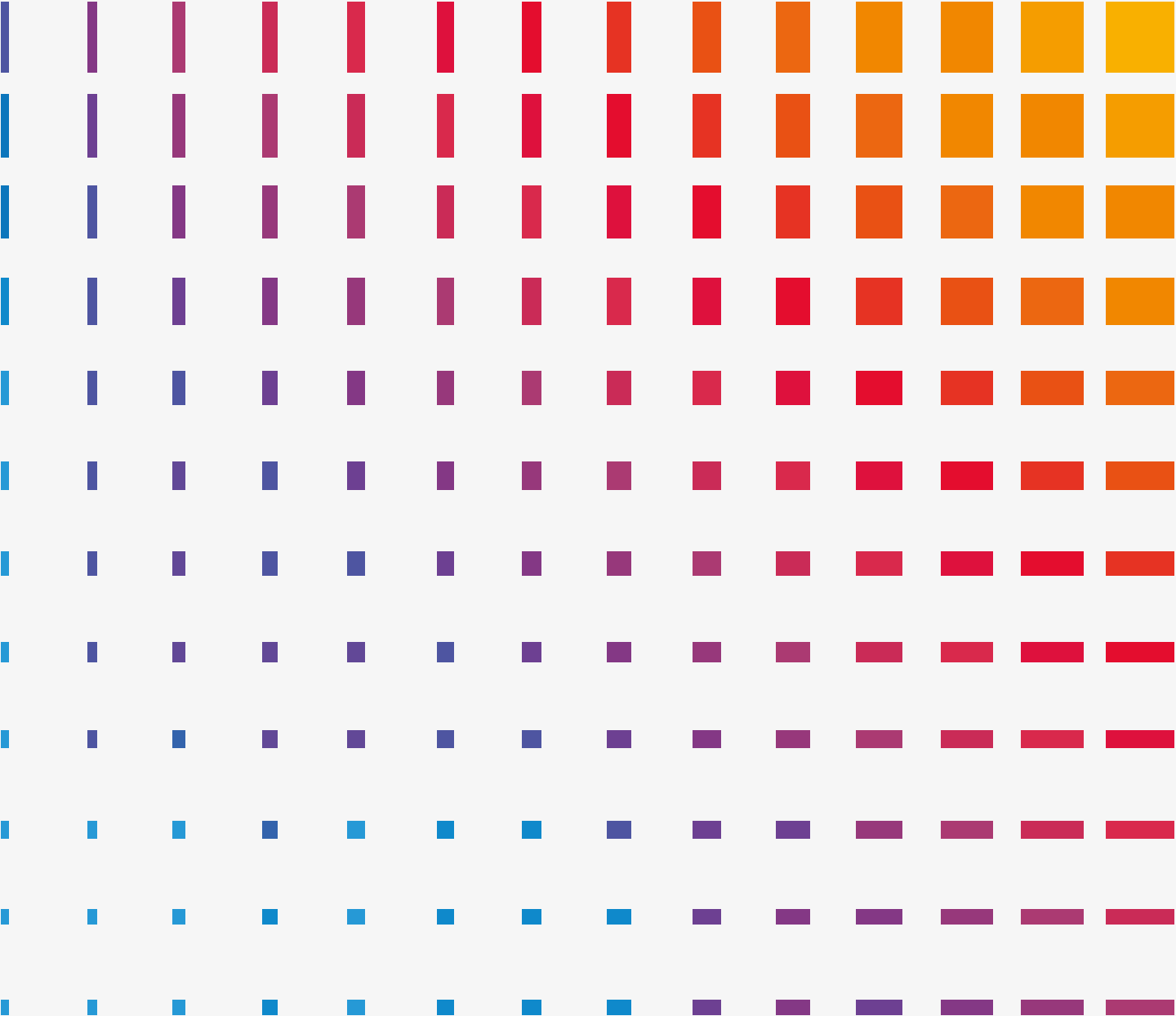


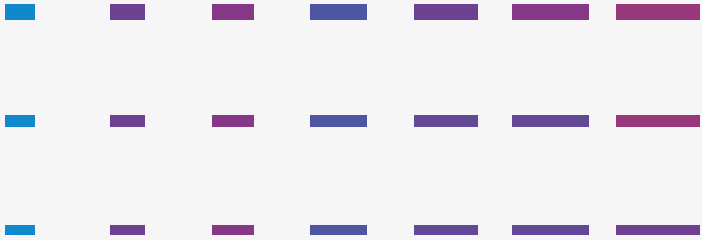
# SUSTAINABILITY REPORT 2020

UMW HOLDINGS BERHAD 198201010554 (90278-P)



# REIMAGINING RESILIENCE

Delivering Value

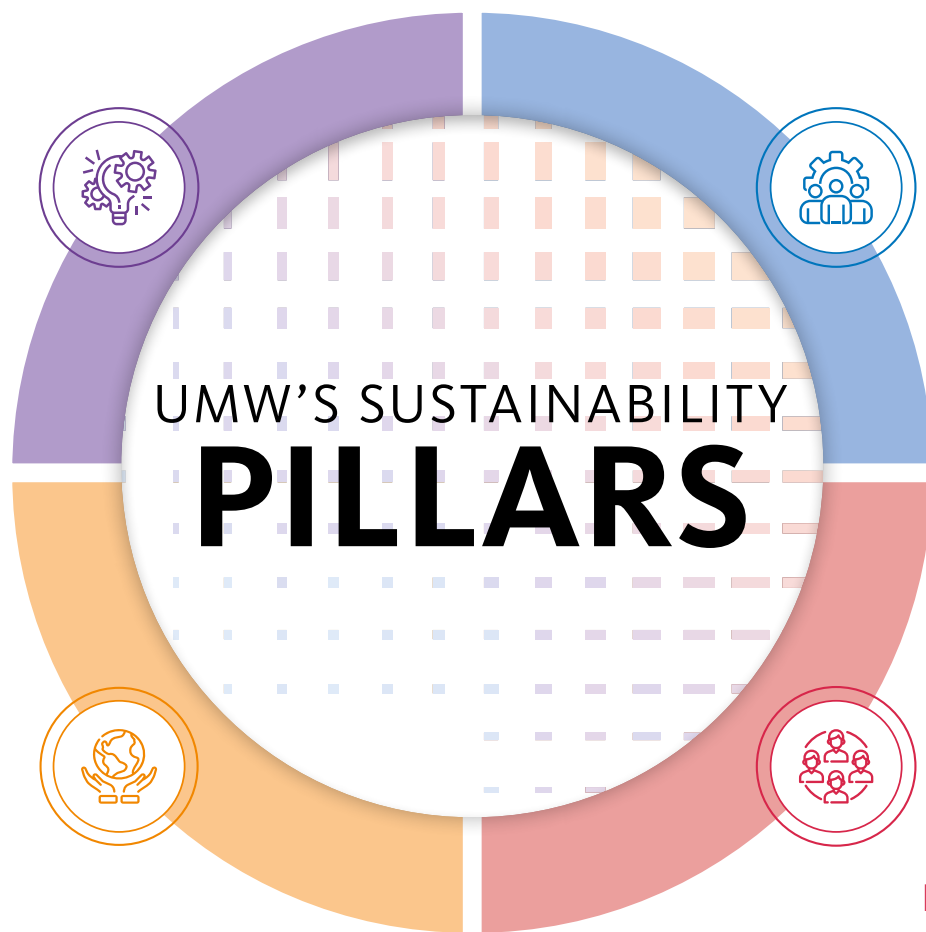


## INNOVATIVE AND HIGH-PERFORMANCE CULTURE

We are committed to achieving excellence in our products and services through our innovative and high-performance culture. Our persistent pursuit of quality and efficiency will enhance our market leadership and reinforce our position as the leading company for automotive, equipment and M&E solutions.

## DYNAMIC WORKFORCE

People are the foundation of UMW – they deliver our products and services and build relationships with our customers, creating value for UMW. We are committed to building a progressive and innovative workforce that drives growth and fosters fulfilling careers.



## ENVIRONMENTAL STEWARDSHIP

Industrial operations are responsible for intensive energy and water consumption as well as waste generation. At UMW, environmental stewardship encompasses the areas where we consume the most resources, namely energy, waste and water management. We strive towards minimising pollution and establishing a future that is in harmony with nature.

## NURTURING THE COMMUNITY AND SOCIETY

As a corporation with a regional footprint and an extensive network of employees and contractors, we recognise our responsibility for creating a positive impact on the well being of local communities above and beyond our core businesses. Our determination to nurture the community and society is demonstrated through various community development initiatives encompassing health, education and financial assistance.

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## NURTURING THE COMMUNITY AND SOCIETY

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#### COVER RATIONALE

At UMW, we are committed to delivering excellence in everything that we do. Driven by innovation and creativity, we are now building resilience and endurance across the organisation as we prepare for greater challenges and a stronger push to create long-term value. As illustrated by the cover, we are constantly moving onward and upward - adapting and transforming our businesses to be better, more sustainable and resilient. We are reimagining resilience in order to deliver meaningful value for all our stakeholders amidst a challenging business environment.

For more information:

Integrated Annual Report 2020

Sustainability Report 2020

Corporate Governance Report 2020



Scan the QR code to view our Integrated Annual Report online





Scan the QR code to view our Sustainability Report online



Scan the QR code to view our Corporate Governance Report online

Look out for these icons throughout the Report:

 Reference to another section or page in this Integrated Annual Report  Reference to online material on [www.umw.com.my](http://www.umw.com.my)



# ABOUT THIS REPORT

## SCOPE OF REPORTING

**UMW's Sustainability Report 2020 describes UMW's journey of sustainable value creation and underlines our commitment to sharing and reporting on the EES issues that matter most to our businesses and stakeholders. This report details the Group's response to the EES impacts and material issues while we create value for each of our stakeholders. Disclosing our sustainability performance enables UMW to address any information gaps that were not met in previous years as we continuously improve the quality of our reporting. As we advance, we aim to strengthen our reporting processes and commit ourselves to setting and tracking targets, as well as measuring and reporting both our positive and negative EES impacts.**

### GUIDELINES AND STANDARDS

This report has been prepared in accordance with the following local and international guidelines, standards and frameworks:

- Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting
- Global Reporting Initiative (GRI) Standards: Core Option

### REPORTING PERIOD

This report covers information for the financial year ended 31 December 2020 and includes two years of comparative historical data where applicable. Our last Sustainability Report covered the financial year ended 31 December 2019 and was published on 28 May 2020.

### BOUNDARIES

This report covers only the three core businesses based in Malaysia that are managed and controlled by the Group, i.e. the Automotive, Equipment, Manufacturing & Engineering and Aerospace businesses. The report does not disclose any information on our international activities and the non-core business segments, unless specified.

### FEEDBACK

We welcome comments and suggestions from our readers on our sustainability efforts and the contents of this report. Please send your comments, queries and suggestions to:

#### **ZOELANEY ABID**

Senior General Manager  
– Group Strategy Division

#### **RAZNI ABD RAZAK**

Assistant General Manager  
– Group Strategy Division

Address: Menara UMW, Jalan Puncak,  
Off Jalan P. Ramlee,  
50250 Kuala Lumpur  
Tel: +603 2025 2025  
Fax: +603 2025 2026  
Email: [sustainability@umw.com.my](mailto:sustainability@umw.com.my)

# ABOUT UMW HOLDINGS BERHAD

## VISION

To be an innovative global conglomerate with sustainable core businesses.

## MISSION

Committed to delivering excellence and sustained value creation for our stakeholders through products and services.



Please scan this QR code for more information on our Milestones.

## OUR CORE VALUES

Ways of Working, or 'WOW' for short, is the clarion call for our employees to pledge their unwavering commitment to this renowned industrial conglomerate. WOW encapsulates three core values – We Are One, We Drive Change and We Deliver Promises. Embracing these three core values will take us to the next level in delivering our roles and responsibilities to the UMW Group. WOW advocates collaboration and going the extra mile towards driving excellence and success for the businesses.



# OUR PURPOSE STATEMENT



**Sustainability is what drives UMW to contribute to our evolving business landscape and society. We are committed to leading by placing innovation and technology at the forefront of creating long-term value. As we grow together with our people, business affiliates, customers and local communities, we continue to identify the risks and opportunities that will enable us to build on our strengths and achieve more.**

The UMW Group remains committed to achieving our aspirations towards becoming an innovative global company, delivering excellence and sustained value creation for all our stakeholders. However in 2020, the COVID-19 pandemic presented us with unprecedented challenges that impacted industries worldwide, disrupted global supply chains and affected the productivity of most industries.

As a Malaysian conglomerate with customers across the globe, we were not spared from the effects of the pandemic. Our business operations and sales were impacted as our nation went into lockdown with restricted movement control orders imposed. Our sustainability journey was disrupted as we were forced to delay the implementation of our initiatives.

To mitigate the impact of the pandemic, we took proactive measures and responded promptly with strategic actions and contributed to the communities affected and healthcare frontliners.

Although the uncertainties persist to the present day, we at UMW are optimistic that the effects of the pandemic have presented us with new opportunities as businesses adapt to the new normal. Amidst the prevailing uncertainties, UMW is committed to sustainability to achieve continuous business growth and to generate long-lasting positive impacts that will benefit the economy and society as a whole.

We are confident that we will overcome these challenges together with our stakeholders as we grow stronger, in our journey of value creation.



# ABOUT UMW HOLDINGS BERHAD

UMW Holdings Berhad is one of the leading industrial conglomerates in Malaysia, particularly in the Automotive, Equipment and Manufacturing & Engineering sectors. Beginning as a small bicycle repair shop in 1917, UMW is now a public-listed Group headquartered in Malaysia with 6,168 employees and a presence in seven countries in the Asia Pacific region.

## Strategic Business Units



UMW Group's Automotive business is the largest contributor to the Group's value creation activities. Through UMW Toyota Motor Sdn Bhd (**UMW Toyota**) and our associate, Perusahaan Otomobil Kedua Sdn Bhd (**Perodua**), we are committed to delivering excellence, consistent quality and superior customer service for our automotive products. Our aspirations are in line with Malaysia's National Automotive Policy (NAP 2020), which aims to make Malaysia a regional leader in manufacturing, engineering and technology in ensuring sustainable development of the local automotive industry. The Group's market share of Malaysia's automotive sales has grown steadily over the years, achieving slightly more than half of the nation's annual vehicle sales in 2020. This is a significant milestone and a clear demonstration of our resilience and strength in navigating and overcoming the obstacles presented by the COVID-19 pandemic.



Equipment Division is the market leader in Industrial, Heavy, Marine & Power equipment from internationally renowned manufacturers. With presence in Malaysia, Singapore, Vietnam, China, Myanmar, Brunei and Papua New Guinea, we are known for service excellence through our strategic branch networks, strong relationships with principals, high availability of genuine spare parts, skilful and competent factory-trained mechanics, proactive customer engagement and innovation in financing. This division enables the Group to be aligned with the latest global technological trends such as IR 4.0 technologies in realising its vision of being an innovative global conglomerate.



The Manufacturing & Engineering Division is a market leader in the manufacturing of automotive parts and lubricants. Through our long-established partnership with Kayaba, we now export shock absorbers to 38 countries globally, while our in-house Grantt lubricants brand continues to make significant inroads in the lubricants space.

Under our Aerospace segment, we are the first Malaysian company to be awarded a long-term contract as a Tier-1 engine component manufacturer for Rolls-Royce, and continue to support both state and federal government aspirations to further develop the aerospace industry. We will continue to contribute to the Malaysian Aerospace Industry Blueprint 2030, which aims for the country to lead Southeast Asia in the aerospace industry.

# OUR REACH

ASSET VALUE  
**RM11,447.1**  
MILLION

NET PROFIT  
**RM322.9**  
MILLION

MARKET CAPITALISATION  
**RM4.0**  
BILLION

AUTOMOTIVE MARKET SHARE (TOYOTA, LEXUS & PERODUA)  
**52.8%**

## REGIONAL PRESENCE



**MALAYSIA**

6,168

**SINGAPORE**

179

**CHINA**

197

**MYANMAR**

168

**VIETNAM**

216

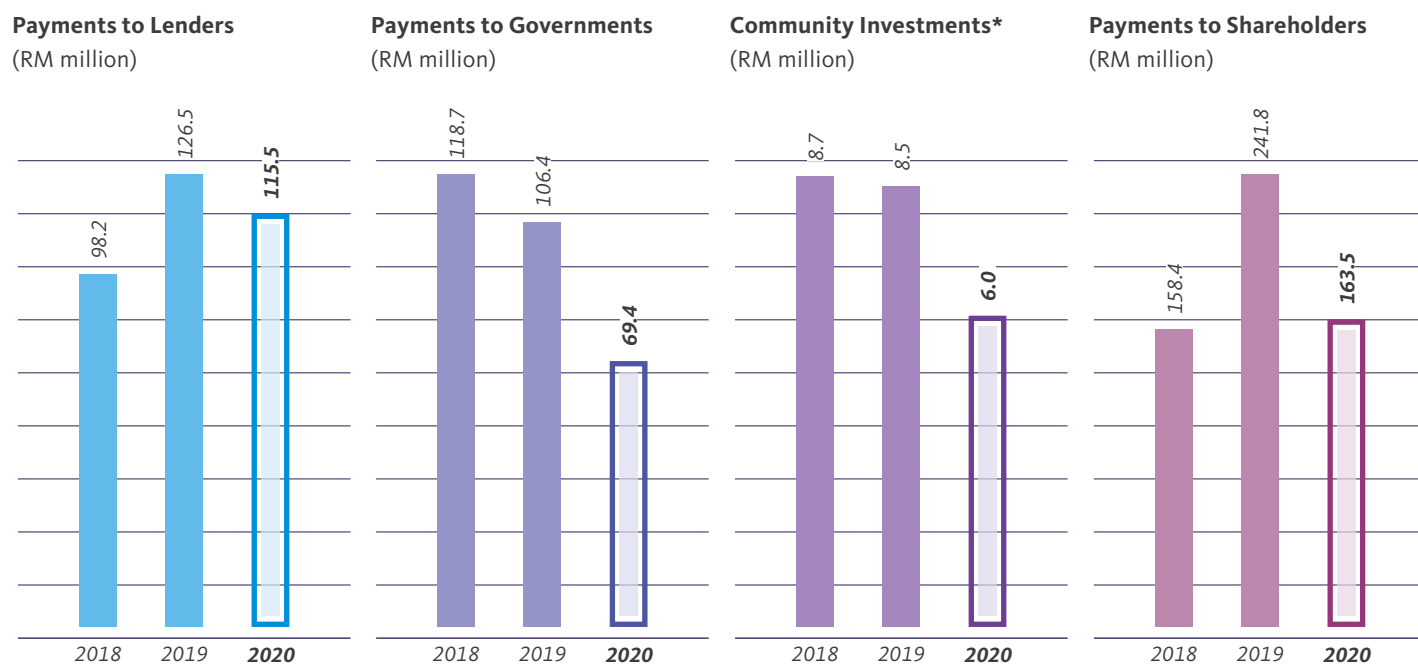
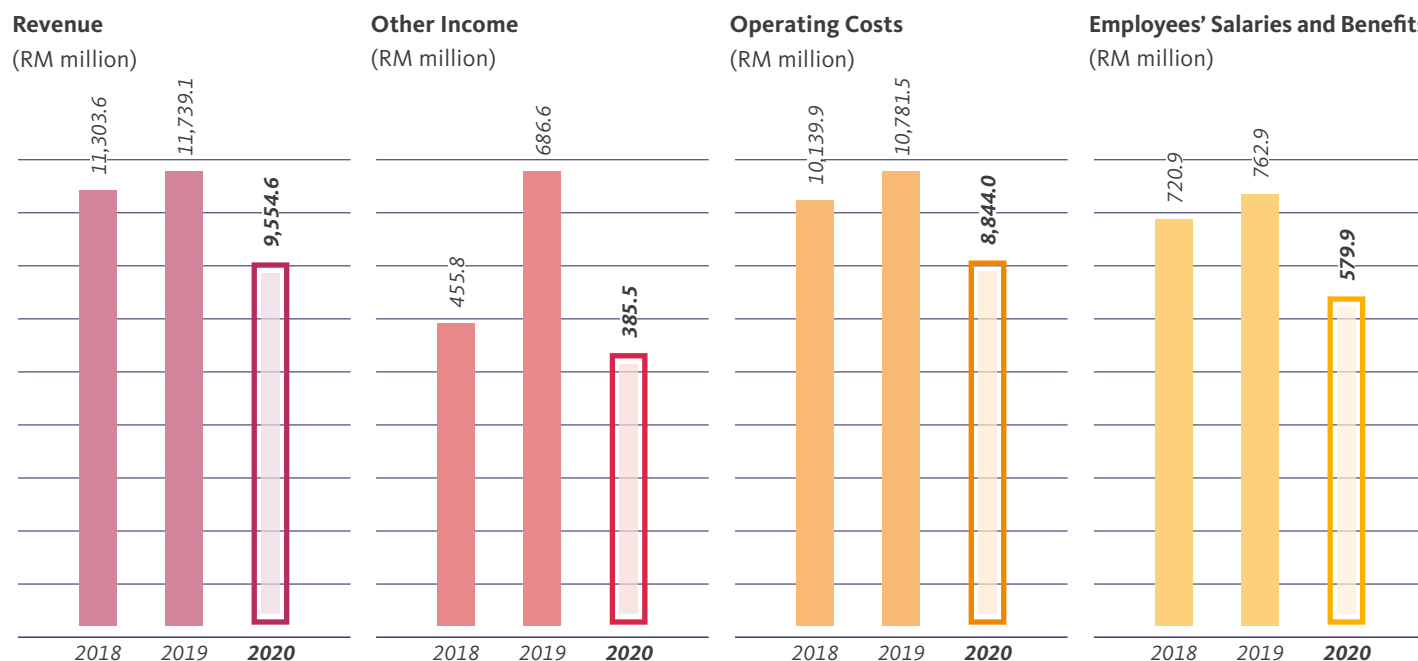
**PAPUA NEW GUINEA**

125

Note:  
As at 31 December 2020

# ECONOMIC VALUE CREATED, DISTRIBUTED AND RETAINED

In FY2020, we generated RM9,940.1 million in direct economic value, a 20% decline from FY2019. The following figures provide a breakdown of economic value distributed to our employees, shareholders, suppliers and vendors, the government and local communities. Indirect economic value generated is in the form of job creation and economic stimulus and is reflected in the size of our workforce and our economic value distributed to various stakeholders. In FY2020, we retained economic value worth RM161.8 million compared with RM398.1 million in FY2019.



Note:

\* Restatement of Group's Community Investments due to reclassification of types of investments



2020

## KEY SUSTAINABILITY HIGHLIGHTS

### INNOVATIVE AND HIGH-PERFORMANCE CULTURE



Digitalised the Health, Safety and Environment (HSE) monitoring system to improve the daily management of health and safety in response to COVID-19



UMW Industries (1985) Sdn Bhd was appointed the preferred distributor for collaborative robot (COBOT) by Denmark's leading robot maker, Universal Robots A/S

Compliance to Anti-Bribery and Corruption Policy (ABCP) and Organisational Anti-Corruption Plan (OACP)



Group Procurement rolled out **86 cost-saving initiatives** and saved **RM134 million**

### DYNAMIC WORKFORCE



Officially launched **TransWOWmation** culture change to fully adopt our new core values – WOW: **We are One**  
**We Drive Change**  
**We Deliver Promises**

Implemented **Learning Management System (LMS)** to roll out digitalised training and development programmes for all employees across the Group

Introduced **New Ways of Working** through **Flexible Working Arrangement Policy** and **Robust Talent Mobility**, among others

UMW employees received **50,122 hours of training**, about 8.13 hours per employee on average



### ENVIRONMENTAL STEWARDSHIP



**10** UMW operational sites achieved **ISO 14001:2015** certificates



Generated **8,239.48 GJ of solar energy**. Contributed **2.11%** to Group's total energy consumption



Planted **23,755 trees** over a period of 10 years since the inception of the tree-planting initiative



UMW Toyota Motor donated **RM158,888** to **Sabah Wetlands Conservation Society (SWCS)** via funds raised from its 2019 Toyota Classics musical concert

### NURTURING THE COMMUNITY & SOCIETY



**100% of UMW branches** in Malaysia participated in a food collection drive for **63 charitable homes**

UMW Community Champions dedicated **2,372.5 volunteer hours**



Made **13,830 pieces of face shields** for healthcare frontliners from various hospitals



Subscribed to **RM1.5 million** of **Sukuk Prihatin** to contribute to the **National Economic Recovery Plan (PENJANA)**

# LEADERSHIP COMMITMENT JOINT LEADERSHIP STATEMENT

“Sustainability is an integral part of who we are as a company. Over the course of our 103-year history, sustainable practices have been central to our business in driving value creation.”

While the year 2020 was inundated with unprecedented challenges, UMW adapted to the new norm and took it as a year of new opportunities. Despite the lockdowns, closures of international borders and having to work from home, we managed to advance our strategies across all business fronts, strengthened our governance and reached out to the communities in need amidst the pandemic. The pandemic also accelerated the digitalisation of our training and development, which are vital for the upskilling of our people to contribute to the sustainability of our business. Overall, 2020 served as an avenue to unlock new opportunities to meet new demands as we sought to adapt to new challenges to become more resilient.

**Tan Sri Dato' Sri Hamad Kama Piah  
Che Othman**

Group Chairman

**Dato' Ahmad Fuaad Kenali**

President & Group Chief Executive Officer



## INNOVATIVE AND HIGH-PERFORMANCE CULTURE



Innovation continues to drive UMW and enables us to lead the manufacturing industry in innovation and technology. In 2020, we leveraged on innovation to enhance our product quality and safety and drive home our commitment to ensuring road safety. Three of our cars – Yaris, Vios and RAV4 – were upgraded with innovative enhanced safety features that included a pre-collision system (PCS) and a lane departure alert (LDA), all of which will assist to alert drivers and prevent accidents.

In ensuring a high-performance culture, we strengthened our governance by adhering to the Anti-Bribery and Corruption Policy (ABCP). We also ensured our employees completed the ABCP training online and we are pleased to report that we maintained a record of zero convicted cases of bribery or corruption, an affirmation of our zero tolerance for bribery and corruption. We will continue to strengthen our governance and embed integrity into our daily operations to uphold good corporate governance.

## DYNAMIC WORKFORCE



At UMW, our people are our backbone. As such, equipping them with the latest knowledge to remain relevant and agile is crucial to our business growth. In 2020, we officially launched the ‘TransWOWmation’ culture change initiative in February to create awareness of our full adoption of our new core values – WOW: We are One, We Drive Change and We Deliver Promises – to motivate and inspire our workforce.

We also digitalised our training and development programmes for all employees across the Group through the online Learning Management System (LMS) platform to mitigate the impact of COVID-19, which disrupted face-to-face training.



**“In 2020, we launched the ‘TransWOWmation’ culture change initiative in February to create awareness of our full adoption of our new core values – WOW: We are One, We Drive Change and We Deliver Promises – to motivate and inspire our workforce.”**

While we aim to shape a high-performing and dynamic workforce, we are also mindful of our employees’ well being, which is a key factor in employee satisfaction. Thus, we strive to offer above-industry-level benefits to attract and retain talent such as our unique Flexible Benefits Scheme that allows employees to select the benefits that best suit their needs. We will continue to ensure the well being of our employees as we seek to fulfil our commitment to building a progressive and innovative workforce that creates rewarding careers and drives growth.

## ENVIRONMENTAL STEWARDSHIP



Environmental stewardship remains one of our core commitments as we strive to demonstrate good corporate responsibility. We are committed to the Toyota Environmental Challenge 2050, which aims to achieve zero carbon emissions and a net positive environmental impact.

In this regard, our large scale solar panels in two of our plants in Selangor – Assembly Services Sdn Bhd (ASSB) Shah Alam and ASSB Bukit Raja – have lowered our greenhouse gas emissions. When it comes to water conservation, our Equipment and M&E divisions harvest rainwater for general cleaning purposes while the ASSB Shah Alam plant recycles water from its water treatment plant. We also raise awareness among our employees through campaigns such as the #EarthDayChallenge via our UMW.WOWriors Instagram account. Going forward, we will continue to play an active role in reducing carbon emissions by investing in energy reduction and renewable energy initiatives as we strive to contribute to the targets set in the Paris Agreement.



## LEADERSHIP COMMITMENT JOINT LEADERSHIP STATEMENT



### NURTURING THE COMMUNITY AND SOCIETY



The pandemic had an adverse effect on our society, with many people losing their jobs or seeing their income affected due to the economic slowdown. We took the opportunity to reach out to the communities in need, including our brave frontliners, and contributed in cash and in kind. In this regard, we are proud to note that our employee volunteers, better known as UMW Community Champions, combined their resources and produced face shields for our frontliners, organised a food collection drive for the underprivileged and distributed reusable face masks to the communities in need. We will continue to create value for our stakeholders and generate long-lasting positive impact on the communities in need.

