



DRB-HICOM BERHAD

Registration No. 199001011860 (203430-W)

BOARD CHARTER

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1. INTRODUCTION

- 1.1 The Directors of DRB-HICOM Berhad (“the Company” or “DRB-HICOM”) regard corporate governance (“CG”) as vitally important to the success of the Company’s business and unreservedly commit to applying the following principles of CG in all dealings of the Company and/or its subsidiaries (collectively known as, “the Group”):
- (a) The Board of Directors of the Company (“the Board”) is the focal point of the Company’s CG system. It is ultimately accountable and responsible for the performance and affairs of the Company.
 - (b) All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
 - (c) All Board members are responsible for applying the highest standards of CG, in pursuit of the Company and/or Group’s commercial objectives.
- 1.2 This Board Charter will be a guide to enable the Board to focus on matters that are pertinent to the Company as well as matters that would require Board’s consistent attention. This Board Charter sets out the Board’s strategic intent, authority and terms of reference.
- 1.3 This Board Charter is subject to the provisions of the Companies Act 2016, Constitution of the Company, Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Malaysian Code on Corporate Governance (“MCCG”), Capital Markets and Services Act 2007 and any other applicable law or regulatory requirement.
- 1.4 This Board Charter is not an “all inclusive” document and should be read as a broad expression of principles and shall constitute and form an integral part of each Director’s duties and responsibilities.

2. OBJECTIVE

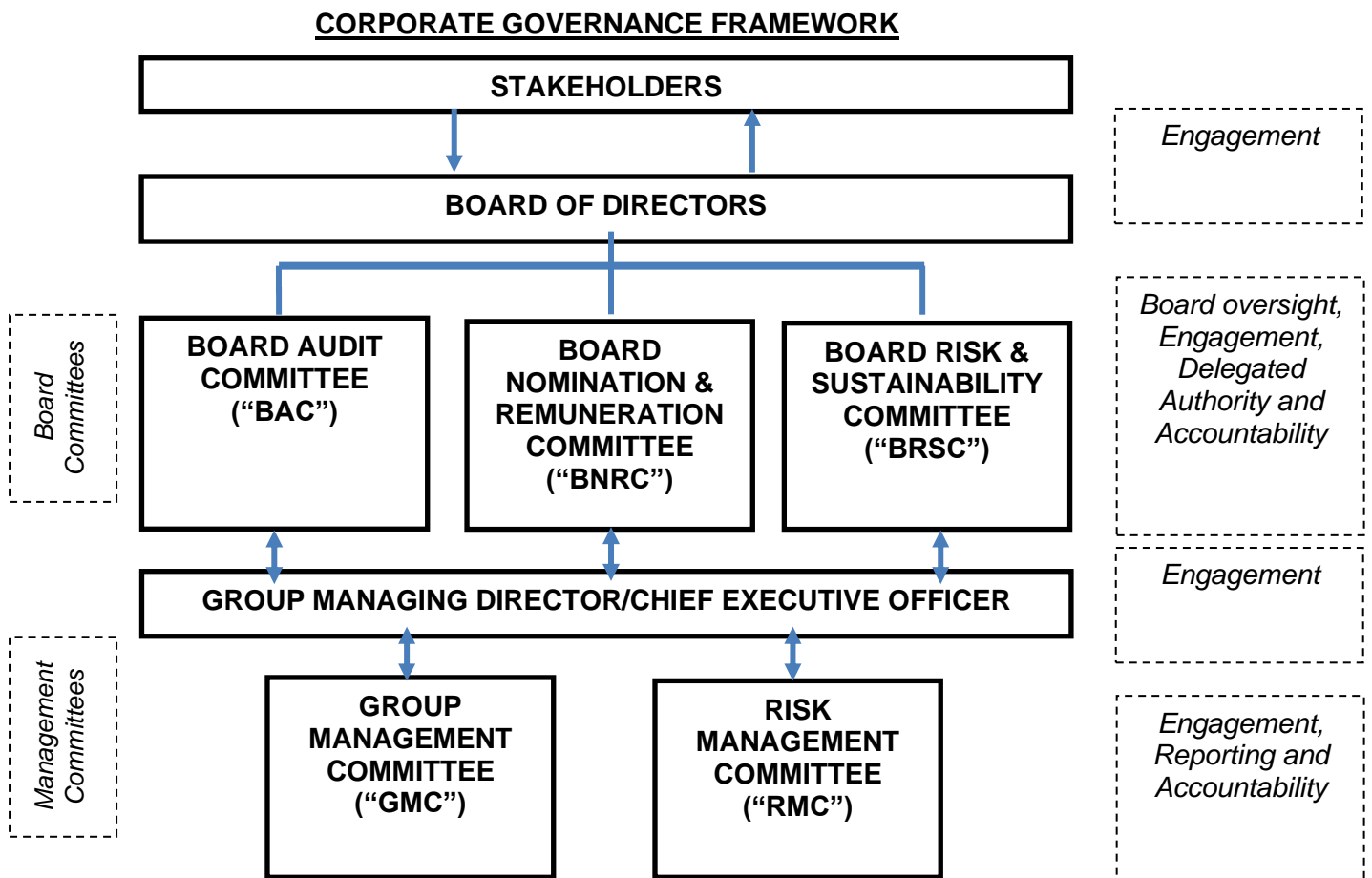
- 2.1 The objective of this Board Charter is to ensure that all Directors are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct, and that the principles and practices of good CG are applied in all their dealings in respect and on behalf of the Company. In

addition, this Board Charter requires the Board to also take into consideration the relevant social, economic and environmental factors that can affect the Group.

