

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 1619  
**COMPANY NAME** : DRB-HICOM BERHAD  
**FINANCIAL YEAR** : December 31, 2019

### **OUTLINE:**

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

#### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	: Applied
<b>Explanation on the application of the practice</b>	<p>In fulfilling its role as stewards of the Company and its subsidiaries (collectively "the Group"), the Board of Directors ("Board") is dedicated to discharging its fiduciary duties with due diligence, care and skill, taking into consideration the social and environmental factors, to ensure the Group's sustainability, as well as safeguarding the interests and enhancing the value of the Group and its stakeholders. The Board also practices the highest standard of integrity, transparency and accountability to be effective in its governance and oversight roles.</p> <p>The key responsibilities of the Board in setting the strategy for the Company for the 9-month financial period ended ("FPE") 31 December 2019, include but are not limited to the following:</p> <ul style="list-style-type: none"><li>i. Adopting and reviewing a strategic plan for the Company</li></ul> <p>The Board oversees the formulation of the Group's long-term strategic objectives and direction, reviews and approves the Group's Annual Management Plan ("AMP"), the business and strategic plans and monitors the achievement of the Group's corporate objectives. The Board focuses on business strategy to understand the key drivers of the Group's performance in ensuring that the Group is responsive to changes in the business and economic environment.</p>

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

The Board had in December 2019, approved the Group's AMP for the financial year ending 31 December 2020 ("FYE 2020"), inclusive of the overall strategic review, business plan and direction of the Group. The Group adopted a structured and systematic approach in the preparation and approval process of the AMP FYE 2020 for the companies within the Group, whereby the Corporate Office had thoroughly reviewed and challenged the AMP FYE 2020 of the subsidiary companies prior to presentation to the Board.

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

The Board also consistently reviewed the Company's funding requirements and treasury matters including the approval of financial arrangements.

ii. **Overseeing Conduct of the Company's Business**

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

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

approved by the Board to reflect changing business needs in addressing operational deficiencies.

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

iii. Identifying principal risks that apply to the Group

The Board oversees the Enterprise Risk Management ("ERM") Framework of the Group via the Board Risk & Sustainability Committee ("BRSC"), which comprises members of the Board. The oversight of this critical area is carried out by the Risk Management Committee ("RMC"), which reports to the BRSC. The BRSC also reviews and endorses the risk parameters, risk appetite, risk profiles as well as risk action plans presented by the RMC. These systems cover not only financial control but also strategic, organisational, operational, regulatory and compliance control.

In addition to reporting to the Board, the RMC also has specific responsibilities which include, but are not limited to, formulating and implementing ERM mechanisms to accomplish the requirements of the ERM policy and to articulate and challenge risk ratings. This is to ensure that the Group has the necessary risk infrastructure encompassing the risk assessment process, organisational oversight and reporting function to instil the appropriate discipline and control for continuous improvement of risk management capabilities. The Board is responsible for reviewing the top key risks, establishing appropriate controls and action plans to ensure that the obligations to the shareholders and other stakeholders are met. The Board is also responsible to oversee sustainability-related risks and ensure that sustainability is integrated within the key business areas and ensuring the collective achievement of the sustainability goals across the organisation.

Salient features of the risk management methodologies are disclosed in the report on 'Risk Management' contained in the Annual Report for the financial period ended 31 December 2019 ("Annual Report FPE 31 December 2019").

iv. Succession planning

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

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

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

v. Developing and implementing an Investor Relations programme and shareholders communications policy

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

The Corporate Disclosure Policy of the Company is available on the Company's website at [www.drb-hicom.com](http://www.drb-hicom.com).

The Group Investor Relations ("IR") has been entrusted by the Board to handle IR related matters, including communications with the stakeholders. The key IR initiatives undertaken by the Company during the financial period are set out in the IR segment in the Annual Report FPE 31 December 2019.

The Group maintains a website at [www.drb-hicom.com](http://www.drb-hicom.com) which can be accessed conveniently by the shareholders, potential investors and the general public.

vi. Reviewing the adequacy and integrity of the internal control

Despite retaining collective oversight on the internal control system, the Board has delegated this responsibility to the Board Audit Committee ("BAC") based on its TOR.

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

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

In FPE 31 December 2019, the BAC and the Board reviewed the report on the internal control matters of the Group, highlighted by the External Auditors, and discussed the recommendations for improvements on controls and procedures. In addition, the BAC and the

	<p>Board also reviewed the summary of the overall assessment conducted by the External Auditors on the quality of the financial reporting performed by the management of the Group's companies covering the submission of management accounts, draft financial statements, quality of reconciliations, assessment on internal controls, timeliness of audit confirmation replies and the adequacy of tax provision during the period of audit.</p>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on the application of the practice</b>	:	<p>The Board of Directors of DRB-HICOM is helmed by Dato' Mohammad Zainal Shaari, a Non-Independent Non-Executive Director of DRB-HICOM.</p> <p>The Chairman is responsible for providing leadership to the Board and ensuring the effective functioning of the Board. In fulfilling this role, the Chairman's responsibilities include, amongst others:</p> <ul style="list-style-type: none"> <li>• Setting the meeting agenda and matters reserved for the Board, as well as consulting the Board promptly over any matter that gives cause for major concern;</li> <li>• Leading Board meetings and discussions positively, which include encouraging all Directors to actively participate and contribute in meetings or discussions, whilst allowing dissenting views to be freely expressed, and steering the Board towards a sound and well-informed decision;</li> <li>• Facilitating information flow between the Board and the Management, so that the Management could implement the Board's decisions; and</li> <li>• Providing leadership in establishing and maintaining high standards of corporate governance practices and adhering to all the relevant laws and regulations.</li> </ul> <p>The detailed roles and responsibilities of the Chairman are encapsulated in the Board Charter, which is accessible on DRB-HICOM's website at <a href="http://www.drb-hicom.com">www.drb-hicom.com</a>.</p>
<b>Explanation for departure</b>	:	



