual Sukuk Musharakah Programme ("Perpetual Sukuk") of up to **RM2.0** billion

ONE-ON-ONE MEETINGS / NON-DEAL ROADSHOWS / TELECONFERENCES, ETC

Throughout the Year

most of the meetings were conducted on-line via Microsoft Teams, an official platform for DRB-HICOM

CREDIT RATING REVIEW

The Group actively engages with the Malaysian Rating Corporation Berhad ("MARC"), the credit rating agency that provides independent assessment of the Group's credit metrics and financial standing.

MARC has affirmed its rating of **A+is** and **A-is** in relation to the Sukuk Wakalah Programme of up to RM3.5 billion and on the existing Perpetual Sukuk Musharakah Programme of up to RM2.0 billion respectively (collectively referred as "Sukuk Programmes").

The ratings outlook on the existing Sukuk Programmes however, has been revised to stable from positive in view of the challenging outlook for the domestic automotive industry. The imposition of

the MCO at the end of March 2020 had dented consumer sentiment against a backdrop of weakening economic conditions due to the on-going COVID-19 pandemic. MARC expects that the Group will be able to weather the fallout from the pandemic in the near term, with a potential rating upgrade should the Group regain momentum and maintain its credit profile.

On the same note, the affirmed rating is underpinned by the view that the Group is in a better position to withstand the impact from the COVID-19 pandemic based on its fairly diverse business segments and healthy liquidity position with a moderate leverage position which provides some headroom for borrowings, if necessary.

INVESTOR RELATIONS

ANALYST COVERAGE AND RECOMMENDATION

DRB-HICOM is currently being covered by seven research houses. Following each disclosure to Bursa Malaysia, the respective research houses would report on the Group's performance and outlook with their Recommendations and Target Prices. Based on the FY2020 financial results, analysts' recommendations and target prices for the Group's shares are as below:

| No | Research House | Target Price (RM) | Recommendation |
|----|-----------------------|-------------------|----------------|
| 1. | Hong Leong Investment | 2.77 | Buy |
| 2. | AmInvestment | 2.55 | Buy |
| 3. | Kenanga Investment | 2.50 | Outperform |
| 4. | CIMB Research | 2.36 | Buy |
| 5. | Citi Research | 2.25 | Buy |
| 6. | Public Investment | 2.20 | Outperform |
| 7. | RHB Research | 2.01 | Buy |

RETURN TO SHAREHOLDERS

It is important for us to reward shareholders with a stable dividend payout that can sustainably grow over time.

We reiterate our dividend commitment through the dividend policy statement as approved by the Board of Directors as follows:

DIVIDEND POLICY

It is the Group's intention to create value for shareholders through a sustainable dividend policy. In line with this, the Board acknowledges the importance of rewarding shareholders with a stable dividend payout and to sustainably grow dividend over time.

The dividend payout target will be between **20% and 30% of the operational net profit**. However, in determining the annual dividend level, the Board will take into consideration the availability of cash, retained earnings, operating cash flow requirements, business prospect, future capital expenditure, investment plan and financing requirements. The Board will ensure good balance sheet management with gearing kept at manageable levels.

CAPITAL MARKET FEEDBACK



Our corporate website at www.drb-hicom.com carries all our financial results, announcements and disclosures per Bursa Malaysia requirements. Additionally, annual reports, press releases, corporate and financial information are also made accessible on the website. This effort is to ensure continuity in providing strategic business and performance updates.



DRB-HICOM is highly aware of the importance of feedback from the investment community. Any queries, constructive feedback and ideas can be directed to the IR Department at invest@drb-hicom.com.

**“AS WE WORK TO CREATE
LIGHT FOR OTHERS,
WE NATURALLY LIGHT
OUR OWN WAY”**

- MARY ANNE RADMACHER, WRITER, TRAINER, ARTIST





PERFORMANCE REVIEW

34 Group's 5-Year Financial Highlights

HIGHLIGHTS

CORPORATE
DISCLOSURE

**PERFORMANCE
REVIEW**

LEADERSHIP

ACCOUNTABILITY

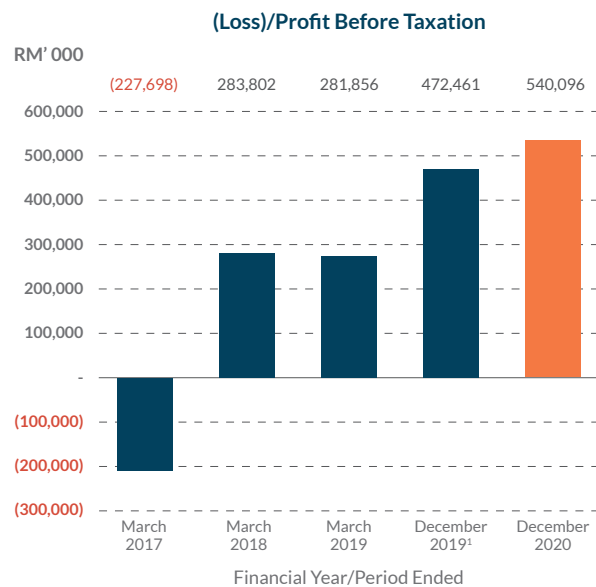
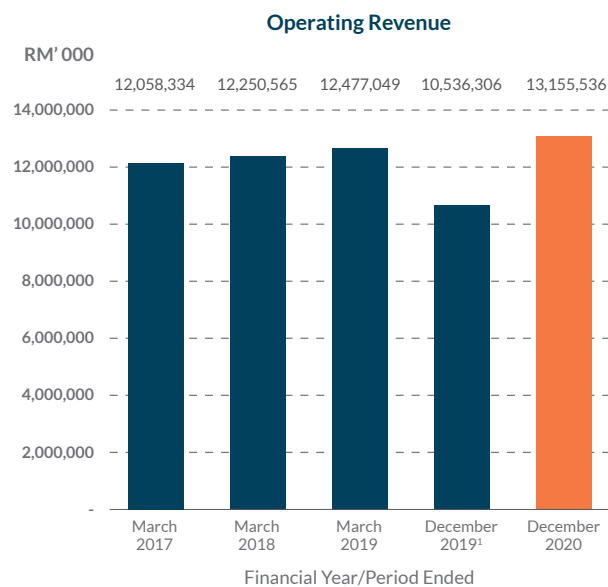
PERSPECTIVE

FINANCIAL
STATEMENTS

RELATED
INFORMATION

GROUP'S 5-YEAR FINANCIAL HIGHLIGHTS

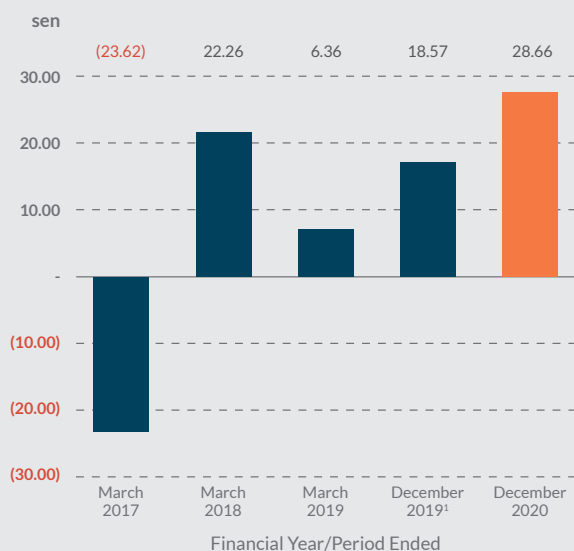
| | 2017 March RM'000 | 2018 March RM'000 | 2019 March RM'000 | 2019 ¹ December RM'000 | 2020 December RM'000 |
|--|-------------------------|-------------------------|-------------------------|---|----------------------------|
| 1. Operating Revenue | 12,058,334 | 12,250,565 | 12,477,049 | 10,536,306 | 13,155,536 |
| 2. (Loss)/Profit Before Taxation | (227,698) | 283,802 | 281,856 | 472,461 | 540,096 |
| 3. Basic and Diluted (Loss)/Earnings Per Share (sen) | (23.62) | 22.26 | 6.36 | 18.57 | 28.66 |
| 4. Dividend Per Share (sen) | 1.00 | 3.00 | 3.00 | 2.00 | 2.00 |
| 5. Total Assets | 43,657,608 | 42,730,441 | 42,676,826 | 41,675,403 | 45,596,190 |
| 6. Total Equity | 10,169,652 | 10,098,124 | 10,015,894 | 9,842,914 | 9,857,118 |
| 7. Net Assets Per Share ² (RM) | 3.11 | 3.42 | 3.47 | 3.62 | 3.92 |
| 8. Total Borrowings | 6,293,775 | 5,785,112 | 6,364,526 | 6,357,882 | 7,359,396 |
| 9. Gross Gearing Ratio (Times) | 0.62 | 0.57 | 0.64 | 0.65 | 0.75 |



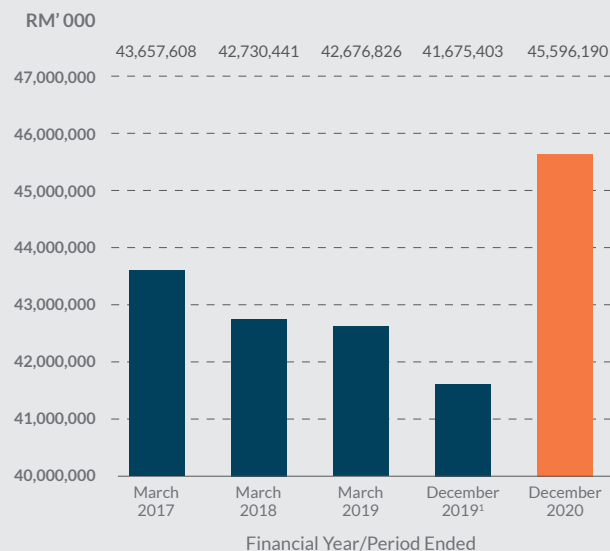
¹ Nine-month period from April to December 2019

² Based on 1,933,237,051 ordinary shares in issue

Basic and Diluted (Loss)/Earnings Per Share



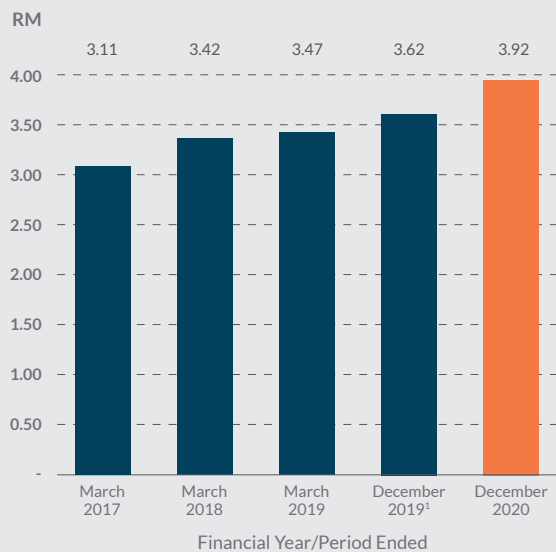
Total Assets



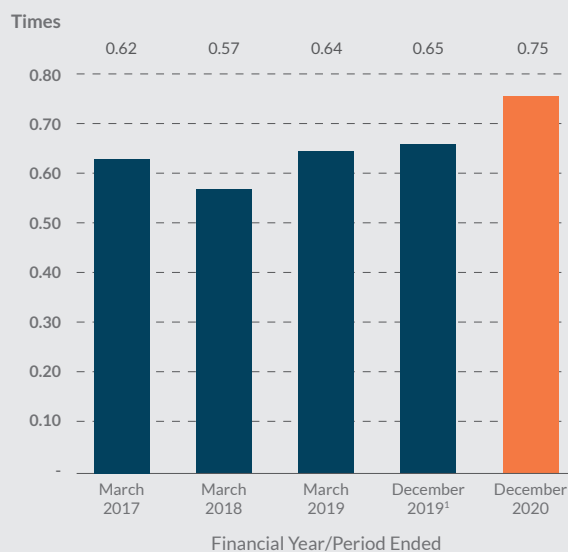
Total Equity



Net Assets Per Share



Gross Gearing Ratio

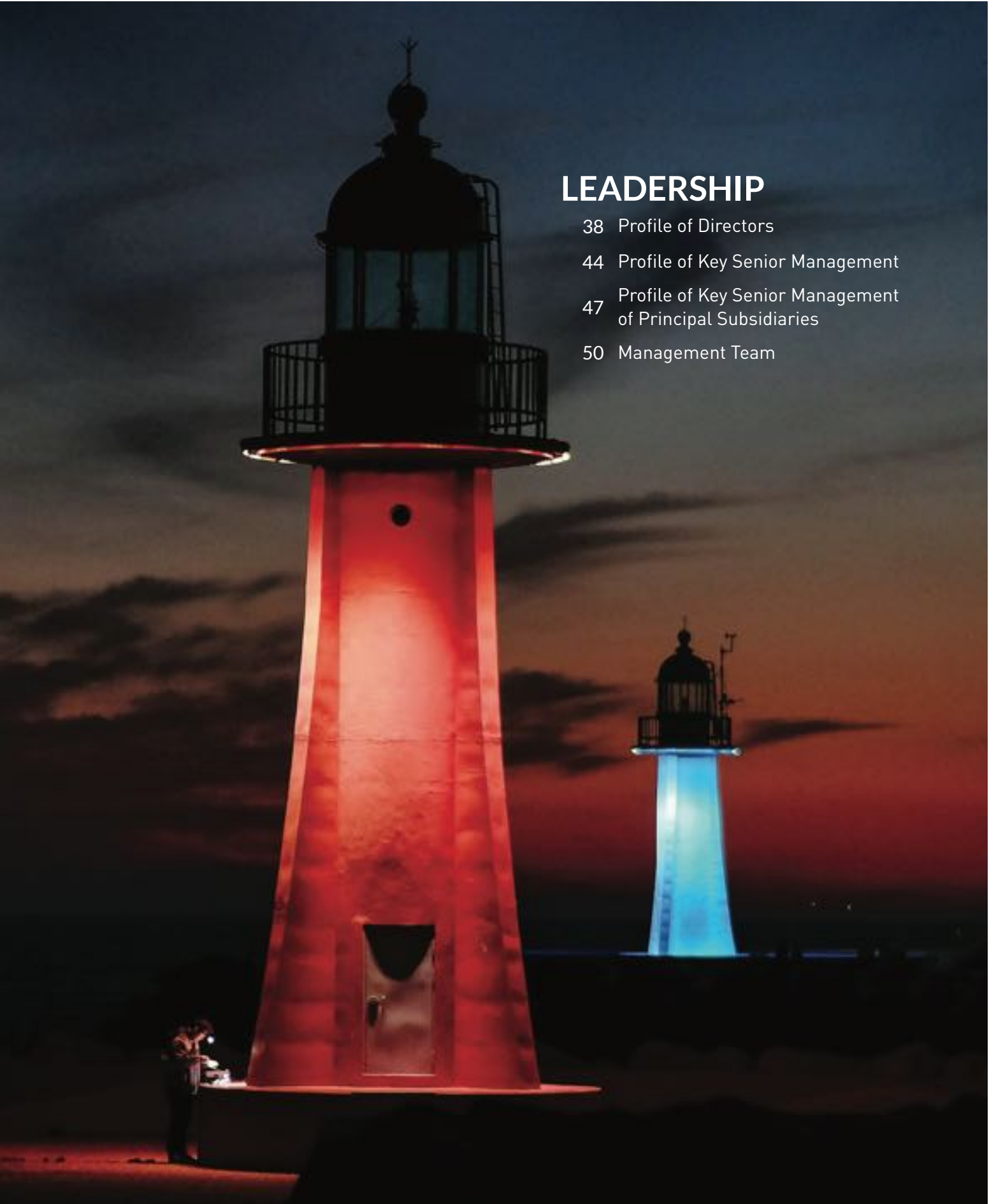


¹ Nine-month period from April to December 2019



“LIGHT ATTRACTS LIGHT”

- *WARSAN SHIRE, POET, TEACHER*



LEADERSHIP

- 38 Profile of Directors
- 44 Profile of Key Senior Management
- 47 Profile of Key Senior Management of Principal Subsidiaries
- 50 Management Team

PROFILE OF DIRECTORS



TAN SRI WAN ZULKIFLEE BIN WAN ARIFFIN

Chairman/Independent Non-Executive Director

Chairman of Board Nomination and Remuneration Committee

Date of Appointment

1 August 2020
(Director)

1 September 2020
(Chairman)

Nationality/Age/Gender
Malaysian/60 years/Male

Tan Sri Wan Zulkiflee bin Wan Ariffin ("Tan Sri Wan Zulkiflee") holds a Bachelor of Engineering Degree in Chemical Engineering from the University of Adelaide, South Australia and has attended the Advanced Management Programme at Harvard Business School. Additionally, he was awarded the Honorary Fellowship by the Institution of Chemical Engineers, United Kingdom.

Tan Sri Wan Zulkiflee started his career in Petroliaam Nasional Berhad ("PETRONAS") in 1983 with various executive positions and retired from the position of President & Group Chief Executive Officer of PETRONAS in June 2020, after a 37 year tenure at the national oil company. While there, he was appointed as Chairman of the National Trust Fund, which was set up in 1988 to ensure optimal use of Malaysia's natural resources while benefitting the nation and its future generations. Tan Sri Wan Zulkiflee was also appointed as council member at the East Coast Economic Region Development Council and the Northern Corridor Implementation Authority.

He was also a member of the World Economic Forum's ("WEF") Stewardship Board of System Initiative on Shaping the Future of Energy, and also a member of WEF's Oil & Gas Governors Forum.

In education, Tan Sri Wan Zulkiflee held the role of Pro Chancellor of Universiti Teknologi Petronas and sits on the Board of Trustees at the Razak School of Government, dedicated to the development of public sector leadership. He is an Adjunct Professor and Industry Advisory Board Member at the Kulliyah of Economics and Management Sciences and is also on the Board of Governors of the International Islamic University of Malaysia.

Tan Sri Wan Zulkiflee is currently the Chairman of Malaysia Aviation Group Berhad and Malaysia Airlines Berhad and a Director of Exxon Mobil Corporation, a Texas-based oil and gas company.

Tan Sri Wan Zulkiflee does not have any family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.

Since Tan Sri Wan Zulkiflee was appointed to the Board on 1 August 2020, he attended four out of seven Board meetings of the Company held during the financial year ended 31 December 2020.



DATO' SRI SYED FAISAL ALBAR BIN SYED A.R ALBAR

Group Managing Director

Date of Appointment
4 January 2016
(Group Chief Executive Officer)

1 March 2016
(Group Managing Director)

Date of Last Re-election
30 August 2018

Nationality/Age/Gender
Malaysian/55 years/Male

Dato' Sri Syed Faisal Albar bin Syed A.R Albar ("Syed Faisal") is a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and American Institute of Certified Public Accountants ("AICPA"). He holds a Bachelor of Arts (Accountancy) Degree from Barat College of DePaul University, Lake Forest, United States of America ("USA") and AICPA Professional Certification from University of Illinois, Urbana Champaign, USA. He was also a Council Member of MICPA from 2010 to 2013.

Prior to joining DRB-HICOM Berhad, he was the Chief Executive Officer ("CEO") of Malakoff Corporation Berhad from 1 July 2014 to December 2015. He was appointed as CEO of Gas Malaysia Berhad ("Gas Malaysia") from January 2014 to June 2014 and also an Executive Director of Pos Logistics Berhad ("Pos Logistics") for a short span of time assisting Ekuiti Nasional Berhad, the majority owner of Pos Logistics, in its disposal of that business.

From 2011 to 2014, Syed Faisal served on various boards in a non-executive capacity. He was on the Board of Malaysia Airports Holdings Berhad as a nominee Director for Khazanah Nasional Berhad ("Khazanah") and was also a Director of Hong Leong Bank Berhad. Within this period, he also sat on the Board of Kwasa Land Sdn. Bhd., a wholly-owned subsidiary of

Employees Provident Fund, that was tasked to develop a township on the parcel of land previously owned by Rubber Research Institute in Sungai Buloh, Selangor. As part of his effort to contribute to society, Syed Faisal served on the Board of Yayasan Kelana Ehsan, a public trust entity that provides funds for charitable activities with the intention to improve the livelihood of the residents in the State of Selangor.

