

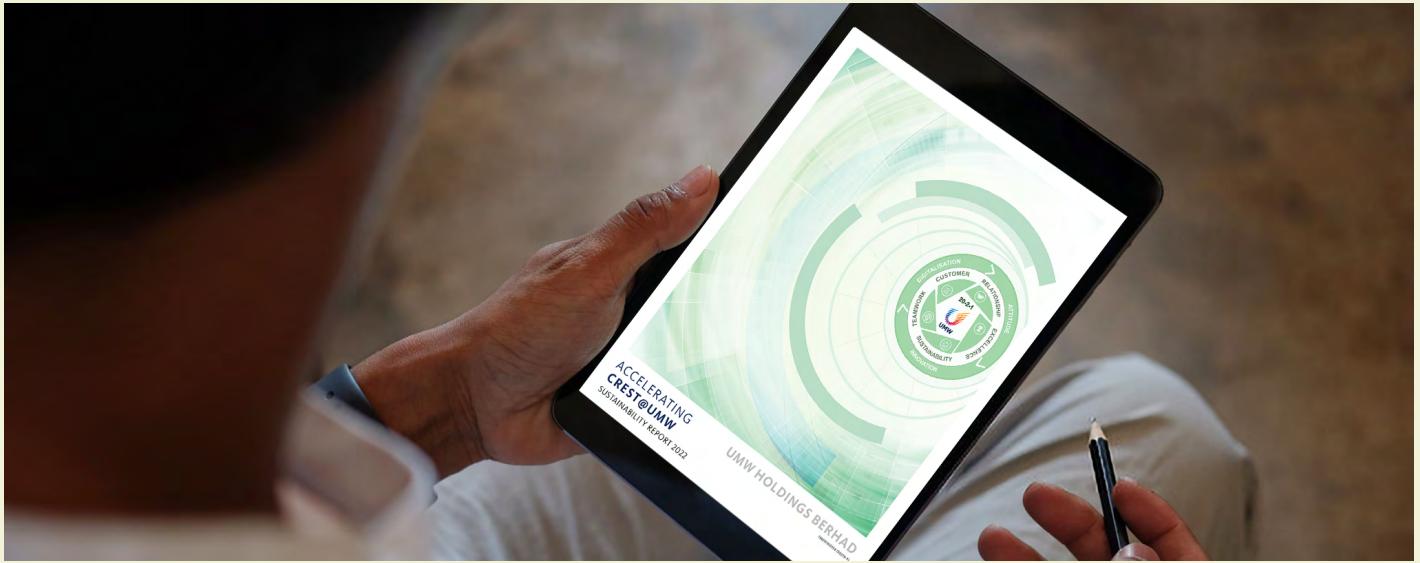


ACCELERATING **CREST@UMW**

SUSTAINABILITY REPORT 2022

UMW HOLDINGS BERHAD

198201010554 (90278-P)



COVER RATIONALE

UMW's approach to comprehensive growth is encircled in our CREST@UMW strategy framework. Launched in January 2021 as CREST@2021, it has since been retitled to CREST@UMW. The numbers 20-2-1 inscribed in the CREST@UMW logo not only refers to the year it was established but also the strategic framework's plan of action: to achieve RM20 billion in revenue, RM2 billion PBT and RM1 billion PATAMI by 2030. The goal is to lead the way with sustainable core businesses based on our five vital pillars, Customer, Relationship, Excellence, Sustainability and Teamwork, as we at UMW commit to driving change and delivering on our promises. In order to fully realise the objectives of CREST@UMW, the core framework is bolstered by distinct underlying enablers. These include the ingenuity to innovate, a continual push towards digitalisation and the cultivation of a shared attitude towards success. In meeting challenges and allaying prevailing uncertainties, our CREST@UMW strategy creates a firm pathway toward resolving emergent economic and sustainability concerns.

As a major national industry leader, it is our responsibility to forge new and innovative paths, paving the way for long-term sustainable growth. We cultivate strategic global alliances, adopt the latest technological advances and pursue excellence and sustained stakeholder value, while at all times striving to break new ground.

The cover reflects UMW's central role, sustained by its five core pillars of its CREST@UMW transformation strategy, in a constantly evolving ecosystem. Spearheading support, each core pillar and enabler drives UMW's determination to reinvigorate the various industries in which we operate. The design's dynamic shapes encapsulate UMW's diverse endeavours within the automotive, equipment, engineering, aerospace and development industries.

The cyclical aesthetic of the design, as well as the shape-shifting shades of green, highlight UMW's dedication to long-term sustainability in innovising mobility. CREST@UMW core components are embedded within the cover to accentuate the framework's augmentation of UMW's overall performance, accelerating progress in our CREST@UMW aspirations. Hence, accelerating CREST@UMW.

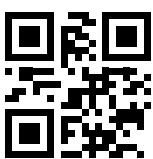
BASIS OF THIS REPORT



Integrated Annual Report 2022

Scan the QR code to view our

[Integrated Annual Report online](#)



Sustainability Report 2022

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[Sustainability Report online](#)



Corporate Governance Report 2022

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OUR BUSINESS

UMW Holdings Berhad is a long-standing industrial player in Malaysia, a leader in its core businesses of Automotive, Equipment, Manufacturing & Engineering and Aerospace. From its humble beginnings as a small auto-repair shop in 1917, UMW is now in the top 75 in terms of market capitalisation in Bursa Malaysia. Today, the organisation has more than 6,000 employees across seven countries in the Asia-Pacific region.

AUTOMOTIVE

The largest component of the UMW Group's business, the Automotive division's mission is to deliver value through excellence, quality, and consistency of its products. Year-on-year, we continue driving the growth of Malaysia's automotive industry via UMW Toyota Motor Sdn. Bhd. and our associate, Perusahaan Otomobil Kedua Sdn. Bhd. (Perodua). Our market share accounts for half of the nation's annual vehicle sales, a result achieved through our resilience and flexibility in adapting to evolving landscapes.

