

OUR VALUE CREATION BUSINESS MODEL

KEY INPUTS

VALUE CREATION PROCESS

INITIATIVES

OUTCOMES

TRADE-OFFS

FINANCIAL	<p>Financial capital is defined as the pool of funds available to UMW. We maintain an optimal capital structure, good access to capital and conduct regular and prudent investment reviews.</p> <ul style="list-style-type: none"> Revenue: RM11.1 billion Market Capitalisation: RM3.5 billion Total Shareholders' Fund: RM4.0 billion Gearing Ratio: 40.4%
MANUFACTURED	<p>Manufactured capital includes the Group's assets and infrastructure, i.e. the machinery, equipment and technology that facilitate the Group's services to customers.</p> <ul style="list-style-type: none"> Advanced automotive assembly plant in Bukit Raja Wide distribution/after-sales network Modernised KYB plant with greater capacity and efficiency High-Value Manufacturing (HVM) Park in Serendah
HUMAN	<p>This capital covers the skills and experience of all the Group's employees that enable the Group to deliver its strategy, products and services to create value for stakeholders.</p> <ul style="list-style-type: none"> Total employees: 6,405 Reward structures linked to performance RM652.2 million invested in employees' salaries and benefits Experienced and diverse Management team and Board of Directors
INTELLECTUAL	<p>This capital encompasses organisational and knowledge-based intangibles that can include intellectual property such as licences or proprietary knowledge, systems or procedures.</p> <ul style="list-style-type: none"> Corporate policies that uphold integrity such as the UMW Integrity Framework and Integrity Plan Strong research and development capabilities, innovation capacity, knowledge and expertise
SOCIAL AND RELATIONSHIP	<p>This capital describes the relationships built between communities, stakeholders and other relevant groups. This also includes the Group's brand and reputation management.</p> <ul style="list-style-type: none"> RM11 million invested in community engagement/CSR activities More than 1,840 volunteer hours recorded Active engagement with various stakeholders
NATURAL	<p>All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organisation.</p> <ul style="list-style-type: none"> Energy Usage: 329,385.09 GJ Water Usage: 467,126.99 m³



- Cost optimisation efforts led to savings of **RM161.4 million** in FY2021
 - Built **strong relationships** with our principals
- Refer to President & Group Chief Executive Officer's Review on pages 18 to 23 and Financial Highlights on pages 24 to 29 for more details*
- Automotive: **New model** launches, including the Corolla Cross hybrid electric model from Toyota
 - M&E: **Cost reduction initiatives**
 - Equipment: Commissioned our **first prime combined heat and power (CHP) plant** for the manufacturing sector
 - Equipment: Refurbished forklifts **to reduce cost** for customers and **to reduce impact on environment**
 - Aerospace: Strong commitment to **quality and product excellence**
- Refer to Our Performance on pages 46 to 69 for more details*
- Organised a **series of lectures for employees** on technology, leadership and spirituality to help achieve CREST@2021's objectives
 - Organised **the EnergizeUMW employee well-being programme**, a 24/7 helpline to assist employees manage mental stress during the lockdowns and working from home
- Refer to Our Performance on pages 70 to 71 and our Sustainability Report 2021 for more details*
- Equipment: Expanded the use of **Robotic Process Automation** to improve productivity
 - Progressed **new research and innovation initiatives** through the UMW Innovation and Research & Development Centre
 - Commercialised the **Battery Revival Unique Strategy System** to extend the battery life of vehicles
 - Developed a range of **strategic partnerships with various institutions** to expand R&D collaborations
- Refer to our Sustainability Report 2021 for more details*
- Responded to community and frontline needs** with various contributions of equipment and personal protective equipment
 - Provided **excellent customer service** and met customer needs during the pandemic
 - Established **new partnerships** with a range of organisations to drive green innovation, nurture technological advancement and attract foreign investment
 - Automotive: **Supported our customers in their time of need with discounts and rebates** following devastating floods in December 2021
- Refer to our Sustainability Report 2021 for more details*
- Launched a new **Sustainability Roadmap, Redefining Sustainability**, with the long-term goal of achieving net-zero carbon by 2050
 - Various **environmental conservation initiatives**
- Refer to our Sustainability Report 2021 for more details*

