

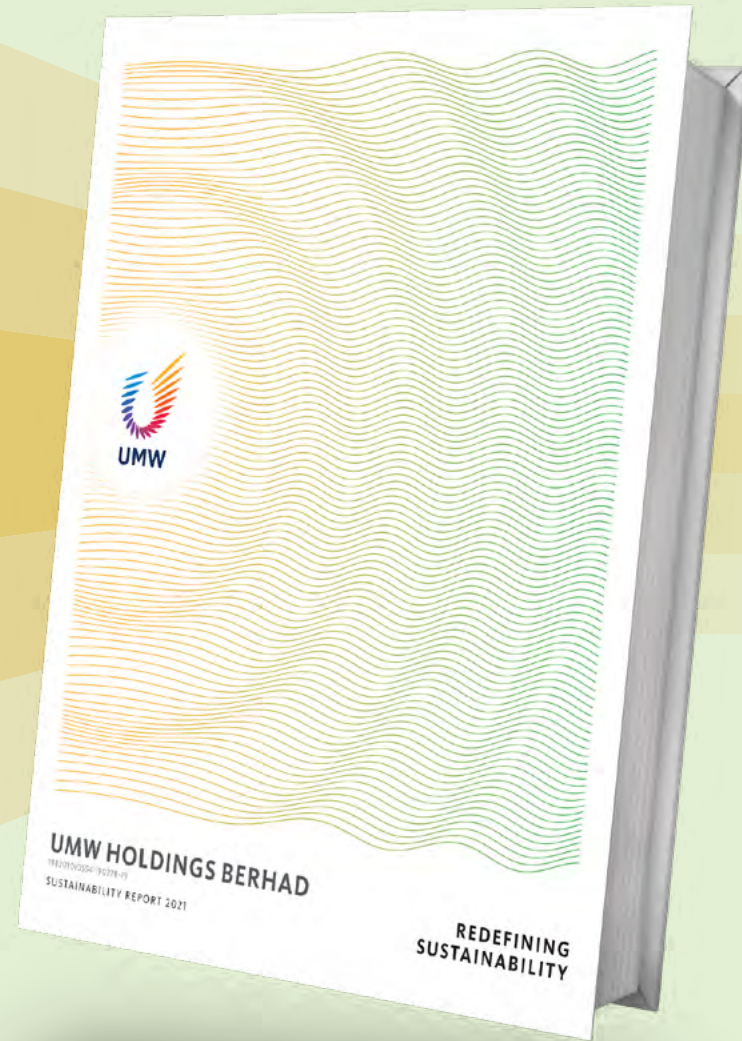


# UMW HOLDINGS BERHAD

198201010554 (90278-P)

SUSTAINABILITY REPORT 2021

**REDEFINING  
SUSTAINABILITY**



For more information:

#### Integrated Annual Report 2021



Scan the QR code to view our **Integrated Annual Report online**

#### Sustainability Report 2021



Scan the QR code to view our **Sustainability Report online**

#### Corporate Governance Report 2021



Scan the QR code to view our **Corporate Governance Report online**

## COVER RATIONALE

At UMW, we continue to transform and progress the organisation along its value creation journey. Our strategy for growth and sustainability, encapsulated in CREST@2021 will drive our aspirations to fully unlock the potentials available in the Mobility space. UMW's strategies of moving the organisation forward across all areas of our business, pushes us to deliver excellence and create sustainable value in every step of the way. We are accelerating our own carbon neutrality journey and contributing to the reduction of the nation's carbon footprint, while constantly innovating in all our businesses.

We will continue to strengthen the ecosystem in which we operate by building new relationships to drive technological advancements and attract new investments to our shores. UMW will remain dedicated to meeting the needs of our customers while exploring future possibilities to deliver long-term sustainable value to our stakeholders and relentless business sustainable growth. This parametric design reflects a ripple effect, which suggests momentum and progress representing UMW Group's commitment to embracing sustainability and hence, Redefining Sustainability.

Look out for these icons throughout the Report:



Reference to online material



Reference to another section in our Reports

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## OUR STRATEGY

UMW Group's CREST@2021 strategy prioritises sustainability as an integral part of UMW's business strategy. Established with the ambition of 'Innovising Mobility' in 2021, CREST@2021 guides the Group's sustainability strategy.

CREST@2021 is anchored on five key pillars to drive business resilience and future growth.



 For more information about how CREST@2021 has driven business growth in 2021, please refer to our Integrated Annual Report 2021.

## OUR PURPOSE STATEMENT

Powered by a 104-year history of growth and transformation, the evolution of UMW has entered into a pivotal phase of redefining sustainability within the broader strategic framework of innovising mobility.



The new, critical shift to redefining sustainability is in alignment with the transformative socio-economic impact of climate change and the commitments of governments and companies worldwide to transition to a net-zero economy.

This, therefore, underpins the singular importance of sustainability to the Group and drives our new sustainability roadmap with the goal of achieving carbon neutrality by 2050.

Our strong commitment is reflected in the ongoing utilisation of renewable energy at UMW Toyota ASSB plants with additional two more at Aerospace and KYB-UMW plant. The Group plans to increase the usage of green energy through solar power, with the ultimate aim of addressing our impact on climate change.

The Group's automotive business is transitioning to electric vehicles with a RM270 million investment by UMW Toyota

to manufacture hybrid vehicles such as the Toyota Corolla Cross, in addition to the introduction of the Bz4X battery electric vehicle, an all-electric SUV with a range of up to 460 km.

Furthermore, UMW's non-automotive businesses are also pursuing green, sustainable products and services. These include electric forklifts as well as refurbished forklifts, which contribute to the circular economy by utilising reconditioned equipment with a lower emission footprint than new units.

Similarly, the development of the re-usable battery management system to extend battery life will contribute to lower production of new batteries. The Group is also developing biolubricants for non-fossil fuel production of lubricants and a water membrane system that utilises recycled water.

Additionally, UMW is continuing with environmental conservation efforts through our Green Shoots activities to plant mangrove trees throughout Malaysia and participation in the River of Life programme via the planting of bamboo shoots along the river.

The Group's redefining sustainability concept further incorporates the continuous adoption of technology to digitalise processes and increase efficiencies through initiatives like Robotic Process Automation.

Ultimately, UMW's pivot to redefining sustainability is driven by the imperative to future-proof our businesses and ensure the Group's competitiveness as the world moves to a net-zero economy. Therefore, redefining sustainability is critical to our growth prospects and is the main barometer in the assessment of the Group's investment decisions and expansion into new segments.

# ABOUT UMW HOLDINGS BERHAD

UMW Holdings Berhad is an industrial conglomerate in Malaysia with businesses in the Automotive, Equipment, Manufacturing & Engineering and Aerospace sectors. Starting as a small auto-repair shop in 1917, UMW is now a public-listed organisation headquartered in Malaysia with 6,405 employees and a global presence in seven other countries in the Asia-Pacific region.

## STRATEGIC BUSINESS UNITS



### A AUTOMOTIVE

UMW Group's Automotive business is the largest component of the Group's business, delivering value through the excellence, quality and consistency of our automotive products. Through UMW Toyota Motor Sdn Bhd (**UMW Toyota**) and our associate, Perusahaan Otomobil Kedua Sdn Bhd (**Perodua**), we continue to drive the growth of the domestic automotive industry in Malaysia. For the second consecutive year, the Group's market share of Malaysia's automotive sales accounted for more than half of the nation's annual vehicle sales, demonstrating our resilience in adapting to what has been an extraordinary operating environment as a result of the pandemic.



### E EQUIPMENT

The Equipment Division is the market leader in Industrial, Heavy, Marine & Power equipment from internationally renowned manufacturers. Besides our base in Malaysia, we serve markets in Singapore, Vietnam, China, Myanmar, Brunei and Papua New Guinea. We are recognised for providing service excellence through our networks, strong relationships with principals, high availability of genuine spare parts, skilful and competent factory-trained mechanics, proactive customer engagement to deliver solutions 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 conglomerate.



### M MANUFACTURING & ENGINEERING

The Manufacturing & Engineering (M&E) Division have businesses in lubricants and automotive parts, representing some of the world's most renowned brands. Through our partnership with KYB Japan, we are the leading supplier of original equipment (OEM) and replacement market (REM) products in Malaysia, manufacturing high-quality shock absorbers and motorcycle suspension systems and exporting to 39 countries globally. The lubricants business continues to grow through our in-house Grantt brand and we will be enhancing our capacity going forward with an IR 4.0-enabled smart factory. In recent times, the Division has also begun exploring green products such as biolubricants, battery revival services and membrane technology to meet the needs of a rapidly evolving market.



### A AEROSPACE

The Aerospace Division is a Tier-1 engine component manufacturer for Rolls-Royce and an active contributor to the growth of Malaysia's aerospace industry. The Aerospace business was carved out of the Manufacturing & Engineering Division to be its own standalone Strategic Business Unit (SBU) in 2021. The Aerospace segment also contributes to the nation by helping to enhance its aerospace capabilities and capacity, in line with the Aerospace Blueprint 2030, which aims to make Malaysia the ASEAN aerospace hub and will be aided by the high-impact projects announced under the 12th Malaysia Plan.

# OUR REACH as at 31 December 2021

## MALAYSIA

Local: 5,686 International: 62

## SINGAPORE

Local: 116 International: 56

## CHINA

Local: 42 International: 2

## PAPUA NEW GUINEA

Local: 110 International: 7

## VIETNAM

Local: 218 International: 4

## MYANMAR

Local: 102 International: Nil

## INDONESIA

Local: Nil International: Nil

## BRUNEI

Local: Nil International: Nil

**ASSET VALUE**  
(RM MILLION)

12,172.7

**NET PROFIT**  
(RM MILLION)

515.6

**MARKET CAPITALISATION**  
(RM BILLION)

3.5

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

51.6% in Malaysia



# ECONOMIC VALUE CREATED, DISTRIBUTED AND RETAINED

In FY2021, we generated RM11,492.3 million in direct economic value, a 16% increase from FY2020. The following figures provide a breakdown of the 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. In FY2021, we retained economic value worth RM205.0 million as compared to RM142.8 million in FY2020.

<b>Revenue</b> (RM million)	<b>2021</b>	<b>11,060.8</b>
	2020	9,554.6
	2019	11,739.1
<b>Other Income</b> (RM million)	<b>2021</b>	<b>431.5</b>
	2020	350.9
	2019	686.6
<b>Operating Costs</b> (RM million)	<b>2021</b>	<b>10,249.2</b>
	2020	8,809.4
	2019	10,781.5
<b>Employees' Salaries and Benefits</b> (RM million)	<b>2021</b>	<b>652.2</b>
	2020	579.9
	2019	762.9
<b>Payments to Lenders</b> (RM million)	<b>2021</b>	<b>108.2</b>
	2020	115.5
	2019	126.5
<b>Payments to Governments</b> (RM million)	<b>2021</b>	<b>74.0</b>
	2020	88.4
	2019	129.6
<b>Community Investment</b> (RM million)	<b>2021</b>	<b>10.8</b>
	2020	6.0
	2019	8.5
<b>Payments to Shareholders</b> (RM million)	<b>2021</b>	<b>192.9</b>
	2020	163.5
	2019	241.8

Notes:

1. Restatement of Payments to Governments to reflect actual cash payments in terms of zakat and taxes paid for the year.
2. Payments to Governments includes tax, zakat, real property gain tax and withholding tax.
3. Excise duty is accounted for under Operating Costs.

# 2021 KEY SUSTAINABILITY HIGHLIGHTS

## Pledge 1: 100% Carbon Neutrality by 2050

Committed to achieving <b>45% carbon neutrality by 2030</b>	Committed to achieving <b>100% carbon neutrality by 2050</b>	Installed <b>1,248 kWp and 1,251 kWp rooftop solar panels</b> at KYB-UMW and Aerospace division, respectively
GHG emissions intensity <b>decreased by 21% to 0.63 tCO<sub>2</sub>/unit of cars</b> sold in 2021	Launched UMW Green Shoots Initiative (UGS) and <b>planted 10,000 trees</b> through partnerships with the Malaysian Nature Society (MNS) and Yayasan Hijau Malaysia (YHM)	Generated <b>21,867 m<sup>3</sup> of water</b> from water treatment plant as part of our water recycling initiatives

## Pledge 2: Build a Progressive and Innovative Workforce

Achieved more than the minimum requirement of <b>30% female directors</b> on the Board of Directors	Anugerah Majikan Prihatin (Pengambilan Pekerja Tertinggi) award recipient for <b>increasing employment opportunities among fresh graduates</b>	Rolled out EnergizeUMW helpline to <b>provide remote therapy sessions for employees</b>	Achieved <b>45,767 hours of training</b> , with <b>7.96 average hours per employee per year</b>
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## Pledge 3: Achieve Excellence in Products and Services

Included into <b>Rolls-Royce's High Performing Supplier Group</b> , which represents the <b>top 5% of its global suppliers</b>	Established innovation labs to <b>develop green solutions for industries in the areas of battery revival, biolubricants and membrane technology</b>	Signed strategic alliance with <b>Mitsui &amp; Co., Ltd. as well as the Malaysian Green Technology and Climate Change Centre (MGTC)</b> to promote hydrogen economy	Enhanced the <b>Group Anti-Bribery and Corruption Policy and Group Whistleblowing Policy</b>
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## Pledge 4: Create a Positive Impact and Well-Being of Local Communities

Contributed to <b>COVID-19</b> relief through partnerships with various stakeholder groups and benefited <b>healthcare frontliners, the B40 community and vulnerable groups</b>	Spent <b>RM2.1 million</b> for natural disaster relief victims in 2021
Contributed <b>RM4 million</b> to provide <b>laptops and SIM cards to CERDIK</b> , an initiative by government-linked companies (GLCs) and government-linked investment companies (GLICs) to provide digital access to underprivileged students to bridge the digital divide during school closures	Recorded <b>1,840 volunteer hours from 250 UMW Community Champions volunteers</b>

## LEADERS' PERSPECTIVE



The new Sustainability Roadmap will be instrumental in guiding us to achieve 45% carbon neutrality by 2030 and 100% carbon neutrality by 2050.

Our 104-year history as an organisation shows that Sustainability has always been core to UMW's purpose and values, and it continues to stand as one of the main pillars of our new corporate strategy, CREST@2021. We are redefining sustainability for a new era at UMW as we believe that fresh opportunities for growth, value creation and future business resiliency lie in the ability to deliver innovations and solutions that contribute to resolving critical global issues.

We recognise the importance of reaching across functions, organisations and sectors to spur these innovations and solutions. In 2021, we established a collaboration with the Malaysian Green Technology & Climate Change Centre (MGTC) and several leading organisations to accelerate innovation in sustainable products and energy. This includes exploring the feasibility of a hydrogen ecosystem for hydrogen-fuelled cars in Malaysia, which will be a game-changing green mobility solution.

Following that, we launched a new strategic Sustainability Roadmap that not only addresses the risks, but also prioritises the positive opportunities that decarbonisation and climate action can bring – from market differentiation and revenue opportunities to attracting the right talent in an increasingly millennial-dominated workforce.



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



The last 24 months have been a time of immeasurable disruption, as the COVID-19 crisis and extreme weather events negatively impacted lives, communities and businesses worldwide. For UMW, these challenges have made our path forward very clear – we must do more for the well-being of our planet and its people.



**Dato' Ahmad Fuaad Kenali**  
President & Group Chief Executive Officer



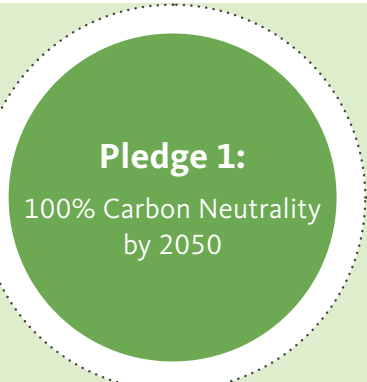
## LEADERS' PERSPECTIVE

# LEADERS' PERSPECTIVE

## The New Sustainability Roadmap ▶▶

# LEADERS' PERSPECTIVE

Our new Sustainability Roadmap (Roadmap) has been benchmarked against the United Nations Sustainable Development Goals (SDGs), industry peers and the initiatives of governments worldwide, including Malaysia. We uphold our commitment to balancing profit, people and planet through four pledges:



Extreme weather events are becoming more common as a consequence of climate change. In December 2021, Malaysia was hit by one of the worst floods in decades, resulting in the tragic loss of 54 lives and reducing the economic sector's production value by RM4 billion to RM8 billion\*.

We recognise the growing body of evidence suggesting that we have reached a tipping point for climate action. UMW is fully embracing the climate change agenda by investing in Reforestation and Renewable Energy, towards meeting our goal of 100% carbon neutrality by 2050.

In 2021, we invested in renewable energy by installing solar panels at two of our operational sites, namely our KYB-UMW and Aerospace plants.

The UGS aims to conserve Malaysia's mangrove forests by planting 300,000 trees nationwide by 2023. Mangroves are known to sequester up to five times more carbon than tropical rainforests, and Malaysia is acknowledged as a global hotspot of mangrove species diversity. By working to conserve and protect Malaysia's mangroves, we are seizing an opportunity to act locally while making a positive global impact.

We also disclosed our greenhouse gas (GHG) emissions according to Scope 1 and Scope 2 for the first time, reflecting our commitment towards transparency and better reporting practice.

\* <https://www.thestar.com.my/business/business-news/2022/01/20/floods-reduce-economic-sector-production-by-rm4bil-rm8bil>

Our people are our pillar of strength. We will not be able to go far without our resilient and agile workforce – one that is nimble, adaptable to change and able to navigate challenges as we move forward towards realising our targets.

Guided by CREST@2021, we enrich and energise our people in key strategic areas that are laid out in UMW Group's Human Capital strategic plans, and continue to upskill them through our UMW Training Centre. Due to disruptions from the pandemic, most of the learning and development programmes were conducted online. In the year under review, we clocked 45,767 learning hours with an average of 7.96 hours per employee per year.

While UMW has always placed a significant focus on putting procedures and safeguards in place to help ensure the safety of our people and our operations, we have increased our focus on other factors that contribute to employee well-being, including mental health. We launched EnergizeUMW, a 24/7 helpline to provide remote therapy sessions for employees struggling with stress, anxiety and isolation during extended lockdown periods.

During the floods in December 2021, we reached out to 1,500 employees who were affected by the natural disaster by helping to clean their houses and providing food and basic necessities. We will continue reaching out to our people to better meet their needs through employee engagement sessions and events. We are proud to note that in the year under review, we achieved 83% in our Employee Engagement Score.

To accelerate sustainability, we leveraged innovation and technology to digitalise our work processes and reduce our carbon footprint. This helped to reduce waste and carbon emissions while also providing a seamless customer experience. For example, our Robotic Process Automation (RPA) and Collaborative Robot (COBOT) have helped to speed up many processes that would otherwise require manual work.

In 2021, we invested in various green products through reusing, recycling, renewing and remanufacturing. UMW Innovation and R&D Centre Sdn Bhd (UIRDC) has established innovation labs to develop green solutions for industries in the areas of battery revival, biolubricants and membrane technology. We also built a membrane water reclamation plant (WRP) for KYB-UMW and refurbished about 620 forklifts, surpassing our target of 500 units.

Above all our achievements, we strive to uphold good corporate governance and integrity to ensure long-term sustainable growth. We undertook a corruption risk assessment across 13 departments and divisions, and embarked on obtaining the ISO 37001 Anti-Bribery Management Systems certification. Additionally, we developed a three-year Integrity and Governance Unit Blueprint. We also strengthened our integrity by revising the UMW Group Anti-Bribery and Corruption Policy and UMW Group Whistleblowing Policy.

Our long-running employee volunteer programme, UMW Community Champions, facilitates and supports volunteering activities that improve life and meet critical needs in the communities where UMW people live and work. These activities are carried out through a wide range of projects in the areas of the environment, education, disaster relief and community-building. Helping others through service ultimately connects us as humans and empowers our employees to continue standing up for what is right.

In 2021, we contributed RM10.8 million in community investment and our volunteers clocked 1,840 hours. We spent RM2.1 million to assist the communities affected by the floods through non-governmental organisations.

### Going Forward

In 2021, we began the important work of laying a strong foundation for a sustainability-centred evolution of the UMW Group. Going forward, we are excited about building on this momentum and will continue to approach sustainability with the same high expectations and accountability that we use to run our businesses.

### Acknowledgements


Our sustainability achievements thus far are the collective effort of our Board of Directors, Management and employees. We would like to express our gratitude to these key contributors for embracing the complex developments and challenges in the sustainability arena. We would also like to thank our partners, customers, vendors and local communities, with whom we work to serve and grow together, and who inspire us each day to shape a more sustainable future.

# OUR APPROACH TO SUSTAINABILITY

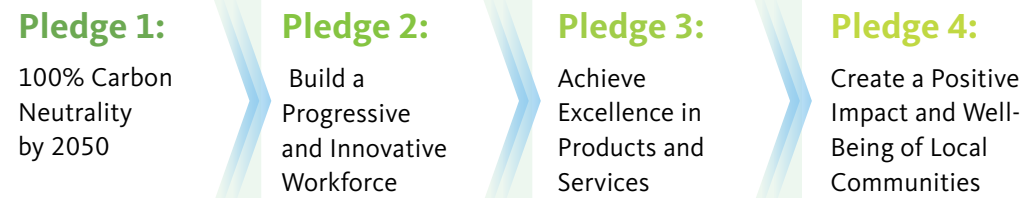
Sustainability became more important than ever to our business management and operations in 2021 as we navigated through the challenges to generate positive environmental, social and governance (ESG) impacts. It continued to drive the Group in creating value for its stakeholders and shareholders amidst disruptions from the pandemic and the effects of climate change.

While the negative impact of the pandemic and climate change dominated most of the economic landscape in the year under review, they also presented us with the opportunity to do more for the health of our planet and its people. Thus, we embarked on a journey to redefine sustainability to strengthen our value creation and business resiliency through our commitment to delivering innovations and solutions that will contribute to resolving critical global issues.

We reaffirmed our commitment to sustainability by incorporating it as one of the five core pillars in our CREST@2021 strategic transformation framework. The strategic measure will help to ensure sustainability through business growth, profit generation and positive environmental impact, as well as underpin our commitment to the health and wellbeing of our people.

 For more information on CREST@2021, please refer to Our Strategy on page 2.

## SUSTAINABILITY ROADMAP

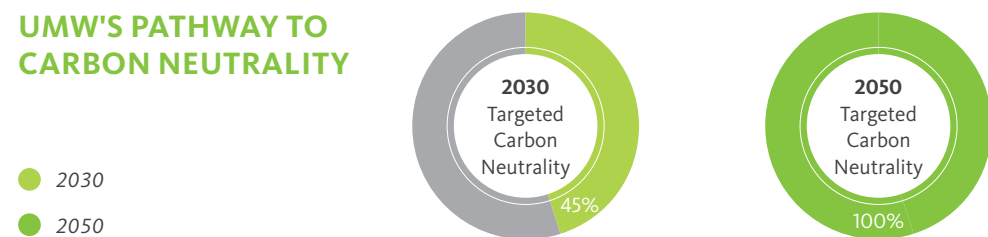


In 2021, we reviewed and refreshed our sustainability approach to bolster our journey of value creation and intensify our ESG impacts. We introduced a Sustainability Roadmap that will be instrumental in guiding us to achieve 45% carbon neutrality by 2030 and 100% carbon neutrality by 2050, in line with the Malaysian government's climate change ambition.

Benchmarked against industry peers and local and international climate change goals, the Roadmap aims to reduce our carbon footprint, to contribute to the Paris Agreement of limiting global warming to 1.5 degree Celsius and meet stakeholder needs.

The Roadmap outlines four sustainability pledges, which are mapped against our four existing sustainability pillars and selected UN Sustainable Development Goals (UN SDGs).

## UMW'S PATHWAY TO CARBON NEUTRALITY



## SUSTAINABILITY PILLARS



# SUSTAINABILITY GOVERNANCE

Good governance is crucial to achieving our sustainability targets. With this mind, and in accordance with the sustainability reporting guidelines by Bursa Malaysia, we have established a Management Sustainability Committee that consists of key Group officers in 2021, with advice and oversight from our Board of Directors. We adopt a progressive approach in our sustainability governance by reviewing and strengthening our governance structure from time to time. In 2021, we bolstered our sustainability governance to uphold good corporate governance and maintain our top-down approach to ensure effectiveness in embedding sustainability in our business strategy, management and daily operations.

Our Board of Directors continues to have oversight of sustainability direction and matters. The Board is supported by a newly established Management Sustainability Committee (MSC), which replaces the previous Management Level Committees.

Led by UMW's PGCEO, the MSC includes subject matter expert, Dato' Seri Prof. Dr. Ir. Zaini Ujang, who also sits on the Board of UMW. The MSC is accountable for developing the Group's Sustainability Roadmap, reviewing, implementing and overseeing the Roadmap and monitoring the Roadmap to ensure a coherent and consistent sustainability approach across the Group. The MSC is also responsible for driving the Group's sustainability strategy and direction, including managing climate action and mitigating climate risks. The MSC meets periodically and reports to the Board.

The MSC is supported by the Group Strategy Division, which comprises the Sustainability Secretariat/Unit. The Group Strategy Division is responsible for the Group's Sustainability Report and managing and implementing sustainability strategy and initiatives across the Group. It is supported by the Group's Services Business Units and Corporate Divisions, which act as the Drivers of the Sustainability Blueprint. The Group Strategy Division reports to the MSC periodically.





# OUR VALUES

## VISION

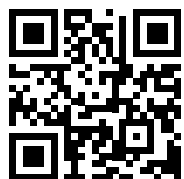
To be an innovative Global conglomerate with sustainable core businesses.

## MISSION

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

## 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 fulfilling our roles and responsibilities to the UMW Group. WOW advocates collaboration and going the extra mile towards driving excellence and success for the businesses.



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

## PLEDGE



100% CARBON NEUTRALITY BY 2050

UMW is committed to reducing our emissions and promoting environmental stewardship across our operations and value chain as we strive towards 100% carbon neutrality by 2050.

As a leading industrial conglomerate, we recognise the impact we have on the environment and will continue to mitigate and minimise our carbon footprint through robust policies and governance, strategic collaborations with key partners and stakeholders, green initiatives, the use of renewable energy and tree planting.



PLEDGE



100% CARBON NEUTRALITY BY 2050

UMW GROUP'S SUSTAINABILITY ROADMAP

UMW has committed to achieving 100% carbon neutrality by 2050. This is aligned with Toyota's commitment and supports the Malaysian government's commitment to reducing GHG emissions by 45% by 2030.

Strategic Action Plan	Target Milestones	Key Focus Areas	Alignment to UN SDGs
<ul style="list-style-type: none"> <li>Invest in nature-based solutions for CO<sub>2</sub> sequestration</li> <li>Environmental leadership via sustainable operational excellence</li> </ul>	<ul style="list-style-type: none"> <li>45% CO<sub>2</sub> neutrality (Scope 1 and Scope 2) by 2030</li> <li>100% CO<sub>2</sub> neutrality (Scope 1 and Scope 2) by 2050</li> </ul>	<ul style="list-style-type: none"> <li>Reforestation</li> <li>Renewable energy</li> </ul>	

Environmental stewardship

We remain committed to mitigating climate change and reducing pollution, waste and resource use through our support for environmental non-governmental organisations (NGOs) such as the World Wide Fund for Nature (WWF) and our partnership with the Malaysian Nature Society (MNS) for our UGS.