### GOING FORWARD WITH CREST@2021

As business challenges persist due to the uncertainties, we will equip ourselves with the necessary skills to adapt to new challenges and benefit from post-pandemic opportunities. In this regard, we have progressed from our Perdana 7 strategic plan and embarked on our new strategic framework – CREST@2021 – which had been rolled out in January 2021. CREST, which stands for Customer, Relationship, Excellence, Sustainability and Teamwork, places sustainability at the forefront of our business strategy and will enable UMW to strengthen our foothold in the post-pandemic era.

### ACKNOWLEDGEMENTS

We would like to thank our Board of Directors for their dedication and commitment to driving the UMW Group forward as we

navigated the challenges of COVID-19 in 2020. On behalf of the Group, we would also like to record our deepest condolences on the passing of our former President & Group CEO (PGCEO), Badrul Feisal Abdul Rahim, who was a dedicated leader that had transformed and strengthened the UMW Group to what it is today.

To our business partners and stakeholders, in particular our employees and customers, thank you for supporting the UMW Group and for being with us throughout this spectacularly trying year. The UMW Group will continue to innovate to benefit our communities as we strive towards sustainable and profitable growth.

**Tan Sri Dato' Sri Hamad Kama Piah  
Che Othman**

Group Chairman

**Dato' Ahmad Fuaad Kenali**

President & Group Chief Executive Officer



# SUSTAINABILITY AT UMW



## OUR APPROACH TO SUSTAINABILITY

As a responsible conglomerate, sustainability is integral to our journey of value creation.

We have adopted a holistic approach to business management; taking into consideration the economic, environmental and social (“EES”) risks and opportunities alongside financial implications.

Our commitment towards protecting the environment begins with ensuring full compliance to environmental regulations in our manufacturing processes and commercial activities.

We further aspire to reduce our carbon footprint through various measures including but not limited to continuing to promote green labels for our products, enhancing our green energy consumption; as well as carrying out tree-planting initiative in the communities where we operate.





The Group will further continue to leverage on digital technologies to achieve sustainable and meaningful growth.

# SUSTAINABILITY AT UMW

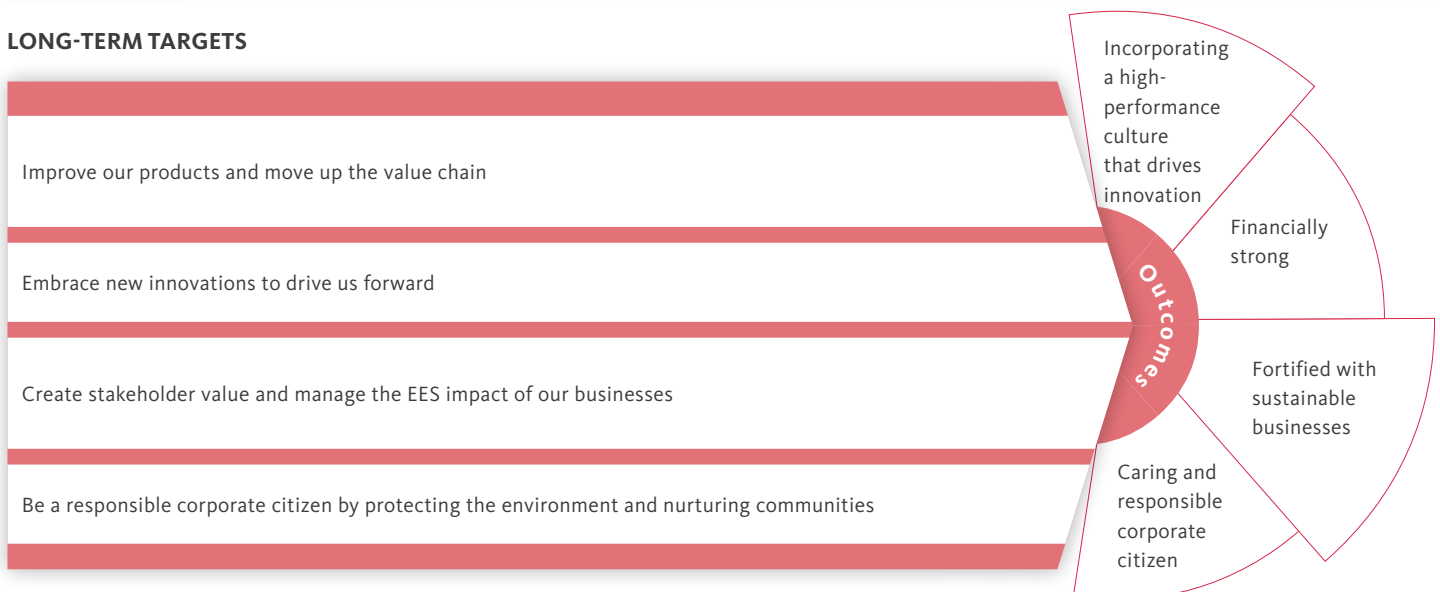
## OUR APPROACH TO SUSTAINABILITY

### SUSTAINABILITY FRAMEWORK

UMW has four (4) robust pillars to guide the Group in sustainability and drive excellence as we strive to become an innovative global conglomerate with sustainable core businesses. Our sustainability pillars direct us in going the extra mile without compromising on the quality of our products and services while creating long-lasting positive impact on the environment and the communities in which we operate.

 PILLAR <b>01</b>	<p><b>Innovative &amp; High-Performance Culture</b></p> <p>A high-performance culture that promotes efficiency, embraces R&amp;D and harnesses technology. This pillar focuses on challenging our status quo with an innovative mindset.</p>
 PILLAR <b>02</b>	<p><b>Dynamic Workforce</b></p> <p>Highly motivated employees who stimulate change and inspire progress. This pillar emphasises delivering excellence in everything we do.</p>
 PILLAR <b>03</b>	<p><b>Environmental Stewardship</b></p> <p>Respect for our natural resources and protection of the environment. This pillar guides us in efficient management of resources.</p>
 PILLAR <b>04</b>	<p><b>Nurturing the Community &amp; Society</b></p> <p>Being a responsible corporate citizen that contributes to the communities in which we operate. This pillar aims to nurture and support communities.</p>

### LONG-TERM TARGETS





## SUSTAINABILITY AT UMW

### SUSTAINABILITY GOVERNANCE

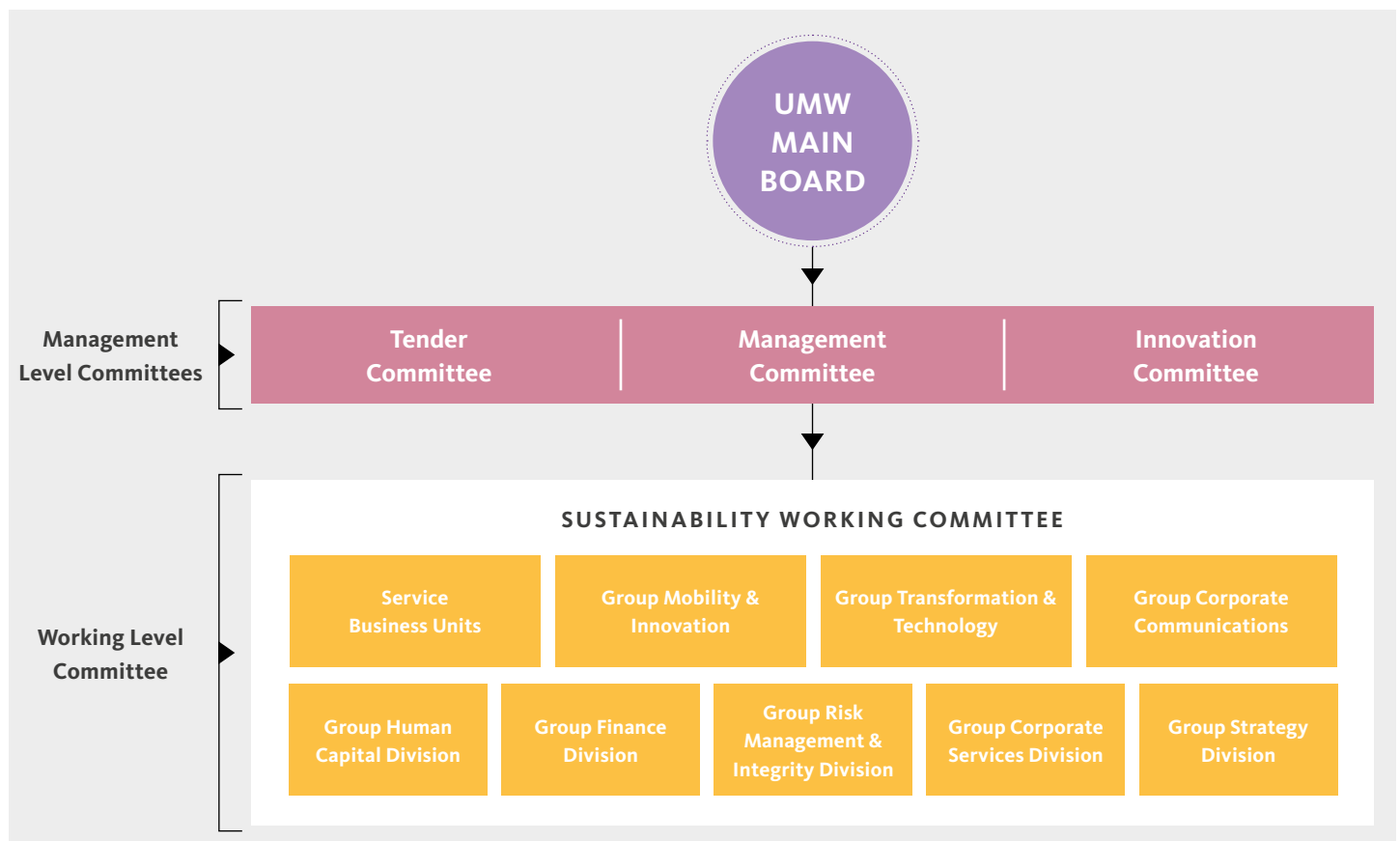
#### Governance Structure

UMW sets the tone from the top, whereby its Board of Directors and President & Group CEO (PGCEO) have oversight on the sustainability direction and vision of the Group. The Board and the PGCEO are responsible for guiding the management in resolving sustainability issues and addressing challenges while also providing insights on developing sustainable solutions and driving performance. The PGCEO and management level committees receive updates on sustainability matters at least twice a year.

The management level committees comprise the Management Committee, the Tender Committee and the Innovation Committee. These committees oversee general sustainability matters and advise the working level committee, which is in charge of implementing sustainability initiatives. The role of each committee is as follows:

- Management Committee – Advises on general sustainability matters, including, but not limited to, business performance and environmental, employee and community-related issues.
- Tender Committee – Advises on responsible procurement practices, including sustainable supply chain matters.
- Innovation Committee – Advises on driving the Group’s innovation-related agenda, including the review and approval of innovation projects and budgets.

The working level committee is the Sustainability Working Committee (SWC), which drives UMW’s sustainability agenda at the ground level. The SWC oversees the implementation of sustainability programmes and initiatives, monitors progress and identifies challenges and measures the impacts of EES issues on the management level committees periodically. The SWC also ensures compliance with local regulations and the adopted market indices or standards.

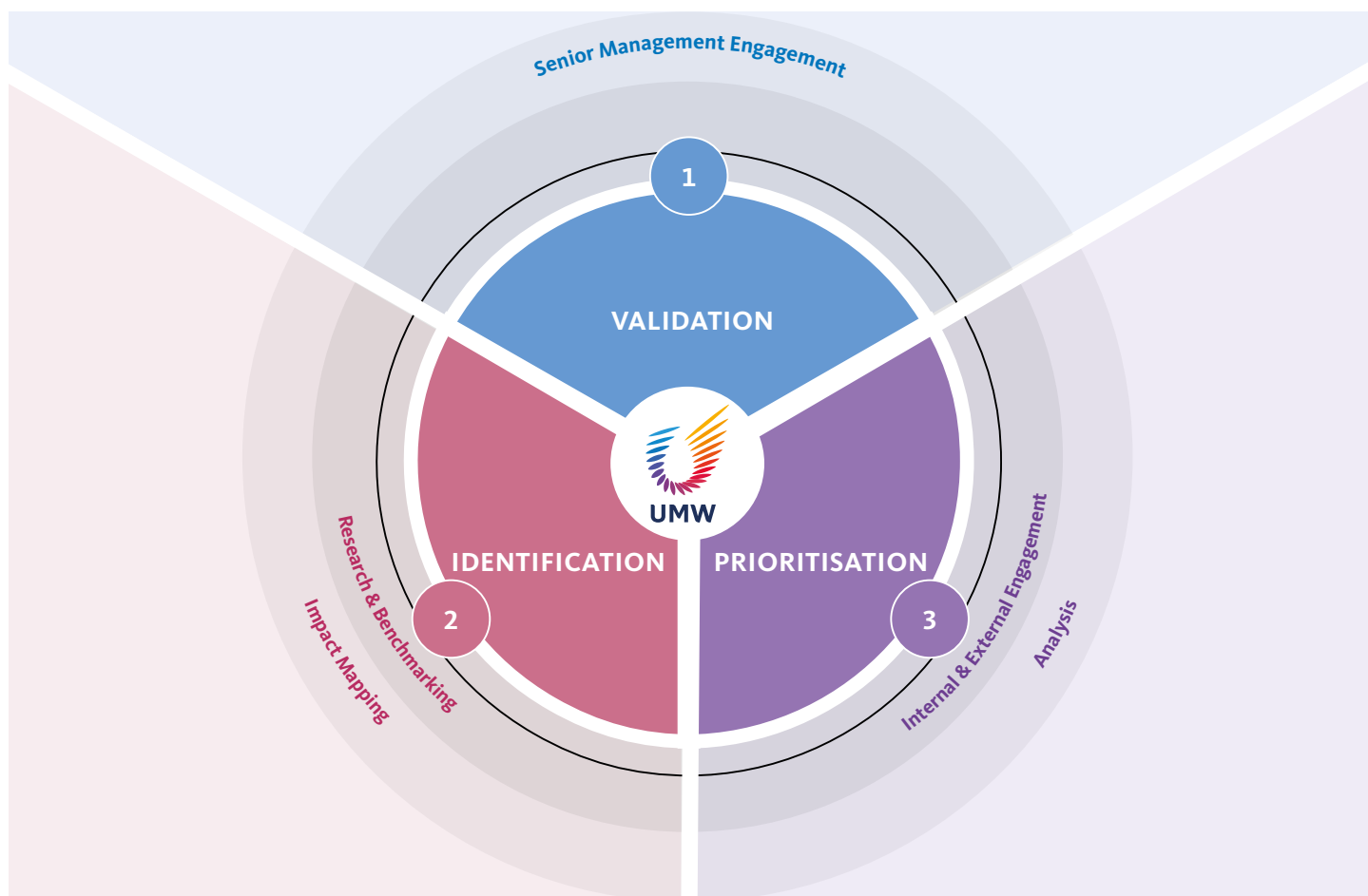


# SUSTAINABILITY AT UMW

## MATERIALITY

### Materiality Assessment

UMW considers the holistic understanding of our material matters as an integral process in the value creation journey. By identifying what matters most to our stakeholders in the economic, environmental and social spheres, we can then prioritise and respond appropriately to positively influence stakeholder decisions, thereby ensuring long-term value creation and growth.



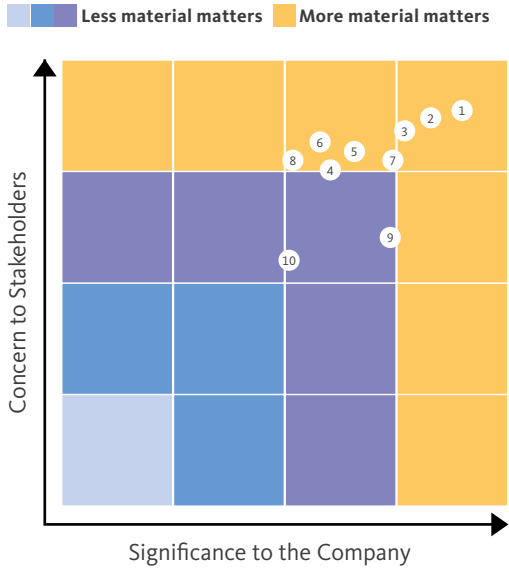
In 2020, the Group had intended to carry out a materiality assessment to identify the material matters most relevant to us. Due to the unprecedented COVID-19 pandemic, we were concerned about the challenges that would affect our ability to conduct a comprehensive and robust assessment. Hence, we were only able to conduct a desktop validation review of the 10 material matters.

We compared our existing material matters against the material issues in local, regional and global companies in similar industries. These included automobile manufacturers and conglomerates with automotive businesses. The material matters were also benchmarked against the material issues recommended by the Sustainability Accounting Standards Board (SASB).

Following the review, we are pleased to report that there were no major gaps in our material matters. To enhance our material matters and ensure that they remain relevant, we renamed five material matters as shown on the right.

#### The renamed material matters are:

- Anti-Corruption-----> **Business Ethics & Governance**
- Responsible Procurement-----> **Sustainable Supply Chain**
- Diversity & Equal Opportunities--> **Diversity & Inclusivity**
- Employment-----> **Employee Engagement**
- Community Development-----> **Community Investment**



**MATERIAL MATTERS**

- 1 Product Quality, Safety and Innovation
- 2 Employee Engagement
- 3 Training and Education
- 4 Energy, Waste and Water Management
- 5 Diversity and Inclusivity
- 6 Labour Management Relations
- 7 Occupational Health and Safety (OHS)
- 8 Business Ethics and Governance
- 9 Sustainable Supply Chain
- 10 Community Investment

Going forward, we will undertake a fresh materiality assessment in 2021 that will include a survey involving our stakeholder groups and the leaders of the Group to identify post-pandemic risks and opportunities.

To strengthen sustainability at UMW, we have in place policies and guidelines that address the material matters in each sustainability pillar.

	Material Matters	Policies or Guidelines
<b>PILLAR 01</b> Innovative & High-Performance Culture	1. Product Quality, Safety and Innovation 2. Occupational Health and Safety 3. Business Ethics and Governance 4. Sustainable Supply Chain	<ul style="list-style-type: none"> <li>• UMW Group Procurement Guidelines</li> <li>• Health, Safety and Environment (HSE) Policy</li> <li>• Information Technology (IT) Policy</li> <li>• Code of Business Conduct and Ethics</li> <li>• UMW Integrity Plan</li> <li>• Whistleblowing Policy</li> <li>• Gifts and Entertainment Policy</li> <li>• Anti-Bribery and Corruption Policy</li> </ul>
	5. Employee Engagement 6. Training and Development 7. Diversity and Inclusivity 8. Labour Management Relations	<ul style="list-style-type: none"> <li>• Executive Handbook</li> <li>• Collective Agreement</li> <li>• Group Human Resource Strategic Roadmap</li> <li>• UMW Group Training Policy</li> </ul>
	9. Energy, Waste and Water Management	<ul style="list-style-type: none"> <li>• Toyota Environmental Action Plan (TEAP)</li> <li>• Toyota Green Purchasing Guidelines</li> <li>• Health, Safety and Environment (HSE) Policy</li> </ul>
	10. Community Investment	<ul style="list-style-type: none"> <li>• Corporate Identity Guidelines</li> <li>• Code of Business Conduct and Ethics</li> </ul>



# SUSTAINABILITY AT UMW

## MATERIALITY

Our material matters present both risks and opportunities to our business as well as stakeholders.

The table below shows how we have mapped the risks and opportunities of each material matter with our mid-term approach to create value for our stakeholders in our sustainability journey.

<b>Product Quality, Safety and Innovation</b> 	<b>Employee Engagement</b> 	<b>Training and Education</b> 	<b>Energy, Waste and Water Management</b> 	<b>Diversity and Inclusivity</b> 
<b>Risks</b>				
<ul style="list-style-type: none"> <li>• Dissatisfied customers can negatively impact revenue and reputation.</li> <li>• In-house engineering capabilities are required for the innovation process.</li> </ul>	<ul style="list-style-type: none"> <li>• Disengaged employees may lead to suboptimal work performance and productivity level.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of relevant training reduces the capability of employees to meet evolving business and market needs.</li> <li>• Inadequate professional development programmes decrease employee performance and productivity.</li> </ul>	<ul style="list-style-type: none"> <li>• Without responsible management of natural resources, the business may face resource availability issues and regulatory penalties.</li> </ul>	<ul style="list-style-type: none"> <li>• A lack of diversity may impede the Group's ability to facilitate an exchange of ideas, perspectives, culture, creativity, etc.</li> </ul>
<b>Opportunities</b>				
<ul style="list-style-type: none"> <li>• Gain business advantage by understanding evolving customer needs and expectations and strengthen product/service quality and speed of delivery.</li> <li>• Innovative developments and ownership of intellectual property (IP) and proprietary technologies.</li> </ul>	<ul style="list-style-type: none"> <li>• Employees speak positively about the organisation to their colleagues, potential employers and co-workers.</li> <li>• Employees demonstrate extra effort and engage in behaviours that contribute to business success.</li> </ul>	<ul style="list-style-type: none"> <li>• Good development and upskilling opportunities increase talent attraction and retention.</li> <li>• Well-trained employees build the Group's resilience against future challenges and market changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Systematic management of energy and resources can help improve operating expenses and reduce direct environmental impact from the Group's operations and business activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve workplace dynamics with the help of various skill sets, different ethnic and cultural viewpoints, gender diversity, etc.</li> <li>• Create a culture of learning and growth, tolerance, patience and perseverance across all levels of the organisation.</li> </ul>
<b>Mid-term Approach</b>				
<ul style="list-style-type: none"> <li>• Enhance competitiveness and future-proof business by using customer insights to develop innovative products and solutions.</li> <li>• Develop in-house capabilities by nurturing innovation and high performance culture.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance employee engagement initiatives through structured and tailored programmes.</li> <li>• Provided platform to drive higher engagement with employees (i.e., Teams, Webex, e-Learning platforms).</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a dynamic and agile workforce trained with adequate and future-relevant skills to drive the Group's growth.</li> <li>• Regularise skills as well as training needs assessment across divisions and business functions.</li> <li>• Identify and design internal training and education programmes to improve productivity.</li> <li>• Identify training to meet current and future skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly implement energy and waste management initiatives to mitigate risks.</li> <li>• Comply with applicable laws and regulations, as well as conduct community engagement on environmental stewardship.</li> </ul>	<ul style="list-style-type: none"> <li>• Design and launch programmes to improve diversity across all critical dimensions.</li> </ul>
<b>Value Created</b>				
<ul style="list-style-type: none"> <li>• Launched Yaris, Vios and RAV4 with new and innovative safety features.</li> </ul>	<ul style="list-style-type: none"> <li>• Employees have intense desire to be part of and stay in the organisation.</li> <li>• 500 employees were recognised for their long service with only 4% of turnover rate for employees with high talent in 2020.</li> <li>• Improved employee engagement score for 2019 and 2020 (84% and 78%, respectively) compared to previous years (below 60%).</li> </ul>	<ul style="list-style-type: none"> <li>• Employees received 50,122 hours of training.</li> <li>• Upskilling of employees and growing capabilities to achieve maximum productivity.</li> </ul>	<ul style="list-style-type: none"> <li>• Produced 22% more solar energy compared with previous year.</li> <li>• GHG emissions decreased by 28.61% compared with 2019.</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved 40% women's representation on the Board.</li> </ul>

<b>Labour Management Relations</b> 	<b>Business Ethics and Governance</b> 	<b>Sustainable Supply Chain</b> 	<b>Occupational Health and Safety (OHS)</b> 	<b>Community Investment</b> 
<b>Risks</b>				
<ul style="list-style-type: none"> <li>Inconsistent labour engagement creates communication gaps, affects morale and impact employee performance.</li> </ul>	<ul style="list-style-type: none"> <li>Weak or ineffective anti-corruption governance can lead to regulatory pressures, increased costs of non-compliance and unfavourable reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Irresponsible processes and practices along the supply chain can cause reputational damage and incur additional operational costs.</li> </ul>	<ul style="list-style-type: none"> <li>Poor OHS standards and practices lead to health threats, workforce inefficiencies and financial losses.</li> </ul>	<ul style="list-style-type: none"> <li>Negative social and economic impact from our operations on local communities can potentially give rise to reputational repercussions.</li> </ul>
<b>Opportunities</b>				
<ul style="list-style-type: none"> <li>Tap into the power of labour networks to improve the quality of the workforce, work environment and productivity.</li> </ul>	<ul style="list-style-type: none"> <li>Principles of good governance can future-proof the organisation by strengthening resilience against extraneous factors.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen supply chain management by instilling sustainability practices among vendors and suppliers to ensure sustainable business growth.</li> </ul>	<ul style="list-style-type: none"> <li>Improve health and well being of employees, which in turn can improve productivity and performance.</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing stakeholder value for communities strengthens UMW's market reputation as an engineer of sustainable business.</li> </ul>
<b>Mid-term Approach</b>				
<ul style="list-style-type: none"> <li>Strengthen labour management guidelines and governance to ensure effective and efficient resolution of all labour concerns and matters.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the governance of the enterprise risk management framework and various policies and processes for efficient implementation of EES programmes and initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>Set standards for sustainable practices in the supply chain to raise the collective capacity of the industry and support local suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Create a culture of 'health and safety' across the organisation through education and awareness.</li> </ul>	<ul style="list-style-type: none"> <li>Implement community development initiatives that nurture future generations and equip youths with industry-ready skills, such as the PROTÉGÉ programme.</li> </ul>
<b>Value Created</b>				
<ul style="list-style-type: none"> <li>62.63% of employees are unionised.</li> <li>All feedback received through the grievance mechanism has been resolved or is in the process of resolution.</li> <li>Maintained Industrial harmony with union during the pandemic.</li> </ul>	<ul style="list-style-type: none"> <li>Maintained zero number of cases of corruption/policy breaches reported through our whistle blowing channel.</li> </ul>	<ul style="list-style-type: none"> <li>43.19% suppliers were local, representing 33.56% of the Group's procurement budget.</li> <li>Implemented 86 cost optimisation initiatives and achieved RM134 million cost savings.</li> </ul>	<ul style="list-style-type: none"> <li>Maintained zero cases of fatalities.</li> <li>27 UMW operational sites, including branches, in Malaysia achieved the ISO 45001:2018 certification.</li> </ul>	<ul style="list-style-type: none"> <li>UMW Community Champions dedicated 2,372.5 volunteer hours.</li> <li>Contributed approximately RM1.5 million in cash and in kind to communities in need to mitigate the impact of COVID-19.</li> </ul>

# SUSTAINABILITY AT UMW

## STAKEHOLDER ENGAGEMENT

### STAKEHOLDER ENGAGEMENT

At UMW, we recognise the importance of engaging with our key stakeholders to stay well-informed of any key issues or risks that may impact our business. Our key stakeholders are those that have a significant influence on our business performance and those we have a direct relationship with.

We engage our key stakeholders on a regular basis on a range of topics that are relevant to our operations. Our Board of Directors is briefed regularly on stakeholder engagement matters and has oversight on the engagement process. This year, due to the COVID-19 pandemic, most of our face-to-face engagements were online

Key Stakeholder Groups	Channels of Engagement	Frequency of Engagement
<b>Principal Partners</b>	<ul style="list-style-type: none"> <li>• Video calls</li> <li>• Virtual seminars and meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly</li> <li>• Quarterly</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Marketing events</li> <li>• Customer Satisfaction Survey</li> <li>• Digital and social media channels (Instagram, Whatsapp, Facebook, Youtube)</li> <li>• Customer feedback/complaints (phone-ins, walk-ins, meetings, virtual events)</li> </ul>	<ul style="list-style-type: none"> <li>• Daily</li> <li>• Monthly</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Trade unions</li> <li>• Newsletters</li> <li>• Email blast</li> <li>• Townhall</li> <li>• Employee Engagement Survey</li> <li>• Online training and workshops</li> <li>• Virtual seminars/events</li> </ul>	<ul style="list-style-type: none"> <li>• Bimonthly</li> <li>• Monthly</li> <li>• Quarterly</li> <li>• Annually</li> </ul>
<b>Shareholders/Analysts</b>	<ul style="list-style-type: none"> <li>• Virtual Analysts' briefings</li> <li>• One-on-one meetings prior to the MCO in March</li> <li>• Virtual meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly</li> <li>• Quarterly</li> <li>• Annually</li> <li>• Ad hoc</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier briefings (virtual and physical)</li> <li>• Vendor Development Programme</li> <li>• Other engagements with suppliers, e.g., events, workshops, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>
<b>Regulators/Authorities</b>	<ul style="list-style-type: none"> <li>• Regular updates and communications (emails, phone-ins and one-on-one meetings)</li> <li>• Virtual meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Volunteer programmes</li> <li>• Events</li> </ul>	<ul style="list-style-type: none"> <li>• Ad hoc</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Press releases</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly</li> </ul>



meetings. We continued to maintain regular engagements with our key stakeholder groups through video calls, emails and social media.

In 2020, we included Suppliers as a new group of stakeholders to better meet their needs and manage their key concerns. Engaging with more than 10,000 suppliers will contribute to efficient and sustainable supply chain management.

