


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 amid 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 details, go to Sustainability Report 2021.

SUSTAINABILITY ROADMAP

Pledge 1:

100% Carbon Neutrality by 2050

Pledge 2:

Build a Progressive and Innovative Workforce

Pledge 3:

Achieve Excellence in Products and Services

Pledge 4:

Create a Positive Impact and Well-Being of Local Communities

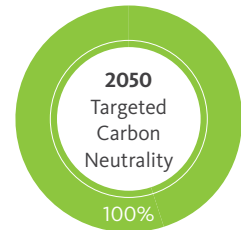
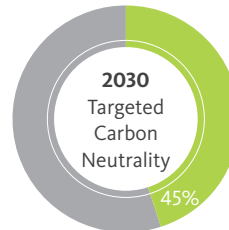
In 2021, we reviewed and refreshed our sustainability approach to bolster our journey of value creation and intensify our ESG impact. We introduced a Sustainability Roadmap that will be instrumental in guiding us to achieve 45% carbon neutrality by 2030 and 100% carbon neutrality by 2050, in line with 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 goal of limiting global warming to 1.5 degrees 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

- 2030
- 2050



SUSTAINABILITY PILLARS

PILLAR
01

Environmental Stewardship



100% Carbon Neutrality by 2050

PILLAR
02

Dynamic Workforce



Build a **Progressive and Innovative** Workforce

PILLAR
03

Innovative & High-performance Culture



Achieve **Excellence in Products and Services**

PILLAR
04

Nurturing the Community & Society



Create a **Positive Impact and Well-Being** of Local Communities

OUR PERFORMANCE

SUSTAINABILITY PERFORMANCE

UMW's sustainability performance in 2021 was guided by its new Sustainability Roadmap and the Group's commitment to redefining sustainability. Our new sustainability strategy enabled us to implement various robust sustainability initiatives and programmes to generate long-lasting positive impact for our business growth and our stakeholders.

PLEDGE

1 100% CARBON NEUTRALITY BY 2050

Strategic Action Plan	Target Milestones
<ul style="list-style-type: none"> Invest in nature-based solutions for CO₂ sequestration Environmental leadership via sustainable operational excellence 	<ul style="list-style-type: none"> 45% CO₂ neutrality (Scope 1 and Scope 2) by 2030 100% CO₂ neutrality (Scope 1 and Scope 2) by 2050

Key Focus Areas	Alignment to UN SDGs
<ul style="list-style-type: none"> Reforestation Renewable energy 	

Key Highlights:

- 2.40% of energy generated from renewable sources
- 7,907.76 GJ of solar energy generated from Assembly Services Sdn Bhd (ASSB) Bukit Raja
- Launched **UMW Green Shoots Initiative** and planted 10,000 mangrove trees in partnership with the Malaysian Nature Society (MNS) and Yayasan Hijau Malaysia (YHM)
- Reduced GHG emissions intensity by 21% to 0.63 tCO₂/unit of cars sold
- Installed 1,248 kWp and 1,251 kWp of rooftop solar panels at KYB-UMW and Aerospace division, respectively
- Generated 21,867 m³ of water from water treatment plant as part of our water recycling initiatives
- Supported the **Toyota Environmental Challenge's five-year action plan** to reduce carbon emissions and waste, optimise the usage of natural resources and establish a future society in harmony with nature

Refer to pages 15 to 27 of our Sustainability Report 2021 for more details

PLEDGE

2 BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE

Strategic Action Plan	Target Milestones
<ul style="list-style-type: none"> Foster sustainable culture by supporting and funding employee well-being 	<ul style="list-style-type: none"> 100% zero accident rate Scholarship programme to nurture talent 25% women's representation in Senior Management roles

Key Focus Areas	Alignment to UN SDGs
<ul style="list-style-type: none"> Employee well-being Education Diversity and inclusivity 	

Key Highlights:

- Achieved **more than** the minimum requirement of **30% female directors** on the Board of Directors
- Awarded the **Anugerah Majikan Prihatin (Pengambilan Pekerja Tertinggi) award** for increasing employment opportunities among fresh graduates
- Rolled out **EnergizeUMW** remote therapy helpline and **benefited 342 employees**
- Achieved **45,767 hours of training**, with **7.69 average hours per employee per year**
- Recorded an accident rate of 1.98**, below the targeted maximum rate of 2.53/1,000 employees
- Zero fatalities maintained** across the Group
- 68%** of Malaysian operations **achieved ISO 45001:2018**
- 62.47%** of UMW employees were **members of unions and covered by collective bargaining agreements**

Refer to pages 28 to 46 of our Sustainability Report 2021 for more details

OUR PERFORMANCE

PLEDGE

3 ACHIEVE EXCELLENCE IN PRODUCTS AND SERVICES

Strategic Action Plan	Target Milestones
<ul style="list-style-type: none"> Focus on value-generating green assets Accelerate innovation for product stewardship 	<ul style="list-style-type: none"> Production of Green Energy Production of Green Products

Key Focus Areas	Alignment to UN SDGs
<ul style="list-style-type: none"> Hydrogen value chain Electrification Green products and bioproducts Recycling initiatives 	

Key Highlights:

- Established **innovation labs to develop green solutions** for industries in the area of battery revival, biolubricants and membrane technology
- Signed strategic alliance **with Mitsui & Co, Ltd as well as the Malaysian Green Technology and Climate Change Centre (MGTC)** to promote the hydrogen economy
- UMW Aerospace was inducted into the **2021 cohort of Rolls-Royce's High Performing Supplier Group**, placing the division in the top 5% of Rolls-Royce's global suppliers
- RM2,729.42 million or **53.88% of the Group's procurement budget was spent on goods and services from local suppliers**, who formed 45.10% of the Group's total suppliers
- Revised the Group **Anti-Bribery and Corruption Policy and Group Whistleblowing Policy**
- Established the **three-year Integrity and Governance Unit (IGU) Blueprint 2021-2023**
- Embarked on **ISO 37001:2016 Anti-Bribery Management System (ABMS) certification**

Refer to pages 47 to 59 of our Sustainability Report 2021 for more details

PLEDGE

4 CREATE A POSITIVE IMPACT AND WELL-BEING OF LOCAL COMMUNITIES

Strategic Action Plan	Target Milestones
<ul style="list-style-type: none"> Foster sustainable culture by supporting and funding community well-being 	<ul style="list-style-type: none"> 1% of PATAMI going to community investments by 2025 2% of PATAMI going to community investments by 2030

Key Focus Areas	Alignment to UN SDGs
<ul style="list-style-type: none"> Community Education 	

Key Highlights:

- RM4 million** to provide laptops and SIM cards to CERDIK, an initiative by government-linked companies (GLCs) and government-linked investment companies (GLICs) to **provide digital access to about 150,000 underprivileged students** to bridge the digital divide during school closures
- Contributed **RM2.1 million** to victims of natural disasters
- Recorded **1,840 volunteer hours** from 250 UMW Community Champions volunteers
- Contributed to **COVID-19 relief** through partnerships with various stakeholder groups and benefited healthcare frontliners, the B40 community and the vulnerable
- Sponsored **RM50,000 for Yayasan UMP** to establish the UMW Excellent Award
- Rolled out the **Perantisan PenjanaKerjaya Programme 2.0** to upskill and reskill unemployed graduates or school-leavers, which benefited more than 400 participants
- Donated **RM50,000 to the World Wide Fund** for Nature's (WWF) study on the Net Zero Pathway for Malaysia by 2050

Refer to pages 60 to 66 of our Sustainability Report 2021 for more details