In addition, our Principal partner, namely Toyota Motor Corporation, is a member of the Japan Environmental Management Association for Industry. We are guided by the Group Health, Safety and Environmental (HSE) Policy and are fully conscious of the resources we consume in our operations. To continuously minimise our impact on the environment, we are actively pursuing environmental management certification against standards such as ISO 14001:2015. For the reporting year of 2021, the operational control consolidation approach is adopted. We

have focused on disclosing data from businesses and operations in Malaysia in order to align and benchmark UMW with the government's climate commitments. The Greenhouse Gas Protocol (GHG Protocol) principles were used to define the organisational boundary for GHG emissions data.

In addition to our own efforts to promote environmental stewardship, our subsidiary, namely UMW Toyota Group (UMW Toyota), supports the Toyota Environmental Challenge (TEC) 2050. The TEC is supported by five-year environmental action plans and in 2021, Toyota released its 7<sup>th</sup> Toyota Environmental Action Plan for 2021-2025.

We strongly support the World Business Council for Sustainable Development's climate change initiative, of which our Principal, Toyota Motor Corporation, is a member. Our subsidiary UMW Toyota is a member of the Malaysian Automotive Association.

Toyota Environmental Challenge 2050

<p><b>New Vehicle Zero CO<sub>2</sub> Emissions Challenge</b></p> <ul style="list-style-type: none"> <li>Reduce average CO<sub>2</sub> emissions from new vehicles by 30% or more compared to 2010 levels</li> <li>Make cumulative sales of 30 million electrified vehicles or more</li> </ul>	<p><b>Challenge of Minimising and Optimising Water Usage</b></p> <ul style="list-style-type: none"> <li>Reduce water usage by 3% per vehicle produced compared with the 2013 levels</li> <li>Thoroughly manage water discharge quality under internal standards that are stricter than regulatory standards</li> </ul>
<p><b>Plant Zero CO<sub>2</sub> Emissions Challenge</b></p> <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions from global plants by 30% compared with the 2013 levels</li> <li>Achieve a 25% introduction rate for renewable electricity</li> </ul>	<p><b>Challenge of Establishing a Recycling-based Society and Systems</b></p> <ul style="list-style-type: none"> <li>Complete set-up of 15 model facilities for appropriate treatment and recycling of end-of-life vehicles</li> <li>Establish a safe and efficient system for battery 3R (Reduce, Reuse, Recycle)</li> </ul>
<p><b>Life Cycle Zero CO<sub>2</sub> Emissions Challenge</b></p> <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by 18% or more throughout the entire vehicle life cycle (including manufacturing and driving) compared with the 2013 levels</li> </ul>	<p><b>Challenge of Establishing a Future Society in Harmony with Nature</b></p> <ul style="list-style-type: none"> <li>Realise "Plant in Harmony with Nature" – six in Japan and four overseas</li> </ul>

UMW Toyota – Toyota Green Purchasing Guideline

As an affiliate of Toyota Motor Corporation, UMW Toyota is mandated to abide by the Toyota Green Purchasing Guideline (TGPG) and the Toyota Earth Charter. As such, we work closely with our suppliers and conduct supplier assessment programmes to manage and minimise the environmental impact of our sourcing activities as stipulated in the TGPG.

UMW Toyota is also responsible for implementing emissions reduction programmes as set out under the Toyota Earth Charter, which balances environment, safety and health. The policy highlights UMW Toyota's commitment to the following:

- Ensuring the health and safety of all our employees, contractors and individuals involved in our operations by taking proper risk control measures wherever practicable
- Reducing negative environmental impacts from our operations by employing new practices to lower our toxic discharges into air, water and land by using natural resources efficiently
- Adhering to all necessary laws, regulations and requirements pertaining to health, the environment and safety at the workplace through management commitment, employee empowerment and process control

- Giving back to society by taking part in environmental social responsibility programmes
- Equipping employees with the proper facilities, equipment, knowledge, training and supervision to allow them to deliver excellence in a safe, healthy and environmentally responsible workplace
- Ensuring the compliance of all managers, supervisors, contractors and employees in following this policy. The TGPG requires suppliers and vendors of UMW Toyota to meet the following environmental standards:
  - Organising and enforcing effective environmental management systems and continuously improving conservation efforts (e.g. ISO 14001:2015 certification)
  - Striving to reduce GHG emissions throughout the entire product life cycle
  - Lowering the impact on water resources and quality
  - Reducing resource consumption and advocating the recycling of goods in manufacturing plants and logistics
  - Adhering to all applicable laws when handling chemical substances
  - Making sure that products and activities positively impact biodiversity and advocating the concept of harmony with nature.



PLEDGE

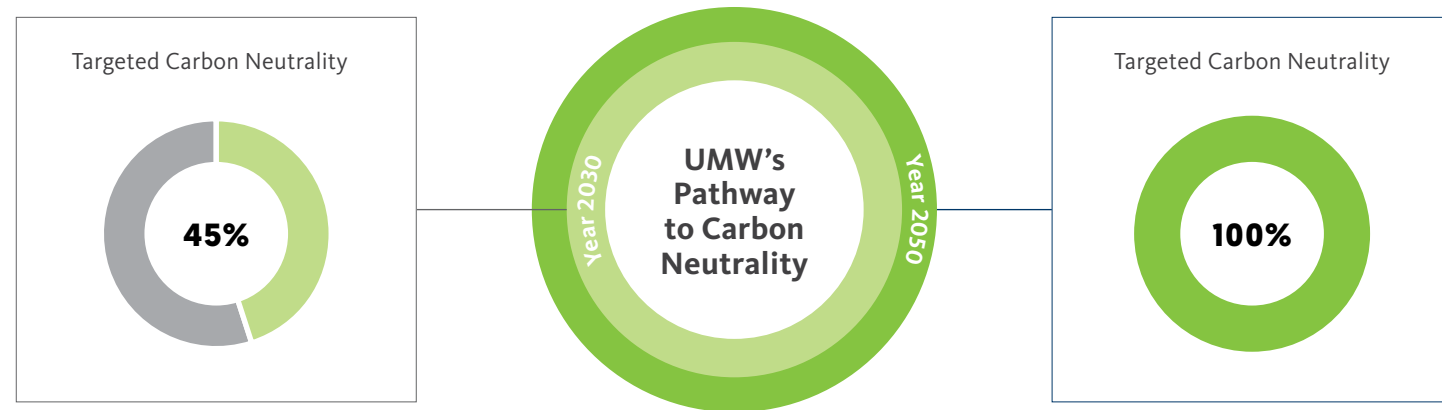


100% CARBON NEUTRALITY BY 2050

ADDRESSING CLIMATE CHANGE

As a conglomerate that has thrived for more than a century amid challenging times, we are committed to reducing global temperature rise by 1.5°C through strategic climate action, which is part of the Group's CREST@2021 strategic transformation framework. We will advocate good environmental and sustainability practices to reduce our carbon footprint and address climate change by innovating green products and contributing to the green economy. UMW Group has a short-term reduction target of 45% Carbon Neutrality by 2030, with a long-term reduction target of 100% Carbon Neutrality by 2050. Both the targets cover our Scope 1 and Scope 2 emissions from the base year of 2020.

Sources: The Paris Agreement; Nationally Determined Contributions (NDCs).



ENERGY

Energy is a key resource required to operate our businesses. Our operations are dependent on high-energy inputs, with our production processes consuming the most energy within the business. Our main energy sources for production plants continue to be purchased electricity, followed by natural gas and solar energy. In 2021, our energy consumption decreased by 15.46% from 2020.

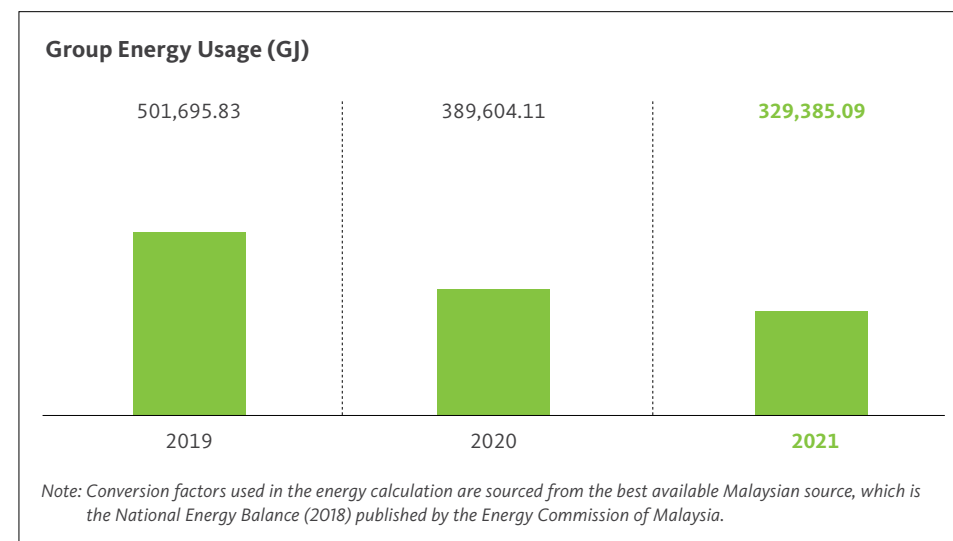
Energy Reduction Target for 2022

<p>Automotive Division</p> <p>Reduction of energy consumption by <b>2.5%</b></p>	<p>M&amp;E Division</p> <p>Reduction of energy consumption by <b>10%</b> in the office area</p>	<p>Aerospace Division</p> <p>Reduction of energy consumption by <b>10%</b></p>
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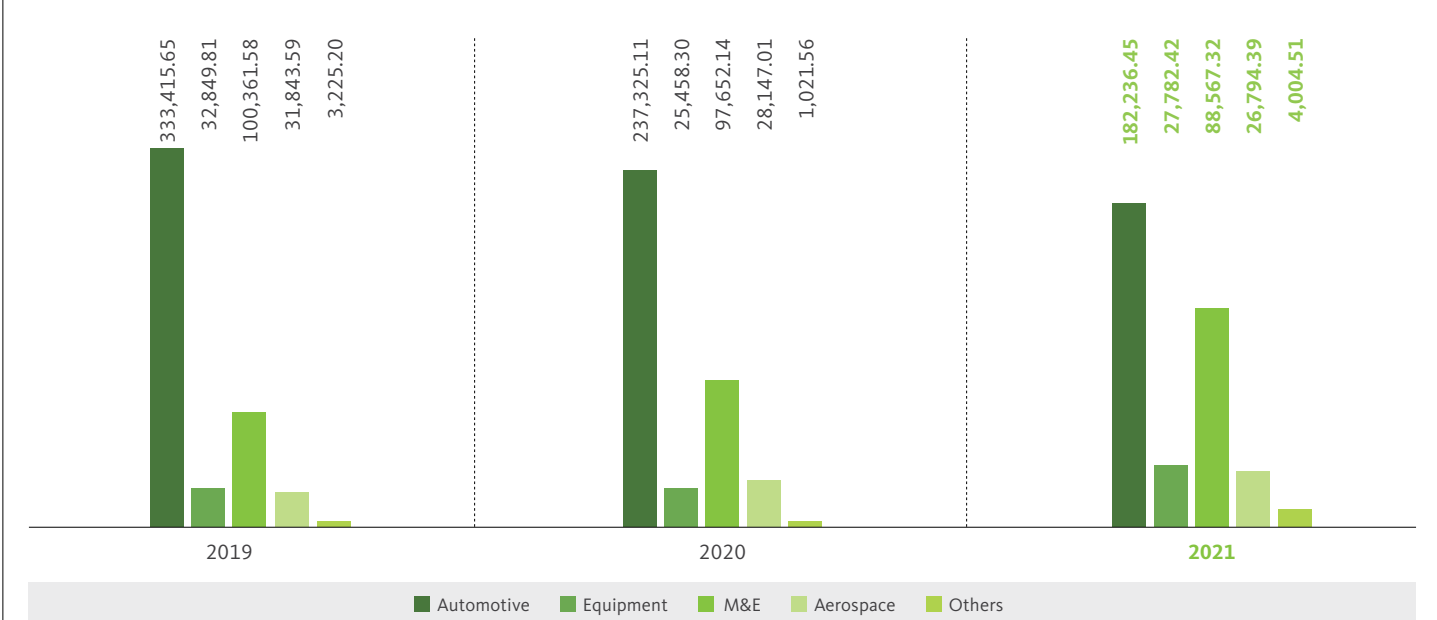
We strive to contribute to climate action efforts by committing towards improving energy efficiency within our operations. In 2021, we continued to implement a number of initiatives to reduce our energy consumption such as installing LEDs, optimising processes and machinery and encouraging energy-saving practices among our employees.

Such initiatives led to a 4% reduction for our Aerospace division.

Moving forward to 2022, we aim to continue our energy reduction initiatives and have set the following internal targets. We also intend to include energy use from UMW Group Suppliers.



Energy Usage (GJ) by Division

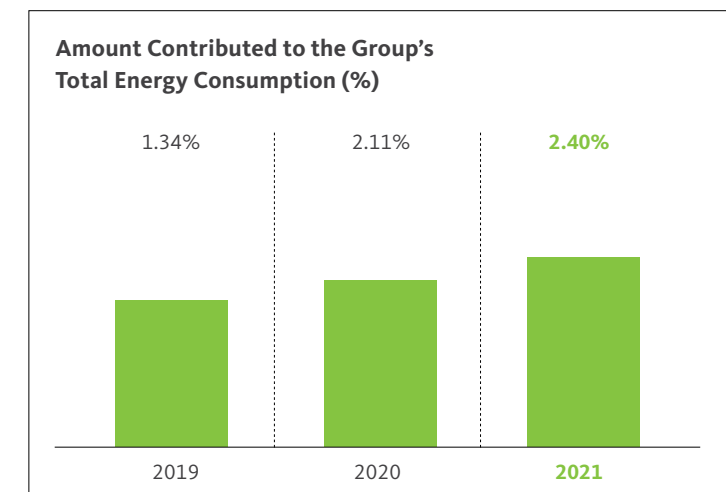
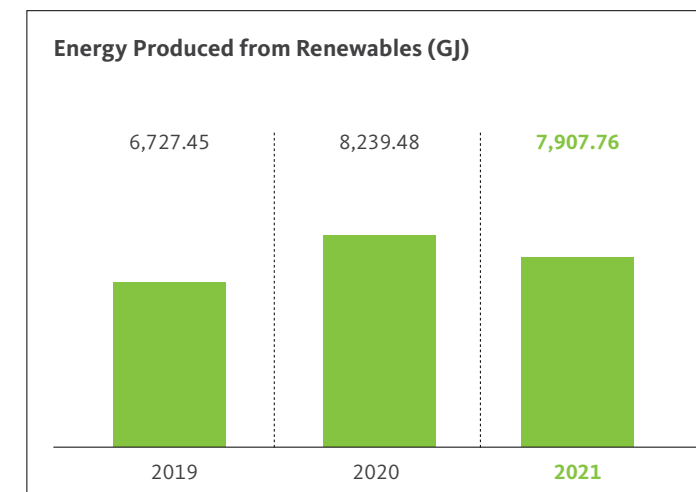


Note: UMW Aerospace Sdn Bhd (UMW Aerospace) was previously part of the M&E division. Therefore, data for the Aerospace division is only available from 2021 onwards. Others includes other businesses, headquarter and corporate offices.

RENEWABLES

UMW recognises the importance of renewable energy in reducing our overall energy consumption from purchased electricity and transitioning to a low-carbon economy. In 2021, we installed a 1,248 kWp rooftop solar panel at our KYB-UMW plant in Teluk Panglima Garang and a 1,251 kWp rooftop solar panel on the main factory building of our Aerospace division.

We are looking at installing solar panels at our M&E Lubricant Pulau Indah Plant. In addition, we intend to increase the number of solar panels at our existing Toyota plants.



Apart from investment in renewables, the Group intends to explore various initiatives to encourage decarbonisation across the Group.

PLEDGE



100% CARBON NEUTRALITY BY 2050

GHG EMISSIONS

Over the past year, we have seen first-hand the impact of climate change in Malaysia when the country was hit by one of the worst flooding in decades. We recognise the threat that climate change can pose to our operations, such as supply chain and production disruptions, and we are therefore committed to contributing to global efforts to mitigate climate change impacts. In response, UMW has pledged to achieve 100% carbon neutrality by 2050, which is a commitment we take seriously, and we will continue to take action through strategic measures to meet this target. As such, we have taken our reporting one step further this year by disclosing our GHG emissions according to Scope 1 and Scope 2 for the first time. Our base year is set at 2020.

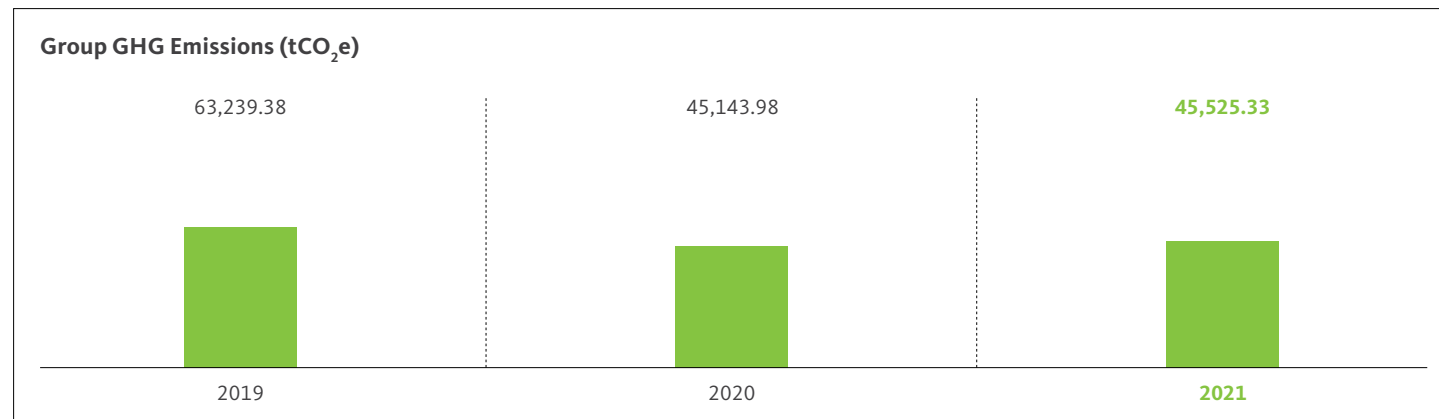
In our M&E division, we are focused on replacing diesel-powered equipment with battery-operated units at the Pulau Indah Plant to reduce the amount of diesel being used. Our Aerospace division continues to work closely with Rolls-Royce as part of its Sustainability Working Group to manage emissions in the production process.

In 2021, we reported a GHG emissions intensity of 3.96 tCO<sub>2</sub>/RM1 million of Group revenue and 0.63 tCO<sub>2</sub>/unit of cars sold. This reflected a 14.6% and 21% decrease in GHG emissions intensity from the previous year, respectively.

Emission factors for calculating the Group GHG Emissions

For Scope 1, fuel-based emission factors used in the calculation are sourced from 2006 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories. Fuel-based conversion factors, however, are obtained from the Energy Commission's National Energy Balance (2018). Emission factors for fugitive emissions are obtained from the Greenhouse Gas Inventory Guidance on Direct Fugitive Emissions (2004) by the United States Environmental Protection Agency.

For Scope 2, emission factors used in the calculation are sourced from the best available Malaysian source, which is the Clean Development Mechanism (CDM) Electricity Baseline for Malaysia (2017) by Malaysian Green Technology and Climate Change Corporation.

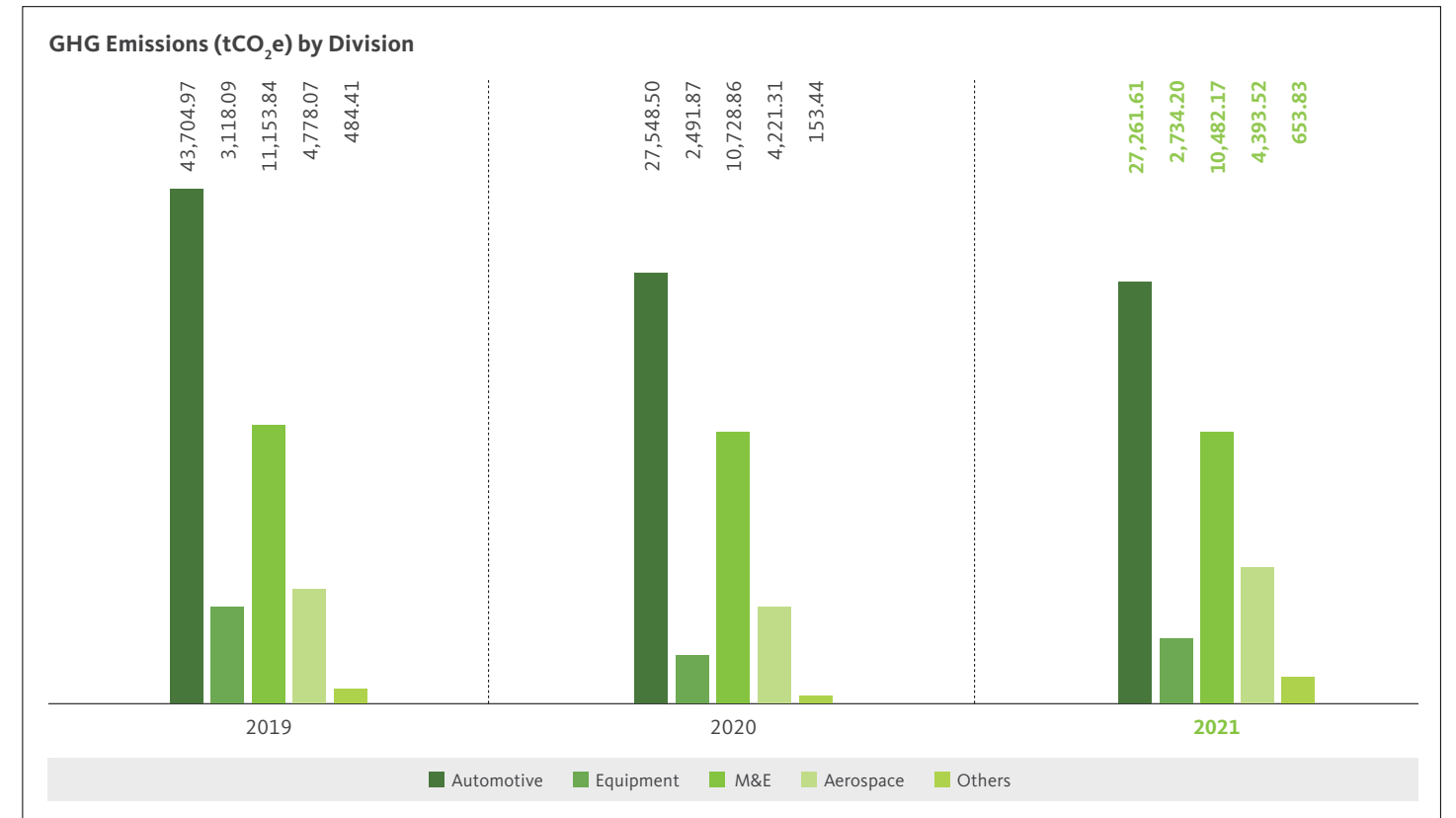


Group GHG Emissions (tCO <sub>2</sub> e)	2019	2020	2021
Scope 1: Direct emissions from sources owned or controlled by UMW Group	9,485.91	6,771.60	5,398.02
Scope 2: Indirect emissions from purchased electricity	53,753.47	38,372.38	40,127.31
<b>Total emissions</b>	<b>63,239.38</b>	<b>45,143.98</b>	<b>45,525.33</b>

Note: The conversion factors used to derived the Group GHG emissions are from the following - National Energy Balance (2018) & Intergovernmental Panel on Climate Change (IPCC) Guidelines (2006); Environmental Protection Agency [EPA] (2014); CDM Electricity Baseline for Malaysia (2017).

Our Scope 1 GHG emissions cover emissions from stationary combustion, company vehicles, hydrofluorocarbon (HFC) consumption and fire suppression for 2021 data.

We are in the midst of expanding our GHG emissions reporting to include categories such as Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O), Perfluorocarbons (PFCs), Sulfur Hexafluoride (SF<sub>6</sub>). In addition, we are expanding our reporting to include other type of emissions, such as Nitrogen Oxides (NO<sub>x</sub>), Sulfur Oxides (SO<sub>x</sub>) and Volatile Organic Compounds (VOCs).



GHG Emissions (tCO <sub>2</sub> e) by Division	2019	2020	2021
<b>Automotive TOTAL</b>	<b>43,704.97</b>	<b>27,548.50</b>	<b>27,261.61</b>
Scope 1	2,622.30	1,652.91	1,482.45
Scope 2	41,082.67	25,895.59	25,779.16
<b>Equipment TOTAL</b>	<b>3,118.09</b>	<b>2,491.87</b>	<b>2,734.20</b>
Scope 1	1,777.31	1,420.37	1,562.69
Scope 2	1,340.78	1,071.50	1,171.51
<b>M&amp;E TOTAL</b>	<b>11,153.84</b>	<b>10,728.86</b>	<b>10,482.17</b>
Scope 1	2,354.30	2,264.60	2,212.52
Scope 2	8,799.54	8,464.26	8,269.65
<b>Aerospace TOTAL</b>	<b>4,778.07</b>	<b>4,221.31</b>	<b>4,393.52</b>
Scope 1	86.11	76.08	79.18
Scope 2	4,691.96	4,145.23	4,314.34
<b>Others TOTAL</b>	<b>484.41</b>	<b>153.43</b>	<b>653.83</b>
Scope 1	45.32	14.35	61.17
Scope 2	439.09	139.08	592.66

Note: The conversion factors used to derived the Group GHG emissions are from the following - National Energy Balance (2018) & Intergovernmental Panel on Climate Change (IPCC) Guidelines (2006); Environmental Protection Agency [EPA] (2014); CDM Electricity Baseline for Malaysia (2017).

PLEDGE



100% CARBON NEUTRALITY BY 2050

OUR REFORESTATION INITIATIVE

UMW GREEN SHOOTS (UGS) INITIATIVE



This year, we implemented the UGS, which is the Group's environmental philanthropic programme focusing on reforestation. This is aligned with our strategic action plan and will also contribute towards the national campaign "Greening Malaysia: Our Trees, Our Life", which aims to plant 100 million trees by 2025. It also contributes to SDGs 13, 14 and 15.

We aim to plant 300,000 mangrove trees nationwide in collaboration with UMW Toyota, Perodua, the Malaysian Nature Society (MNS), Yayasan Hijau Malaysia (YHM) and Astro by the end of 2023. Volunteers from Universiti Kebangsaan Malaysia (UKM), Universiti Teknologi Malaysia (UTM), Universiti Malaysia Pahang (UMP) and Yayasan Sukarelawan Siswa helped with the implementation and tree planting, which was held throughout the year. As of 31 December 2021, we have planted 10,000 trees in six states, namely Penang, Terengganu, Johor, Negri Sembilan, Pahang and Selangor.

The planting of the mangrove trees will benefit local communities in terms of protecting against the rising sea level and coastal erosion.