Syed Faisal's career spans across various executive positions. Apart from GMB and Pos Logistics, from 2008 to 2011, he was the Group Managing Director of Pos Malaysia Berhad ("Pos Malaysia"), which was a Government Linked Company by virtue of the 32% shareholding held by Khazanah then. During his time at Pos Malaysia, he was also the Chairman of ASEAN Postal Business Union where postal organisations of each of the ASEAN countries are members. Prior to his stint at Pos Malaysia, Syed Faisal was appointed in 2003 as CEO of The New Straits Times Press (Malaysia) Berhad ("NSTP"), a position which he held until 2008. He started his career by spending almost a decade with Price Waterhouse Kuala Lumpur since 1991. He had also served Price Waterhouse, San Francisco, California in 1995 before returning to Kuala Lumpur in 1997 and subsequently joined NSTP in May 2000 as its Chief Financial Officer.

His current directorships in other public companies within the DRB-HICOM Berhad Group include being the Chairman of Pos Malaysia, PROTON Holdings Berhad and Edaran Otomobil Nasional Berhad as well as Director of HICOM Holdings Berhad, HICOM Berhad and various other private limited companies.

Syed Faisal does not have any family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.

Syed Faisal attended all seven Board meetings of the Company held during the financial year ended 31 December 2020.

PROFILE OF DIRECTORS



DATUK IDRIS BIN ABDULLAH @ DAS MURTHY

Independent Non-Executive Director

Chairman of Board Risk and Sustainability Committee

Member of Board Audit Committee

Member of Board Nomination and Remuneration Committee

| | |
|--|--|
| Date of Appointment 1 January 2017 | Datuk Idris bin Abdullah @ Das Murthy ("Idris") holds a Bachelor of Laws LLB. (Honours) Degree from the University of Malaya. |
| Date of Last Re-election 12 September 2019 | He started his career in 1981 in Sibu, Sarawak and was admitted to the Roll of Advocates of the High Court of Malaysia in Sabah and Sarawak in 1982. |
| Nationality/Age/Gender Malaysian/64 years/Male | <p>He is a partner in a legal firm in Kuching, Sarawak. Idris was appointed as a Commission Member of the Companies Commission of Malaysia from 2007 to 2014. He was also a Commission Member of the Malaysian Communications and Multimedia Commission from 2008 to 2010 and 2011 to 2015.</p> <p>He was also a Board Member of Bank Pembangunan Malaysia Berhad (Malaysia Development Bank) from 2010 to 2014.</p> <p>He is currently a Board Member of Malakoff Corporation Berhad, Pos Malaysia Berhad and NCB Holdings Berhad. He is a member of the Investment Panel of Perkeso and a board member of Malaysian Bioeconomy Development Corporation Sdn Bhd.</p> <p>Idris does not have any family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.</p> <p>Idris attended all seven Board meetings of the Company held during the financial year ended 31 December 2020.</p> |

PROFILE OF DIRECTORS



DATUK OOI TEIK HUAT

Senior Independent Non-Executive Director

Chairman of Board Audit Committee

Member of Board Nomination and Remuneration Committee

Member of Board Risk and Sustainability Committee

Date of Appointment
1 November 2008
(Independent Non-Executive Director)

Datuk Ooi Teik Huat (“Ooi”) is a member of the Malaysian Institute of Accountants and CPA Australia. He holds a Bachelor of Economics Degree from Monash University, Australia.

1 January 2017
(Senior Independent Non-Executive Director)

He started his career with Messrs Hew & Co, Chartered Accountants, before joining Malaysian International Merchant Bankers Berhad. He subsequently joined Pengkalen Securities Sdn. Bhd. as Head of Corporate Finance, before leaving to set up Meridian Solutions Sdn. Bhd. where he is presently a Director.

Date of Last Re-election
12 September 2019

He sits on the Boards of several public listed companies namely; Gas Malaysia Berhad, Malakoff Corporation Berhad, MMC Corporation Berhad and Zelan Berhad. He also sits on the Boards of Tradewinds (M) Berhad, Johor Port Berhad and various other private limited companies.

Nationality/Age/Gender
Malaysian/61 years/Male

Ooi does not have any family relationships with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.

Ooi attended all seven Board meetings of the Company held during the financial year ended 31 December 2020.

PROFILE OF DIRECTORS



DATO' IBRAHIM BIN TAIB

Independent Non-Executive Director

Member of Board Audit Committee

Member of Board Risk and Sustainability Committee

Date of Appointment

18 March 2004

(Non-Independent Non-Executive Director)

30 May 2017

(Independent Non-Executive Director)

Date of Last Re-election

12 September 2019

Nationality/Age/Gender

Malaysian/66 years/Male

Dato' Ibrahim bin Taib ("Ibrahim") holds a Bachelor of Laws LLB. (Honours) Degree from the University of Malaya and a Master of Laws from the University of London.

He started his career in the judicial service in 1978 as a Magistrate in the Magistrate Court, Jalan Duta, Kuala Lumpur and subsequently in Segamat, Johor. In 1982, he became a Legal Advisor with the Road Transport Department and continued in the same role in the Ministry of Human Resources in 1986.

In October 1989, he was attached to the Attorney-General Chambers as a Deputy Public Prosecutor for Selangor. In 1992, he served as a Judge in the Sessions Court, Kota Bharu before he was posted to the Employees Provident Fund ("EPF") in July 1992. He retired as the Deputy Chief Executive Officer (Operations) of EPF on 4 October 2014 and remained as a nominee Director of EPF in DRB-HICOM Berhad until 26 May 2017 and was re-designated as independent non-executive director of the Company on 30 May 2017. He is currently a Board Member of Bank Muamalat Malaysia Berhad.

Ibrahim does not have any family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.

Ibrahim attended all seven Board meetings of the Company held during the financial year ended 31 December 2020.

PROFILE OF DIRECTORS



SHARIFAH SOFIA BINTI SYED MOKHTAR SHAH

Non-Independent Non-Executive Director

Date of Appointment
13 April 2018

Date of Last Re-election
22 July 2020

Nationality/Age/Gender
Malaysian/27 years/Female

Sharifah Sofia binti Syed Mokhtar Shah (“Sharifah Sofia”) graduated with a Bachelor of Science in Economics from the University of York, United Kingdom (“UK”) and obtained a Master of Science in Development Management from the London School of Economics and Political Science (“LSE”), UK.

Sharifah Sofia started her career as a summer analyst in the investment banking division of Morgan Stanley, Singapore in June 2014, where she gained a sound understanding of the economic climate and political situation of the region.

She was an External Consultant to the Bill and Melinda Gates Foundation from October 2015 to May 2016, working closely with the Ethiopian country team, where she and her team produced an integrated index to measure women’s empowerment and a set of realistic recommendations unique to the Ethiopian context. Sharifah Sofia joined Pos Malaysia Berhad (“Pos Malaysia”) as Special Officer to the Group Chief Executive Officer (“GCEO”) from January to October 2017.

In Pos Malaysia, shadowing the GCEO, she completed a rotational placement within the organisation where she learned the operations and achieved a greater understanding of the postal and courier, logistics and aviation industries. She was attached to the Ecommerce team and separately, had spearheaded and led a small team of individuals from different departments to foster the spirit of innovation based on root cause analysis, covering the topics of operational excellence, automation, customer centricity, and so on.

Sharifah Sofia was on a stint with the Grameen Bank in Bangladesh, where she acquired a greater understanding of microfinance and the operation of social businesses, and was also a Congressional Intern in Washington DC, USA. She received the Gold Duke of Edinburgh award and subsequently in 2015, was accorded the York Award in recognition of her involvement in the student community at the University of York.

Sharifah Sofia is the daughter of Tan Sri Dato’ Seri Syed Mokhtar Shah Syed Nor, the major shareholder of the Company. She does not have any family relationships with any Director of the Company. She has had no conviction for any offence within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.

She is currently a Board Member of MMC Corporation Berhad, Pos Malaysia Berhad and various other private limited companies.

Sharifah Sofia attended all seven Board meetings of the Company held during the financial year ended 31 December 2020.

PROFILE OF KEY SENIOR MANAGEMENT



SHAHARUL FAREZ BIN HASSAN

Chief Operating Officer, Properties, Concession and Corporate Planning & Strategy

Shaharul Farez bin Hassan ("Farez"), a Malaysian male, aged 51, was appointed as Chief Operating Officer for Properties, Corporate Planning & Strategy on 15 July 2016. He is currently the Chief Operating Officer, Properties, Concession and Corporate Planning & Strategy.

He holds a Master in Business Administration from Massachusetts Institute of Technology, United States of America and a Bachelor of Science in Economics and Accounting (Honors) from University of Bristol, United Kingdom.

At Malakoff Corporation Berhad, Farez served as Executive Vice President, Corporate, for almost a year beginning August 2015. Prior to that, he was Group Chief Executive Officer of Tradewinds Corporation Berhad, a property development, leisure and hospitality outfit, from 2008 to July 2015.

Farez sits on the Boards of HICOM Holdings Berhad, Glenmarie Properties Sdn. Bhd., Media City Development Sdn. Bhd., Northern Gateway Infrastructure Sdn. Bhd. and several private limited companies within the DRB-HICOM Group. He does not hold directorships in any listed company.

Farez does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.



DATO' JEZILEE BIN MOHAMAD RAMLI

Chief Operating Officer, Corporate Services

Dato' Jezilee bin Mohamad Ramli ("Jezilee"), a Malaysian male, aged 57, was appointed as Chief Operating Officer for Corporate Services on 25 June 2018. He currently holds the designation of Chief Operating Officer of Corporate Services.

He holds a Degree in Bachelor of Science in Business (Major in Accounting) from Emporia State University, Kansas, United States of America ("USA") and completed his professional accountancy examination at the University of Missouri, Kansas City, Missouri, USA. He is a member of the American Institute of Certified Public Accountants ("AICPA") and the Malaysian Institute of Certified Public Accountants ("MICPA").

He was formerly the Chief Financial Officer ("CFO") of UEM Edgenta Berhad in 2014, Group Chief, Corporate Services of Pos Malaysia Berhad in 2009 and was the CFO of The New Straits Times Press (Malaysia) Berhad in 2003.

In DRB-HICOM, he oversees the Financial Services and Treasury Divisions, Corporate Management Division as well as the Operations Transformation Division.

Jezilee sits on the Boards of Pos Malaysia Berhad and several private limited companies within the DRB-HICOM Group.

Jezilee does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.



AMALANATHAN L. THOMAS
Group Director, Financial Services

Amalanathan Thomas (“Amalanathan”), a Malaysian male, aged 61, joined DRB-HICOM Berhad in 1983. He was appointed as Principal Officer of DRB-HICOM Berhad on 1 April 2016.

Amalanathan holds a Master of Business Administration from University of Malaya and earned Professional Qualification in Accounting and Taxation. He holds memberships in the Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia, Institute of Internal Auditors Malaysia, ASEAN Chartered Professional Accountant and Malaysian Institute of Management.

Currently, as Group Director of Financial Services, he oversees the Group’s Accounting, Reporting, Taxation and Risks & Sustainability. His experience spans over 25 years in the fields of finance, accounting and taxation.

Amalanathan sits on the Boards of PROTON Holdings Berhad, Composites Technology Research Malaysia Sdn. Bhd., Edaran Otomobil Nasional Berhad, Media City Ventures Sdn. Bhd., HICOM University College Sdn. Bhd., HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd. and several private limited companies within the DRB-HICOM Group. He does not hold directorships in any listed company.

Amalanathan does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.



AMINAH BINTI OTHMAN
Group Director, Group Treasury

Aminah binti Othman (“Aminah”), a Malaysian female, aged 53, joined DRB-HICOM Berhad in 1994 and was appointed as Group Director in January 2016. She is currently the Group Director of Group Treasury.

Aminah is a certified Chartered Accountant and obtained her professional accounting qualification as a member of the Association of Chartered Certified Accounts (“ACCA”) in the United Kingdom in 1990. She also earned Fellowships with reputable industry bodies such as the Malaysian Institute of Accountants (“MIA”) in 2001.

She has profound knowledge and extensive experience in the areas of Treasury, Corporate Finance, Debt and Equity Securities Markets, Trade Finance, Foreign Exchange and Risk Management. As Group Director, Treasury, she oversees treasury operations and funding matters of the Group. She also spearheads the Group Investor Relations Department.

She sits on the Boards of Honda Malaysia Sdn. Bhd., HICOM-Teck See Manufacturing Malaysia Sdn. Bhd., PHN Industry Sdn. Bhd., HICOM University College Sdn. Bhd., DRB-HICOM EZ-Drive Sdn. Bhd. and several private limited companies within the DRB-HICOM Group. She does not hold directorships in any listed company.

Aminah does not have family relationships with any Director and/or major shareholder of the company and has no conflict of interest with the Company. She has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.

PROFILE OF KEY SENIOR MANAGEMENT



SABARINA LAILA BINTI MOHD HASHIM

Company Secretary/Head, Company Secretarial & Legal Affairs

Sabarina Laila binti Mohd Hashim (“Sabarina”), a Malaysian female, aged 53, was appointed as the Company Secretary of DRB-HICOM Berhad on 4 December 2017. She is the Head of Company Secretarial & Legal Affairs Division and also the Company Secretary of DRB-HICOM’s Group of Companies.

She holds a Bachelor of Laws LLB. (Honours) Degree from the University of Malaya and was called to the Malaysian Bar as an advocate and solicitor in 1992. She pursued a postgraduate degree and obtained a Masters of Science in Corporate Governance from London South Bank University, United Kingdom in 2010.

She was formerly the General Manager, Secretarial & Legal Services Division and Group Company Secretary of Malaysia Airports Holdings Berhad (“MAHB”). Prior to joining MAHB, Sabarina was a practising lawyer and was also a company secretary and director to several private limited companies. She brings with her 29 years of experience in the fields of corporate and commercial laws, Corporate Governance and Corporate Secretarial.

Sabarina is licensed by the Companies Commission of Malaysia and is an Affiliate of the Malaysian Institute of Chartered Secretaries and Administrators.

She is also at present, the Secretary for all Board Committees of the Company.

Sabarina does not have any family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.

PROFILE OF KEY SENIOR MANAGEMENT OF PRINCIPAL SUBSIDIARIES



DR. LI CHUNRONG

Chief Executive Officer

Perusahaan Otomobil Nasional Sdn. Bhd.

Dr. Li Chunrong ("Dr. Li") graduated from Huazhong University of Science and Technology with a Bachelor of Electrical Automation, followed by a Master of Industrial engineering and Management. He then attended the Massachusetts Institute of Technology ("MIT"), USA to complete a second Master's degree in Business Administration. Dr. Li subsequently went back to his former alma mater where he obtained a Ph.D. in Management Engineering.

Dr. Li has been the Chief Executive Officer ("CEO") of Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB") since 1 October 2017.

After completing his first Master's, Dr. Li started his career with Dongfeng Motor Corporation, a Chinese state-owned automobile manufacturer based in Shi Yan, China, in 1987. In 1997, he was promoted to Deputy Director of the Board Secretary's Office, where he served as an assistant to the CEO. During his tenure, Dr. Li contributed in the development of joint-ventures with Honda, Nissan, Kia and Dongfeng's own brands. After five years, in 2002, Dr. Li was appointed the Executive Vice President of Dongfeng Yueda Kia Motors Co., Ltd.

Then in 2007, Dr. Li moved to Dongfeng Passenger Vehicle Company as CEO and Chief Operating Officer. Under his stewardship, the new company flourished; it commenced operations in 2009, and by 2012, sales had reached 60,000 units. This reached a milestone of 150,000 units in 2016. Dr. Li then served as Executive Vice President of Dongfeng Honda Engine Company.

He does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for offences within the past five-years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.



DATO' RADZAIF BIN MOHAMED

Deputy Chief Executive Officer

Perusahaan Otomobil Nasional Sdn. Bhd.

Dato' Radzaif bin Mohamed ("Radzaif") is a Chartered Engineer and a member of The Welding Institute, United Kingdom. He graduated with a Bachelor of Science in Mechanical Engineering from University of Leeds, United Kingdom and obtained his Master of Science from Cranfield Institute of Technology, England in 1983.

Radzaif has been the Deputy Chief Executive Officer ("CEO") at PROTON Holdings Berhad since 1 April 2016. Prior to joining PROTON, he was on the Board of PROTON as Non-Executive Director from 2013 to 2016. Radzaif has held the position of Deputy CEO at Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB") since September 2018.

Radzaif started his career with DRB-HICOM Group in 2004 as CEO of HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. ("HICOM-Teck See") and was subsequently appointed as CEO of HICOM-Teck See in 2009. In July 2010, he was appointed to lead the Manufacturing and Engineering Division of DRB-HICOM.

In April 2014, Radzaif was promoted as DRB-HICOM's CEO of Automotive Distribution and Manufacturing. During his tenure in DRB-HICOM, he also served as a member of the Board of Management, now known as the Group Management Committee, and held seats on the Boards of several of the Group's companies namely PROTON Holdings Berhad, Composites Technology Research Malaysia Sdn. Bhd. and Isuzu Malaysia Sdn. Bhd.

He does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.

PROFILE OF KEY SENIOR MANAGEMENT OF PRINCIPAL SUBSIDIARIES



SYED MD NAJIB BIN SYED MD NOOR

**Group Chief Executive Officer
Pos Malaysia Berhad**

Syed Md Najib bin Syed Md Noor ("Syed Md Najib") was appointed Group Chief Executive Officer ("CEO") of Pos Malaysia Berhad ("Pos Malaysia") on 1 October 2018.

Syed Md Najib graduated with a Bachelor of Science in Management Science from California State University in Chico, United States of America ("USA"). He also holds a Master of Business Administration from the National University Sacramento, California, USA.

Syed Md Najib was the Chairman of Altel Communications Sdn. Bhd. ("Altel") and MYTV Broadcasting Sdn. Bhd. ("MYTV") and prior to that, he was with Celcom Axiata Berhad ("Celcom Axiata") from 2005 to 2017. He held a wide range of experience in several portfolios including Senior Vice President of Celcom's International Business, Director of Regulatory, Legal & Corporate Affairs and Chief Customer Experience, Services & Retail Officer. Apart from his experience with Celcom Axiata, Syed Najib was the Country Head for Malaysia & Indonesia for REACH, which is a telecommunications joint-venture between Telstra of Australia and Hong Kong Telecoms. He started his career in Esso Production Malaysia Incorporated in 1989.

Syed Md Najib does not hold any shares in Pos Malaysia or its subsidiaries.

He does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.

Syed Md Najib is a Director of Pos Logistics Berhad, a public company and wholly-owned subsidiary of Pos Malaysia. He does not hold directorships in any public listed company.



KHAIRUL BIN KAMARUDIN

**Chief Executive Officer
Bank Muamalat Malaysia Berhad**

Khairul Kamarudin is the Chief Executive Officer ("CEO") of Bank Muamalat Malaysia Berhad ("Bank Muamalat"). He was appointed on 1 November 2019.

Khairul has over 25 years of experience in leadership roles in the finance and banking sector. Prior to joining Bank Muamalat, he was the CEO of Bank Islam Malaysia Berhad ("BIMB") and CEO of BIMB Holdings Berhad. Khairul joined BIMB in 2005 and held various senior management roles including Deputy CEO, Director of Business Development, Head of Consumer Banking and Head, Special Recovery.

Khairul began his career at PricewaterhouseCoopers Malaysia in the Assurance & Business Advisory Services, Banking and Financial Services Group. He then served Pengurusan Danaharta Nasional Berhad before joining BIMB.

Khairul's current external appointments within the Islamic banking and finance sector include Director of IAP Integrated Sdn. Bhd. and Raeed Holdings Sdn. Bhd. In addition, he is also the Chairman of Muamalat Invest Sdn. Bhd. Previously, he was the Director of BIMB Investment Berhad, Board Member of Islamic Banking and Finance Institute Malaysia ("IBFIM") and Board Member of Majlis Agama Islam Wilayah Persekutuan ("MAIWP"). Khairul is a practising member of the Chartered Institute of Islamic Finance ("CIIF"). He holds a Law Degree from Anglia Ruskin University, United Kingdom.

Khairul has no family relationship with any of the Directors and/or major shareholders of the Company and does not have any conflict of interest with the Company. He has no convictions for any offences within the past five years and no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2020.