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<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation of the application of the practice</b>	:	<p>The position of the Chairman is held by Dato' Mohammad Zainal Shaari, whereas the position of the GMD is held by Dato' Sri Syed Faisal Albar Syed A.R Albar.</p> <p>The distinct and separate roles of the Chairman and GMD, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers over the decision-making process.</p> <p>Accordingly, the Chairman is responsible for providing leadership to the Board and oversight on the Management, whilst the GMD is responsible for managing and overseeing the day-to-day business and activities of the Group. The GMD is accountable to the Board for the achievement of the Company's goals, as well as communicates matters relating to the Group's business affairs to the Board.</p> <p>The respective duties and responsibilities of the Chairman and GMD are encapsulated in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b> :	Applied
<b>Explanation on the application of the practice</b> :	<p>The Board is supported by the Group Company Secretary, Sabarina Laila Mohd Hashim, who has a legal background and is qualified to act as company secretary under Section 235 of the Companies Act 2016 ("CA 2016"). She is licensed by the Companies Commission of Malaysia ("CCM") and has obtained her practising certificate issued by CCM under Section 241 of the CA 2016. She is also an Affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). She has approximately 28 years of vast experience in the legal and corporate secretarial field.</p> <p>The Group Company Secretary of DRB-HICOM works closely with the Chairman, GMD and Senior Management to ensure timely and appropriate information flow within and to the Board and Board Committees, and between the Board and Senior Management. Each Board member has independent access to the advice and services of the Group Company Secretary, to enable them to discharge their duties and responsibilities as Directors effectively.</p> <p>The Group Company Secretary is also responsible for ensuring that the governance and procedures and all matters associated with the maintenance of the Board or otherwise required for its efficient operation, are followed and complied with, based upon the applicable rules and regulations.</p> <p>In order to upskill herself and keep abreast with the evolving capital market environment, regulatory changes and developments in corporate governance, the Group Company Secretary has attended relevant training and professional development programmes during the financial period. She has also attended the continuous professional development programmes required by CCM or MAICSA for practising company secretaries.</p>

	The role and responsibilities of the Company Secretary are outlined in the Board Charter.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	: Applied
<b>Explanation of the application of the practice</b>	<p>The annual Board Meeting Schedule ("Schedule") is prepared and circulated in advance before the end of each calendar year, for proper planning by the Board members. The Schedule provides Directors with all of the meeting dates of the Board and Board Committees and the Annual General Meeting for the upcoming year.</p> <p>In terms of Board and Board Committee meetings, the Board Charter sets out the timeline on receipt of meeting materials as well as other pre and post meeting procedures, details of which are as follows:-</p> <p>Notice and Agenda</p> <ol style="list-style-type: none"><li>i. At least 14 days' notice shall be given to the respective members and attendees prior to each Board and Board Committee meeting, except in the case of an emergency, where reasonable notice of the meeting shall be sufficient.</li><li>ii. The Chairman together with the Group Company Secretary and the GMD shall ensure that a proper agenda is prepared in advance, so that the meeting is conducted in an effective manner.</li><li>iii. The agenda and relevant papers for the meeting must be issued at least five (5) days prior to the meeting, allowing sufficient time for Directors to review and evaluate the matters to be deliberated.</li><li>iv. The Directors have direct access to the Management and unrestricted access to any information relating to the Group's business and affairs. The Directors may request to be furnished with additional information or clarification from the Management and may seek professional opinions to</li></ol>

	<p>make informed decisions.</p> <p>Minutes</p> <p>i. The discussions and conclusions of the Board meetings shall be minuted, in a clear, accurate, consistent, complete and timely manner. The minutes shall record the decisions of the Board, including key deliberations, rationale for each decision made, and any significant concerns or dissenting views. The minutes must indicate whether any Director abstained from voting or excused himself from deliberation.</p> <p>The decisions made by the Board at the Board/Board Committee Meetings are conveyed, through action lists issued by the Group Company Secretary, to the respective management within five (5) working days after each meeting for their immediate action.</p> <p>ii. The draft minutes shall be tabled at the following meeting for confirmation and signing.</p> <p>iii. The minutes of meetings are properly kept in line with the requirements of relevant law and regulations, for example CA 2016 and Income Tax Act, 1967.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's Board Charter which is available on the Company's website at <a href="http://www.drb-hicom.com">www.drb-hicom.com</a> clearly sets out the duties, roles and responsibilities of the Board, Board Committees, individual Directors, Chairman, GMD and Group Company Secretary. It provides insight into the functions of the Board and Board Committees. It outlines processes and procedures for the Board and its Committees in discharging their responsibilities.</p> <p>The Board Charter adopts principles of good governance, by maximising its adoption of the best practice requirements. The Board Charter is reviewed, as and when necessary, to ensure it remains consistent with the Board's objectives, responsibilities, and all the relevant standards of corporate governance, and is updated from time to time to align with regulatory changes.</p> <p>The Board Charter was last reviewed and updated by the Board in November 2018.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 3.1