DENAI SUNGAI KEBANGSAAN

In 2021, we took part in the Trail of National Rivers Programme (Denai Sungai Kebangsaan) to support the government's initiative to build 10,000 km of trails by 2030. The initiative aims to protect rivers from pollution, beautify riversides and encourage eco-tourism. UMW has pledged to plant 10,000 bamboo trees by 2022 at Sungai Langat, Tasik Baginda and Hulu Selangor. As of 31 December 2021, we have planted 1,150 bamboo trees at Sungai Langat.

Moving forward, we intend to use our internal social media channels as well as third-party partnerships, such as Astro as the Education Partner, to increase communication efforts to drive and support carbon neutrality goals.



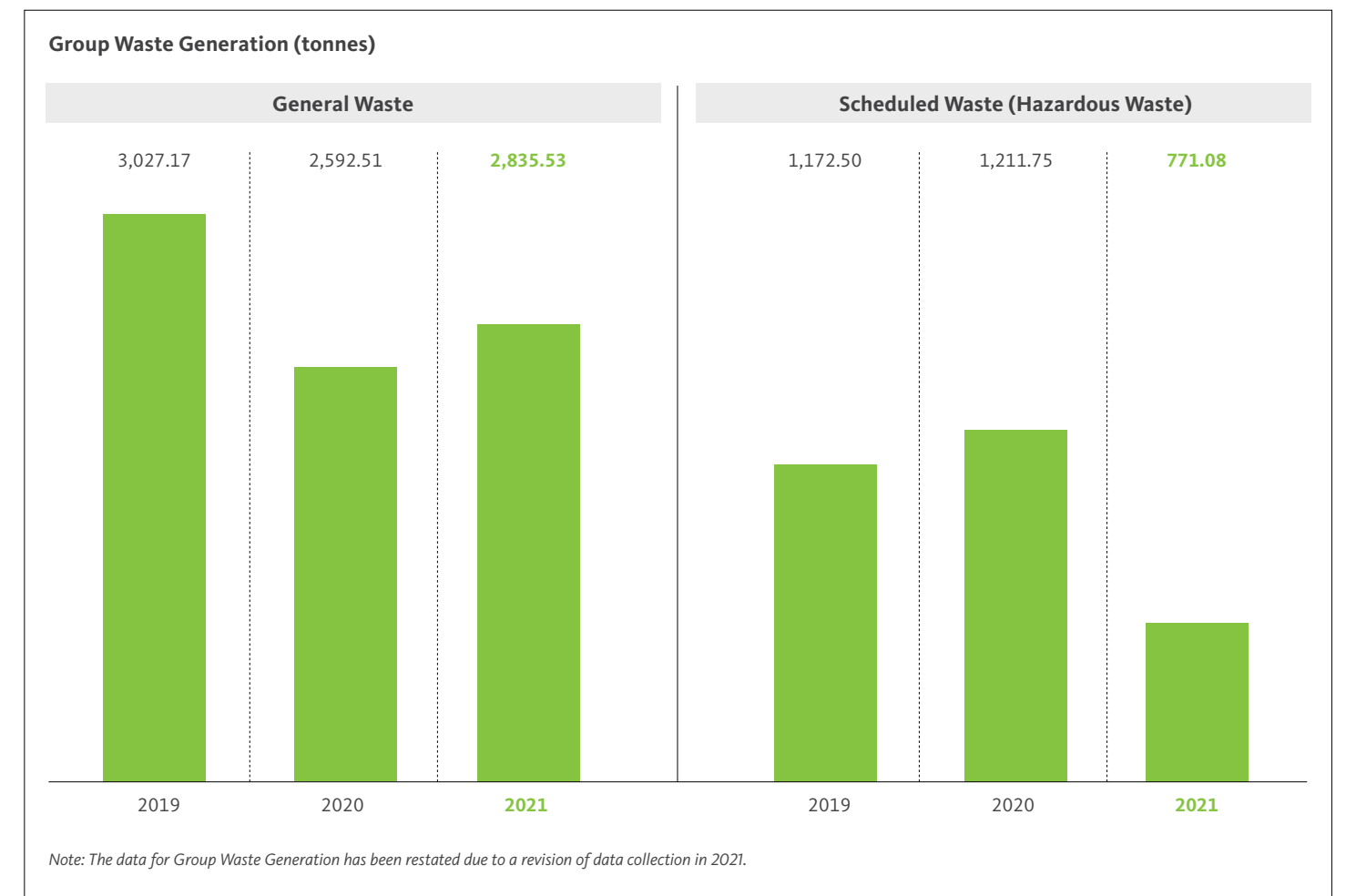
WASTE, WATER AND RESOURCE MANAGEMENT

WASTE

UMW continues to work on reducing waste from our production processes. We leverage our partnership with Toyota to implement lean manufacturing principles such as Toyota Production System (TPS), which is a Japanese method of minimising waste without compromising on the quality of our products.

In UMW Toyota, the business was focused on establishing a recycling system to segregate items and reducing scheduled waste through oil recovery. Our Shah Alam (SAP) and Bukit Raja (BRP) plants are also on track to meet their FY2026 targets to reduce waste generation to 12.5kg/unit and 8.4kg/unit car manufactured, respectively.

The Group targets to reduce waste by going digital and implementing paperless initiatives. In the Aerospace division, the main factory was fitted with water dispensers that reduced the need for plastic bottles. The division also put in place a chemical management system to reduce chemical waste and a centralised system for scheduled waste to better manage scheduled waste. Across our operations, we continue to promote the 3Rs and are working to better manage our waste output.



PLEDGE



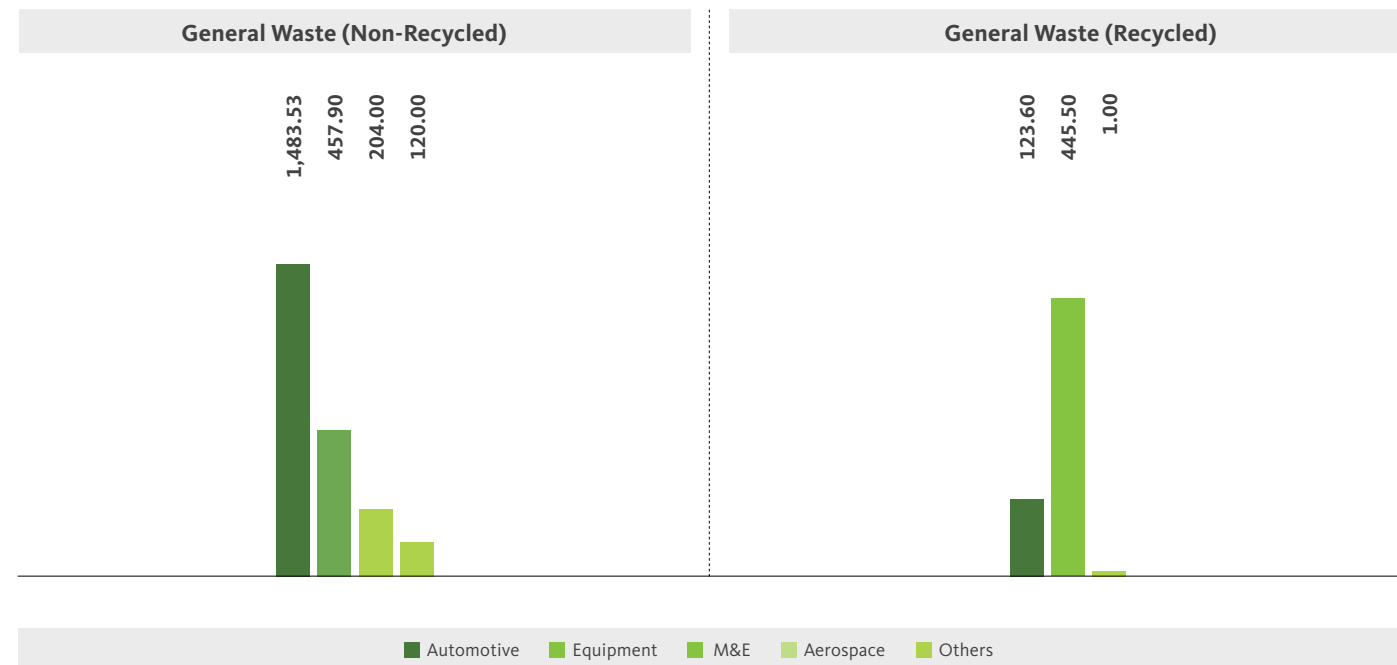
100% CARBON NEUTRALITY BY 2050

Waste Generation (tonnes) by Division

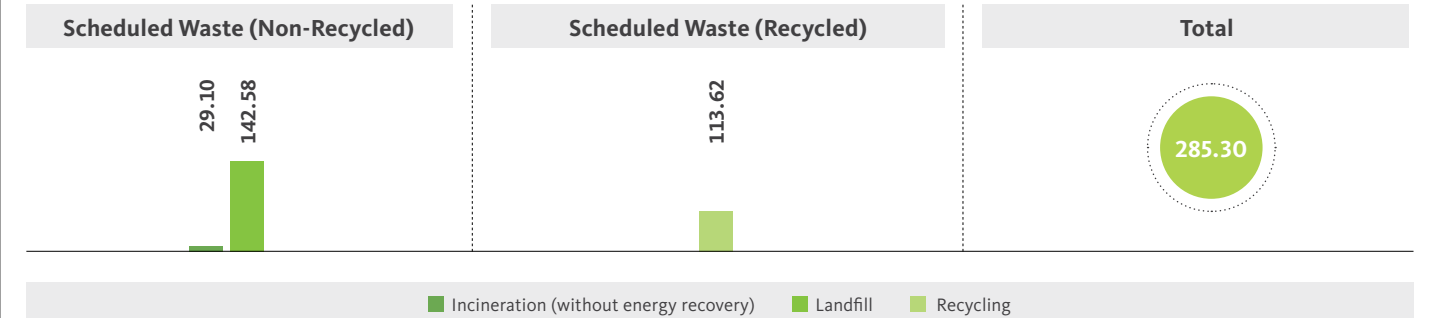
Division/Type of Waste	General Waste	Scheduled Waste
<b>2019</b>		
Automotive	1,985.57	497.40
Equipment	424.79	20.29
M&E	610.81	629.43
Aerospace	-	25.38
Others	6.00	-
<b>2020</b>		
Automotive	1,485.03	371.66
Equipment	442.90	323.48
M&E	553.59	477.37
Aerospace	110.99	39.24
Others	-	-
<b>2021</b>		
Automotive	1,607.13	288.92
Equipment	457.90	93.48
M&E	445.50	374.92
Aerospace	205.00	13.76
Others	120.00	-

Note: The data for Group Waste Generation has been restated due to a revision of data collection in 2021. Scheduled Waste refers to Hazardous Waste.

General Waste (tonnes) by Division for 2021

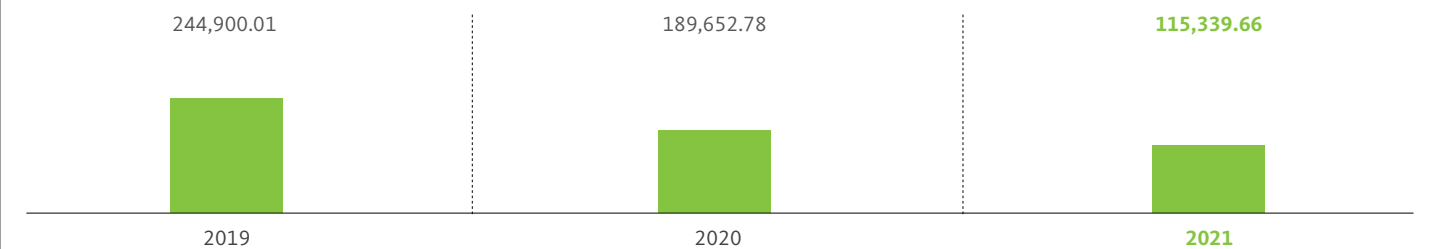


Scheduled Waste (tonnes) for 2021



Note: The data for the Group's scheduled waste is limited to ASSB from the Automotive business division. The Group aims to widen its scope for scheduled waste data collection in the near future.

Group Effluents Generation (m<sup>3</sup>)



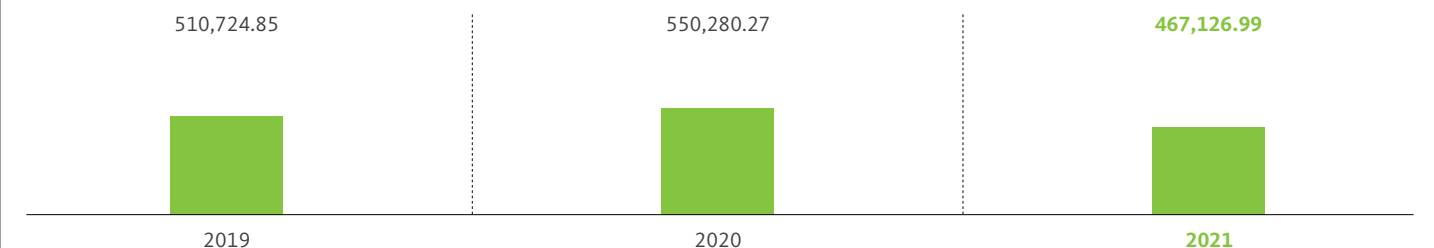
WATER MANAGEMENT

UMW relies on water for our manufacturing processes, especially in the Automotive industry. We are committed to continuing our efforts to reduce our water consumption by being more efficient and implementing water conservation initiatives. Water is drawn mainly from third-party providers, such as Syabas, and is used for domestic and production processes.

The initiatives we have implemented include installing rainwater harvesting systems across our operations for use in general cleaning. The Aerospace division has also started to use rainwater for solar panel maintenance. The Automotive division encourages suppliers to implement voluntary water-saving initiatives and in the Aerospace division, suppliers are required to sign a sustainability pledge that promotes environmental efficiency.

In the Automotive division, ASSB Shah Alam and ASSB Bukit Raja are on track to reduce their water consumption by 32% and 4% by FY2026, respectively. As of 31 December 2021, Group water consumption has reduced by 15.11%.

Group Water Consumption (m<sup>3</sup>)

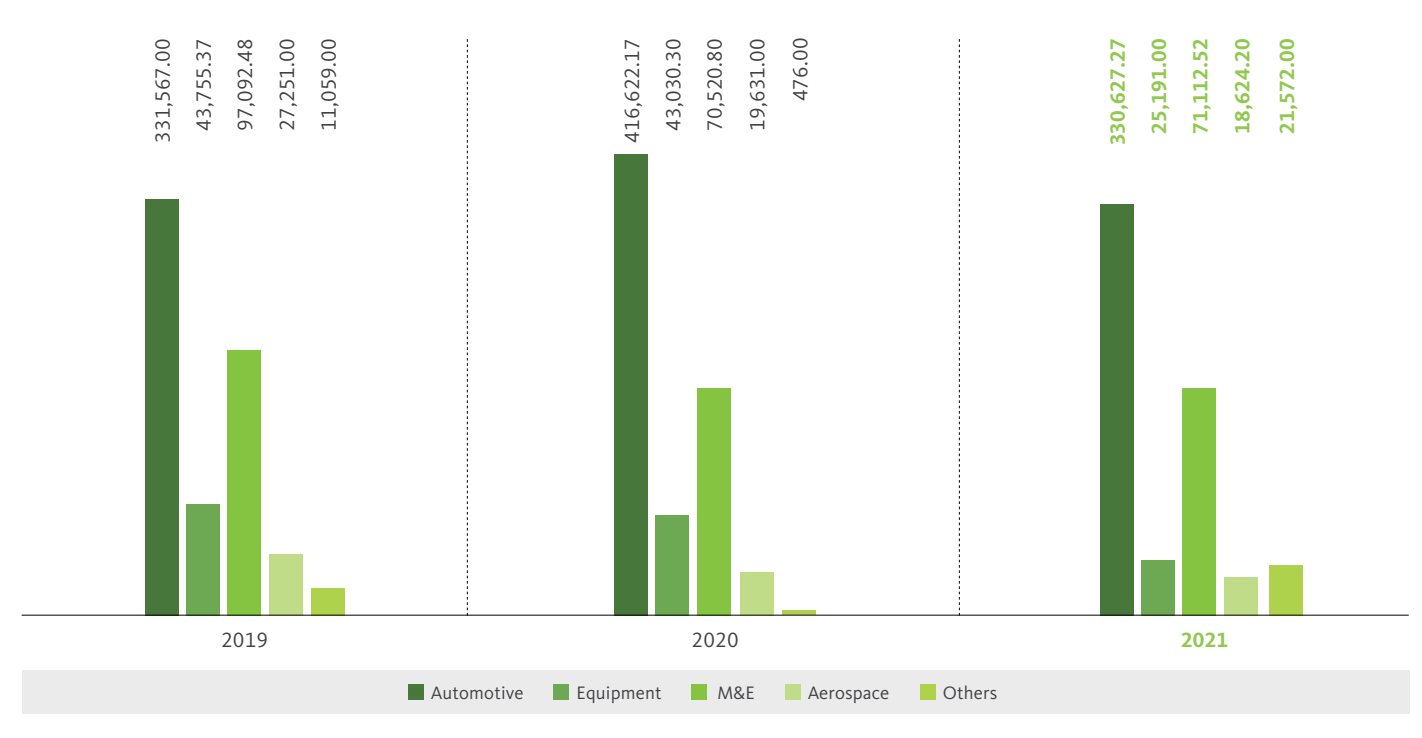


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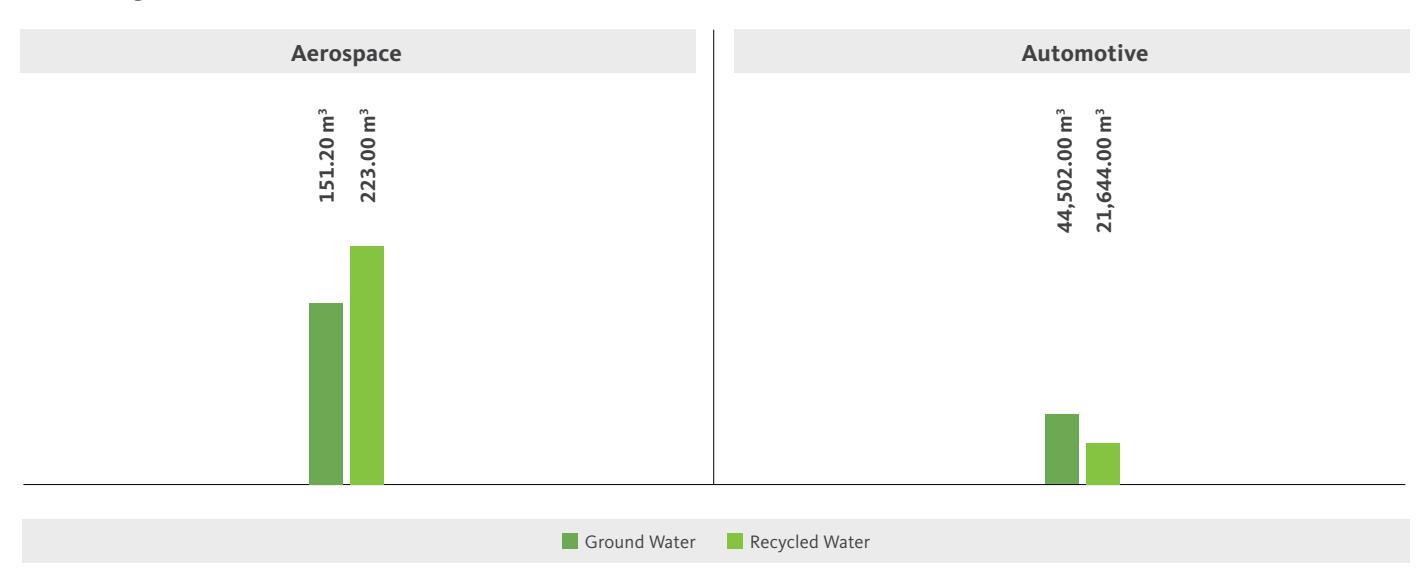


100% CARBON NEUTRALITY BY 2050

Water Consumption (m³) by Division



Water Usage (m³) from Other Sources for 2021

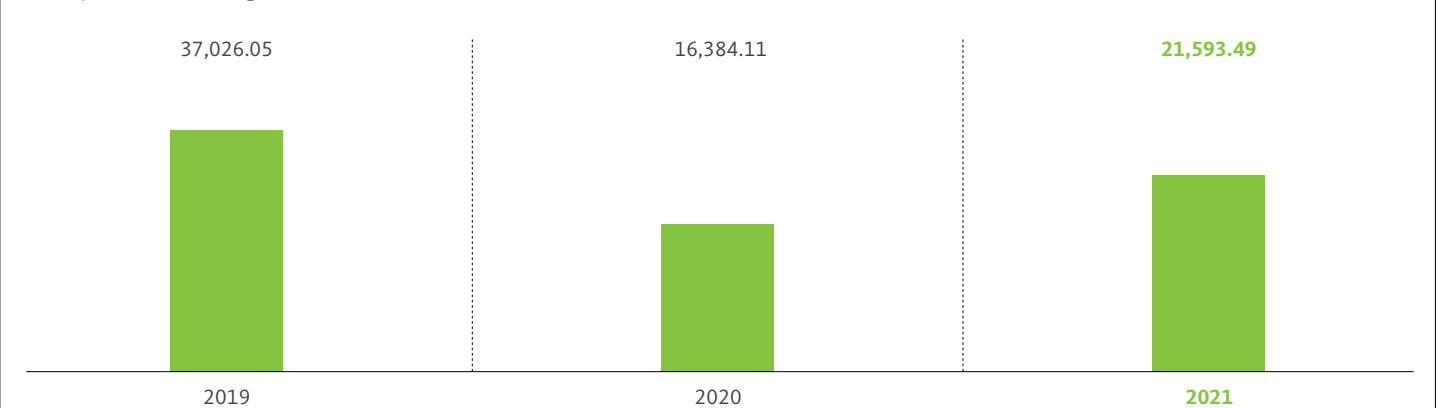


MANAGING RESOURCES AND MATERIALS

Our businesses are resource-intensive and require a wide variety of materials. We continue to work with our business partners and customers to find solutions for more efficient use of resources and materials. We also strive to innovate in this area and continue to invest in R&D. The majority of our operations already have ISO 14001 accreditation or are currently pursuing certification, ensuring that we are as efficient as we can be.

In our Aerospace division, we used recycled wooden pallets and cartons as packaging materials to reduce waste. We also reduced paper consumption, ink printing and print cartridges by promoting digital document use. In our M&E division, we have established separation of oil sump pits for lubricants and specialty products at the Pulau Indah Plant.

Group Materials Usage (tonnes)



Note: The data for Group Material Usage has been restated due to a revision of data collection in 2021.

PLEDGE



BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE

We strive for teamwork at UMW to establish a highly energised workforce that is supported by the best work environment possible, including equal opportunities and performance-based frameworks.

We believe in investing in our people to enable them to stay relevant and adapt to change, which is key to our organisation's long-term sustainable growth. Our aim is to ensure professional growth for our people while providing them with a safe work environment and engaging with them to ensure their happiness at work.

We have identified five traits for a high performance organization: Energy, Energise, Edge, Execute and Passion. As one of the strategic enablers of CREST@2021, our employees play an important role in championing definitive actions and creating positive change where we operate.



Human Capital Aspirations Embedded with Sustainability

In 2021, our Group Human Capital's strategy and transformation were guided by our CREST@2021 strategic transformation framework. To streamline our people management and drive a high-performance culture, we premised the sustainability of our strategic aspirations on three pillars.

Pillar 1	Pillar 2	Pillar 3
Driving a High-Performance Culture	Driving Excellence and Sustainability in the New Normal	Driving Sustainability Practices towards Reduced Carbon Footprint

Achievements in 2021	Strategy for 2022
<p><b>1</b></p> <ul style="list-style-type: none"> <li>Refreshed Balanced Scorecard (BSC) to CREST@2021.</li> <li>Expanded our capabilities programmes into the UMW Executive Development (UEDP) and strategic and targeted leadership development programmes.</li> <li>Sustained and increased succession pool to assume critical roles.</li> <li>Conducted periodic salary reviews and benchmarking to ensure our salaries are competitive and within market standards.</li> <li>Integrated employees' well-being into the EnergizeUMW programme to ensure the productivity and wellness of our employees.</li> <li>Enabled employees to adapt to the new normal by introducing new policies such as work-from-home and gathering feedback from employees.</li> <li>Communicated and engaged through CREST@2021 awareness programmes.</li> </ul>	<p><b>1</b></p> <ul style="list-style-type: none"> <li>Continue to assess and reinforce alignment of CREST@2021 through shared goals and demonstrated behaviours.</li> <li>Expand capabilities through leadership agility-building programmes and upskilling to meet future job and business objectives.</li> <li>Enrich employee experience with learning opportunities, career paths and succession plans for critical roles.</li> <li>Advance our online learning modules with on-demand access to curated content.</li> <li>Expand the productivity metrics that measure the new ways of working.</li> <li>Embrace digital savviness to adapt to new ways of working.</li> </ul>
<p><b>2</b></p> <ul style="list-style-type: none"> <li>Digitalised HSSE by implementing:                             <ul style="list-style-type: none"> <li>Digital platform/HSSE Data Centre</li> <li>Thermal imaging</li> <li>Face recognition</li> <li>Scheduled Waste e-Tracking (SWeT)</li> <li>PokaYoke Vital Interface Gateway.</li> </ul> </li> <li>20 HSSE employees certified under the HSE Industry Revolution 4.0.</li> <li>Zero accidents related to the top 5 HSSE risks in the last two years.</li> <li>27 locations accredited with Occupational Health and Safety Management System ISO 45001: 2018.</li> <li>99% of UMW employees completed their vaccinations under the PIKAS (Program Imunisasi Industri COVID-19 Kerjasama Awam-Swasta) programme and MySejahtera, allowing for 100% operating capacity. PIKAS is a public-private initiative to accelerate immunisation among the general public.</li> <li>Communicated daily updates, Standard Operating Procedures and other necessary information about COVID-19 to employees across the Group.</li> <li>Employee involvement in the community, such as flood relief activities, to which we contributed RM 2.1 million.</li> </ul>	<p><b>2</b></p> <ul style="list-style-type: none"> <li>Strengthen business resilience through HSSE digitalisation.</li> <li>Roll out SWeT across the Group.</li> <li>Leverage SafeUhub system by adapting to new ways of working and technology savviness.</li> <li>Continue to enhance capabilities and competencies among HSSE practitioners in digitalisation, governance and managing new HSSE critical risks.</li> <li>Sustain the accreditation of Occupational Health and Safety Management System ISO 45001:2018 and extend to overseas operating companies.</li> <li>Educate employees on adapting to the new normal way of working during endemic period and post-COVID-19.</li> <li>Push initiatives that promote employees' wellness in helping them remain in good health.</li> </ul>
<p><b>3</b></p> <ul style="list-style-type: none"> <li>Inked legal agreement between UMW, UMW, Perodua, Yayasan Hijau Malaysia and the Malaysian Nature Society.</li> <li>Planted 10,000 trees in Penang, Terengganu, Johor, Negri Sembilan, Pahang and Selangor, with the participation of university students from UTM, UMP and UKM, UMW staff volunteers and local communities.</li> <li>Collaborated with Astro as the Education Partner.</li> </ul>	<p><b>3</b></p> <ul style="list-style-type: none"> <li>Measure carbon offset.</li> <li>Intensify communication efforts to drive and support the objectives of carbon reduction via internal digital platforms and Astro as the Education Partner.</li> <li>To plant 150,000 trees.</li> </ul>



PLEDGE



BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE

UMW GROUP SUSTAINABILITY ROADMAP

Strategic Action Plan	Target Milestones	Key Focus Areas	Alignment to UN SDGs
<ul style="list-style-type: none"> <li>Foster sustainable culture by supporting and funding employee well-being</li> </ul>	<ul style="list-style-type: none"> <li>100% zero accident rate</li> <li>Scholarship programme to nurture talent</li> <li>25% women's representation in Senior Management roles</li> </ul>	<ul style="list-style-type: none"> <li>Employee well-being</li> <li>Education</li> <li>Diversity and inclusivity</li> </ul>	

GROUP HUMAN CAPITAL ASPIRATIONS TOWARDS VALUE CREATION

We aspire to continue to create value for our employees as well as our organisation in our sustainability journey. Although managing our people during the second pandemic year was met with various challenges, we remained guided by our CREST@2021 strategic transformation framework to navigate the challenges. As such, we have lined up key targeted aspirations that adhere to CREST@2021 to develop a holistic, agile and future-proof workforce.