A market leader in Industrial, Heavy, Marine & Power equipment; our Equipment Division is present in various markets including China, Singapore, Brunei, Myanmar, Vietnam and Papua New Guinea. We attribute market success to multiple factors including service excellence through our networks, robust relationships with principals, high availability of genuine spares, skilful and competent technicians, proactive customer engagement for effective solutions and innovation in financing. This Division has been managing relationships successfully with principals for over 50 years.

EQUIPMENT

MANUFACTURING & ENGINEERING

Internationally known for representing reputable brands of lubricants and automotive parts, the Manufacturing & Engineering (M&E) Division has achieved many milestones for UMW Group. In partnership with KYB Japan, we have become the leading supplier of original equipment (OEM) and replacement market (REM) products, manufacturer of high-quality shock absorbers and motorcycle suspension systems and exporter to 39 countries. Our in-house lubricant brand, Grantt, has grown exponentially and propelled our capacity to go forward with an IR 4.0-enabled smart factory. Incorporating the sustainability factor in our business, the Division has also started exploring green products including biolubricants, battery revival services and membrane technology to keep up with market demands.

The Group saw an opportunity in the aerospace market and carved out the Aerospace Division as a standalone Strategic Business Unit (SBU) from the M&E division in 2021. Today, the Aerospace Division is a Tier-1 engine component manufacturer for Rolls-Royce and is also an active contributor to the growth of the country's aerospace industry. In line with the country's Aerospace Blueprint 2030 which aims to make Malaysia the ASEAN Aerospace Hub, we are aggressively working towards nation building by enhancing our aerospace capabilities and capacity.

AEROSPACE

UMW HIGHLIGHTS

OUR OPERATIONS

AS AT 31 DECEMBER 2022

ASSET VALUE

(RM MILLION)

12,417.1

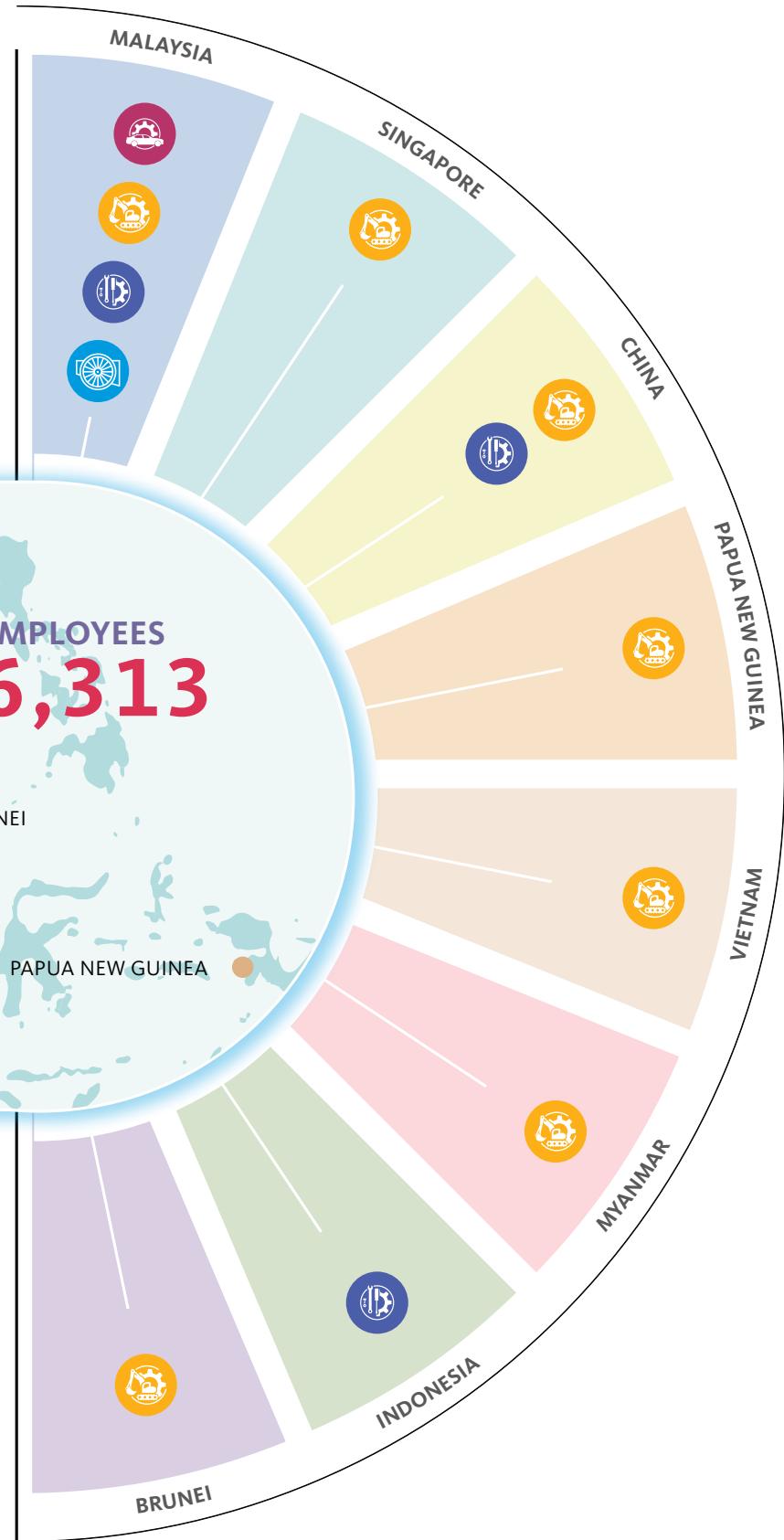
PROFIT AFTER TAX

(RM MILLION)