2.2 This Board Charter serves as a primary source of reference and primary induction literature to provide insights to the existing and prospective Directors and Senior Management, assist the Directors in the performance of their fiduciary duties, safeguard the stakeholders’ interest and achieve sustainable long-term financial results, through effective oversight and maximisation of shareholders’ value.

3. CG FRAMEWORK

3.1 The Board has established a CG Framework for the Group, whereby specific powers of the Board are delegated to the respective Board Committees, Group Managing Director (“GMD”)/Chief Executive Officer (“CEO”) and Management, as depicted below:



- 3.2 The Group's CG Framework reflects the way strategic and operational activities are managed, which is a clear indication that although the roles may be distinctly different but they are complementary in attaining the Group's core objectives.
- 3.3 This framework is supported by, amongst others, the Company's Limits of Authority ("LOA") and the Management Delegated Authority ("MDA"), which set out the respective authority limits including those reserved for the Board's approval and those which the Board may delegate to the Board Committees, GMD/CEO, Management Committees and Management.
- 3.4 The Company formulates strategies to optimise the Group's performance, both locally and regionally, at the consolidated level, while the core businesses retain the necessary autonomy to conduct their own operations, thus enabling the Board to take a broader perspective on issues affecting the Group, such as overall strategy, risk management and governance level taking into consideration the Environmental, Social and Governance ("ESG") factors, for ensuring the resilience and sustainability of the Group, whilst safeguarding the interests and enhancing the value of the Group and its stakeholders.
- 3.5 In view of the diversity of the Group's businesses, the Boards at subsidiary level provide the appropriate level of dedicated oversight and focus on the core businesses of the respective divisions. Each Subsidiary Board has representatives from either the Company's Board or Senior Management, to ensure clear, unambiguous over-sight and to exercise a reasonable degree of supervision and control within the Group.
- 3.6 To facilitate the discharge of the Board's responsibility and oversight role, the Board is assisted by the Board Committees and Management Committees, established with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board as mandated in their respective Terms of Reference ("TOR").

4. COMPOSITION, BOARD BALANCE AND DIVERSITY

- 4.1 At least two directors or one-third (1/3) of the Board, whichever is higher, shall be independent directors as defined in the MMLR of Bursa Securities.
- 4.2 The Company's Constitution provides that the number of Directors shall not be less than three (3) and not more than 20. All Directors of the Company shall be natural persons.
- 4.3 The Board may consist of independent directors, executive directors, senior independent non-executive directors and non-executive non-independent directors.
- 4.4 The Board is led by the Chairman and assisted by other Directors whereas the day-to-day management and businesses of the Company are led by the GMD/CEO. The Company aims to ensure a balance of power and authority between the Chairman and GMD/CEO, with a clear division of responsibility between running of the Board and the Company's businesses, respectively.
- 4.5 An effective Board shall contain the right group of people, with an appropriate mix of skills, knowledge and experience and independent elements that fit the Company's objectives and strategic roles. The right Board composition will ensure sufficient diversity and independence to avert 'groupthink' or 'blind spots' in the decision-making process. It also enables the Board to be better equipped to respond to challenges that may arise and deliver value.
- 4.6 The intended outcome of an effective Board is for the Board's decisions to be made objectively in the best interest of the Company, taking into account diverse perspectives and insights.
- 4.7 The Board consists of a mix of qualified and experienced professionals with diverse backgrounds, knowledge and perspectives. Such a composition and balance of the Board facilitates the making of informed and critical decisions.
- 4.8 **Board Diversity**
- 4.8.1 The Board has identified the ideal board matrix, gap analysis and criteria for new Board appointments. In undertaking the process of reviewing and

selecting potential candidates to fill in the vacancies on the Board, the BNRC is mindful of various diversity factors that strengthen the Board composition to meet the objectives and strategic goals of the Company.

4.8.2 The Board aims to achieve its target of 30% women directors. In seeking potential candidate(s) for new appointments, the Board takes into account ethnicity and age distribution of the Directors to maintain a balanced Board composition. In any event, all Board appointments would still be based on merits and professionalism.

4.8.3 In summary, the Board expresses its commitment to maintain a balanced diversity as set out in the Board Diversity Policy below:

BOARD DIVERSITY POLICY

A. Purpose and Scope

The Board Diversity Policy (the “Policy”) sets out the approach for achieving diversity within the Board of Directors (“Board”) of DRB-HICOM Berhad (“DRB-HICOM”) and its subsidiaries (collectively known as, “DRB-HICOM Group”), 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.

A truly diverse and inclusive Board shall leverage its distinctive knowledge, skills, regional and industrial experiences, cultural and socio-economic backgrounds, gender, thoughts and opinions, to ensure that DRB-HICOM Group retains its competitive advantage in the diverse business environment in which it operates.

B. Policy Statement

DRB-HICOM believes in diversity and values the advantages it could bring to its Board. In designing the Board’s composition and assessing its performance, the Board Nomination and Remuneration Committee (“BNRC”) would consider the needs of the Board, in order to maintain an optimum mix of skills, knowledge and experience on the Board.

In addition, a diversely talented and dedicated Board strengthened by meritocracy, continues to be the focus of the BNRC, when identifying and recommending candidates for Board appointments or re-election, as well as evaluating the performance of the Board and its individual Directors.

