OUR VALUE CREATION BUSINESS MODEL

KEY INPUTS

FINANCIAL

Financial capital is defined as the pool of funds available to UMW. We keep our capital structure optimal, good access to capital, and undertake regular investment assessments.

Revenue

Market Capitalisation RM15.8 billion RM4.1 billion

Total Shareholders' Fund **RM4.4 billion**

Gearing Ratio 21.7%

MANUFACTURED

Manufactured capital includes the Group's assets and infrastructure, i.e. the machinery, equipment and technology that facilitate the Group's services to customers.

Automotive: State of the art automotive plant in Bukit Raja

Equipment: Customer Centre in Kota Kemuning, Shah Alam

M&E: Smart lubricant manufacturing plant in Pulau Indah and modernised manufacturing plant in Teluk Panglima Garang for KYB-UMW

This capital covers the skills and experience of all the Group's employees that enable the Group

Development: Infrastructure at the UMW HVM Park was enhanced and awarded Green

certification

to deliver its strategy, products and services to create value for stakeholders. Total employees

6,313

Reward structures linked to performance

RM832.0 million invested in employees' salaries and benefits

Experienced and diverse Management team and Board of Directors

NTELLECTUAL

This capital encompasses organisational and knowledge-based intangibles that can include intellectual property such as licences or proprietary knowledge, systems or procedures.

Corporate policies that uphold integrity such as the UMW Integrity Framework and **Integrity Plan**

In-house R&D capabilities focusing on green innovations, in collaboration with local universities and government agencies (triple helix)

Collaborated with TM One towards fast-tracking digitalisation, improving our current data centre architecture

SOCIAL AND RELATIONSHIP

This capital describes the relationships built between communities, stakeholders and other relevant groups. This also includes the Group's brand and reputation management.

RM9.1 million invested in community engagement/CSR activities

More than 11,344 volunteer hours recorded

Active engagement with various stakeholders

NATURAL

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.

100% Carbon Neutrality by 2050

More than 4MW capacity rooftop Solar PV installed

Going Paperless Implementing a zeropaper culture across our operations to reduce waste Reforestation Planting and rehabilitation of mangrove forests

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.

CREST@UMW

A NEW STRATEGY FOR FUTURE GROWTH

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

WOW advocates collaboration and going the extra mile towards driving excellence and success for the businesses.



CUSTOMER EXCELLENCE TEAMWORK

TRADE-OFFS

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.







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OUR VALUE CREATION BUSINESS MODEL

EXCELLENCE T **UMW**

• Cost optimisation efforts led to savings of RM178.4 million in FY2022

• Built strong relationships with our principals

Intensifying customer retention and relationship

Refer to President & Group Chief Executive Officer's Review on pages 20 to 29 and Financial Highlights on pages 30 to 35 for more details

- Automotive: New model launches, including the Corolla Cross hybrid electric model from Toyota and Ativa Hybrid from Perodua
- Equipment: A series of successful marketing campaigns was launched to maximise opportunities during the year
- M&E: Launched Grantt Bio VG Hydraulic Oil, its first range of green, bio hydraulic lubricants
- Aerospace: Strong commitment to quality and product excellence