Grooming Future Leaders

Developing successors is an important part of our talent management process. It allows us to identify people with the right skills to harness their talent and groom them to be the next generation of leaders in our organisation.

In 2021, we continued with UMW's Management Trainee Programme, which provides high-potential graduates with the opportunity to undertake a two-year Management Trainee programme that seeks to provide in-depth experience in and exposure to UMW's divisions. Graduates are stretched and primed to become future leaders in UMW through on-the-job rotations in respective divisions, mentoring and soft skills training in a 70:20:10 ratio. Since the establishment of the programme in 2018, a total of 35 young talents have been hired under UMW's Management Trainee Programme.

We also identify high-potential talents through our Fast Track Programme to accelerate their career growth. The programme is a three-year programme that allows identified employees to participate in innovative projects, leadership training and stretch assignments, as well as learn about other parts of the business through job rotations.

In 2021, 168 successors for 180 critical positions were identified, with 82% of the successors deemed ready to take on the target roles immediately or within one to two years. Going forward, we aim to identify 70% of our successors through assessments and implement targeted development programmes, such as the CEO-1 Leadership Development Programme, to address our succession planning gap.

AN ENERGISED WORKFORCE

2021 was a significant year for UMW as we strengthened our sustainability strategy across our operations. Under our new Group strategy CREST@2021, we aim to align UMW's sustainability commitment in all our business divisions and operations, including Group Human Capital. This means embedding the three sustainability elements, Environment, Social and Governance and in our workforce to ensure a high-performing workforce that is underpinned by good governance and integrated with good environmental and sustainability practices.

In addition to this, a work-from-home policy was introduced to facilitate employees in adapting to the new normal brought about by the pandemic, while our internal HR information system, MyInsights, was completed to ensure that employees could complete human resource administrative transactions on their own. We continued to track and monitor our performance in the context of employee engagement throughout this time via regular pulse surveys.

Looking ahead, we will continue to prioritise the well-being of our employees, particularly mental health, given the disruptions to the normal work dynamics as a result of the pandemic. With regards to talent management, we are committed to enhancing our remuneration schemes and exercising prudence in hiring and promotions. The CREST@2021 strategy will also remain a focal point as we further reinforce our culture through targeted engagement programmes.

We support and respect the protection of internationally proclaimed human rights, and we support the Malaysian government's policy in this regard.

The Group adheres to and fully complies with the government's policy on children's rights and child labour law. We do not employ children under the minimum labour age as defined by the Children and Young Persons (Employment) Act 1966 or assign jobs that may impair children's development.

The Group is committed to local employment and/or sourcing in line with government policy.

We ensure that our Group Human Capital's strategic objectives are aligned with UMW's commitment to sustainability, which includes harnessing teamwork and a positive attitude that energises employees and others.

Benefits for Employees

We believe that establishing a strong performance culture requires a progressive view of employee rewards and performance; therefore, we aim to provide equitable and competitive remuneration packages to attract and retain talents. Our full-time employees enjoy additional benefits such as individual and family medical and insurance coverage and, Flexi Benefits, as well as above minimum/mandatory employer contribution to the Employees Provident Fund (EPF). We have also rewarded our high performing employees and critical talents with differentiated bonus and salary adjustments with the aim to improve overall retention.

**FLEXI BENEFITS**

**UMW**

**Flexible Benefits (Flexi-Ben) Scheme**

As a progressive organisation, we have various mechanisms in place to provide a safe and conducive working environment for our employees. We acknowledge that offering relevant benefits that are above industry practice will enable us to attract and retain the best talents. In this context, one of the benefits that our full-time permanent employees enjoy is the Flexi-Ben Scheme, which was launched at the start of 2020. Under the scheme, employees have the flexibility to customise their combination of benefits to best suit their lifestyle and current needs. Since the launch of the Flexi-Ben Scheme in 2020, 30% of our employees have taken it up.

PLEDGE



**BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE**

**FLEXIBLE WORK ARRANGEMENT (FWA)**

In 2020, we introduced the Flexible Work Arrangement (FWA) in line with the new normal amid the COVID-19 pandemic.

The Group ensures that workers' working hours, days off and annual leave are appropriately managed, so that we do not infringe statutory limits as defined by the Malaysian Employment Act 1955.

Under the FWA, employees are given the following three options:

<p><b>Flexi-Location</b></p> <p>The option to work from home or anywhere other than the office, as long as the working hours are fulfilled as mandated by the policy. Full-time permanent employees working from home will also be granted a one-time claim of up to RM1,500 for their home office set-up.</p>	<p><b>Flexi-Hours</b></p> <p>The option to reduce current working hours to either 32 hours per week (four working days) or 24 hours per week (three working days).</p>	<p><b>Flexi-Time</b></p> <p>The option to determine daily start and end times for work, as long as the working hours are fulfilled as mandated by the policy.</p>
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**PERFORMANCE MANAGEMENT FRAMEWORK**

The Group made important strides in the year under review to maintain and improve its high-performance culture through a range of talent management and employee engagement initiatives. One of the most significant initiatives was the alignment of our organisational goals to the CREST@2021 strategic transformation framework through a Balanced Scorecard Approach that helped to communicate our goals and strategy to employees, together with our CREST@2021 awareness programmes. The Group's CREST@2021 strategy is embedded with sustainability aspects and these are included in our performance management framework.

**Our Balanced Scorecard Approach**

The Balanced Scorecard Approach is a Group Human Capital initiative that is aligned with the Group's new strategy, CREST@2021. This year, the Automotive division joined the rest of UMW in rolling out the Balanced Scorecard Approach, which was adopted by other divisions the previous year.

These scorecards facilitate employee performance reviews, apart from communicating our goals and strategy. At UMW, we have made performance reviews mandatory for all employees, with management employees evaluated twice a year and non-management employees evaluated once a year.



**TRAINING AND DEVELOPMENT**

We believe in supporting our employees' professional growth by equipping them with the latest industry skills and knowledge, in line with our Group Human Capital Strategic Roadmap, to develop and maintain a highly-skilled workforce.

In 2021, we continued to encourage our employees to expand their skills and knowledge through various programmes organised by the UMW Training Academy, including business improvement programmes such as Kaizen, as well as other in-house management and leadership programmes. All our programmes are designed to prepare our workforce to be future-ready and agile to enable us to adapt to continuous change and remain relevant.

Due to disruptions from the pandemic, we developed various online learning modules to enable our employees to continue learning and upskilling. Most of our online learning modules were conducted on online platforms such as e-Latih, e-Learning/e-Pembelajaran and Rise360.



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**BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE**

Among the main training programmes rolled out this year were the following:

<p><b>Core Competencies Programme</b></p>	<p>The Core Competencies Programme prepares employees by enhancing their leadership competencies and mindsets to effectively perform their roles towards achieving CREST@2021 strategic transformation framework aspirations. We collaborated with the Melbourne Business School (MBS) to incorporate classroom training, leadership coaching and business cases as part of the programme. The programme was successfully launched in November 2020 and has significantly improved employees' performance and quality of deliverables.</p>
<p><b>UMW Apprenticeship Programme</b></p>	<p>The UMW Training Academy facilitates this three-month programme on behalf of UMW Industries (1985) Sdn Bhd, UMW Equipment Sdn Bhd and UMW East Malaysia Sdn Bhd to develop entry-level technical talents for the industry. The UMW Training Academy works collaboratively with Majlis Amanah Rakyat (MARA) in the process of grant appointments and the constant supply of potential candidates from MARA Technical and Vocational Education and Training (TVET) institutions. The training syllabus includes 70% hands-on activities and 30% theory and understanding of basic principles, qualifying candidates to join the industry's current and future workforce. A total of 10 participants were accepted into the programme and nine were hired as full-time employees in July 2021.</p>
<p><b>Management Trainee Development Programme</b></p>	<p>The UMW Management Trainee Development Programme is a two-year programme that ensures a continuous supply of high-quality entry-level/fresh graduates for UMW's leadership talent pipeline. Management Trainees attend a four-week blended training session consisting of UMW Discovery Programmes, Business Mastery Skills, Personal Effectiveness Skill Leadership Competency, Career Growth &amp; Agility, Innovation and Industry 4.0. This programme helps trainees enhance their leadership skills and improve people engagement and business results within the Company. To ensure the success of the programme, we continuously monitor and track the trainees' performance through regular progress updates and development conversations.</p>
<p><b>e-Learning</b></p>	<p>e-Learning enables improvement and innovation, allowing employees to upskill and enhance their knowledge while ensuring accessibility.</p> <p>Conducted through MyInsights, our internal HR information system platform, it allows for remote learning and ease of training functions, including participant registration, evaluation and tracking of previous modules, courses or training.</p> <p>During the COVID-19 pandemic, the UMW Training Academy adapted multiple online modules via e-Learning to ensure continuous learning and development for employees, as well as the enrichment of their awareness and understanding of UMW.</p>
<p><b>Perantisan Penjana Kerjaya 2.0 Programme (Trainee Programme)</b></p>	<p>This six-month programme is open to graduates or school-leavers aged between 18 and 30 years old who are currently unemployed. It focuses on upskilling and reskilling trainees to improve their potential marketability. The programme prepares graduates with professional training through soft skills and on-the-job training (OJT) with the host companies or divisions. In 2021, the programme attracted 415 participants across four batches, who were also introduced to concepts like Business Model Canvas and Kobetsu Kaizen.</p>

In 2021, UMW employees received **45,767** training hours, with each employee receiving **7.96** hours of training on average.

**Awards**

UMW was named as the recipient of the Anugerah Majikan Prihatin (Pengambilan Pekerja Tertinggi) for 2021 on 10 December for increasing employment opportunities for fresh graduates. UMW was also recognised for its proactive role in stimulating employee demand and contributing to the training of local graduates to enhance their marketability through the Perantisan PenjanaKerjaya Programme. The recognition received from the Ministry of Human Resources and its management agency, PERKESO, was significant to the UMW Training Academy, which is the backbone and primary driver of the various programmes implemented under the PenjanaKerjaya 3.0 plan.



**EMPLOYEE ENGAGEMENT AND WELL-BEING**

**Listening to our employees, an important internal stakeholder group, is our priority.**

We continued to pay close attention to our employees' needs and maintained close relationships through engagement activities in 2021, as we sought to build on the strong momentum established by Group-wide engagement activities since 2019. As a result, we held a total of 24 talk sessions under the CREST@2021 Leadership Series, CREST@2021 Speaker Series and Siri Pengisian CREST@2021 initiatives. These talks aimed to create awareness and encourage discussion on key challenges and issues impacting our business, people and industry as we drive CREST@2021 strategic transformation framework aspirations. In addition, we held three PGCEO town halls this year on 15 January, 9 April and 16 July respectively, where employees were given the opportunity to pose questions in relation to the Group's direction and challenges. In the year under review, our Employee Engagement Score was 83%.

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BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE

KELAB KREATIF UMW

The Group established the Kelab Kreatif UMW in June 2021, which aims to harness creativity and learning agility through the appreciation of poetry. We organised a creative writing and poetry recitation competition, and later compiled the nature-themed poems from contestants, as well as contributions from employees, into an anthology. We also organised an environmental-themed Majlis Ekspresi Alam, to which several notable poets and literary personalities were invited to express their appreciation for environmental sustainability through poems, songs and musical performances.



EnergizeUMW

We remained focused on the physical and mental well-being of our employees, particularly during the lockdown periods in 2021. We rolled out EnergizeUMW, an initiative that included personalised coaching programmes, a careline and remote therapy sessions, health webinars and virtual fitness sessions with the aim of increasing awareness and addressing employees' physical and emotional well-being. The initiative received a positive response and benefited 342 employees.

LABOUR-MANAGEMENT RELATIONS

We support freedom of association and our employees are free to participate in collective agreements and unions. As of December 2021, 62.47% of our employees were members of unions and were covered by collective bargaining agreements.

We also assist employees in transitioning to post-career development as they embark on new paths following retirement, termination or the end of an employment contract.

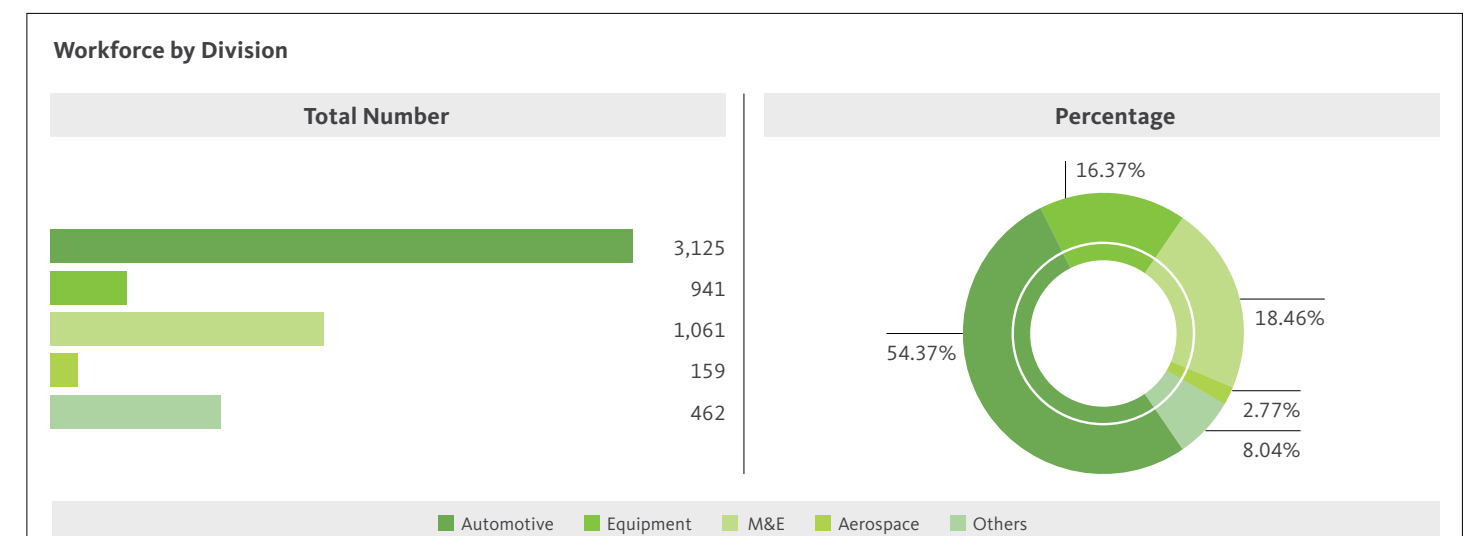
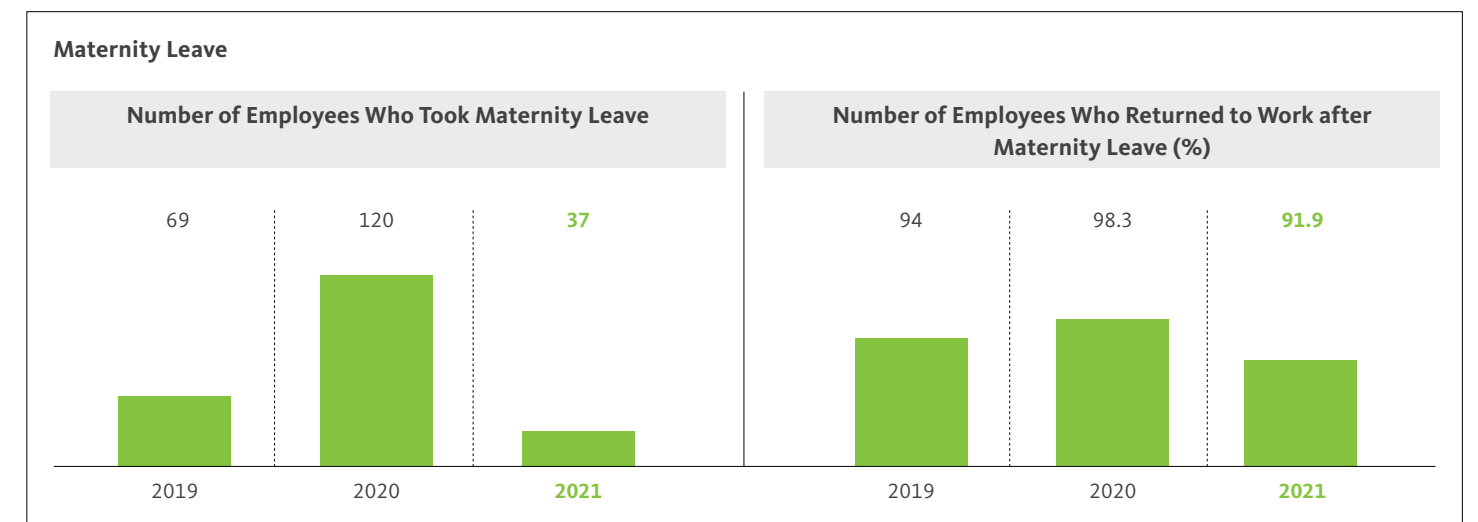
DIVERSITY & INCLUSIVITY

We value diversity at UMW and by embracing diversity and inclusivity, we are building a stronger and more successful organisation. We are committed to creating a workplace that fosters a culture of inclusion, equity and respect irrespective of age, gender, race, disability, religious belief, ethnicity or national origin.

SUPPORTING WOMEN IN THE WORKPLACE

UMW is committed to closing the gender gap. Being in a traditionally male-dominated sector, we continue to identify ways through which we can encourage women to join and remain in our workforce. Our maternity leave policy provides a standard two months of paid leave. Employees, however, have the option of extending their maternity leave to the third month at half pay or the fourth month without pay. In addition, women represent more than 30% of our Board.

The Group remains committed to providing employment to underprivileged groups, including those from deprived backgrounds, with low social status or with no formal education or qualifications.



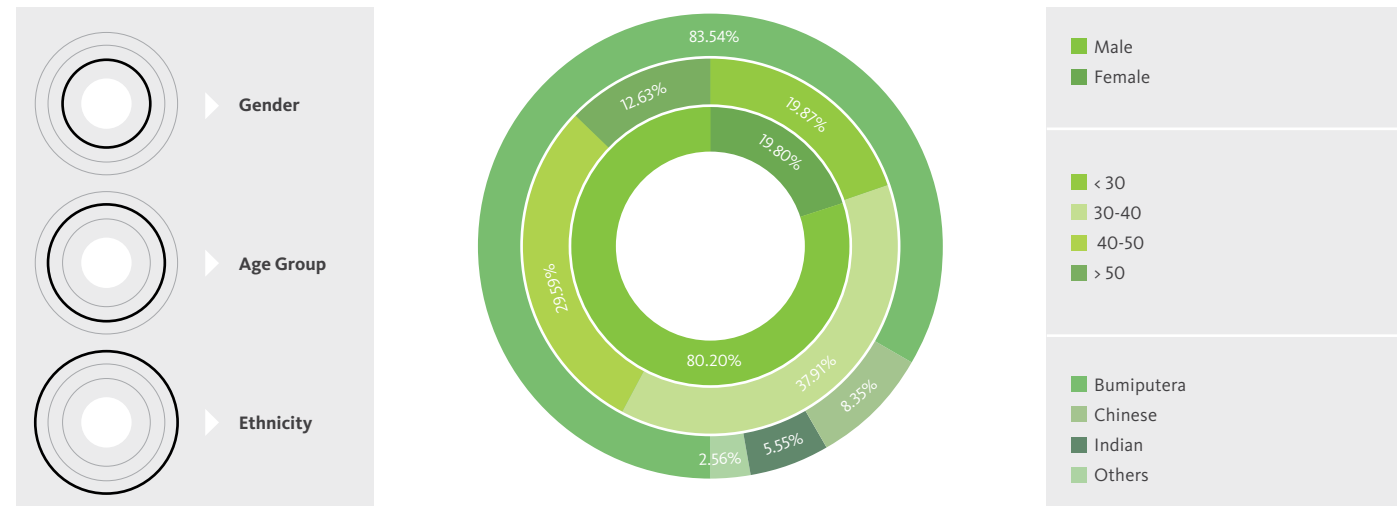
Note: Others represents our employees at our headquarters, namely UMW Corporation Sdn Bhd, and other non-core businesses.

PLEDGE

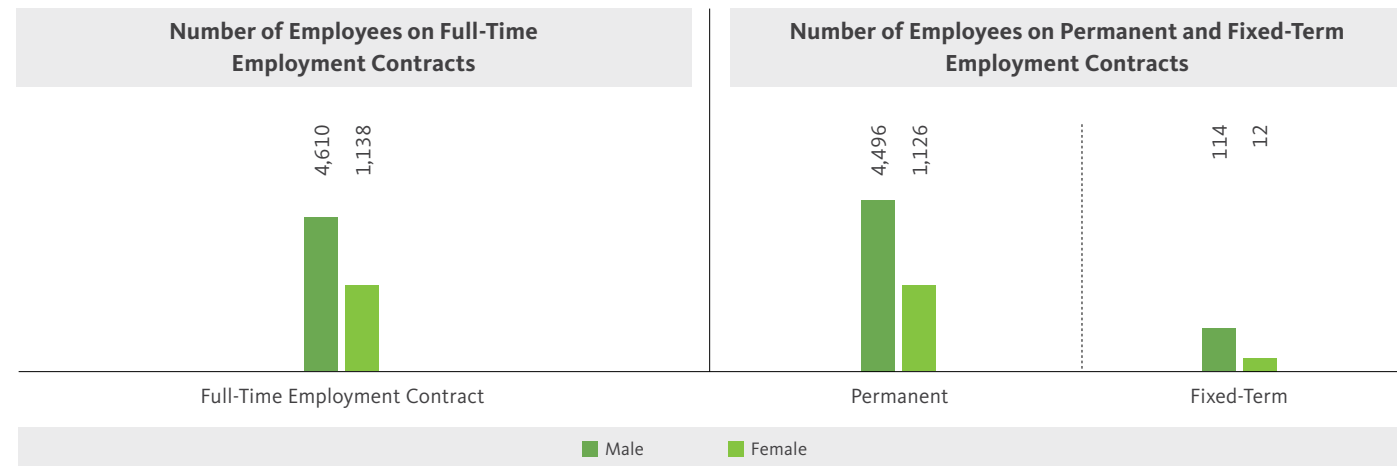


BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE

Diversity Data by Gender, Age Group and Ethnicity

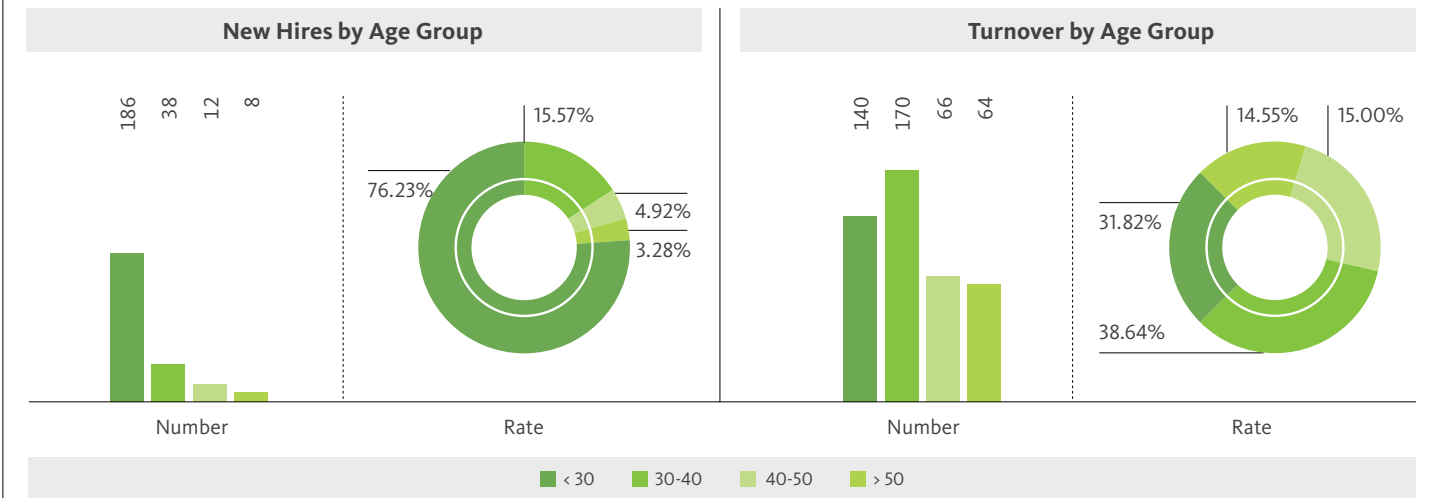


Employees by Employment Contract and Type

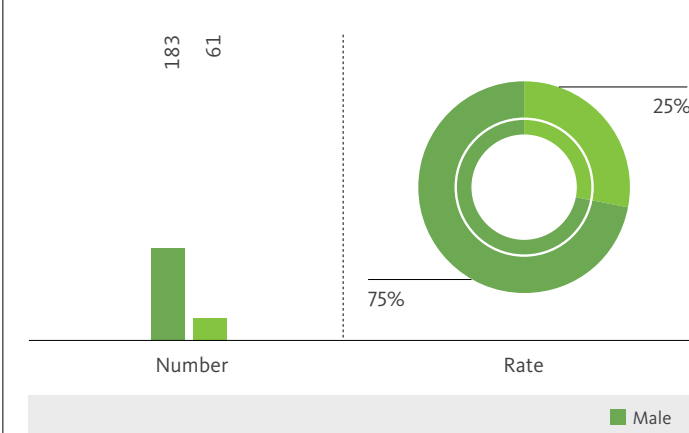


Notes:  
 1. As at 31 December 2021, all UMW employees are full-time employees.  
 2. A permanent employment contract refers to a full-time employee with an employment contract that has an unspecified period of time.  
 3. A fixed-term employment contract, also known as a temporary contract, refers to 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.