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

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

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



	<p>The Company has put in place appropriate controls and systematic procedures to identify conflict or any potential conflict of interests within the Group.</p> <p>The Directors and Senior Management were notified periodically of the closed periods, in which they were not allowed to deal in the securities of the Company, if they were in possession of price-sensitive information.</p> <p>On 21 August 2019, the Directors and Senior Management of DRB-HICOM attended the briefing on the new Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 on Corporate Liability and Corruption-Free Pledging conducted by the MACC officials to signify DRB-HICOM’s support towards greater levels of transparency, governance, integrity and ethical standards as well as corporate governance across DRB-HICOM Group.</p> <p>In line with the changes to the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) on the anti-corruption policy, the Management of the Company is developing an adequate anti-bribery policy framework and procedures and also reviewing the specific provisions of the existing policies that relate to integrity, governance and anti-corruption for the purpose of enhancement. This is to help strengthen the integrity, governance and anti-corruption framework for DRB-HICOM.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>DRB-HICOM has established a Whistleblower Policy (“Policy”) since 2006, making it clear that concerns can be raised without fear of victimisation, harassment and discrimination of the employees or stakeholders, who report such concerns. The Policy prescribes that employees report to the BAC Chairman, GMD, Group Chief Executives or the Head of Group Internal Audit Division (“GIAD”), whereby complaints against the GMD, Director or Senior Management of the Company can be made directly to the BAC Chairman. Four channels are made available to employees and other stakeholders that is Whistleblower Hotline, email, fax and mail.</p> <p>All disclosures made under the Policy will be dealt with in strict confidence and thoroughly investigated. The BAC provides oversight of any investigations undertaken and their outcomes. The concern/complaint shall be assigned to GIAD (or any other party appointed by the Board) to assess, investigate and update the BAC on all follow-up actions taken, including the due process of investigation, on a quarterly basis, to ensure completeness and transparency.</p> <p>The Policy is subject to the Board’s review from time to time, ensuring that the Company is at the forefront of good governance, by complying with the latest regulations, as well as keeping abreast of the ever-changing environment.</p> <p>The Policy and its disclosure procedures are accessible to the public on the Company’s website at <a href="http://www.drb-hicom.com">www.drb-hicom.com</a>.</p> <p>The Company has introduced the Whistleblower Policy Brochure (“Brochure”) as an effort to enhance awareness of the Policy. The Brochure is available in English and Malay languages. The Brochure was disseminated via email blast and hard copies of</p>

	<p>the same were also distributed by Group Human Capital, as part of the awareness programme on the Policy.</p> <p>All operating companies are encouraged to prominently display the Brochures, posters and buntings at common areas and on notice boards.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In recognition of the added-value of Independent Directors to the Board and the Company, the Board strives to maintain a majority of Independent Directors on the DRB-HICOM Board. As at 31 December 2019, the Board has seven members, comprising one Executive Director and a strong presence of six Non-Executive Directors, of whom four, i.e. 57% of the Board membership, are Independent Non-Executive Directors (“INEDs”).</p> <p>DRB-HICOM measures the four INEDs based on the criteria prescribed under the MMLR of Bursa Securities, 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 the Company. An objective assessment on the independence of Directors is performed prior to their appointment and re-affirmed annually. The review of Directors’ independence also forms part of the annual Board Effectiveness Assessment (“BEA”) exercise conducted by BNRC.</p> <p>Based on the outcome of the BEA results, the Board is satisfied that all the four INEDs, including those who are seeking re-election and retention at the 30th Annual General Meeting (“AGM”) of the Company, have complied with the provisions of the MMLR, as they have demonstrated independence and objectivity in the Board’s decision-making process, given valuable feedback through sharing of knowledge and experience and acted in the best interest of the Company, as well as safeguarding the public interest. Furthermore, their perfect attendances at the various Board and Board Committees meetings reflect their commitment to the Company.</p>
<b>Explanation for departure</b>	:	

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

## Intended Outcome

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

### Practice 4.2

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

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	: Applied - Annual shareholders' approval for retention of independent directors serving beyond nine years was sought accordingly.
<b>Explanation on application of the practice</b>	<p>Datuk Ooi Teik Huat, the Senior INED of the Company, has exceeded the cumulative term of nine years and had, at the 29th AGM of the Company via shareholders' approval, been retained as INED of the Company until the 30th AGM.</p> <p>On 28 February 2020, the Board, on the recommendation from the BNRC, had endorsed the proposal to seek the shareholders' approval at the 30th AGM, scheduled for 22 July 2020, to retain Datuk Ooi Teik Huat ("Datuk Ooi") as INED of the Company until the next AGM.</p> <p>The endorsement was based on the annual assessment conducted and the following justifications, whereby it was determined that Datuk Ooi has displayed the highest level of integrity and possessed all characteristics of an Independent Director during his tenure:-</p> <p>(a) Datuk Ooi fulfils the criteria as Independent Director as defined by the MMLR of Bursa Securities and has consented to continue in office as an Independent Executive Director of the Company.</p> <p>(b) His vast knowledge, professional aptitude and experience has brought a diverse set of experience and expertise to the Board, by exercising independent judgement during deliberations and making unbiased decisions at Board and Board Committee Meetings.</p>

	<p>(c) Notwithstanding that, his long tenure has familiarised him with the business operations of the Company/Group, giving him a broad business perspective, in which he has at all times acted in good faith and the best interest of the Company, shareholders and other relevant stakeholders.</p> <p>(d) Furthermore, his long tenure with the Company has neither impaired nor compromised his integrity and Datuk Ooi has exercised due care when carrying out his duties.</p> <p>(e) Datuk Ooi has devoted sufficient time and commitment to discharge his fiduciary duties and responsibilities as an Independent Director of the Company.</p> <p>None of the other Independent Directors has served more than nine (9) years on the Board.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

**Intended Outcome**

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

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b> :	Not Adopted.
<b>Explanation on adoption of the practice</b> :	