Refer to Our Performance on pages 52 to 83 for more details

- Continue to provide training through the UMW Executive Development Programme (UEDP)
- Organised the CREST@UMW Learning Series which includes discussions with business leaders and guest experts on topics and trends related to CREST's core pillars and strategic enablers
- Signed Collective Agreement with Kesatuan Pekerja-Pekerja Perusahaan Kumpulan UMW to strengthen labour relations with workers
- Refer to our Sustainability Report 2022 for more details
- Deployed a total of 21 RPA (Robotic Process Automation) projects to improve productivity
- Collaborated with Telekom Malaysia (TM) on hybrid cloud, to consolidate and improve our data centre architecture as part of our efforts to optimise technology and operations.
- Progressed new research and innovation initiatives through the UMW Innovation and Research & Development Centre
- Developed a range of strategic partnerships with various institutions to expand R&D collaborations
- Refer to our Sustainability Report 2022 for more details
- Provided a range of personal protective equipment in response to community and frontline requirements
- Provided excellent customer service and met customer needs
- Established new partnerships with a range of organisations to drive green innovation, nurture technological advancement and attract foreign investment
- Refer to our Sustainability Report 2022 for more details
- Accelerating our sustainability agenda of achieving carbon neutrality by 2050 by further integrating sustainability into our business operations
- Introduced hybrid electric vehicle (Corolla Cross), expanded forklift refurbishments and battery-powered forklift business
- UMW Green Shoots (UGS) and Bamboo planting initiatives

Refer to our Sustainability Report 2022 for more details

0011013

- Return on Equity: 9.5%
- Dividend payout: 14.2 sen
 Earnings per share: 35.5 sen

Automotive: Both Toyota and Perodua maintained their leading positions in the nonnational and national car markets respectively

- Automotive: Introduced the Toyota Mirai which uses hydrogen fuel cell technology currently being used in Sarawak
- M&E: Grantt Bio VG Hydraulic Oil (VG46 and VG68) both obtained MyHijau certification
- Equipment: Industrial segment's business grew in sectors such as food & beverage, logistics, and warehousing
- Aerospace: the Division retained its position in the top 5% of Rolls-Royce's high performing suppliers group
- Green Products: Expansion of BRUSS and Water Reclamation Plant (in-house membrane)
- 30% women's representation on the Board of Directors
- Diversity: 80% male, 20% female
- Employee Engagement Survey recorded a satisfaction level of **93%**
- Zero fatality
- Energize UMW engagements to promote employee wellness
- 46 high potential young talents selected since 2018

Improvement in productivity and work efficiency through process automation and digitalisation

- Fully compliant with the Eco-Dealership evaluation
- Applications modernisation across the business units in staying updated with the latest functionality and features
- Mitigated the risk of cyber threats and cyber attacks by continuously improving awareness on cyber security among employees
- Improved procurement process to strictly ensure compliance with Group's procurement guidelines
- In support of our local vendors, 58.99% of the Group's procurement was spent on local suppliers
- 2,146 UMW Community Volunteers clocked 11,344 voluntary hours
- Collaboration between employees and local communities in reforestation activities under the UGS initiative
- Supported the Trail of National Rivers Programme's bamboo tree planting activities
- Rooftop Solar PV capacity increased from 2MW to 4MW, a 100% increase from the previous year
- Improved GHG emissions disclosures by reporting Scope 1 emissions (direct emissions from sources owned or controlled by UMW Group): 8,069.4 tCO e and Scope 2 emissions (indirect emissions from purchased energy such as electricity): 46,321.1 tCO e
- 157,000 mangrove and 10,000 bamboo trees planted
- Printing was reduced by 484,394 prints which is equivalent to 1.3 tonnes of solid waste avoided
- Awarded with Bronze in Green Rating for UMW Campus in Serendah by GreenRE

Financial strength

Value comes from prudent financial management and stringent cost optimisation provided for shareholder returns.



Embedded trust

The strength of our assets serves to bring about a competitive advantage and provide assurance on our quality.



Increased productivity

Ensuring productivity not only constantly improves, but is also substantially amplified through consistent, inclusive engagement and enhanced, targeted learning, led by an involved Management.



Greater innovation

Creating limitless value through inventive courses of action by collaborating with strategic partners to deploy untapped revenues and efficient systems to meet progressive market requirements.



Better relationships

Investing in building stronger relationships with advantageous collaborations within the value chain and in the communities we operate in to support our goals in sustaining a better world.



Sustainable environment

Mitigating our impact on the environment through concerted efforts to minimise our footprint by integrating sustainability measures into our businesses and carrying out conservation initiatives.