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MANAGEMENT TEAM



DATO' SRI SYED FAISAL ALBAR

- Group Managing Director
- Chairman, Group Management Committee



SHAHARUL FAREZ HASSAN

- COO, Properties, Concession, Corporate Planning & Strategy
- Member, Group Management Committee



DATO' JEZILEE MOHAMAD RAMLI

- COO, Corporate Services
- Member, Group Management Committee



AMALANATHAN L. THOMAS

- Group Director, Financial Services
- Member, Group Management Committee



AMINAH OTHMAN

- Group Director, Treasury
- Member, Group Management Committee



AZRI ZAHARUDDIN

- Group Director,
Corporate Planning & Strategy



BEAVINRAJ THIAGARAJAH

- Group Director,
Group Managing Director's Office



SABARINA LAILA MOHD HASHIM

- Division Head,
Company Secretarial & Legal Affairs
- Ex-officio, Group Management Committee



MAHMOOD ABDUL RAZAK

- Division Head, Group Strategic Communications
- Ex-officio, Group Management Committee



IZHAM AB WAHAB

- Division Head, Group Human Capital
- Ex-officio, Group Management Committee



ABDUL JAMIL JOHARI

- Division Head, Group Internal Audit



KHAIRUL AZMAN MOHMAD RAZAK

- Division Head, Group Procurement



TERENCE SOO

- Division Head, Manufacturing & Engineering



LOO HON KOK

- Division Head, Properties



MIMI AISYAH CHYE ABDULLAH

- Division Head, Corporate Planning



CHEAH CHEE KONG

- Division Head, Group Risk Management & Sustainability



TENGGU ZAINUDIN TENGGU JAAFAR

- Division Head, Regulatory Management

**“IT IS DURING OUR
DARKEST MOMENTS
THAT WE MUST FOCUS
TO SEE THE LIGHT”**

- ARISTOTLE, PHILOSOPHER





ACCOUNTABILITY

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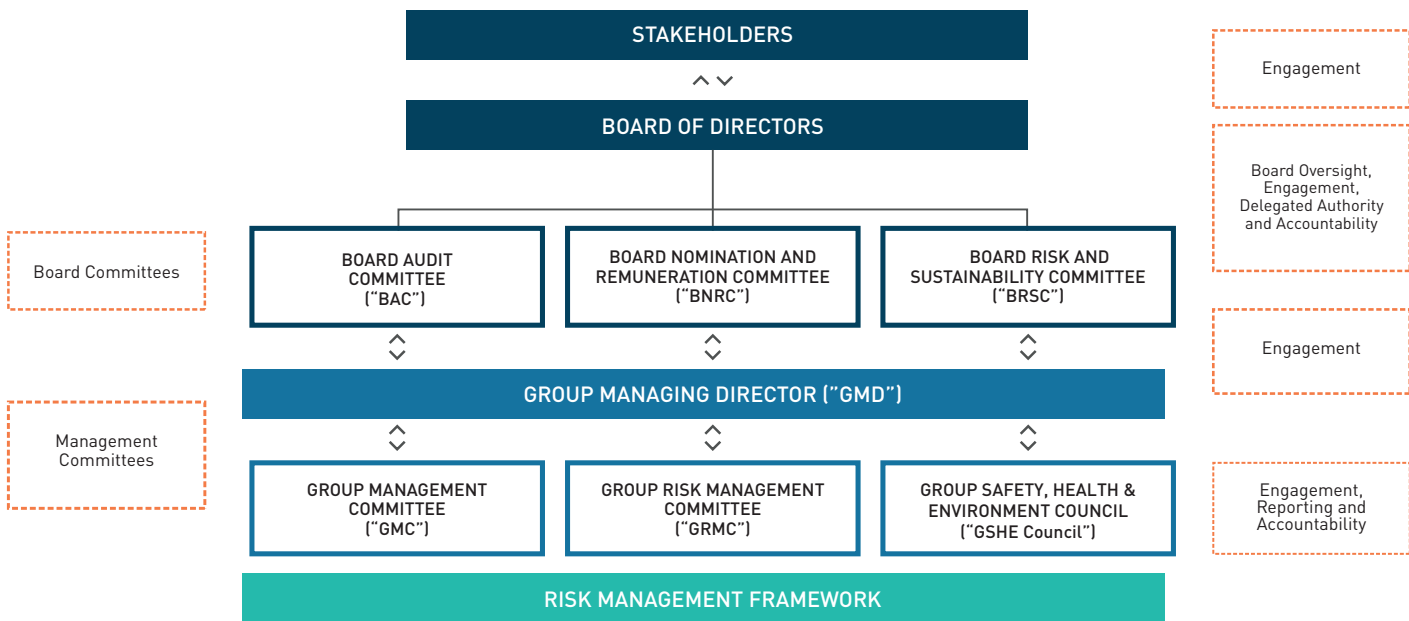
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board" or "BOD") of DRB-HICOM Berhad ("DRB-HICOM" or "the Company") views corporate governance as an essential catalyst contributing towards achieving long-term shareholders' value, taking into consideration the interest of all stakeholders. In order to meet this objective, the Board continuously strives to refine DRB-HICOM and its subsidiaries' (collectively "the Group") corporate governance practices and processes to meet the increasingly challenging operating environment. This is to ensure that the Group's competitive edge, both locally and regionally, remains undiminished.

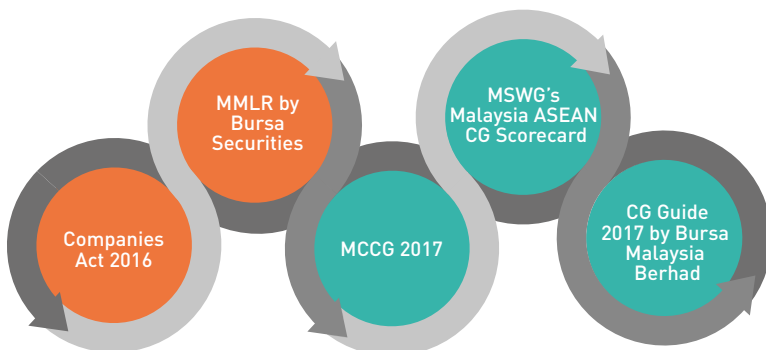
Corporate Governance Framework

DRB-HICOM firmly believes that the integrity and commitment of its Board and employees, supported by a comprehensive framework of policies, guidelines and internal controls, have strengthened the Group's sustainability, effectiveness and high-performance culture, whilst continuously protecting the interests of all stakeholders.

CORPORATE GOVERNANCE FRAMEWORK



DRB-HICOM's Corporate Governance framework is directed towards achieving its business objectives in a manner which is responsible and in accordance with high standards of honesty, transparency and accountability. In this regard, the Board is committed to ensure that DRB-HICOM's Corporate Governance Framework remains in compliance and is continuously enhanced, to incorporate the rules and regulations, as well as principles and best practices outlined in the following:



● Mandatory Requirements ● Best Practices

- Bursa Securities : Bursa Malaysia Securities Berhad
- CG : Corporate Governance
- MMLR : Main Market Listing Requirements
- MCCG 2017 : Malaysian Code on Corporate Governance 2017
- MSWG : Minority Shareholders Watch Group

In manifesting the Group's commitment towards sound corporate governance, the Board constantly reviews DRB-HICOM's Corporate Governance Framework to ensure its relevance, effectiveness and sustainability in conducting the businesses and addressing the challenges faced by the Group. Overall, DRB-HICOM has applied 28 Practices out of 32 recommended Practices and adopted 2 Step-Up Practices out of 4 Step-Up Practices, as recommended under the MCCG 2017.

Corporate Governance Overview Statement

The Corporate Governance Overview Statement ("Statement") and Framework are to be read together with the Corporate Governance Report of the Company, which is available on the corporate website at www.drb-hicom.com.

This Statement seeks to provide investors with vital insights into the corporate governance practices of the Company. In this Statement, the Board reports how the Group has adopted and applied the statutory requirements, principles and best practices as set out in the MMLR of Bursa Securities, Companies Act 2016, MCCG 2017 and CG Guide 2017.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. OUR LEADERS

In the financial year ended 31 December 2020, the Board comprised six Directors, of whom four are Independent Non-Executive Directors ("NEDs"), one Non-Independent Non-Executive Director and one Executive Director. Currently, approximately 66.67% of the Board members are Independent Directors, complying with Paragraph 15.02 of the MMLR of Bursa Securities and adopting Practice 4.1 of the MCCG 2017 whereby for Large Companies, the Board comprises a majority of independent directors.

1.1 Board Appointment

A transparent process is applied to the selection, nomination and appointment of suitable candidates to the Board. Review of candidates for Board's appointment has been delegated to the BNRC. The BNRC is also responsible to review the existing composition of the Board, identify the gaps and subsequently, recommends to the Board a suitable candidate with the relevant skillsets, expertise and experience.

Despite having access to a wide pool of candidates, internally and externally, through the recommendations by the current Board members or Senior Management, professional associations and independent search firms, the BNRC also considers candidates based on:

- Age, gender, capabilities, characteristics, professionalism, integrity, extensive experience, knowledge and such other factors which would contribute to the Board's collective skills and enhancement;
- Permissible time commitments, if the candidate has multiple board representations;
- Composition requirements for the Board and Board Committees; and
- Fulfilment of the criteria for an Independent Director as defined by the MMLR, for the appointment of an Independent Non-Executive Director.

Since the last Annual General Meeting ("AGM") held on 22 July 2020, there had been an appointment of a Director to the Board, i.e. the appointment of Tan Sri Wan Zulkiflee Wan Ariffin ("Tan Sri Wan Zulkiflee") as an Independent Non-Executive Director on 1 August 2020. Thereafter, Tan Sri Wan Zulkiflee was appointed as the Chairman of the Board on 1 September 2020, in place of Dato' Mohammad Zainal Shaari who had resigned on 31 August 2020.

1.2 Board Diversity

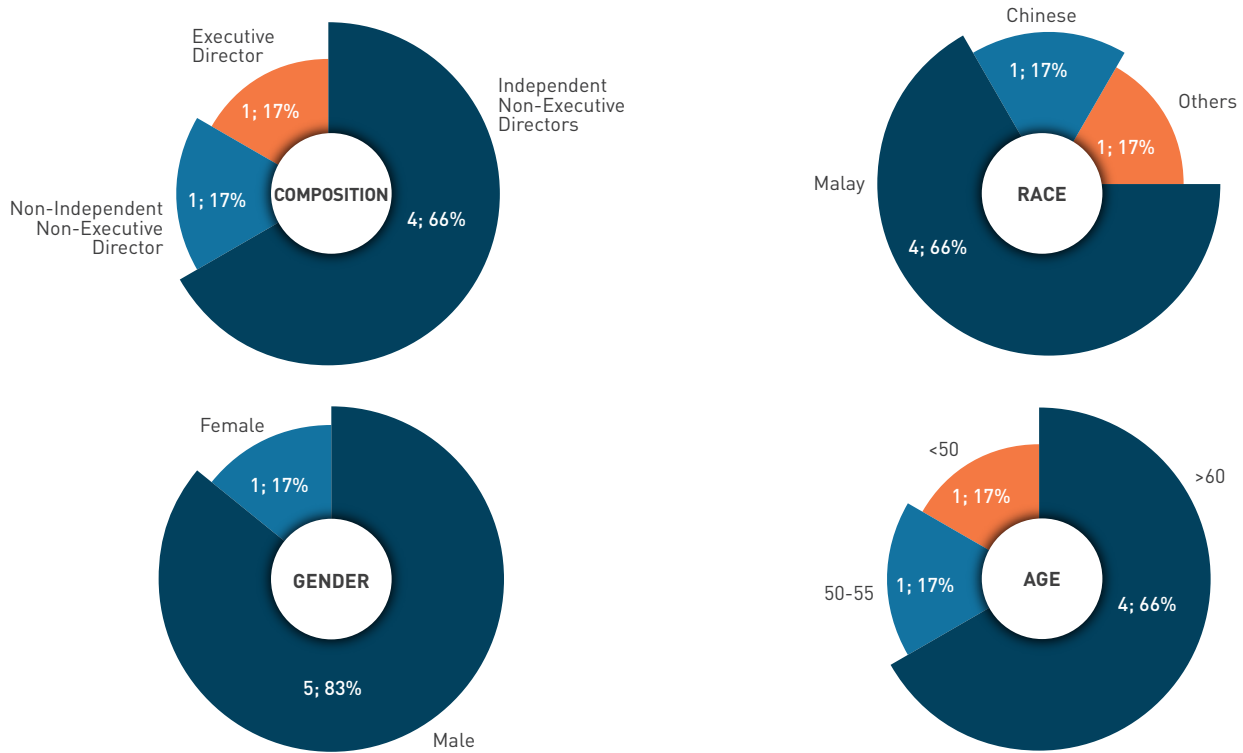
The Board Diversity Policy sets out the approach for achieving diversity within the Board of Directors of the Company and its subsidiaries, in terms of age, gender and ethnicity, so that the necessary range of perspectives, experience and expertise could benefit the stewardship and management of the DRB-HICOM Group. The Board is committed to ensure that the Directors of the Company possess a broad balance of skills, knowledge, experience, background and independence, as the synergy of such diversity could create a powerful and dynamic Board.

The Board consists of Directors who are qualified experts in their respective fields and collectively, they bring varying perspectives, especially during deliberations, enabling the Group to continue as a competitive leader within the diverse industry segments, with a strong reputation for technical and professional competencies. This enables the Board to fulfil its oversight responsibilities, provide clear and effective leadership in many aspects of the Group's strategies and performances, as well as ensure that the highest standards of professionalism, conduct, transparency and integrity are maintained by the Group.

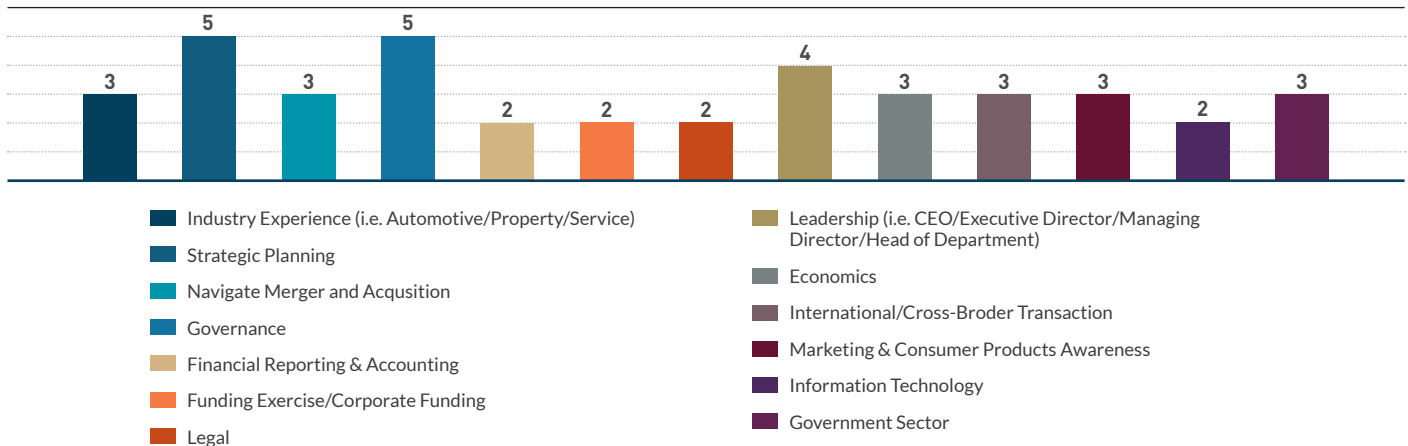
CORPORATE GOVERNANCE OVERVIEW STATEMENT

In regard to gender diversity, there is only one female representative on the Board, i.e. approximately 17% of the total number of Directors. Nevertheless, the Board believes that women directors could add value to Board discussions, through their unique aspects, approaches and ideas to enable the Group to succeed. The Board will consider suitable female candidates for appointment to the Board, based on merits and competencies, whenever a vacancy arises.

As at 31 December 2020, the Board's diversity and competencies metrics are illustrated in the diagrams below:



BOARD'S COMPETENCIES



The profile of each Board member is as presented on pages 38 to 43 of this Annual Report 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.3 Board Independence

DRB-HICOM measures the independence of its Directors based on the criteria stipulated in Bursa Securities' independence rules and code of conduct/ethics, in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interest of DRB-HICOM.

1.4 Tenure of Independent Director

The Board acknowledges Practice 4.2 of the MCCG 2017 that the tenure of an Independent Director should not exceed a cumulative term limit of nine years.

Datuk Ooi Teik Huat ("Datuk Ooi") has served as an Independent Director of the Company for a cumulative term of 12 years and six months. The Board, based on the BNRC's assessment, had endorsed the proposal that Datuk Ooi be retained as an Independent Director of the Company. The Board believes that with his knowledge and understanding of the Group's businesses, he would continue to provide valuable insight and feedback through sharing of knowledge and experience, whilst remaining objective and exercising independent judgement in the Board and Board Committees' deliberations. Datuk Ooi has always acted in the best interests of the Company and has at all times exercised due care in carrying out his fiduciary duties, and his tenureship with the Company has neither impaired or compromised his integrity.

The Board is satisfied with the skills, contributions and independent judgement that Datuk Ooi, who has served for more than 12 years, brings to the Board. For those reasons, the Board, save for Datuk Ooi, recommends and supports the resolution for his retention as an Independent Director of the Company, which will be tabled for shareholders' approval via the single-tier voting process at the forthcoming 31st AGM.

2. DELEGATION OF AUTHORITY

The Board is collectively responsible for delivering sustainable value through oversight of the management of the Group's businesses. In addition, through its Board Committees, the Board provides guidance and oversight to the Group on the management of risk and internal control, as well as governance matters. In that regard, a framework of delegated authority has been put in place, to ensure that the right authority is associated with the right nature of transaction, as well as the Board, Board Committees and Senior Management function within the powers given to them.

2.1 Board Charter

In discharging the Board's duties and responsibilities effectively, the Board is guided by its Board Charter, a document which sets out the principles and guidelines that are to be applied by the Board. It also encompasses the functions reserved for the Board Committees and those delegated to the Management within the relevant authority limit, as well as the Directors' Code of Ethics. The Board Charter is reviewed, whenever necessary, to ensure it remains consistent with the Board's objectives, Constitution of the Company, various policies, procedures and practices, as well as statutory and regulatory requirements. The Board Charter was last revised on 24 February 2021.

The Board Charter and Directors' Code of Ethics are available on the corporate website at www.drb-hicom.com.

2.2 Roles of the Board

The Board not only sets the strategic direction but also oversees and ensures that the conduct of the various businesses of the Group are following relevant applicable laws, policies, standards and guidelines. Amongst others, the Board assumes the following key roles and responsibilities, which are to be discharged in the best interest of the Company and to promote and protect the interests of shareholders and other stakeholders of the Company:

- Establish and review the strategic direction of the Company; and ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- Together with the Senior Management, promote a good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- Review, challenge and decide on the Management's proposals for the Company, and monitor their implementation by the Management;
- Oversee and evaluate the conduct of the Group's businesses;
- Ensure a sound framework for internal controls and risk management and review the adequacy of the internal control policy;
- Identify and understand the businesses' principal risks, recognise that business decisions involve taking appropriate risks and ensure that the risks are properly managed;
- Establish orderly succession plan for the Board and Senior Management;
- Ensure the existence of procedures to enable effective communication with stakeholders; and
- Ensure the integrity of the Company's financial and non-financial reporting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year ended 31 December 2020, the Board has approved the key matters reserved to itself, such as business strategy, Annual Management Plan (“AMP”) which has been prepared against the backdrop of unprecedented challenging times, interim and annual financial statements, investment and divestment activities and re-organisation of funding arrangements, declaration of first and final dividend, related party transactions, significant business decisions such as repositioning businesses for survival, cashflow and supply chain and other relevant matters affecting the Group’s operations and businesses.

2.3 Separation of Chairman, Managing Director and Senior Independent Director

The Board practices a clear demarcation of duties and responsibilities between the Chairman and Group Managing Director (“GMD”), to ensure there is a balance of authority and power in the Company. The positions of the Chairman and GMD are held by two different individuals, whilst the Senior Independent Director (“SID”) acts as a point of contact between the NEDs and Chairman, as well as the designated contact, to whom shareholders’ concerns may be raised.

To heighten the fact that the roles of the Chairman and GMD are distinct and separate, the Management Delegated Authority (“MDA”) was established to provide for high level limits of authority to be delegated by the Board to the GMD, who may further delegate such authority to the Senior Management of the Company. In essence, the MDA sets out to govern matters which require the GMD’s approval at the operational level, so that day-to-day transactions and activities can be executed smoothly.