- Return on Equity: **7.6%**
 - Dividend payout: **5.8 sen**
 - Earnings per share: **23.0 sen**
- Automotive: UMW reclaimed **No. 1 non-national car position** in terms of sales
 - Automotive: Perodua maintained its **No. 1 national car position** in terms of sales
 - M&E: Will be **launching IR4.0 enabled plant in 2023**
 - Equipment: **620 units** of refurbished forklifts sold/rented
 - Aerospace: Inducted into the **2021 Cohort of Rolls-Royce's High Performing Supplier Group**
- 40% women's representation** on the Board of Directors
 - Diversity: **80.20% male, 19.80% female**
 - Employee Engagement Survey** recorded a satisfaction level of **83%**
 - Zero fatality cases**
 - Employees received **45,767 hours of training, with an average of 7.96 hours of training per employee.**
 - 342 employees benefited from the EnergizeUMW programme**
- Enhanced the CARA app** for forklift services and solutions to enable the purchase of equipment
 - Commissioned a water reclamation plant** at the KYB factory using our membrane technology that was developed in-house
 - Development of **biolubricant products has reached an advanced stage** and will be launched as an M&E product in 2022
- Contributed to COVID-19 relief efforts through partnerships with various stakeholder groups that benefited **healthcare frontliners, the B40 segment and other vulnerable groups**
 - RM4 million** to provide laptops and SIM cards to underprivileged students under the **CERDIK programme**
 - In support of our local vendors, the Group spent **54%** of the **Group's procurement budget on local suppliers**
 - Equipment: Introduced **special financing package** to ease cash flow constraints for customers
 - Spent RM2.1 million for victims of natural disasters** in 2021
 - Zakat contributions of **RM3.76 million** to the *asnaf* in Malaysia

Financial Capital is crucial to our smooth operations and the continued growth and preservation of all other Capitals. We are fully cognisant of the need to balance and optimise the use of our Financial Capital to ensure the best outcomes for the sustainability of the business and interests of our shareholders.

We invest in Manufactured Capital to ensure we can remain competitive and relevant in our business. Our ability to do this is reliant on the consistent use of Financial Capital, which will be reduced in the short to medium term but will most likely increase in the long term as we build and expand our business.

Strong Human Capital is essential to the progress and growth of our organisation. To ensure that we can continue to advance our aspirations and organisational goals, we must invest in Human Capital to develop a resilient, capable and loyal workforce. We aspire to continue to create value for our employees as well as our organisation in our sustainability journey.

Intellectual Capital helps us to not only add value to our existing products and services, but to also generate new revenue streams through innovations that meet evolving market needs. Investing in Intellectual Capital will help to obtain operational efficiencies that will boost our Manufactured Capital and the productivity of our Human Capital.

Maintaining and growing our Social and Relationship Capital will drive sustainable growth across all our Capitals, especially as our customers, partners and suppliers play an important role in supporting our business. In terms of communities, devoting resources to this Capital is what will essentially help us maintain our social licence to operate.

Preserving Natural Capital is an important aspect of the value creation journey. We acknowledge that our activities have an impact on the environment and we therefore invest in ways to mitigate our impact and to optimise resource use.

OUR STRATEGIC PROGRESS

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With the completion of the first year of the Group's CREST@2021 transformation strategy, we are pleased to note the positive progress made across all our five core strategic pillars of Customer, Relationship, Excellence, Sustainability and Teamwork. Concurrently, we continued to strengthen the Group's fundamentals in the areas of human capital, innovation and digitalisation, all crucial levers that will enable us to unlock the full potential of CREST@2021. Every accomplishment and milestone that we have achieved in 2021 brings us a step closer to the aspirations that we have committed to herein.