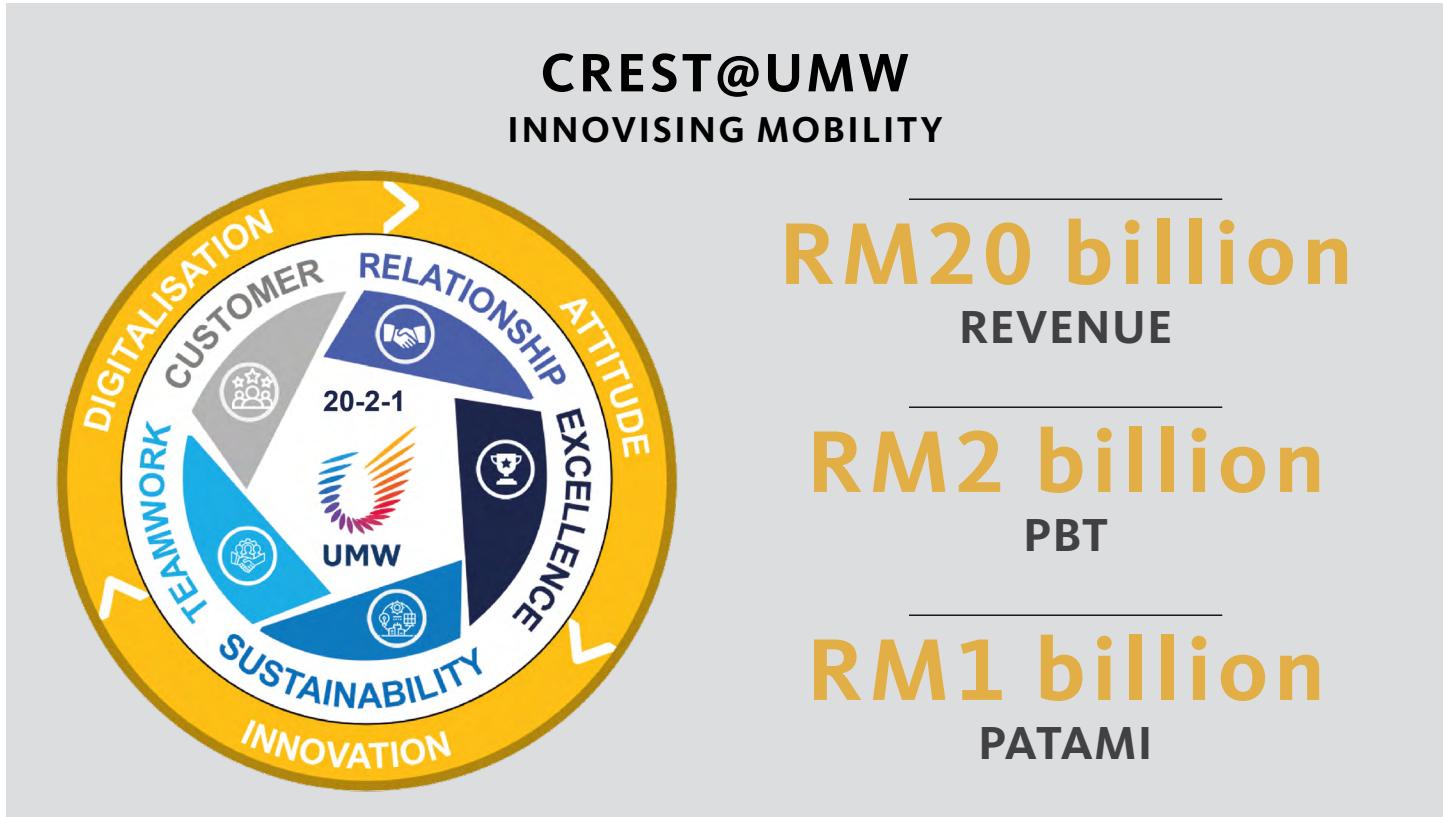
677.9

MARKET CAPITALISATION

(RM BILLION)

4.1AUTOMOTIVE MARKET
SHARE (TOYOTA, LEXUS
AND PERODUA)**53.1%** in Malaysia**EMPLOYEES**
6,313

OUR ASPIRATIONS AND 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” in short, is the clarion call for our employees to pledge their unwavering commitment to our mission. WOW encapsulates three core values – We Are One, We Drive Change and We Deliver Promises. Embracing these three core values will take us closer to our vision. WOW advocates collaboration to spur innovation.



WE ARE ONE

- Respect and appreciate each other
- Support and make each other better
- Collaborate and unite



WE DELIVER PROMISES

- Take ownership of all deliverables
- Be accountable for our actions
- Continuously improve to maintain sustainable growth



WE DRIVE CHANGE

- Embrace change
- Try new ways
- Be quick and decisive

SUSTAINABILITY PERFORMANCE SNAPSHOT

All sustainability performance data below is based on Malaysian subsidiaries only.



Economic Activities

	2020	2021	2022
No. of cars sold (Toyota and Lexus)	59,320	72,394	101,035
% of purchases from local suppliers	33.56	53.88	58.99



Environmental Activities

	2020	2021	2022
Scope 1 CO ₂ emissions (tCO ₂)	6,771.60	5,398.02	8,069.39
Scope 1 tCO ₂ /RM million revenue	0.71	0.49	0.51
Scope 2 CO ₂ emissions (tCO ₂)	38,372.38	40,127.31	46,321.11
Scope 2 tCO ₂ /RM million revenue	4.02	3.63	2.93
Scope 3 CO ₂ emissions (business travel) (tCO ₂)	-	-	525.84
Total energy consumed (Gj)	389,604.11	329,385.09	400,086.62
Total mangrove trees planted (UGS)	-	10,000	157,000
Total CO ₂ sequestered from mangrove planted (tCO ₂)	-	205.0	3,218.5
Water intensity m ³ /RM million revenue	57.59	42.23	37.34
Waste intensity tonnes/RM million revenue	0.26	0.33	0.38



Social Activities

	2020	2021	2022
No. of employees (Malaysian subsidiaries)	6,168	5,748	5,525
% of women employees	20.12	19.80	19.58
% of women's representation on the Board	40	30	30
Total scholarships awarded (RM million)	0.77	0.99	1.00
Total contribution to communities over PATAMI (%)	2.9%	4.0%	2.2%
Volunteer hours per employee	2,373	2,026	11,344
Average training hours per employee	8.13	7.96	11.53



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

*Group Chairman,
UMW Holdings*

LEADERS' PERSPECTIVE

UMW is accelerating the implementation of its Sustainability Roadmap as part of the CREST@UMW transformation strategy. We are on course to achieve carbon neutrality for our Scope 1 and 2 emissions using reduction and removal activities. We are intensifying our Scope 3 carbon management activities in 2023.