C. Procedures

In order to create and maintain a diverse Board, the BNRC would:

- Assess the appropriate mix of diversity (including age, gender and ethnicity), skills, experiences and expertise required on the Board, to identify and address any gaps;
- Select from a wide pool of candidates, both internally, through recommendations made by the current Board members or the Management, and externally, through professional associations and independent search firms, while adhering to a stringent recruitment protocol; and
- Recommend candidates to the Board or for re-election, by ensuring an adequate

balance of diversity, skills, experience, knowledge and character is being maintained on the Board.

D. Review of the Policy

The BNRC will review the Policy periodically and report to the Board any aspects of its diversity that would require improvement, as well as measure its progress, accordingly.

5. RESERVED MATTERS

The Board reserves full decision-making powers on the following matters:

5.1 Conduct of the Board

5.1.1 Appointment of Board Committee members, adoption of the respective TOR of the Board Committees and thereafter, amendments of such terms.

5.1.2 Key human resource issues such as the appointment of the Senior Management, including that of the Executive Directors, GMD/CEO and Company Secretary(ies) of the Company, and the discontinuation of their services.

5.2 Remuneration

5.2.1 Directors' fees/remuneration framework for Independent and Non-Independent Non-Executive Directors.

5.2.2 Remuneration packages, structure and policy for Executive Directors, GMD/CEO and Group Chief Operating Officer.

5.2.3 Any proposed employees' share option scheme and/or amendments to the scheme, subject to other approvals that may be required by legislation or regulations.

5.3 Operational

5.3.1 Continuous review of performance against business strategy and group operations, as well as the annual budget/annual management plan.

5.3.2 Assessment of the effectiveness of risk management policies and proactive actions taken, through the Group's internal controls, to address key risks.

5.3.3 Assessment of investment or divestment in major projects, which represents a significant diversification from the existing businesses, as well as material changes to the Group's activities.

5.3.4 Treasury policies and loans of the Company.

5.3.5 Authority levels, such as the LOA and MDA of the Company.

5.4 **Financial**

5.4.1 Interim unaudited financial results and audited consolidated financial statements, for announcement to Bursa Securities.

5.4.2 Interim dividends, recommendation of final dividends and reinvestment of dividends.

5.5 **Other Matters**

5.5.1 Requirement of any matter to convene a general meeting of shareholders or any class of shareholders.

5.5.2 Review of any matter concerning the current legislation or governing authorities or mandated by the LOA.

6. APPOINTMENTS, TENURE, RE-ELECTION AND VACATION

6.1 **Appointments**

6.1.1 The appointment of a new director is a matter for consideration and decision by the Board, upon recommendation from the BNRC. In making these recommendations, the BNRC will consider the required mix of skills, experience and diversity, where appropriate, which directors bring to the Board.

6.1.2 New directors are expected to have such expertise so as to qualify them to make positive contributions to the Board's performance of its duties and to give sufficient time and attention to the affairs of the Company.

6.1.3 All directors must fulfil the criteria of "fit and proper" person as part of their appointment on the Board as well as for directors who are seeking for re-election at general meetings as per the Fit and Proper Policy of the Company.

6.1.4 Prior to the acceptance of any relevant external appointments such as directorship of listed companies, organisations or other associations, Non-Executive Directors shall first consult with the Chairman on such proposed appointment. In any event, such commitments shall not:

(a) cause a conflict of interest for the Directors;

(b) affect the Director's independence;

(c) have potential reputational consequence to the Company; and/or

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- (d) place demands on the Director's time that could hinder his/her ability to attend Board meetings and discharge their responsibilities to the Company.
- 6.1.5 All Directors are required to notify the Company Secretary of any new appointments to the boards of other public-listed companies and/or subsidiaries of public-listed companies outside the Group, as well as executive appointments to other companies, no later than 14 days from the date of the said appointment, in order to update the records of the Companies Commission of Malaysia ("CCM"), where applicable.
- 6.1.6 Upon the appointment of a new director, the Company Secretary shall advise the Director of his/her principal duties and responsibilities and explain the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all new Directors are briefed appropriately by the Senior Management on the Company's and Group's affairs, taken on site-visits to the operating companies and provided with up-to-date CG materials published by the relevant bodies. Copies of the following shall be provided to the newly appointed Director:
- (a) Board Charter;
 - (b) Constitution;
 - (c) Directors' Code of Ethics;
 - (d) Conflict of Interest ("COI") Policy;
 - (e) Board Committees' compositions and terms of reference;
 - (f) Latest business plans;
 - (g) Latest annual reports and financial statements;
 - (h) Organisation chart;
 - (i) Directors' & Senior Management's contact details; and
 - (j) Schedule of Board Meetings for the year.
- 6.1.7 The directorships held by any Director at any one time shall not exceed five (5) in listed companies or such other numbers as may be set by the relevant authorities.
- 6.1.8 Executive directors shall not take on any non-executive directorships, except for directorships within the Group, unless prior express permission is granted by the Board.

6.2 Tenure of independent director

- 6.2.1 The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years.
- 6.2.2 In the event the Board wishes to maintain the directorate of an Independent Director beyond the nine (9) years limitation period, the Board must justify and seek specific shareholders' approval on the matter at the Company's general meeting. If shareholders' approval is not obtained, upon completion of the nine-year period, the Independent Director may still continue to serve on the Board but subject to him/her being re-designated as Non-Independent Director. Independent Director who has served the Board for a cumulative period of more than 12 years from the date of his first appointment as an Independent Director shall be redesignated as Non-Independent Director.