A short summary of their roles and division of responsibilities is set out below:

| | |
|--|--|
| <p>Chairman <i>Tan Sri Wan Zulkiflee Wan Ariffin, an Independent NED, is primarily responsible for the orderly conduct and function of the Board</i></p> | <ul style="list-style-type: none"> • Provide leadership to the Board so that the Board can perform its responsibilities effectively; • In consultation with the GMD and the Company Secretary, set the agenda for Board meetings and ensure that all relevant issues are on the agenda; • Lead the Board in setting the values and standards of the Company; • Facilitate the effective contribution of NEDs and ensure that constructive relations, as well as a relationship of trust, be maintained between the Executive Director and NEDs; • Lead the Board meetings and discussions as well as encourage active participation and allow dissenting views to be freely expressed; • Manage the interface between the Board and the Management; • Ensure appropriate steps are taken to provide effective communication with shareholders and relevant stakeholders and that their views are communicated to the Board as a whole; • Lead the Board in establishing and monitoring good corporate governance practices in the Company; and • Arrange regular evaluation of the performance of the Board, its Committees and individual Directors. |
| <p>GMD <i>Dato’ Sri Syed Faisal Albar Syed A.R Albar is responsible for the overall operations of the businesses, organisational effectiveness and the implementation of the Group’s strategies and policies and is assisted by the Senior Management in managing the business on a day-to-day basis, with whom he consults regularly</i></p> | <ul style="list-style-type: none"> • Develop the strategic direction of the Group (including short and long term business plans) and ensure that the Group’s strategies and corporate policies are effectively implemented • Keep Board fully informed of all important aspects of the Group’s operations and ensure sufficient information is distributed to the Board members • Provide strong leadership i.e. effectively communicating a vision, management philosophy and business strategy to the employees • Ensure high performance and productivity of top management staff by creating a conducive environment for motivation, performance and professional development • Develop and maintain good relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions • Ensure the day-to-day business affairs of the Group are effectively managed • Ensure compliance with all relevant legislation and regulations, by reviewing policies and monitoring compliances |
| <p>Senior Independent Director <i>Datuk Ooi Teik Huat fulfils the criteria of an Independent Director pursuant to the MMLR of Bursa Securities and was appointed as the SID on 1 January 2017</i></p> | <ul style="list-style-type: none"> • Act as the main liaison between the INEDs and Chairman on matters that may be deemed sensitive • Be available for confidential discussions with other NEDs, who may have concerns which they believe have not been considered by the Board as a whole • Act as an alternative communication channel for shareholders and other stakeholders to convey their concerns and raise issues, so that these can be channelled to the relevant parties • All queries relating to the Group can be directed as follows: |
| <p>Datuk Ooi Teik Huat Senior Independent Director DRB-HICOM Berhad Level 5, Wisma DRB-HICOM No. 2, Jalan Usahawan U1/8 Seksyen U1, 40150 Shah Alam Selangor Darul Ehsan</p> | |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.4 Board Committees

Presently, the Board is supported by three (3) Board Committees, i.e. BNRC, BAC and BRSC, with delegated responsibilities to oversee the Group's affairs and authorised to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR").

Each Board Committee will review and, if thought fit, report and make recommendation(s) to the Board during the Board meeting on matters relevant to their roles and responsibilities. Irrespectively, the Board retains collective oversight over the Board Committees at all times, by reviewing their functions and TOR against the provisions of the MCCG 2017 and other related policies or regulatory requirements, from time to time.

The details of the TOR of each Board Committee is available on the corporate website at www.drb-hicom.com.

BNRC carries out its duties and responsibilities in accordance to its TOR. During the financial year ended 31 December 2020, three BNRC meetings were held and the main activities undertaken by the BNRC, amongst others, were as follows:

- (a) Considered and recommended the Directors who were eligible for re-election at the 30th AGM, as well as the retention of an Independent Director, whose term of office had exceeded nine (9) years, pursuant to the MCCG 2017.
- (b) Reviewed the structure, size, balance and composition of the Board and its Committees.
- (c) Reviewed the appointment of a Director and change in Chairmanship.
- (d) Conducted the annual assessment and the effectiveness of the Board and Board Committees, as well as the contribution of each Director.
- (e) Reviewed the training programmes attended by the Directors to ensure that all Directors received appropriate continuous training.
- (f) Reviewed the Corporate Key Performance Indicators for the Company/Group for Year 2020.
- (g) Reviewed and recommended the payment of annual performance bonus for the financial period ended 31 December 2019 to all eligible personnel of HICOM Holdings Berhad and DRB-HICOM.

2.5 A Qualified and Competent Group Company Secretary

The Board is supported by a suitably qualified and competent Group Company Secretary, who is responsible for ensuring that the Board is aware and kept updated on relevant laws, regulations, listing and policy requirements governing the Company and its business. This is important to ensure that the said laws, regulations, listing requirements and policies are complied with. In that regard, the Group Company Secretary constantly keeps abreast of the evolving regulatory changes and developments in corporate governance through continuous training.

In addition, the Group Company Secretary ensures that all members of the Board, whether as a whole or in their individual capacity, have adequate resources to fulfil their fiduciary duties and plays a key role in managing Directors' access to information, knowledge and training. The Group Company Secretary, being an advocate of adoption of corporate governance best practices, monitors corporate governance developments and assists the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

By attending all Board and Board Committee meetings, the Group Company Secretary ensures that discussions and deliberations are well documented, and subsequently, communicates key decisions and policies to the Senior Management for appropriate actions. The Group Company Secretary is also the focal point for shareholders' communication and engagement on corporate governance issues.

The role of the Group Company Secretary is specified clearly in the Board Charter. The profile of the Group Company Secretary is also presented on page 46 of this Annual Report 2020.

3. BOARD EFFECTIVENESS

An effective Board is crucial to the long-term prospects and strategic aims of the Company. This is achieved through strong and open working relationships between the Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3.1 Board Effectiveness Assessment (“BEA”)

The BEA is conducted annually to evaluate the Board’s performance and to identify opportunities to increase its effectiveness. This year, the BEA was conducted internally through questionnaires, covering such areas as the Board composition and structure, principal responsibilities of the Board, the Board process and Board governance. Thereafter, the information is collated and presented to the BNRC, for consideration.

Pursuant to BNRC’s recent annual review and assessment, it is satisfied that the size and composition of the Board and Board Committees are appropriate and well balanced, fairly reflecting the interests of major and minority shareholders of the Company. The BNRC is also satisfied that all members of the Board are suitably qualified in view of their respective competencies, character, qualifications and experience, which provide the Board with a good mix of governmental and industry-specific knowledge, enabling the Board, collectively, to have a vast business sense. The Directors’ broad knowledge encompasses business, corporate and entrepreneurial sectors, legal, finance, accounting and economics. The overall performance of the Board and Board Committees for the financial year ended 31 December 2020 was rated satisfactory, which reflects that the Board members had been effective in their overall discharge of duties and responsibilities.

3.2 Supply of Proficient and Relevant Information

In the discharge of their duties, all Directors have direct access to the Senior Management, as well as unrestricted and immediate access to information relating to the Company’s business affairs, to make well-informed decisions.

Prior to the Board and Board Committee meetings, a formal and structured agenda along with a set of the Board and Board Committee papers containing information relevant to the matters to be deliberated at the meeting are forwarded to all Directors, at least five business days before the relevant Board and Board Committee meetings. This is to enable Directors to have sufficient time to review, consider and if necessary, obtain further information or research on the matters to be deliberated, in order to facilitate robust discussions during the relevant meetings. The Board and Board Committee papers may contain the Company’s financial performance, business outlook and various Board Committees’ reports.

Any proposals and recommendations by the Management will be discussed at the Group Management Committee (“GMC”) and GMC’s recommendation will be put forth, either to the relevant Board Committees, for deliberation and endorsement, or directly to the Board, for approval. In regards to proposals tabled at Board Committees, the Chairman of the respective Board Committee will brief the Board, to obtain the relevant approval. The GMD and the Management will lead the presentation of Board and Board Committee papers and provide comprehensive explanations of strategy and business plans, business performance and other pertinent issues. All matters raised, declarations made by interested Directors, deliberations, decisions, and conclusions including dissenting views made at the Board or Board Committee meetings, with clear actions to be taken by responsible parties, are recorded in the minutes.

All proceedings of the Board and Board Committees meetings are duly minuted and circulated to the respective Chairmen for verification, in a timely manner. Subsequently, the Minutes are tabled at the following meeting, to ascertain that all deliberations have been recorded accurately and thereafter, the minutes are confirmed for the signature of the Chairman.

Through regular Board meetings, the Board receives updates on new statutory and regulatory requirements relating to the duties and responsibilities of the Directors and their impact and implication to the Company and themselves. The Directors are also notified immediately of any corporate announcement(s) released to Bursa Securities and the impending restrictions on dealing with securities of the Company, prior to the announcement of the quarterly financial results.

The Directors may seek independent professional advice at the Company’s expense in furtherance of their duties.

3.3 Onboarding and Continuing Development Programme

All new Directors appointed to the Board receive a Board Pack containing the details of Board and Directors’ functions and responsibilities, and a comprehensive onboarding programme will be conducted by the Senior Management covering key areas of the businesses, including among others the Company’s strategies, business segments and operations, corporate governance framework within the Group and key risks of the Company. In addition, the onboarding includes site visits to enhance their understanding of the Group’s business operations. New Directors are also updated on ongoing and potential projects undertaken by the Group. The onboarding programme helps new Directors to familiarise themselves with the Group’s businesses.

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In line with Paragraph 15.08 of the MMLR, the Directors recognise the importance and value of attending conferences, trainings and seminars, to keep themselves abreast of the development and changes in the diverse industries the Group operates in, as well as being updated on new statutory and regulatory requirements.

During the financial year under review, the Directors participated in conferences, seminars and trainings that covered areas of corporate governance, finance, global business developments and relevant industry updates, details of which are set out below:

| Director | Training Programme |
|--|--|
| 1. Tan Sri Wan Zulkiflee Wan Ariffin <i>(appointed to the Board on 1 August 2020 and appointed as Chairman on 1 September 2020)</i> | The Quiet Transformation of Corporate Governance Malaysia Budget 2021 – Presentation by Ernst & Young PLT |
| 2. Dato' Sri Syed Faisal Albar Syed A.R Albar | Climate Action: The Board's Leadership in Greening the Financial Sector Malaysia Budget 2021 – Presentation by Ernst & Young PLT |
| 3. Dato' Ibrahim Taib | Section 17A Malaysian Anti-Corruption Commission (MACC) Act Why Sustainability Matters? Shariah Governance & Shariah Compliance Culture Malaysia Budget 2021 – Presentation by Ernst & Young PLT |
| 4. Datuk Ooi Teik Huat | The Quiet Transformation of Corporate Governance Malaysia Budget 2021 – Presentation by Ernst & Young PLT Cyber Security Awareness and Budget 2021 Tax Proposals - Briefing by PricewaterhouseCoopers Risk Services Sdn. Bhd. & PricewaterhouseCoopers Taxation Services Sdn. Bhd. |
| 5. Datuk Idris Abdullah | Epidemics, Pandemics and Outbreaks Digital Transformation Smart Device & Mobile Emerging Technologies How to be an Effective NED in a Disruptive World? Malaysia Budget 2021 – Presentation by Ernst & Young PLT Artificial Intelligence in Marketing Cyber Security Awareness and Budget 2021 Tax Proposals - Briefing by PricewaterhouseCoopers Risk Services Sdn. Bhd & PricewaterhouseCoopers Taxation Services Sdn. Bhd. |
| 6. Sharifah Sofia Syed Mokhtar Shah | Accelerating multi-stakeholder partnerships to achieve the SDGs – Word Economic Forum Digital Transformation The Malaysian Economic Summit 2020 – COVID-19: Assessing Financial & Economic Impacts & Its Aftermath Malaysia Budget 2021 – Presentation by Ernst & Young PLT Cyber Security Awareness and Budget 2021 Tax Proposals - Briefing by PricewaterhouseCoopers Risk Services Sdn. Bhd. & PricewaterhouseCoopers Taxation Services Sdn. Bhd. |

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3.4 Board and Board Committees Meetings and Attendance

At all meetings, the Board practices a strong culture of open debate and raises challenging questions. Matters deliberated at the Board meetings include amongst others, strategies, business plans and budget, financial and business performance reports, the impact of COVID-19 outbreak on the Group's businesses and cashflow to ensure the Group companies are sustainable, investment decisions, corporate risks reports, changes to the organisation structure within the Group, policies, limits of authority and corporate governance. The respective Chairmen of BNRC, BAC and BRSC also update the Board on the proceedings of their respective Committee meetings. Relevant Senior Management attends Board meetings by invitation and report to the Board on matters pertinent to their respective areas of responsibility, to present new proposals or brief on actions implemented pursuant to recommendations made by the Board. The Minutes of each Board and Board Committee meeting, which have been duly signed as correct records thereat, are prima facie evidence of such proceedings and are properly maintained by the Group Company Secretary.

As a result of the COVID-19 pandemic, the Board and Senior Management had to embrace the new norm. During the Movement Control Order ("MCO"), no physical meetings were held, as all meetings were conducted virtually via video conferencing. The meetings were also paperless as the Meeting Papers were uploaded into the tablets for the Directors and circulated to the Senior Management through email.

The Directors' commitment in carrying out their duties and responsibilities is reflected by their attendance at the Board and Board Committee meetings, which are above the minimum attendance requirement of at least 50% of the Board meetings pursuant to the MMLR of Bursa Securities. The summary of the Board and Board Committees' membership, number of meetings and attendance during the financial year ended 31 December 2020 are as follows:

Board

| Members | Attendance |
|---|------------|
| Tan Sri Wan Zulkiflee Wan Ariffin (Chairman) (appointed on 1 August 2020) (appointed as Chairman on 1 September 2020) | 4/4 |
| Dato' Mohammad Zainal Shaari (Chairman) (resigned on 31 August 2020) | 4/4 |
| Dato' Sri Syed Faisal Albar Syed A.R Albar | 7/7 |
| Dato' Ibrahim Taib | 7/7 |
| Datuk Ooi Teik Huat | 7/7 |
| Datuk Idris Abdullah @ Das Murthy | 7/7 |
| Sharifah Sofia Syed Mokhtar Shah | 7/7 |
| Tee Beng Thong (resigned on 29 May 2020) | 1/1 |

Board Committees

| Board Audit Committee ("BAC") | | |
|-----------------------------------|------------|---|
| Members | Attendance | Key Functions |
| Datuk Ooi Teik Huat (Chairman) | 6/6 | BAC shall review and ensure that the process of assessing risk, control and governance, including operational and financial controls, business ethics and compliance, are properly managed and monitored. |
| Dato' Ibrahim Taib | 6/6 | Composition The BAC shall comprise not fewer than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent Directors. |
| Datuk Idris Abdullah @ Das Murthy | 6/6 | |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Board Nomination & Remuneration Committee ("BNRC") | | |
|--|------------|--|
| Members | Attendance | |
| Dato' Mohammad Zainal Shaari (Chairman) (resigned on 31 August 2020) | 3/3 | Key Functions BNRC shall review annually and recommend to the Board with regard to the structure, size, balance and composition of the Board and its Committees, including the required mix of skills and experience, core competencies which Non-Executive Directors should bring to the Board, and other qualities, to function effectively and efficiently. |
| Tan Sri Wan Zulkiflee Wan Ariffin (Chairman) (appointed on 1 September 2020) | N/A | |
| Datuk Ooi Teik Huat | 3/3 | |
| Datuk Idris Abdullah @ Das Murthy | 3/3 | Composition BNRC shall comprise not less than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent Directors. |

| Board Risk & Sustainability Committee ("BRSC") | | |
|---|------------|---|
| Members | Attendance | |
| Datuk Idris Abdullah @ Das Murthy (Chairman) | 4/4 | Key Functions BRSC shall formulate effective proactive policies to eliminate or minimise corporate and operational risks of the Group. |
| Datuk Ooi Teik Huat | 4/4 | |
| Dato' Ibrahim Taib | 4/4 | Composition BRSC shall comprise not less than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent Directors |

3.5 Ethical and Procedural Standards

The Company is committed in upholding high ethical and procedural standards that are aligned with the values and objectives of the Company. To this end, the Company has in place internal policies, standards, guidelines, procedures and codes in support of the Company's Corporate Governance Framework.

On 28 August 2020, the Company's Anti-Bribery and Anti-Corruption Policy ("the Policy") came into effect. DRB-HICOM has a zero-tolerance policy towards any form of bribery and corruption by its employees or any person or companies acting for or on behalf of the Group. The Policy reflects DRB-HICOM's commitment to fight any corrupt and unethical practices, while conducting business in the jurisdictions where DRB-HICOM operates, by:

- providing, practicing and maintaining a working environment free from bribery and corrupt practices for all employees and stakeholders;
- complying with all anti-bribery and anti-corruption related laws, acts, rules and regulations, procedures and other instructions;
- providing an avenue and encouraging all employees and stakeholders to report on bribery and corrupt practices as stipulated in the Whistleblowing Policy; and
- imposing the appropriate action to be taken on any party proven to be guilty of being involved in bribery and corrupt practices.

The Board and Senior Management are committed to implement and enforce effective and robust policies and procedures to prevent, monitor and eliminate bribery and any other corrupt conduct. An Integrity Committee has been established with the responsibility to oversee the implementation of the Policy, with direct access to the Board and Senior Management on issues concerning bribery and corruption.

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Following adoption of the Company's Policy, DRB-HICOM has promoted a culture of integrity to ensure the right level of communication on anti-corruption to internal and external parties. In addition, the employees of the Company made the Corruption-Free Pledge under the Malaysian Anti-Corruption Commission ("MACC") Act 2009 and MACC Amendment Act 2018.

The Policy Statement can be viewed on the corporate website at www.drb-hicom.com.

Some of the other key internal policies, standards, guidelines, procedures and codes are outlined below:

| | |
|--|---|
| DRB-HICOM Group Procurement Policy & Procedures and Vendor Management Procedure | Sets out the rules on how procurement activities and processes shall be carried out within the Group, in a manner which is transparent and fair whilst achieving the desired quality at the most economical terms. |
| Code of Ethics and Business Practice | Serves as a formal commitment to ensure employees act in a professional manner at all times and conduct businesses in a transparent, appropriate and fair manner. There are eight underlying principles that employees must observe which are Honesty, Integrity, Leadership, Professionalism, Loyalty, Responsibility, Trustworthiness and Personal Conduct. |
| Gift and Business Courtesy Policy | Provides a set of guidelines on procedures and processes relating to the acceptance and provision of gifts and/or business courtesies to and from the other parties. It is applicable to all employees to govern their conduct with regards to the acceptance and provision of gifts. |
| Donation, Sponsorship and Corporate Responsibility ("CR") Policy | Outlines the priorities and the guide in processing and evaluating any Sponsorship, Donation and CR proposals/activities. It states clearly that DRB-HICOM only considers genuine requests and would not give any consideration to an organisation/company that is in legal or financial conflict or which connects the organisation/company to any political party or group. Moreover, it is a guide to support proposals/activities that are aligned to Economic, Environmental and Social Pillars. |
| Whistleblowing Policy | Provides an additional avenue to disclose alleged Improper Conduct in a responsible manner without compromising confidentiality and which is consistent with the Whistleblower Protection Act 2010 and Personal Data Protection Act 2010. However, it does not absolve employees and stakeholders from their statutory obligations contained in any act and/or regulation to report criminal offences and/or breaches of laws to the relevant enforcement agencies. It was revised on 26 November 2020 and is available on the corporate website at www.drb-hicom.com . |
| Corporate Disclosure Policy | Endorses prompt and timely dissemination of accurate and relevant information concerning DRB-HICOM and the Group to shareholders, investors and other stakeholders, to enable them to make an informed decision. It outlines the central policy and procedures on disclosure of material information, in accordance with the MMLR of Bursa Securities and any other regulatory requirements, and practices in communicating with investors, shareholders, media and regulators. It is available on the corporate website at www.drb-hicom.com . |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

4. REMUNERATION

The Board has in place a Directors' Remuneration Framework and a robust structure on Senior Management's remuneration, which serve to attract, retain and motivate the Directors and Senior Management of the right calibre and integrity to manage the Group successfully. In addition, the Company has consolidated the policies and guidelines, which it adheres to, in formulating an adequate remuneration for the Directors and Senior Management, which has then been further translated into a remuneration framework/structure for them.