## Intended Outcome

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

### Practice 4.4

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Company has established a formal and transparent policy and procedures on the appointment process (including re-election/re-appointment) of new Directors for the Company and its subsidiaries, the details of which are outlined in the Board Charter.</p> <p>Even though the Board determines the appointment of new Directors and its appropriate size, it delegates the responsibility of reviewing the structure, size and composition of the Board to the BNRC. The succession plan for Senior Management is also reviewed by the BNRC, prior to it being presented to the Board.</p> <p>The appointments of new Directors, GMD and Senior Management are based on merit, core competencies and objective criteria, such as diversity in skills, experience, age, cultural background and gender. The BNRC takes into account the challenges and opportunities facing the Group, as well as future skills and expertise needed to allow the Group to compete efficiently and effectively in the open market. Besides that, the appointment of a new Director is also subject to the requirements of Chapter 2, Paragraph 2.20A of the MMLR of Bursa Securities.</p> <p>Candidates, for the appointment of new Directors, are proposed by either the existing Board members and major shareholders, or via searches performed by the Company or by professional advisors or networking with various parties. The shortlisted candidates will be interviewed as part of the assessment process and selection is based on whether sufficient time can be devoted to the role, the ability to discharge their responsibilities, their number of directorships in listed companies, the requisite mix of skills, knowledge, expertise, experience and professionalism, and impeachable integrity, as well as other requirements, which are relevant to enrich and enhance the Board's composition and functions. Furthermore, the Board also takes cognisance of board diversity whenever a vacancy arises to ensure a balanced and diverse Board composition. Upon ascertaining a suitable candidate, BNRC will make the necessary recommendation to the Board for approval.</p>

	<p>The diversity in the race/ethnicity (cultural background), nationality, age and gender of the Board as at 31 December 2019 is as follows:-</p> <table border="1" data-bbox="453 347 1390 450"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Race/Ethnicity</th> <th colspan="2">Nationality</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Others</th> <th>Malaysian</th> <th>Foreigner</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>4</td> <td>2</td> <td>1</td> <td>7</td> <td>0</td> </tr> </tbody> </table> <table border="1" data-bbox="453 488 1447 591"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>&lt; 50</th> <th>50-55</th> <th>56-60</th> <th>&gt; 60</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>1</td> <td>2</td> <td>2</td> <td>2</td> <td>6</td> <td>1</td> </tr> </tbody> </table> <p>The disclosures on Board skills and experience, diversity and gender are also available in the Corporate Governance Overview Statement of the Annual Report FPE 31 December 2019.</p>		Race/Ethnicity			Nationality		Malay	Chinese	Others	Malaysian	Foreigner	Number of Directors	4	2	1	7	0		Age Group				Gender		< 50	50-55	56-60	> 60	Male	Female	Number of Directors	1	2	2	2	6	1
	Race/Ethnicity			Nationality																																		
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Number of Directors	1	2	2	2	6	1																																
<p><b>Explanation :</b> <b>for</b> <b>departure</b></p>																																						
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																																						
<p><b>Measure :</b></p>																																						
<p><b>Timeframe :</b></p>																																						

## Intended Outcome

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

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>For the period under review, the Company has six male Directors and one female Director. The female Board member is Sharifah Sofia Syed Mokhtar Shah.</p> <p>In view of the resignation of Dato' Siti Fatimah Daud on 15 November 2019, the representation of women directors has reduced to 14%. The Board recognises the importance of gender boardroom diversity and is always mindful that any gender representation should be in the best interest of the Company. At present, the Company does not set any specific target for female Directors in the Board composition. Nevertheless, the Board will continue to encourage and support more women participation on the Board based on an effective blend of competencies, skills, characteristics, extensive experience and knowledge to strengthen the Board, whenever a vacancy arises.</p> <p>Despite that, the current Board composition has a good mix of the industry-specific knowledge, broad business sense and commercial experience. This enables the Board to fulfil its oversight responsibilities, provide clear and effective leadership in many aspects of the Group's strategies and performances, as well as ensure that the highest standards of professionalism, conduct, transparency and integrity are maintained by the Group.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:	The Board supports the Government's target of having 30% women's participation on boards of public companies in Malaysia. The Board will consider the appointment of additional women Directors, whenever a vacancy arises.	
<b>Timeframe</b>	:	Others	As and when a suitable woman candidate who is able to complement the current Board composition and mix is identified.

## Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The BNRC is responsible for recommending suitable candidates to fill vacancies on the Board. In undertaking this responsibility, the BNRC leverages on recommendations from existing board members, management or major shareholders, along with external sources to “cast a wider net” and gain access to a wide pool of potential candidates. The BNRC has the option to utilise a wide network of industry contacts including independent sources, such as industry and professional associations, as well as independent search firms, to identify candidates for the proposed appointment as Director.</p> <p>The selection process is robust and objective, where candidates are screened to ensure they possess the right character, experience, integrity, competence and time to effectively discharge their roles as Directors. Any potential conflicts of interest and their Directorship in other companies are also verified.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Dato' Mohammad Zainal Shaari, the Chairman/Non-Independent Non-Executive Director of the Company, is also the Chairman of the BNRC. Dato' Mohammad Zainal Shaari has experience in Audit, Financial Reporting, Corporate Governance, Due Diligence, Corporate Strategy, Human Capital, Financial Investigations, Investment Management &amp; Monitoring, Corporate Finance, Risk Management and Merger &amp; Acquisition. He also has vast exposure in senior positions in various sectors, including automotive, hospitality, electricity, oil &amp; gas (upstream and downstream), media services and plantation.</p> <p>The Board is of the view that Dato' Mohammad Zainal Shaari is more than qualified to assume the role of Chairman of BNRC as he does not have any conflict of interest, is a strategist, strikes a balance between the interest of the management and the Company's stakeholders (including shareholders), establishes good corporate governance structures and has good interpersonal skills when interacting with other Board members and the Company's employees, by conducting himself in a professional and confidential manner during discussions of sensitive or controversial topics.</p> <p>Dato' Mohammad Zainal Shaari's profile is set out on page 36 of the Annual Report FPE 31 December 2019.</p> <p>The remaining members of the BNRC are:-</p> <ol style="list-style-type: none"><li>i. Datuk Ooi Teik Huat – Senior INED; and</li><li>ii. Dato' Idris Abdullah @ Das Murthy – INED.</li></ol> <p>The Board takes cognisance of the MCCG's recommendation for the BNRC to be chaired by an Independent Director or the Senior Independent Director and to apply the same, should a</p>