The table below highlights the key engagement topics and our responses in 2020.

Engagement Topics	Our Broad Management Response and Outcomes
<ul style="list-style-type: none"> <li>Operational and business performance</li> <li>Quality and compliance</li> <li>Health, safety and environment</li> <li>Supply chain impacts due to COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>Shared our business performance, strategy and challenges</li> <li>Discussed impact of COVID-19 on supply of key products/parts and resolution</li> <li>Complied with all quality and HSE requirements</li> </ul>
<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>The Group continued to deliver our products and services to our customers throughout the year in a safe manner</li> <li>Key feedback and concerns raised were around COVID-19:               <ul style="list-style-type: none"> <li>Lack of physical engagement with customers</li> <li>Inability/possible delay in fulfilling customers' requests or orders</li> <li>Customers impacted by the pandemic</li> </ul> </li> <li>Implemented various initiatives via digital marketing such as online campaigns and rebates to reinforce sales and attract customers</li> </ul>
<ul style="list-style-type: none"> <li>Remote working</li> <li>Operational performance and productivity</li> <li>Health and safety</li> <li>COVID-19 impacts on workforce</li> </ul>	<ul style="list-style-type: none"> <li>Implemented a COVID-19 safety plan to ensure our employees were safe in the workplace</li> <li>Employees were provided with laptops to assist with remote working</li> <li>IT was on standby as and when required by employees</li> <li>Management team conducted regular check-ins and engagements through our internal communication platforms to ensure employees were safe and able to work productively</li> <li>Ensured existing applications and infrastructure were in place for employees working from home</li> </ul>
<ul style="list-style-type: none"> <li>Business strategy and direction</li> <li>Financial/economic performance amidst COVID-19</li> <li>Sustainability of earnings in light of the COVID-19 pandemic</li> <li>Stagnant automotive market</li> </ul>	<ul style="list-style-type: none"> <li>The Group is taking a two-pronged approach to mitigate the impact of COVID-19 by ensuring sufficient revenue support and undertaking cost reduction and optimisation initiatives</li> <li>The Group is focused on remaining competitive and generating returns for our shareholders</li> <li>Introduction of new models, offering innovative financing packages, expansion of sales network via e-commerce</li> </ul>
<ul style="list-style-type: none"> <li>Partnerships for growth</li> <li>Business opportunities</li> <li>Market insights and industry</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 navigation:               <ul style="list-style-type: none"> <li>Communicated UMW's Standard Operating Procedures and safety measures to suppliers</li> <li>Provided suppliers with personal protective equipment</li> </ul> </li> <li>Discussed and shared industry trends and challenges</li> <li>Complied with all quality and HSE requirements</li> </ul>
<ul style="list-style-type: none"> <li>Governance and regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Complied with all regulations, especially with regards to COVID-19, and provided information on our COVID-19 safety protocols for the workplace</li> <li>Took a proactive approach by engaging with regulators on the impact of the pandemic and provided suggestions on how the industry could operate safely</li> </ul>
<ul style="list-style-type: none"> <li>Corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Due to the pandemic, the Group was unable to conduct many of our CSR programmes and events. However, the Group continued to identify areas where it can assist communities</li> <li>In 2020, the Group contributed cash, food and PPE to targeted communities such as the underprivileged and healthcare frontliners</li> </ul>
<ul style="list-style-type: none"> <li>Business performance, strategy and direction</li> <li>National/community projects and partnerships</li> <li>Product information</li> </ul>	<ul style="list-style-type: none"> <li>Provided information via press releases on the Group performance and products</li> </ul>

# INNOVATIVE AND HIGH-PERFORMANCE CULTURE

## 01 INNOVATIVE AND HIGH- PERFORMANCE CULTURE



### PERFORMANCE SUMMARY IN 2020

MAINTAINED  
RECORD OF

**0**

CONVICTED CASES OF  
BRIBERY AND CORRUPTION

DELIVERED OUR  
MAIDEN FAN CASE FOR

**Rolls-Royce  
Trent 7000  
engine**

ASEAN NEW CAR  
ASSESSMENT PROGRAMME

**5-star  
rating**

FOR VIOS, YARIS, COROLLA,  
CAMRY, RUSH, FORTUNER,  
INNOVA AND HILUX

**43.19%**

OF SUPPLIERS ARE LOCAL

“ We are committed to achieving excellence in product quality and service through our innovative and high-performance culture. Our persistent pursuit of quality and efficiency will enhance our market leadership and reinforce our position as the leading company for automotive, equipment and M&E solutions.”

## EMBRACING OCCUPATIONAL HEALTH AND SAFETY

We prioritise health and safety and consider them part of the Group's risk management as we seek to reduce accidents at our workplace. A strong commitment to health and safety is required to avoid exposing the organisation to legal and reputational risks, apart from disruptions to daily business operations.

In 2020, we further enhanced our HSE efficiency by digitalising the HSE monitoring system and improving the daily management of HSE matters in response to COVID-19.



### NAVIGATING THE IMPACT OF COVID-19

At UMW, our priority is the safety of our employees, customers and visitors. The year 2020 did indeed put to the test the resilience of our health, safety and environment (HSE) governance. We are pleased to note that the challenging year gave us the opportunity to strengthen our governance and streamline our daily management.

Our HSE Council plays a significant role in navigating the impact of COVID-19 by serving as the main channel to coordinate and monitor the dynamics of the pandemic and its impact on the workplace. Apart from compiling COVID-19 data from the Ministry of Health (MOH) and across the Group, the Council also sends out twice-daily awareness updates on the latest COVID-19 news, conducts daily monitoring and inspection to ensure all SOPs such as social distancing and temperature checking are in place and reports to the Board on any COVID-19 updates on a regular basis.

We created a specific Standard Operating Procedure (SOP) during the pandemic to ensure the safety of all UMW employees. The SOP provided details on the roles and responsibilities of all employees from all levels, from safety coordinators to supervisors, as well as specific daily safety practices with regards to new ways of working, social distancing, travel restrictions and the highlights of the SOPs from the National Security Council and MITI as the main guidance. To help stem the spread of COVID-19, all business operations were to comply with the

requirements of the authorities. Personal protective equipment (PPE) such as face masks and hand sanitisers were provided to employees with temperature screening stations set up at all UMW business locations with strict enforcement before entering the premises. Group Health, Safety, Systems and Environment (HSSE), the Council and relevant persons-in-charge conducted regular spot checks to ensure compliance.

Procedures were put in place as to how to manage potential COVID-19 close contact cases and the circumstances in which an employee has to isolate and when they can return to work. An Emergency Management procedure was also created to specify how to manage a situation in which an employee suddenly starts feeling unwell at work. We continued to maintain this SOP throughout the year and as of 31 December 2020, the SOP has been kept up to date in line with the changing regulations.

When it comes to the safety of our foreign workers, we comply with the Minimum Standards of Housing, Accommodations and Amenities (Amendment) Act 2019 (Act 446) and ensure the hostels provided by their agents are clean and sanitised. Our foreign workers are required to comply with all our SOPs and any worker who showed COVID-19 symptoms is required to isolate in a quarantine centre. All positive cases are treated in accordance with MOH procedures. As at end December 2020, a total of 13 cases were identified among our workforce, but none of them had contracted COVID-19 from the workplace.

UMW's health and safety is governed by its robust HSE policy, which is available on our corporate website. The policy underlines UMW's commitment to ensuring a safe and healthy working environment as the Group seeks to mitigate the risks of work-related ill health and injury, as well as adverse environmental impacts.



***We maintained our record of zero fatalities across the Group in 2020 and we aspire to achieve zero industrial accidents.***

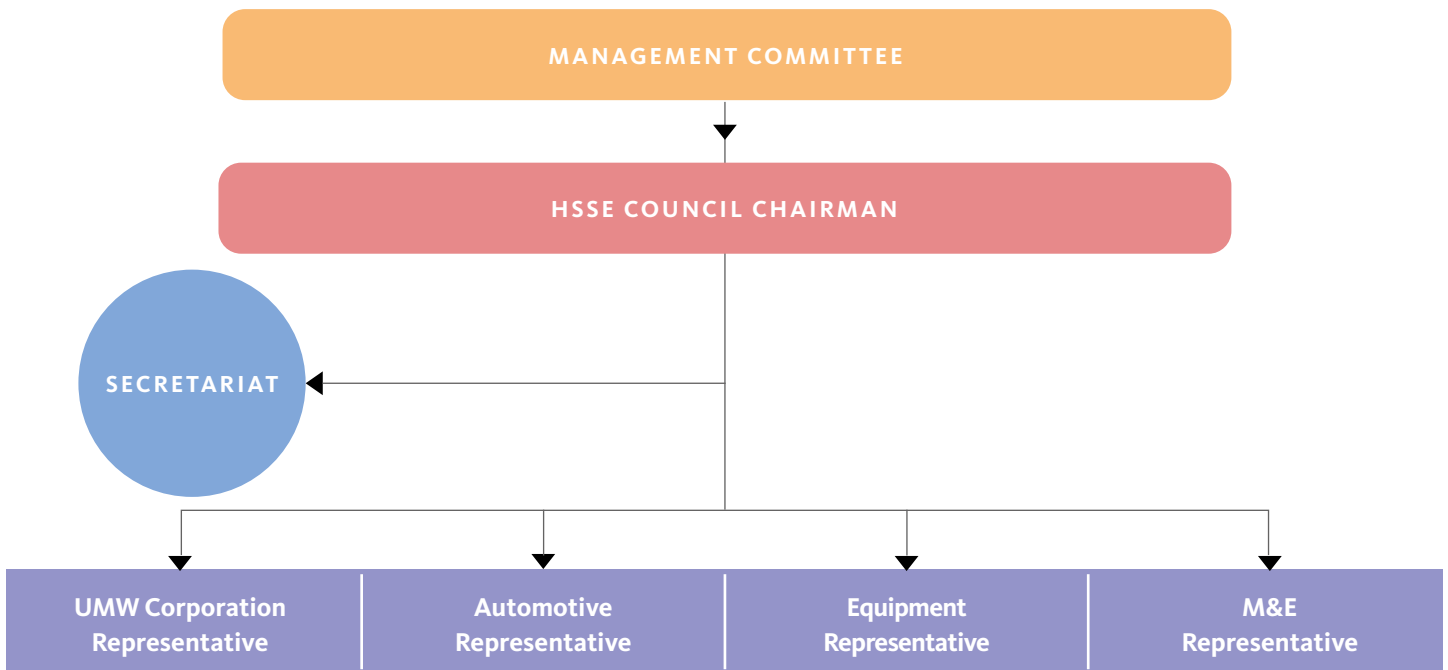


# INNOVATIVE AND HIGH-PERFORMANCE CULTURE

## Health and Safety Governance

UMW’s health and safety are governed by the Group HSSE Council, which is chaired by our Group Chief Human Resource Officer. The Council is responsible for driving strategic HSE action plans and initiatives in addition to rolling out programmes from the HSE Transformation Plan. The Council meets on a quarterly basis.

### UMW’s HSSE Council Structure



## HSE Transformation Plan

The HSE Transformation Plan is the Group’s strategic roadmap for regulatory compliance and workplace safety from 2017 to 2021. The transformation plan is anchored on four strategies:

1  
2

### Leadership and Commitment

To instil leadership commitment and improve visibility among senior management

### HSE Management System

To streamline HSE processes and enhance policies and systems

3  
4

### HSE Culture

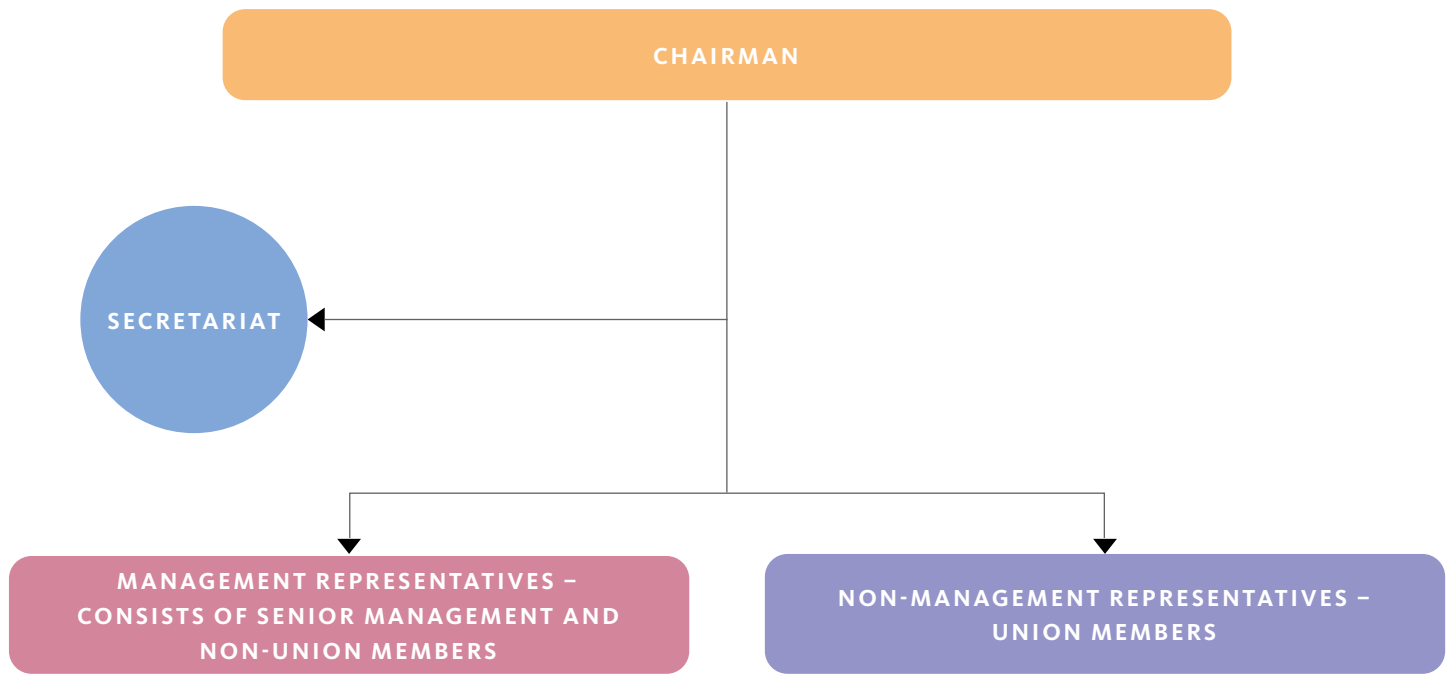
To embed HSE culture among all employees across all levels

### Governance

To comply with HSE acts, regulations, codes of practice and standards

Apart from the Council, UMW endeavours to comply with the health and safety regulations of the Department of Occupational Safety and Health (DOSH), which require a Safety and Health Committee to be put in place for an organisation that has more than 40 employees. To embed HSE in every workplace across the Group, we ensure a Safety and Health Committee is established regardless of the number of staff at the workplace. The Committee is represented by management and non-management employees who oversee daily health and safety matters, and they meet every quarter to discuss key issues such as workplace injuries, accidents and work-related illnesses. They also undertake studies on incident trends and investigate any incidents reported at the workplace.

#### OSH Committee Structure:



To further strengthen safety at the workplace, we provide internal training for our Safety and Health Committees to increase their awareness on their roles and responsibilities. In 2020, we were unable to conduct this training physically due to the pandemic. However, we conducted virtual training and we will continue to do so in 2021.

#### Risk Identification and Assessment

Given the diverse operations of our Group, our businesses are inherently exposed to safety risks. We have a formal process for undertaking workplace risk assessment called Hazard Identification, Risk Assessment and Risk Controls (HIRARC). The Group conducts yearly risk identification and assessment. The process of identifying risk and hazard exposure is conducted by each operating company and the findings are reviewed by our Group HSSE. Our Emergency Response Plan provides the framework to respond to any OHS or environmental emergency. During the reporting year, the review was conducted mostly virtually due to COVID-19 and as of 31 December 2020, all risk identification and assessments conducted on all our operations were in compliance with the necessary laws and regulatory requirements.

In addition, we also conducted health risk monitoring and assessment via ergonomics study, noise assessment, chemical health risk assessment and chemical exposure monitoring.

# INNOVATIVE AND HIGH-PERFORMANCE CULTURE

## Health and Safety Standards

At UMW, we go beyond compliance and strive for best industry standards to uphold the highest levels of health and safety at the workplace. UMW Group kick-started the migration from OHSAS 18001:2007 to ISO 45001:2018 back in 2019. The ISO 45001 is a new certification standard for Occupational Health and Safety Management Systems (OHSMS) introduced by the International Organization for Standardization (ISO) in 2018. As of 31 December 2020, a total of 27 of our operational sites (including branches) in Malaysia have achieved the ISO 45001:2018 certification. This represents 65.8% of all Malaysian-based subsidiary sites.

### No. of Business Units Certified with ISO 45001:2018



## Inculcating a Healthy and Safe Environment

In our commitment to providing a safe and healthy working environment, we ensure relevant occupational health and safety training is provided to our workers based on their scope of work, operational needs and legal requirements. Our training programmes aim to provide our employees with a stronger understanding of safety standards and legal requirements for the various parts of our business. This will help to ensure better compliance with OSH regulations and improve our internal safety performance by building a strong safety culture.

Due to the pandemic, we were only able to conduct 25% of our scheduled employee training, with the rest deferred to 2021. In February, we managed to conduct the Basic Occupational First Aid (BOFA) course

and workshop, which was attended by 15 employees and aimed to enhance employees' awareness on emergency preparedness and first aid management and treatment. We also completed ISO 45001:2018 online and physical awareness training for all our employees. Moving forward, all training will be carried out online in 2021, in compliance with the Malaysian government's SOPs.

We also conduct daily safety toolbox briefings to ensure the necessary safety precautions are in place during manufacturing processes. Monthly safety patrols are carried out by top management to increase safety vigilance in the production chain. We also adopt Toyota's Genchi-Genbutsu principle of worksite observation of real situations by conducting daily workplace inspections and periodic audits.

## Enhancing HSE through Digitalisation

### SafeUhub Digital Centre

The SafeUhub Digital Centre was launched in December 2020 to further enhance the monitoring of our safety and health data. It compiles real-time accident data across the Group around the clock (24/7).

### SafeUhub

At UMW, we go beyond compliance to ensure safety and health are embedded in our work culture. SafeUhub was established to serve as the HSE online portal to ease the process of sharing information on accident data to prevent recurrence. The portal enables real-time information, whereby reports and data are easily monitored and managed by UMW's top management.

SafeUhub also functions as a communications and information hub for all occupational HSE-related matters including feedback, bulletins and news, HSE updates, accident reporting and emergency alert mechanisms. The digital tool is the enhanced version of the HSSE online portal that was launched in November 2019. Apart from top management, employees in field service operations can also access workplace hazards and risks data via SafeUhub.



## Incident Reporting and Investigation Process

UMW has a very clear incident management system with step-by-step details on how incidents are to be reported and managed. In the event of an accident, the person in charge needs to notify the Safety and Health Committee (SHC) immediately and then submit an Incident Notification Form. Depending on the type of incident, UMW will comply with local regulations, like the Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease (NADOPOD) Regulations 2004, on timely reporting of the incident to relevant authorities. The SHC will conduct its own investigation to identify the primary cause of the incident and fill in an Incident Investigation Report. The SHC will then propose corrective actions and once implemented, the SHC will monitor the progress and effectiveness of the corrective actions taken and consider if any permanent changes need to be made to the OHSMS to ensure the incident does not recur in the future. Typically, the process of reporting and implementing corrective actions takes place over a period of 30 days.

### Lubetech Hazard Hunt

The annual Lubetech Hazard Hunt was held in January 2020 to promote industry safety awareness among employees towards achieving zero accidents. It helped employees to understand the contributing factors of industrial accidents and improve their behaviour toward hazard control. During the programme, employees learned about hazards found in workplaces and how the hazards can affect work performance and safety. Hazard awareness will enable employees to work together and prevent accidents at the workplace.

### Road Safety Awareness

As an automotive manufacturer, it is partly our responsibility to promote road safety among our customers, the community and our employees. In February, Group HSSE collaborated with the Road Safety Department of Malaysia (JKJR) and SBUs in Shah Alam to enhance road safety awareness among employees while commuting to and from work. During the two-hour talk, JKJR shared various types of information on road safety such as factors that contribute to road accidents, road accident statistics, defensive driving, safety preparation before starting a journey and basic information on road signage, the importance of wearing helmets, seat belts and reflective vests and the use of child restraint systems (CRS).

## Occupational Health and Safety Performance

In 2020, we maintained our record of zero fatalities across the Group. Our high consequence work-related injuries decreased marginally among employees while recordable work-related injuries went up by one incident from 2019. The main types of work-related ill health among employees were noise-induced hearing loss, hearing impairment and standard threshold shift. We recorded zero cases of work-related ill health for non-employees. Going forward, we aspire to strengthen our safety and health measures to reduce our incident rate.

2020	Injury rate (accident rate)	Occupational disease rate	Lost work days rate	Work-related fatalities	No. of accident cases	No. of lost work days	Rate of fatalities
	▼	▼	▼	▼	▼	▼	▼
Automotive	1.00	8.01	2.41	0	4	18	0
Equipment	2.00	5.99	1.50	0	2	3	0
M&E	2.62	22.90	15.11	0	4	46	0
UMW Corporation	0	0	0	0	0	0	0

Based on 1,000,000 hours worked

## INNOVATIVE AND HIGH-PERFORMANCE CULTURE

### EMPLOYEE OHS PERFORMANCE DATA

2020	Automotive ▼	Equipment ▼	M&E ▼	UMW Corporation ▼
<b>High-consequence work-related injuries</b>				
Number	1	0	3	0
Rate	0.13	0	1.38	0
<b>Recordable work-related injuries</b>				
Number	4	2	4	0
Rate	1.00	2	2.62	0
<b>Fatalities</b>				
Number	0	0	0	0
Rate	0	0	0	0

Based on 1,000,000 hours worked

### LOST-TIME INCIDENT RATE IS DEFINED AS LOST WORK DAYS RATE

Lost-Time Incident Rate (Employees)	2018 ▼	2019 ▼	2020 ▼
Automotive	4.57	0.11	2.41
Equipment	9.06	1.50	1.50
M&E	13.61	0	15.11
UMW Corporation	0	0	0

Lost-Time Incident Rate (Contractors)	2018 ▼	2019 ▼	2020 ▼
Automotive	0	0	0
Equipment	0	0	0
M&E	0	0	0
UMW Corporation	0	0	0

### WORK-RELATED ILL HEALTH AMONG EMPLOYEES

2020	Automotive ▼	Equipment ▼	M&E ▼	UMW Corporation ▼
Number of fatalities	0	0	0	0
Number of recordable work-related injuries/ill health	36	8	39	0

## BUILDING PRODUCT QUALITY, SAFETY AND INNOVATION

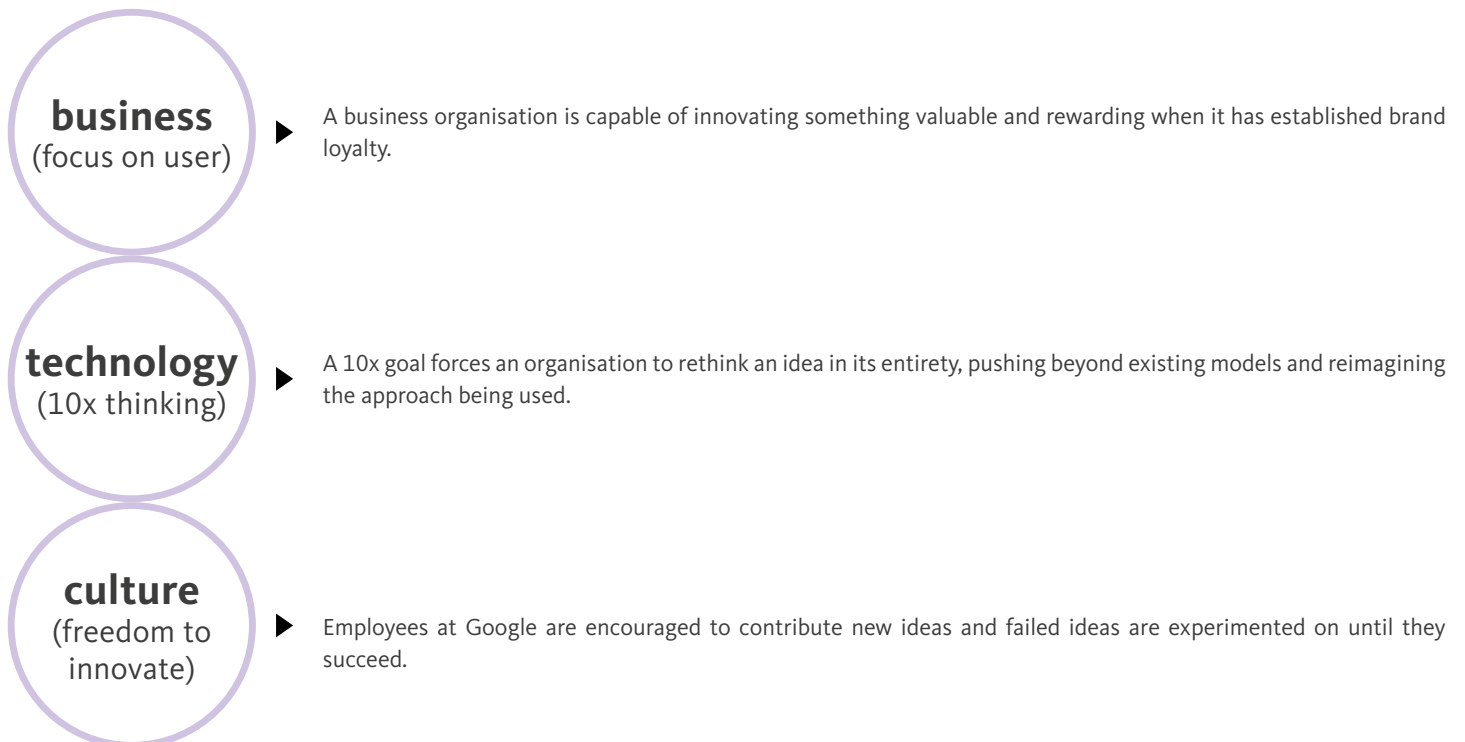
Product quality and safety is a key priority at UMW. Our business centres on the production and supply of large machines and vehicles as well as their components. As such, it is vital to ensure that our employees, customers and consumers will be safe throughout the products' life cycles. All our divisions work closely with their key partners to embed important quality and safety philosophies and standards into the daily operations of the manufacturing plants. We also invest heavily in research and development to continue innovating and developing new and better products that are safer and of higher quality. The Group's current focus is on the development of sustainable innovation, developing innovative capabilities and initiatives and transforming high-potential ideas into new groundbreaking products and services while at the same time establishing strategic collaborations with other stakeholders.

### Enhancing Efficiency through Digitalisation

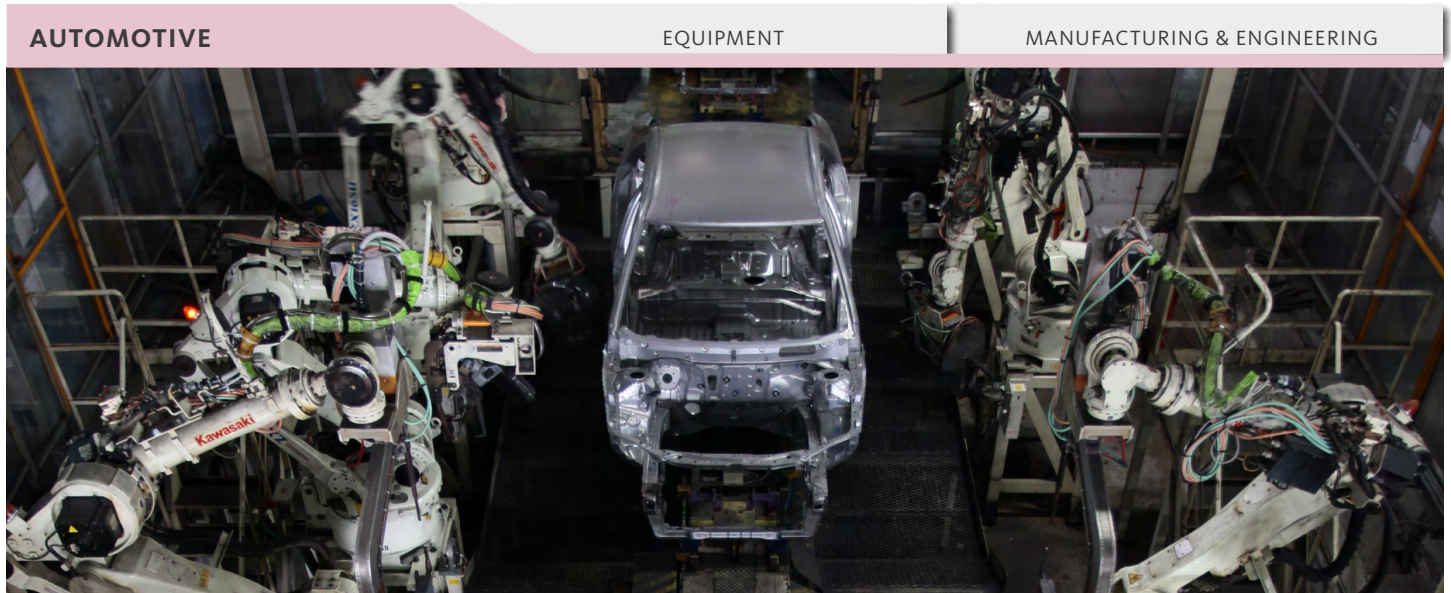
In March 2020, UMW IT Services Sdn Bhd (UITS) launched Myforms, a digital workflow that completely replaces the traditional method of using paper. The digital platform, which enables UMW staff to put in their requests on various matters, proved to be a success in increasing efficiency during the nationwide lockdown and saw UITS processing over 800 digital requests over several months since March.