6.3 Re-election

- 6.3.1 All Directors are subject to retirement by rotation in accordance with DRB-HICOM's Constitution and the MMLR.
- 6.3.2 All directors (including the GMD/CEO) shall retire from office once at least in three (3) years but a retiring director shall be eligible for re-election.
- 6.3.3 The screening and evaluation process for the nomination of directors seeking re-election at the Annual General Meeting is delegated to the BNRC.
- 6.3.4 The re-election ensures that shareholders have a regular opportunity to reassess the composition of the Board.

6.4 Vacation

- 6.4.1 The office of the Director shall be vacated in accordance with but not limited to DRB-HICOM's Constitution, MMLR and other regulatory requirements.

7. ROLES AND RESPONSIBILITIES OF THE BOARD, CHAIRMAN, SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR (“SINED”), GMD/CEO, INDEPENDENT DIRECTORS AND INDIVIDUAL DIRECTORS**7.1 Board**

7.1.1 The Board is responsible for the proper stewardship of the Company and Group, by securing sustainable long-term financial results with proper social and environmental considerations.

7.1.2 The Board understands that the responsibility for good CG rests with them and therefore, strives to apply the broad principles and specific recommendations on structures and processes as stated in the MCCG.

7.1.3 The Board’s roles and responsibilities are contained in the MMLR, various guidelines and recommendations issued by Bursa Securities, MCCG, Securities Commission, DRB-HICOM’s Constitution and the laws and regulations governing companies in Malaysia.

7.1.4 Duties of the Board include setting the Company’s strategic aims, values, standards, corporate vision, mission and philosophy, setting the aims of the Management and monitoring the performance of the Management. The Board shall ensure that its obligations to its shareholders and stakeholders are understood and met. In order to meet the Company’s objectives and to review the Management’s performance, the Board shall ensure that necessary resources are in place.

7.1.5 The Board is also responsible in overseeing the development of the Group’s sustainability and climate-related strategies, alignment of priorities and targets with the Group’s long-term business strategy, as well as ensuring collective achievement of sustainability goals across the organisation by integrating resilience and sustainability of the Group’s strategy within key business areas.

7.1.6 Specific Duties

The Board assumes the following specific duties:

- (a) Establish and review the strategic direction of the Company;
- (b) Together with Senior Management, promote a good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;

- (c) Review, challenge and decide on Management's proposals for the Company, and monitor its implementation by the Management;
- (d) Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (e) Supervise and assess Management's performance to determine whether the businesses are being properly managed;
- (f) Oversee and evaluate the conduct of the Group's businesses;
- (g) Ensure that there is a sound framework for internal controls and risk management;
- (h) Identify and understand the businesses' principal risks, recognise that business decisions involve the taking of appropriate risks and ensuring that risks are properly managed;
- (i) Set the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- (j) Establish orderly succession plan for the Board and Senior Management;
- (k) Ensure that Senior Management has the necessary skills and experience;
- (l) Ensure the existence of procedures to enable effective communication with stakeholders;
- (m) Review the adequacy of the internal control policy; and
- (n) Ensure the integrity of the Company's financial and non-financial reporting.

7.1.7 **Delegation**

- (a) The Board may from time to time delegate its authority to the Board Committees or Management and for this purpose, the Board has established written procedures in determining issues that require decisions of the Board and issues that can be delegated to the Board Committees or Management.
- (b) Even though delegation of authority to the Board Committees or Management may be made, the Board does not abdicate its

responsibility and at all times exercise collective oversight on the Board Committees and Management.

- (c) Any matters will not be delegated to the extent that would significantly hinder or reduce the ability to discharge the Board's functions.
- (d) Regular review of the division of responsibilities shall be conducted to ensure that the Company is able to adapt to changing business circumstances.

7.1.8 **Independent professional advice**

The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.

7.1.9 **Shareholdings of Directors in the Company**

Directors may hold shares in the Company. When buying or selling shares in the Company, all Directors must strictly observe the provisions of the MMLR, DRB-HICOM's Constitution, Directors' Code of Ethics and all relevant legislative and regulatory requirements.

7.2 **Chairman**

7.2.1 The Chairman is responsible for ensuring the integrity and effectiveness of the governance processes of the Board and will consult the other Directors and Management promptly, over any matter that gives him cause for major concern.

7.2.2 The Chairman acts as a facilitator at Board meetings and ensures that none of the Directors, whether Executive or Non-Executive, dominate the discussion, allowing for adequate deliberation to take place, whereby relevant opinions among the Directors are forthcoming.

7.2.3 The Chairman's main responsibilities include:

- (a) providing leadership to the Board so that the Board can perform its responsibilities effectively;
- (b) in consultation with the GMD/CEO and the Company Secretary, setting the agenda for Board meetings and ensuring all relevant issues are on the agenda;

- (c) ensuring the provision of accurate, timely and clear information to Directors;
- (d) leading the Board in setting the values and standards of the Company;
- (e) facilitating effective contributions of Non-Independent Non-Executive and Independent Directors and ensuring that constructive relations, as well as a relationship of trust, be maintained between the Executive, Non-Independent Non-Executive and Independent Directors;
- (f) leading Board meetings and discussions as well as encouraging active participation and allowing dissenting views to be freely expressed;
- (h) managing the interface between Board and Management;
- (i) ensuring 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;
- (j) leading the Board in establishing and monitoring good corporate governance practices in the Company; and
- (k) arranging regular evaluation of the performance of the Board, its Committees and individual Directors.