The UMW Sustainability Roadmap represents our leadership commitment and action plan towards achieving Climate and Carbon Neutrality by 2050.

In 2022, UMW saw a 43% growth in revenue. When pursuing growth under a business-as-usual scenario, we would naturally add more CO₂ into the atmosphere, contributing further to global warming. The challenge is to reduce GHG emission intensity faster than our growth rate, so that by 2050, we would be carbon neutral. The same applies for other climate themes.

As a national partner to some of the world's leading industrial players such as Toyota, Toyota Material Handling (TICO), Komatsu, Kayaba (Japan), Daihatsu and Rolls Royce Aerospace, UMW's destiny are somewhat intertwined with theirs. Their carbon management pathways would have an influence on UMW.

Our transformation towards carbon neutrality has been accelerated with the introduction of hybrid electric vehicle (Corolla Cross) and hydrogen fuel cell vehicle (Mirai). Going forward, our green portfolio will be boosted by the introduction of Toyota's new electric vehicle, Toyota BZ4X, our first full electric sports-utility-vehicle, in 2023. We will continue to leverage on our partnership with our Partners including but not limited to Toyota to step up our climate action and transform our business to low carbon portfolio. As there has yet to be a conclusion on

the most energy efficient and climate neutral vehicle, we see hybrids as a viable near-term option. We will continue to advance and grow our green portfolio by assessing all available technological options and deploying optimal solutions to meet evolving market needs.

While emission abatement remains our mitigation priority in the long-run, and considering our partners' transition pathways, UMW has pursued responsible carbon offsets, as an immediate carbon mitigation effort. We have aggressively pursued nature-based solutions through reforestation programs. For instance, we initiated a mangrove planting initiative which is an ideal way to offset carbon as mangroves are highly effective for controlling erosion, most efficient in sequestering carbon, and conserving biodiversity - providing a range of environmental and economic benefits. We are pursuing green energy and aspire to achieve zero emissions for Scope 2, through our ongoing collaboration with TNB and solar power producers for certifiable green energy.

We are reducing our energy intensity, increasing our renewable energy mix, treating more of our water and effluents, reducing and recycling more waste and rolling out more conservation activities to minimise ecosystem disruptions. We continuously innovate our existing products and services to reduce environmental footprint.

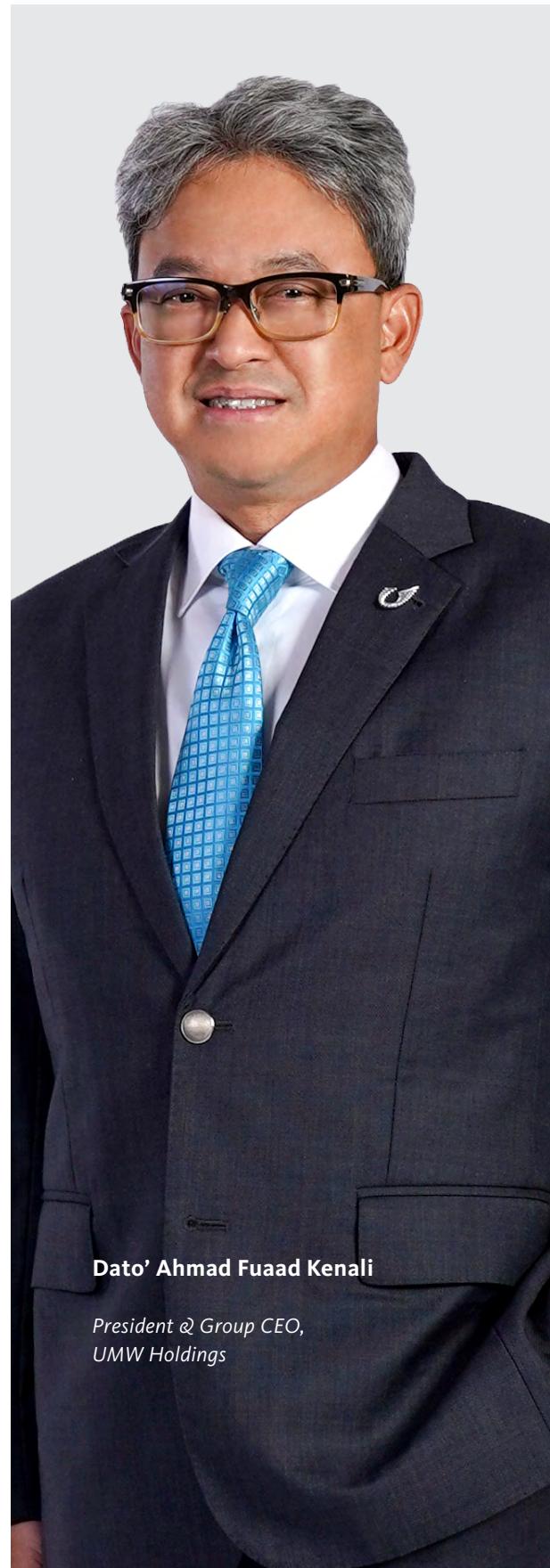
UMW is actively onboarding our suppliers onto our sustainability programs, working closely with market regulators and find ways to assist our vendors to be more sustainable. Part of our programme includes helping vendors gain access to transition financing through better sustainability performances, reporting and rating.