### Technology and Innovation Talk Series

The Technology and Innovation Talk Series was organised by the Technology and Innovation Division (TID) from UMW Corporation Sdn Bhd. The division was subsequently enhanced and renamed as UMW Innovation and R&D Centre (UIRDC). In March, Google was invited for a talk on Innovation Culture at the UMW Innovation Lab in UMW High Value Manufacturing Park, Serendah. Highlights of the talk included three key principles of innovation that are practised at Google to foster innovation, as shown below:



# INNOVATIVE AND HIGH-PERFORMANCE CULTURE



AUTOMOTIVE

EQUIPMENT

MANUFACTURING & ENGINEERING

## Sustainable Production System

Our Automotive division continues to implement the Toyota Production System (TPS) in our manufacturing plants. UMW Toyota Motor Sdn Bhd (UMW Toyota) is a member of the Malaysian Automotive Association (MAA) and we contribute beyond the annual fee and financial commitment.

To drive innovation, we embrace four key Japanese concepts as part of the TPS:

- ▶ **Just-in-Time**  
Relentlessly refining and improving the production process to reduce waste and improve efficiency
- ▶ **Jidoka**  
Automation with a human touch – identifying potential issues during production to prevent faults occurring down the line
- ▶ **Kaizen**  
A culture of continuous improvement and optimising for excellence
- ▶ **Jishuken**  
Meticulous process of analysis and improvement

## Enhancing Innovative Products with Safety Features

In 2020, Toyota upgraded three of its popular models with a vast array of enhanced safety features, in line with Toyota’s aim of making roads safer while maintaining driving performance and comfort. The Vios, Yaris, Hilux and RAV4 models are packed with safety features that not only prevent collision, but also alert drivers of other cars and keep passengers safe. One of the outstanding safety features is the Toyota Safety Sense which incorporates a pre-collision system (PCS) and a lane departure alert (LDA).

The PCS reduces the risk of colliding with the car in front by alerting the driver if a car is detected within collision distance and helping to reduce speed to prevent an accident. The LDA, meanwhile, alerts drivers to an unintended lane change through visual and audio alerts. Both models also now sport LED headlamps with LED integrated Daytime Running Lights (DRLs) as well as LED fog lights.

The safety features do not end there, as embedded in the cars themselves are energy-absorbing, high-strength body structures, enabling the Vios, Yaris, Corolla, Camry, Rush, Fortuner, Innova and Hilux to earn the maximum 5-star rating from the ASEAN New Car Assessment Programme (NCAP). The enhanced Vios also features an all-new 3D 360-degree panoramic view monitor, giving the driver surrounding and unobstructed front, rear, top, sides and three-dimensional virtual views of the vehicle. Meanwhile, the RAV4 is Japan’s 2019-2020 Car of the Year, as it uses the Toyota New Global Architecture (TNGA) technology that enhances agility, stability and visibility.



## Enhancing Innovative Products with Safety Features

Toyota will continue to help our customers stay safe while contributing to road safety through our innovative safety features.



### Toyota's upgraded models in 2020 are enhanced with the following key safety features:

#### Vios and Yaris

- Seven (7) SRS airbags and Vehicle Stability Control (VSC)
- ABS and Electronic Brakeforce Distribution (EBD), as well as Brake Assist (BA)
- Hill-start Assist Control (HAC), which helps prevent the car from rolling backwards when moving off on a steep slope
- Vehicle Telematics System, which is a GPS/GSM system that allows easy tracking of the car. In the event it is stolen, it will be easier and more likely to recover the car
- Emergency Stop Signal (ESS) system that automatically activates during emergency braking
- Rear Seatbelt Reminder to help ensure that rear passengers abide by the law
- An ISOFIX point with a tether anchor is also provided for installing a compatible child seat
- Blind Spot Monitor (BSM) and Rear Cross-Traffic alert (RCTA) systems, increasing driver awareness of other vehicles in the vicinity

#### RAV4

- Pre-Collision System (PCS)
- Lane Departure Alert (LDA)
- Lane Tracing Assist (LTA)
- Dynamic Radar Cruise Control (DRCC) for all speeds
- Automatic High Beam (AHB)
- Blind Spot Monitor (BSM) with Rear Cross Traffic Alert (RCTA)
- Front & Rear Digital Video Recorder (DVR)
- 3D Panoramic View Monitor (PVM)
- Hill-start Assist Control (HAC)
- Vehicle Stability Control (VSC) with Traction Control (TRC)
- Seven (7) SRS airbags
- Tyre Pressure Warning System

## ADAPTING TO COVID-19



UMW Toyota intensified its digital presence while expanding to new platforms such as Lazada and Shopee in the second quarter of 2020. An online showroom was introduced, providing features such as virtual showroom tours and online booking at a minimal fee. In 2020, we sold 59,320 Toyota and Lexus cars.

## INNOVATIVE AND HIGH-PERFORMANCE CULTURE

AUTOMOTIVE

EQUIPMENT

MANUFACTURING & ENGINEERING

As one of the biggest industrial and heavy equipment companies in Malaysia, we are continuously looking for ways to improve our service efficiency and capabilities to serve our customers better. We ensure our employees are well-trained and equipped to provide excellent service standards. We continue to move towards automation and digitalisation across our operations to streamline manual processes, which has seen efficiency improvements in process manning and a reduction in time required to execute a task. Gathering customer feedback is key to continuous improvement. Due to the pandemic, we have been engaging with our customers via social media platforms such as Facebook and Whatsapp, among others.

### CARA Digital Platform



We launched a new all-in-one forklift e-services solution via the CARA app. Available on Google Playstore and Apple App Store, the app provides real-time assistance and enables customers to schedule service appointments with our technicians. The app aims to increase customer confidence in the Company's services and hence contribute to better customer satisfaction, increased productivity and minimised downtime.

This app supports the key pillars of our Perdana 7 Transformation Programme in Digitalisation, Revenue Elevation and Innovation, as well as transitioning to the Group's new strategic transformation framework, CREST@2021. In this respect, UMW Industries has partnered with GIATMARA, a technical and vocational training institution for rural and urban youths, to promote entrepreneurship and income generation for GIATMARA trainees.

This programme aims to equip our youth with the right skills through training and to provide an avenue for them to be self-reliant workers who are able to generate their own income. UMW Industries provides the training and entrepreneur networking for GIATMARA's trainees to start their own business as service technicians for UMW after the trainees have completed their courses. This is in line with our government's initiative to reduce the unemployment rate among young Malaysians and create jobs for our youth.

### Robotic Process Automation (RPA)

The Equipment Division understands the importance of Industry 4.0 and has embarked on Robotic Process Automation (RPA), a business process flow automation technology based on software robots (bots). RPA can execute programme computing tasks and process monitoring tasks, work around the clock and save information on forms or pdf documents.

### Collaborative Robot (COBOT)

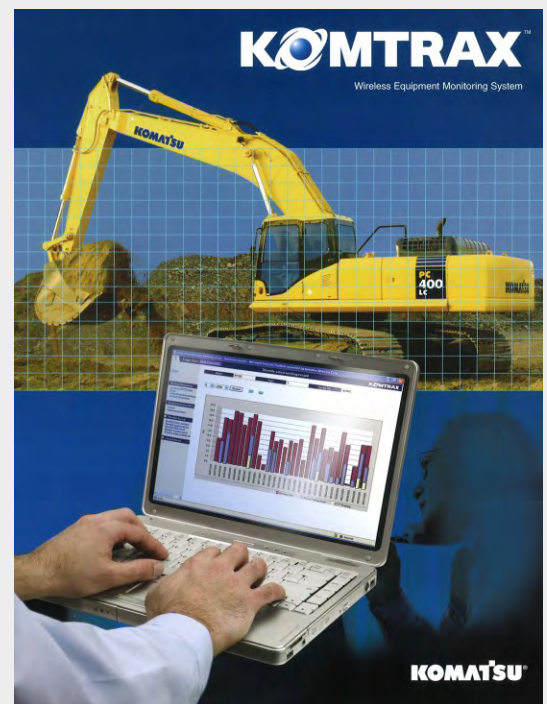
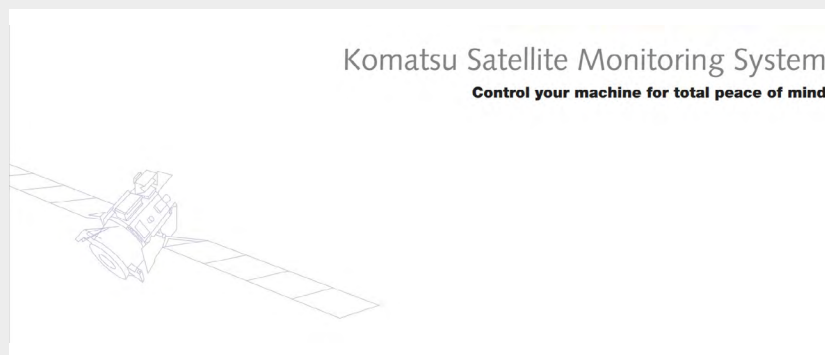
On 13 July 2020, UMW Industries (1985) Sdn Bhd was appointed the preferred distributor for COBOT. The strategic partnership with Universal Robots A/S, a leading robot maker from Denmark, supports Malaysia’s vision of integrating automation and robotics into the manufacturing industry.

COBOT represents a range of compact, lightweight and flexible automated robot arms that help to increase production and operational efficiency. Designed to share workspaces with humans, COBOT can be easily programmed to carry out a range of tasks including:

Gluing, dispensing and welding	Packaging and palletising	
Injection moulding	Screwdriving	Quality checking
Picking and placing	Industrial assembling	
	Machine tending	Data collecting



### Komatsu Machine Tracking System (Komtrax)



Komtrax is a new tracking system for equipment life cycle support that provides preventive maintenance and proactive aftersales support, which will further develop the aftermarket business.

## INNOVATIVE AND HIGH-PERFORMANCE CULTURE

AUTOMOTIVE

EQUIPMENT

**MANUFACTURING & ENGINEERING**

Our M&E division prides itself on delivering the best products to market for the automotive and aerospace components industries. Through our key partnerships with KYB Japan and Rolls-Royce, expectations on quality and safety are regularly discussed and our M&E plants are equipped to ensure the highest quality and safety standards are met. Thorough product testing and certification are also conducted to ensure quality.

### Sustainable Production System

LEANAero® is a production system developed by the M&E division that incorporates features from TPS and the Rolls-Royce production system. This is to ensure that a lean operational structure is retained for flexibility, improved manufacturing efficiency, waste reduction and optimum profitability.

The LEANAero® Small Group Improvement Activities (SGIA) system was expanded to the other strategic business units (SBUs) within the M&E division from 2016 onwards. In 2019, four teams representing UMW were sent to the Mini Convention on Team Excellence (MTEEx), organised by the Malaysia Productivity Corporation (MPC) to provide a platform for discussion and exchange of ideas and best practices.

### Leading the aerospace component industry

*Just three years ago, we delivered our first-ever fan case for Rolls-Royce Trent 1000 engines. Today, we have successfully delivered our maiden fan case for Rolls-Royce Trent 7000 engines, which power the Airbus A330neo. This has proven our capability in delivering high-quality aerospace components that meet stringent global industry standards.*

### MTEEx

The four winning teams from UMW's 2019 LEANAero® SGIA Convention represented UMW at the Mini Convention on Team Excellence (MTEEx) organised by the Malaysia Productivity Corporation (MPC).

All four teams won gold at MTEEx, showcasing their innovative projects, which included ideas ranging from tax reductions to improving operational processes such as quality abnormality reporting and spare parts management.

June

July

August

September

### RISTEx

As winners, all four teams were invited to represent UMW Manufacturing & Engineering in the Regional Innovation Showcase Team Excellence Challenge (RISTEx) - Central Region, where all four teams won gold again.



## Innovative Products and Safety Features

### Grantt Quadra 4T SAE 10W-40 Four-Stroke Motorcycle Oil (1L)



Our new product launches to the market this year included two new motorcycle oils, with one being a fully synthetic oil and the other being a mineral oil. Designed for four-stroke motorcycle engines and two-stroke motorcycle engines, respectively, these oils were developed to deliver ultimate engine cleanliness and wear protection by removing sludge and engine deposits, thus helping to prolong engine life.

New variations to this range released were:

- Grantt Quadra 4T SAE 10W-40 Four-Stroke Motorcycle Oil (1L)**  
 A unique, fully synthetic oil designed for four-stroke motorcycle engines. Formulated with advanced additive technology to provide better clutch performance and smoother gear changes even under the most extreme temperatures in high-speed riding conditions. Its benefits include:
  - Enhanced lubrication for engine, clutch and gears
  - Exceptional friction characteristics for optimum clutch performance
  - Outstanding shear stability to protect from oil breakdown at high temperature
  - Excellent thermal stability to resist deposit formation
  - Prolongs engine life
- Grantt Quadra 2T Ultra Green Two-Stroke Motorcycle Oil (1L)**  
 A low ash mineral motorcycle engine oil specially formulated for two-stroke engines. Its benefits include:
  - Enhanced formula to reduce exhaust smoke level
  - Superior piston and cylinder lubrication to maintain engine efficiency
  - Excellent anti-wear and corrosion protection for longer engine life
  - Good thermal and oxidation stability

### Grantt Quadra 2T Ultra Green Two-Stroke Motorcycle Oil (1L)



### GEP ATF SP3 (Automatic Transmission Fluid)



A fully synthetic transmission fluid which was formulated from superior base stocks and performance additives that meet and exceed the demanding requirements for conventional automatic transmissions application. It is equipped with properties such as:

- Synthetic formulation whereby this technique helps maximise torque and power transfer in a wide range of operating conditions
- A shear stable viscosity index improver provides a stay in grade lubrication performance
- Superior thermal and oxidation stability for longer fluid life
- Excellent clutch friction performance for higher gear shift efficiency
- Enhanced anti-wear level for optimum automatic transmission protection

### GEP Anti-Freeze Long Life Coolant CONCENTRATE Type-2 (1L)



GEP Anti-Freeze Long Life Coolant Concentrate Type-2 is a concentrated BLUE odourless antifreeze liquid designed to maximise engine performance and increase radiator life. It offers protection against freezing, boiling and corrosion in modern light duty automotive engines. It meets the Japanese standards of JIS K2234 and ASTM D3306.

Benefits of the new coolant include:

- Safe for aluminium and all metals
- Prevents overheating
- Excellent corrosion protection for aluminium heat-rejecting components
- Effective frost and boiling protection
- Seal compatibility
- Hard water stability

## INNOVATIVE AND HIGH-PERFORMANCE CULTURE

### Digitalising the Procurement System

#### Procurement Online Platform

The Procurement Online Platform was implemented by Group Procurement to allow subsidiaries to purchase supplies online for their businesses, easing the purchasing and payment processes between buyers and suppliers. To introduce the new system, which is in line with Perdana 7's Pillar 3: Digitisation and Digitalisation, Group Procurement organised an engagement session with selected vendors and UMW IT Services Sdn Bhd's procurement staff in August 2020. The online platform went live in Q4 2020 in UMW Corporation Sdn Bhd, which was followed by the M&E and Equipment divisions.

#### Benefits of the Procurement Online Platform:

Shorter procure-to-pay cycle

Promotes transparency

Allows immediate access to quality suppliers and eases vendor management

Provides auto quotation comparisons for all approving parties in an open and transparent manner

Reduces the turnaround time to source and procure stationery

Ensures better purchasing efficiency

### ADVOCATING AN ANTI-CORRUPTION CULTURE

**This section should be read together with the Group's Corporate Governance Overview Statement in UMW Holdings Berhad's Integrated Report 2020 and UMW's Corporate Governance Report 2020.**

As a Malaysian conglomerate, UMW strives to lead the industry in good corporate governance and integrity. We take anti-corruption seriously and have zero tolerance for bribery and corruption as we remain guided by our Integrity Framework, which is the basis for UMW's Integrity Plan (UMWIP). The UMWIP outlines the strategy, objectives, action plans and timeline to inculcate and embed integrity within the Group.



*We are pleased to report that there were zero convicted cases of bribery and corruption in 2020, and we aim to maintain this record by strengthening our policies and embedding the culture of integrity within the Group.*

The year 2020 marked a significant achievement in UMW's integrity journey as we strengthened our efforts in combatting corruption with a new policy and robust anti-corruption initiatives. We worked closely with the relevant authorities and regulators to bolster the integrity culture at UMW and will continue to work together with authorities such as the Malaysian Anti-Corruption Commission (MACC), Institute Integriti Malaysia (IIM) and the Governance Integrity Anti-Corruption Centre (GIACC).

### Anti-Bribery and Corruption Policy

In June 2020, UMW established its Anti-Bribery and Corruption Policy (ABCP) to drive home the message of zero tolerance for bribery and corruption. The policy, which is available on UMW's corporate website\*, is applicable to the Board of Directors and all employees and business associates. Suppliers and vendors are required to sign an Integrity Pledge and Declaration to acknowledge compliance with the policy and the relevant laws including Section 17A of the MACC Act 2009. The ABCP is in compliance with Bursa Malaysia's requirement for all government-linked companies to formally adopt the principle of zero tolerance for corruption.

To ensure awareness among our employees, we rolled out an e-learning programme on the ABCP through the Group's Learning Management System (LMS). About 80% of our employees have completed the programme and the Group targets for 100% of its employees to complete the programme by the end of 2021.

\* Please visit [www.umw.com.my](http://www.umw.com.my) to read more about our Anti-Bribery and Corruption Policy.



### Organisation Anti-Corruption Plan (OACP)

UMW ensures the culture of integrity is embedded in its daily operations through its Organisation Anti-Corruption Plan (OACP). The OACP, which was approved by the Management Committee in October 2020, is in line with the National Anti-Corruption Plan (NACP) and consists of 54 robust anti-corruption initiatives. More than half of the initiatives have been implemented, which include policy enhancements and training programmes that are targeted at high-risk groups such as management staff, of whom 80% have since

completed the anti-corruption training programme. Several online briefings were also held to explain the OACP and the MACC Act while a three-day training session was conducted on Corruption Risk Management in August 2020.

Going forward, completion of the anti-corruption training programme will be a key performance indicator for management staff to help us close the gap and ensure 100% of our staff have attended the training. The Group will also look into expanding the OACP to its suppliers and vendors, who currently receive briefings on the ABCP and the MACC Act. Apart from anti-corruption training, we aim to strengthen transparency by targeting to roll out the Declaration of Conflict of Interest in 2021. To further streamline our corporate governance practices, we hope to implement a Dawn Raid Policy to guide us in the Standard Operating Procedures when regulators and authorities such as SPRM visit our premises.

We are cognisant that in order to adopt a holistic approach to fight corruption, there needs to be a check and balance system. Therefore, we have trained 35 staff comprising Heads of Departments, and from management and the audit department, to conduct anti-corruption risk assessments, which shall take place in the near future. The assessments will focus on daily operations and departments that are high-risk, and all risk assessment reports will be submitted to the Group's Risk Management Committee.

### Whistleblowing Policy

At UMW, we have in place a Whistleblowing Policy to promote integrity and transparency. The policy is governed by the Group's Integrity and Whistleblowing Committee, where three of its four members are Independent and Non-Executive Directors. Besides serving as an avenue to allow employees to report any suspicious misconduct or behaviour without reprisals, the policy also acts as a platform to gather general feedback and queries from employees on issues such as employee benefits and employee rights. Employees can share their feedback and complaints on wrongdoings by emailing [wecare@umw.com.my](mailto:wecare@umw.com.my). Suppliers and vendors are also welcome to file complaints or give their feedback via the same email address.

# INNOVATIVE AND HIGH-PERFORMANCE CULTURE

## SUSTAINABLE SUPPLY CHAIN

As a diversified Group, we rely on 9,471 suppliers from around the world, and Malaysia, to ensure smooth daily operations. As such, we put in every effort to strive for a sustainable supply chain by ensuring our suppliers comply with Group Procurement Guidelines and by engaging with them regularly to meet their needs, communicate our policies and mitigate sustainability risks.

A sustainable supply chain will catalyse our efforts to realise the Group’s vision and mission, ultimately creating long-term value for our business and stakeholders. All of UMW’s suppliers are given equal opportunities by Group Procurement and they are evaluated based on quality, cost, delivery, services, business performance and sustainable practices.

Going forward, we aim to include more social and governance aspects in our procurement process as we aspire to develop a sustainable supply chain for long-term value creation. We will also look into creating a data link to consolidate the supply chains of every business division into an integrated system to strengthen our supply chain across the Group for sustainable business growth.

### Supporting Local Suppliers

UMW supports local suppliers to foster the growth of local networks comprising independent, small and medium-sized companies. ‘Local suppliers’ means local companies that are registered within Malaysia. Given the nature of our business model and products that require imported parts, there are inherent limitations against engaging local suppliers. However, we strive to source locally whenever possible and aim to increase the number of local suppliers to support local industries.

In 2020, UMW spent **33.56%** or **RM1,553.03 million** of UMW Group’s procurement budget on local suppliers, which represented **43.19%\*** of our total suppliers.

Note:

\* Due to our scope of reporting, this figure does not include Perodua suppliers. Hence, the Group’s local suppliers, including Perodua suppliers, was 44.51%.

## Group Procurement Guidelines

UMW’s procurement system is governed by the Group Procurement Guidelines (PGs), which outline supplier selection criteria, performance reviews and quality control. The PGs allow Group Procurement to monitor suppliers for social issues by conducting physical inspection audits and assessments.

### UMW’s Group Procurement Guidelines address:



All suppliers are required to sign a registration form, acknowledging and agreeing to comply with the PGs. Suppliers are also expected to provide occupational health and safety training to their employees and this training should include emergency preparedness, work-related injury and illness prevention, machinery and equipment safeguarding and health and safety communication.



## Upholding Good Governance

UMW's suppliers are required to uphold good governance and comply with the Group's Anti-Bribery and Corruption Policy, which was approved and implemented in 2020. They are also expected to sign an acknowledgement and compliance form of Section 17A of the MACC Act, which governs the offence of corruption committed by a commercial organisation.

To promote integrity and prevent corruption, we have in place a Whistleblowing Policy that serves as a platform for internal and external stakeholders to report on any business misconduct without fear of reprisal. In 2020, there were zero reported cases of supplier non-compliance.

Please refer to our website at [www.umw.com.my](http://www.umw.com.my) to read more about our policies and corporate governance.



## Bumiputera Vendor Development Programme

To ensure a sustainable supply chain, we believe in investing in our suppliers and vendors to expand their competencies and skills. Hence, we regularly keep our vendors and suppliers updated to ensure they keep up with the best industry practices and comply with all regulatory requirements.

At UMW, our Bumiputera Vendor Development Programme (BVDP) is designed to assist and transform Bumiputera companies so that they can compete in local and regional markets. Launched in 2015, the programme has benefitted 15 companies, seven of which have graduated. One of these seven companies was also recognised as the National Champion of BVDP by the Ministry of International Trade and Industry (MITI) in 2017.

INVEST

**RM500,000**  
IN THE BVDP

***We invest RM500,000 in the BVDP each year to provide training, certification training and workshops, advice on business processes and business matching, together with networking and business development opportunities. This includes opportunities to work with the relevant authorities and regulators.***

We organised an engagement session with eight selected vendors in February 2020 to establish a strategic Vendor Development Programme for the year. The vendors, who had 13 to 34 years of experience in their respective industries, were selected based on their financial health, management capacity, business and shareholder track record and business plan. The programme requires the vendors to improve their products and services while they receive guidance and strategic support from UMW to grow their businesses.



## RESPONDING TO COVID-19

2020 was a challenging year for the Group as we endeavoured to navigate the adverse effects of the COVID-19 pandemic. In our bid to lower our costs due to slower business transactions, Group Procurement rolled out 86 initiatives and achieved RM134.00 million in cost savings.

### Keeping Our Suppliers Safe

Given the nature of our business operations, we could not bar suppliers and vendors from visiting our premises despite the pandemic. To prevent the spread of the virus at UMW, we provided our suppliers with personal protective equipment and briefed them on UMW's SOPs and safety measures to ensure everyone stayed safe.

# DYNAMIC WORKFORCE

## 02 DYNAMIC WORKFORCE



### PERFORMANCE SUMMARY IN 2020

**40%**  
**women**  
ON THE BOARD

**500**  
EMPLOYEES RECEIVED THE  
**Long  
Service  
Award**

**219**  
**graduates**  
TOOK PART IN PROTÉGÉ

**8.13**  
**average  
training  
hours**  
PER EMPLOYEE PER YEAR

“Our people are the foundation of UMW – they deliver our products and services and build relationships with our customers, creating value for UMW. We are committed to building a progressive and innovative workforce that creates fulfilling careers and drives growth.”

**New Ways of Working (WOW)**

2020 represented the first full year of the adoption of our new core values, WOW – We are One, We Drive Change and We Deliver Promises. To formally introduce the new core values, we officially launched the ‘TransWOWmation’ culture change initiative in February 2020 to create awareness across our workforce. These new values have been critical in navigating this challenging year together as one team and have enabled us to maintain our drive to deliver on our promises and achieve excellence. Throughout the year, we continued to embed and integrate these values in the way we work to progress towards our goal of creating a high-performing and dynamic workforce. Changing mindsets is essential for all employees to be agile in the face of new business challenges such as volatility, uncertainty, complexity and ambiguity.



# DYNAMIC WORKFORCE

## Group Human Capital (GHC) Roadmap

2017

We are on our way to the final year of our GHC Strategic Roadmap in 2021. The three strategic core thrusts – Drive Strong Organisation Performance Culture, Agile Leadership and Future-Proof Skill Sets and Drive Efficiency and Productivity – encompass what the roadmap aims to accomplish.

2021

Sustainable Growth	Strengthen Fundamentals	Operational Excellence
<p><b>Strategies</b></p> <ul style="list-style-type: none"> <li>Execute a robust performance calibration process in alignment with the Balanced Scorecard (BSC)</li> <li>Revamp the reward programme to address the new generational needs and eliminate benefits that are non-value adding</li> <li>Roll out new core values and cultivate desired attitudes for new ways of working</li> </ul> <p><b>2020 Progress/Initiatives</b></p> <ul style="list-style-type: none"> <li>Introduced Flexible Benefits to meet the changing needs of employees and better manage the cost of employee benefits                             <ul style="list-style-type: none"> <li>Optimised benefits' cost while ensuring employees enjoyed impactful benefits</li> </ul> </li> <li>WOW Culture &amp; Core Values as new company culture guidance                             <ul style="list-style-type: none"> <li>Embedded new culture through rituals and tools, integrated as part of ways of working</li> <li>Embedded WoW core values as part of leadership competencies</li> <li>Introduced new ways of working through Flexible Working Arrangement (FWA) Policy and robust talent mobility, among others</li> </ul> </li> <li>Employee Engagement                             <ul style="list-style-type: none"> <li>Maintained employee engagement activities, albeit virtually, for programmes that were established prior to the pandemic</li> <li>Enabled the Group to easily adapt to the effects of COVID-19 as the new normal</li> </ul> </li> </ul>	<p><b>Strategies</b></p> <ul style="list-style-type: none"> <li>Enhance workforce capabilities through 5B strategies: Build, Buy, Borrow, Bridge, BOT</li> <li>Implement succession planning and fast track talent programmes with customised development programmes</li> <li>Leverage skill sets and capabilities and implement learning initiatives to overcome short-term gaps</li> </ul> <p><b>2020 Progress/Initiatives</b></p> <ul style="list-style-type: none"> <li>Building Agile Leaders: UMW's talent pool                             <ul style="list-style-type: none"> <li>The majority of the Group's successors have been identified as ready to take over leadership roles immediately or within the next one to two years</li> </ul> </li> <li>Building employees' core competencies and skills: Core Competencies Programme</li> <li>Upskilling Future Workforce: Equipping employees to prepare them for the future of the organisation                             <ul style="list-style-type: none"> <li>Identified management staff were assessed and qualified to be certified in data-driven skills programme</li> <li>Established UMW Innovation and R&amp;D Centre (UIRDC) to drive innovation</li> </ul> </li> </ul>	<p><b>Strategies</b></p> <ul style="list-style-type: none"> <li>Digitalise HR processes to ensure speed, empowerment and paperless transactions, i.e. MyInsights</li> <li>Continuously optimise manpower cost/productivity ratio</li> <li>Corporation's focus to be on strategic functions and reducing operational roles</li> </ul> <p><b>2020 Progress/Initiatives</b></p> <ul style="list-style-type: none"> <li>Digitalisation of HR Processes                             <ul style="list-style-type: none"> <li>Embraced end-to-end digital approach - increased speed, enhanced empowerment and promoted paperless transactions</li> </ul> </li> <li>Enhanced Digital Employee Experience                             <ul style="list-style-type: none"> <li>Leveraged new and existing digital tools such as e-onboarding and self-service, digitised learning initiatives such as LinkedIn Learning and work optimisation tools such as Office 365</li> </ul> </li> <li>Workforce optimisation</li> <li>Provided guidance and support to assist employees who wished to pursue other options via Career Transition Scheme</li> </ul>

### Moving forward, we aim to:

Build workforce capability in digital, innovation and data-driven skill sets



Drive further leadership development in our management team to create agile leaders



Strengthen talent pipeline for future succession plans



Empower our people through our new strategy, CREST@2021, which places Teamwork at the centre of our Human Capital strategy







**NAVIGATING THE IMPACT OF COVID-19**

We strive to create and maintain a highly engaged and dynamic workforce. This has been exceptionally important this year as the COVID-19 pandemic has forced us to adapt to a new way of working, with the majority of our employees working remotely from home. Throughout the MCO period, we adhered to the SOPs released by the government.