The BNRC is responsible for reviewing and recommending to the Board, the remuneration framework for the Directors and Senior Management of the Company. The BNRC aims to ensure the Directors' and Senior Management's remuneration remains appropriate, transparent and competitive, in aligning with the prevalent market practices, as well as linking it to the Company's performance and shareholders' value creation. GMD's remuneration is structured to link top executive rewards to the achievement of his Key Performance Indicators as well as the performance of the Group.

Regardless, the Non-Executive Directors are paid an annual Directors' fees for services rendered to the Board as well as Board Committees and meeting allowances for the number of Board and Board Committee meetings attended.

4.1 Directors' Remuneration Framework

In view of the ever-increasing demands on the Directors, such as escalating legal compliances, including the corporate liabilities they entail, growing business complexities and the exceedingly onerous duties of the Directors, the Management had conducted a proactive benchmarking analysis and revised the Directors' Remuneration, which would commensurate with the roles and responsibilities of the Directors and the required time commitment expected of them. Additionally, the revised Directors' Remuneration had been designed to sufficiently attract and compensate the Directors.

In February 2020, the BNRC had reviewed the revised Directors' Remuneration Framework, which was primarily structured on the outcome of the aforesaid exercise, taking into consideration the strategic needs of the Group, its corporate values and the alignment with comparable market statistics.

The rationale for the revision to the Directors' Remuneration Framework is to formulate the Directors' compensation to be comparable with its regional peers, given that it has not been revised since 2012, whilst maintaining the design principle of remuneration to be in alignment with the long-term interest of the Group.

Pursuant to the above, the Board obtained the shareholders' approval at the 30th AGM held on 22 July 2020 for the revision to the Directors' compensation, as shown below:

| | | Directors' Compensation (1 January to 22 July 2020) (RM) | | Revised Directors' Compensation (from 23 July 2020 onwards) (RM) | |
|---------------------------------------|-----------------|--|--------|--|----------------------|
| | | Chairman | Member | Chairman | Member |
| Fees (per annum) | Board | 140,000 | 90,000 | 300,000 | 180,000 |
| | BAC | 17,000 | 12,000 | 60,000 | 40,000 |
| | BRSC | 10,000 | 8,000 | 30,000 | 20,000 |
| | BNRC | 10,000 | 8,000 | 10,000 (no change) | 8,000 (no change) |
| Meeting Allowance (per meeting) | Board | 1,500 | 1,500 | 2,000 | 2,000 |
| | BAC | 3,000 | 3,000 | 2,000 | 2,000 |
| | BNRC & BRSC | 1,500 | 1,500 | 2,000 | 2,000 |
| | General Meeting | 1,500 | 1,500 | Nil | Nil |

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In April 2021, the BNRC (with the Chairman abstaining) has reviewed and recommended that the benefits accorded to the Non-Executive Chairman be revised to include a monthly fixed allowance to the Non-Executive Chairman, in recognition of the significant roles in leadership and oversight, and the wide-ranging scope of responsibilities as the Chairman of DRB-HICOM in all matters concerning the interests and businesses of the Group, including overall stakeholder management particularly the governmental and regulatory authorities and customers.

The Board (with the Chairman abstaining) approved the recommendation by the BNRC on the proposal for the revision to the benefits to include the monthly fixed allowance for the Non-Executive Chairman which will be put forth to the shareholders for approval at the 31st AGM.

Based on the framework set out above, details of the total remuneration of Directors of the Company for the financial year ended 31 December 2020 are summarised below:

| Name | Directors' fees | | | Directors' other emoluments ¹ | | Benefits in kind ² | | Total |
|---|---------------------------------------|----------------|----------------------|--|----------------------|-------------------------------|-------------|------------------|
| | Salary, Bonus and other emoluments RM | DRBH (A) RM | Subs (B) RM | DRBH (C) RM | Subs (D) RM | DRBH (E) RM | Subs (F) RM | |
| Non-Executive Directors | | | | | | | | |
| Tan Sri Wan Zulkiflee Wan Ariffin (appointed on 1 August 2020) | 0 | 117,935 | 0 | 6,000 | 0 | 11,733 | 0 | 135,668 |
| Dato' Mohammad Zainal Shaari (resigned on 31 August 2020) | 0 | 108,913 | 0 | 13,000 | 0 | 0 | 0 | 121,913 |
| Dato' Ibrahim Taib | 0 | 167,228 | 120,000 ⁴ | 34,000 | 133,000 ⁴ | 0 | 0 | 454,228 |
| Datuk Ooi Teik Huat | 0 | 186,832 | 0 | 39,000 | 0 | 0 | 0 | 225,832 |
| Datuk Idris Abdullah @ Das Murthy | 0 | 180,750 | 106,000 ⁵ | 39,000 | 38,000 ⁵ | 0 | 0 | 363,750 |
| Sharifah Sofia Syed Mokhtar Shah* | 0 | 22,500 | 21,500 ⁶ | 1,500 | 4,000 ⁶ | 0 | 0 | 49,500 |
| Tee Beng Thong (resigned on 29 May 2020) | 0 | 37,088 | 0 | 1,500 | 0 | 0 | 0 | 38,588 |
| Total | | 821,246 | 247,500 | 134,000 | 175,000 | 11,733 | 0 | 1,389,479 |
| Executive Director | | | | | | | | |
| Dato' Sri Syed Faisal Albar Syed A.R Albar ³ | 4,584,011 | 0 | 0 | 0 | 0 | 113,369 | 0 | 4,697,380 |
| Grand Total | 4,584,011 | 821,246 | 247,500 | 134,000 | 175,000 | 125,102 | 0 | 6,086,859 |

Notes:

- Directors' other emoluments mainly comprised meeting allowance.
- Benefits in kind comprised annual leave passage and car/driver/petrol for Dato' Sri Syed Faisal Albar Syed A.R Albar and Tan Sri Wan Zulkiflee Wan Ariffin.
- Being the GMD of the Company, and includes bonus payment for the previous financial period.
- Directors' fees and meeting allowance paid by Bank Muamalat Malaysia Berhad, a 70% owned subsidiary of the Company, in respect of the services rendered by Dato' Ibrahim Taib.
- Directors' fees and meeting allowance paid by Pos Malaysia Berhad ("Pos Malaysia"), a 53.50% owned subsidiary of the Group, in respect of the services rendered by Datuk Idris Abdullah @ Das Murthy.
- Directors' fees and meeting allowance paid by Pos Malaysia, a 53.50% owned subsidiary of the Group, in respect of the services rendered by Sharifah Sofia Syed Mokhtar Shah.

* Waived fees/meeting allowances from April to December 2020.

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PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. BOARD AUDIT COMMITTEE

The composition of the BAC is in line with Practice 8.1 of the MCCG 2017, which requires that the BAC Chairman and the Board Chairman be held by different Independent Directors of the Company.

The BAC of the Company is chaired by Datuk Ooi Teik Huat and the members are Dato' Ibrahim Taib and Datuk Idris Abdullah @ Das Murthy, all of whom are Independent NEDs. The members of BAC have the relevant accounting or related financial management experience and the requisite knowledge, which enable them to discharge their obligations as members of BAC, in accordance with its TOR.

During the financial year ended 31 December 2020, the Board has also taken note of Practice 8.2 of the MCCG 2017 and not appointed any former key audit partner onto its BAC. This is to safeguard the independence of the BAC by avoiding potential threats which may arise when a former key audit partner is able to exert significant influence over the audit and preparation of the Company's financial statements.

The Company encourages all members of the BAC to undertake continuous professional development to keep themselves abreast of relevant developments in the accounting and auditing standards, practices and rules.

The annual assessment on the suitability, objectivity and independence of the external auditors, Ernst & Young PLT ("EY"), is undertaken by the BAC, in accordance to the factors prescribed by Paragraph 15.21 of the MMLR and the External Auditor Policy & Procedure approved by the Board in May 2018.

The BAC is also responsible for the oversight and monitoring of:

- the Group's financial reporting and accounting policies;
- internal controls;
- related party transactions and conflict of interest situations that may arise within the Group;
- the Group's Internal Audit functions, such as review of the internal audit plan; and
- appointment and scope of work of the external auditors.

A complete Board Audit Committee Report enumerating its composition, attendance and activities for the financial year ended 31 December 2020 are set out on pages 76 to 79 of this Annual Report 2020.

2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges the importance of an effective system of internal control in safeguarding the shareholders' investments, the Group's assets and other stakeholders' interests, as well as ensuring compliance with applicable laws and regulations.

In relation thereto, the BAC plays a crucial role by monitoring the Group's management of financial risk processes and internal control system, including internal controls over financial reporting on behalf of the Board. The BAC evaluates the overall adequacy and effectiveness of the system of internal controls and its administration.

In addition, the Group has in place an Enterprise Risk Management framework which is based on the ISO 31000:2009 – Risk Management Principles and Guidelines. The ISO 31000 was codified by the International Organisation for Standardisation; which provides the principles and generic guidelines on risk management. The Risk Management Policy is subject to periodic review, revision, validation and approval to ensure that it is sufficiently capable to respond to changes in the risk profiles and remains aligned with the Groups' business strategy.

The Board has delegated to the BRSC the responsibility of overseeing the effectiveness, adequacy and integrity of the risk management and internal control framework of the Group and ensure that significant risks faced by the Group are being managed appropriately to respond to changes in the business environment. Similarly, the BRSC ensures that adequate risk management procedures and measurement methodologies are in place within the Group, so that the Board can formulate proactive and effective policies to eliminate or minimise corporate and operational risks of the Group.

For the financial year under review, after taking into consideration the assurance from the GMD and Group Director of Financial Services, the Board is of the opinion that the system of internal controls and risk management processes are adequate and appropriate. The Board also addresses the impact of key risks on the business operations of the Company. There was no major weakness identified within the internal controls and risk management processes that could result in any material loss or uncertainty, which would require disclosure.

The details of the Company's internal control system and framework are set out in the Directors' Statement on Risk Management and Internal Control and Risk Management, as set out on pages 70 to 74 and pages 86 to 93 respectively, of this Annual Report 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3. COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board ensures that shareholders are presented with a clear, balanced and meaningful assessment of the Company's financial performance and prospects through the audited financial statements, annual report and quarterly announcement of results.

In that regard, the BAC assists the Board to oversee the Company's financial reporting processes and quality of its financial reporting by reviewing the information to be disclosed, to ensure completeness, accuracy and adequacy in the presence of the external and internal auditors, prior to recommending the same for the Board's approval. This is to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016, Malaysian Financial Reporting Standards and International Financial Reporting Standards.

The Statement of Directors' Responsibility in respect of the preparation of the Financial Statements of the Group is set out on page 84 of this Annual Report 2020. The details of the Group's audited Financial Statements for the financial year ended 2020 are presented on pages 132 to 363 of the Annual Report 2020.

4. RELATED PARTY TRANSACTIONS

The Board, through the BAC, reviews all related party transactions. The Directors further accede that by declaring their conflict of interests in any transactions, they are to abstain from deliberation and voting on the relevant resolutions at the Board or any general meeting convened to consider the matter.

There are procedures established by the Company to ensure that all related party transactions are undertaken on an arm's length basis and on normal commercial terms, consistent with the Company's usual business practices and policies, which are generally not more favourable than those generally available to the public and are not detrimental to the minority shareholders.

The Related Party Transactions Policy and Procedure outlines the framework and processes for identifying, monitoring, evaluating, reporting and approving of the Related Party Transactions ("RPTs") and Recurrent Related Party Transactions ("RRPTs"). In particular, it serves as a guide to the BAC and Board in discharging their roles, which is to provide oversight of RPTs and RRPTs within the Group.

The Company proposes to seek its shareholders' approval on the renewal and new shareholders' mandate for the Group to enter into RRPTs of a revenue or trading nature

with related parties ("Proposed Shareholders' Mandate") at the Company's forthcoming 31st Annual General Meeting ("AGM"). The details of the Proposed Shareholders' Mandate are disclosed in the Circular to Shareholders dated 30 April 2021, and if approved, would be valid until the Company's next AGM.

5. INDEPENDENCE OF EXTERNAL AUDITORS

The re-appointment of EY as the external auditors of the Company for the financial year ended 31 December 2020 until the conclusion of the Company's next AGM was approved by the shareholders of the Company during the 30th AGM held on 22 July 2020.

The Board, via the BAC, maintains a formal and transparent professional relationship with the Group's auditors, internal and external.

During the financial year under review, EY had attended all five BAC Meetings to discuss their audit plan, audit findings and the audited financial statements. EY highlights to the Board through the BAC, matters that require the BAC's or Board's attention, together with the recommended actions thereof. The Management of the Company is held responsible for ensuring that all these corrective actions are undertaken within an appropriate time frame.

The BAC met with EY, without the presence of the GMD and Senior Management, twice (27 May 2020 and 25 November 2020) during the financial year under review, to encourage greater exchange of independent views and opinions on matters related to their findings, as well as open dialogues between both parties.

If it becomes necessary to replace the external auditors due to reasons of their performance or independence, the responsibility for the selection, appointment and removal of the external auditors has been delegated to the BAC. The BAC shall thereafter recommend its proposal to the Board for approval.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. COMMUNICATION WITH STAKEHOLDERS

The Board values the Company's dialogue with investors and appreciates the keen interests of shareholders and investors in the Group's performance. The Board recognises the need for shareholders to be informed of all material business matters affecting the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In line with the Company's Corporate Disclosure Policy, the Company is fully committed to maintain transparency and accountability to all its shareholders and stakeholders, through consistent disclosures of relevant and comprehensive information, on a timely manner to all investors, including the minority shareholders. This is to ensure that all the Company's shareholders are treated equitably and the rights of all investors, including minority shareholders, are protected. It is also to maintain open communication with the investors, shareholders, regulators, employees and other stakeholders.

The Company communicates with its shareholders and stakeholders on a regular basis through the release of its financial results on a quarterly basis, press releases and announcements to Bursa Securities, from which an overview of the Group's performance and operations is provided for investment decisions. In addition, the Company initiates dialogues with its shareholders and stakeholders, as and when required. Media coverage on the Group is initiated at regular intervals to provide wider publicity and improve the understanding of the Group's businesses.

The Company is continuously enhancing its annual report to improve its communication with its stakeholders and information disclosed in this Annual Report 2020 comprises certain elements of integrated reporting and the Company will consider adopting integrated reporting in the future. Relevant study and research on integrated reporting are currently being carried out by the Management.

The details of the events held during the financial year 2020 are set out in the Calendar of Events on pages 18 to 22 of the Annual Report 2020. Otherwise, the primary contact for all queries pertaining to investor relation matters could be accessed from the corporate website at www.drb-hicom.com/investors.

2. CONDUCT OF GENERAL MEETINGS

Due to the COVID-19 pandemic, DRB-HICOM held its first fully virtual AGM during its 30th AGM held on 22 July 2020 for the financial period ended 31 December 2019. This was to enable remote participation by the Directors and shareholders. Despite the restrictions imposed by the said pandemic, all Directors were present at the 30th AGM, either in person or remotely, to respond to the questions raised by the shareholders or proxies. This showed that all the Directors valued the effective two-way communication with shareholders that is allowed during the AGM.

The Chairman of the Board chaired the 30th AGM in an orderly manner. Prior to tabling the agenda of the 30th AGM, the shareholders were briefed by the GMD on the business performance and prospect of the Group for the financial year

ended 31 December 2020. In addition, the Group Director of Financial Services shared the detailed responses to questions raised, prior to the aforesaid AGM, by the MSWG.

During the AGM, the shareholders usually participate in the deliberation of the resolutions being proposed or on the Company's operations in general. However, since it was a virtual AGM, all questions were deferred to after the presentation of all proposed resolutions. Nevertheless, the Board, Senior Management, Audit Engagement Partner of EY and other relevant advisers were available and provided responses and clarifications, to any questions relating to, amongst others, the business activities of the Group, posted by the shareholders and proxies during the said AGM. Due to constraint of time, certain questions posted were personally replied to by the Company, expeditiously.

The Notice and Agenda of the 30th AGM, along with the Form of Proxy, were issued to the shareholders 28 days before the AGM date, which allowed the shareholders sufficient time to make the necessary arrangements to attend the virtual AGM or to appoint a proxy(ies) to attend and vote on their behalf. The Notice and Agenda of the 30th AGM were published in a local English newspaper and made available on the corporate website at www.drb-hicom.com/investors/agm2020. The Notice and Agenda are always accompanied by explanatory notes and a statement, explaining the rationale of each agenda item. Additionally, an Administrative Guide was issued and published on the corporate website, to guide the shareholders on the registration and login processes of the virtual AGM.

The minutes of the general meetings (including the attendance of the Directors, questions raised by the shareholders and their respective responses, outcome of the voting results and responses to the MSWG's queries) are made available to the shareholders and public on the corporate website at www.drb-hicom.com/investors/general-meetings.

3. POLL VOTING

The Company has in place the necessary procedures and infrastructures to facilitate poll voting for the resolutions at its general meetings.

All resolutions set out in the Agenda of the 30th AGM were conducted by way of a poll through an electronic voting system. DRB-HICOM had also engaged independent scrutineers to validate the voting process of the 30th AGM, for each resolution presented to the shareholders.

This CG Overview Statement was approved by the Board of Directors of the Company on 8 April 2021.

DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

In line with Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("MMLR"), the Board of Directors ("the Board") of a listed issuer is required to include in its Company's Annual Report a statement about the state of internal control of the listed issuer as a Group. This statement which outlines the nature and scope of the risk management and internal control within DRB-HICOM Berhad ("DRB-HICOM") has been prepared in accordance to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, which is endorsed by Bursa Securities.

DRB-HICOM has also complied with the requirements of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") which requires the Board of a listed issuer to establish and maintain a sound risk management framework and internal control system.

BOARD RESPONSIBILITY

The Board of DRB-HICOM is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board affirms its commitment towards ensuring and maintaining a sound internal control system which encompasses good governance, risk management and control processes within the Group.

In light of the above, the Board confirms that there is a proper risk management assurance process in place to identify, evaluate and manage significant risks impacting the Group's achievement of its corporate objectives. The Board also acknowledges the presence of a sound system of internal control in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as ensuring compliance with applicable laws and regulations.

It is recognised that the Group's system of internal control can only provide reasonable but not absolute assurance against any occurrence of material misstatement or loss, and that the risk management process is designed to manage or mitigate risks that hinder the Group from achieving its goals and objectives.

MANAGEMENT RESPONSIBILITY

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying, assessing, monitoring and reporting risks and internal control, as well as taking proper actions to address the risks. Management has further assured the Board that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

To evaluate the effectiveness of the risk oversight and internal control system within the Group, the Board has taken into account the significant risks that impact the achievement of the Group's objectives and strategies.

In assessing the effectiveness of the risk management and internal control system to manage these risks, the Board via its Board Risk and Sustainability Committee ("BRSC") and Board Audit Committee ("BAC") performs the following activities:

a) BOARD RISK AND SUSTAINABILITY COMMITTEE ("BRSC")

- i. Reviewing the risk management framework, processes and responsibilities to assess whether they provide reasonable assurance that risks are managed within tolerable limits;
- ii. Approve the Board's acceptable risk appetite, establish strategic content in ensuring that risk management strategies are complete and sustainability efforts are aligned with long-term business strategies, taking into account the environment in which the Group operates and the requirement of all stakeholders and the Board;
- iii. Ensuring that a short and long-term risk management strategy, framework and methodology have been implemented and consistently applied by all Operating Companies and Corporate Divisions across the Group;
- iv. Ensuring the effective management of significant and material economic, environmental and social ("EES") risks impacting the principal businesses of the Group;
- v. Determining the overall risk management processes adopted by Operating Companies and Corporate Divisions across the Group and overseeing the effective deployment of appropriate guidelines and policies for implementation;
- vi. Ensuring risk management processes are integrated into all core business processes and that the culture of the Group reflects the risk consciousness of the Board;
- vii. Ensuring the sustainability agenda prescribed by the Board is integrated within key business strategies towards the collective achievement of sustainability goals across the Group;
- viii. Ensuring sustainability practices and initiatives adopted reflects and exceeds stakeholders' expectations and simultaneously enhances the long-term value creation for the Group;

- ix. Providing a consolidated risk, assurance and sustainability reporting structure to the Board to support the risk management statement and internal control statement in the Group's Annual Report;
- x. Ensuring alignment and coordination of risk, assurance and sustainability activities across the Group;
- xi. Identifying opportunities to release potential business benefits through the enhancement of risk management and sustainability capabilities; and
- xii. Review and ensure the effective preparation of the Group's disclosure reports relating to risk management and sustainability matters, as prescribed by Bursa Malaysia.

b) BOARD AUDIT COMMITTEE ("BAC")

- i. Review the adequacy of the Group's annual and quarterly financial results reporting, particularly on changes in accounting policies, significant adjustments arising from audits, going concern assumptions and compliance with the Malaysian Financial Reporting Standards in Malaysia, Companies Act 2016 and other legal requirements;
- ii. Review the activities of the external auditor, mainly on the external auditor's appointment and audit fees, external auditor's independence and objectivity, scope of audit, external auditor's report to the BAC and Management's responses as well as Key Audit Matters in the Auditors' Report;
- iii. Review the Related Party Transactions ("RPT") and the Recurrent Related Party Transactions ("RRPT") to ensure adequate disclosures in accordance with the Companies Act 2016 and the MMLR of Bursa Securities;
- iv. Assess the activities of the internal audit function in line with the annual internal audit plan and the adequacy of Group Internal Audit Division's ("GIAD") scope, performance and competency of its audit resources;
- v. Review reports issued by GIAD, including special audits of fraud or major internal control breakdown, and ensure that appropriate actions are taken by the Management based on GIAD's recommendations in providing solutions for improvements to the system of internal control and ensuring that the said recommendations are implemented expeditiously; and
- vi. Maintain a transparent relationship with the external auditor and solicit professional advice to ensure reporting standards are complied with.