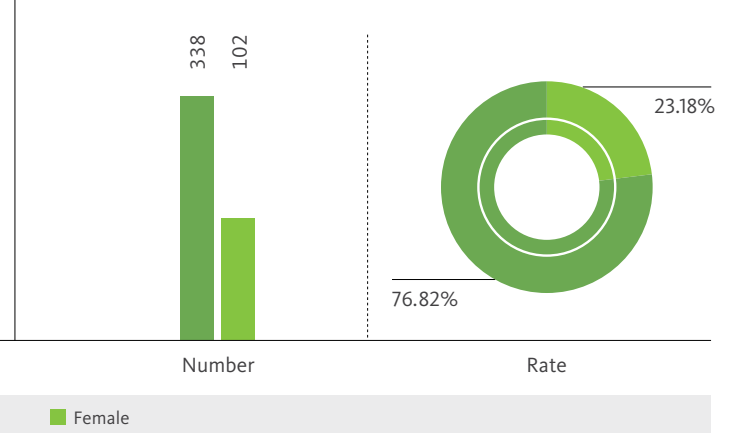
New Hires and Turnover



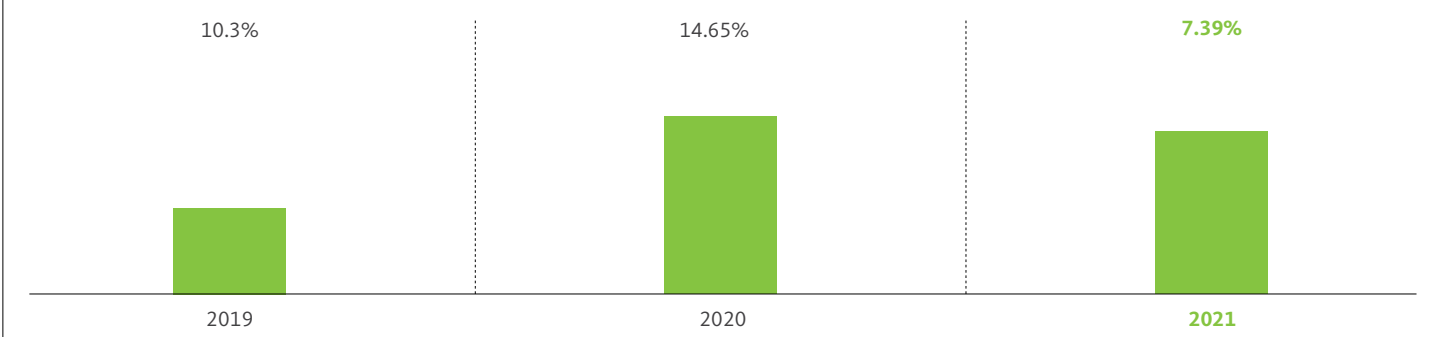
New Hires by Gender



Turnover by Gender



Total Turnover Rate Percentage



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BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE

EMBRACING OCCUPATIONAL HEALTH AND SAFETY

The occupational health and safety of our people remains a priority in UMW as we strive to develop a world-class high-performing workforce. We are committed to providing a safe and conducive workplace to deliver on our goals and targets. Our Health, Safety, System and Environment (HSSE) culture is driven from the top by our Senior Management to inculcate a strong compliance and preventive culture. The Group strongly supports the eradication of global health issues such as HIV/AIDS, tuberculosis, malaria and COVID-19, and constantly communicates health-related information to our employees through social media and Company-wide bulletins. We remain guided by our HSE Policy, which is available on our corporate website.

As stated in CREST@2021, we aspire to achieve a 100% vaccination rate to ensure the well-being of our employees, full operating capacity and improved workforce productivity to achieve high performance. We will continue to remain vigilant and enforce strict Standard Operating Procedures (SOPs) to ensure smooth daily operations as we navigate the challenges and disruptions caused by the pandemic. In living with the pandemic, we have prepared our workplaces for a return to work, with an extra focus on mental and stress management, while educating our employees on the new normal through awareness programmes. We also believe that the pandemic has provided opportunities for our HSSE practitioners to gain more experience in emergency management and managing critical risks.

MANAGING COVID-19

In 2021, we continued to navigate the challenges presented by the COVID-19 pandemic, as it extended into the second year with new variants of the virus. However, we are pleased to report that there were zero clusters of COVID-19 cases recorded at the workplace. This was due to our swift preventive actions as well as effective measures taken such as screening of body temperature and sanitising affected areas. Also, all the positive cases were infected by people outside the workplace, such as family members or personal acquaintances, rather than at the workplace. Apart from implementing SOPs to keep our employees, contractors and vendors safe, we took proactive steps to lower the risk of the spread of the virus at the workplace. We conducted swab tests (RTK Antigen Tests) on our employees periodically to comply with the National Security Council's SOPs for the relevant sectors. Other measures taken were:

We conducted daily inspections at the workplace to ensure SOPs such as social distancing and wearing of Personal Protective Equipment (PPE) were complied with.

We engaged an external service provider to sanitise our office and public areas such as the surau and lifts within our premises.

The Group participated in the PIKAS vaccination programme for its employees and vendors at the Shah Alam Convention Centre. The first dose of vaccinations was administered from 15 July to 27 July, and the second dose was administered from 5 August to 17 August. The programme benefited more than 7,000 employees and vendors.

FY2021

FY2021

In July and August 2021

No. of positive COVID-19 cases

768

01 Immediate Actions Taken

- Identified close contacts and conducted swab tests
- Conducted space sanitising
- Advised close contacts to quarantine and work from home.

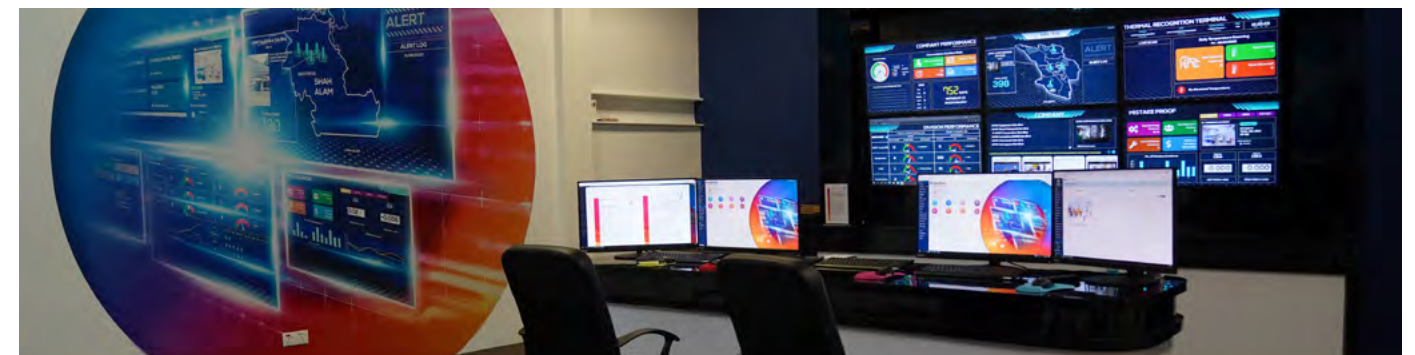
02 Preventive Actions

- Encouraged employees to be vaccinated. In collaboration with the Ministry of International Trade and Industry (MITI), UMW participated in PIKAS and 37% of UMW employees were vaccinated under the programme
- Appointed a health service provider to conduct the RTK Antigen test on all employees in accordance with MITI requirements
- Body temperature screening before entering premises
- Distribution of personal protective equipment (such as face masks) and hand sanitisers to all employees
- Daily update on COVID-19 cases
- Embarked on promoting COVID-19 awareness through the HSSE Education Channel as the main communication platform
- Daily COVID-19 compliance audit at all operating companies
- Regular communication with the relevant authorities, such as the Ministry of Health, National Security Council (NSC) and MITI, to obtain the latest updates on SOPs and preventive measures.

ENHANCING OUR HSSE

In the year under review, we migrated from OHSAS 18001 certification to ISO 45001:2018 certification through an audit conducted by SIRIM QAS International Sdn Bhd. To further enhance our HSSE system, we have embarked on HSE digitalisation efforts since 2020 by introducing the HSSE website, namely SafeUhub, which allows employees to access HSSE information via mobile applications. The online system also allows us to monitor Scheduled Waste via

the e-Tracking system (SWeT), as well as the transportation of the Scheduled Waste from our premises to the prescribed disposal facilities. Digitalising our HSSE is part of our CREST@2021 strategic transformation framework aspirations. In addition, we conducted important occupational health and industrial hygiene activities such as audiometric tests, noise risk assessments and chemical exposure monitoring. Moving forward, we will continue to focus on enhancing the capabilities, competencies and readiness of our practitioners to drive efficiency through digitalisation initiatives.



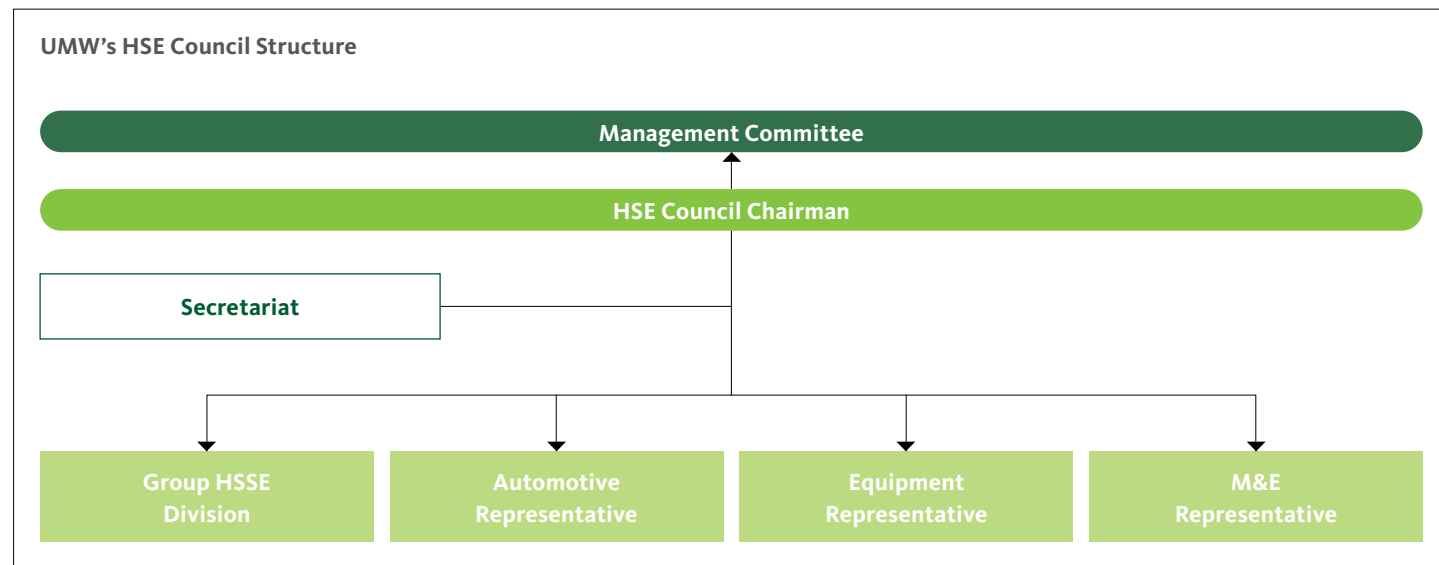
As of 2021, 27 operating companies or 68% of Malaysian operations have achieved the ISO 45001:2018 certification, while seven operating sites or 16% have received the ISO 14001:2015 certification.

PLEDGE



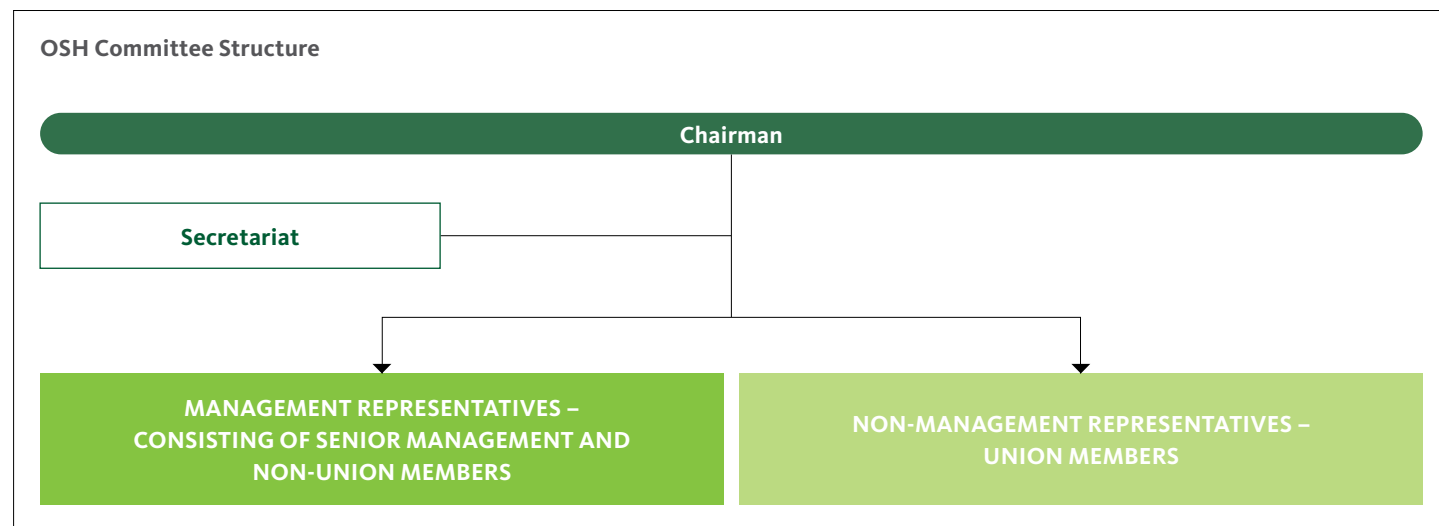
**BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE**

**HEALTH AND SAFETY GOVERNANCE**



Our health and safety is led and governed by our HSE Council, which oversees the management of health and safety across all the business divisions. The Council drives strategic HSE plans and initiatives and reports periodically to the Management Committee, which is led by the PGCEO, who is also a member of UMWH Berhad's Board.

At the working level, we have a Safety and Health Committee established in every workplace that has 40 and more employees, in accordance with the Department of Occupational Safety and Health (DOSH). Each Committee has an equal number of representatives from management and non-management employees, who oversee daily health and safety matters. The Committees meet at least once in three months to discuss key issues, including workplace injuries, accidents and work-related illnesses, apart from monitoring trends and investigating any incidents reported at the workplace.



**TRAINING ON HSSE**

Despite the disruptions caused by the pandemic, we were able to hold relevant HSSE training sessions that were highly focused on employee well-being in the workplace and increasing employee awareness. In 2021, the Group conducted 50 training sessions for 1,416 employees to ensure that employees stayed organised and alert to prevent work-related injuries. The training programmes were anchored on four strategies: Leadership and Commitment, HSE Management System, HSE Culture and Governance and HSSE digitalisation. They included safety and health committee training, first aid, crime simulation, scheduled waste compliance and best practices, contractor safety management, automated external defibrillator training and ISO 45001. The Group also appointed a competent consultant to conduct assessments on the workers' exposure to chemical, hearing and noise risks. In addition, audit sessions, including the HSE statutory audit and UMW Environmental Action Plan Audit, were carried out.



**RISK IDENTIFICATION AND ASSESSMENT**

We conduct an annual Hazard Identification, Risk Assessment and Risk Control (HIRARC) process across our all operations in the Group to ensure that they are in compliance with all the applicable laws and regulatory requirements. The process of identifying risk and hazard exposure is conducted by each operating company prior to the commencement of each operation and project. The assessment is to identify the likelihood and severity of injury and subsequently determine the control measures. This is done by using a risk matrix table as recommended by DOSH guidelines and ISO 45001:2018 Standard requirements. Effective control measures are implemented to eliminate or minimise the risks, and these are regularly monitored and reviewed. We remain guided by our Emergency Response Plan, which provides the framework to respond to any OHS or environmental emergency.

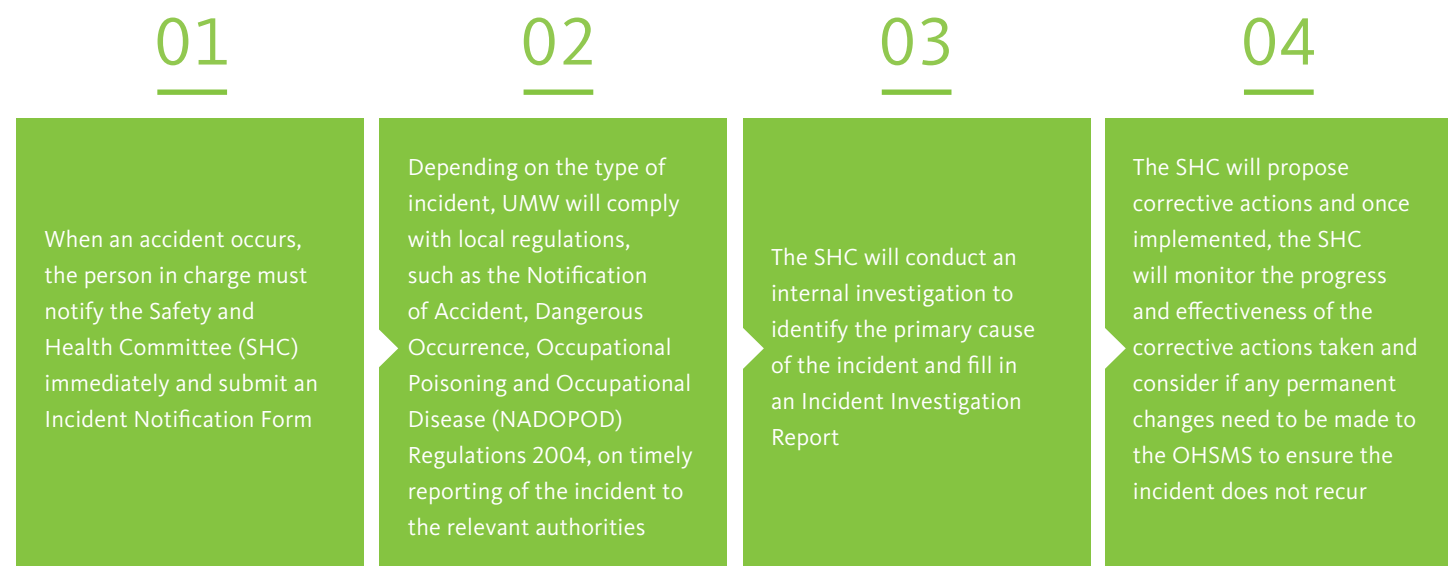
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BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE

INCIDENT REPORTING AND INVESTIGATION PROCESS

To provide a safe and healthy work environment, we have in place a clear incident management system with step-by-step details to guide our employees in reporting and managing an incident. The diagram below illustrates our incident reporting and investigation process. The process of reporting and implementing corrective actions typically takes place over a period of 30 days.



We are pleased to report that our accident rate was 1.98 in 2021, below the targeted rate of 2.53/1,000 employees.

HEALTH AND SAFETY PERFORMANCE

The Group HSE continuously monitors the HSE performance and reports the results on a monthly basis to the Management. This includes accident statistics, compliance with statutory requirements, governance and achievement of HSE targets against industry standards. The Group has adopted the DOSH OHS Masterplan 2021-2025 to benchmark the Group's targeted accident rate at 2.53/1,000 employees. For 2021, we are pleased to report that we achieved an accident rate of 1.98, which was below the Group's target. We also maintained our record of zero fatalities across the Group and we aspire to achieve zero industrial accidents.

Division	Accident Rate	Occupational Disease Rate	Lost Workdays Rate	Work-Related Fatalities	No. of Accident Cases	No. of Lost Workdays	Rate of Fatalities
UMW Corporation	0	0	0	0	0	0	0
Automotive	1.87	0	16.65	0	8	126	0
Equipment	4.21	5.05	59.19	0	5	135	0
M&E	1.36	0	9.83	0	2	24	0
Aerospace	0	0	0	0	0	0	0
Total UMW Group	1.98	0.79	21.03	0	15	285	0

EMPLOYEE OHS PERFORMANCE DATA 2021

	Automotive	Equipment	M&E	Aerospace	UMW Corporation
<b>High-Consequence Work-Related Injuries</b>					
Number	5	5	0	0	0
Rate	1.59	4.60	0	0	0
<b>Recordable Work-Related Injuries</b>					
Number	8	5	1	0	0
Rate	1.87	4.21	1.36	0	0
<b>Fatalities</b>					
Number	0	0	0	0	0
Rate	0	0	0	0	0

Note: Based on 1,000 workers.

NON-EMPLOYEE (OTHER WORKERS) OHS PERFORMANCE DATA 2021

	Automotive	Equipment	M&E	Aerospace	UMW Corporation
<b>High-Consequence Work-Related Injuries</b>					
Number	0	0	1	0	0
Rate	0	0	3.72	0	0
<b>Recordable Work-Related Injuries</b>					
Number	0	0	1	0	0
Rate	0	0	3.72	0	0
<b>Fatalities</b>					
Number	0	0	0	0	0
Rate	0	0	0	0	0

Note: Based on 1,000 workers.



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**BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE**

**LOST-TIME INCIDENT RATE IS DEFINED AS LOST WORKDAYS RATE**

Lost-Time Incident Rate (Employees)	2019	2020	2021
Automotive	14.09	2.41	<b>16.65</b>
Equipment	14.65	1.51	<b>59.19</b>
M&E	0	15.11	<b>1.23</b>
Aerospace (data aggregated under M&E Division from 2018 to 2020)	NA	NA	<b>0</b>
UMW Corporation	2.94	0	<b>0</b>

Note: Based on 1,000,000 manhours worked.

Lost-Time Incident Rate (Non-Employees)	2019	2020	2021
Automotive	0	0	<b>0</b>
Equipment	0	0	<b>0</b>
M&E	0	0	<b>8.60</b>
Aerospace (data aggregated under M&E Division from 2018 to 2020)	NA	NA	<b>0</b>
UMW Corporation	0	0	<b>0</b>

Note: Based on 1,000,000 manhours worked.

PLEDGE



**ACHIEVE EXCELLENCE IN PRODUCTS AND SERVICES**

As an organisation that is customer-centric, we believe our innovation efforts will not only mitigate climate change, but also contribute to the transition towards a low-carbon economy.

This section looks at how we explored technology and innovation and optimised our resources to reduce our carbon footprint and help to slow down global warming.



**CUSTOMER AND PRODUCT EXCELLENCE**

As an organisation that focuses on a customer-centric approach, we continuously strive to enhance our customer experience by improving our services and staying connected with our customers through various social media platforms. We also launch new products and explore new markets to keep up with evolving customer demand, in addition to enhancing capabilities by providing training and awareness programmes conducted by renowned speakers. Externally, we strengthened our brand and collaboration with partners through the launch of 14 new products to the

market in Malaysia and overseas, apart from building a strategic partnership with the Malaysian Investment Development Authority (MIDA).

Furthermore, we implement best practices in processes through ISO certifications to uphold quality service and the credibility of our organisation. We will continue to focus on delivering quality customer experience and service by leveraging technology and innovation, partnering with key stakeholders and attaining international-standard certifications.

**UMW GROUP SUSTAINABILITY ROADMAP**

Strategic Action Plan	Target Milestones	Key Focus Areas	Alignment to UN SDGs
<ul style="list-style-type: none"> <li>Focus on value-generating green assets</li> <li>Accelerate innovation for product stewardship</li> </ul>	<ul style="list-style-type: none"> <li>Production of Green Energy</li> <li>Production of Green Products</li> </ul>	<ul style="list-style-type: none"> <li>Hydrogen Value Chain</li> <li>Electrification</li> <li>Green products and bioproducts</li> <li>Recycling initiatives</li> </ul>	

PLEDGE



ACHIEVE EXCELLENCE IN PRODUCTS AND SERVICES

AUTOMOTIVE



TOYOTA

At UMW Toyota, we have Kaizen, the Japanese term for “improvement”, deeply implanted in our DNA. This drives our pursuit to achieve excellence in what matters most to our customers – the promise of quality, durability and reliability in a Toyota vehicle.

Our Automotive team continues to implement the Toyota Production System (TPS) in our manufacturing plants to ensure all vehicles are produced to meet the safety and manufacturing standards we have set. Going beyond expectations has always been our top priority and as such, UMW Toyota launched new models in 2021 to meet the needs of our customers:

➤ **Corolla Cross Hybrid**

The all-new Corolla Cross is a Hybrid Electric vehicle launched in January 2022. Built with the most advanced Hybrid technology, it offers:

Excellent fuel efficiency	The combination of electric motor and efficient petrol engine results in significant fuel savings.
Enhanced durability	Built with a more resilient 4 <sup>th</sup> Generation Hybrid battery.
Greater handling and stability	The Hybrid battery has been relocated, allowing a lower centre of gravity to give an easier drive.
Uncompromised space	As the Hybrid battery is no longer located in the boot, you have the full use of the 445 L capacity.

➤ **Harrier**

The Toyota Harrier is an urban sport utility vehicle (SUV) that combines elegance and versatility. Users can be sure of a safer and smoother ride as this vehicle is constructed with 360-T Advanced features – Safe-T, Connectivi-T & Guaran-T. Performance-wise, the Harrier is powerfully silent as it is built with sound insulation materials, as well as a 2.0 L Dynamic Force Engine that promises greater fuel efficiency and improved acceleration.

➤ **Innova**

An eight-seater MPV with ample space, the Innova is available in three variants: Innova 2.0X, 2.0G and 2.0E. The Innova comes with a generous range of features and comforts for drivers and passengers to enjoy at their convenience such as a wireless charging pad for compatible smartphones, with multiple USB ports available around the interior. The 2.0-litre petrol engine in all three variants has also been upgraded to meet the stricter Euro 4 emission control standards, resulting in less air pollution.

➤ **Fortuner**

The Fortuner is a medium-sized SUV that seats seven persons across three rows of seats and is available in three variants – Fortuner 2.8 VRZ, Fortuner 2.7 SRZ and Fortuner 2.4. The improvements that have been made include a dual-zone feature in the front air conditioning and a wireless charger pad for smartphones. The 2.7-litre petrol engine has been retuned to meet stricter emission control standards, raising the bar to Euro 4 from Euro 2 standards.

Key Initiatives Taken to Raise Standards

01 **Transition to Electric Vehicles**

As we see the world going through climate change and global warming, we are slowly but surely moving from petrol to electric vehicles in our bid to be more environmentally conscious by creating vehicles that will not only reduce fuel costs, but will also give out less emissions and have a lower environmental impact. With innovations such as Toyota’s first locally assembled Hybrid Electric Vehicle at the Bukit Raja Plant – the Corolla Cross Hybrid – UMW Toyota will continue to push the boundaries to produce new innovations that will truly make a lasting difference not just in our everyday life, but also in the world around us.

02 **Expansion into Digital Platforms**

Due to the lockdowns, many businesses had to turn to digital platforms to survive and expand their business. UMW Toyota saw this as an opportunity to expand the business further to strengthen its brand presence in Malaysia. Not only do we have a comprehensive website that provides all the information with a simple click of a mouse, but we also have a Facebook page and Instagram and YouTube accounts. We can also be found on shopping platforms like Shopee and Lazada where interested buyers can easily view vehicles and even make a booking for a vehicle they want. These are the initiatives we have taken to make UMW Toyota easily accessible to everyone.

03 **Competitive Financing Solutions**

• **Toyota Capital Malaysia**

A subsidiary of Toyota Financial Services Corporation (TFSC), Toyota Capital specialises in vehicle finance for Toyota Motor Corporation (TMC) in 37 countries and regions worldwide. Its main focus is to offer financial products and services to support the sale of vehicles, be it through Auto Financing Loans, Pre-Owned Vehicle Financing or the Toyota Capital EZ Connect App, a self-service mobile app that allows users to manage payments and loans. Toyota Capital aspires to create “Customers For Life”.