To ensure business continuity and that our workforce was able to continue working without disruptions during this challenging time, we implemented a number of action plans, including:

Enforcing remote working and split team arrangements		Utilising new digital apps to enable employees to work from home	
Regular HSE updates regarding the pandemic	Distribution of face masks and hand sanitisers		Office and space sanitising
Body temperature screening	Virtual cultural and engagement activities		
	Maintaining our training and development programmes using online learning platforms		

Employees were reminded to avoid visiting red zones while those with family members returning from red zones were required to undergo COVID-19 screening tests (the costs of which were borne by UMW) and work from home for 14 days. These employees were allowed to return to work if their test results were negative. Meanwhile, visitors to UMW premises were required to declare their travel histories, apart from adhering to the usual SOPs.

***“It has been more important than ever to ensure we strengthen our efforts to engage with our employees through various platforms such as providing daily COVID-19 updates/notices via email and our internal app, i.e. SafeUHub, and through periodic Us newsletters and HSSE newsletters to foster a sense of cohesion. To strengthen safety procedures at work, we ensure our foreign workers comply with all our SOPs and any worker with COVID-19 symptoms is required to isolate in a quarantine centre. All positive cases are treated in accordance with Ministry of Health (MOH) procedures. We also comply with the Minimum Standards of Housing, Accommodations and Amenities (Amendment) Act 2019 (Act 446) and ensure that the hostels provided by their agents are clean and sanitised. There were no cluster cases reported during the year under review. Through these channels, we were able to provide employees with information on how to deal with the pandemic as well as updates on various parts of the business. GHC continuously sent reminders on adherence to the SOPs at the workplace.”***

# DYNAMIC WORKFORCE

## PERFORMANCE AND TALENT MANAGEMENT

A strong performance culture requires a progressive view of employees' rewards and performance. We aim to provide equitable and competitive remuneration packages in line with our vision of attracting and retaining talents. Our full-time employees enjoy additional benefits such as individual and family medical and insurance coverage as well as above minimum/mandatory employer contributions to the Employees Provident Fund (EPF).

### Flexible Benefits Scheme (Flexi-Ben)

We officially launched our Flexible Benefits Scheme at the beginning of 2020. Our benefits and compensation packages are highly competitive and help to attract new talent as well as motivate our current employees. This unique Flexi-Ben allows employees to decide on their own combination of benefits that suits them best at their current stage of life. In addition, it gives flexibility to employees to add or drop benefits during the prescribed period. This has been a game changer for many employees and has helped to create a more positive workplace where our employees are able to take charge of their own benefits.

## Performance Management Framework

We place great emphasis on performance management to ensure we maintain a high-performing and committed workforce. At UMW, our rewards are commensurate with our employees' performance, which is determined using a balanced scorecard approach.



The balanced scorecard approach is part of the Group Human Capital Strategic Roadmap and part of our transition from the Perdana 7 strategic plan to CREST@2021. The approach is a strategic management system that helps to communicate our goals and strategy to employees. It enables employees to better understand our goals and strategy instead of just focusing on their KPIs, allowing us to work towards our goals collectively.

The balanced scorecard approach also informs the performance reviews of employees. Performance reviews are compulsory for every employee, where management employees undergo a review twice a year and non-management employees are reviewed once a year. As of 31 December 2020, all of our employees have received their respective performance review for the 2020 assessment period.

## Flexible Work Arrangement

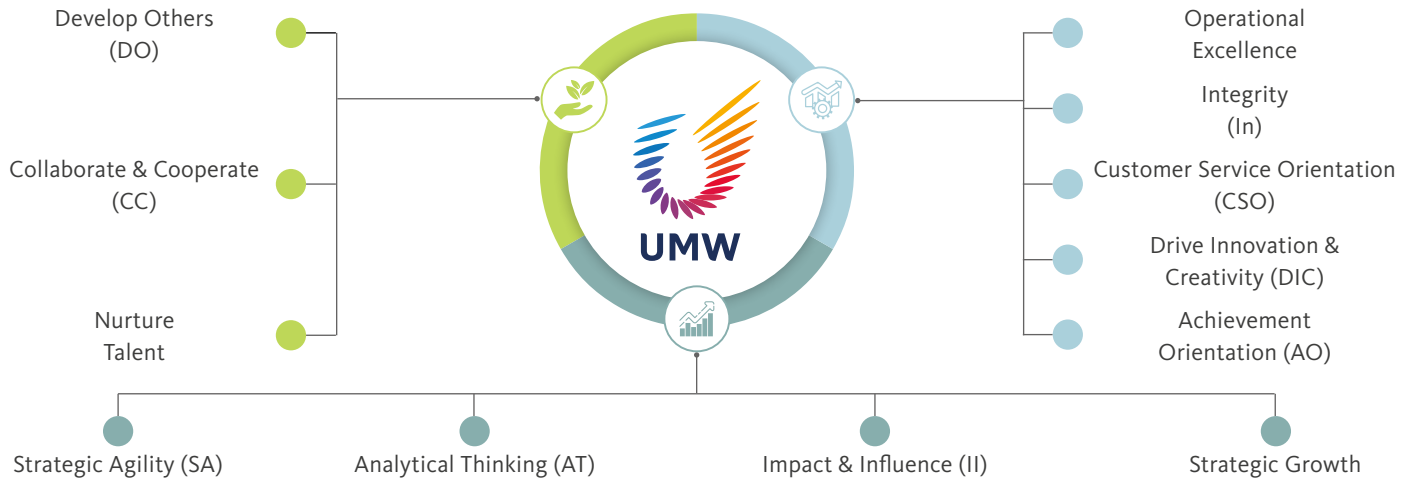
To adapt to the new normal, we went beyond offering traditional working conditions and introduced Flexible Work Arrangement (FWA) to help drive productivity and enhance talent retention and engagement. FWA allows employees to choose from the following three options:

- 1 **Flexi-Location:** To work from home or anywhere other than the office as long as they meet the policy's required working hours.
- 2 **Flexi-Hours:** To reduce their current working hours.
- 3 **Flexi-Time:** To determine their daily start and end work times, as long as they fulfil the working hours as mandated by the policy.

In addition, employees were also provided with car and transport allowances, depending on their job grades, while those who opted for Flexi-Location were provided with a one-time reimbursement to set up their home office.

**Nurturing Talent**

Our succession planning is guided by the UMW Leadership Competencies Model, which is now in its fourth year and has continued to provide a framework for succession planning and identifying and training potential leaders. This is essential for our long-term talent management strategy to ensure that we continue to have an engaged and motivated workforce and continued growth.



Graduate Recruitment remains at the forefront of our talent management agenda as we continue to build a pipeline of future leaders. We have various programmes to attract and recruit high-quality graduates who will contribute to the sustainability of UMW. The programmes are the UMW Management Trainee Programme, UMW Technical Academy - Apprenticeship Programme, UMW Scholarship Award and PROTÉGÉ.

**TRAINEE PROGRAMMES**

**UMW Management Trainee Programme**

High-potential graduates are given the opportunity to undertake a two-year Management Trainee programme that aims to provide in-depth experience and exposure to UMW's divisions. Through on-the-job rotations in respective divisions, mentoring and soft skills training in a 70:20:10 ratio, the graduates are stretched and primed to become future leaders within UMW. A total of five Management Trainees completed their on-the-job rotations in 2020.

**UMW Technical Academy – Apprenticeship Programme**

The six-month programme was rolled out in January 2020 for participants from Insitut Kemahiran MARA (IKM) to qualify for entry-level positions in the Heavy Equipment business. A total of 18 participants were accepted into the apprenticeship programme that consisted of classroom-based workshops and on-the-job training in a 30:70 ratio and 17 participants were hired as full-time employees at the end of the programme, which has helped to reduce the load capacity per mechanic.

**RECOGNISING TALENTS**

UMW recognises the value of its people and prioritises the development of in-house talents to fulfil our succession needs. We consistently look out for high-potential and talented employees with the intention of grooming them as leaders within the Group. Through our Talent Management Framework, identified talents undertake tailored training and development programmes including leadership, technical and future-skills programmes. In 2020, 69 successors for 52 critical positions were identified, which met our target ratio of 1:1.

Our Fast Track Programme is a three-year programme that is part of our strategy to enable our high-potential talents to accelerate their career progression. Talents are given the opportunity to participate in innovative projects, leadership training and stretch assignments as well as learn about other parts of the business through job rotations. It is envisioned that these experiences, along with mentoring and guidance from senior leadership, will give our talents the skills and knowledge required to accelerate their career growth with UMW.

**PROTÉGÉ**

Professional Training and Education For Growing Entrepreneurs (PROTÉGÉ), formerly known as the Skim Latihan 1 Malaysia (SLIM) Programme, is an initiative under the Ministry of Entrepreneur Development and Cooperatives (MeDAC).

The programme aims to provide graduates with job opportunities to develop their competencies with industry experts to significantly improve

their marketability among potential employers at the end of the six-month programme.

Now known as PROTÉGÉ, RTW (Ready to Work), the programme targets local and overseas graduates and prepares participants through professional training, including soft skills and on-the-job exposure with the host companies or divisions. In 2020, a total of 219 graduates took part in PROTÉGÉ.

# DYNAMIC WORKFORCE

## TRAINING AND DEVELOPMENT

In line with our Group Human Capital Strategic Roadmap to develop and maintain a highly skilled workforce, we have continued to invest heavily in the personal and professional development of our employees through various training programmes.

Our employees are encouraged to expand their functional and technical skills and knowledge through our UMW Training Centre, which provides a wide range of training modules including Kaizen and quality control, as well as other in-house management and leadership workshops. These modules aim to create an agile, future-ready workforce that is highly skilled and well-trained to enable us to deliver excellence in everything we do.

**UMW EMPLOYEES RECEIVED 50,122 HOURS OF TRAINING**

*On average, an employee spent 8.13 hours on training compared to 12.36 hours in 2019.*

## READY FOR THE NEW NORMAL



Our efforts in digitalising our training and development programmes prior to the pandemic prepared us well to navigate the effects of COVID-19. Our preparedness allowed a smooth transition to e-learning, remote learning and self-learning, which allowed us to quickly move into e-learning modules via the LMS and webinars. We collaborated with LinkedIn to provide content on the top five skills development courses in the areas of Personal Development, Leadership, Communication, Project Management and Business Strategy.

The LMS is an e-learning platform that includes regulatory and governance modules. In addition, leadership and functional competencies modules and webinars are made available to all staff across the Group. We also include functional training programmes with targeted job functions such as procurement, internal audit, health, safety, systems and environment. Our focus is to ensure that our training programmes are available for all employees regardless of where they are.

As all face-to-face training programmes had to be cancelled, we adopted a blended learning approach for non-technical and non-skill-based training programmes. Technical and skill-based training programmes were deferred due to the pandemic. In addition, 30-minute online motivational talks were held to reduce the effects of the pandemic on our employees. To enable online workshops, the UMW Training Centre partnered with various training providers and training partners to conduct training using multiple platforms such as Microsoft Teams and Webex, among others. The following programmes were rolled out:

1. 6 pilot sessions of Blended Learning Approach (for service advisors and parts assistants)\*
2. 30 sessions of Online New Model Product Training and 2 e-learning programmes for sales frontliners
3. 16 sessions of Online Product Knowledge Awareness Training for UMW Toyota management staff
4. 2 e-learning programmes for all employees in the Group
5. 16 Online Motivational Pocket Talks for UMW Group
6. Introduced LMS for all staff from all levels

\* Activities for dealership staff





## CORE COMPETENCIES PROGRAMME (CCP)

UMW has gone through many milestones that required the organisation to refresh our business strategy and develop new company direction, mission and vision. In alignment with these transformations, UMW recognises that people's mindsets and behaviours are pertinent, as people are drivers in achieving our aspirations.

The Core Competencies Programme aims to prepare leaders to be equipped with the agility to embrace the uncertainty and ambiguity of the business landscape today and be ready for bigger challenges.

The programme focuses on various levels of the workforce and the content is mapped against leadership competencies and UMW's Strategic Transformation Framework. We collaborated with the Melbourne Business School, which pioneered business education in Australia and is well-known for its leadership courses.

The programme was rolled out in November 2020 to targeted executive levels and will continue to be rolled out to other levels in 2021.

## SUPPORT FOR EDUCATION

### Education Assistance Scheme

UMW provides our employees with the opportunity to pursue higher learning and all employees are eligible to apply for full sponsorship of tertiary-level or professional certification courses. The Education Assistance Scheme allows employees to pursue various higher qualifications such as undergraduate, postgraduate and Masters degrees and professional certifications accredited by the Malaysian Qualifications Agency (MQA).

## DATA ANALYTICS UPSKILLING PROGRAMME

Data analytics upskilling is offered to employees who have the potential to adopt data analytics skills in their roles, contributing to and influencing business decisions. Employees are invited to go through a skills gap assessment and the results have shown that the organisation has potential data specialists such as data practitioners and junior and senior data analysts.

In 2020, we collaborated with the Center of Applied Data Science (CADS) to enable employees to undergo data analytics certification training ranging from foundational data analytics to junior/senior data analyst certification. This training will continue in 2021.

## DYNAMIC WORKFORCE



### EMPLOYEE ENGAGEMENT

Our first townhall of the year took place in February 2020 where we discussed the Group's strategic focus and goals as well as the results of the 2019 engagement survey and ways forward. Employees were given the opportunity to ask questions about the new Flexible Benefits Scheme, the challenges faced by the Group and the new plans for improving the way we work. During COVID-19 movement control orders, we held various dialogue and employee engagement sessions via digital platforms such as WebEx and Microsoft Teams to maintain an open communication channel between the management and employees.

The employee engagement activities conducted this year included educational talks via the Technology and Innovation Talk Series, weekly Lunch & Learn virtual events, contests and challenges via social media platforms and so on. Google Malaysia was also invited for one of our dialogue sessions to share its methods of innovative thinking and key principles in inculcating a creative mindset.

We also organised well being programmes such as motivational programmes and cultural understanding events to strengthen relationships among employees.

We continued to recognise our long-service employees who had been with UMW for over 10 years. In 2020, 500 employees received Long Service Awards for 10, 20, 30 and 40 years of dedication and loyalty to the Group.

### LABOUR MANAGEMENT RELATIONS

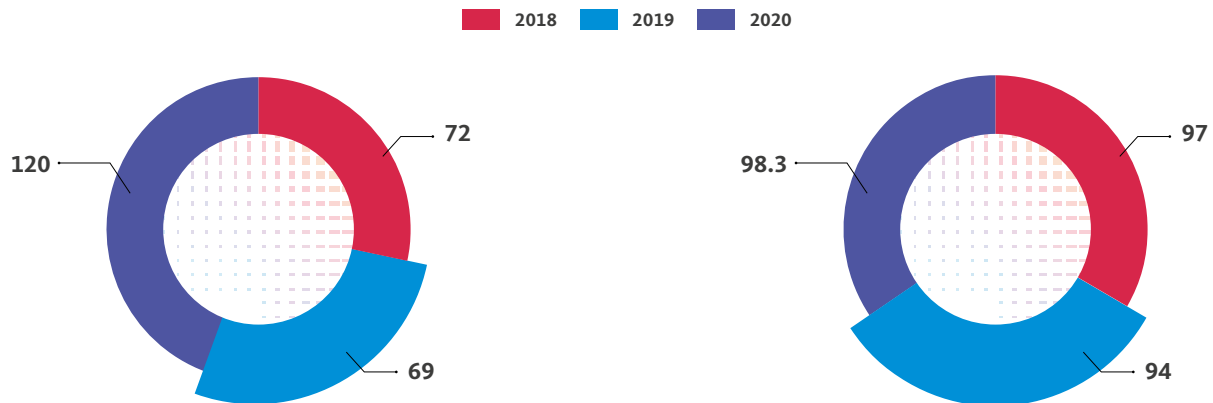
We believe in inculcating industrial harmony at the workplace. As such, we support freedom of association and our employees are free to participate in collective agreements and unions. As of December 2020, 62.63% of our employees were members of unions and were covered by collective bargaining agreements.

We also support employees' transitions to post-career development as they embark on new paths upon retirement or termination.

**DIVERSITY AND INCLUSIVITY**

At UMW, we value diversity. We know that when we embrace diversity and inclusivity, we are building a stronger and more successful Group. We are committed to creating a workplace that fosters a culture of inclusion, equality and respect irrespective of age, gender, race, disability, religious belief, ethnicity or national origin.

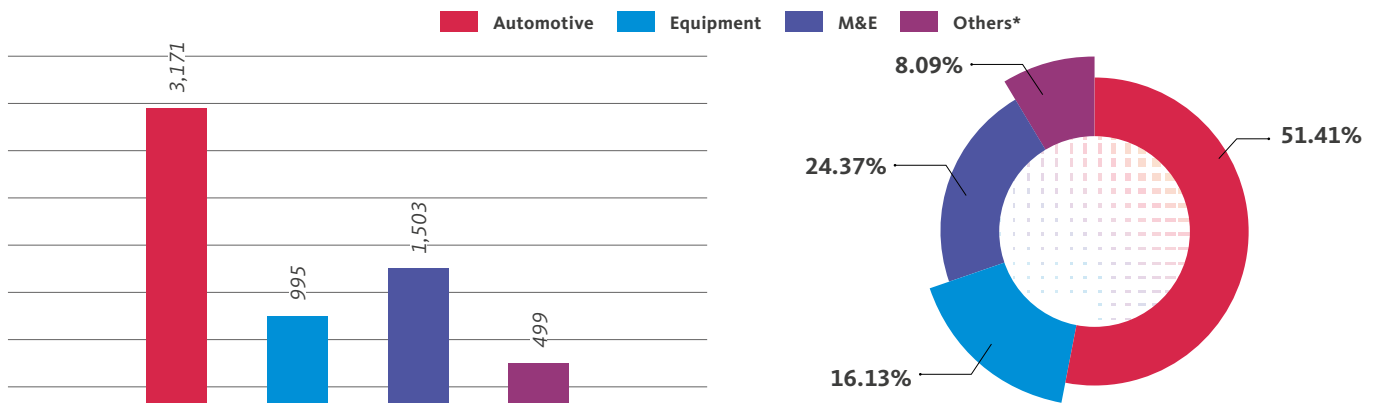
**Maternity leave**



Number of employees who took maternity leave

Percentage of employees who returned to work after maternity leave (%)

**Workforce by division**



Total number of employees by division

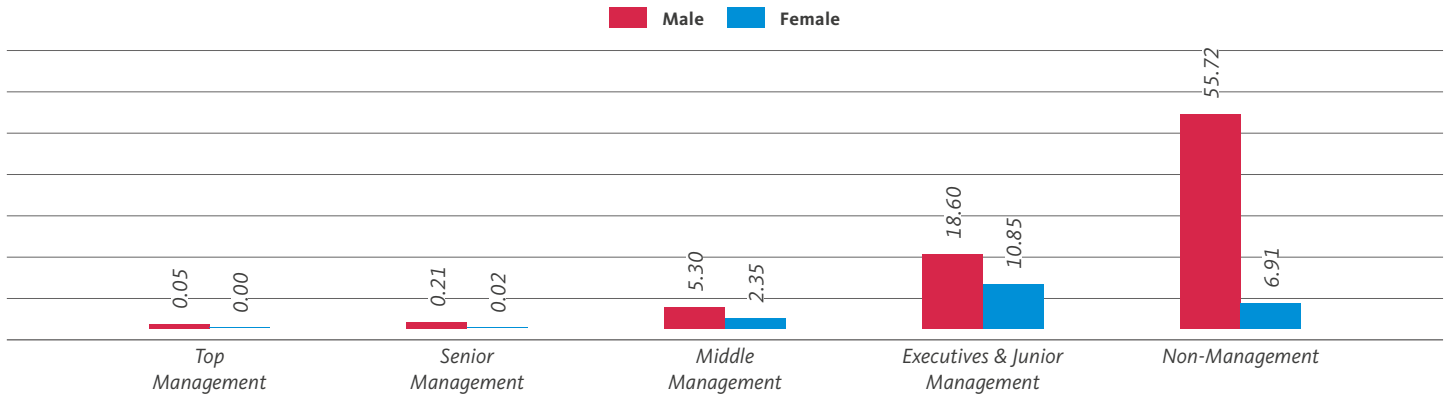
Percentage breakdown of employees by division (%)

\* Others represents our employees at our headquarters, namely UMW Corporation Sdn Bhd, and other non-core businesses

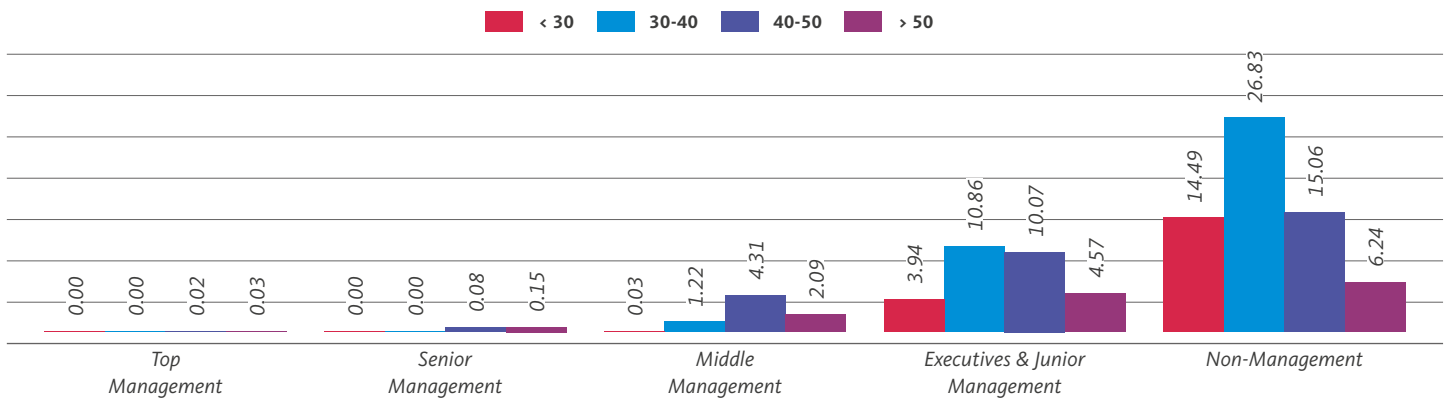
# DYNAMIC WORKFORCE

## Diversity data

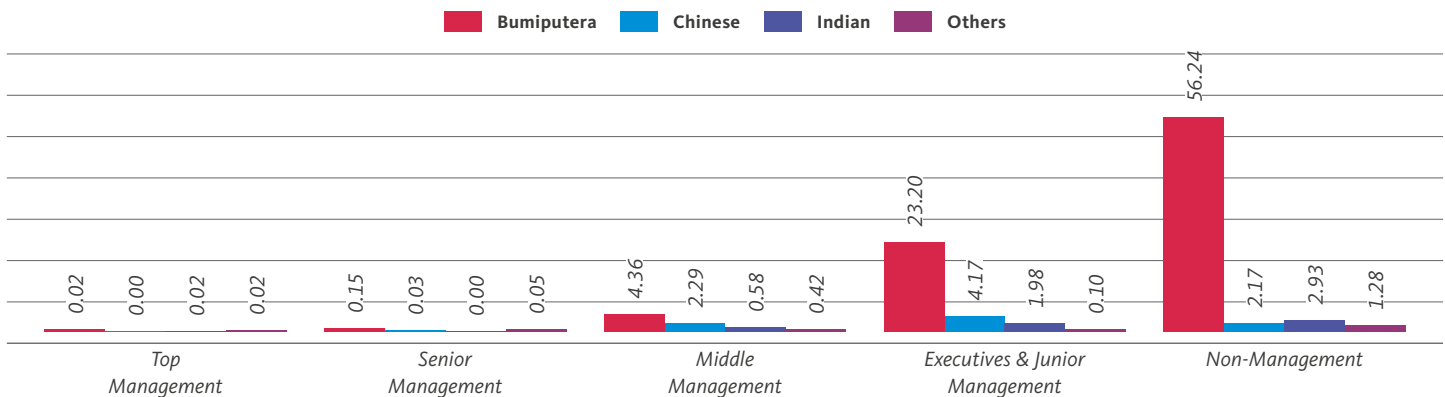
Percentage breakdown of employees by Gender (%)



Percentage breakdown of employees by Age Group (%)

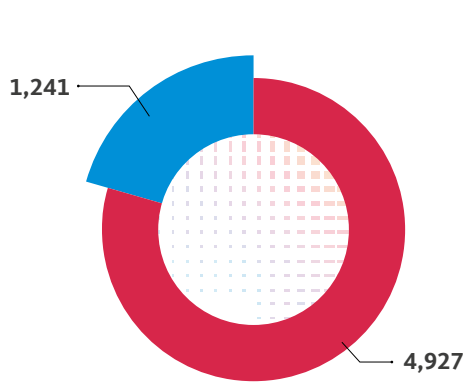


Percentage breakdown of employees by Ethnicity (%)

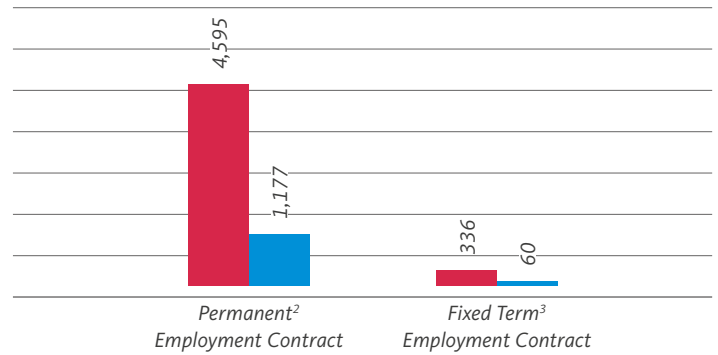




Employees by employment contract and type



Male Female



Number of Employees on Full-Time<sup>1</sup> Employment Contract

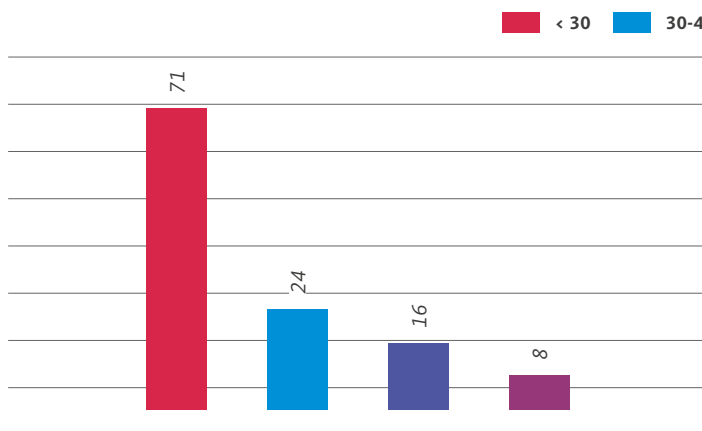
Number of Employees on Permanent<sup>2</sup> and Fixed Term<sup>3</sup> Employment Contract

Notes:

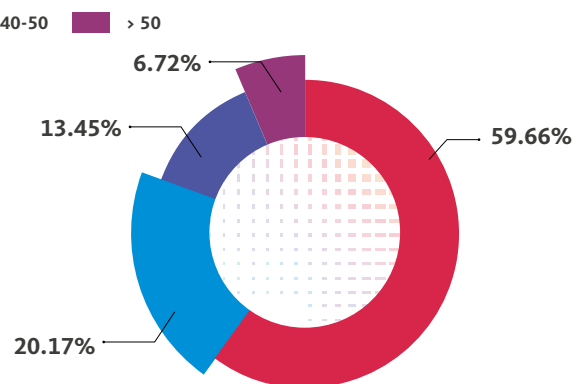
- 1 As at 31 December 2020, all UMW employees are full-time employees.
- 2 A permanent employment contract refers to a full-time employee with an employment contract that has an unspecified period of time.
- 3 A fixed-term employment contract, also known as a temporary contract, refers to a full-time employee with an employment contract that has a specific time period of expiration. It also expires when a specific task or job is completed.