INTERNAL CONTROL

The key components of internal control as subscribed by the Group can be categorised as follows:

1) CONTROL ENVIRONMENT

BOARD COMMITTEES

The Board acknowledges that ensuring sound governance requires effective interaction among the Board, Management, internal and external auditors. The Board, in ensuring effective discharge of its responsibilities, is assisted by the Board Committees, namely the Board Nomination and Remuneration Committee, the BAC as well as the BRSC. Each of the Committees has a clearly defined Terms of Reference ("TOR").

BOARD AUDIT COMMITTEE

The BAC comprising of one Senior Independent Non-Executive Director and two Independent Non-Executive Directors, provides an oversight of the internal and external audit processes as well as reviews the reports of the auditors on the adequacy and integrity of the system of internal control and the financial statements of the Group.

The BAC reviews the engagement of the external auditors, their scope, and approach in the conduct of the audit examination. The BAC also reviews the activities and results of the audit conducted by GIAD and where needed, recommends appropriate actions to strengthen the internal control.

The BAC meets with the external auditor at least twice a year without the presence of the Management.

The BAC, consisting of members with a wide range of knowledge, expertise and experience, has unrestricted access to any information or relevant documents from internal and external auditors and all employees within the Group. Please refer to pages 76 to 81 of this Annual Report for the BAC Report.

ORGANISATIONAL STRUCTURE AND REPORTING LINE

There is a formal organisational structure with clear lines of reporting and responsibility to ensure proper segregation of duties, assignment of authority and accountability within the Group.

DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

VISION, MISSION AND SHARED VALUES

The Management has established vision and mission statements, and shared values to steer and provide direction to employees towards achieving the goals and objectives of the Group.

ETHICS AND BUSINESS PRACTICE

The Group's Code of Ethics and Business Practice, which is communicated to employees, outlines the standards of behaviour and ethics that are expected from employees.

The Vendor Code of Conduct ("VCOC") has been established to enhance employees business conduct with vendors, by reflecting the Group's shared values and high ethical standards. The Group expects its Vendors to also comply with the VCOC when engaging with the Group and conduct themselves with integrity, honesty and respect. The implementation of the VCOC strengthens the Group's ongoing efforts to achieve high levels of integrity towards creating a transparent and high-integrity business environment.

The Vendor Code of Conduct is available for viewing and/or download on DRB-HICOM's website at <https://www.drb-hicom/vendor-code-of-conduct/>.

ANTI BRIBERY AND ANTI CORRUPTION

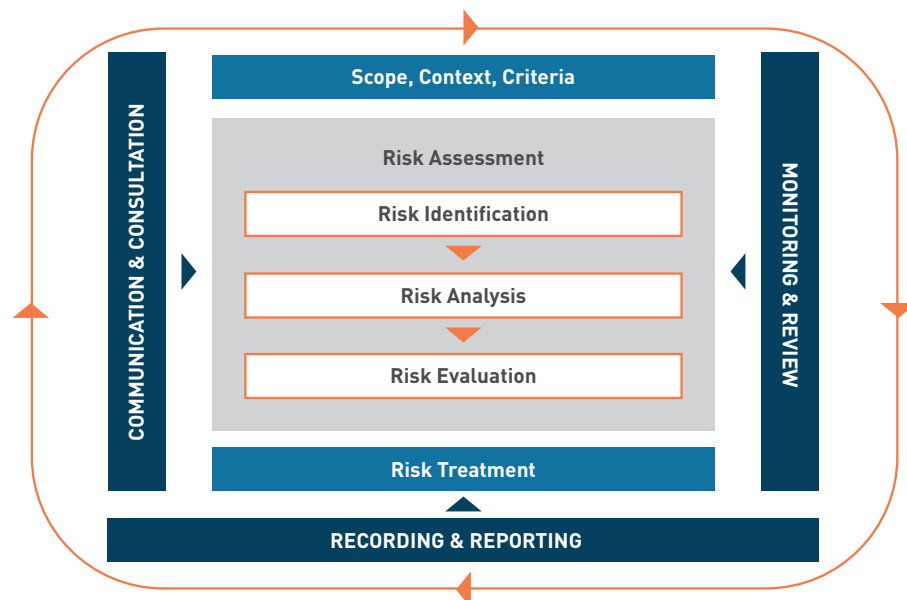
Taking cognisance of Section 17A of the MACC Act which came into force on 1 June 2020, in ensuring that adequate procedures are in place to provide defence against Corporate Liability, the Board had approved an Anti-Bribery and Anti-Corruption Policy on 28 August 2020.

In line with the Group's commitment towards Anti-Bribery and Anti-Corruption, the Group has also developed a Gifts and Entertainment Policy which sets out the key guidelines in regards to our conduct with our customers in relation to entertainment and the receipt and giving of gifts. There were continuous awareness sessions for employees on recent legal and corporate developments in the prevention of corruption.

2) ENTERPRISE RISK MANAGEMENT ASSURANCE

The Group has established an Enterprise Risk Management Framework to provide a consistent approach towards facilitating an adequate risk assurance in assessing risks assumed by all companies under the Group. This framework was established in accordance with the principles and guidelines outlined under the Committee of Sponsoring Organisation of the Treadway Commission's Enterprise Risk Management Integrated Framework ("COSO") and the International Organisation for Standardisation's Risk Management Principles and Guidelines ("ISO 31000:2009").

The risk management process is further refined based on the revised ISO 31000:2018 framework and customised to suit the Group's businesses and operating environment as depicted below:



DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

In this respect, the Group Risk Management and Sustainability Division ("GRMSD") has deployed an enterprise risk management framework to all Operating Companies and Corporate Divisions to facilitate the effective identification, assessment, quantification, monitoring, mitigation and reporting of corporate and business associated risks across the Group.

The Group performs continuous communications and engagement sessions with stakeholders to identify emerging risks that may hinder the achievement of the Group's objectives and realisation of new business opportunities. A combination of qualitative and quantitative methods are used by Management to assess and evaluate the severity of the identified risks from two perspectives i.e. likelihood of occurrence and potential impact. Management will then decide, in consultation with GRMSD, on the risk treatment options for subsequent implementation.

The risk management and internal control system are subject to continuous review and improvement to ensure that they are capable of responding to changes in the risk profiles while remaining aligned to the Group's overall business strategy.

Notwithstanding the above, GRMSD continues to build a strong risk management culture by promoting awareness, ownership and accountability of risks. With that being said, individual risk, controls, and action plan owners are required to provide quarterly assurance to the RMC and the BRSC regarding the status of review as well as the adequacy and effectiveness of the action plans implemented to mitigate key material risks faced by Operating Companies and Corporate Divisions within the Group.

The Group has in place an Enterprise Risk Management solution that serves as an electronic risk repository database that facilitates the timely update and review of risks for all operating companies and corporate divisions. The risk assurance module embedded within the system is accessible for sign-off on a quarterly basis to provide affirmation on the mitigation effectiveness of action plans taken to address the key risks of the Group.

Additional information on the Group's risk management process is provided on pages 86 to 93 of the Annual Report.

3) CONTROL ACTIVITIES

POLICIES AND PROCEDURES

The Group has established policies and procedures to govern the various group processes. This would ensure consistency in practice whilst providing guidance and direction for proper management and governance of the operations and business activities within the Group.

Among the key policies and procedures in place are Anti-Bribery and Anti-Corruption, Human Capital, Information Technology, Communication, Procurement, Corporate Planning, Risk Management, Code of Ethics and Business Practice, Management Control and Internal Control Framework, Whistleblowing, and Safety, Health & Environment. Policies and procedures are also subject to periodic review, revision, validation and approval.

The Group has also established the Limits of Authority ("LOA") and Management Delegated Authority ("MDA") to provide a framework of authority and accountability within the organisation. The LOA sets the limits and authorisations for strategic, capital and operational expenditures. On the other hand, the MDA is an extension of the LOA and it ensures that the right limits of authority are given to Management to execute transactions and activities. The LOA and MDA are regularly updated and approved by the respective Boards to reflect changing business needs in addressing operational deficiencies.

WHISTLEBLOWING POLICY

The Group has established a Whistleblowing Policy ("Policy") which outlines the Group's commitment towards enabling employees and other stakeholders to raise concerns in a responsible manner regarding any wrongdoings or malpractices without being subject to victimisation or discriminatory treatment. All valid concerns will be properly assessed. The Policy promotes a culture of honesty, openness and transparency within the Group.

The Group encourages its employees to make any disclosure openly and honestly. All disclosures made under the Policy will be dealt with in strict confidence. It will be the task of GIAD to assess, investigate and report on the complaints or concerns raised.

DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The Policy and its disclosure procedure are accessible to the public for reference on the Company's website at www.drb-hicom.com. Complaints or reports under this Policy can also be made through the Whistleblower Hotline at 1-800-88-2005 or via a dedicated e-mail address at whistleblowing@drb-hicom.com. In addition, periodic communications by way of dissemination of brochures illustrating the Whistleblowing Policy have been made available in English and Bahasa Malaysia for all employees of the Group.

BUSINESS PLANNING AND BUDGETARY

The Group manages performance of the operating units, within which business strategies, planning and budgetary exercises are established annually and actual performance is monitored and assessed periodically against set targets.

4) INFORMATION AND COMMUNICATION

Pertinent information such as the Group's achievements, changes with regard to corporate and organisational structure as well as policies and procedures are identified, captured and communicated in a proper and timely manner. This would enable employees to focus and perform their responsibilities effectively.

In addition, the Management from time to time had communicated to all the employees on the current affairs in relation to integrity and governance matters.

5) MONITORING

INTERNAL AUDIT FUNCTION

The business processes and conduct of the operating units within the Group are continuously assessed by GIAD in the context of adequacy and effectiveness of the financial, operational controls and risk management. GIAD reports to the BAC and communicates to the Management on audit observations noted in the course of their review and monitors the status of actions taken by the operating units.

Please refer to pages 76 to 78 of this Annual Report on the summary of audit works performed by GIAD.

Moreover, members of the Management under the various Corporate Head Office functions, such as procurement and information technology, also undertake periodical review of the compliance and adequacy of the control systems as well as procedures of the Group's companies and operating units.

PERFORMANCE MANAGEMENT

Continuous education, training and development programmes are emphasised in order to nurture quality and competent employees.

Employees' performances are measured according to the set of key performance indicators ("KPI") aligned to their functions as assigned to them and which they are expected to accomplish.

ASSURANCE TO THE BOARD

In making the above assurance, the Group Managing Director ("GMD") and the Group Director, Group Financial Services ("GFS") acknowledge that the risk management and internal control system are operating adequately and effectively.

STATE OF ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

For the financial year under review and up to date of the approval of this Statement on Risk Management and Internal Control, after taking into consideration the assurance from the GMD and Group Director, GFS, the Board is of the opinion that the system of internal control and risk management processes are adequate and sound to provide reasonable assurance in safeguarding the shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of DRB-HICOM. There was no major internal control weakness identified that may result in any material loss or uncertainty that would require disclosure in the Annual Report.

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the MMLR, this Statement has been reviewed by the external auditor, Messrs. Ernst & Young "PLT", pursuant to the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 31 December 2020. They have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the Group's risk management and internal control system.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 8 April 2021 .

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BOARD AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of DRB-HICOM Berhad ("DRB-HICOM") is pleased to present the Board Audit Committee Report for the financial year ended 31 December 2020.

1. COMPOSITION AND ATTENDANCE AT MEETINGS

1.1 Composition

The composition of the Board Audit Committee ("BAC") during the financial year under review up to the date of this report is as follows:

| Members | Status of Directorship |
|---|--|
| Datuk Ooi Teik Huat (Chairman) | Senior Independent Non-Executive Director |
| Dato' Ibrahim Taib (Member) | Independent Non-Executive Director |
| Datuk Idris Abdullah @ Das Murthy (Member) | Independent Non-Executive Director |

The BAC Chairman, Datuk Ooi Teik Huat is a member of the Malaysian Institute of Accountants ("MIA"). Hence, the Company has fulfilled the requirement under Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

1.2 Attendance

There were six BAC meetings held during the financial year ended 31 December 2020. The BAC members and their attendance records are outlined in the Corporate Governance Overview Statement ("CG Overview") in the Annual Report of the Company.

During the BAC Meetings, the Management of the Company was invited to brief the BAC on the Group's financial performance and relevant corporate matters as well as to address any queries raised by the BAC. The Management of the Group Internal Audit Division ("GIAD") attended all BAC meetings and presented the internal audit reports to the BAC. Other than the results and reports of internal audits, GIAD also presented the summary of audit activities, internal audit plan as well as the staff strength. The external auditor was also invited to attend the BAC meetings to present the audit scope and plan as well as the Auditors' Report on the audited financial statements of the Company.

All issues discussed and deliberated during the BAC meetings were recorded in the minutes of each meeting by the Company Secretary who is also the secretary to the BAC. Any matters of significant concern raised by the internal and external auditors were duly conveyed by the BAC Chairman to the Board.

2. TERMS OF REFERENCE OF BOARD AUDIT COMMITTEE

The Terms of Reference ("TOR") establishes the authority, duties and responsibilities of the BAC. The TOR has been incorporated in the Board Charter which is available on the Company's website at www.drb-hicom.com.

On 25 November 2020, the BAC had reviewed the TOR of the BAC and recommended revision of the aforesaid TOR for the Board approval.

3. SUMMARY OF WORKS PERFORMED BY THE BOARD AUDIT COMMITTEE

The key works carried out by the BAC during the financial year ended 31 December 2020 comprised of the following:

3.1 Financial Reporting

In overseeing the Group's financial reporting, the BAC had reviewed the unaudited quarterly and audited annual financial results. The chronological details of the reviews conducted are as follows:

- (a) The BAC reviewed the 9-month unaudited financial results of the company for the financial period ended 31 December 2019 at its meeting held on 27 February 2020.
- (b) The BAC reviewed the annual audited financial statements of DRB-HICOM Group and Company for the financial period ended 31 December 2019 together with the Statement of Directors' Responsibility and took note of the Report to the BAC from the external auditor, Messrs. Ernst & Young ("EY") at its meeting held on 27 May 2020.
- (c) The unaudited quarterly financial results for the periods ended 31 March 2020, 30 June 2020 and 30 September 2020 were reviewed at the BAC meetings held on 24 June 2020, 26 August 2020 and 25 November 2020 respectively.

This included the reviews on the announcements of the financial results to Bursa Securities prior to recommending to the Board for approval. The reviews were conducted to ensure that the financial reporting and disclosure were in compliance with:

- Provisions of the Companies Act 2016;
- MMLR of Bursa Securities;
- Applicable approved accounting standards in Malaysia; and
- Other legal and regulatory requirements.

The BAC also focused on any changes to the accounting policies and practices, significant audit adjustments as well as the impact of COVID-19 pandemic to the Group's businesses. The reviews and discussions by the BAC were carried out concurrently with the Group Managing Director ("GMD") and the Group Director, Group Financial Services of DRB-HICOM.

3.2 Risks and Controls

The BAC evaluated the overall adequacy and effectiveness of the system of internal controls through review of the works performed by both internal and external auditors as well as discussions with the Management. The BAC also reviewed the Statement on Risk Management and Internal Control as well as the CG Overview Statement and Corporate Governance Report (CG Report) prior to inclusion in the Company's Annual Report and release to Bursa Securities.

The BAC at its meeting held on 27 May 2020 reviewed and provided recommendation for the Board approval of the Statement on Risk Management and Internal Control together with the CG Overview Statement for publication in the Annual Report of the Company for the financial period ended 31 December 2019.

The BAC at its meeting on 27 May 2020 also reviewed and provided recommendation for the Board approval of the BAC Report prior to inclusion in the Annual Report of the Company for the financial period ended 31 December 2019.

3.3 External Audit

- (a) The BAC deliberated with the external auditor the results of the audit of the annual financial statements for the financial period ended 31 December 2019 and the Report to the BAC as well as the management responses at its meeting held on 27 May 2020.
- (b) The BAC reviewed the overall assessment of the external auditor's performance and independence for the financial period ended 31 December 2019 during its meeting held on 27 May 2020. The BAC was satisfied with the external auditor's performance and independence requirements during the period under review.

- (c) The BAC reviewed the re-appointment proposal of the external auditor for the Company and recommended the re-appointment and fees for the Board's approval.

EY which has been the Company's external auditor since 2011 was recommended for re-appointment for the ensuing year. The financial year ended 31 December 2020 marked the fifth year for the engagement partner, Sundralingam Navaratnam.

- (d) The BAC reviewed and approved the Annual Audit Plan for the financial year ended 31 December 2020 with the external auditor inclusive of the terms of engagement and scope of work for the statutory audit at its meeting held on 25 November 2020. During the meeting, the external auditor affirmed that EY and all members of its engagement team have maintained their independence in accordance with the provisions of the By-Laws on Professional Ethics, Conduct and Practice of the MIA.

The BAC also obtained written assurance from the external auditor confirming their independence throughout their term of engagement for the financial year under review.

- (e) The BAC reviewed the non-audit services provided by the external auditor. During the year under review, the Company engaged the external auditor for several non-audit works involving taxation, quarterly reviews and others. Details of non-audit fees incurred by the Company for the financial year ended 31 December 2020 are stated in the Additional Compliance Information of this Annual Report.

The BAC held bi-annual meetings with the external auditor without the Management's presence on 27 May 2020 and on 25 November 2020.

BOARD AUDIT COMMITTEE REPORT

3.4 Internal Audit

- (a) The BAC reviewed and approved the GIAD's Annual Internal Audit Plan and ensured that the principal risks, key entities and functions were adequately identified and covered in the plan. The BAC approved the FY2021 Annual Internal Audit Plan at its meeting on 25 November 2020.
- (b) The BAC reviewed the internal audit reports presented by GIAD at each BAC meeting held throughout the financial year ended 31 December 2020. This includes review on GIAD's activities with respect to:
- Status of audit activities as compared to the approved Annual Audit Plan;
 - Results of the scheduled, follow-up and special audits;
 - Adequacy of the Management's responsiveness to the audit findings and recommendations;
 - Status of the Internal Audit's Quality Assurance and Improvement Programme; and
 - Adequacy of the audit resources, training and development of the staff within GIAD.
- (c) The BAC at its meeting on 27 February 2020 reviewed the results of the overall performance evaluation conducted on GIAD for the financial period ended 31 December 2019 and was satisfied in regard to adequacy of scope and function, competency and resources of the division as well as on the effectiveness in reporting of the audit results.
- (d) The BAC held two private meetings on 27 May 2020 and 25 November 2020 with the Head of GIAD to review and discuss on the key internal controls and internal audit related matters.

3.5 Related Party Transactions ("RPTs") and Recurrent Related Party Transactions ("RRPTs")

The BAC reviews the RPTs and RRPTs of the Group to ensure compliance with the Companies Act 2016 and the MMLR and that the transactions should be on an arm's length basis, fair and reasonable and that they are not more favourable to the related parties than those generally available to the public and are not detrimental to minority shareholders. The BAC had reviewed the RRPTs at five meetings out of the total six meetings held during the financial year ended 31 December 2020.