On the social side, we have increased our overall spending and commitment to help our people transition into the greener and more equitable economy, providing them with tools and knowledge to thrive under a more sustainable future. We are increasingly involved with the communities around us and our customers. We hope to contribute to a more meaningful development and see our communities grow together with us.

Our leadership commitment, management approach and performances are described in the 2022 Sustainability Report. As we pursue a phased implementation of TCFD starting this year, and the upcoming ISSB standards, we will upgrade our sustainability framework and cater for multi-faceted disclosure requirements and ESG ratings. We will widen the spectrum of our sustainability stakeholders and consider matters that are important to them. We aim to be sustainability best-in-class.

Acknowledgements

Our Sustainability Roadmap implementations are made possible only through the commitment and dedicated efforts of our Board of Directors, the Management and our People. We highly appreciate all your contributions, especially in conquering the challenges we have faced during the year. To all our loyal business associates and communities we serve, thank you for your unceasing support. We look forward to building a more sustainable future together with you.



Dato' Ahmad Fuaad Kenali

*President & Group CEO,
UMW Holdings*

ECONOMIC VALUE CREATED, DISTRIBUTED AND RETAINED

FY2022 saw us generating RM15,814 million in direct economic value, a solid 43 percent increase from the previous year. The following figures provide a breakdown of economic value distributed to our stakeholders including employees, shareholders, suppliers, vendors, the government and local communities. We have generated an indirect economic value in the form of job creation and economic stimulus, reflected in the size of our workforce and economic value distributed. For 2022, our economic value amounted to RM428.7 million as compared to RM205.0 million in 2021.

RM million	2022	2021	2020
Revenue	15,814.4	11,060.8	9,554.6
Operating Costs	14,521.6	10,249.2	8,809.4
Employees' Salaries and Benefits	832.0	652.2	579.9
Payments to Lenders	114.1	108.2	115.5
Payments to Governments	139.1	74.0	88.4
Community Investment	9.1	10.8	6.0
Payments to Shareholders	328.6	192.9	163.5

Notes:

1. Payments to Governments includes tax, zakat, real property gain tax and withholding tax.
2. Excise duty is accounted for under Operating Costs.

SUSTAINABILITY GOVERNANCE

SUSTAINABILITY GOVERNANCE

Sustainability in UMW is governed by our Board of Directors, with oversight of all matters related to sustainability, including climate change and climate risk. The Board is supported by the Management Sustainability Committee (MSC), which is supported by our subject matter expert, Dato' Seri Prof Dr Ir. Zaini Ujang, who also sits on the Board of UMWH.

The Risk Management & Sustainability Committee (RMSC) is responsible for assisting the Board in risk management policies and strategies by providing oversight on matters relating to risks. The RMSC is expected to identify, assess and monitor key business risks, including articulating, implementing and reviewing UMW's internal control framework to safeguard shareholders' investments and UMW Group's assets. In addition, the RMSC assists the Board in fulfilling its responsibilities in risk management with regards to the economic, environmental and social aspects of the Group. The RMSC also supports the Board in sustainability oversight, which encompasses driving sustainability strategy and initiatives in the environmental, social and governance areas, as well as embedding sustainability best practices within the Group.

Tasked with developing the Group's Sustainability Roadmap in 2021, the MSC also has the responsibility to review, implement, oversee and monitor the implementation of the Roadmap, ensuring a coherent and consistent sustainability approach within the Group. The MSC, who meets periodically and reports to the Board, also drives our sustainability strategy and direction, as well as managing climate action and mitigating climate risks.

Chaired by UMW PGCEO and comprising the Group's senior management, the MSC is supported by the Group Strategy Division who acts as the Sustainability Secretariat/ Unit. The Group Strategy Division holds the ultimate responsibility to ensure that the Group's Sustainability Report is well managed and that the sustainability strategy and initiatives are implemented effectively throughout the Group. The Group Strategy Division reports to the MSC periodically and is supported by the Group's Strategic Business Units and Corporate Divisions, who are responsible for the Drivers of the Sustainability Blueprint.

In 2022, we further strengthened the Group's management of sustainability matters by embedding sustainability risk into the Group's Enterprise Risk Management (ERM). We also improved our materiality matters through an in-depth assessment and included climate change issues to deepen our commitment to climate action. Going forward, we will continue to step up our sustainability approach and climate action to ensure continuous value creation for the Company and its stakeholders.

UMW Board of Directors



Risk Management & Sustainability Committee

DATO' ESHAH MEOR SULEIMAN (Chairperson)
RAZALEE AMIN

DATO' AZMI MOHD ALI
DATO' SERI PROF. DR. IR. ZAINI UJANG
MOHD SHAHAZWAN MOHD HARRIS

Responsibilities:

- Assist the Board in reviewing and recommending UMW Group's risk management policies and strategies
- Identifying, assessing and monitoring key business risks
- Assist the Board in fulfilling its responsibilities with regard to risk management of the UMW Group
- Assist the Board in fulfilling its oversight responsibilities in relation to the Group's sustainability strategy and initiatives



Management Sustainability Committee

SUBJECT MATTER EXPERT
DATO' SERI PROF DR. IR. ZAINI UJANG

UMW PGCEO (Chairman)

- | | |
|---|---|
| • Group Chief Mobility & Innovation/ President, Aerospace | • Group Chief Transformation and Technology Officer |
| • Group Chief Human Resources Officer | • Group Head, Group Risk Management & Integrity |
| • Group Chief Financial Officer | |

Responsibilities:

- Developing the Group's Sustainability Roadmap;
- Reviewing, implementing and overseeing the Group's Sustainability Roadmap; and
- Monitoring the Group's Sustainability Roadmap to ensure a coherent and consistent sustainability approach across the Group.