New hires and turnover

New hires



Number of New Hires by Age Group

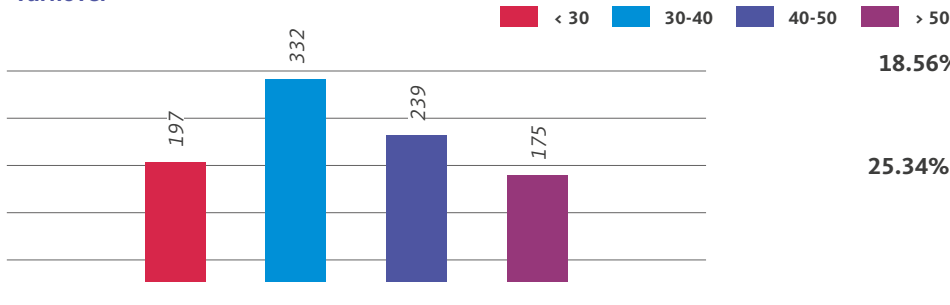


Percentage breakdown of New Hires by Age Group (%)

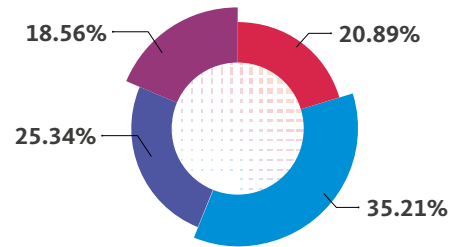
# DYNAMIC WORKFORCE

## New hires and turnover

### Turnover

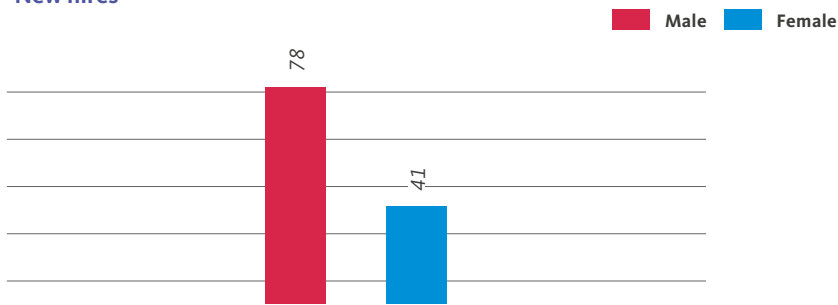


Number of Turnover by Age Group

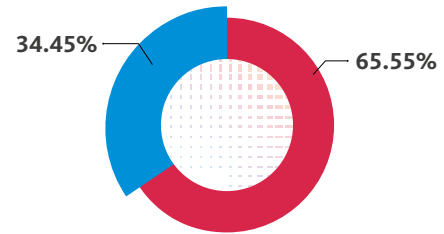


Percentage breakdown of Turnover by Age Group (%)

### New hires

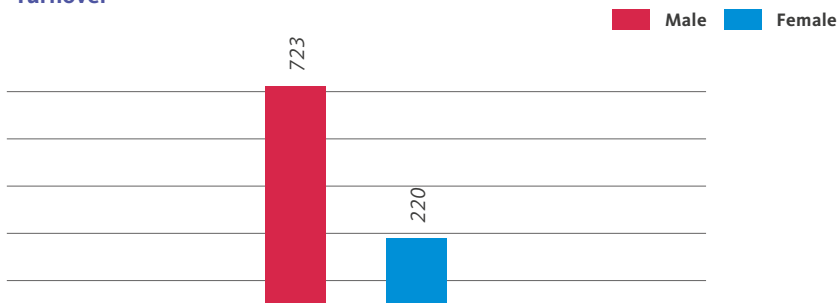


Number of New Hires by Gender

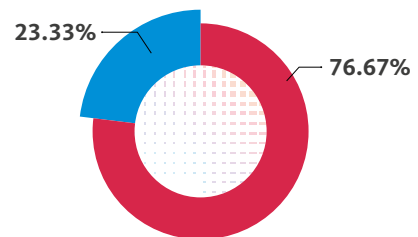


Percentage breakdown of New Hires by Gender (%)

### Turnover

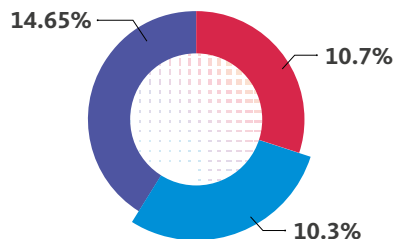


Number of Turnover by Gender



Percentage breakdown of Turnover by Gender (%)

### Turnover rate (%)



Turnover rate (%)

# ENVIRONMENTAL STEWARDSHIP

## 03 ENVIRONMENTAL STEWARDSHIP



### PERFORMANCE SUMMARY IN 2020

**2.11%**  
of energy  
GENERATED FROM  
RENEWABLE SOURCES

**60.70%**  
ASSB  
recycled  
water  
usage  
REDUCED FROM 2019

**7,594.78 GJ**  
of Energy  
GENERATED FROM SOLAR  
PANEL AT ASSB BUKIT RAJA

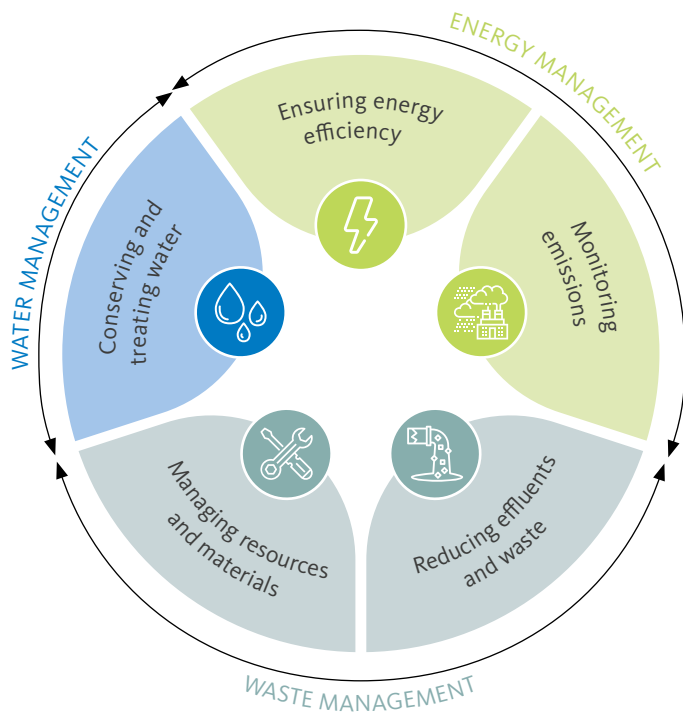
**23,755**  
trees  
planted  
SINCE THE INCEPTION OF THE  
TREE-PLANTING INITIATIVE

“Industrial operations are responsible for intensive energy and water consumption as well as waste generation. At UMW, environmental stewardship encompasses the areas where we consume the most resources, namely energy, waste and water management. We strive towards minimising pollution and establishing a future that is in harmony with nature.”

# ENVIRONMENTAL STEWARDSHIP

As one of the leading industrial manufacturers in the country, efficient environmental management is an extremely important aspect of our businesses. Effective management of water, waste and energy consumption will ensure smooth daily operations, leading to long-term sustainable business growth. This also demonstrates our environmental consciousness and good corporate responsibility with regard to the communities in which we operate. Any non-compliance will easily expose the Group to legal and reputational risks.

UMW's environmental stewardship is anchored on five initiatives in the three key areas of energy management, waste management and water management:



The Group's environmental stewardship is guided by UMW's Group HSE Policy which includes adherence to environmental management systems such as ISO 14001:2015. The policy is available on UMW's corporate website.

In 2020, 10 of our operational sites achieved the ISO 14001:2015 certification. ISO 14001:2015 is an environmental management system in line with the European Union Eco-Management and Audit Scheme (EMAS).

## No. of Entities Accredited with ISO 14001:2015:



### AUTOMOTIVE

7

Headquarters of UMW Toyota Motor Sdn Bhd	Automotive Industries Sdn Bhd (AISB)	Toyota Boshoku UMW (TBU) Sdn Bhd	UMW Toyota and UMW Toyota's branches
	Assembly Services Sdn Bhd (ASSB)	UMW Toyota Motor Sdn Bhd (SPLD)	UMW Toyota Integrated Quality Hub (IQH)



### MANUFACTURING & ENGINEERING

3

KYB-UMW Malaysia Sdn Bhd	Lubetech Sdn Bhd	UMW Advantech Sdn Bhd
--------------------------	------------------	-----------------------

**zero** *In 2020, we had zero non-compliance incidents in the area of the environment and we aim to maintain this record by complying with all applicable regulatory requirements.*



## Championing Environmental Stewardship

As part of our efforts in championing environmental stewardship, UMW Toyota has established short- and long-term goals to contribute to a cleaner and sustainable environment. Our short-term action plan is governed by the Toyota Environmental Action Plan (TEAP) while the long-term goal is based on the Toyota Environmental Challenge (TEC) 2050. Achieving the targets in TEAP will pave the way for us to realise the TEC by 2050.

### Toyota Environmental Challenge 2050

The TEC 2050 is UMW Toyota's long-term environmental target, which aims to achieve zero emissions and a net positive environmental impact by overcoming six challenges by 2050. The challenges, which are set out by our Principal, aim to make it possible for mobility to coexist in harmony with nature in the future. The challenges are:

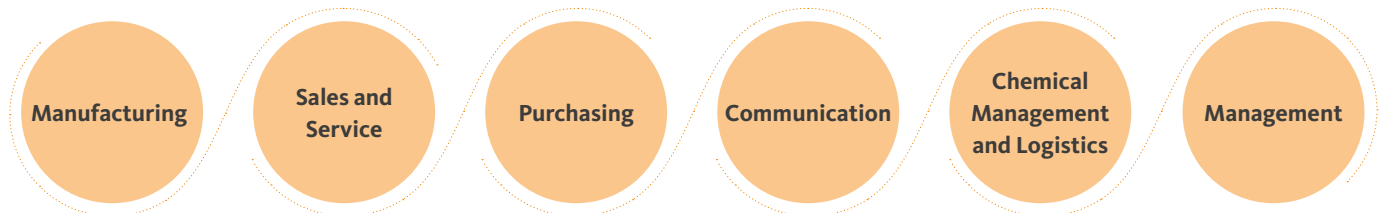
- |   |  |
|---|--|
| <p><b>1</b> Challenge #1: New Vehicle Zero CO<sub>2</sub> Emissions Challenge</p>               | To reduce global average CO <sub>2</sub> emissions from new vehicles by 90% with 2010 as base year   |
| <p><b>2</b> Challenge #2: Plant Zero CO<sub>2</sub> Emissions Challenge</p>                     | To achieve zero CO <sub>2</sub> emissions at global plants   |
| <p><b>3</b> Challenge #3: Life Cycle Zero CO<sub>2</sub> Emissions Challenge</p>                | To completely eliminate all CO <sub>2</sub> emissions throughout the entire vehicle life cycle   |
| <p><b>4</b> Challenge #4: Challenge of Minimising and Optimising Water Usage</p>                | To minimise water usage and implement water discharge management based on individual local conditions  |
| <p><b>5</b> Challenge #5: Challenge of Establishing a Recycling-based Society and Systems</p>   | To promote global development of end-of-life vehicle treatment and recycling technologies and systems  |
| <p><b>6</b> Challenge #6: Challenge of Establishing a Future Society in Harmony with Nature</p> | To connect nature conservation activities beyond the Toyota Group and its business partners among communities, with the world, to the future |

To learn more about the Toyota Environmental Challenge, please visit <https://global.toyota/en/sustainability/esg/challenge2050/>



### Toyota Environmental Action Plan (TEAP)

- The TEAP is a five-year plan that targets environmental preservation across six environment areas of UMW Toyota's business:



- It is part of UMW Toyota's journey to realising the TEC 2050
- TEAP renewed every five years
- Set to be renewed in 2021

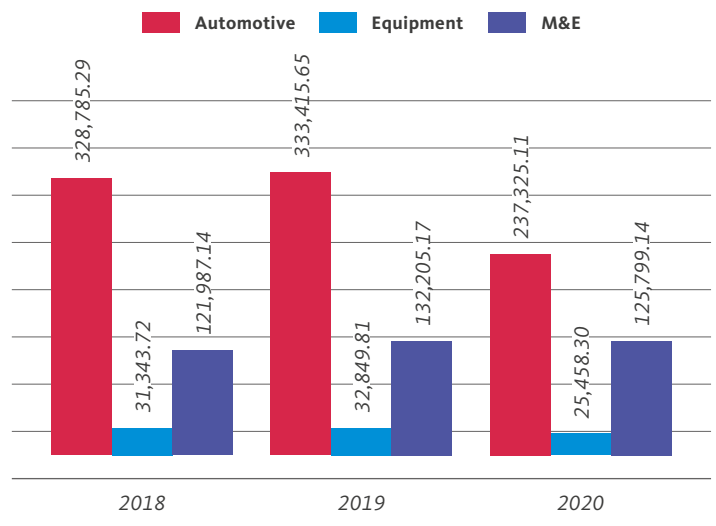
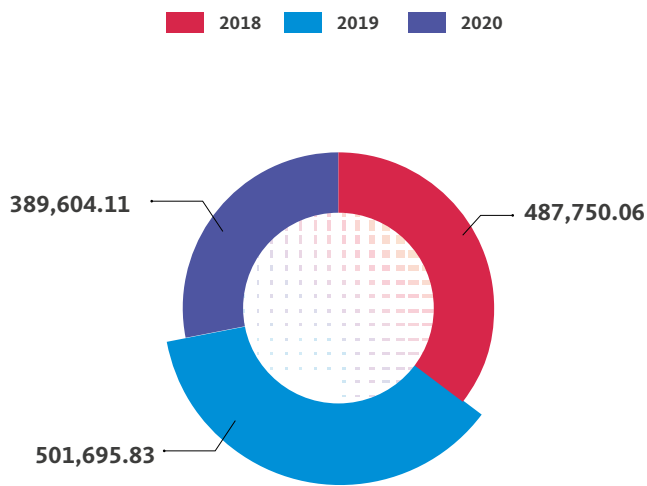
# ENVIRONMENTAL STEWARDSHIP

## ENERGY, WASTE AND WATER MANAGEMENT

### Energy Management

UMW’s energy-intensive production processes consume the most energy within the business, followed by our servicing operations. Our main energy source for our production plants comes from purchased electricity usage followed by natural gas and solar energy. In 2020, the Group’s energy consumption decreased by approximately 22.34% from 2019. This was largely due to the reduced operational hours and work-from-home requirements during the pandemic and MCO.

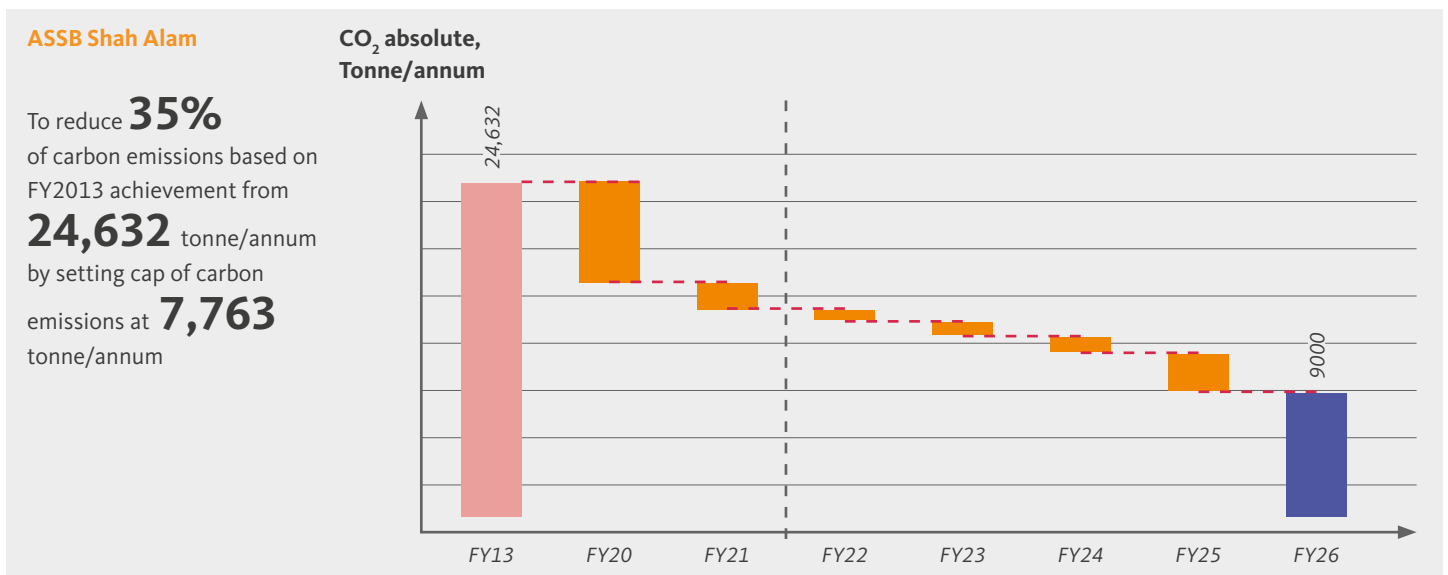
Our energy-saving initiatives also contributed to the reduction of energy consumption across the Group. In 2020, we continued with preventive maintenance and retrofit initiatives consisting of LED light replacement, monitoring and controlling of air conditioning, air conditioner decentralisation and air leakage inspection. Employees were also constantly encouraged to adopt energy-saving practices.



Group Energy Usage (GJ)

Energy Usage (GJ) by Division

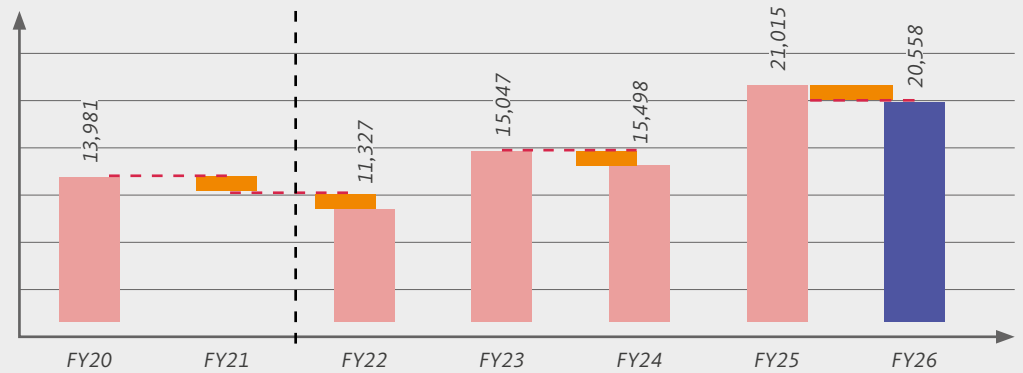
In our Automotive business unit, ASSB targets to reduce its energy consumption by 37% by 2026, as shown in the graphs below:



**ASSB Bukit Raja**

To reduce **2%** of carbon emissions tonne/annum

**CO<sub>2</sub> absolute, Tonne/annum**



The Equipment division, which comprises mostly office and trading facilities, endeavoured to minimise energy consumption during office hours by reducing electricity usage and installing LED lighting, among others.

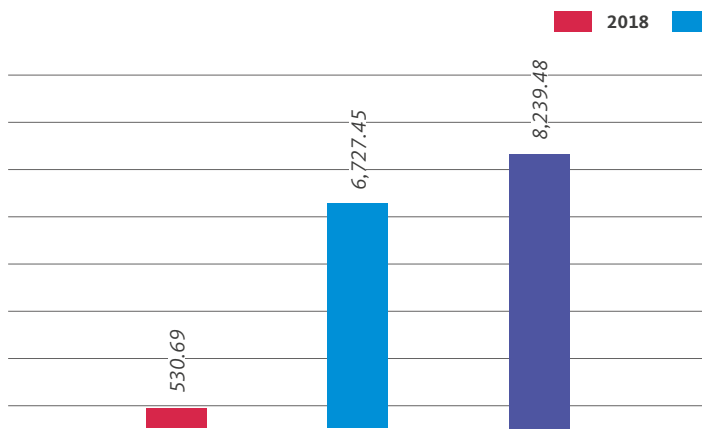
In the M&E division, the Aerospace business unit saved close to 12% of energy consumption due to slower production growth in 2020, while its Malaysian auto component company, UMW Advantech Sdn Bhd (UASB), reduced its energy usage by 3%. Going forward, the Aerospace segment targets to reduce its energy usage by 10%, based on 2019’s average energy consumption. KYB-UMW Malaysia also plans to install a system to reduce its carbon footprint.

**Renewable Energy**

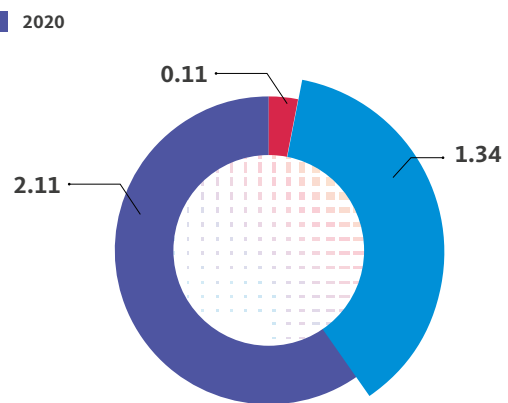
UMW aspires to contribute to the climate change targets as outlined in the Paris Agreement as we seek to support the transition to a low-carbon economy through increased renewable energy consumption and improved energy efficiency. To this end, we have two large-scale solar panels at our subsidiaries, which produce cleaner energy and lower the Group’s carbon footprint.

ASSB Bukit Raja’s solar panel utilises the latest high-efficiency inverter technology and photovoltaic module system which requires minimal maintenance and emits less pollution.

**UMW’s solar energy usage in 2020**



Amount produced (GJ)



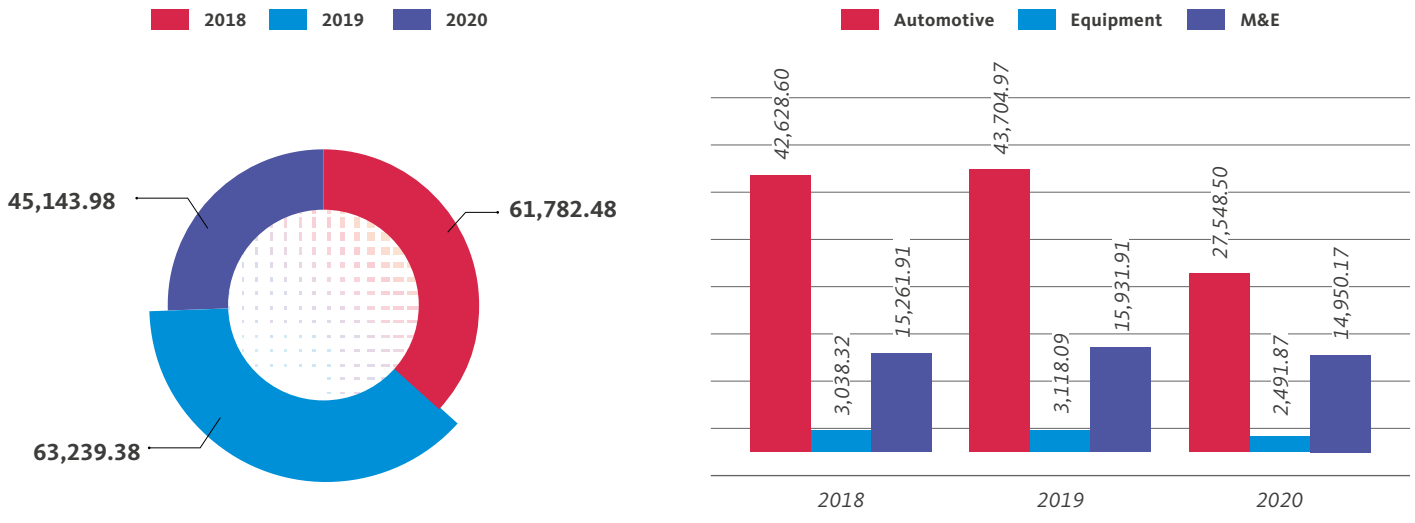
Amount contributed to the Group's total energy consumption (%)

# ENVIRONMENTAL STEWARDSHIP

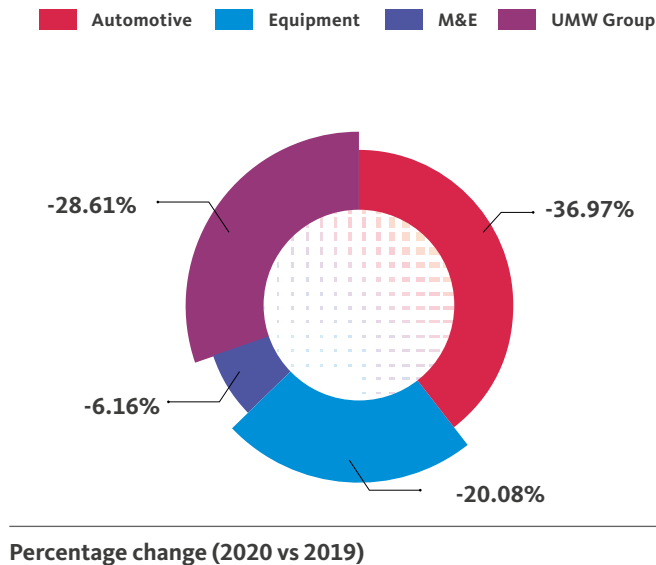
## GHG Emissions Disclosure

As global temperatures increase, our world is experiencing severe climate change impacts that cause natural disasters such as storms, floods and fires. Immediate actions need to be taken by all parties that can play a role in effecting change, and they include industrial manufacturers. At UMW, we are committed to continuing to reduce our carbon emissions by conserving energy and promoting the use of clean and renewable energy. Our short-term target is to maintain or lower our greenhouse gas (GHG) emissions year-on-year.

As our daily operations rely on delivery and transportation needs, we strive to ensure energy-efficient consumption by monitoring our vehicle travel times and distance and selecting shorter delivery routes to lower our carbon emissions. Our servicing vans and delivery fleets utilise diesel to reach their clients' operations in the construction, logging and mining industries. In 2020, all our business divisions recorded lower GHG emissions overall due to lower business activities amidst the pandemic and the lockdown regulations.



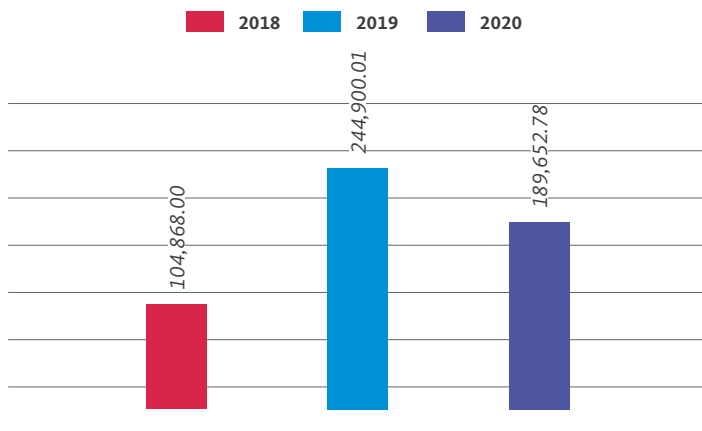
## Greenhouse Gas Emissions (tCO<sub>2</sub>e)



**WASTE MANAGEMENT**

**Effluents**

Efficient waste and effluents management is critical for the Group to ensure smooth daily operations and to mitigate legal and reputational risks. UMW strictly complies with all the necessary regulatory requirements including the Environmental Quality (Industrial Effluent) Regulations 2009.



**Effluents by Volume (m³)**

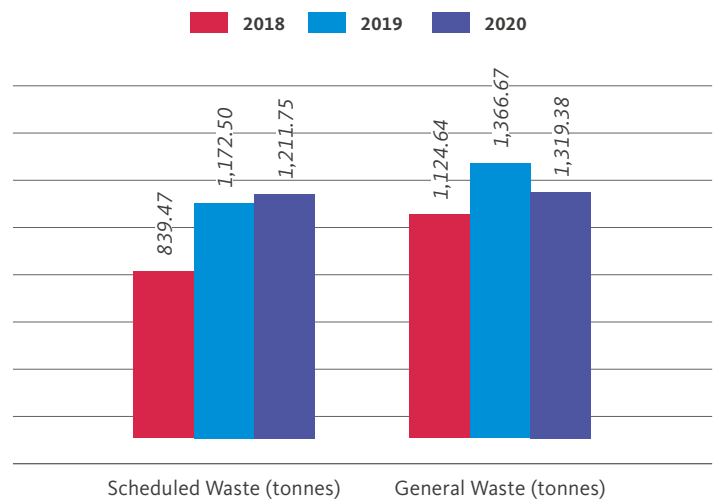
Note: The effluents data exclude Equipment as the division is not required by law to have a wastewater treatment plant due to the nature of its business

In 2020, the Group recorded 189,652.78m³ of effluents, a reduction of 22.56% from 2019 largely due to a reduction in manufacturing activities.