7.3 **SINED**

7.3.1 The Board shall appoint from amongst its Independent Non-Executive Directors, a SINED, to whom concerns from the other Directors, public or investors may be conveyed. Inquiries or complaints on decisions or actions taken by the Group shall be forwarded to the SINED.

7.3.2 Basically, the duties of the SINED shall include acting as a sounding board for the Chairman, an intermediary for other directors when necessary, and the point of contact for shareholders and other stakeholders.

7.4 **GMD/CEO**

7.4.1 The GMD/CEO is an Executive Director on the Board and is responsible for implementing policies of the Board, overseeing the Group's day-to-day operations and developing the Group's business strategies, which include performance targets and long-term goals established by the Board. The

GMD/CEO is supported by the Management, its Committees and other Committees established under the Group's CG Framework as stated in paragraph 3. The views of the Management are represented at meetings of the Board by the presence of the Senior Management, when required.

7.4.2 The GMD/CEO is considered as the head of Senior Management and therefore, is answerable to the Board. The key roles of the GMD/CEO, amongst others, include:

- (a) developing the strategic direction of the Group;
- (b) ensuring that the Group's strategies and corporate policies are effectively implemented;
- (c) ensuring that the Board's decisions are implemented and the Board's directions are adhered to;
- (d) providing direction in the implementation of short- and long-term business plans;
- (e) providing strong leadership i.e. effectively communicating the vision, management philosophy and business strategy to the employees;
- (f) keeping Board fully informed of all important aspects of the Group's operations and ensuring sufficient information is distributed to the Directors;
- (g) ensuring high performance and productivity of Senior Management by motivating them through performance management and professional development;
- (h) ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
- (i) developing and maintaining effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions; and
- (j) ensuring the day-to-day operations of the Group are effectively managed.

7.4.3 The GMD/CEO serves as the conduit between the Board and Management in ensuring that the financial management practice is performed at the highest level of integrity and transparency and that the businesses and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations.

7.4.4 MDA

- (a) The GMD/CEO shall act within his/her specified authorities delegated through the MDA and also ensure that the assets of the Group are adequately maintained and protected, and not unnecessarily placed at risk.
- (b) Through his/her delegated authorities, the GMD/CEO has established a GMC and RMC comprising certain key Senior Management who shall be responsible, within the limits of the authority determined and powers delegated by the Board from time to time.

7.4.5 Leadership Development

There shall be a periodic report by the GMD/CEO to the BNRC and/or Board on succession planning.

7.5 Independent Directors

- 7.5.1 The Independent Directors do not participate and do not engage in the day-to-day management of the Company and any business transactions or other relationships with the Company, so as to ensure that they exercise independent view, judgment, advice and act in the best interest of the Company.
- 7.5.2 The element of independence fulfils a pivotal role in corporate accountability by ensuring a balanced and unbiased decision-making process and objectivity, without being subordinated to operational considerations. The views of the Independent Directors shall carry significant weight in the Board's decision-making process.
- 7.5.3 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial considerations by the Board.

7.6 Individual Directors

- 7.6.1 Each Director is expected to comply with his/her legal, statutory and equitable duties and obligations, when discharging his/her responsibilities individually. These include:

- (a) acting in good faith and in the best interest of the Group;
 - (b) objectively discharging his/her fiduciary duties and responsibilities at all times in the interest of the Company;
 - (c) acting with reasonable care, skill and diligence subject to the business judgement rule;
 - (d) avoiding COI within the Group in a personal or professional capacity, direct or indirect financial or non-financial interests, relationships, or affiliations that could affect his/her impartiality in decision-making, including refraining from the improper use of property, information, opportunity gained from the Group or the position held in the Group or engaging in businesses which are in competition with the Group;
 - (e) disclosing the COI or transaction that may potentially conflict with his/her duty as a Director at the Board Meeting and abstaining from Board deliberation and voting respectively;
 - (f) ensuring that confidential Board information, discussions, deliberations and decisions are not used for personal interest; and
 - (g) exercising greater vigilance and professional scepticism in understanding and shaping the strategic direction of the Company and/or Group.
- 7.6.2 Every Director must keep abreast of his/her responsibilities as a director and of the conduct, business activities and development of the Group, by attending relevant directors' training programmes and briefings.
- 7.6.3 Every Director shall ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.
- 7.6.4 Every Director shall comply with the requirements of the applicable laws and internal requirements and regulations of DRB-HICOM, including the COI, code of conduct and/or ethical standards of behaviour expected of all Directors, as well as any anti-bribery and corruption laws and regulations in all jurisdictions in which the Group operates.

8. BOARD COMMITTEES

8.1 The Board has established the following Board Committees:

- (a) BAC;
- (b) BNRC; and
- (c) BRSC,

with its own specific written TOR, which state clearly the extent and limits of the Board Committees' responsibilities and authority, specifically whether they have the authority to decide on behalf of the Board or refer to the Board, for approval.

8.2 Independent Directors play a leading role in these Board Committees. The Management and third parties are co-opted to the Board Committees, as and when required.

8.3 These Board Committees are tasked to oversee critical or major functional areas and address issues, which require detailed review or in-depth consideration, and report to the Board on their deliberations, together with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.

8.4 The roles and responsibilities of the Board Committees are set out in the TOR of each of the respective Board Committee, details of which are available on the corporate website at www.drb-hicom.com.

9. DIRECTORS' REMUNERATION

9.1 The Company aims to set remuneration at levels which are sufficient to attract and retain the directors needed to run the Company successfully, taking into consideration all relevant factors including the demands, function, workload, complexities of the Company's business and responsibilities involved, performance of the Company and skills and experience required but without paying more than is necessary to achieve this goal. The level of remuneration of the Board (Executive and Non-Executive Directors), also takes into consideration the recommendations of the BNRC.