	suitable candidate be identified by the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will ensure that the intended outcome is achieved as a majority of INEDs already form the composition of the BNRC, allowing for robust discussions and constructive assessment of the matters presented to them.
<b>Timeframe</b>	:	Others
		As and when Board identifies a more suitable candidate.

## Intended Outcome

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

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place an annual BEA to evaluate the effectiveness of the Board, Board Committees and individual Director on his/her independence.</p> <p>The Board takes cognisance of the MCCG's recommendation for Large Companies to engage independent experts periodically, to facilitate objective and candid board evaluation. Currently, the Company conducts the annual evaluation on the effectiveness of the Board and its Committees internally, by way of self-assessment methodology, from which customised questionnaires are completed by all Directors of the Company. Areas of evaluation broadly cover the effectiveness of the Board, fit and proper criteria of the individual Director, Board skills matrix, independence of Independent Directors, effectiveness of the BAC and others.</p> <p>After completion of the BEA form, each Director submits it on a confidential basis to the Group Company Secretary, who in turn collates the responses and produces a report, which is tabled to the BNRC. The BNRC reviews the report and submits its findings, together with the key actions to be undertaken by the management on the identified areas that need improvement, to the Board for its notation.</p> <p>Upon the completion of the annual assessment conducted for the FPE 31 December 2019, the Board concurred with the BNRC that:</p> <ul style="list-style-type: none"><li>• The size and composition of the Board are adequate to provide for a diversity of views, facilitate effective decision-making, and well balanced to fairly reflect the interests of the major and minority shareholders of the Company; and</li></ul>



	<ul style="list-style-type: none"> <li>All the members of the Board are persons of high calibre and integrity, and they have a sound understanding of the Group's business as well as deep industry expertise. They possess the qualifications, skills, competencies and proficiency to provide the Board with a good mix of governmental and industry-specific knowledge, broad business sense and commercial experience.</li> </ul> <p>Despite the Board and Board Committees being rated satisfactory, the quality of training and development opportunities provided to Directors required further enhancement and this has been addressed by the Management.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

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

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

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

	<p>or expertise that they bring to the Board. The Company also reimburses reasonable expenses incurred by the NEDs in the course of their duties.</p> <p>In view of that, the BNRC conducted its review in February 2020 and opined the current Board remuneration framework had to be revised, in order to be competitive and relevant in the industry. Hence, the BNRC recommended to the Board that the proposed revision of the Directors' fees and benefits payable to the NEDs be tabled for the shareholders' approval at the 30<sup>th</sup> AGM, to be held on 22 July 2020. The Directors' fees and benefits shall be determined by an Ordinary Resolution of the Company, in accordance with Section 230(1) of the CA 2016. The details of the proposal is stated in the Corporate Governance Overview Statement on pages 56 to 67 of the Annual Report FPE 31 December 2019 and the Notice of AGM under Explanatory Notes D and E.</p> <p><u>GMD and Senior Management Remuneration</u></p> <p>The remuneration and terms of employment for the GMD and Senior Management are determined and recommended based on the policy framework set out by the BNRC.</p> <p>The criteria in determining the GMD's remuneration includes, but not limited to, his performance, the consumer price index and information from independent sources, benchmarking against similar positions in a selected group of comparable companies, achievement of KPIs, financial performance and shareholders' value creation.</p> <p>The BNRC as well as the Board will assess the performance of the Senior Management personnel using the Corporate, Sector and Divisional Scorecard. The same assessment will also be used as a basis to determine their performance bonus and annual increment. The proposed remuneration for Senior Management will take into consideration their individual performance, the responsibilities entrusted to them, as well as their remuneration positioning in terms of internal and external equity.</p>
<p><b>Explanation for departure</b> :</p>	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The TOR of the BNRC delineates the authority, duties and responsibilities in relation to the nomination and remuneration matters, which is contained in the Board Charter of the Company and is accessible on DRB-HICOM's website at <a href="http://www.drb-hicom.com">www.drb-hicom.com</a>.</p> <p>The Board is satisfied that the BNRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions, which include amongst others, review of the remuneration framework of the Board, GMD and Senior Management. As such, there is no need to separate the nomination and remuneration functions into two (2) distinct committees.</p> <p>The BNRC is required to meet at least once a year and had met twice for the FPE 31 December 2019.</p> <p>The details of the BNRC's activities for the FPE 31 December 2019 is set out on page 64 of the Annual Report FPE 31 December 2019.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Details of the remuneration of individual Directors of the Company for the FPE 31 December 2019 are as follows:-

  