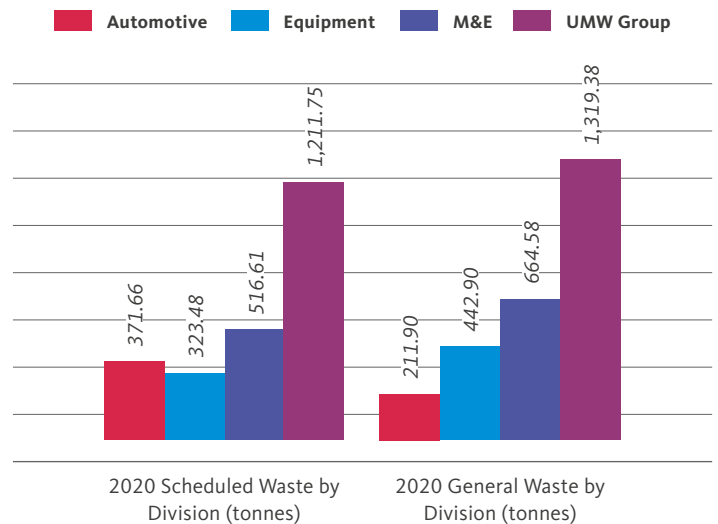
Our ASSB Bukit Raja plant recycles effluent water using its water treatment plant and treats large volumes of effluents according to regulatory standards. UMW Toyota’s wastewater reduction is aligned with the Group’s sustainable strategy to find solutions to minimise wastewater generation. KYB-UMW Malaysia from the M&E division relies on its Industrial Effluent Treatment System Plant before discharging any industrial effluents into the external drain, according to Department of Environment requirements.

**Waste**

UMW aims to reduce the amount of waste to landfills by increasing our recycling efforts across all our outlets. We adopt lean manufacturing principles, the Japanese method of minimising waste without compromising on the quality of our products. One of the principles which we have adopted to minimise waste is Kaizen. Our partnership with Toyota has enabled us to replicate their eco-friendly productivity tools to reduce waste generated throughout the production process.



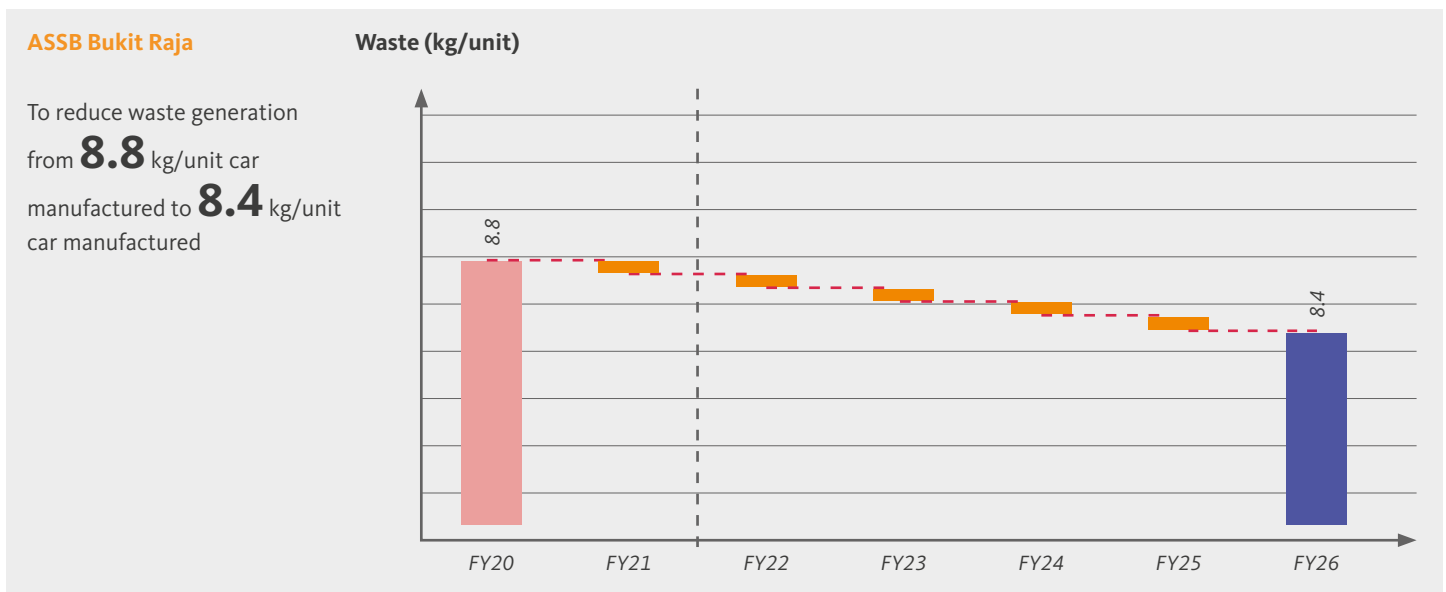
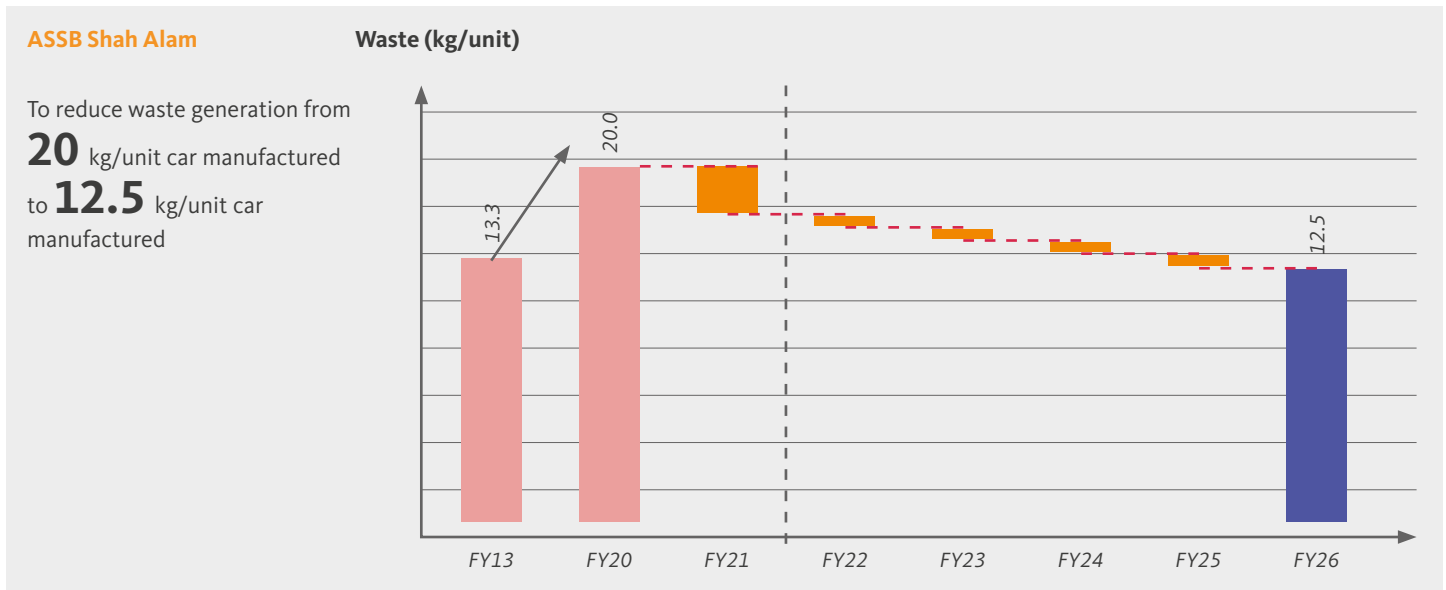
Note: Scheduled waste refers to potentially hazardous waste as per the Environmental Quality Act 1974; general waste refers to waste not easily recyclable





## ENVIRONMENTAL STEWARDSHIP

In the Automotive division, ASSB focuses on reducing waste sludge, casting waste sand and coolant waste to improve its waste reduction at site. ASSB's waste reduction targets are as follows:



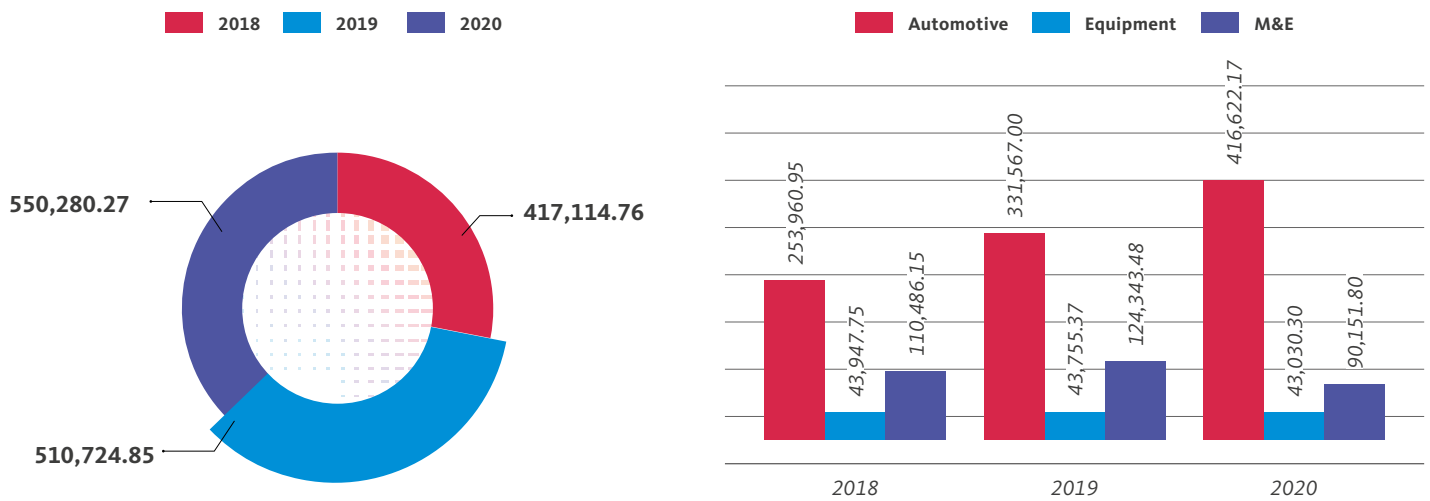
The Equipment division endeavours to manage and reduce waste by advising its customers to dispose of scheduled waste generated after servicing work at their premises. In 2020, PPE such as face masks and gloves added to our business divisions' waste generation. The division also ensured all general waste including disposable PPE such as face masks, gloves and disposable cloth were disposed of as general waste at the designated area. The division aims to improve on its 3R concepts – Reduce, Reuse and Recycle – by segregating glass, cardboard, paper, plastic and metal.

Meanwhile, in the M&E division, UASB's scheduled waste reduced by 30% in 2020 compared to 2019. Overall, there was less waste generated during the COVID-19 pandemic due to slower production.

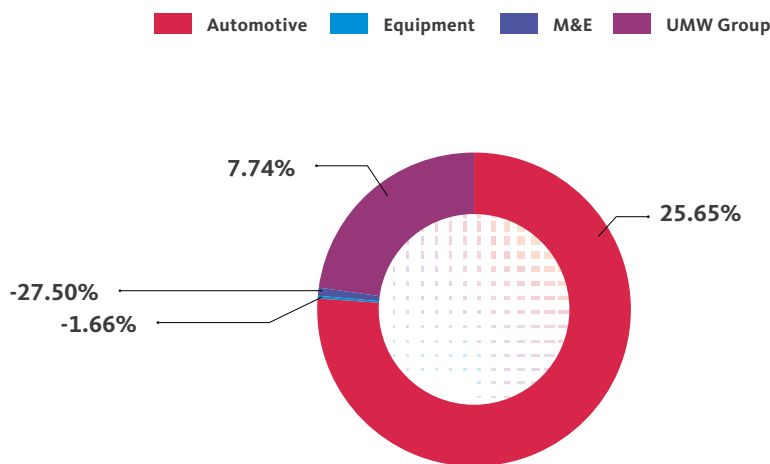
**WATER MANAGEMENT**

Water is an essential natural resource for manufacturing industries. UMW is committed to ensuring efficient water management by monitoring the Group’s water usage, promoting water resilience and implementing robust water conservation initiatives. Most of our business divisions withdraw water from their local water municipality. In addition, we practise rainwater harvesting to conserve water usage as well as recyclability for general cleaning purposes in certain parts of our operations.

In 2020, the SYABAS restatement for one of our Automotive business units resulted in higher water billing, compared to the year before. The Group endeavours to further engage with the water authority to ensure minimal restatement in the future.



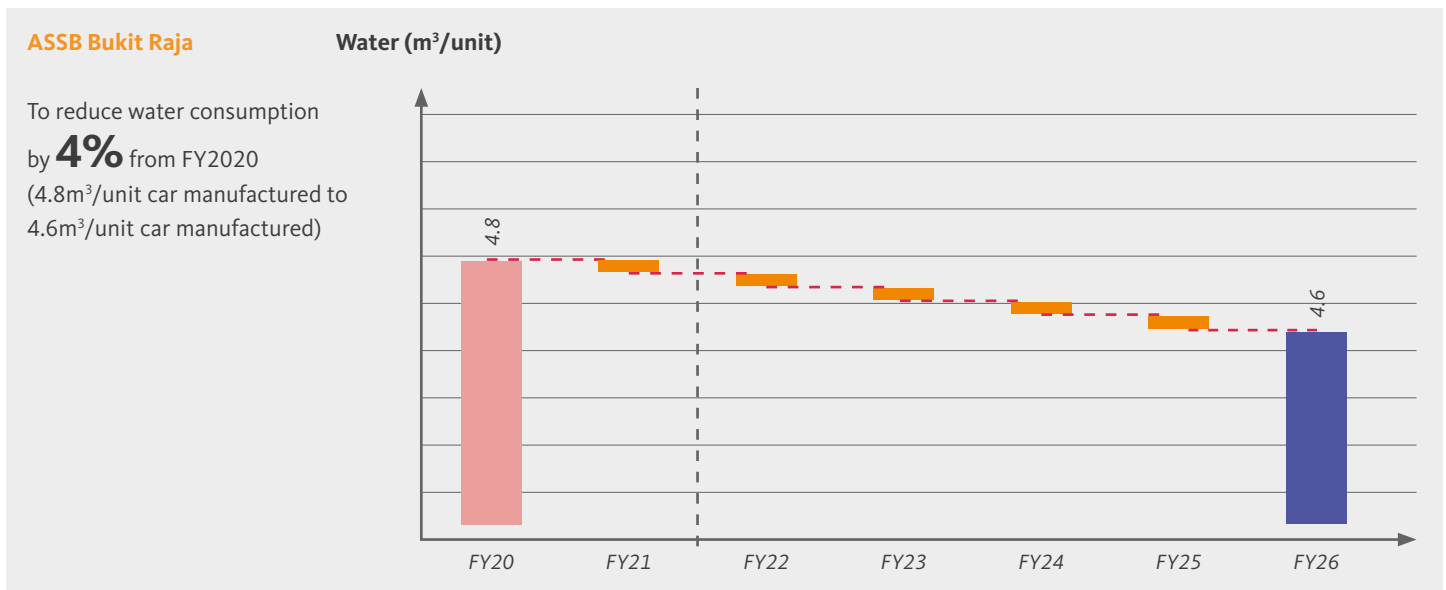
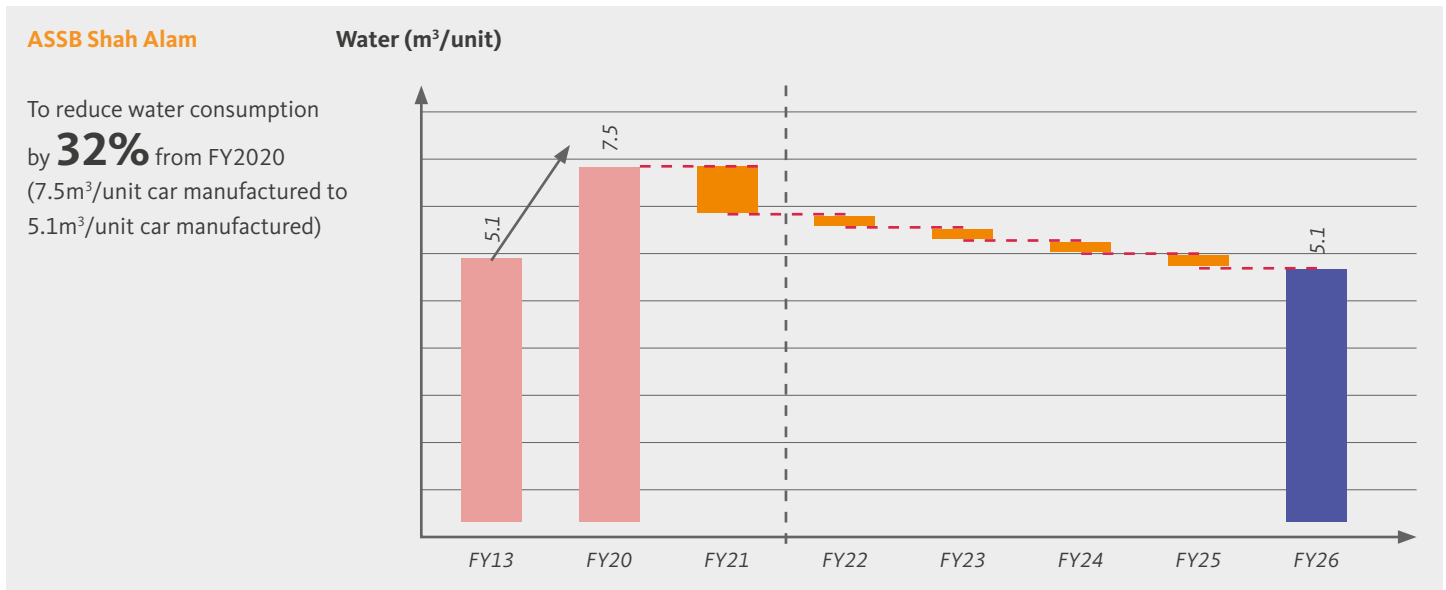
**UMW’s water consumption (m³) in 2020**



Percentage change (2020 vs 2019)

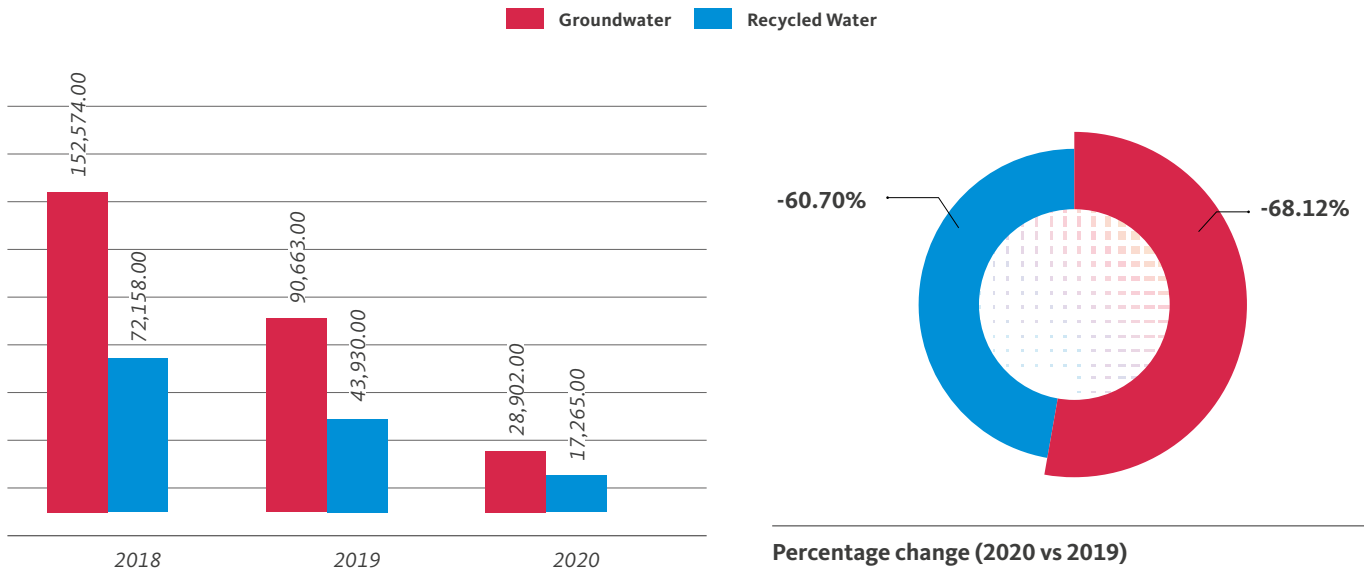
# ENVIRONMENTAL STEWARDSHIP

In the Automotive division, ASSB targets to reduce water consumption by 36% from FY2020.



### Water usage from other sources at ASSB Shah Alam

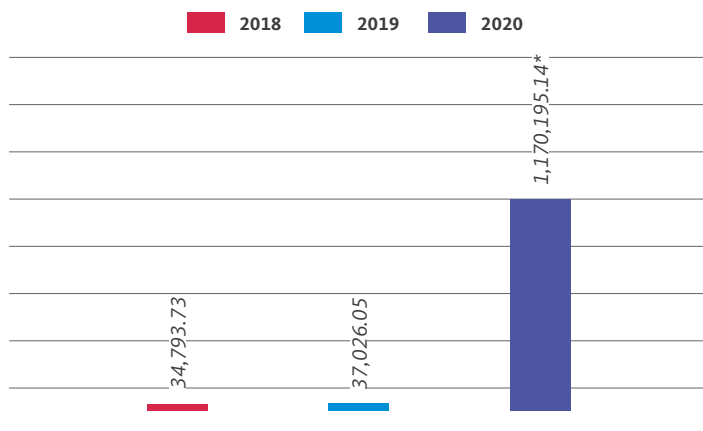
ASSB Shah Alam withdraws water from underground and recycled sources through its water treatment plant. In 2020, 17,265m<sup>3</sup> of recycled water was collected.



Meanwhile, in the Equipment division, conventional aerators were replaced with water-saving aerators in common areas, lowering the flowrate by 15%. The division also installed sand-filled bottles in flush tanks to reduce the volume of water flushed.

### Managing Resources and Material

Managing resources and material is crucial to the sustainability of manufacturing industries. Given the nature of our business as material-intensive, our material usage is expected to be consistent year-on-year. We are committed to investing in R&D for innovations that will lead to efficient resource consumption.



### Group Material Usage (tonnes)

- The Group's material usage increased in 2020 largely due to the reclassification of materials to include materials for production as well as packaging



## ENVIRONMENTAL STEWARDSHIP

At UMW Toyota, we conduct due diligence to assess our suppliers and ensure that they meet the minimum standards of environmental impact. Our assessment guideline is as per the Toyota Green Purchasing Guideline (TGPG) as stipulated by our partners, Toyota Motor Corporation.

### UMW Toyota – Toyota Green Purchasing Guideline

UMW Toyota’s environmental policy is based on our principal partner’s standard, the Toyota Green Purchasing Guideline (TGPG). In accordance with the policy, we have been carrying out supplier assessment programmes to manage and minimise the environmental impact of our sourcing activities.

As an affiliate of Toyota Motor Corporation, UMW Toyota is mandated to carry out emissions reduction programmes under the Toyota Earth Charter, which balances environment, safety and health. The policy outlines UMW Toyota’s commitment to the following:

Protect the health and safety of our fellow employees, contractors and individuals involved in our operations by preventing work-related and commuting incidents through adequate risk controls, so far as is practicable.

Minimise environmental impacts of our operations by continually seeking practical ways of reducing discharges to the air, water and land by using energy and water efficiently.

Comply with all applicable laws and regulations as well as other requirements and continually improve the environment, health and safety at our workplace through management commitment, employee empowerment and process control.

Contribute to the community through environmental social responsibility programmes.

Provide facilities, equipment, information, training and supervision for all employees to enable them to work in a safe, healthy and environmentally responsible manner.

Seek the cooperation and participation of all managers, supervisors, contractors and employees in realising this policy. The TGPG requires suppliers and vendors of UMW Toyota to meet the following environmental criteria:

- Create and implement environmental management systems and continuously improve conservation activities (e.g. ISO 14001:2015 certification).
- Work towards reducing greenhouse gas emissions through the entire product life cycle.
- Reduce impact on water supply and quality.
- Minimise resource use and promote recycling of products in manufacturing plants and logistics.
- Comply with all applicable laws in the management of chemical substances.
- Ensure that products and activities contribute to biodiversity and promote the concept of harmony with nature.



## ADVOCATING ENVIRONMENTAL CONSERVATION

### #EarthDayChallenge



To encourage our employees to adopt and practise environmental conservation efforts, we organised an #EarthDayChallenge contest through our Instagram account, WOWrriors. The contest, which was held in conjunction with Earth Day on 22 April, called for employees to post pictures or videos of themselves carrying out an eco-friendly activity. WOWrriors also serves as an avenue to promote green initiatives among employees and to encourage them to protect the natural environment, human civilisation and ecological health while pursuing innovation.

### Tree Planting



In January, UMW Community Champions joined hands with Majlis Daerah Hulu Selangor (MDHS) to build a greener neighbourhood in Bukit Sentosa, Rawang, by planting 300 trees in selected areas of Taman Awam Seroja. The park is touted as Selangor's first Smart Public Park, which uses smart energy and water efficiency, while the building in the communal area was built with eco-friendly material. UMW Group has planted a total of 23,755 trees through its tree-planting initiatives over a period of 10 years.

### Toyota Eco Youth



UMW Toyota Motor launched its 20th edition of Toyota Eco Youth (TEY) in a joint effort with the Ministry of Education in November 2020, marking two decades of advocating the importance of preserving the environment while empowering the youth with Toyota's own problem-solving skills and knowledge. Themed 'Reimagining Mobility', the participants were expected to innovate safe and eco-friendly mobility solutions for the country. Teams from across the country were selected to be trained in project management skills that incorporated Toyota's Problem Solving Methodology and build a prototype solution based on their local community. UMW Toyota Motor has invested more than RM7 million on the programme since its inception and hopes that the students can become ambassadors to advocate environmental sustainability and overcome mobility limitations.

### Funding Mangrove Conservation with Toyota Classics



UMW Toyota Motor donated RM158,888 to the Sabah Wetlands Conservation Society (SWCS) via funds raised from its series of musical concerts, Toyota Classics. The contribution was to support SWCS's 18-month Mangrove Conservation Experience Project at the Kota Kinabalu Wetlands and Selaman Lake Forest Reserve in Tuaran. The donation will help to fund preparation of the planting site, tree planting and monitoring and assessment of mangrove seedlings, an effort to prevent erosion along the coastal areas and maintain water quality by filtering pollutants and trapping sediments.

# NURTURING THE COMMUNITY AND SOCIETY

## 04 NURTURING THE COMMUNITY AND SOCIETY



### PERFORMANCE SUMMARY IN 2020

**2,372.5**  
volunteer  
hours  
IN 2020

MADE  
**13,830**  
PIECES OF  
**face shields**  
FOR FRONTLINERS

PROVIDED  
**28,000**  
PIECES OF  
**reusable  
face masks**  
TO THE UNDERPRIVILEGED  
COMMUNITY

**RM767,495**  
IN SCHOLARSHIP VALUE  
BENEFITTED 69 RECIPIENTS

“As a regional corporation with an extensive network of employees and contractors, we recognise our responsibility for creating a positive impact on the well being of local communities above and beyond our core businesses. Our determination to nurture the community and society is demonstrated through various community development initiatives encompassing health, education and financial assistance.”

UMW is committed to engaging with the local communities in which we operate as we seek to ensure that our economic and social activities will generate long-term positive impact. We reach out to the underprivileged and the marginalised to enrich their lives through robust initiatives. Our corporate social responsibilities (CSR) are anchored on three pillars, namely Community Development, Education and Environment.

While our CSR programmes were impacted by the COVID-19 pandemic in 2020, we took the opportunity to reach out to our selfless frontliners and the communities that were financially impacted by the health crisis. The Group also contributed RM1 million to Yayasan Hasanah as part of its efforts in mitigating the effects of COVID-19.

### Employee Volunteerism

UMW encourages employee volunteerism to promote better understanding with the local communities in which we operate. Known as UMW Community Champions, our volunteering employees take part in the CSR activities that are driven by Group Corporate Communications. In 2020, we clocked **2,372.5\*** selfless hours to uplift the communities in need. We also reached out to healthcare frontliners who were working tirelessly throughout the pandemic. Our Community Champions have recorded **70,877.5** volunteer hours since the volunteering platform began in 2009.