3.6 Others

The BAC members attended relevant and continuing education programmes during the financial year under review so as to acquire better insights to the related businesses and operations of the Group. The details of the trainings attended by the BAC members are stated in the CG Overview.

4. STATEMENT ON INTERNAL AUDIT FUNCTION

4.1 Roles and Responsibilities

The GIAD is an integral part of the assurance structure of the Group. The Division's primary responsibility is to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal control, risk management and governance process. However, those Group companies which are listed or regulated by Bank Negara Malaysia through Islamic Financial Services Act 2013 are under the purview of the BAC and internal audit functions of the respective companies.

The Head of GIAD reports directly to the BAC on a functional basis and to the GMD administratively. The Head of GIAD periodically reports to the BAC on the activities performed as well as the key control issues noted by the internal auditors. The purpose, authority and responsibility of GIAD are reflected in the Internal Audit Charter, which was approved by the BAC.

In order to maintain its independence and objectivity, GIAD has no operational responsibility and authority over the entities it audits. In determining the adequacy of audit scope and coverage, GIAD applies a comprehensive audit planning of the Group's auditable entities and functions by performing risk analysis and ensuring adequate resources in performing the audit.

BOARD AUDIT COMMITTEE REPORT

4.2 Audit Resources

The total staff strength in GIAD as at 31 December 2020 stood at 35 staff which includes the staff from the internal audit function of PROTON Holdings Berhad as summarised below:

| No. | Members | Manpower as at 31 December 2020 |
|--------------|------------------------|---------------------------------|
| 1. | DRB-HICOM Berhad | 20 |
| 2. | PROTON Holdings Berhad | 15 |
| Total | | 35 |

The BAC approves the GIAD's annual audit plan, financial budget and manpower requirements so as to ensure that the function is adequately resourced with competent and proficient internal auditors.

During the financial year ended 31 December 2020, a total of RM3.97 million was incurred as part of the resource allocation for the Group's internal audit function, covering mainly manpower and incidental costs such as travelling and training as summarised below:

| No. | Members | Total Cost RM |
|--------------|------------------------|------------------|
| 1. | DRB-HICOM Berhad | 2,231,734 |
| 2. | PROTON Holdings Berhad | 1,738,326 |
| Total | | 3,970,060 |

GIAD also invested in various training programmes to maintain and enhance the desired competency level of the Group's internal auditors. The training programmes, comprising in-house and externally sourced training, were focused on functional and developmental needs of the internal auditors.

4.3 Audit Works

GIAD adopts a risk-based approach as part of its audit planning and execution focusing on significant identified risks and effectiveness of the controls in mitigating the risks. In performing the audit engagements, GIAD is guided by the Institute of Internal Auditors' International Professional Practices Framework ("IPPF") which includes the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.

GIAD is also guided by the internal policies, procedures as well as the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") and Control Objectives for Information and Related Technology ("COBIT").

The objectives of the internal audit function include review of the adequacy and effectiveness of internal controls and risk management, compliance with applicable laws and regulations, reliability and integrity of information and adequacy of safeguarding of assets.

During the financial year ended 31 December 2020, GIAD executed a total of 139 audits which comprised scheduled and ad-hoc engagements inclusive of special audits. The audits conducted covered a wide range of units and their related branch operations under DRB-HICOM and PROTON Holdings Berhad. Amongst the key areas covered for the financial year under review were:

- Procurement;
- Inventory Management;
- Business Operations;
- Contract Management;
- Project Management;
- Human Resource Management;
- Financial Management;
- Asset Management;
- Management Information System; and
- Safety, Health & Security.

None of the components of the internal audit function were outsourced to external service providers.

All findings from the internal audit reviews were reported to the BAC, Senior Management and the relevant Management of the operating units.

The respective Management of the audited operating units are accountable to ensure proper handling of the audit issues and implementation of their action plans within the time-frame specified. Actions taken by the audited operating units were followed-up by GIAD and the status updated in the subsequent audits.

4.4 Quality Management System

The GIAD continues to maintain its Quality Assurance and Improvement Programme covering its internal audit processes through the ISO 9001:2015 Quality Management System, which is subject to an in-house quality audit and external annual surveillance assessment by an independent certification body namely United Registrar of Systems.

ADDITIONAL COMPLIANCE INFORMATION

(Pursuant to the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”))

1. UTILISATION OF PROCEEDS

Save as disclosed in the previous financial period, there was no new corporate funding proposal undertaken by the Company during the financial year ended 31 December 2020.

2. AUDIT AND NON-AUDIT FEES

- (i) The amount of audit fees paid or payable to the external auditors, Ernst & Young PLT (“EY”), and their affiliated companies for services rendered to the Group and the Company for the financial year ended 31 December 2020 amounted to RM3.20 million and RM0.44 million respectively.
- (ii) The amount of non-audit fees paid or payable to the external auditors, EY, and their affiliated companies for the services rendered to the Group and the Company for the financial year ended 31 December 2020 amounted to RM2.33 million and RM0.46 million respectively.

3. EMPLOYEES SHARE OPTION SCHEME

No Employees Share Option Schemes were granted by the Company during the financial year ended 31 December 2020.

4. MATERIAL CONTRACTS INVOLVING DIRECTORS'/CHIEF EXECUTIVES'/MAJOR SHAREHOLDERS' INTERESTS

Other than the following, there were no material contracts including contracts relating to any loans entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests:

On 8 March and 11 July 2018, the Group had entered into various sales and purchase agreements, share sales agreements and supplemental agreements respectively with related parties, namely Prisma Dimensi Sdn. Bhd. (“Prisma Dimensi”) and Kelana Ventures Sdn. Bhd. (“Kelana Ventures”) to dispose the following assets:

- (i) Disposal of various property assets for a disposal consideration of RM1,432,500,000;
- (ii) Disposal of its total effective interest of 70.60% in Horsedale Development Berhad (“Horsedale”), via the disposal by Glenmarie Properties Sdn. Bhd. of the 58% equity interest in Puncak Permai Sdn. Bhd., which in turn holds 70% equity interest in Horsedale and the

disposal by HICOM Berhad of its 30% equity interest in Horsedale, for a total disposal consideration of RM347,166,000 (including contingent consideration of RM15,395,000); and

- (iii) Disposal of indirect 100% equity interest in Rebak Island Marina Berhad, for a disposal consideration of RM170,436,000.

(collectively, (i), (ii) and (iii) are to be referred to as the “Proposed Disposal”)

The total consideration for the Proposed Disposal amounted to RM1,950,102,000 was satisfied via the transfer of 1,243.46 acres of freehold land in the Mukim of Tebrau, District of Johor Bahru, Johor held by Prisma Dimensi and Kelana Ventures to Neraca Prisma Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group, valued at RM1,646,000,000 and cash consideration of RM288,707,000. The balance of RM15,395,000 relating to the contingent consideration to be satisfied in the next five years.

Save as disclosed below, none of the directors and/or major shareholders of the Company as well as persons connected with them has any interest, direct or indirect, in the Proposed Disposal:

- (i) Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor (“Syed Mokhtar”) is an indirect major shareholder of DRB-HICOM through his major shareholding in Etika Strategi Sdn. Bhd. (“ESSB”). He is also the ultimate shareholder of Prisma Dimensi via his 100% less one ordinary share of Kelana Ventures and the interest of his spouse in Kelana Ventures;
- (ii) ESSB is a direct major shareholder of DRB-HICOM via its 55.92% equity interest in the Company. Syed Mokhtar holds 90% equity interest in ESSB whilst the remaining 10% equity interest is held by his spouse. Hence, ESSB is deemed a person connected with Syed Mokhtar and his spouse; and
- (iii) Sharifah Sofia Syed Mokhtar Shah (“Sharifah Sofia”), is the Non-Independent Non-Executive Director of DRB-HICOM, Director of ESSB and daughter of Syed Mokhtar and hence, Sharifah Sofia is a person connected with Syed Mokhtar.

The Proposed Disposal had been approved by DRB-HICOM Berhad shareholders at the Extraordinary General Meeting held on 15 October 2018. Following the fulfilment of the conditions precedent to the various agreements, the Proposed Disposal was completed on 31 December 2020.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the 30th AGM of the Company held on 22 July 2020, the Company had obtained a Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT"). In accordance with Paragraph 10.09(2)(b) of the MMLR, details of the RRPT conducted during the financial year ended 31 December 2020 pursuant to the Shareholders' Mandate are as follows :

| No. | DRB-HICOM and/ or its subsidiary companies | Transacting related party | Nature of relationship | Nature of transaction | Value of transaction from 1 January 2020 to 31 December 2020 (RM'000) |
|-----|---|---|--|--|--|
| 1. | HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. ("HTS") | Teck See Plastic Sdn. Bhd. ("Teck See Plastic") | 60% owned subsidiary of Oriental Holdings Berhad, a 49% shareholder of HTS | Supply of automotive plastic components by Teck See Plastic to HTS | 453 |
| | | Compounding & Colouring Sdn. Bhd. ("Compounding & Colouring") | A related corporation of Teck See Plastic, a 49% shareholder of HTS | Supply of raw materials by Compounding & Colouring to HTS | 2,537 |
| 2. | HICOM HBPO Sdn. Bhd. ("HHBPO") | HBPO GmbH | A 51% shareholder of HHBPO | Payment of development cost by HHBPO to HBPO GmbH | - |
| 3. | Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSAB") | Zhejiang Geely Holding Group Co., Ltd ("Geely") Group | A 49.9% shareholder of PROTON Holdings Berhad ("PROTON") | Provision of technical support, payment of royalties and supply of components for motor vehicles by Geely Group to PONSAB | 1,451,075 |
| 4. | Bank Muamalat Malaysia Berhad ("BMMB") | Islamic Arts Museum Shop Sdn. Bhd. ("Islamic Arts") | A company owned by persons connected to Syed Mokhtar | Purchase of all kinds of gifts and souvenirs by BMMB from Islamic Arts | 30 |
| | DRB-HICOM Auto Solutions Sdn. Bhd. ("DHAS") | Northport (Malaysia) Berhad ("Northport") | 99.1% owned indirect subsidiary company of MMC | Provision of management of port activities and port storage charges by Northport to DHAS | 1,351 |
| | Edaran Otomobil Nasional Berhad ("EON") Group | MMC Corporation Berhad Group ("MMC Group") | A company in which Syed Mokhtar is an indirect major shareholder | Supply of motor vehicles, accessories, spare parts and maintenance services by EON Group to MMC Group | 686 |
| | | Tradewinds Plantation Berhad ("Tradewinds Plantation") Group | A company in which Syed Mokhtar is an indirect major shareholder | Supply of motor vehicles, accessories, spare parts and maintenance services as well as leasing of motor vehicles by EON Group to Tradewinds Plantation Group | 39,909 |

ADDITIONAL COMPLIANCE INFORMATION

| No. | DRB-HICOM and/or its subsidiary companies | Transacting related party | Nature of relationship | Nature of transaction | Value of transaction from 1 January 2020 to 31 December 2020 (RM'000) |
|-----|--|---|---|---|---|
| 4 | (continued) | | | | |
| | DRB-HICOM Berhad Group ("DRB-HICOM Group") | Media Prima Berhad ("Media Prima" Group) | A company in which Syed Mokhtar is an indirect major shareholder | Provision of media-related businesses in television and out-of-home advertising by Media Prima Group to DRB-HICOM Group | 1,604 |
| | | Prism Protection Services Sdn. Bhd. ("Prism Protection") | 70% owned indirect subsidiary company of Tradewinds Corporation Berhad ("TCB") | Provision of investigation and security services by Prism Protection to DRB-HICOM Group | 1,139 |
| | | Prism Security Management Sdn. Bhd. ("Prism Security") | 100% owned indirect subsidiary company of TCB | Provision of selling security systems, providing training and consultancy services by Prism Security to DRB-HICOM Group | - |
| | | Tradewinds International Insurance Brokers Sdn. Bhd. ("Tradewinds International Insurance Brokers") | 100% owned subsidiary company of TCB | Provision of insurance broker for direct insurance and reinsurance business by Tradewinds International Insurance Brokers to DRB-HICOM Group | 3,240 |
| | | Tradewinds Travel Services Sdn. Bhd. ("Tradewinds Travel") | 100% owned indirect subsidiary company of TCB | Provision of travel related services by Tradewinds Travel to DRB-HICOM Group | 79 |
| | | Gas Malaysia Berhad ("Gas Malaysia") | An indirect associated company of MMC, a company in which Syed Mokhtar is an indirect major shareholder | Provision of supply of Natural Gas for production and testing of cars from Gas Malaysia to DRB-HICOM Group | 8,818 |
| | | Alam Flora Sdn. Bhd. ("Alam Flora" Group) | An indirect 97.37% owned company of Malakoff Corporation Berhad ("Malakoff") | Provision of integrated solid waste management services, recycling, integrated facility management services and related services from Alam Flora Group to DRB-HICOM Group | 17,576 |
| | | | | Provision of rental services i.e. buildings, building service charges, motor vehicles, etc to Alam Flora Group by DRB-HICOM Group | 2,133 |

ADDITIONAL COMPLIANCE INFORMATION

| No. | DRB-HICOM and/or its subsidiary companies | Transacting related party | Nature of relationship | Nature of transaction | Value of transaction from 1 January 2020 to 31 December 2020 (RM'000) |
|-----|---|---|--|---|---|
| 4. | (continued) | | | | |
| | | MMC Group | A company in which Syed Mokhtar is an indirect major shareholder | Supply and leasing of machineries, motor vehicles and bins by DRB-HICOM Group to MMC Group | 2,730 |
| | | Malakoff Group | A 38.45% associated company of MMC | Proposed development of rooftop solar photovoltaic project by Malakoff Group to DRB-HICOM Group | - |
| | | Souq Realty Sdn. Bhd. ("Souq") | A company in which Syed Mokhtar is an indirect major shareholder | Provision of rental of Souq Commercial Centre including service charges by Souq to DRB-HICOM Group | 291 |
| | HICOM Berhad | Net2one Sdn. Bhd. ("Net2one") | A company in which Syed Mokhtar is an indirect major shareholder | Provision of rental data centre space by HICOM Berhad to Net2one | 17 |
| 5. | DRB-HICOM Group | PROTON Holdings Berhad ("PROTON") Group | A 50.1% owned subsidiary company of DRB-HICOM | Supply of components and spare parts for motor vehicles and provision of importation services for Completely Knocked Down ("CKD") kits by DRB-HICOM Group to PROTON Group | 715,198 |

Notwithstanding the related party disclosures already presented in the audited financial statements in accordance with Malaysian Financial Reporting Standard 124 (MFRS 124), the above disclosures are made in order to comply with Paragraph 10.09 of the MMLR with regard to the value of RRPT conducted in accordance with the Shareholders' Mandate during the financial year, as the scope of related party relationships and disclosures contemplated by the MMLR are, to a certain extent, different from those of MFRS 124.

The shareholdings of the respective interested major shareholders as shown above are based on information disclosed in the Circular to Shareholders dated 24 June 2020 in relation to the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature.

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Directors are required by the Companies Act 2016 ("the Act") to ensure that the financial statements prepared for each financial year give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the year then ended. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Act in Malaysia.

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2020 set out on pages 132 to 363, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and ensured that all applicable approved accounting standards have been followed.

The Directors have ensured that the accounting records kept by the Group and the Company have been properly kept in accordance with the provisions of the Act, which disclose with reasonable accuracy the financial position of the Group and of the Company.

This Statement is made on behalf of the Board in accordance with a resolution of the Directors dated 8 April 2021.

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RISK MANAGEMENT

OVERVIEW

The COVID-19 pandemic in 2020 dominated news headlines and dramatically altered the way businesses operate, creating what has been termed as the “new normal”, defining and reshaping how work is done across the globe. The economic and social impact brought on by the pandemic has created far-reaching consequences not seen since the 1930’s Great Depression, affecting markets and industries worldwide. As a result, it has brought into sharp focus the need to re-examine the global risk landscape affecting businesses today.

Organisations today are faced with a myriad of challenges ranging from managing the ongoing COVID-19 crisis to keeping up with advancement in new technologies and adapting to geopolitical uncertainties triggering trade and fiscal policy changes across global markets. These challenges often manifest themselves in the form of threats and opportunities to an organisation in carrying out its business objectives domestically, regionally as well as in the global arena. Consequently, it forces businesses to swiftly adapt and re-strategise their business models to enhance operational resiliency and sustain their performance going forward.

In managing these challenges, DRB-HICOM Berhad (“the Group”) strives to continually review and enhance its risk management strategies, methodologies and approaches to adapt to the constantly evolving economic and business landscape. The Group consistently drives and embeds a holistic risk culture and value creation into the mindset of its business entities, thus ensuring the sustained achievement of its business strategies and objectives. The Group’s Board of Directors remains committed to continually ensure the effective implementation of risk management and internal control systems across the Group to achieve operational excellence without compromising its core values. To realise this goal, the Group shall endeavour to consistently adopt an enterprise-wide risk management process comprising the following five key components:

Risk Governance

Enterprise Risk Assessment

Risk Mitigation & Measurement

Training & Development

Enterprise Risk Reporting

*DRB-HICOM Berhad Enterprise Risk Management Process
Components*

RISK GOVERNANCE

In assuring good risk governance towards optimising long-term stakeholder and shareholder returns, the Group continues to enhance its risk oversight capabilities in assessing uncertainties while simultaneously anticipating future threats impacting the business environment in which it operates. The approach involves examining pandemic-related crises as well as evaluating uncertainties in market and business landscapes, changes in regulatory and financial requirements, technological advancements and data security concerns, operational shifts and issues relating to human capital, among others. To ensure continued sustainability and performance across all operating companies, the Group has adopted prudent, responsible and transparent governance, risk and compliance approaches to ensure its continued resilience and agility in undertaking existing and new business initiatives.

In this respect, the Group has put in place a formal and structured Risk Management Policy as a guideline to allow the Group to identify, evaluate, monitor and manage the significant risk exposures inherent in its business operation. This policy is aligned to the principles and guidelines of the International Organisation for Standardisation’s Risk Management Principles and Guidelines (ISO31000:2018), defining risk management governance and structure, processes, accountabilities and responsibilities throughout the Group. It should be noted that these principles are broad in nature and to be utilised only where considered appropriate to suit the Group’s businesses.

The inculcation of a robust risk culture and understanding across the Group is crucial. It links the Group’s corporate objectives and goals to its primary risks, controls and action plans to allow for a comprehensive and effective assessment of events that have adverse impacts on the Group’s core businesses.

The main underlying principles of the Group’s Risk Management Policy are:

- Provide a policy and organisational structure for the management of risks that the Group assumes in its activities;
- Define risk management roles and responsibilities within the Group and outline control procedures to mitigate risks;
- Ensure consistent and acceptable management of risk throughout the businesses;
- Define a reporting framework to ensure effective communication of necessary risk management information to senior management and personnel engaged in risk management activities;
- Remain flexible to accommodate the changing risk management needs of the Group while maintaining control of the overall risk position;
- Detail the approved methods for risk assessment; and
- Provide a system to accommodate the central accumulation of risk data.

BOARD OF DIRECTORS

The Group's ultimate governing body with overall risk oversight responsibility including defining the appropriate governance structure and risk appetite.

BOARD RISK AND SUSTAINABILITY COMMITTEE ("BRSC")

The BRSC is made up of:

| |
|--|
| Three (3) Independent Non-Executive Directors |
| Group Managing Director ("GMD") |
| Group Chief Operating Officers ("COOs") of Corporate Office and Business Sectors |
| Group Director ("GD") of Financial Services |
| Group Director ("GD") of Treasury Division |
| Head, Group Internal Audit Division ("GIAD") |
| Head, Group Risk Management & Sustainability Division ("GRMSD") |

The BRSC, acting on behalf of the Board of Directors, has a broad mandate to ensure the effective oversight, implementation and compliance of the objectives outlined in the Group Risk Management Policy and Group Sustainability Policy. Any matters or decisions made within the BRSC's purview will be escalated to the Board for its notation and approval.