Group Strategy

Sustainability Secretariat/Unit



Implementers of the Sustainability Blueprint

Strategic Business Units	Group Finance Division
Group Transformation & Technology Division	Group Human Capital Division
Group Mobility & Innovation Division	Group Corporate Communications Division



Group Internal Audit Division

Group Risk Management & Integrity Division

Group Legal Division

Group Secretarial Division

SUSTAINABILITY HIGHLIGHTS



OUR SUSTAINABILITY EFFORT

SUSTAINABILITY HIGHLIGHTS

KEY FOCUS AREAS	OUTCOMES	UNSDG
<ul style="list-style-type: none"> Renewable Energy (Solar PV installations, Green Electricity Tarriff subscription) Reforestation 	<ul style="list-style-type: none"> KYB-UMW and UMWT subscribed to Green Electricity Tariff (GET) Programme by TNB ASSB, Aerospace and KYB-UMW installed rooftop solar PV 157,000 mangrove and 10,000 bamboo trees planted 	
<ul style="list-style-type: none"> Employee wellbeing Education Diversity and inclusivity 	<ul style="list-style-type: none"> RM1 mil spent, 92% utilisation of scholarship fund UMW Aerospace has achieved zero LTI since started its operation in 2016, with 2,343 days of zero LTI as of to date EnergizeUMW: 24/7 helpline to provide remote therapy sessions for employees UMW Executive Development Programme (UEDP) is an advanced management and leadership development course Flexible Benefit Scheme for employees 46 high potential young talents selected since 2018 Employees received 63,716 training hours 	
<ul style="list-style-type: none"> H2 value chain Hybrid vehicle Electrification (components and 2-wheeler) Products (Bio-Lubricant and Membrane) Recycling (BRUSS) 	<ul style="list-style-type: none"> Introduction of Mirai as an alternative new energy vehicle technology that is being trialled in Sarawak. Launched of The Grantt Bio VG Hydraulic Oil Expansion of BRUSS and Water Reclamation Plant (in-house membrane) Parts manufacture for E2W 	
<ul style="list-style-type: none"> Community Education 	<ul style="list-style-type: none"> 2,187 community volunteers 11,344 volunteer hours <ul style="list-style-type: none"> Internal volunteers: 3,581 hours External volunteers: 7,763 hours RM9.1 mil spent on initiatives, sponsorship, and donations 	

PILLAR 1

SUSTAINABLE ENVIRONMENT

Alignment to UN SDGs

SUSTAINABILITY PILLARS

The Group continued to prioritise progress towards carbon neutrality within our operations. To achieve this goal, we are using lean practices to eliminate waste and making investments in renewable energy and reforestation initiatives.

The Group also took strategic internal steps to reduce our carbon emissions by developing value-generating green assets. The rooftop solar panels has been installed in UMW Serendah, KYB-UMW, ASSB in Bukit Raja Plant and Shah Alam Plant. Going forward, we will further step up our climate action to accelerate our journey towards a low-carbon economy and achieve 100% Carbon Neutrality by 2050.

planted
157,000
mangrove trees

planted
10,000
bamboo shoots

installed
4.65MWP
rooftop solar PV

SUSTAINABILITY PILLARS

1.1 CLIMATE CHANGE MITIGATION AND ADAPTATION

Environmental Stewardship

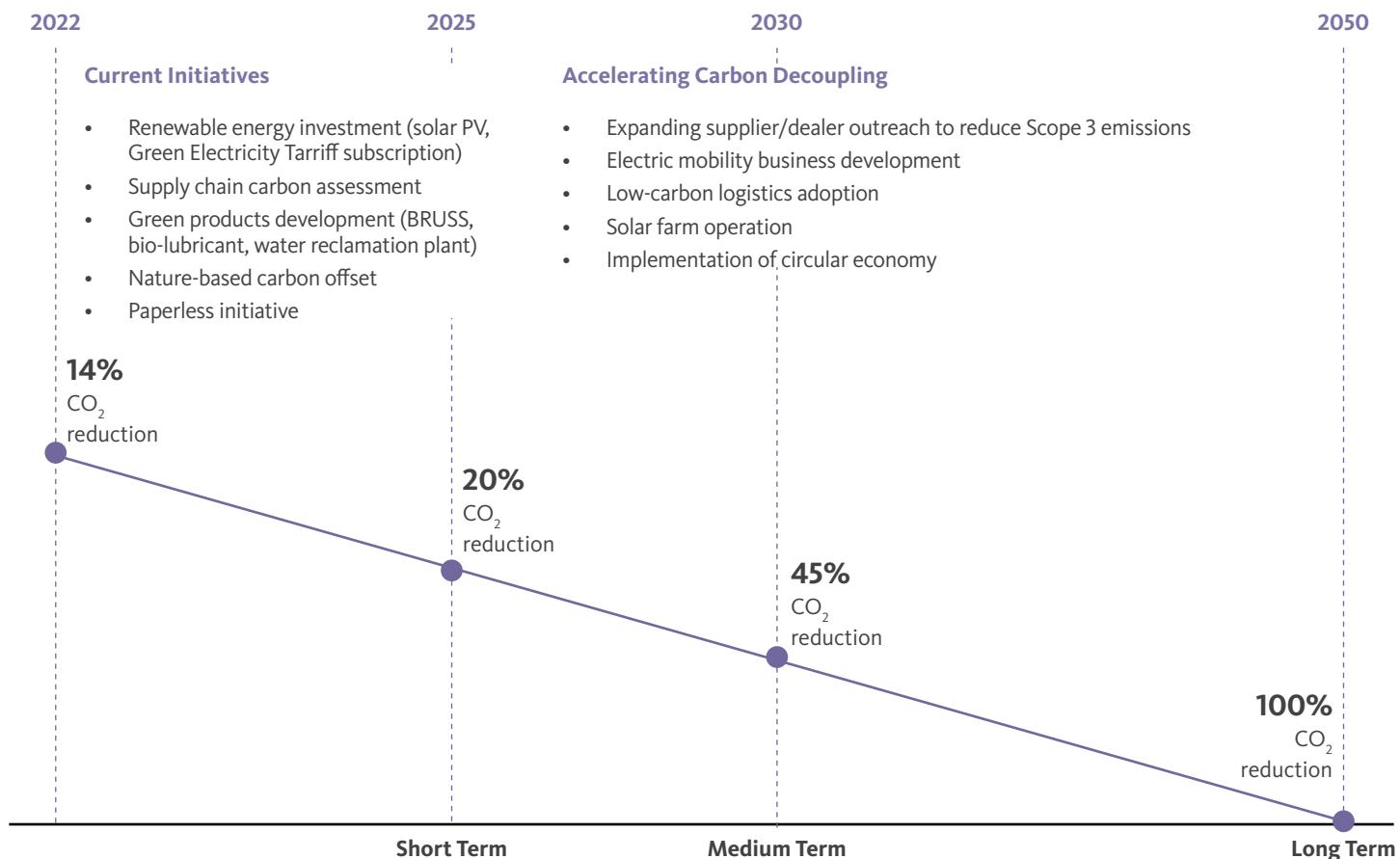
As a leading industrial conglomerate, we are aware of our role to promote climate change action to the wider community and accelerate the nation's transition towards a low-carbon economy. This can be materialised through adopting best practices, working closely with non-governmental organisations and lending our support to organisations that champion climate action.