• **KINTO ONE**

Just launched this year, KINTO ONE is an initiative adopted from Japan and is available worldwide. A joint collaboration between Toyota Capital Malaysia Sdn Bhd and UMW Toyota, it offers a car subscription programme that comes with an all-inclusive, fixed monthly payment. KINTO ONE covers the registration of the vehicle, annual comprehensive insurance and road tax and periodic as well as preventive maintenance.

As an affiliate to Toyota Motor Corporation, our fleet fuel efficient is reported in aggregate globally by the Toyota Motor Corporation.

 For more information, please refer to Toyota Motor Corporation’s Sustainability Databook at <https://global.toyota/en/sustainability/report/sdb/>.

PLEDGE



ACHIEVE EXCELLENCE IN PRODUCTS AND SERVICES

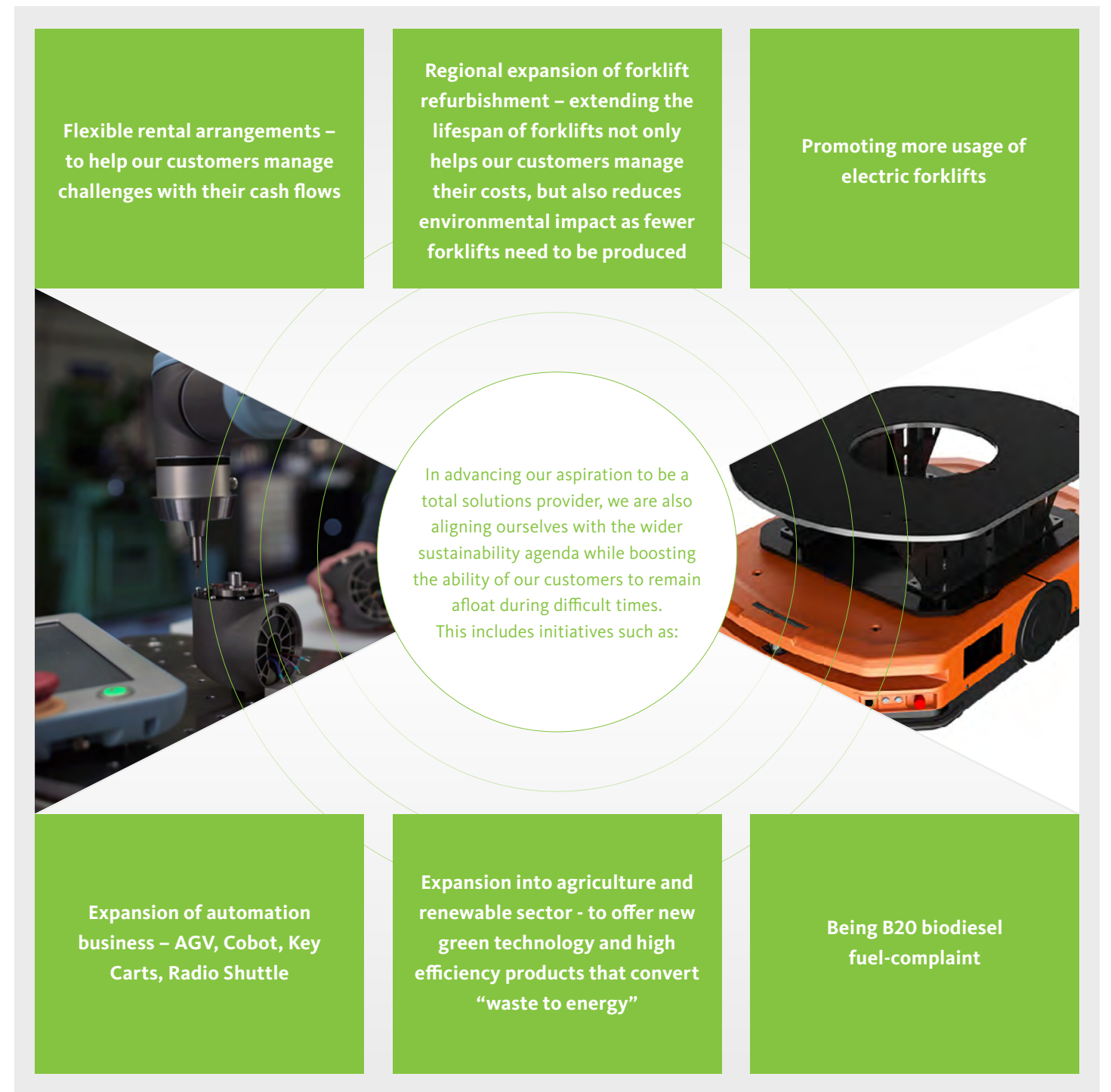
EQUIPMENT



We are constantly seeking new innovations and methods to improve our capabilities to serve our customers, whether through new products or understanding our customers' needs better. We are focused on becoming a total solutions provider, and in doing so, we are also consciously incorporating green elements into our products and services to ensure we continue to remain relevant. Aside from automation and digitalisation, we are finding ways to reduce our carbon footprint and helping our customers navigate a more challenging economic environment. In addition, we are working with Toyota Industries Corporation (TICO) to promote the use of electric forklifts more and to then extend the lifespan of these batteries with UMW's battery revival technology.

In 2021, we launched several new models, including:

Improved and enhanced BT Reflex R.E.O. Series reach truck	Facelift Toyota Forklift FDZN/FGZN Series	Tennant S16 battery ride-on sweeper	10- and 20-ton Komatsu Hydraulic Excavators: the PC130-10MO, PC135F-10MO and PC200-10MO CE
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## PLEDGE



## ACHIEVE EXCELLENCE IN PRODUCTS AND SERVICES

## MANUFACTURING &amp; ENGINEERING



Our Manufacturing & Engineering division has made significant strides in incorporating sustainable practices that also meet the needs of our customers. For example, by leveraging its in-house research expertise, the division has launched battery revival technology that enables the lifespan extension of vehicle batteries. We have also created special membrane filtration technology and have commissioned a water reclamation plant at our KYB-UMW plant to test its real-world effectiveness. Meanwhile, the completion of the expansion and modernisation of the KYB-UMW plant has granted us greater efficiency and capacity. We have also installed 1,248 kWp of rooftop solar panels.

In addition, in the Lubricants side of the business, we are planning to launch environmentally friendly biolubricants that will not damage the environment in the event of spillage. We will also be constructing a new Smart Lubricant plant, equipped with IR4.0 capabilities, to ensure product quality excellence and greater efficiency.

## AEROSPACE



In 2015, UMW Aerospace signed a 25 plus five-year contract with Rolls-Royce to manufacture and assemble Fan Cases for the aircraft engine maker's Trent 1000 and Trent 7000 engines. UMW Aerospace delivered the first Fan Case for Trent 1000 engines in November 2017 and subsequently the Fan Case for Trent 7000 engines in October 2020. In 2021, we installed a 1,251 kWp rooftop solar panel on the main factory building of our Aerospace division.

PLEDGE



ACHIEVE EXCELLENCE IN PRODUCTS AND SERVICES



**WORKING TOGETHER WITH ROLLS-ROYCE FOR A SUSTAINABLE FUTURE**

The Aerospace division achieved a significant milestone in 2021 as it was inducted into the 2021 cohort of Rolls-Royce’s High Performing Supplier Group. This placed UMW Aerospace, the only home-grown aerospace company, in the top 5% of Rolls-Royce’s global suppliers in the complex machining category, indicating the recognition of the top-quality Fan Cases that we are producing for the world’s second-largest maker of aircraft engines.

This achievement placed UMW Aerospace among the more established players in the industry and in a favourable position to participate in Rolls-Royce’s future projects. It was also in line with the National Aerospace Blueprint to make Malaysia the ASEAN hub by 2030. The aerospace industry was also identified as a High Impact Project under the recently announced 12<sup>th</sup> Malaysia Plan. Furthermore, it fulfils Rolls-Royce’s sustainability principle of adopting circular business practices to reduce demand for virgin materials and the company’s impact on the environment.

**INNOVATIVE GREEN ECONOMY AND DIGITALISATION**

Innovation and green products are among our key enablers that will accelerate our journey towards achieving 100% carbon neutrality by 2050. In 2021, we adopted green technology through the installation of rooftop solar panels, rainwater harvesting and water reclamation to generate zero-emission energy. To further reduce our carbon footprint, we are committed to reducing, reusing and recycling our materials.

To modernise our operations and improve our efficiency, we leverage technology and innovation to develop better processes through the adoption of Robotic Process Automation (RPA) and our own developed

applications such as SIAP and CARA.

SIAP is an app designed to provide a seamless end-user experience for our lubricant segment’s customers through three key features – Store Locator, Product Recommendations and Redeem Rewards.

CARA is an all-in-one forklift e-services solution app that provides real-time assistance to our customers, hence contributing to better customer satisfaction, increased productivity and minimised downtime.

**Hydrogen Economy**



In supporting the nation’s journey towards a low-carbon economy, UMW has started exploring the hydrogen economy as we seek to accelerate the development of what we believe is a truly green technology. In support of this, we established a strategic alliance with Mitsui & Co., Ltd., as well as the Malaysian Green Technology and Climate Change Centre (MGTC) to explore three key areas within the hydrogen economy, comprising Mobility, Home and Commercial Energy & Power Generation. The tripartite memorandum of understanding will see all three parties working closely to realise the aspiration of introducing elements of the hydrogen economy to Malaysia’s energy future.

**Green Innovations**

We invested in various green products in 2021 through reusing, recycling, renewing and remanufacturing.

**01**

UMW Innovation and R&D Centre Sdn Bhd (UIRDC) has established innovation labs to develop green solutions for industries in the area of battery revival, biolubricants and membrane technology

**02**

**620** units of forklifts refurbished for extended life usage

**DIGITAL SUSTAINABILITY**

The Group has continued leveraging digitalisation and technology to improve efficiency and drive down costs. We have been particularly successful with Robotic Process Automation (RPA), which enables the fit-for-purpose optimisation of our processes, helping us to convert many time-consuming manual processes into ones that can now be completed in a fraction of the time. As part of our campaign to reduce waste, we have also introduced MyForms, an e-platform that replaces manual-based form-filling transactions. Both initiatives have proven successful at our headquarters, and we will go on with expanding these programmes across the Group in 2022.

In 2020, we adapted Office365, which proved to be beneficial to all our employees working from home during the Movement Control Orders (MCOs). Drawing on this success, the Group went on to make remote working arrangements easier. We invested in Workflow, a digital collaboration that enables all our employees to work across multiple locations, as well as work effectively from home if required. Our WoWriors

continued to enjoy working from home and this reduced transport usage and CO<sub>2</sub> emissions.

As part of our applications modernisation, we have also enhanced our Enterprise Resource Planning for our KYB-UMW business, improving the reliability and effectiveness of the processes. With the pandemic now into its second year, we have continued improving our online collaboration capabilities and enhancing our connectivity infrastructure.

At UMW, we also explore other ways of doing things digitally to reduce our impact on the environment and create a more sustainable working ecosystem. The next key milestone in our digital roadmap is to consolidate our data centre, an important migration that will drive the Group to sustainably do more with less cost, space and energy. This transition will pave the way for more efficient transfers of bandwidth applications and services as energy is only consumed when data is being used, which simultaneously reduces network cost and creates scalability.

PLEDGE



ACHIEVE EXCELLENCE IN PRODUCTS AND SERVICES

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 2021 AND UMW'S CORPORATE GOVERNANCE REPORT.**

Guided by the UMW Group Anti-Bribery and Corruption Policy (ABCP), the UMW Group has continued to improve its governance and anti-bribery management system to help mitigate the risk of corruption.

The IGR acts as the focal person for the overall support, guidance and coordination of the ABMS and integrity activities within the respective departments/divisions/operating companies.

In the year under review, the Group established the three-year Integrity and Governance Unit (IGU) Blueprint 2021-2023 and embarked on ISO 37001:2016 Anti-Bribery Management Systems (ABMS) certification.

The ABCP has been revised to align with the ABMS requirements and was approved by the Board on 28 September 2021. The ABCP has been communicated via mandatory online training and it is available on UMW's corporate website.

The ABMS is recommended by the Malaysian Anti-Corruption Commission (MACC), and provides guidance in establishing, implementing, maintaining, reviewing and improving an anti-bribery management system. This demonstrates the total commitment of the UMW Group towards zero tolerance of bribery and corrupt practices.

In managing corruption risks, relevant policies and procedures are in place such as the Gift & Entertainment Policy, the Procurement Guidelines and the Code of Business Conduct & Ethics. In addition, Corruption Risk Assessments (CRA) have been conducted in various departments and divisions within the UMW Group to mitigate corruption risks.

The IGU has appointed the Integrity & Governance Representatives (IGR) to support the implementation of the ABMS programme.

**Whistleblowing Policy**

The UMW Group recognises that an effective whistleblowing channel is an important part of corporate governance and risk management. The UMW Group Whistleblowing Policy (WBP) is in place to provide the mechanism to enable employees, Directors and third parties to voice genuine concerns in a responsible and appropriate manner. All concerns, can be reported by emailing [wecare@umw.com.my](mailto:wecare@umw.com.my).

SUSTAINABLE SUPPLY CHAIN

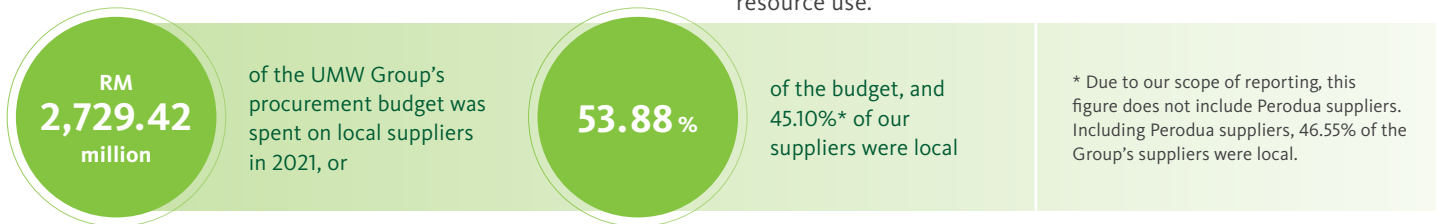
As our businesses grow, we need a robust and resilient supply chain that will ensure smooth operations. Our supply chain currently has over 9,343 suppliers from around the world for both our upstream and downstream operations. Any disruptions to our supply chain will expose our businesses to financial and legal risks. As such, we strive to embed sustainability practices in our procurement practices and advocate good business ethics among our suppliers. We ensure that they comply with the Group Procurement Guidelines by engaging with them regularly to respond to their key concerns, address issues regarding sustainability matters and communicate our policies.

UMW's sustainability practices, is integrated with labour, health and safety compliance. New and existing suppliers are required to acknowledge on the policy form that they have accepted the policy. To communicate the new policy and form, we conducted an awareness session in August 2021 within the Group to roll out the new policy.

Going forward, we will implement new initiatives to improve our supply chain by ensuring excellence through quality assurance, value creation through operational excellence and business collaboration through partnership.

In addition, we intend to include environmental aspects into our Sustainable Supply Chain Policy such as energy use, climate change impact, water use, biodiversity, pollution, waste reduction and resource use.

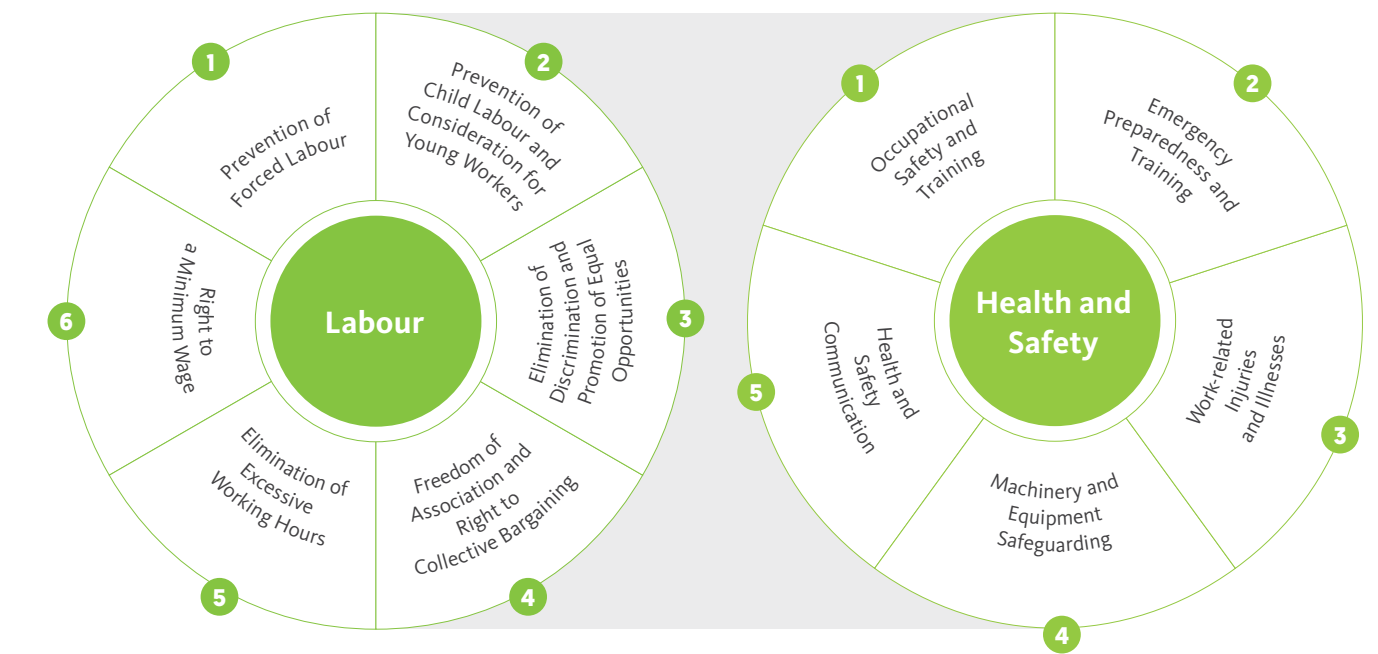
In 2021, we established the UMW's Sustainable Supply Chain Policy as part of the UMW Procurement Guidelines (PG). The policy, which also serves as a form for suppliers to sign and acknowledge



**UMW's Sustainable Supply Chain Policy**

Our Sustainable Supply Chain Policy is a declaration form for vendors and suppliers who wish to be part of our supply chain. All new vendors, and existing ones whose contracts are due for renewal, are required to sign and acknowledge the declaration form. The policy outlines UMW's commitment to upholding social-related matters in our operations, including human rights, safe working environments and environmental consciousness. The policy also states UMW's commitment to working with its counterparties and business partners to encourage them to uphold respect for human rights and adopt similar commitments within their own business practices. It is part of the Supplier Registration Form and is available on the website of the UMW Procure to Pay (PTP) System for suppliers and vendors to download.

The policy addresses key issues of labour, health and safety, and covers the following:



**Risk Assessment**

We undertake risk assessments on our suppliers by conducting engagement review visits on a sample basis to monitor them for social, environmental, HSE and compliance issues on a yearly basis. This applies to both suppliers and existing suppliers who seek to renew their procurement contracts with us. Among the key areas we look into when assessing a supplier or a vendor are compliance with the Employment Act and minimum wage, as well as anti-slavery and child labour policies, among others. A supplier performance review will be conducted after the completion of a contracted work or project. Suppliers who are found to have breached the Group's Sustainable

Supply Chain Policy or any applicable laws, or who are found to be lacking in sustainability practices during the site visit assessment or the performance review, will receive a compliance awareness session.

As a leading conglomerate, we take compliance seriously and uphold integrity and good business conduct in all our business dealings. We expect our suppliers or vendors to uphold the same standards of integrity and business conduct in any business undertakings with us. As such, any suppliers who repeatedly violate any laws or policies will be dropped from our vendor/supplier list. In 2021, no suppliers or vendors were found to have violated any laws or Group policies, and none were dropped or blacklisted.

## PLEDGE



## ACHIEVE EXCELLENCE IN PRODUCTS AND SERVICES

## Capacity Building

We have in place a Supplier Improvement Programme that serves as capacity building for suppliers to help them improve in their business performance while also communicating our Sustainable Supply Chain Policy. The programme provides training on social issues as well as supports suppliers through the sharing of best practices. Held every quarter, the programme is also meant to provide training and awareness on the Sustainable Supply Chain Policy to UMW's procurement practitioners, including those from Toyota. Due to disruptions from the pandemic, the programme was held both physically and online in the year under review. A total of 278 vendors and procurement practitioners attended the programme, which

covered various topics such as technology and innovation, funding, operation process improvement, Collaborative Robot (COBOT) and the correlation between procurement and sustainability.

We also conducted a Procurement Circle Programme for procurement practitioners to highlight topics related to the integration of sustainability into procurement. The topics included Procurement Cost Reduction – Sustainability and Tactical Side, Procurement and Sustainability – Correlation between Procurement and the Environment, Social and Governance (ESG) framework, CREST@2021 – Supplier Onboarding Platform via Procure to Pay (PTP) System and Supply Chain and Risk Management in Automotive Industry, among others.

## Supplier Improvement Programme

No.	Programmes/ Events	Dates	No. of Vendors Who Participated	Invited Speakers/ Panellists	Topics/Pocket Talks Presented
1.	1 <sup>st</sup> Supplier Improvement Programme – Technology & Innovation (Physical Event)	12 April 2021	54 pax	<ul style="list-style-type: none"> <li>Technology Park Malaysia Corporation Sdn Bhd</li> <li>Malaysian Global Innovation &amp; Creativity Centre (MaGIC)</li> <li>Futurise Sdn Bhd</li> <li>YTL Communications Sdn Bhd</li> <li>Malaysia Automotive Robotics &amp; IoT Institute</li> </ul>	<ul style="list-style-type: none"> <li>5G The Next Generation Mobile Network</li> <li>Malaysia Autonomous Vehicle (MyAV) Sandbox Initiatives</li> <li>Innovation through National Technology and Innovation Sandbox (NTIS)</li> </ul>
2.	2 <sup>nd</sup> Supplier Improvement Programme – Grants, Incentives and Funding (Online Event/Webinar)	1 September 2021	72 pax	<ul style="list-style-type: none"> <li>Ministry of Science, Technology and Innovation (MOSTI)</li> <li>Malaysia Technology Development Corporation</li> </ul>	<ul style="list-style-type: none"> <li>Funding under Malaysia Grand Challenge</li> <li>Business Funding for Technology Development and Acquisition for SMEs</li> </ul>
3.	3 <sup>rd</sup> Supplier Improvement Programme – Improving Supplier Processes (Online Event/Webinar)	10 November 2021	152 pax (120 vendors & 32 Procurement Practitioners)	<ul style="list-style-type: none"> <li>Malaysia Productivity Corporation (MPC)</li> <li>UMW Industries (1985) Sdn Bhd</li> <li>Former Senior Principal Private Secretary to the Federal Minister Malaysia, Prime Minister's Office</li> </ul>	<ul style="list-style-type: none"> <li>Operation Process Improvement</li> <li>COBOT</li> <li>Procurement and Sustainability – Correlation between Procurement and the ESG framework</li> </ul>

## Procurement Circle Programme

No.	Programmes/ Events	Dates	No. of Vendors Who Participated	Invited Speakers/ Panellists	Topics/Pocket Talks Presented
1.	1 <sup>st</sup> Procurement Circle (Physical Event)	6 April 2021	35 pax	<ul style="list-style-type: none"> <li>Former Executive Vice President, Group Procurement, Prasarana Malaysia Berhad</li> </ul>	<ul style="list-style-type: none"> <li>Procurement Cost Reduction – Sustainability and Tactical Side</li> <li>Reimaging Procurement for Next Normal</li> </ul>
2.	2 <sup>nd</sup> Procurement Circle (Online Event/Webinar)	18 August 2021	84 pax	<ul style="list-style-type: none"> <li>Manager, Group Procurement</li> <li>Former Senior Principal Private Secretary to the Federal Minister Malaysia, Prime Minister's Office</li> <li>Consultant from Training ART Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Purchase Order (PO) Process Awareness</li> <li>Procurement and Sustainability – Correlation between Procurement and the ESG framework</li> <li>Procurement, Cost Reduction, Sustainability for Technical Entity</li> </ul>
3.	3 <sup>rd</sup> Procurement Circle (Physical Event)	17 November 2021	40 pax	<ul style="list-style-type: none"> <li>Senior Manager, Group Procurement</li> <li>Consultant from Compass Mind Asia</li> <li>Consultant from INSOL Consultancy</li> </ul>	<ul style="list-style-type: none"> <li>CREST@2021 – Supplier Onboarding Platform via PTP System</li> <li>Understanding the Challenges of Risk in the Procurement Supply Chain</li> <li>Supply Chain and Risk Management in Automotive Industry</li> </ul>

## Bumiputera Vendor Development Programme

UMW continues to support Bumiputera vendors through the Bumiputera Vendor Development Programme (BVDP), which aims to assist and transform Bumiputera companies to compete in local and regional markets. Launched in 2015, the programme serves as a supplier mentoring programme and has benefited 18 companies, 10 of which have graduated. In 2021, 20 representatives from the group of vendors completed training in Social Media Marketing, Excellent Customer Service and Advanced Microsoft Excel between July and September. The modules, which were delivered by UMW internal trainers and external subject matter experts, included quizzes and assessments to help the participants understand and apply skills. Through the implementation of the BVDP, Bumiputera entrepreneurs can adopt best practices in their operations and ecosystems while UMW will be able to leverage high-performing and competitive vendors. In the year under review, one of our vendors, Fulle Technik, was appointed as the prototype developer of hybrid electric generators for plantations.

PLEDGE



CREATE A POSITIVE IMPACT AND WELL-BEING OF LOCAL COMMUNITIES

The pandemic's effects have triggered a chain reaction in our society, with many people losing their jobs or seeing their income suffer as a result of 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. We will continue to create value for our stakeholders and generate long-lasting positive impact on the communities in need.



UMW GROUP SUSTAINABILITY ROADMAP

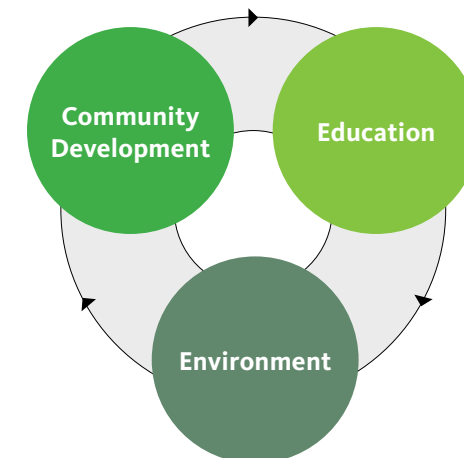
Strategic Action Plan	Target Milestones	Key Focus Areas	Alignment to UN SDGs
<ul style="list-style-type: none"> <li>Foster sustainable culture by supporting and funding community well-being</li> </ul>	<ul style="list-style-type: none"> <li>1% of PATAMI going to community investments by 2025</li> <li>2% of PATAMI going to community investments by 2030</li> </ul>	<ul style="list-style-type: none"> <li>Community</li> <li>Education</li> </ul>	

COMMUNITY INVESTMENT

ENRICHING AND EMPOWERING OUR COMMUNITIES IN 2021

UMW constantly engages with the local communities in which it operates by striving to meet the needs of the stakeholder group to create positive social impacts. Our community initiatives are focused on enriching and empowering the underprivileged, the underserved and the marginalised to contribute to a sustainable future for all. By investing in the local communities, we can increase brand awareness and recognition, attract and retain talent and demonstrate our social impacts to investors.