Name	Directors' fees			Directors' other emoluments <sup>1</sup>		Benefits in kind <sup>2</sup>		Total
	Salary, Bonus and other emoluments	DRBH (A)	Subs (B)	DRBH (C)	Subs (D)	DRBH (E)	Subs (F)	
	RM	RM	RM	RM	RM	RM	RM	
<b>Non-Executive Directors</b>								
Dato' Mohammad Zainal Shaari	0	112,500	0	15,000	0	0	0	127,500
Dato' Ibrahim Taib	0	76,500	90,000 <sup>4</sup>	24,000	104,000 <sup>4</sup>	0	0	294,500
Datuk Ooi Teik Huat	0	92,250	0	31,500	0	0	0	123,750
Dato' Siti Fatimah Daud (resigned on 15 November 2019)	0	60,984	0	6,000	0	0	0	66,984
Datuk Idris Abdullah @ Das Murthy	0	90,000	117,000 <sup>5</sup>	31,500	17,500 <sup>5</sup>	0	0	256,000
Tee Beng Thong	0	67,500	0	12,000	0	0	0	79,500
Sharifah Sofia Syed Mokhtar Shah	0	67,500	63,674 <sup>6</sup>	12,000	9,000 <sup>6</sup>	0	0	152,714
<b>Total</b>	<b>0</b>	<b>567,234</b>	<b>270,674</b>	<b>132,000</b>	<b>130,500</b>	<b>0</b>	<b>0</b>	<b>1,100,408</b>
<b>Executive Director</b>								
Dato' Sri Syed Faisal Albar Syed A.R Albar <sup>3</sup>	2,001,908	0	60,000 <sup>7</sup>	0	6,000 <sup>7</sup>	110,275	0	2,178,183
<b>Grand Total</b>	<b>2,001,908</b>	<b>567,234</b>	<b>330,674</b>	<b>132,000</b>	<b>136,500</b>	<b>110,275</b>	<b>0</b>	<b>3,278,591</b>

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.
- Being the GMD of the Company.
- 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 the following subsidiary companies, in respect of the services rendered by Datuk Idris Abdullah @ Das Murthy:
  - Alam Flora Sdn Bhd, a 97.37% owned subsidiary of the Company until 5 December 2019; and
  - Pos Malaysia Berhad ("Pos Malaysia"), a 53.50% owned subsidiary of the Company.
- Directors' fees and meeting allowance paid by Pos Malaysia, a 53.50% owned subsidiary of the Company, in respect of the services rendered by Sharifah Sofia Syed Mokhtar Shah.
- Directors' fees and meeting allowance paid by Pos Malaysia, a 53.50% owned subsidiary of the Company, in respect of the services rendered by Dato' Sri Syed Faisal Albar.

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

## Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Departure											
<b>Explanation on application of the practice</b>	:												
<b>Explanation for departure</b>	:	<p>The Senior Management's remuneration (including salary, bonus, allowances and other emoluments) are disclosed in the bands of RM50,000, as follows:-</p> <table border="1"> <thead> <tr> <th>Senior Managements' Remuneration</th> <th>Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM600,001 to RM650,000</td> <td>2</td> </tr> <tr> <td>RM800,001 to RM850,000</td> <td>1</td> </tr> <tr> <td>RM950,001 to RM1,000,000</td> <td>1</td> </tr> <tr> <td>RM2,150,001 to RM2,200,000</td> <td>1</td> </tr> </tbody> </table> <p>The Board is of the opinion that disclosing the remuneration component on a named basis of Senior Management will neither be in the best interest nor to the advantage of the Group, considering the highly competitive market for talents. Talent poaching is common in the industry and the Group intends to ensure that employee retention efforts are safeguarded.</p> <p>Currently, the performance of Senior Management personnel is assessed on an annual basis and measured against their KPIs for the year. The Board will ensure that the remuneration for the Senior Management personnel commensurate with corporate and individual performances.</p>		Senior Managements' Remuneration	Number of Senior Management	RM600,001 to RM650,000	2	RM800,001 to RM850,000	1	RM950,001 to RM1,000,000	1	RM2,150,001 to RM2,200,000	1
Senior Managements' Remuneration	Number of Senior Management												
RM600,001 to RM650,000	2												
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RM2,150,001 to RM2,200,000	1												
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>													
<b>Measure</b>	:	The Board will continuously monitor the market practice of such disclosures and its possible impact, for future consideration.											
<b>Timeframe</b>	:	Within three years											



### **Intended Outcome**

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

### **Practice 7.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the BAC is Datuk Ooi Teik Huat, a Senior INED who is not the Chairman of the Board. The distinction between the Board and BAC Chairman is a practice of DRB-HICOM, which has been reflected in the TOR of the BAC.</p> <p>The BAC Chairman possesses sound financial understanding and experience that equips him with the ability to lead discussions and deliberations, of which the outcome fairly reflects the BAC's understanding.</p> <p>Details of Datuk Ooi Teik Huat's qualification and professional experience are set out in the Profile of Directors on page 38 of the Annual Report FPE 31 December 2019.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

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

## Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has put in place the procedures for the BAC to assess the suitability, objectivity and independence of the external auditors of the Company pursuant to the External Auditor Policy &amp; Procedure, which was approved by the Board in 2018.</p> <p>The BAC manages the Company's relationship with its external auditors, on behalf of the Board. The BAC considers the re-appointment, remuneration and terms of engagement of the external auditors annually. The review covers the independence and service level of the external auditors, which include, amongst others, the quality of work, timeliness and non-audit services provided.</p> <p>The BAC had in May 2020 conducted an annual assessment on the suitability and independence of the external auditors, Ernst &amp; Young PLT ("EY") for the FPE 31 December 2019.</p> <p>EY has provided the required confirmation of their independence to the BAC that they are and have been independent throughout the conduct of the audit engagement during the FPE 31 December 2019 in accordance with:</p> <ul style="list-style-type: none"><li>• the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws"); and</li><li>• the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants.</li></ul> <p>Based on the assessment, the BAC was satisfied with the quality of audit, performance, competency and sufficient resources provided by EY to the Group. Thus, the BAC has recommended that the Board endorses EY's re-appointment for the ensuing financial year and recommends that the shareholders of the</p>