Our efforts include working closely with the Malaysian Nature Society through UMW Green Shoots (UGS) to plant 300,000 trees by 2030. We also support World Wide Fund for Nature (WWF) and the World Business Council for Sustainable Development's climate change initiative, of which our principal partner, Toyota Motor Corporation, is a member.

Since 2021, our focus has been on collecting and disclosing the environmental performance data of our Malaysian businesses and operations to ensure that it is aligned with the Government's climate commitments. Our resource management approach and environmental performance is guided by our Group Health, Safety and Environmental Policy. We further benchmark ourselves against best industry standards and practices such as ISO 14001:2015.

As part of our environmental stewardship, our subsidiary, UMW Toyota Group (UMW Toyota), supports the Total Environmental Challenge (TEC) 2050, which is backed by the 7th Toyota Environmental Action Plan for 2021-2025.

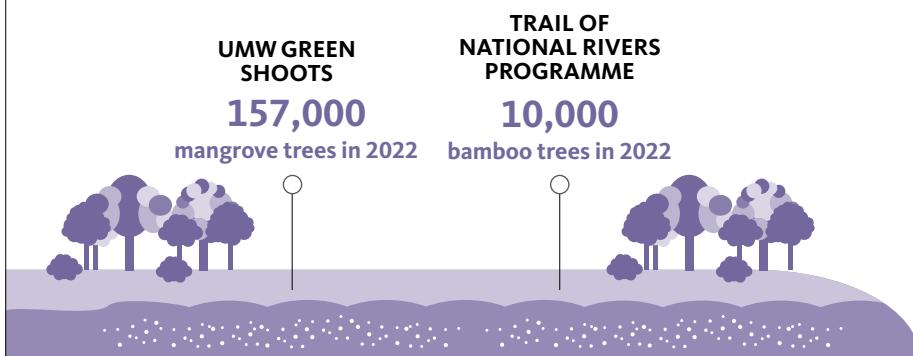
UMW's Pathway to Carbon Neutrality



CLIMATE CHANGE MITIGATION AND ADAPTATION**CARBON OFFSET INITIATIVES***Reforestation (UMW Green Shoots)*

The UMW Green Shoots (UGS) programme is a reforestation initiative that aims to plant 300,000 mangrove trees across the country by the end of 2023, and 3 million trees by 2050. Mangrove trees provide natural protection against rising sea levels and coastal erosion. Launched in 2021, UGS is aligned with the Group's strategic action plan and supports the Malaysian Government's "Greening Malaysia: Our Trees, Our Life" national campaign to plant 100 million trees by 2025. Organised in collaboration with UMW Toyota, Perodua, the Malaysian Nature Society (MNS), Yayasan Hijau Malaysia (YHM) and Astro, the initiative contributes to SDGs 13, 14 and 15.

In addition to UGS, UMW also participated in the government's Trail of National Rivers Programme (Denai Sungai Kebangsaan), which aims to build 10,000 km of trails by 2030 to protect rivers from pollution, to beautify riversides and to encourage eco-tourism.

UMW's Reforestation Effort As of 31 December 2022*Cleaner Energy*

Renewable energy is the cleanest alternative to fossil fuels. We currently rely on rooftop solar power panels for renewable energy. As at December 2022, four of our manufacturing facilities namely ASSB Bukit Raja, ASSB Shah Alam, KYB-UMW and UMW Aerospace are equipped with rooftop solar panels to supplement its energy needs. We will continue to increase our renewable energy usage across our plants to accelerate our journey towards carbon neutrality by 2050.

Going forward, we will install additional 3.7MW solar panels at ASSB Bukit Raja and our newly-constructed Lubricant plant in Pulau Indah.

Note: Turn to page 18 for UMW's renewable energy performance data.

SUSTAINABILITY PILLARS

1.2 EMISSIONS AND ENERGY

Since 2021, we have stepped up our mitigation measures to adapt to climate change by launching a carbon reduction roadmap.



We also bolstered our sustainability reporting by disclosing:

Scope 1:

emissions which are direct emissions from owned or controlled sources

Scope 2:

carbon emissions covers indirect emissions from the generation of purchased energy

Scope 3:

emissions are the result of our business travel

In addition, we are disclosing other emissions, namely, Methane (CH₄), Nitrous Oxide (N₂O), Perfluorocarbons (PFCs), Sulfur Hexafluoride (SF₆), Nitrogen Oxides (NO_x), Sulfer Oxides (SO_x) and Volatile Organic Compounds (VOCs). We will continue to strengthen our sustainability reporting by expanding our data disclosures to better manage our environmental performance and deepen our commitment to achieving carbon neutrality by 2050.

In 2022, our employees across the Equipment Division improved fuel efficiency and encouraged proper planning to reduce emissions produced in Scope 3. The division aims to maintain existing approaches in Serendah, reducing their usage of diesel and installing tracking devices on service vehicles to cut down on unnecessary travelling.