- 9.2 The mechanism for remuneration of the GMD/CEO (Executive Director) is structured in the manner wherein an Executive Director is rewarded based on the achievements of his/her annual Key Performance Indicators (“KPIs”) as well as the performance of the Group.
- 9.3 The Board shall ensure that the remuneration and incentives for Non-Executive Directors are not in conflict with their obligation to bring objectivity and independent judgment on matters discussed at Board meetings.
- 9.4 The Board is also guided by market and industry practices, business strategy and long-term objectives of the Company in determining the amount of compensation to be paid to the Non-Executive Directors.
- 9.5 Non-Executive Directors are paid a basic fee as ordinary remuneration and they are also paid a sum based on their responsibilities in the Board Committees and for their attendance at meetings. The fee which is subject to the approval of the shareholders, shall be a fixed sum and not based on a commission or on any percentage of profits/turnover.
- 9.6 A review of the Directors’ Remuneration is undertaken on a timely basis.

10. BOARD MEETINGS

10.1 Frequency

10.1.1 The Board meets at least once every quarter to facilitate the discharge of its responsibilities. Key Senior Management, who are not Directors, are invited to attend and speak at the meetings on matters relating to their scope of work.

10.1.2 The frequency of meeting of the Board Committees is pursuant to their TOR.

10.2 Notice and Agenda

10.2.1 If possible, notices and agendas of meetings, as well as other meeting materials shall be distributed at least five (5) business days prior to the Board meeting.

10.2.2 At each scheduled meeting, the Board shall consider, where applicable, the following:

- (a) Operational report(s), financial results and cash flow projections;
- (b) Review the reports and recommendations of the BAC, BNRC and BRSC;
- (c) Approve the quarterly announcement and quarterly financial statements to the shareholders and the public;
- (d) Matters which are reserved for its collective decision;
- (e) Significant capital expenditure and acquisitions;
- (f) Significant disposal of the Company/Group assets;
- (g) Major issues or opportunities;
- (h) Changes in directorships and disclosure of interests;
- (i) Disclosure of dealings by directors/principal officers;
- (j) Summary of share ownership movement; and
- (k) Any other matters requiring its authority.

10.2.3 In addition, the Board shall review and if thought fit, approve the following at periodic intervals of each financial year:

- (a) The Company and Group goals;
- (b) Strategies for achieving the stated goals;
- (c) The operational plan and budget;
- (d) Declaration or recommendation of the payment of dividends;
- (e) The reports and recommendations from the BAC, BNRC and BRSC.

10.3 **Mode**

10.3.1 The Board may be held either:

- (a) by a number of the Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- (b) subject to the MMLR and the rules of Bursa Securities, by means of audio or audio and visual communications by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

10.3.2 The mode of meeting of the Board Committees is determined by their TOR.

10.4 Quorum

10.4.1 The quorum of the Board meeting may be fixed by the Board, and unless so fixed three (3) directors shall form a quorum.

10.4.2 The quorum for the Board Committees are set out in their TOR.

10.5 Voting

10.5.1 Each Director is entitled to one (1) vote on matters deliberated at the Board meeting. In the case of an equality of votes, the Chairman shall be entitled to a second or casting vote.

10.5.2 A Director shall be excused from any part of the Board's discussion and abstain from voting on the matters directly involving him/her to avoid a COI situation.

10.6 Supply of Information

10.6.1 The Company aims to provide all Directors with timely, complete, accurate and substantial information and in a form and manner appropriate for them to discharge their duties effectively. If the information provided is insufficient, the Board shall make further enquiries where necessary, to which the persons responsible shall respond as fully and promptly as possible.

10.6.2 A full and comprehensive agenda, as well as accurate Board papers and meeting materials, are circulated to all Directors prior to each Board meeting.

10.6.3 The Board records its deliberations, in terms of the issues discussed, probable remedies/outcomes and resolved decisions. All decisions made are to be properly recorded to provide a historical record and insight into those decisions.

10.6.4 Upon conclusion of the Board/Board Committee meetings, the minutes are circulated in a timely manner.

11. BOARD EVALUATION AND PERFORMANCE

11.1 An objective and well-managed board assessment process can lead to substantial improvement in the Board's effectiveness, bringing significant benefits to DRB-HICOM, as well as keeping the Board relevant.

- 11.2 The Board has implemented a formal and objective assessment process to be carried out by the BNRC annually for assessing the effectiveness of the Board as a whole, Board committees, contribution of each Individual Director, especially Independent Directors, as well as the GMD/CEO. The GMD/CEO is annually assessed based on the KPIs approved by the Board.
- 11.3 The Chairman of the BNRC oversees the overall assessment process. Likewise, the Board's Chairman assesses, informally, the contributions made by the Directors.
- 11.4 The outcome of the assessment report, including the evaluation of the Board's composition (the size, required mix of skills and experience and other qualities) is discussed with the full Board. This exercise is carried out after the completion of each financial year or at such time, as may be deemed appropriate.
- 11.5 The assessment by the BNRC in respect of the Board, Board Committees and Individual Directors, together with the criteria used for such assessment and the identity of independent third party (if any) carrying out such an assessment, shall be disclosed in the annual report pursuant to the requirements under the MCCG, MMLR and other applicable laws.