Our community social responsibilities are guided by three pillars, namely:



UMW COMMUNITY CHAMPIONS

As an organisation that cares for its communities, we encourage our employees to reach out to the local communities through volunteerism. Our volunteers, who are known as UMW Community Champions, usually participate in the corporate social responsibility (CSR) activities organised by Group Corporate Communications. In 2021, there were 250 internal and external volunteers, who clocked 1,840 volunteer hours. Although most of our activities were cancelled due to movement restrictions imposed by the government, we managed to reach out to several of the communities in need through strategic planning.

Going forward, we plan to organise more CSR programmes involving internal and external volunteers, especially for our environmental programmes, namely the UGS and the Denai Sungai Kebangsaan. The programmes' objectives are not just to allow the volunteers to give back to society, but also to educate them on environmental issues.





PLEDGE



CREATE A POSITIVE IMPACT AND WELL-BEING OF LOCAL COMMUNITIES

**NAVIGATING COVID-19 CHALLENGES**

School openings and closures since mid-March 2020 have intermittently suspended formal classroom learning for 4.9 million schoolchildren nationwide. While digitalising education is an ongoing process, COVID-19 has dramatically accelerated its need. However, access to online education has proven to be a challenge, particularly for low-income households. Low device ownership has made the implementation of online learning challenging. As such, UMW participated in the CERDIK Programme, a government-linked company (GLC) and government-linked investment company (GLIC) corporate responsibility pilot project initiative to provide digital access via laptops, tablets and data connectivity to students from lower-income families. This pilot project aimed to help students from lower-income families adapt to the new norm of online lessons, e-Learning and outside-classroom teaching. Approximately 150,000 students throughout the country benefited from this project in 2021.

We allocated a special fund to assist communities in need as a result of the pandemic. Approximately 25 recipients have received assistance from this fund.

**01 Ministry of Health**

- Contributed to Hospital Sungai Buloh for the purchase of spreading calipers, respirator masks, fit test kit sets and personal protective equipment
- Donated RM42,000 to the Obstetrics and Gynaecology Hospital Serdang COVID-19 Fundraising
- Donated RM50,000 to Hospital Ampang for medical supplies

**02 Healthcare Frontliners and Pusat Pemberian Vaksin (PPV) Volunteers**

- Contributed RM16,000 to the World Society of Sports & Medicine to purchase COVID-19 care kits for healthcare frontliners
- Sponsored mineral water for the healthcare frontliners in Selangor and Malacca
- Sponsored packed meals for PPV volunteers at the Malaysia Internal Trade and Exhibition Centre (MITEC) and Stadium Bukit Jalil
- Donated RM10,000 to the Kuala Langat District Office to sponsor PPV volunteers in Kuala Langat

**03 Charitable Homes**

- Donated collectively RM30,000 to the following charitable homes; Rumah Kebajikan Kanak-kanak Cacat Negeri Perak, Batu Gajah, Creative Out Box Consultant, Pertubuhan Gerakan Prihatin Kuala Krai, Kelantan and IQLAS Care Malaysia
- Contributed to the purchase of non-perishable food for the vulnerable, comprising single mothers, senior citizens, the poor, the disabled and orphans

**04 Others**

- Sponsored non-governmental organisations (NGOs), such as Yayasan Food Bank Malaysia, Pertubuhan Tentera Tidak Berpencen, Pertubuhan Kebajikan Nasionalis Insan Jalanan Akrab Malaysia and Kelab Gerakan Prihatin Negara, in their efforts to reach out to the affected communities by donating cash and dry groceries
- Donated to Zoo Negara, the National Diabetes Institute, UTM Johor Bahru, the National Cancer Society Malaysia, and SK Convent Aulong Taiping.
- Contributed RM10,000 for the purchase of tablets and laptops for underprivileged students in Seberang Jaya

**Community Development**

We believe in investing in community development to ensure no one is left behind as we move towards a sustainable future. In 2021, we continued to implement programmes and initiatives that contributed to community development amid the disruptions from the pandemic.



**Flood Relief**

Almost 1,500 staff of the UMW Group were affected by the floods in December 2021. Our UMW Community Champions concentrated their efforts on helping our staff get back on their feet. From assisting with cleaning their homes post-flood to packing and distributing food boxes, our Community Champions were not hesitant to come forward and lend a helping hand. RM2.1 million was contributed to victims of the natural disaster.

Apart from assisting UMW employees, Group Corporate Communications launched a collection drive for our employees to contribute to flood victims. Proceeds from the collection drive were handed over to Jabatan Pertahanan Awam Malaysia to be distributed to flood victims all over the country.



PLEDGE



CREATE A POSITIVE IMPACT AND WELL-BEING OF LOCAL COMMUNITIES

**Other Community Development Initiatives**

In the year under review, we supported:

- FreeMakan.com to feed the poor and reduce hunger
- Kelab Gerakan Prihatin Negara's natural disaster fund
- My Starfish Foundation's "Bald & Beautiful 4.0" cancer awareness and fundraising campaign
- Pertubuhan Penggerak Ukhuwah Wilayah Persekutuan Kuala Lumpur in purchasing school starter kits for 360 underprivileged students
- Kelab Belia Anak Wilayah Lembah Pantai's "Back to School" programme for 200 students
- St. Nicholas' Home in Penang in purchasing a new vehicle
- Montfort Boys Town
- Universiti Teknologi Mara Shah Alam's MySuperHeroes #singleparentsproject
- Friends of Asia Pacific WAGGGS Malaysia Group - Pahang Chapter
- Yayasan Sayang Malaysia to contribute to underprivileged individuals with chronic diseases
- Perak Association for Intellectually Disabled
- Persatuan Kesejahteraan Rakyat Malaysia in sponsoring wheelchairs under Program Bantuan Kerusi Roda Rakyat Malaysia
- Persatuan Orang Kurang Upaya Anggota dan Penglihatan Malaysia Cahaya Ehsan
- Khadijah International Waqf (L) Foundation's International Women's Day Charitable Webinar 2021
- Kuala Lumpur & DBKL Former Footballers Association
- National Poets Association of Malaysia (Pemuisi) for the Malaysia Day Artistic Poetry Declamation Competition
- Tabung Haji's Program Sahabat Korporat TH 1442H
- Fire and Rescue Department's newsletter publication
- Malaysia-Japan Economic Association's (MAJECA) website
- Institute of Internal Auditors Malaysia's 2021 National Conference
- Kesatuan Pegawai Kastam Semenanjung Malaysia - "PERJUANGAN"
- Yayasan Wanita Islam's participation in the World Archery Championship
- Kelab Sukan Elektronik Generasi Bijak's Independent E-Sports Cup 2021
- Wynn Sports Management's Triple 10 Inter-Uni Virtual Run
- Kedah Amateur Swimming Association in purchasing a van.



Education, which is key to a better future, is a subject close to our hearts. In the year under review, we sponsored scholarships, schools, underprivileged students and even single mothers from the lower-income group to bridge the education gap and ensure no one was left behind.



Through our initiatives, we:

- Contributed RM4 million to sponsor laptops and SIM cards for CERDIK, an initiative by government-linked companies (GLCs) and government-linked investment companies (GLICs) to provide digital access via laptops, tablets and data connectivity to about 150,000 students from lower-income families across the country. The initiative was jointly organised with Yayasan Hasanah to help underprivileged students cope with online learning during school closures amid lockdown periods
- Sponsored RM50,000 for Yayasan UMP to establish the UMW Excellent Award
- Contributed to Selangor's SK Batu Arang's school fund to buy tablets for underprivileged students
- Contributed to the refurbishment and maintenance of SMK Tengku Indra Petra Gua Musang, Kelantan.

We also sponsored educational events such as Universiti Putra Malaysia's International Architectural Education Exhibition and Conference 2021, the Digital Art Culture by Penang Aesthetic Heritage Culture Creative Arts Association, Universiti Pendidikan Sultan Idris' International Online Chess Championship 2021 and NGO Prihatin Tanpa Sempadan's education awareness project. In addition, we contributed RM10,000 to Sentuhan Kasih Single Mother's Club to help single mothers thrive in the post-pandemic environment.

The UMW Group also organised the Perantisan PenjanaKerjaya Programme 2.0 to upskill and reskill unemployed graduates or school-leavers, and benefited more than 400 participants.

PLEDGE



CREATE A POSITIVE IMPACT AND WELL-BEING OF LOCAL COMMUNITIES

Environment

We are committed to preserving the environment and our biodiversity for our future generations. Apart from our tree planting programmes, we donated RM50,000 to the World Wide Fund for Nature (WWF)'s study on the Net Zero Pathway for Malaysia by 2050. The study aims to showcase an optimal net zero pathway for Malaysia by 2050 and develop a recommended policy framework and interventions, focusing on forestry, land use, agriculture and nature-based solutions.



ABOUT THIS REPORT

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Sustainability reporting is a journey, and our reporting is transforming. This year, our disclosures cover wider aspects, especially in terms of the environment. While stepping up our reporting allows us to better communicate our ESG performance to our stakeholders, it also means that we have listened to our stakeholders and responded to their feedback and demands to continually improve on the quality of our reporting.

SCOPE OF REPORTING

Welcome to UMW Holdings Berhad's sixth stand-alone Sustainability Report. This year, our Report underwent a major transformation and is centred on UMW's environmental impacts. This Report details our contribution towards limiting global warming to 1.5 degrees Celsius and reflects our commitment to achieving carbon neutrality by 2050, in line with the government's aim. It also demonstrates our efforts in reducing our negative environmental impacts to mitigate climate risks while identifying opportunities to bolster our climate action.

This Report also communicates our social impacts and governance performance, as we strive to create value for all our stakeholders and contribute to long-term sustainable growth of the organisation.

GUIDELINES AND STANDARDS

This Report has been prepared in accordance with the following reporting standards and guidelines:

- 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 1 January 2021 to 31 December 2021 and includes three years of comparative historical data where applicable. Our last Sustainability Report covered the financial year 1 January 2020 to 31 December 2020 and was published in April 2021.

BOUNDARIES

This Report covers the four 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 appreciate comments and suggestions on our sustainability efforts and the contents of this Report. Please send your comments, queries and suggestions to:

<p><b>Zoelaney Abid</b> Group Director Group Strategy Division</p>	<p><b>Muhammad Badrul Hasshim</b> Manager Group Strategy Division</p>
<p>Address: Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur Tel: +603 2025 2025 Fax: +603 2025 2026 Email: zoelaney.abid@umw.com.my</p> <p>This Report is available on UMW's corporate website at: <a href="http://www.umw.com.my">www.umw.com.my</a></p> <p>It is also available via this QR code:</p>	
<p><b>01</b> Download the "QR Code Reader" on the App Store or Google Play</p>	<p><b>02</b> Run the QR Code Reader app and point your camera to the QR code</p>



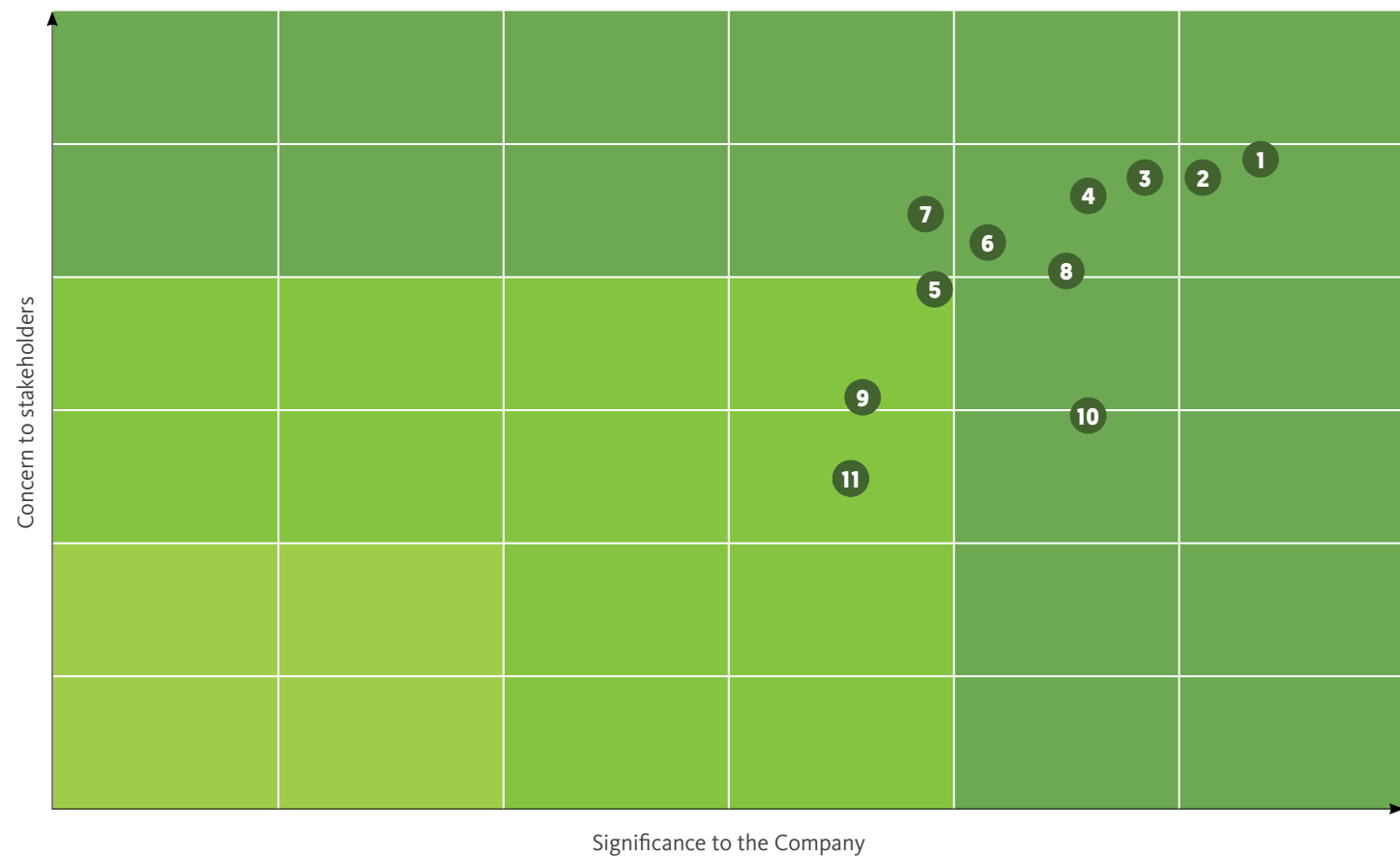
The UMW Group acknowledges the need to harmonise disclosures with the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Moving forward, the Group intends to adhere to the TCFD's transparency standards and be designated as a supporter of the TCFD.

# MATERIALITY

## MATERIALITY

Materiality matters are integral to our sustainability journey as they enable us to identify the issues that are most significant to our organisation and to our stakeholders. Assessing our material matters will allow us to identify the risks and opportunities of the key environmental, social and governance issues that will impact us and our stakeholders.

In 2021, we reviewed our material issues internally and added Climate Change as a new material matter to align with our CREST@2021 strategic transformation framework and the Group's newly approved Sustainability Roadmap. The internal review also showed that all our existing material issues were still relevant. To further align with our sustainability goals, we enhanced the existing Product Quality, Safety & Innovation material issue by renaming it to Customer, Products and Innovation Excellence.



- 1 Climate Change
  - 6 Diversity and Inclusivity
  - 11 Community Investment
  - 2 Customer, Products and Innovation Excellence
  - 7 Labour/Management Relations
  - 3 Training & Education
  - 8 Occupational Health & Safety
  - 4 Employee Engagement
  - 9 Business Ethics & Governance
  - 5 Waste and Water
  - 10 Sustainable Supply Chain
- Less Significant Material Matter

■ More Significant Material Matter

# MATERIALITY

Reviewing our material matters enables us to identify our risks and opportunities. In this section, we have aligned our material matters with the identified risks and opportunities, as well as our mid-term approach and the value we created for our stakeholders.

Risks	Opportunities	Short-to Mid-term Approach	Value Created
<div style="background-color: #4CAF50; color: white; padding: 5px;"><b>Climate Change</b></div> <ul style="list-style-type: none"> <li>Damage to property and assets due to extreme weather events.</li> <li>Financial loss due to disrupted supply chains caused by effects of climate change, which will affect production.</li> <li>Transition risk related to the shifting of strategies, regulations or investments as society and industry attempt to lessen their dependency on carbon and its impact on the environment.</li> </ul>			
<ul style="list-style-type: none"> <li>Strengthen climate action and invest in nature-based solutions for carbon sequestration to achieve 45% carbon neutrality by 2030 and 100% carbon neutrality by 2050.</li> </ul>	<ul style="list-style-type: none"> <li>Investing in renewable energy by installing solar panels at two of our operational sites, namely our KYB-UMW and Aerospace plants.</li> <li>Investing in nature-based solutions for CO<sub>2</sub> sequestration and collaborating with key stakeholders in reforestation initiative.</li> <li>Environmental stewardship via sustainable operational excellence.</li> </ul>	<ul style="list-style-type: none"> <li>Widened scope of reporting to disclose GHG emissions according to Scope 1 and Scope 2.</li> <li>GHG emissions intensity decreased by 21% in 2021.</li> <li>Planted about 10,000 mangrove trees in 2021 in various states across Malaysia.</li> </ul>	
<div style="background-color: #4CAF50; color: white; padding: 5px;"><b>Customer, Product and Innovation Excellence</b></div> <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>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>Enhancing competitiveness and future-proofing business by using customer insights to develop innovative products and solutions.</li> <li>Developing in-house capabilities by nurturing innovation and high-performance culture.</li> <li>Leveraging digitalisation and technology to improve efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>UMW Toyota reclaimed No. 1 non-national car position in terms of sales.</li> <li>620 units of forklifts refurbished for extended life usage.</li> <li>Inducted into the 2021 Cohort of Rolls-Royce's High Performing Supplier Group.</li> </ul>	
<div style="background-color: #4CAF50; color: white; padding: 5px;"><b>Employee Engagement</b></div> <ul style="list-style-type: none"> <li>Disengaged employees may lead to suboptimal work performance and productivity levels.</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>Enhancing employee engagement initiatives through structured and tailored programmes.</li> <li>Providing platforms to increase employee engagement (i.e. Teams, Webex, e-Learning platforms).</li> <li>Implementing employee wellness programmes to improve overall physical and mental well-being.</li> </ul>	<ul style="list-style-type: none"> <li>Employees demonstrated an intense desire to be part of and stay in the organisation.</li> <li>Maintained high employee engagement scores with 83% achieved in 2021.</li> </ul>	

# MATERIALITY

Risks	Opportunities	Short-to Mid-term Approach	Value Created
<b>Training and Education</b>			
<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>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>Developing a dynamic and agile workforce trained in adequate and future-relevant skills to drive the Group's growth.</li> <li>Regularising skills as well as training needs assessment across divisions and business functions.</li> <li>Identifying and designing internal training and education programmes to improve productivity.</li> <li>Developing and enhancing technical and leadership competencies through a targeted development programme.</li> </ul>	<ul style="list-style-type: none"> <li>Employees received 45,767 hours of training.</li> <li>Upskilled employees and expanded capabilities to achieve maximum productivity.</li> </ul>
<b>Energy, Waste and Water Management</b>			
<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>Systematic management of energy and resources help improve operating expenses and reduce direct environmental impacts from the Group's operations and business activities.</li> </ul>	<ul style="list-style-type: none"> <li>Regularly implementing energy and waste management initiatives to mitigate risks.</li> <li>Complying with applicable laws and regulations, as well as conducting community engagement on environmental stewardship.</li> </ul>	<ul style="list-style-type: none"> <li>Commissioned a water reclamation plant at the KYB-UMW factory using our membrane technology that was developed in-house.</li> </ul>
<b>Diversity and Inclusivity</b>			
<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>	<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>	<ul style="list-style-type: none"> <li>Designing and launching programmes to improve diversity across all critical dimensions.</li> </ul>	<ul style="list-style-type: none"> <li>Exceeded the minimum requirement of 30% women's representation on the Board.</li> </ul>
<b>Labour/Management Relations</b>			
<ul style="list-style-type: none"> <li>Inconsistent labour engagement creates communication gaps, affects morale and impacts employee performance.</li> </ul>	<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>Strengthening 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>62.47% of employees were unionised.</li> <li>All feedback received through the grievance mechanism was resolved or is in the process of resolution.</li> <li>Maintained industrial harmony with union during the pandemic.</li> </ul>

# MATERIALITY

Risks	Opportunities	Short-to Mid-term Approach	Value Created
<b>Business Ethics and Governance</b>			
<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>Principles of good governance can future-proof the organisation by strengthening resilience against extraneous factors.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening governance of 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>Maintained zero corruption convicted case.</li> <li>Established the three-year Integrity and Governance Unit (IGU) Blueprint 2021-2023.</li> <li>Embarked on ISO 37001 Anti-Bribery Management Systems certification.</li> </ul>
<b>Sustainable Supply Chain</b>			
<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>Strengthen supply chain management by instilling sustainability practices in vendors and suppliers to ensure sustainable business growth.</li> </ul>	<ul style="list-style-type: none"> <li>Setting standards for sustainable practices in the supply chain to raise the collective capacity of the industry and support local suppliers.</li> <li>Increasing ESG awareness among suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>53.88% of the Group's procurement budget went to local suppliers, who made up 45.10% of the Group's suppliers.</li> <li>Established UMW Sustainable Supply Chain Policy.</li> </ul>
<b>Occupational Health and Safety (OHS)</b>			
<ul style="list-style-type: none"> <li>Poor OHS standards and practices can lead to health threats, workforce inefficiencies and financial losses.</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>Creating a culture of "health and safety" across the organisation through education and awareness.</li> </ul>	<ul style="list-style-type: none"> <li>Maintained zero cases of fatalities.</li> <li>27 UMW operational sites or 68%, including branches, in Malaysia achieved the ISO 45001:2018 certification while seven operating companies or 16% achieved the ISO 14001:2015 certification.</li> </ul>
<b>Community Investment</b>			
<ul style="list-style-type: none"> <li>Negative social and economic impacts from our operations on local communities can potentially give rise to reputational repercussions.</li> </ul>	<ul style="list-style-type: none"> <li>Increase our commitment to the community and as a result enhancing our market reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Implementing community development initiatives that nurture future generations and equip youths with industry-ready skills, such as the PROTÉGÉ programme.</li> <li>Creating a positive environmental impact on the country through nature-based initiatives such as reforestation.</li> </ul>	<ul style="list-style-type: none"> <li>UMW Community Champions dedicated 1,840 volunteer hours.</li> <li>Contributed about RM10.8 million in cash and in kind to communities.</li> <li>Contributed towards WWF Study on Net Zero Pathway for Malaysia by 2050.</li> </ul>

## STAKEHOLDER ENGAGEMENT

### STAKEHOLDER ENGAGEMENT

**STAKEHOLDERS ARE THE GROUPS OF PEOPLE WHOSE DECISIONS OR ACTIONS CAN IMPACT OUR BUSINESS PERFORMANCE. WE STRIVE TO MEET THE NEEDS OF OUR STAKEHOLDERS BY REGULARLY ENGAGING WITH THEM AND RESPONDING TO THEIR NEEDS AND KEY CONCERNS.**

Key Stakeholder Groups	Channels of Engagement	Frequency of Engagement	Engagement Topics	Our Broad Management Response and Outcomes
<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> <li>As and when</li> </ul>	<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> <li>Climate change and environmental sustainability concerns</li> </ul>	<ul style="list-style-type: none"> <li>Shared our business performance, strategy and challenges.</li> <li>Discussed impacts of COVID-19 on supply of key products/parts and how to resolve these issues.</li> <li>Complied with all quality and HSE requirements.</li> <li>Engaged with principals with regards to climate change and environmental strategy.</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> <li>As and when</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 throughout the year in a safe manner to our customers.</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 pandemic.</li> </ul> </li> <li>We implemented various initiatives via digital marketing, such as online campaigns and rebates, to reinforce sales and attract customers.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Trade unions</li> <li>Newsletters</li> <li>Email blast</li> <li>Town Hall</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>Daily</li> <li>Weekly</li> <li>Monthly</li> <li>Bimonthly</li> <li>Quarterly</li> <li>Annually</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> <li>Mental health and well-being</li> </ul>	<ul style="list-style-type: none"> <li>Continued to ensure our people were safe from the spread of the COVID-19 virus by implementing strict SOPs at the workplace, encouraging vaccination and allowing a work-from-home arrangement.</li> <li>Our 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> <li>Organised a series of talks on CREST@2021.</li> <li>Rolled out EnergizeUMW to include a 24/7 remote therapy helpline for employees to cope with mental stress during lockdowns.</li> </ul>

## STAKEHOLDER ENGAGEMENT

In 2021, we continued to engage with our stakeholders amid challenges and disruptions from the pandemic by turning to online tools and digital platforms. This enabled us to gather insights and key concerns from our vendors and suppliers. However, we took safety precautions and complied with the necessary SOPs to reduce our exposure to the spread of the virus whenever we were required to attend physical meetings.

Going forward, we will continue to engage with our stakeholders to listen and respond to their needs to ensure continuous value creation for both the organisation and all our stakeholders.