20 Billion Revenue

2 Billion PBT

1 Billion PATAMI

CREST@2021
Innovising Mobility

KEY HIGHLIGHTS FROM OUR CORE PILLARS

<p>CUSTOMER</p>	<p>We focus on customer-centricity and strengthening our presence through excellent aftersales service, supported by robust relationship management strategies, as well as innovative products and solutions.</p>	<ul style="list-style-type: none"> Reclaimed Toyota's position as the No. 1 non-national automotive brand with over 72,000 units sold. Toyota introduced a new hybrid electric vehicle, the Corolla Cross, in 2021. Our Equipment Division offered customers options such as forklift refurbishment, flexible rental arrangements and an Equipment Payment Deferment scheme to address customers' cash flow challenges. Launched sales capabilities for our CARA App, enabling our forklift equipment to be sold via the app. Our M&E Division focused on introducing new and innovative green products, starting with battery revival technology.
<p>RELATIONSHIP</p>	<p>The effective management of all our relationships, especially with our stakeholders, which include principals and government agencies, is central to the Group's current and future success. We seek to build new relationships with strategic partners that will enable us to add greater value to our existing relationships with our principals.</p>	<ul style="list-style-type: none"> Signed a memorandum of understanding (MOU) with the Malaysian Green Technology Corporation and Mitsui & Co, Ltd to explore the hydrogen economy. We established five new partnerships with various government agencies to accelerate innovation and drive foreign investments. 21 new product launches as a result of our close working relationships with our principals. Signed MOUs with Universiti Putra Malaysia and Universiti Teknologi Malaysia to collaborate in research & development, green innovation and commercialisation of intellectual properties. Launched UMW Green Shoots Initiative (UGS) and planted 10,000 trees (300,000 trees by 2023) through partnerships with the Malaysian Nature Society (MNS) and Yayasan Hijau Malaysia (YHM).
<p>EXCELLENCE</p>	<p>We strive to have best-in-class operations and processes to remain relevant, to continue to grow our business and to extend our leadership positions. The brand name of UMW must be synonymous with excellence.</p>	<ul style="list-style-type: none"> Achieved RM161.4 million in cost savings through optimisation and productivity improvements. Implemented Robotic Process Automation at UMW Equipment to eliminate manual processes. Deployed COBOTS at various business units to increase productivity. UMW-KYB named as Honda Malaysia's Best Supplier of the Year. Our Equipment Division is a Diamond-level distributor for Toyota Industries Corp (TICO). Our Aerospace Division was inducted into the Rolls-Royce High Performing Supplier Group. Lubritech, our lubricants JV in China, was awarded high technology status by the Chinese government, which lets us enjoy a lower income tax of 15% compared to 25%.
<p>SUSTAINABILITY</p>	<p>We adopt a holistic, rigorous and comprehensive approach to sustainability, firmly entrenching sustainability considerations within all our businesses and operations to ensure we are able to deliver long-term and sustainable growth to all our stakeholders.</p>	<ul style="list-style-type: none"> Implemented a new Sustainability Roadmap in 2022 that also charts our journey towards zero carbon emissions by 2050. Strong support for environmental conservation via reforestation, renewable energy (solar) and the development of green products and services now and into the future. Developing our High-Value Manufacturing Park in Serendah to attain Green ratings, while also allocating space for a solar farm project. Ensured our new manufacturing facilities adopted sustainable features, such as water reclamation and solar power. Community-focused initiatives that supported underprivileged communities during the pandemic and natural disasters.
<p>TEAMWORK</p>	<p>Human capital is key to the Group's success and we are committed to building a shared corporate culture that is engaged and driven to ensure the success of the CREST strategy, while continuing to attract, develop and retain WoWrriors to drive our future prosperity.</p>	<ul style="list-style-type: none"> CREST@2021 programmes to build trust, share knowledge and ensure alignment among all employees. Achieved employee engagement index rating of 83%. Increased our productivity ratio to RM74,000 per employee (2020: RM54,000). Implemented training programmes to upskill and reskill to ensure future-readiness. Focused on talent development through robust succession planning and programmes to develop core competencies and leadership skills.

OUR STRATEGIC PROGRESS

ENABLERS

ATTITUDE

Cultivating a strong, positive mindset and approach to work is critical to our sustained success.

- In 2021, we held a total of 24 talk sessions under the CREST@2021 Leadership Series, CREST@2021 Speaker Series and Siri Pengisian CREST@2021 to reinforce the attitudes and mindsets required for the CREST@2021 strategy to succeed.

INNOVATION

Building new capabilities and promoting creativity while adopting new technologies will enable us to future-proof UMW and the business.

- In 2021, we organised an Innovation Challenge to compel our employees to innovate new products and services, as well as to improve productivity/processes and best practices in the workplace and external relations. Ten finalists were selected, with the winning team going on to present its idea at the PNB Group Innovation Challenge 2021.

DIGITALISATION

Leveraging digitalisation and its related technologies will enable us to enhance productivity, add value and create new business models to generate new revenue streams.

- In 2021, the Group continued to push ahead with its digitalisation initiatives, using digital technology to create fit-for-purpose optimisations such as customised Robotic Process Automation and the enhancement of Enterprise Resource Planning for KYB-UMW, as well as the improvement of our CARA app.

REDEFINING SUSTAINABILITY

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. We will develop a high-performing and energised workforce that is motivated to succeed, while ensuring their safety and providing an ecosystem that will enable them to be future ready. In addition, we embed good governance practices and ensure compliance to relevant laws and regulations.