12. CONFLICT OF INTEREST ("COI")

- 12.1 DRB-HICOM has developed the COI Policy as a framework and processes for the purposes of preventing any conflicts from influencing or compromising the objectivity and impartiality of DRB-HICOM Group's businesses and operations, as well as to safeguard the interest of the Group. The COI Policy also provides direction to the Board Audit Committee and Board in discharging their roles, which is to provide oversight and review the COI situations within the Group.

13. CODE OF CONDUCT AND ETHICS

- 13.1 The Board formalises and maintains a set of code of conduct and/or ethical standards of behaviour expected of all Directors, employees and/or other parties,

which together with the Senior Management implements its policies and procedures that include managing conflicts, preventing the abuse of power, corruption, insider trading and money laundering.

- 13.2 The policies of the above code of conduct and/or ethical standards shall be integrated into DRB-HICOM-wide's management practices and be periodically reviewed.

The Directors' Code of Ethics is as set out in "**Appendix A**".

14. CORRUPTION

- 14.1 The Group has established an Integrity and Governance Unit within the Group Internal Audit and Integrity Division to showcase its commitment towards upholding integrity and strong corporate governance. The Group has a zero-tolerance stance towards any form of corruption, bribery and any other forms of offences defined under the Malaysian Anti-Corruption Act, 2009 within the organisation and believes the need to uphold and institutionalise integrity as a key factor in embracing sound governance. The Group has established an Anti-Bribery and Anti-Corruption Policy, which is applicable to all employees and Directors within the Group.
- 14.2 The Directors (whether acting in their own capacity or on the Group's behalf) are committed to refrain themselves from offering, giving or receiving any gifts and any other form of benefits (in kind, cash, advantages and/or favours, etc.) from persons or entities who deal with the Group, where such gifts are reasonably expected to influence the performance of the Director's duties in any aspect.
- 14.3 All cases or complaints of bribery or corruption shall be investigated by the Integrity and Governance Unit of the Group Internal Audit and Integrity Division, and necessary action shall be taken, including reporting to the appropriate authorities, disciplinary action, prosecution and recovery action. The Board has approved the Whistleblowing Policy, which provides an avenue for employees and members of the public to report any improper conduct including bribery and corruption within the Group.

14.4 Every Director shall be aware of the corporate liability provision in Section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018 (“MACC Act”), DRB-HICOM’s Anti-Bribery Anti-Corruption Policy and that the Company has signed a Corruption-Free Pledge. If an offence is committed, it is punishable by a fine of not less than 10 times of the sum or value of the gratification (where such gratification is capable of being valued or is of pecuniary in nature) or RM1.0 million, whichever is the higher, or imprisonment for a term not exceeding 20 years or to both.

15. CORPORATE LIABILITIES

15.1 Every Director must take cognisance of the liabilities which the Company or Group (as the case may be) can potentially incur under the applicable laws as a result of the action, inaction or conduct of the Director.

15.2 Pursuant to Paragraph 14.4 above, under Section 17A of the MACC Act, there is a potential extension of liabilities to the Company if its associated person(s) corruptly gives, agrees to give, promises or offers to any person(s) any gratification with the intent to obtain or retain business or gain an advantage in the conduct of business.

16. COMPANY SECRETARY

16.1 The Board shall ensure it is supported by a suitably qualified and competent Company Secretary, being the central source of information and plays an important advisory role and fulfils the functions for which he/she has been appointed.

16.2 The Company Secretary must possess the knowledge and experience to carry out his/her functions, including knowledge in company and securities law, finance, governance, company secretaryship and other areas of compliance such as the MMLR, by keeping abreast of and informing the Board of current governance practices.

16.3 The roles and responsibilities of a Company Secretary shall include, among others:

- (a) Provide sound governance advice;
- (b) Assist the Board and Board Committees to function effectively and in accordance with their TOR and best practices;
- (c) Manage all Board and Board Committee meeting logistics, attend and record all minutes of the aforesaid meetings, by ensuring accuracy, timeliness and proper maintenance of such minutes, and facilitate Board communications;
- (d) Advise the Board on its roles and responsibilities;
- (e) Ensure relevant procedures relating to the appointment of new directors are properly executed;
- (f) Facilitate the orientation of new directors and assist in Directors' trainings and development;
- (g) Advise the Board and Board Committees on corporate disclosures and compliance with laws, rules, procedures and regulations affecting the Company, securities regulations and MMLR;
- (h) Manage processes pertaining to the annual shareholders' meeting;
- (i) Advocate adoption of corporate governance best practices, monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- (j) Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

16.4 The Board has unlimited access to the professional advice and services of the Company Secretary, which shall include advice on:

- (a) disclosure of interest in securities;
- (b) disclosure of any conflict of interest in a transaction involving the Company;
- (c) prohibition on dealing in securities; and
- (d) restrictions on disclosure of price-sensitive information.

16.5 The Company Secretary, being accountable to the Board through the Chairmen of the Board and Board Committees on all governance matters, is the source of guidance and advice on all issues relating to sound governance, best practices and compliance.

17. SHAREHOLDERS AND INVESTORS

17.1 The Board acknowledges the need for shareholders and investors to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

18. MEETING OF SHAREHOLDERS**18.1 General Meeting**

18.1.1 The Company regards the Annual General Meeting (“AGM”) as an important event in the corporate calendar, of which all Directors and key Senior Management shall attend.

18.1.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.

18.1.3 The Chairman encourages active participation by the shareholders during the AGM. Therefore, shall the need arise, the AGM and any other General Meeting may be held at more than one (1) venue using any technology or method that enables the shareholders to participate and exercise their rights to speak and vote at the meeting.