## STAKEHOLDER ENGAGEMENT

Key Stakeholder Groups	Channels of Engagement	Frequency of Engagement	Engagement Topics	Our Broad Management Response and Outcomes
Shareholders/Analysts	<ul style="list-style-type: none"> <li>Virtual Annual General Meeting (AGM)</li> <li>Virtual Analyst Briefing</li> <li>Virtual meetings</li> <li>Regular updates and communications (emails, phone-ins and one-on-one meetings)</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> <li>Quarterly</li> <li>Annually</li> <li>Ad hoc</li> </ul>	<ul style="list-style-type: none"> <li>Business strategy and direction</li> <li>Financial/economic performance amid COVID-19</li> <li>Sustainability of earnings in light of COVID-19 pandemic</li> <li>Market outlook and performance</li> <li>Climate change and environmental sustainability concerns</li> </ul>	<ul style="list-style-type: none"> <li>The Group took a two-pronged approach to mitigate the impact of COVID-19 – we ensured sufficient revenue support and implemented cost reduction and optimisation initiatives.</li> <li>The Group was focused on remaining competitive and generating returns for our shareholders.</li> <li>Introduced new models, offered innovative financing packages and expanded of sales network via e-commerce.</li> <li>Engaged with stakeholders on decarbonisation efforts and climate change.</li> </ul>
Suppliers	<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>Monthly</li> <li>Quarterly</li> <li>As and when</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: Communicated UMW's Standard Operating Procedures (SOPs) and safety measures to suppliers.</li> <li>Discussed and shared industry trends and challenges.</li> <li>Complied with all quality and HSE requirements.</li> <li>Provided developmental programmes for suppliers and vendors, including Bumiputera Vendor Development Programme.</li> </ul>
Regulators/Authorities	<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> <li>Every 2 months</li> <li>Quarterly</li> <li>Annually</li> <li>As and when</li> </ul>	<ul style="list-style-type: none"> <li>Governance and regulatory compliance</li> <li>Climate change</li> </ul>	<ul style="list-style-type: none"> <li>We complied with all regulations, especially with regards to COVID-19, and provided information on our COVID-safe protocols for the workplace.</li> <li>We took a proactive approach to engaging with regulators on the impact of the pandemic and provided suggestions on how the industry could operate safely.</li> <li>Engaged with MGTC on addressing climate change and possible mitigation strategy.</li> </ul>
Local Communities	<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>	<ul style="list-style-type: none"> <li>Corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Continued to identify areas where we could assist communities and aimed to do so once we were able to. In 2021, we contributed cash, food and PPE supplies.</li> <li>Supported 150,000 B40 students by providing digital tablets and SIM cards through the CERDIK initiative by GLCs and GLICs to bridge the digital divide.</li> <li>Our reforestation effort involved community engagement in mangrove and bamboo tree planting.</li> </ul>
Media	<ul style="list-style-type: none"> <li>Press releases</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> <li>Quarterly</li> <li>As and when</li> <li>Periodic interviews by Senior Management to share developments within the Group</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 our performance and products.</li> </ul>

## STAKEHOLDER ENGAGEMENT

## KEY PERFORMANCE DATA

### EMPLOYEES

#### Total Workforce by Countries

Country	Unit	2021		Total
		Local	International	
Malaysia	pax	5,686	62	5,748
Singapore	pax	116	56	172
Vietnam	pax	218	4	222
China	pax	42	2	44
Myanmar	pax	102	-	102
Papua New Guinea	pax	110	7	117
<b>Total</b>				<b>6,405</b>

#### Total Workforce in Malaysia

Year	2017	2018	2019	2020	2021
Number of Employees	9,169	7,162	6,707	6,168	5,748

#### Total Workforce by Division

Division/Year	2017	2018	2019	2020	2021
Automotive	6,422	4,410	3,957	3,171	3,125
Equipment	997	1,000	1,005	995	941
M&E	1,237	1,235	1,257	1,503	1,061
Aerospace	-	-	-	-	159
Others	513	517	488	499	462
<b>Total</b>	<b>9,169</b>	<b>7,162</b>	<b>6,707</b>	<b>6,168</b>	<b>5,748</b>

#### Total Workforce by Employment Contract

Year/Employment Contract	Male		Female		Total
	Permanent	Fixed-Term	Permanent	Fixed-Term	
2020	4,595	336	1,177	60	6,168
2021	4,496	114	1,126	12	5,748

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>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>
<b>2021</b>							
Male	19	58	383	949	3,201	4,610	80.20
Female	1	16	180	551	390	1,138	19.80
<b>Total</b>	<b>20</b>	<b>74</b>	<b>563</b>	<b>1,500</b>	<b>3,591</b>	<b>5,748</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>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>
<b>2021</b>							
Below 30	0	0	4	272	866	1,142	19.87
30-40	0	6	145	533	1,495	2,179	37.91
40-50	6	27	310	473	885	1,701	29.59
Over 50	14	41	104	222	345	726	12.63
<b>Total</b>	<b>20</b>	<b>74</b>	<b>563</b>	<b>1,500</b>	<b>3,591</b>	<b>5,748</b>	<b>100.00</b>



## KEY PERFORMANCE DATA

## By Ethnicity

Ethnicity/ Job Category	Top Management	Senior Management	Middle Management	Executives & Junior Management	Non- Management	Total	%
<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>
<b>2021</b>							
Bumiputera	12	34	365	1,197	3,194	4,802	83.54
Chinese	2	23	147	189	119	480	8.35
Indian	1	3	37	105	173	319	5.55
Others	5	14	14	9	105	147	2.56
<b>Total</b>	<b>20</b>	<b>74</b>	<b>563</b>	<b>1,500</b>	<b>3,591</b>	<b>5,748</b>	<b>100.00</b>

## Total New Hires by Gender and Age Group

Year	2019		2020		2021	
	Number	%	Number	%	Number	%
<b>Gender</b>						
Male	117	70.91	78	65.55	183	75.00
Female	48	29.09	41	34.45	61	25.00
<b>Total</b>	<b>165</b>	<b>100.00</b>	<b>119</b>	<b>100.00</b>	<b>244</b>	<b>100.00</b>
<b>Age Group</b>						
Below 30	126	56.00	71	59.66	186	76.23
30-40	76	33.78	24	20.17	38	15.57
40-50	20	8.89	16	13.45	12	4.92
Over 50	3	1.33	8	6.72	8	3.28
<b>Total</b>	<b>225</b>	<b>100.00</b>	<b>119</b>	<b>100.00</b>	<b>244</b>	<b>100.00</b>

## KEY PERFORMANCE DATA

## Total Turnover by Gender and Age Group

Year	2019		2020		2021	
	Number	%	Number	%	Number	%
<b>Turnover</b>						
<b>Gender</b>						
Male	136	60.99	723	76.67	338	76.82
Female	87	39.01	220	23.33	102	23.18
<b>Total</b>	<b>223</b>	<b>100.00</b>	<b>943</b>	<b>100.00</b>	<b>440</b>	<b>100.00</b>
<b>Age Group</b>						
Below 30	43	19.29	197	20.89	140	31.81
30-40	69	30.94	332	35.21	170	38.64
40-50	50	22.42	239	25.34	66	15.00
Over 50	61	27.35	175	18.56	64	14.55
<b>Total</b>	<b>223</b>	<b>100.00</b>	<b>943</b>	<b>100.00</b>	<b>440</b>	<b>100.00</b>

## Total Turnover Rate

Year	2019	2020	2021
Turnover rate (%)	10.3	14.65	7.39

## Total Number of Employees Who Took Maternity Leave

Year	2019	2020	2021
Number who took maternity leave	69	120	37
% who returned to work after maternity leave	94	98.3	91.9

## ENVIRONMENTAL

## Energy

## Group Energy Usage (GJ)

Year	2019	2020	2021
Group	501,695.83	389,604.11	329,385.09

## Energy Usage by Division (GJ)

Division/Year	2019	2020	2021
Automotive	333,415.65	237,325.11	182,236.45
Equipment	32,849.81	25,458.30	27,782.42
M&E	100,361.58	97,652.14	88,567.32
Aerospace	31,843.59	28,147.01	26,794.39
Others	3,225.20	1,021.56	4,004.51

Note: UMW Aerospace was previously part of the M&E division. Therefore, data for the Aerospace division is only available from 2021 onwards. Others includes our Land, headquarter and other corporate offices.

## KEY PERFORMANCE DATA

### Amount Contributed to the Group's Total Energy Consumption (%)

Year	2019	2020	2021
Solar Panels	1.34	2.11	2.40

### Emissions

#### Group GHG Emissions (tCO<sub>2</sub>e)

Year	2019	2020	2021
<b>Group</b>	63,239.38	45,143.98	<b>45,525.33</b>
Scope 1	9,485.91	6,771.60	<b>5,398.02</b>
Scope 2	53,753.47	38,372.38	<b>40,127.31</b>

#### GHG Emissions (tCO<sub>2</sub>e) by Division

Division/Year	2019	2020	2021
<b>Automotive</b>	43,704.97	27,548.50	<b>27,261.61</b>
<b>Equipment</b>	3,118.09	2,491.87	<b>2,734.20</b>
<b>M&amp;E</b>	11,153.84	10,728.86	<b>10,482.17</b>
<b>Aerospace</b>	4,778.07	4,221.31	<b>4,393.52</b>
<b>Others</b>	484.41	153.43	<b>653.83</b>

#### GHG Emissions (tCO<sub>2</sub>e) by Division according to Scope 1 and 2

Year	2019	2020	2021
<b>Automotive TOTAL</b>	43,704.97	27,548.50	<b>27,261.61</b>
Scope 1	2,622.30	1,652.91	<b>1,482.45</b>
Scope 2	41,082.67	25,895.59	<b>25,779.16</b>
<b>Equipment TOTAL</b>	3,118.09	2,491.87	<b>2,734.20</b>
Scope 1	1,777.31	1,420.37	<b>1,562.69</b>
Scope 2	1,340.78	1,071.50	<b>1,171.51</b>
<b>M&amp;E TOTAL</b>	11,153.84	10,728.86	<b>10,482.17</b>
Scope 1	2,354.30	2,264.60	<b>2,212.52</b>
Scope 2	8,799.54	8,464.26	<b>8,269.65</b>
<b>Aerospace TOTAL</b>	4,778.07	4,221.31	<b>4,393.52</b>
Scope 1	86.11	76.08	<b>79.18</b>
Scope 2	4,691.96	4,145.23	<b>4,314.34</b>
<b>Others TOTAL</b>	484.41	153.43	<b>653.83</b>
Scope 1	45.32	14.35	<b>61.17</b>
Scope 2	439.09	139.08	<b>592.66</b>

## KEY PERFORMANCE DATA

### Waste

#### Group Waste Generation (tonnes)

Year/Type of Waste	General Waste	Scheduled Waste (Hazardous Waste)
<b>2019</b>	3,027.17	1,172.50
<b>2020</b>	2,592.51	1,211.75
<b>2021</b>	<b>2,835.53</b>	<b>771.08</b>

#### Waste Generation (tonnes) by Division

Division/Type of Waste	General Waste	Scheduled Waste
<b>2019</b>		
<b>Automotive</b>	1,985.57	497.40
<b>Equipment</b>	424.79	20.29
<b>M&amp;E</b>	610.81	629.43
<b>Aerospace</b>	-	25.38
<b>Others</b>	6.00	-
<b>2020</b>		
<b>Automotive</b>	1,485.03	371.66
<b>Equipment</b>	442.90	323.48
<b>M&amp;E</b>	553.59	477.37
<b>Aerospace</b>	110.99	39.24
<b>Others</b>	-	-
<b>2021</b>		
<b>Automotive</b>	<b>1,607.13</b>	<b>288.92</b>
<b>Equipment</b>	<b>457.90</b>	<b>93.48</b>
<b>M&amp;E</b>	<b>445.50</b>	<b>374.92</b>
<b>Aerospace</b>	<b>205.00</b>	<b>13.76</b>
<b>Others</b>	<b>120.00</b>	-

Note: The data for Group Waste Generation has been restated due to a revision of data collection in 2021. Scheduled Waste refers to Hazardous Waste.

#### General Waste (tonnes) by Division (2021)

Division/Type of Waste	General Waste (Non-Recycled)	General Waste (Recycled)	General Waste (Total)
<b>Automotive</b>	<b>1,483.53</b>	<b>123.60</b>	<b>1,607.13</b>
<b>Equipment</b>	<b>457.90</b>	-	<b>457.90</b>
<b>M&amp;E</b>	-	<b>445.50</b>	<b>445.50</b>
<b>Aerospace</b>	<b>204.00</b>	<b>1.00</b>	<b>205.00</b>
<b>Others</b>	<b>120.00</b>	-	<b>120.00</b>

## KEY PERFORMANCE DATA

### Waste Directed to Disposal

#### Scheduled Waste (tonnes) from ASSB (Shah Alam & Bukit Raja)

Disposal Method	Scheduled Waste Non-Recycled	Scheduled Waste (Recycled)	Total
Incineration (without energy recovery)	29.10	-	29.10
Landfill	142.58	-	142.58
Recycling	-	113.62	113.62
<b>Total</b>	<b>171.68</b>	<b>113.62</b>	<b>285.30</b>

Note: The data for the Group's scheduled waste is limited to ASSB from the Automotive business division. The Group aims to widen its scope for scheduled waste data collection in the near future.

#### Group Effluents Generation (m<sup>3</sup>)

Year	2019	2020	2021
<b>Group</b>	<b>244,900.01</b>	<b>189,652.78</b>	<b>115,339.66</b>

### Water

#### Group Water Consumption (m<sup>3</sup>)

Year	2019	2020	2021
<b>Group</b>	<b>510,724.85</b>	<b>550,280.27</b>	<b>467,126.99</b>

#### Water Consumption (m<sup>3</sup>) by Division

Division/Year	2019	2020	2021
Automotive	331,567.00	416,622.17	<b>330,627.27</b>
Equipment	43,755.37	43,030.30	<b>25,191.00</b>
M&E	97,092.48	70,520.80	<b>71,112.52</b>
Aerospace	27,251.00	19,631.00	<b>18,624.20</b>
Others	11,059.00	476.00	<b>21,572.00</b>

## KEY PERFORMANCE DATA

### Water Usage (m<sup>3</sup>) from Other Sources

Division	Ground Water	Recycled Water
<b>2019</b>		
Automotive	90,663.00	43,930.00
Aerospace	-	-
<b>2020</b>		
Automotive	28,902.00	17,265.00
Aerospace	-	-
<b>2021</b>		
Automotive	<b>44,502.00</b>	<b>21,644.00</b>
Aerospace	<b>151.20</b>	<b>223.00</b>

Note: UMW Aerospace was previously part of the M&E division. Therefore, data for the Aerospace division is only available from 2021 onwards.

### Managing Resources and Materials

#### Group Materials Usage (tonnes)

Year	2019	2020	2021
<b>Group</b>	<b>37,026.05</b>	<b>16,384.11</b>	<b>21,593.49</b>

Note: The data for Group Materials Usage has been restated due to a revision of data collection in 2021.

## FTSE4GOOD ESG INDICATORS

To demonstrate best reporting practices, we have aligned our sustainability pledges and material matters with FTSE4Good's ESG Themes.

Pledge	Material Matters	FTSE4Good's ESG Themes
<b>Pledge 01</b>		
<b>100% Carbon Neutrality by 2050</b>	Climate Change	Climate Change
	Waste and Water	Pollution & Resources
<b>Pledge 02</b>		
<b>Build a Progressive and Innovative Workforce</b>	Training and Education	Labour Standards Health and Safety
	Employee Engagement	
	Labour/Management Relations	
	Diversity and Inclusivity	
	Occupational Health and Safety	
<b>Pledge 03</b>		
<b>Achieve Excellence in Products and Services</b>	Customer, Products, Innovation and Excellence	Supply Chain (Environment)
	Business Ethics & Governance	Supply Chain (Social)
	Sustainable Supply Chain	Corporate Governance Anti-Corruption
<b>Pledge 04</b>		
<b>Create a Positive Impact and Well-being of Local Communities</b>	Community Investment	Human Rights & Community

## GRI CONTENT INDEX

UMW's Sustainability Report 2021 has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: 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	Cover page	UMW Holdings Berhad (UMW or the Group).	Full
		102-2	Activities, brands, products and services	4	UMW is one of the leading industrial conglomerates in Malaysia, with four strategic business units: Automotive, Equipment, Manufacturing & Engineering and Aerospace.	Full
		102-3	Location of headquarters	67	Menara UMW, Jalan Puncak, Off Jalan P. Ramlee, 50250 Kuala Lumpur.	Full
		102-4	Location of operations	5	UMW Holdings Berhad has a global presence in seven countries outside Malaysia, namely Singapore, China, Myanmar, Vietnam, Papua New Guinea, Indonesia and Brunei.	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	4	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	5	UMW operates in seven countries with 6,405 employees, and has RM3.5 billion in market capitalisation, RM12,172.7 million in asset value and 51.6% in automotive market share in Malaysia.	Full
		102-8	Information on employees and other workers	76 - 79	83.54% of our workforce are Bumiputera, and 19.80% of employees are female and 80.20% are male. A further breakdown of our workforce is presented in the Key Performance Data section.	Full
		102-9	Supply chain	56	RM2,729.42 million (53.88% of the UMW Group's procurement budget) was spent on local suppliers. 45.10% of suppliers were local.	Partial

## 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	Full or Partial Disclosure
<b>ORGANISATIONAL PROFILE (CONT'D.)</b>						
GRI 102	GENERAL DISCLOSURES	102-10	Significant changes to the organisation and its supply chain	56 - 57	There were no changes to the organisation's supply chain in 2020. The scope and boundary of this Report only cover UMW Group's operations in Malaysia.	Full
		102-11	Precautionary Principle or approach	16 - 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 2021  UMW Sustainability Report 2021: 7, 47 - 59, 62 - 66, 84	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	16	We strongly support the World Business Council for Sustainable Development's climate change initiative, of which our Principal, Toyota Motor Corporation, is a member. Our subsidiary UMW Toyota is a member of the Malaysian Automotive Association.	Partial
<b>STRATEGY</b>						
GRI 102	GENERAL DISCLOSURES	102-14	Statement from senior decision-maker	8	Leader's Perspective: Our 104-year history as an organisation shows that Sustainability has always been core to UMW's purpose and values, and it continues to stand as one of the main pillars of our new corporate strategy, CREST@2021. We are redefining sustainability for a new era at UMW as we believe that fresh opportunities for growth, value creation and future business resiliency lie in the ability to deliver innovations and solutions that contribute to resolving critical global issues.	Full
<b>ETHICS &amp; INTEGRITY</b>						
GRI 102	GENERAL DISCLOSURES	102-16	Values, principles, standards and norms of behaviour	14	UMW refreshed its core values in 2019. The new Ways of Working (WOW) consist of three core values: We Are One, We Drive Change and We Deliver Promises.	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	Full or Partial Disclosure
<b>GOVERNANCE</b>						
GRI 102	GENERAL DISCLOSURES	102-18	Governance structure	13	Our Board of Directors continues to have oversight of sustainability direction and matters. The Board is supported by a newly established Management Sustainability Committee (MSC), which replaces the previous Management Level Committees.	Full
<b>STAKEHOLDER ENGAGEMENT</b>						
GRI 102	GENERAL DISCLOSURES	102-40	List of stakeholder groups	72 - 75	UMW's number of stakeholder groups remains at eight.	Full
		102-41	Collective bargaining agreements	36	As of December 2021, 62.47% of our employees were unionised and were covered by collective bargaining agreements.	Full
		102-42	Identifying and selecting stakeholders	72 - 75	Stakeholders are identified by prioritising the groups that have a substantial impact on our business.	Full
		102-43	Approach to stakeholder engagement	72 - 75	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	72 - 75	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
<b>REPORTING PRACTICE</b>						
GRI 102	GENERAL DISCLOSURES	102-46	Defining report content and topic boundaries	67	This Report covers only the four core businesses based in Malaysia that are managed and controlled by the Group, i.e. the Automotive, Equipment, Manufacturing & Engineering and Aerospace businesses.	Full
		102-47	List of material topics	68	We have identified the top 11 material matters that are relevant to our business and stakeholders and have prioritised them in a materiality matrix.	Full
		102-48	Restatements of information	67	There were no significant changes from the previous reporting periods that require any restatement.	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	Full or Partial Disclosure
<b>REPORTING PRACTICE (CONT'D.)</b>						
<b>GRI 102</b>	<b>GENERAL DISCLOSURES</b>	102-49	Changes in reporting	68	We added one new material matter, Climate Change.	Full
		102-50	Reporting period	67	Financial year ended 31 December 2021.	Full
		102-51	Date of most recent report	67	The last report was published in April 2021, for the financial year ended 31 December 2020.	Full
		102-52	Reporting cycle	67	Annual.	Full
		102-53	Contact point for questions regarding the report	67	Group Director - Group Strategy Division and Manager - Group Strategy Division. Email: zoelaney.abid@umw.com.my	Full
		102-54	Claims of reporting in accordance with the GRI Standards	67	Our reporting is 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	85 - 93	This is the GRI content index.	Full
		102-56	External assurance	-	No external assurance was conducted for this Report. We recognise the importance of external assurance in enhancing the credibility of our reports, and we intend to conduct external assurance for our reports in the near future. In 2021, we engaged with MGTC for a review of our GHG emissions across the Group.	Full
<b>MANAGEMENT APPROACH</b>						
<b>GRI 103</b>	<b>MANAGEMENT APPROACH</b>	103-1	Explanation of the material topic and its boundary	68	We identified 10 material matters in 2020, and added one material matter and renamed another in 2021. A description of all the 11 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	68 - 71	For each of the 11 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

## 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	Full or Partial Disclosure
<b>MANAGEMENT APPROACH (CONT'D.)</b>						
<b>GRI 103</b>	<b>MANAGEMENT APPROACH</b>	103-3	Evaluation of the management approach	68 - 71	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	Full or Partial Disclosure
<b>100% CARBON NEUTRALITY BY 2050</b>						
<b>GRI 301</b>	<b>MATERIALS</b>	301-1	Materials used by weight or volume	27	The Group's materials usage increased from 16,384.11 tonnes to 21,593.49 tonnes in 2021.	Partial
<b>GRI 302</b>	<b>ENERGY</b>	302-1	Energy consumption within the organisation	18	In 2021, the Group's energy consumption decreased by approximately 15.46% from 2020.	Partial
		302-4	Reduction of energy consumption	18	In 2021, our energy consumption decreased by 15.46% from 2020.	Partial
<b>GRI 303</b>	<b>WATER AND EFFLUENTS</b>	303-3	Water withdrawal	26	In the Automotive and Aerospace divisions, 44,653.20 m <sup>3</sup> of water was withdrawn from groundwater, and 21,867.00 m <sup>3</sup> from recycled water.	Partial
		303-5	Water consumption	25 - 26	The Group's water consumption was 467,126.99 m <sup>3</sup> , while water consumption for the core segments was 330,627.27 m <sup>3</sup> for Automotive, 25,191.00 m <sup>3</sup> for Equipment, 71,112.52 m <sup>3</sup> for M&E and 18,624.20m <sup>3</sup> for Aerospace.  The Group's water consumption decreased by 15.11%.	Full Partial
<b>GRI 305</b>	<b>EMISSIONS</b>	305-1	Direct Scope 1 GHG emissions	20	Scope 1 refers to direct emissions from sources owned or controlled by UMW Group.  Total Scope 1 emissions for 2021: 5,398.02 tCO <sub>2</sub> e.	Full
		305-2	Energy Indirect (Scope 2) GHG emissions	20	Scope 2 refers to indirect emissions from purchased electricity.  Total Scope 2 emissions for 2021: 40,127.31 tCO <sub>2</sub> 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	Full or Partial Disclosure
<b>100% CARBON NEUTRALITY BY 2050 (CONT'D.)</b>						
<b>GRI 306</b>	<b>WASTE</b>	306-1	Waste generation and significant waste-related impacts	23 - 25	The Group targets to reduce waste by going digital and implementing paperless initiatives. In the Aerospace division, the main factory was fitted with water dispensers that reduced the need for plastic bottles. The division also put in place a chemical management system to reduce chemical waste and a centralised system for scheduled waste to better manage scheduled waste. Across our operations, we continue to promote the 3Rs and are working to better manage our waste output.	Partial
		306-2	Management of significant waste-related impacts	23	UMW minimises waste by adopting lean manufacturing principles such as reducing and recycling waste where possible.	Full
		306-3	Waste generated	23	The Group generated a total of 3,606.61 tonnes of waste in 2021 – general waste: 2,835.53 tonnes; scheduled waste (hazardous waste): 771.08 tonnes.	Full
		306-4	Waste diverted from disposal	24 - 25	General waste recycled total: 570.10 tonnes. Scheduled waste recycled total: 113.62 tonnes. The data for the Group's scheduled waste is limited to ASSB from the Automotive business division.	Partial
		306-5	Waste directed to disposal	24 - 25	General waste non-recycled total: 2,265.43 tonnes. Scheduled waste non-recycled total: 171.68 tonnes. The data for the Group's scheduled waste is limited to ASSB from the Automotive business division.	Partial

## 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	Full or Partial Disclosure
<b>BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE</b>						
<b>GRI 401</b>	<b>EMPLOYMENT</b>	401-1	New employee hires and employee turnover	39, 79	The total number of new employee hires was 244. The total employee turnover and rate was 440 at a rate of 7.39%.	Full
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	31	Our full-time employees enjoy additional benefits such as individual and family medical and insurance coverage and, Flexi Benefits, as well as above minimum/mandatory employer contribution to the Employees Provident Fund (EPF). We have also rewarded our high-performing employees and implemented salary adjustments for critical talents towards improving retention.	Full
		401-3	Parental leave	37	We encourage women's participation in the workplace through family-friendly policies. In 2021, 37 women took maternity leave and 91.9% of them returned to work after their maternity leave.	Partial
<b>GRI 404</b>	<b>TRAINING AND EDUCATION</b>	404-1	Average hours of training per year per employee	34	The average hours of training per employee was 7.96 hours.	Partial
		404-2	Programmes for upgrading employee skills and transition assistance programmes	34	Building employees' core competencies and skills: Core Competencies Programme. Upskilling future workforce: Equipping employees to prepare them for the future of the organisation.	Partial
<b>GRI 405</b>	<b>DIVERSITY AND EQUAL OPPORTUNITY</b>	405-1	Diversity of governance bodies and employees	37	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

## 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	Full or Partial Disclosure
<b>ACHIEVE EXCELLENCE IN PRODUCTS AND SERVICES</b>						
<b>GRI 201</b>	<b>ECONOMIC PERFORMANCE</b>	201-1	Direct economic value generated & distributed	6	In FY2021, we generated RM11,492.3 million in direct economic value and retained RM205.0 million compared to RM142.8 million in FY2020. A 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	16	UMW's health and safety is governed by its robust HSE Policy, which is available on our corporate website.	Full
		403-2	Hazard identification, risk assessment, and incident investigation	43	The Group conducts yearly risk identification and assessment using the Hazard Identification, Risk Assessment and Risk Controls (HIRARC) process.	Full
		403-3	Occupational health services	29	We have digitalised HSSE by implementing: <ul style="list-style-type: none"> <li>Digital platform/HSSE Data Centre</li> <li>Thermal imaging</li> <li>Face recognition</li> <li>Scheduled Waste e-Tracking (SWeT)</li> <li>PokaYoke Vital Interface Gateway.</li> </ul>	Full
		403-4	Worker participation, consultation and communication and occupational health and safety	42	Every workplace at UMW with 40 and more employees has a Safety and Health Committee with an equal number of representatives from management and non-management employees, who oversee daily health and safety matters.	Full
		403-5	Worker training on occupational health and safety	43	In 2021, the Group conducted 50 training sessions for 1,416 employees to ensure that employees stayed organised and alert to prevent work-related injuries.	Full
		403-6	Promotion of worker health	41	We have embarked on HSE digitalisation efforts since 2020 by introducing the HSSE website, namely SafeUhub, which allows employees to access HSSE information via mobile applications.	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	Full or Partial Disclosure
<b>ACHIEVE EXCELLENCE IN PRODUCTS AND SERVICES (CONT'D.)</b>						
<b>GRI 403</b>	<b>OCCUPATIONAL HEALTH AND SAFETY</b>	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	43	An external consultant is appointed to conduct assessments on the workers' exposure to chemical, hearing and noise risks. The consultant also conducts audit sessions, including the HSE statutory audit and UMW Environmental Action Plan Audit.	Full
		403-9	Work-related injuries	44	We maintained zero fatalities among employees and non-employees.	Partial
		403-10	Work-related ill health	41	We conducted important occupational health and industrial hygiene activities such as audiometric tests, noise risk assessments and chemical exposure monitoring.	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	48	Our Automotive team continues to implement the Toyota Production System (TPS) in our manufacturing plants to ensure all vehicles are produced to meet the safety and manufacturing standards we have set.	Partial
<b>CREATE A POSITIVE IMPACT AND WELL-BEING OF LOCAL COMMUNITIES</b>						
<b>GRI 203</b>	<b>INDIRECT ECONOMIC IMPACTS</b>	203-1	Infrastructure investments and services supported	7, 61, 71	UMW volunteers clocked 1,840 volunteer hours to uplift communities in need in 2021. In 2021, the Group also contributed RM10.8 million to communities in need, including during the COVID-19 pandemic and the floods that occurred in December 2021.  The contribution included providing cash and food to those in need as well as personal protective equipment to healthcare frontliners.	Full
		203-2	Significant indirect economic impacts	34	The Group organised the Perantisan PenjanaKerjaya Programme 2.0 to upskill and reskill unemployed graduates or school-leavers, which benefited more than 400 participants.	Full





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