Note:

\* Accumulated volunteer hours comprise total volunteer hours spent on active engagements and activities leading to the events such as administration and organisation



### RESPONDING TO THE COVID-19 IMPACT ON THE COMMUNITY

As the pandemic hit the shores of Malaysia in March 2020, UMW responded swiftly to mitigate the impact of the health crisis on the community. By going above and beyond to ease the burdens of the community, the Group contributed approximately RM1.5 million in cash and in kind. This included RM1 million in cash to the GLC Disaster Response Network (GDRN), provision of food and cash to the communities in need and PPE for the frontliners.

In April 2020, our UMW Community Champions produced 13,830 face shields internally over five days to be contributed to frontliners who risked their lives every day to be with COVID-19 patients. The face shields were later distributed to hospitals and the Ministry of Health.

To reduce the negative impact of the health crisis on local communities, we provided 28,000 pieces of reusable face masks to the underprivileged community through a joint effort with Jabatan Kebajikan Masyarakat and Pusat Zakat.

As a GLC, we are obliged to contribute to nation building. Thus, we subscribed RM1.5 million to the Sukuk Prihatin initiative to contribute to the National Economic Recovery Plan (PENJANA). The Sukuk was launched in August 2020 in response to the public's request to participate in and contribute to nation building post-COVID-19. Proceeds from the Sukuk are channelled to Kumpulan Wang COVID-19 to contribute to the government's economic stimulus packages meant to mitigate the impact of the pandemic. UMW's principal amount will be waived upon maturity of the Sukuk to contribute to any government trust accounts approved by the government.



## NURTURING THE COMMUNITY AND SOCIETY COMMUNITY INVESTMENT

### ► Smile on Malaysia

The Group Corporate Communications Division coordinated with all UMW subsidiaries in Malaysia and organised a food collection drive at each branch. 63 charity homes across the country were selected to receive the contribution, in conjunction with our 63rd Independence day. This programme was a success as 100% of the branches in Malaysia participated in the campaign.




**DAILY ESSENTIALS  
DONATED TO**

**63**

**CHARITY HOMES**



### ► UMW Scholarship Programme

The programme is in its third year and grants high-achieving students up to RM12,000 annually to subsidise up to four (4) years of tertiary education in fields related to UMW's businesses. In 2020, a total of RM767,495 was given to 69 scholarship recipients. Each student was also presented with a personal laptop worth RM3,200.



**RM767,495**

**GIVEN TO A TOTAL  
OF 69 SCHOLARSHIP  
RECIPIENTS**

### ► Supporting Frontliners amidst COVID-19

The Group endeavoured to mitigate the negative impacts of COVID-19 by contributing 73,830 pieces of PPE, i.e. face shields, isolation gowns and head covers, to frontliners from several hospitals, the Ministry of Health, Malaysia Civil Defence Force, St John Ambulance and Pahang state health department. The PPE included 13,830 face shields produced internally by UMW Community Champions, while the rest of the PPE, i.e. isolation gowns and head covers, were produced by Toyota Boshoku UMW (TBU).




**73,830**

**PIECES OF PPE TO  
FRONTLINERS**

# KEY PERFORMANCE DATA

## Total Workforce in Malaysia

Year	2016	2017	2018	2019	2020
Number of Employees	10,171	9,169	7,162	6,707	6,168

## Total Workforce by Division

Year	2016	2017	2018	2019	2020
Automotive	6,857	6,422	4,410	3,957	3,171
Equipment	992	997	1,000	1,005	995
M&E	1,217	1,237	1,235	1,257	1,503
Oil & Gas	502	-	-	-	-
Others	603	513	517	488	499
<b>Total</b>	<b>10,171</b>	<b>9,169</b>	<b>7,162</b>	<b>6,707</b>	<b>6,168</b>

## Total Workforce by Countries

By Country	Unit	2020		
		Local	Expat	Total
Malaysia	pax	6,018	150	6,168
Singapore	pax	132	47	179
Vietnam	pax	212	4	216
China	pax	193	4	197
Myanmar	pax	168	-	168
Papua New Guinea	pax	119	6	125
<b>Total</b>				<b>7,053</b>

## Total Workforce by Employment Contract

Gender	Male		Female		Total
	Permanent	Fixed Term	Permanent	Fixed Term	
2019	5,253	85	1,359	10	6,707
2020	4,595	336	1,177	60	6,168

Note: All UMW employees are full-time staff



# KEY PERFORMANCE DATA

## Total Workforce by Gender, Age Group and Ethnicity According to Job Category

(Note: Due to rounding up, the percentages in the following tables may not precisely reflect the totals and absolute figures)

### By Gender

Gender/ Job Category	Top Management	Senior Management	Middle Management	Executives & Junior Management	Non- Management	Total	%
<b>2018</b>							
Male	4	12	378	1,312	4,021	5,727	79.96
Female	0	1	157	732	545	1,435	20.04
<b>Total</b>	<b>4</b>	<b>13</b>	<b>535</b>	<b>2,044</b>	<b>4,566</b>	<b>7,162</b>	<b>100.00</b>
<b>2019</b>							
Male	3	12	369	1,264	3,690	5,338	79.59
Female	0	1	153	726	489	1,369	20.41
<b>Total</b>	<b>3</b>	<b>13</b>	<b>522</b>	<b>1,990</b>	<b>4,179</b>	<b>6,707</b>	<b>100.00</b>
<b>2020</b>							
Male	3	13	327	1,147	3,437	4,927	79.88
Female	0	1	145	669	426	1,241	20.12
<b>Total</b>	<b>3</b>	<b>14</b>	<b>472</b>	<b>1,816</b>	<b>3,863</b>	<b>6,168</b>	<b>100.00</b>

### By Age Group

Age Group/ Job Category	Top Management	Senior Management	Middle Management	Executives & Junior Management	Non- Management	Total	%
<b>2018</b>							
Below 30	0	0	4	322	1,283	1,609	22.47
30-40	0	0	91	872	2,009	2,972	41.50
40-50	1	3	300	610	911	1,825	25.48
Over 50	3	10	140	240	363	756	10.56
<b>Total</b>	<b>4</b>	<b>13</b>	<b>535</b>	<b>2,044</b>	<b>4,566</b>	<b>7,162</b>	<b>100.00</b>
<b>2019</b>							
Below 30	0	0	3	285	984	1,272	18.97
30-40	0	0	81	798	1,814	2,693	40.15
40-50	0	3	297	625	986	1,911	28.49
Over 50	3	10	141	282	395	831	12.39
<b>Total</b>	<b>3</b>	<b>13</b>	<b>522</b>	<b>1,990</b>	<b>4,179</b>	<b>6,707</b>	<b>100.00</b>
<b>2020</b>							
Below 30	0	0	2	243	894	1,139	18.47
30-40	0	0	75	670	1,655	2,400	38.91
40-50	1	5	266	621	929	1,822	29.54
Over 50	2	9	129	282	385	807	13.08
<b>Total</b>	<b>3</b>	<b>14</b>	<b>472</b>	<b>1,816</b>	<b>3,863</b>	<b>6,168</b>	<b>100.00</b>

## By Ethnicity

Ethnicity/ Job Category	Top Management	Senior Management	Middle Management	Executives & Junior Management	Non- Management	Total	%
<b>2018</b>							
Bumiputera	2	6	274	1,553	3,964	5,799	80.97
Chinese	0	3	187	327	309	826	11.53
Indian	1	0	36	151	252	440	6.14
Others	1	4	38	13	41	97	1.35
<b>Total</b>	<b>4</b>	<b>13</b>	<b>535</b>	<b>2,044</b>	<b>4,566</b>	<b>7,162</b>	<b>100.00</b>
<b>2019</b>							
Bumiputera	1	7	285	1,522	3,571	5,386	80.30
Chinese	0	2	170	306	288	766	11.42
Indian	1	0	35	153	234	423	6.31
Others	1	4	32	9	86	132	1.97
<b>Total</b>	<b>3</b>	<b>13</b>	<b>522</b>	<b>1,990</b>	<b>4,179</b>	<b>6,707</b>	<b>100.00</b>
<b>2020</b>							
Bumiputera	1	9	269	1,431	3,469	5,179	83.97
Chinese	0	2	141	257	134	534	8.66
Indian	1	0	36	122	181	340	5.51
Others	1	3	26	6	79	115	1.86
<b>Total</b>	<b>3</b>	<b>14</b>	<b>472</b>	<b>1,816</b>	<b>3,863</b>	<b>6,168</b>	<b>100.00</b>

## Total New Hires by Gender and Age Group

Year	2018		2019		2020	
	Number	%	Number	%	Number	%
<b>Gender</b>						
Male	139	66.19	117	70.91	78	65.55
Female	71	33.81	48	29.09	41	34.45
<b>Total</b>	<b>210</b>	<b>100.00</b>	<b>165</b>	<b>100.00</b>	<b>119</b>	<b>100.00</b>
<b>Age Group</b>						
Below 30	126	60.00	126	56.00	71	59.66
30-40	49	23.33	76	33.78	24	20.17
40-50	32	15.24	20	8.89	16	13.45
Over 50	3	1.43	3	1.33	8	6.72
<b>Total</b>	<b>210</b>	<b>100.00</b>	<b>225</b>	<b>100.00</b>	<b>119</b>	<b>100.00</b>

# KEY PERFORMANCE DATA

## Total Turnover by Gender and Age Group

Year	2018		2019		2020	
	Number	%	Number	%	Number	%
<b>Turnover</b>						
<b>Gender</b>						
Male	148	69.81	136	60.99	723	76.67
Female	64	30.19	87	39.01	220	23.33
<b>Total</b>	<b>212</b>	<b>100.00</b>	<b>223</b>	<b>100.00</b>	<b>943</b>	<b>100.00</b>
<b>Age Group</b>						
Below 30	66	31.13	43	19.28	197	20.89
30-40	67	31.60	69	30.94	332	35.21
40-50	37	17.45	50	22.42	239	25.34
Over 50	42	19.81	61	27.35	175	18.56
<b>Total</b>	<b>212</b>	<b>100.00</b>	<b>223</b>	<b>100.00</b>	<b>943</b>	<b>100.00</b>

## Total Turnover Rate





Year	2018	2019	2020
Turnover rate (%)	10.7	10.3	14.65

## Total Number of Employees Who Took Maternity Leave

Year	2018	2019	2020
Number who took maternity leave	72	69	120
% who returned to work after maternity leave	97%	94%	98.3%

# FTSE4GOOD INDEX

UMW aligns its material matters with FTSE4Good's ESG themes

Pillar	Material Matters	FTSE4Good's ESG Themes
<b>Pillar 01</b> 		
<b>Innovative and High-Performance Culture</b>	Occupational Health and Safety	Health & Safety
	Product Quality, Safety and Innovation	Not applicable
	Business Ethics and Governance	Anti-Corruption Corporate Governance Risk Management
	Sustainable Supply Chain	Supply Chain (Social) Human Rights & Community
<b>Pillar 02</b> 		
<b>Dynamic Workforce</b>	Training and Development	Labour Standards Corporate Governance
	Employee Engagement	
	Labour Management Relations	
	Diversity and Inclusivity	
<b>Pillar 03</b> 		
<b>Environmental Stewardship</b>	Energy, Waste & Water Management	Climate Change Pollution and Resources Supply Chain (Environment)
<b>Pillar 04</b> 		
<b>Nurturing the Community and Society</b>	Community Investment	Human Rights & Community

# GRI

## CONTENT INDEX

UMW's Sustainability Report 2020 has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines: Core Option. The following table presents the GRI Content Index for this report.

### CORE REQUIREMENTS

GRI Standard No.	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number	Brief Information on Key Disclosures, References	Full or Partial Disclosure
<b>ORGANISATIONAL PROFILE</b>						
<b>GRI 102</b>	<b>GENERAL DISCLOSURES</b>	102-1	Name of organisation	4	UMW Holdings Berhad (UMW or the Group).	Full
		102-2	Activities, brands, products, and services	6	UMW is one of the leading industrial conglomerates in Malaysia, with three (3) strategic business units: Automotive, Equipment and Manufacturing & Engineering.	Full
		102-3	Location of headquarters	3	Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur.	Full
		102-4	Location of operations	7	UMW Holdings Berhad has a global presence in six (6) countries outside of Malaysia, namely Singapore, China, Myanmar, Vietnam, Papua New Guinea and Indonesia.	Full
		102-5	Ownership and legal form	UMW Integrated Annual Report	Refer to UMW's Integrated Annual Report for our corporate structure.	Full
		102-6	Markets served	6	UMW is a leading industrial entity that primarily serves Malaysia and the Asia-Pacific markets. Our products and services are used in various sectors such as automotive, manufacturing, etc.	Full
		102-7	Scale of organisation	7	UMW operates in seven (7) countries with 7,053 employees, and has RM4 billion in market capitalisation, RM11,447.1 million in asset value and 52.8% in automotive market share in Malaysia.	Full
		102-8	Information on employees and other workers	50, 70	83.97% of our workforce are Bumiputera, and 20.12% of employees are female and 79.88% are male. Further breakdown of our workforce is presented in the Dynamic Workforce section.	Full
		102-9	Supply chain	38	RM1,553.03 million (33.56% of the UMW Group's procurement budget) was spent on local suppliers. 43.19% of suppliers were local.	Partial



## CORE REQUIREMENTS (Cont'd.)

GRI Standard No.	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number	Brief Information on Key Disclosures, References	Full or Partial Disclosure
<b>ORGANISATIONAL PROFILE (CONT'D.)</b>						
<b>GRI 102</b>	<b>GENERAL DISCLOSURES</b>	102-10	Significant changes to the organisation and its supply chain	38	There were no changes to the organisation's supply chain in 2020. The scope and boundary of this report only cover UMW Group operations in Malaysia.	Full
		102-11	Precautionary Principle or approach	17	UMW adheres to UMW Toyota's Environmental Policy and UMW Group's HSE Policy that prevent and minimise negative impacts on the environment as well as safeguard the health and safety of employees.	Full
		102-12	External initiatives	UMW Integrated Annual Report 2020: 34, 35, 55, 87  UMW Sustainability Report 2020: 37, 67, 68	Through various voluntary and binding initiatives and business operations, UMW supported the Malaysian Aerospace Industry Blueprint 2030, National Integrity Plan, National Anti-Corruption Plan and charity programmes.	Full
		102-13	Membership of associations	30	UMW Toyota Motor Sdn Bhd is a member of the Malaysian Automotive Association (MAA). Our contribution goes beyond the annual fee and financial commitments.	Partial
<b>STRATEGY</b>						
<b>GRI 102</b>	<b>GENERAL DISCLOSURES</b>	102-14	Statement from senior decision-maker	10-12	Chairman & Group CEO: While the year 2020 was inundated with unprecedented challenges, UMW adapted to the new norm and took it as a year of new opportunities. Despite lockdowns, closures of international borders and having to work from home, we managed to advance our strategies across all business fronts, strengthened our governance and reached out to the communities in need amidst the pandemic.	Full

# GRI CONTENT INDEX

## CORE REQUIREMENTS (Cont'd.)

GRI Standard No.	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number	Brief Information on Key Disclosures, References, Page Numbers	Full or Partial Disclosure
<b>ETHICS &amp; INTEGRITY</b>						
<b>GRI 102</b>	<b>GENERAL DISCLOSURES</b>	102-16	Values, principles, standards, and norms of behaviour	4	UMW refreshed its core values in 2019. The new Ways of Working (WOW) consists of three (3) core values: We are One, We Drive Change and We Deliver Promises.	Full
<b>GOVERNANCE</b>						
<b>GRI 102</b>	<b>GENERAL DISCLOSURES</b>	102-18	Governance structure	15	The Management Committee spearheads UMW's sustainability efforts. It develops and reviews sustainability strategies, policies and material matters critical to the Group's EES impact.	Full
<b>STAKEHOLDER ENGAGEMENT</b>						
<b>GRI 102</b>	<b>GENERAL DISCLOSURES</b>	102-40	List of stakeholder groups	20-21	In 2020, we included Suppliers as a new group of stakeholders to better meet their needs and manage their key concerns, bringing UMW's number of stakeholder groups to nine (9).	Full
		102-41	Collective bargaining agreements	48	As of December 2020, 62.63% of our employees were unionised and were covered by collective bargaining agreements.	Full
		102-42	Identifying and selecting stakeholders	20	Stakeholders are identified by prioritising the groups that have substantial impact on our business.	Full
		102-43	Approach to stakeholder engagement	20-21	We engage with all identified stakeholders through various channels, and we devise strategies to address their topics of concern.	Full
		102-44	Key topics and concerns raised	20-21	Topics of concern to our stakeholders comprised EES matters, including common topics such as product quality and safety, employee health and safety and our environmental performance. Detailed information is available in the Stakeholder Engagement table.	Full

## CORE REQUIREMENTS (Cont'd.)

GRI Standard No.	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number	Brief Information on Key Disclosures, References, Page Numbers	Full or Partial Disclosure
<b>REPORTING PRACTICE</b>						
<b>GRI 102</b>	<b>GENERAL DISCLOSURES</b>	102-46	Defining report content and topic boundaries	3	This report covers only the three (3) core businesses based in Malaysia that are managed and controlled by the Group, i.e. the Automotive, Equipment and Manufacturing & Engineering divisions.	Full
		102-47	List of material topics	16-17	We have identified the top ten (10) material matters which are relevant for our business and stakeholders and have prioritised them in a materiality matrix.	Full
		102-48	Restatements of information	3	There were no significant changes from the previous reporting periods in the list of material matters and topic boundaries that require any restatement.	Full
		102-49	Changes in reporting	16	We renamed five (5) material matters to enhance them and ensure that they were comprehensive and relevant.	Full
		102-50	Reporting period	3	Financial year ended 31 December 2020.	Full
		102-51	Date of most recent report	3	The last report was published on 28 May 2020, for the financial year ended 31 December 2019.	Full
		102-52	Reporting cycle	3	Annual	Full
		102-53	Contact point for questions regarding the report	3	Senior General Manager – Group Strategy Division. Assistant General Manager – Group Strategy Division. Email: sustainability@umw.com.my	Full
		102-54	Claims of reporting in accordance with the GRI Standards	3	We have reported in line with the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad and the Global Reporting Initiative (GRI) Standards: Core Option.	Full
		102-55	GRI content index	69-72	This is the GRI content index.	Full
102-56	External assurance	-	No external assurance was conducted for this report. We recognise the role of external assurance in enhancing the credibility of our reports. Moving forward, we aim to conduct external assurance for our reports.	Full		

# GRI CONTENT INDEX

## CORE REQUIREMENTS (Cont'd.)

GRI Standard No.	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number	Brief Information on Key Disclosures, References, Page Numbers	Full or Partial Disclosure
<b>MANAGEMENT APPROACH</b>						
<b>GRI 103</b>	<b>MANAGEMENT APPROACH</b>	103-1	Explanation of the material topic and its boundary	16-17	We identified ten (10) material matters in 2019 and renamed five (5) of them in 2020. A description of all ten (10) material matters is presented in the Materiality table and their impacts are explained in each section where the material matter is discussed.	Full
		103-2	The management approach and its components	16-19	For each of the ten (10) material matters, we have also defined the management approach by clearly articulating its importance to our business, the risks and opportunities and our responses.	Full
		103-3	Evaluation of the management approach	16-19	Depending on the management approach, mechanisms for evaluating its effectiveness include numbers of participants, assessment results, investment amount, performance ratings, etc. Where available, results are disclosed for each approach. Our measurement and monitoring approaches are continually being refined.	Full

## TOPIC-SPECIFIC DISCLOSURES

GRI Standard No.	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number	Brief Information on Key Disclosures, References, Page Numbers	Full or Partial Disclosure
<b>INNOVATIVE AND HIGH-PERFORMANCE CULTURE</b>						
<b>GRI 201</b>	<b>ECONOMIC PERFORMANCE</b>	201-1	Direct economic value generated & distributed	8	In FY2020, we generated RM9,940.1 million in direct economic value and retained RM161.8 million. Further breakdown of our economic value distributed to suppliers, the government, shareholders and the community is presented in the Economic Value Created, Distributed and Retained section.	Full
<b>GRI 403</b>	<b>OCCUPATIONAL HEALTH AND SAFETY</b>	403-1	Occupational health and safety management system	23	UMW's health and safety is governed by its robust HSE policy, which is available on our corporate website.	Full

## TOPIC-SPECIFIC DISCLOSURES (Cont'd.)

GRI Standard No.	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number	Brief Information on Key Disclosures, References, Page Numbers	Full or Partial Disclosure
<b>INNOVATIVE AND HIGH-PERFORMANCE CULTURE (CONT'D.)</b>						
<b>GRI 403</b>	<b>OCCUPATIONAL HEALTH AND SAFETY</b>	403-2	Hazard identification, risk assessment, and incident investigation	25-27	The Group conducts a yearly risk identification and assessment using the Hazard Identification, Risk Assessment and Risk Controls (HIRARC) process.	Full
		403-3	Occupational health services	24-27	The Group HSE Council strategises and carries out HSE action plans and initiatives. In 2020, we further enhanced our HSE efficiency by digitalising the HSE monitoring system and improving the daily management of HSE matters in response to COVID-19.	Full
		403-5	Worker training on occupational health and safety	26	Due to the pandemic, we were only able to conduct 25% of our scheduled employee training, with the rest deferred to 2021. The training sessions were attended by 15 employees. We also completed ISO 45001:2018 online and physical awareness training for all our employees.	Full
		403-6	Promotion of worker health	27	Limited activities were organised in 2020 due to the pandemic. These were the Lubetech Hazard Hunt and road safety awareness.	Full
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	27-28	The main types of work-related ill health among employees were noise-induced hearing loss, hearing impairment and standard threshold shift. We recorded zero cases of work-related ill health for non-employees.	Full



# GRI CONTENT INDEX

## TOPIC-SPECIFIC DISCLOSURES (Cont'd.)

GRI Standard No.	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number	Brief Information on Key Disclosures, References, Page Numbers	Full or Partial Disclosure
<b>INNOVATIVE AND HIGH-PERFORMANCE CULTURE (CONT'D.)</b>						
<b>GRI 403</b>	<b>OCCUPATIONAL HEALTH AND SAFETY</b>	403-9	Work-related injuries	27-28	We maintained zero fatalities among employees and non-employees.	Partial
		403-10	Work-related ill health	27-28	The main types of work-related ill health among employees were noise-induced hearing loss, hearing impairment and standard threshold shift.	Partial
<b>GRI 416</b>	<b>CUSTOMER HEALTH AND SAFETY</b>	416-1	Assessment of the health and safety impacts of product and service categories	30	Toyota Vios, Yaris, Corolla, Camry, Rush, Fortuner, Innova and Hilux received ASEAN NCAP five (5)-star ratings. The rating applies to all variants that possess the main Active and Passive Safety features that are required by the ASEAN NCAP.	Partial

<b>DYNAMIC WORKFORCE</b>						
<b>GRI 401</b>	<b>EMPLOYMENT</b>	401-1	New employee hires and employee turnover	52	The total number of new employee hires was 119. The total and rate of employee turnover was 943 at a rate of 14.65%.	Full
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	44	Employees at UMW receive education assistance, equal opportunity for women on the Board and training through the talent management programme. The benefits and compensation given to our full-time employees include individual and family medical and insurance coverage and above minimum/mandatory employer contributions to the EPF.	Full
		401-3	Parental leave	49	We encourage women's participation in the workplace through family-friendly policies. In 2020, 120 mothers took maternity leave and 98.3% of them returned to work after their maternity leave.	Full

## TOPIC-SPECIFIC DISCLOSURES (Cont'd.)

GRI Standard No.	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number	Brief Information on Key Disclosures, References, Page Numbers	Full or Partial Disclosure
<b>DYNAMIC WORKFORCE (CONT'D.)</b>						
<b>GRI 404</b>	<b>TRAINING AND EDUCATION</b>	404-1	Average hours of training per year per employee	46	The average hours of training per employee was 8.13 hours.	Full
		404-2	Programmes for upgrading employee skills and transition assistance programmes	47	Building employees' core competencies and skills: Core Competencies Programme. Upskilling Future Workforce: Equipping employees to prepare them for the future of the organisation.	Partial
		404-3	Percentage of employees receiving regular performance and career development reviews	44	As of 31 December 2020, all of UMW's management and non-management employees have received their performance review for the 2020 assessment period.	Partial
<b>GRI 405</b>	<b>DIVERSITY AND EQUAL OPPORTUNITY</b>	405-1	Diversity of governance bodies and employees	49	We are committed to creating a workplace that fosters a culture of inclusion, equality and respect irrespective of age, gender, race, disability, religious belief, ethnicity or national origin.	Full
<b>ENVIRONMENTAL STEWARDSHIP</b>						
<b>GRI 301</b>	<b>MATERIALS</b>	301-1	Materials used by weight or volume	63	The Group's material usage increased from 37,026.05 tonnes to 1,170,195.14 tonnes in 2020 largely due to the reclassification of materials to include materials for production as well as packaging.	Partial
<b>GRI 302</b>	<b>ENERGY</b>	302-1	Energy consumption within the organisation	56	In 2020, the Group's energy consumption decreased by approximately 22.34% from 2019 largely due to the reduced operational hours and work-from-home requirements during the pandemic and MCO.	Partial
<b>GRI 303</b>	<b>WATER AND EFFLUENTS</b>	303-3	Water withdrawal	63	At ASSB, 28,902.00 m <sup>3</sup> of water was withdrawn from groundwater, and 17,265.00 m <sup>3</sup> from recycled water.	Partial
		303-5	Water consumption	61	The Group's water consumption was 550,280.27 m <sup>3</sup> , while water consumption for the core segments was 416,622.17 m <sup>3</sup> for Automotive, 43,030.30 m <sup>3</sup> for Equipment and 90,151.80 m <sup>3</sup> for M&E.	Full

# GRI CONTENT INDEX

## TOPIC-SPECIFIC DISCLOSURES (Cont'd.)

GRI Standard No.	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number	Brief Information on Key Disclosures, References, Page Numbers	Full or Partial Disclosure
<b>ENVIRONMENTAL STEWARDSHIP (CONT'D.)</b>						
GRI 305	EMISSIONS	305-1	Direct Scope 1 GHG emissions	58	No information was available for the breakdown of direct (Scope 1) and indirect (Scope 2) GHG emissions. Steps are being taken to include the information in future reporting. In 2020, all our business divisions recorded lower GHG emissions overall due to lower business activities amidst the pandemic and the lockdown regulations. The Group's total GHG emissions in 2020 was 45,143.98 tCO <sub>2</sub> e.	Partial
		305-2	Energy Indirect (Scope 2) GHG emissions	58	No information was available for the breakdown of direct (Scope 1) and indirect (Scope 2) GHG emissions. Steps are being taken to include the information in future reporting. In 2020, all our business divisions recorded lower GHG emissions overall due to lower business activities amidst the pandemic and the lockdown regulations. The Group's total GHG emissions in 2020 was 45,143.98 tCO <sub>2</sub> e.	Partial
GRI 306	EFFLUENTS AND WASTE	306-1	Water discharge by quality and destination	59	UMW strictly complies with all necessary regulatory requirements including the Environmental Quality (Industrial Effluent) Regulations 2009. In 2020, the Group recorded 189,652.78m <sup>3</sup> of effluents, a reduction of 22.56% from 2019, largely due to a reduction in manufacturing activities. Our ASSB Bukit Raja plant recycles effluent water using their water treatment plant while KYB-UMW relies on its Industrial Effluent Treatment System.	Partial
		306-2	Waste by type and disposal method	59	UMW Group generated 1,319.38 tonnes of general waste and 1,211.75 tonnes of scheduled waste.  UMW worked with professional waste management contractors to dispose of our waste properly.	Partial

GRI Standard No.	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number	Brief Information on Key Disclosures, References, Page Numbers	Full or Partial Disclosure
<b>NURTURING THE COMMUNITY &amp; SOCIETY</b>						
<b>GRI 203</b>	<b>INDIRECT ECONOMIC IMPACTS</b>	203-1	Infrastructure investments and services supported	66-68	<p>UMW volunteers clocked 2,372.5 volunteer hours to uplift the communities in need in 2020. By going above and beyond to ease the burdens of the community, the Group contributed approximately RM1.5 million in cash and in kind.</p> <p>This included providing cash and food to those in need and personal protective equipment to frontliners.</p>	Full
		203-2	Significant indirect economic impacts	66-68	<p>We subscribed to RM1.5 million of Sukuk Prihatin, granted RM767,495 worth of scholarships to 69 recipients, made 13,830 pieces of face shields for frontliners and provided 28,000 pieces of reusable face masks to the underprivileged community. 100% of UMW branches in Malaysia participated in a food collection drive, which benefitted 63 charity homes.</p>	Full



## **UMW HOLDINGS BERHAD**

198201010554 (90278-P)

**Menara UMW  
Jalan Puncak, Off Jalan P. Ramlee  
50250 Kuala Lumpur  
Malaysia**

**Telephone: +603 2025 2025**

**Facsimile: +603 2025 2029**

**[www.umw.com.my](http://www.umw.com.my)**