18.1.4 The Chairman and, where appropriate, the GMD/CEO shall respond to shareholders' queries during the meeting. Where necessary, the Chairman shall undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

18.2 Participation of Directors and Chairmen of Board Committees

18.2.1 Where possible, all Directors and Chairmen of the Board Committees shall attend meetings of shareholders.

19. RELATIONSHIP WITH OTHER STAKEHOLDERS

19.1 In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising its shareholders' value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration. In considering this, the Company shall have regard to its sustainability and key pillars of strategy, such as economic, environmental and social.

- 19.2 The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company. Therefore, DRB-HICOM believes that instilling a high performance mindset and continuously assessing its performance in terms of building product quality and trust, as well as embracing occupational health and safety, are keys to preserve the Group's future. The Company fosters a working environment which encourages interaction across the organisation and promotes diversity to help shape a better organisation.
- 19.3 The Board acknowledges that the Company shall play an important role in contributing towards the welfare of the community in which it operates. In this regard, the Company has engagements with various communities through a wide-range of initiatives designed to enhance their daily lives and focus on areas that create the greatest value to those communities. The Company supports volunteering, charitable causes and initiatives on community development and welfare projects.

20. COMMUNICATION WITH STAKEHOLDERS

- 20.1 The Board shall ensure that there is effective, transparent and regular communication with the Company's stakeholders to facilitate mutual understanding of each other's objectives and expectations.
- 20.2 The Board shall ensure the timely release of financial results on a quarterly basis to provide stakeholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- 20.3 The main spokesperson for the Group shall be the GMD/CEO. However, the Chairman shall also be a spokesperson for the Company and/or Group alongside the GMD/CEO at meetings of shareholders and such other occasions, where key major actions are to be taken or statements are to be made by the Company and/or Group. The Board believes that the Senior Management speaks for the Group. Nevertheless, individual Directors may, from time to time, at the request of the Management, meet or otherwise communicate with various stakeholders that are involved with the Group.

20.4 The Company's website provides easy access to the corporate information pertaining to the Company and its activities and is continuously updated.

21. APPLICATION

21.1 The contents of this Board Charter are:

- (a) periodically reviewed and updated in accordance with the needs of the Company as well as when practices on CG develop and new guidelines are issued by the relevant regulatory authorities;
- (b) applied in practice having equal regard to both their spirit and general principles; and
- (c) summarised in the annual report as part of a narrative statement by the Directors on CG.

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Appendix A**DIRECTORS' CODE OF ETHICS**

Board members are required to observe the Directors' Code of Ethics as follows:

1. Compliance at all times with this Code of Ethics and the Board Charter.
2. Observe high standards of corporate governance at all times.
3. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
4. Act in good faith and in the best interests of the Company and Group.
5. To neither misuse information gained in the course of their duties for personal gain or for political purposes, nor seek to use the opportunity of their service as Directors to promote their private interests or those of connected persons, firms, businesses or other organizations.
6. Be accountable at all times. This includes ensuring that the Company's resources are properly utilised and protected against threats, by which the Company conducts its operations as economically, efficiently and effectively as possible, at all time.
7. Board members shall not accept positions on Board Committees or working groups, where a conflict of interest is likely to arise, without first declaring that interest.
8. Declaration of any personal, professional or business interests that may conflict with the Directors' responsibilities in the Company. Guidance on declaration and registration of interests is provided in the COI Policy.
9. The guidelines on acceptance of gifts and hospitality is stated in the section entitled "Guidelines on Acceptance of Gifts".

Declaration of Conflict of Interests ("COI")

A Director who is in any way, whether directly or indirectly, involved in any COI situation shall declare the Director's interest in accordance with the COI Policy. The Director shall notify to the Company Secretary immediately after the relevant facts have come to the Director's knowledge.

All Directors are required to make an annual declaration of COI or potential COI via the Declaration Form of Conflict of Interest by Director as set out in the COI Policy.

Register of Interests

The Code requires that a formal register of interests be established. The register shall include details of all directorships and other relevant interests declared by the Board members and members of the Senior Management.

The register shall be kept up-to-date through an annual survey of members' interests, carried out by the Company Secretary.

Conduct in Meetings

Any Board member who has a direct and substantial interest in a matter under consideration by the Board, shall declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board member concerned shall withdraw from the meeting during the relevant discussion or decision making.

New Directorships

Board members shall notify the Chairman before accepting any new directorships in any public listed or private companies, which may restrict the time commitment agreed to, prior to their appointment to the Board.

Membership of Committees

Board members shall not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

Guidelines on Acceptance of Gifts

The following set out guidelines on acceptance of gifts:

1. The conduct of individuals must not create suspicion of any conflict between their positions as a member of the Board and any private interest;
2. Board Members acting as such must not give the impression that they have been influenced by a benefit to show favour or disfavour to any person or organisation having dealings with the Company;
3. Board Members must not accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Board Member; and
4. Gifts, including tokens of value, shall generally be refused.

No.	DRB-HICOM Berhad's Board Charter	Date
i.	Adopted	11 July 2012
ii.	First Revision	25 February 2016
iii.	Second Revision	26 May 2016
iv.	Third Revision	16 December 2016
v.	Fourth Revision	22 June 2017
vi.	Fifth Revision	31 May 2018
vii.	Sixth Revision	29 November 2018
viii.	Seventh Revision	24 February 2021
ix.	Eighth Revision	8 November 2024