	Company to approve EY's re-appointment at the 30th AGM.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board is cognisant that the independence criteria is fundamental to a well-functioning BAC. The BAC of the Company comprises solely of INEDs, as follows:-</p> <ul style="list-style-type: none"><li>a. Datuk Ooi Teik Huat (Chairman)</li><li>b. Dato' Ibrahim Taib</li><li>c. Datuk Idris Abdullah @ Das Murthy</li></ul> <p>The Board expects the BAC to demonstrate professional scepticism, due care and ethical determination when undertaking their responsibilities.</p>

## Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The BAC has a mix of qualified and experienced professionals in the field of accountancy, consultancy and law. The Chairman and members of the BAC discharge their duties in accordance with the TOR of the BAC. Profiles of the BAC members are set out on pages 38 to 40 of the Annual Report FPE 31 December 2019.</p> <p>All members of the BAC have undertaken relevant training and continuous professional development programmes to keep themselves abreast of the introduction of new accounting and auditing standards, practices and rules. In addition, when there are changes to or adoption of new provisions of the Malaysian Financial Reporting Standards ("MFRS"), members will be briefed on such matters by the external auditors.</p> <p>As recommended by the BNRC, the Board had at its meeting held on 28 February 2020 reviewed the outcome of the annual evaluation of the members of the BAC, including its composition and effectiveness. The Board is satisfied with the BAC's existing performance and the current diversity of the BAC members, as they are able to discharge their duties and responsibilities effectively.</p> <p>The detailed report of the BAC's activities for the FPE 31 December 2019 is set out in the BAC Report contained in the Annual Report FPE 31 December 2019.</p>
<b>Explanation for departure</b>	:	

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



## Intended Outcome

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

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

### Practice 9.1

The board should establish an effective Risk Management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a risk management and internal control system that enables the identification, measurement, continuous monitoring and reporting of all relevant and material risks on a group and entity-wide basis, including new and emerging risks. Further, the Board recognises that this system is designed to manage, rather than eliminate the risks of not adhering to the Group's policies, and achieve goals and objectives within the risk appetite and risk tolerance determined by the Board and Management. Therefore, the system provides reasonable but not absolute assurance, against the occurrence of any material misstatement or loss.</p> <p>The establishment of the Group's ERM Framework is based on the best practices outlined in the International Organisation for Standardisation (ISO) 31000:2009 – Risk Management Principles and Guidelines. The key components of the Framework are Risk Assessment, Risk Mitigation and Measurement, Training and Development, Risk Reporting and Risk Governance. Another important feature of the Framework is the categorisation of risks into nine clusters, namely Strategic Risk, Financial Risk, Market &amp; Business Risk, Organisational Risk, Operational Risk, Information Risk, Regulatory Risk, Reputation Risk and Fraud Risk, which enables the Group to identify, assess and recognise the appropriate treatment for these risks.</p> <p>The BRSC periodically reviews the adequacy and effectiveness of the Group's policies, procedures and Framework, and whenever necessary, recommends revisions for the Board's consideration and approval. This is to ensure that they are sufficiently capable of responding to changes in the risk profiles and remaining consistent with the Group's business strategy.</p>

	Further details on the Risk Management framework are provided on pages 84 to 87 of the Annual Report FPE 31 December 2019.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

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

### Practice 9.2

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

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

	<p>Group.</p> <p>Further details on the effectiveness of Risk Management and Internal Controls are provided in the Statement on Risk Management and Internal Control on pages 68 to 71 of the Annual Report FPE 31 December 2019.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

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

### Practice 9.3 - Step Up

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

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

## Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The GIAD carries out the in-house internal audit function and is an integral part of the Company's internal control system. The GIAD's primary responsibility is to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall internal control system, Risk Management and governance process.</p> <p>The Head of GIAD reports directly to the BAC on a functional basis and to the GMD administratively. The companies under the Group which are listed or regulated by Bank Negara Malaysia are also under the purview of the BAC and the internal audit functions of the respective companies.</p> <p>The BAC reviews the internal audit reports presented by the Head of GIAD at each BAC Meeting held throughout the financial year. This includes review on the Division's activities with respect to:</p> <ul style="list-style-type: none"><li>i. Status of audit activities as compared to the approved Annual Audit Plan.</li><li>ii. Results of the scheduled, follow-up and special audits.</li><li>iii. Adequacy of the Management's responsiveness to the audit findings and recommendations.</li><li>iv. Status of the Internal Audit's Quality Assurance and Improvement Programme.</li><li>v. Adequacy of the audit resources, training and development of the staff within the Division.</li><li>vi. Related Party Transactions and Recurrent Related Party Transactions of the Group of companies.</li></ul>