RISK MANAGEMENT COMMITTEE ("RMC")

The RMC comprises of the GMD, COOs of Corporate Office and Business Sectors, GDs of Corporate Divisions and Heads of the relevant Divisions as invitees. The Board delegates to RMC the responsibility of:

- Creating a risk-aware culture and building the necessary knowledge for risk management at every management level
- Ensuring effectiveness and adequacy of the Group Risk Management system, framework, policy, risks and control management associated with group operations and compliance to applicable laws and regulations
- Periodic reporting of key risk exposures to the BRSC
- Providing updates on significant changes that affect the Group's risk profile

SUSTAINABILITY STEERING COMMITTEE ("SSC")

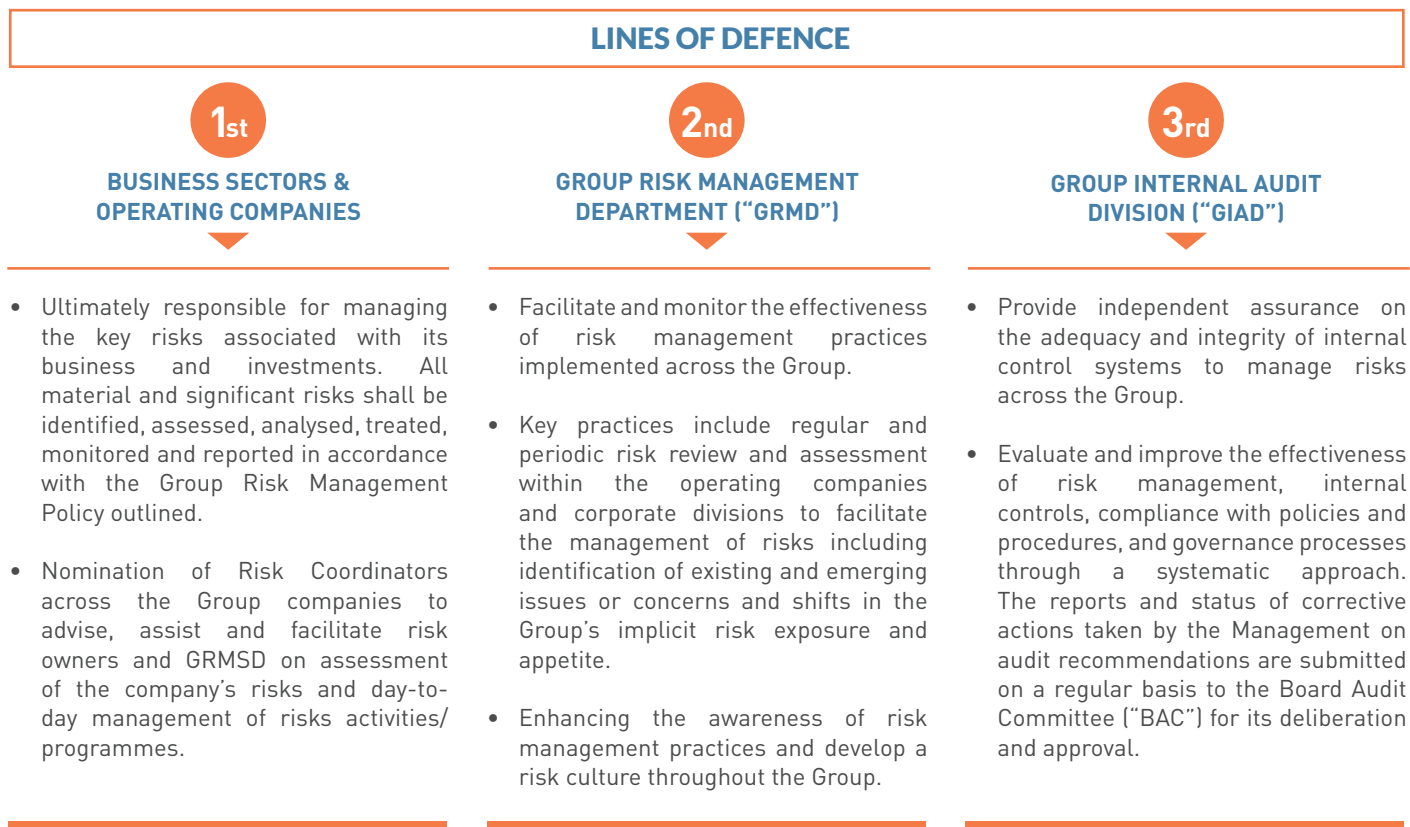
The composition of the SSC comprises GD, Financial Services Division; GD, Operations Transformation Division; Head, Group Strategic Communications Division; Head, Group Human Capital Division and Head, GRMSD. SSC is responsible for:

- Creating and developing a sustainability-aware culture and sustainability-related knowledge at every level of management
- Ensuring the effective implementation of sustainability initiatives across the Group's operations, and compliance to sustainability requirements imposed by Bursa Securities

RISK MANAGEMENT

DRB-HICOM BERHAD'S THREE LINES OF DEFENCE

The Group adopts the “Three Lines of Defence” model as fundamental for a cohesive, coordinated approach with the right mix of skills between business/operational management, risk management and independent internal controls group. The model, which is adopted based on the recommendation by the European Confederation of Institutes of Internal Auditing (“ECIIA”) is vital to ensure sound and effective implementation of the enterprise risk management system. It will define clear roles and responsibilities in managing risks and internal controls to safeguard the business interests of the Group against adverse impacts. The model is illustrated below:



ENTERPRISE RISK ASSESSMENT

GRMSD conducts group-wide, critical risk assessments on existing, new and emerging key risks of the Group, operating companies and corporate divisions that could potentially lead to adverse impact and possible deviation from achieving the Group’s business objectives. These risks are validated and managed in accordance to the main risks categories set out as below:

Pandemic Risk

The Group continues to assess and monitor business threats arising from this risk and simultaneously develop effective countermeasures to mitigate its impact severity. The establishment of a high-level business recovery task force represents one of several key strategic responses adopted by the Group to assess and evaluate the adverse implications of the crisis as well as oversee the coordination, implementation and monitoring of effective mitigation plans to manoeuvre the Group’s businesses out of the crisis.

To mitigate the safety and health risks of Group’s employees against the pandemic, a centralised pandemic committee has been established and deployed to coordinate the communication and enforcement of stringent safety protocols to all operating companies and corporate divisions across the Group. Key countermeasures put in-place comprise the implementation of Work-From-Office/ Home arrangements, work premise sanitisation operations and employee home quarantine procedures for confirmed positive cases.

RISK MANAGEMENT

Business and Strategic Risks

Business and strategic risks arise from uncertainties impacting the execution of strategic initiatives deployed based on long- and short-term policy decisions made in accordance with the business direction of the Group in enhancing performance and growth within the domestic, regional and global markets.

The Group continues to strengthen its monitoring mechanism over the evolving political, social, business, economic and technological landscapes to ensure that changes are promptly identified, assessed and managed to preserve the uninterrupted implementation of those strategies associated with the Group's business objectives.

Industry Risks

Industry risks involve issues and uncertainties impacting business performance, caused by the imposition of revised fiscal and trade policies across global economics. With the Group's core business concentrated on the automotive sector, policy changes may bring about significant impact to the Group's overall performance and operational sustainability in the form of increased competition, advancements in innovation and technology, shifts in customer preferences and volatility in commodities and currency pricing.

Being a key player in the automotive, cargo and logistic business, the announcement of the revised National Automotive Policy ("NAP") in February 2020 provides the Group with opportunities as well as risks.

The NAP outlines the government's plans to enhance and modernise the overall mobility sector, drive the development of new manufacturing processes and value chains within the local automotive industry, as well as adopting next-generation automotive technologies to drive the development and deployment of autonomous, hybrid and electrified vehicles. The Group's businesses may face new or larger risks if the NAP adopts a different trajectory on a particular subject matter.

In mitigating these risks, the Group has undertaken various initiatives, comprising amongst others, securing new business opportunities with global OEMs, embarking on non-automotive and aerospace business diversification programmes, emphasising on growing industrial property business, securing additional defence contracts as well as growing the e-fulfilment, concession and education businesses under the services sector. Notwithstanding the above, business collaborations through smart partnerships with global automotive players are essential for the Group to capitalise on new technologies and cultivate critical resource skillsets and capabilities, moving forward.

Reputation Risks

The Group acknowledges the impact of reputation risks towards eroding image and brand visibility. Reputational damage caused by negative media and publicity, negative public perception arising from adverse events over the Group's business practices, conduct or financial condition will adversely impair stakeholders' confidence, result in costly litigation affecting customer opinions and causing a decline in customer base, market share, business and revenue.

The Group manages its reputation risks by conducting continuous engagement and communication sessions with key stakeholders to disseminate relevant information regarding the conduct of the Group's activities. Swift response to queries and feedback from external parties, i.e. business partners, investors, public communities and other key stakeholders is essential to minimise reputation damage.

Compliance checks and audits are carried out periodically to enforce the implementation of the Group's Code of Ethics & Conduct and Whistleblower Policy to curb incidences of fraud across all operating companies and corporate divisions.

To further offset risks to the Group's reputation, sustainability programmes are deployed across the Group to strengthen the brand positioning and value proposition as well as building stakeholders' confidence. For further details on sustainability programmes, please refer to our Sustainability Report which begins from the back of this report.

Financial Risks

Uncertainties arising from Foreign Exchange ("FOREX") and interest rate volatilities cannot be underestimated. Failure to proactively manage adverse FOREX fluctuations and to develop appropriate strategies to minimise its impact could negatively affect Group's long-term profitability. In dealing with this risk, the Group continues to implement its FOREX Policy which stipulates distinct measures in utilising appropriate hedging instruments to assess, manage and minimise foreign currency losses. The policy is consistently reviewed and updated to reflect changing financial requirements and it is deployed to all operating companies within the Group for effective implementation.

Notwithstanding the above, the Group is equally mindful of interest rate movements that will adversely affect revenue and profit contribution, particularly from the automotive and property markets. Appropriate detection mechanisms have been put in place to monitor and alert management of such changes so that prompt measures can be initiated and acted upon expeditiously.

RISK MANAGEMENT

Funding represents another key risk to the Group due to the extensive amount of capital required to finance new acquisitions and to mobilise existing and new projects. The Group manages its funding risks by maintaining an optimal capital structure through detailed monitoring of financing and cashflow plans established by the operating companies, and constantly seeks out new funding arrangements to boost its financial capabilities towards driving new project initiatives in line with its long-term strategic business plan.

Constant engagement is carried out between Group Financial Services and Treasury Division, together with the various business units and financial institutions to track the status of financing, which comprise, amongst others, the issuance of corporate medium-term notes and bonds, as well as drawdowns on syndicated loans and club deals.

Organisational Risks

The Group is acutely aware of risks associated with its human capital management programmes, comprising talent attrition, competencies and capabilities concerns, skills shortages, fragmented succession planning for critical positions and less than optimal consequence management. These risks threaten the sustainability and continued performance of the operating companies and corporate divisions within the Group.

To manage human capital risks, the Group has put in place manpower rationalisation initiatives, followed by talent review and profiling sessions, inclusive of job mapping and level restructuring programmes. These programmes define and align the job accountabilities and responsibilities in tandem with the strategic goals and objectives of the Group.

In addition, the Group is working on providing a more holistic program by enhancing existing workshops and clinics on skills profiling and knowledge development training via established online platforms as well as providing improved coordination on employee retention reviews with representatives from the operating companies.

Project and Investment Risks

Risks relating to projects and investments for new business initiatives are critically identified, assessed, analysed and incorporated into proposal papers for deliberation by the Management of DRB-HICOM Berhad prior to approval.

These endeavours are critical to ensure proper and adequate safeguards are in place to address and mitigate potential risks that may derail the eventual execution and realisation of investment objectives. The mitigation plans for the identified risks are then incorporated into the delivery value chain and closely monitored throughout the project execution or investment life-cycle.

The assessment report, comprising identified risks and mitigation plans, forms part of the investment proposal paper reported to the Group Management Committee ("GMC"), chaired by the GMD, for deliberation and approval.

Cybersecurity Risks

Advancement in technology has brought about significant challenges to businesses in the form of cyber intrusion and espionage, hacking, data theft, ransomware and phishing attacks all aimed at causing major disruption to business operations. The aftermath of the COVID-19 pandemic has amped up cybersecurity threats due to an increased dependence on digitalisation, automation process and online transactions.

Specifically, at DRB-HICOM, cybersecurity risks create significant threats to the Group's businesses through unauthorised data breach and phishing attempts impacting confidentiality, availability and integrity of information and services which could result in financial loss and tarnish the reputation of the Group.

The Group views cybersecurity risks seriously and established a Cyber Security Committee ("CSC") in October 2018 to assist the GMC as well as BRSC in providing oversight responsibilities, with regards to the Group's cybersecurity programmes and initiatives. The GRMSD also lend support to cybersecurity initiatives, under the purview of CSC to ensure effective implementation of cybersecurity initiatives across the Group through continuous engagements and communications with relevant stakeholders. In addition, the Group has developed and established the Cybersecurity Risk Universe which acts as the foundation and baseline for the operating companies to identify, assess, manage and monitor their respective cybersecurity risks.

The Group has taken a multi-faceted approach towards implementing key action items encompassing four elements, namely, security threat assessment, enforcement of Information Technology ("IT") security governance and policies, enforcement of critical data backup mechanisms and critical application systems performance tracking, to address and manage incidences relating to data breach and cyber threats.

Further to the above, the Group conducts periodic cybersecurity awareness campaigns and assessments of cyber defence systems across the Group in accordance with the Group's Cyber Security framework and policies. All these initiatives form part of the controls and mitigation plans to address cybersecurity risks which are then assessed and validated periodically.

RISK MANAGEMENT

Geopolitical Risks

Heightened trade tensions and uncertainties brought on by shifts in policy implementations amongst developed nations create significant geopolitical risks impacting businesses. These come in the form of disruption to global supply chain networks, adverse volatility in key commodity prices, impositions of trade embargoes and tariffs, among others. Such conditions severely undermine global trade and economic growth, adversely affecting investor confidence and sentiments across global markets.

The Group, in mitigating these risks, adopts a proactive stance by putting in place mechanisms to consistently monitor and assess geopolitical developments across global and regional markets. This allows the Group to expeditiously develop and deploy countermeasures to mitigate any adverse occurrences and safeguard its business interests in an effective manner.

Bribery and Corruption Risks

The Group is committed to the Government's aspiration in promoting a corruption-free business environment and healthy competition among the nation's industry players via the implementation and enforcement of Section 17A of the MACC Act 2009. In realising this aspiration, the Group has established the Integrity Committee to spearhead and oversee the implementation of Anti-Bribery and Corruption processes and procedures across the Group. Adequate Anti-Bribery and Corruption policies and procedures have been developed and established and serve as the benchmark for adoption by Group companies.

To further facilitate the adoption of Anti-Bribery and Corruption policies and procedures at operating companies and corporate divisions level, corruption risk assessments, as well as awareness briefings to all employees have been initiated and implemented on a quarterly basis. The implementation of the Group's Corruption Risk Assessment is aligned with the Group's Enterprise Risk Management framework documented with reference to the ISO31000 Enterprise Risk Management system.

RISK MITIGATION & MEASUREMENT

Risk Initiatives

The Group continues to expand and enhance its risk management initiatives through risk review and validation sessions held across all operating companies and corporate divisions every quarter. These sessions are aimed at addressing emerging risks as well as validating existing risks by evaluating the risk appetites as well as the effectiveness and relevance of controls and action plans implemented in mitigating the likelihood of occurrence and severity of its impact. The action plans for all key risks are further assessed to ensure the timeliness of execution and are kept within resource limits.

Risk Appetite

The risk appetite defines the value and type of risks that the Group is prepared to accept in pursuit of its strategic business objectives. It stipulates the level of tolerance and limits established to govern and manage the Group's risk-taking activities.

The Group's risk appetite serves as a benchmark for all operating companies and corporate divisions to develop risk tolerances and limits in accordance with their specific business/operational requirements and objectives. Monitoring of key risk exposures is then performed through the analysis of the risk tolerances set against monthly business and performance trends at the respective operating companies and corporate divisions. As part of the enhancement initiatives, a set of risk appetite parameters has been developed to measure and quantify the impact severity of the Group's Top Key Risks.

RISK MANAGEMENT

Business Risk Clusters

GRMSD continuously introduces new and effective approaches in strengthening and enhancing the risk intelligence process through the establishment of business risk clusters. The risk clustering methodology allows for a more holistic perspective towards providing a spectrum of key risk areas to be managed.

Key objectives to the risk clustering approach are:

- Providing a clear and direct linkage between risk and reward measurement by reconciling business objectives against identified key risks;
- Prioritising key risks to be managed through data analytics that provides quantified exposure values;
- Monitoring and assessing the adequacy, timeliness and effectiveness of action plans in managing pertinent key business risks;
- Anticipating future events/emerging risks via trend analysis;
- Performing statistical data analysis for better-informed decision-making processes;
- Managing risks and assessing the relevancy of the risk appetites in tandem with changes to the business environment and regulations;
- Nurturing and instilling concerted efforts in managing risks within specific business sectors; and
- Fostering proactive risk management and risk awareness across the Group.



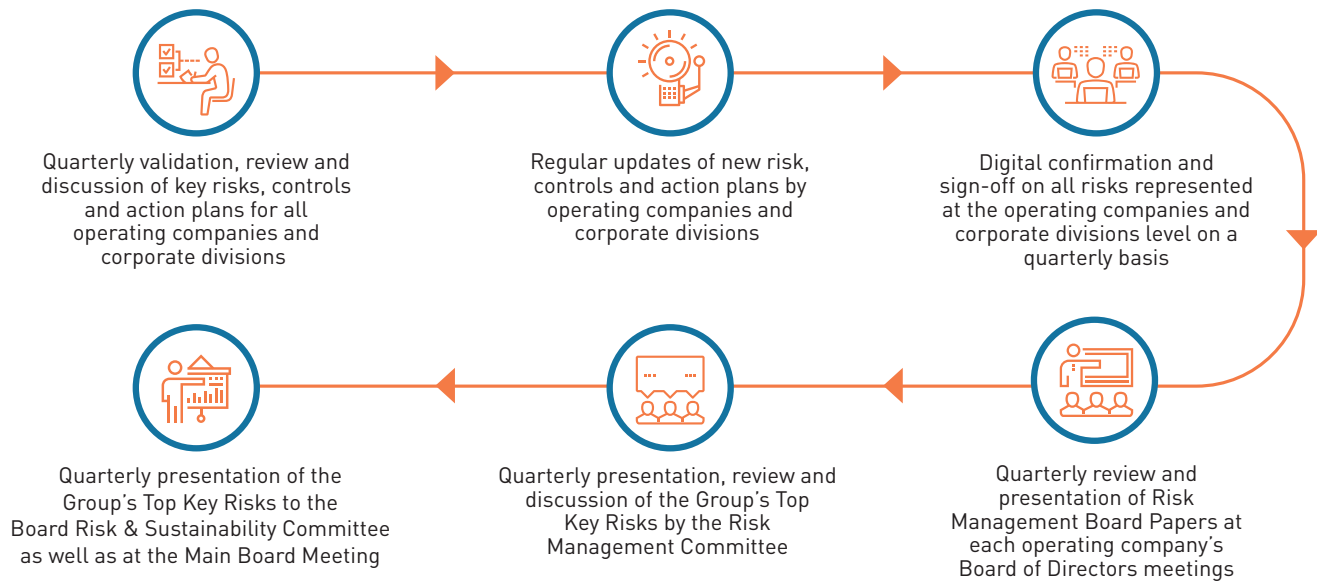
TRAINING & DEVELOPMENT

The Group continues to enhance its risk management capabilities across all operating companies and corporate divisions. Risk review and validation sessions, awareness programmes and discussion forums are facilitated and conducted by GRMSD virtually, on a quarterly basis to ensure continued effectiveness in the implementation of risk management processes.

RISK MANAGEMENT

ENTERPRISE RISK REPORTING

The Group's Enterprise Risk Management Process provides for regular review and reporting activities every quarter. Such reports encompass assessment on the significance of existing and emerging key risks impacting the Group's businesses, as well as an evaluation of the effectiveness of mitigation plans put in place for additional controls. The key elements of the reporting process are shown in the graph below:



MOVING FORWARD

In addressing and combatting emerging risks caused by numerous internal and external factors such as the emergence of a pandemic crisis, rapid technological advancements, market volatility, enforcement of new regulatory requirements and on-going global disputes, the Group will continue to expand resources to strengthen the risk culture and inculcate a positive risk mindset. This will ensure that risk remains as a key management priority and forms a critical component in the daily execution of tasks and decision-making across all operating companies and corporate divisions within the Group.