	<p>During the FPE 31 December 2019, the BAC held two private meetings with the Head of GIAD to review and discuss the Group's key internal controls and internal audit related matters.</p> <p>The GIAD's Annual Audit Plan, financial budget and manpower requirements for the ensuing year was reviewed and approved by the BAC to ensure that there is adequate, competent and proficient internal auditors.</p> <p>The BAC also performs annual evaluation on the GIAD in accordance to Paragraph 15.12(e) of the MMLR of Bursa Securities.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied									
<b>Explanation on application of the practice</b>	:	<p>GIAD is a corporate member of the Institute of Internal Auditors Malaysia and majority of its staff are auditors with professional qualifications such as Certified Internal Auditor, Certified Fraud Examiner, Certified Information System Auditor and member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants.</p> <p>The GIAD reports directly to the BAC to preserve its independence and objectivity. As guided by the Internal Audit Charter, GIAD has no operational responsibility and authority over the activities of its audits in order to maintain its independence and objectivity.</p> <p>As of 31 December 2019, the total staff strength in GIAD was 35 staff inclusive of the internal audit staff of PROTON Holdings Berhad as summarised below:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">No</th> <th style="width: 60%;">Entity</th> <th style="width: 30%;">GIAD's manpower as at 31 December 2019</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>DRB-HICOM Berhad</td> <td style="text-align: center;">19</td> </tr> <tr> <td style="text-align: center;">2</td> <td>PROTON Holdings Berhad</td> <td style="text-align: center;">16</td> </tr> </tbody> </table> <p>The Head of GIAD is Abdul Jamil Johari. He holds a Degree in Bachelor of Law from the University of Wales, Cardiff in 1995 and Certificate in Legal Practice.</p> <p>GIAD adopts a risk-based approach as part of its audit planning and execution, with focus on significant identified risks and effectiveness of the controls in mitigating such risks. In performing the audit engagements, GIAD is guided by the Institute of Internal Auditors' International Professional Practice Framework ("IPPF") which includes the definition of Internal</p>	No	Entity	GIAD's manpower as at 31 December 2019	1	DRB-HICOM Berhad	19	2	PROTON Holdings Berhad	16
No	Entity	GIAD's manpower as at 31 December 2019									
1	DRB-HICOM Berhad	19									
2	PROTON Holdings Berhad	16									



	<p>Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.</p> <p>GIAD is also guided by the internal policies, procedures, the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organisation of the Treadway Commission (“COSO”) and Control Objectives for Information and Related Technology (“COBIT”) issued by Information Systems Audit and Control Association (“ISACA”).</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of continuous and effective communications with the Company's shareholders, investors and other stakeholders, which is accurate, transparent and accountable. As such, the Board has adopted a Corporate Disclosure Policy. In line with the Policy, the Board, along with the Management, also ensures that the Company's website contains relevant information on the Group, including, amongst others, the Group's business activities, investor relation activities, all announcements released to Bursa Securities and any press releases made by the Company/Group.</p> <p>At the general meetings of the Company, every shareholder is given the opportunity to raise questions on the Company's financial performance, activities and any concerns regarding the Company/Group. Besides that, the Company has established an Investor Relations Department, a dedicated channel to respond to any enquiries from the shareholders, investors and other stakeholders.</p> <p>The activities undertaken by the Investor Relations Department during the FPE 31 December 2019 were outlined on pages 26 to 29 of the Annual Report FPE 31 December 2019.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## Intended Outcome

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

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

### Practice 11.2

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

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

## Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>DRB-HICOM dispatched the Notice of the 29th AGM of the Company to the shareholders on 31 July 2019 for the AGM held on 12 September 2019. The notice period was more than 28 days. The additional time given to the shareholders allows them to make the necessary arrangements to either attend and participate in person, or through corporate representative(s) or proxy(ies).</p> <p>The Notice of the 29<sup>th</sup> AGM provided the detailed explanations for each resolution proposed, giving clarity so that the shareholders can make informed decisions, when exercising their right to vote during the AGM.</p> <p>The Notice of AGM was published in one (1) nationally circulated newspaper, for wider dissemination, to encourage shareholders' participation.</p> <p>In addition, the Notice of AGM and Proxy Form which were contained in the Annual Report, was posted on the website of DRB-HICOM at <a href="http://www.drb-hicom.com">www.drb-hicom.com</a>.</p> <p>For the forthcoming 30<sup>th</sup> AGM scheduled on 22 July 2020, the Notice of AGM is scheduled to be issued to the shareholders of the Company on 24 June 2020, i.e. at least 28 days prior to the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Directors attended the 29th AGM of the Company held on 12 September 2019.</p> <p>The Board acknowledges its responsibility to encourage engagement between the Directors and shareholders. In demonstrating this commitment, the Chairman encourages active participation from the shareholders during the general meetings to raise any issues of concern regarding the Group and the Directors or any related party, so that clear and adequate explanations can be provided for such concerns.</p> <p>At the 29th AGM, the GMD presented an overview of the Group's performance and key strategies to the shareholders. He provided responses and clarifications to queries raised by the shareholders/proxies.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>DRB-HICOM has yet to facilitate voting in absentia and remote participation by shareholders at its general meetings.</p> <p>The Company has since 2006, held all its general meetings at Holiday Inn Kuala Lumpur Glenmarie, No. 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan, with free parking provided at the premises which is easily accessible by ("LRT") at CGC Glenmarie. For the shareholders arriving at the venue by public transport, the Company also provides free shuttle service from CGC Glenmarie Light Rail Transit station to Holiday Inn Kuala Lumpur Glenmarie. Since then, the proceedings of all general meetings have been conducted effectively, without any material issues regarding the location.</p> <p>The Company has since 2016, adopted the electronic poll voting system for its AGM in line with the MMLR of Bursa Securities. This is to facilitate a more efficient voting process as well as ensure transparency and accuracy of the voting results.</p> <p>As an alternative, the shareholders who are unable to attend the AGM are allowed to appoint corporate representative(s) or proxy (ies) to attend, participate, speak and vote on their behalf at the AGM.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



<b>Measure</b>	:	The Company continues to leverage technology and adopt e-polling as the preferred medium for shareholders to cast their votes and will continue to explore and consider the recommendations in the MCCG on the use of technology for remote shareholders' participation and voting in absentia by 2020.	
<b>Timeframe</b>	:	Within 1 year	

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

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

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