Emission Factors for Calculating the Group GHG Emissions

The GHG emissions data detailed in this report are from 27 of our Malaysian-owned subsidiaries, which represent 100% of our operations in Malaysia.

For Scope 1 emissions, fuel-based emission factors are used in the calculation sourced from 2006 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories. Fuel-based conversion factors are taken from the Energy Commission's National Energy Balance (2018). Additionally, our emission factors for fugitive emissions are sourced from the Greenhouse Gas Inventory Guidance on Direct Fugitive Emissions (2014) by the United States Environmental Protection Agency. Our Scope 1 GHG emissions from stationary combustion, company vehicles, hydrofluorocarbon (HFC) consumption and fire suppression for 2022 data.

For Scope 2, emission factors used for calculations are based on the Clean Development Mechanism (CDM) Electricity Baseline for Malaysia (2017) by Malaysian Green Technology and Climate Change Corporation. For Scope 3, emission factors used in the calculations are sourced from DEFRA greenhouse gas reporting conversion factors (2021).

Emission Targets:

To reduce emissions by

5%

in comparison with 2019's consumption

Emissions Intensity	2021	2022
tCO ₂ /Group Revenue	3.96	3.44
tCO ₂ /unit of cars sold	0.63	0.54

Sustainability Reporting Platform

- Sustainability has always been core to UMW's purpose and values, and is one of the main pillars of the Group's corporate strategy.
- Bursa Malaysia will be rolling out a centralized Sustainability Reporting Platform, that enables companies to calculate their carbon emission impact, and disclose standardized common ESG data in a way which conforms to established global standards such as TCFD.
- As such, Bursa Malaysia will be collaborating with UMW as the first adopter to the program.
- The platform will enable listed companies to reinforce their sustainability disclosures and accelerate swift adoption of their supply chain's carbon emissions.

SUSTAINABILITY PILLARS

SUSTAINABILITY PILLARS

EMISSIONS AND ENERGY

GHG Emissions Performance

Group GHG Emissions (tCO ₂ e)	2020	2021	2022
Scope 1: Direct emissions from local sources owned or controlled by UMW Group	6,771.60	5,398.02	8,069.39
Scope 2: Indirect emissions from purchased electricity for local sources owned or controlled by UMW Group	38,372.38	40,127.31	46,321.11
Scope 3: Business Travel	-	-	525.84
Total emissions	45,143.98	45,525.33	54,390.51

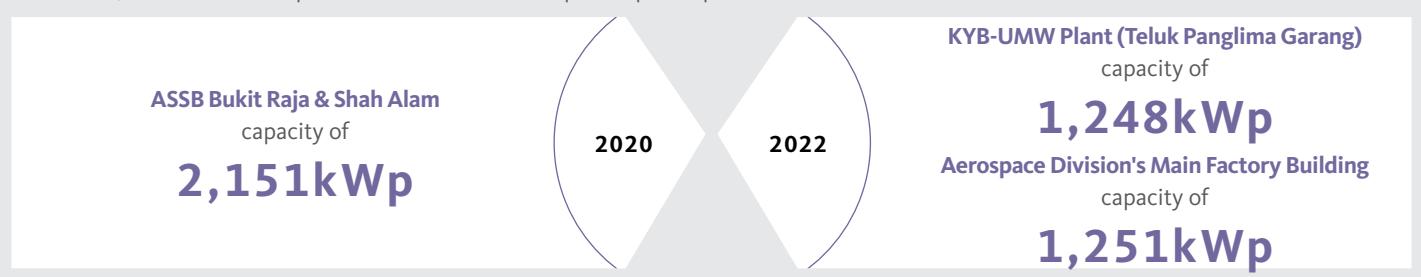
Note: For each business division's emissions data and three-year comparison, please refer to Key Performance Data in page 64.

Energy

Our operations require high inputs of energy, as our production processes utilise the most energy. Purchased electricity is our main source of energy to ensure continuity of our production plants, followed by natural gas and solar energy. Going forward, we will intensify our energy reduction initiatives by implementing the following initiatives:

- evaluating our energy consumption through regular facility audits and monitoring
- educating employees on sustainability at work
- replacing conventional lightings with energy saving and solar powered lightings
- setting timers to conserve energy used at drinking water units and streetlights
- turning off air conditioning and lights during lunch hours

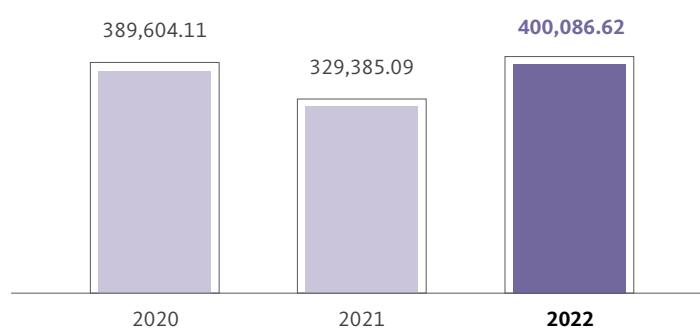
As of 2022, there were two operational sites with rooftop solar power panels:



ENERGY PERFORMANCE

Total Energy Usage

Group Energy Usage (GJ) (including Renewable Energy)



Energy Reduction Targets for 2023

Automotive Division

Reduction of energy consumption by

2.5%

M&E Division

Reduction of energy consumption by

5%

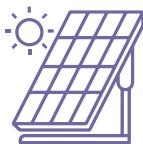
in the office area

Note: Conversion factors used in the energy calculation are sourced from the best available Malaysian source, which is the National Energy Balance (2018) published by the Energy Commission of Malaysia.

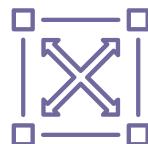
SUSTAINABILITY PILLARS

EMISSIONS AND ENERGY

Renewable Energy

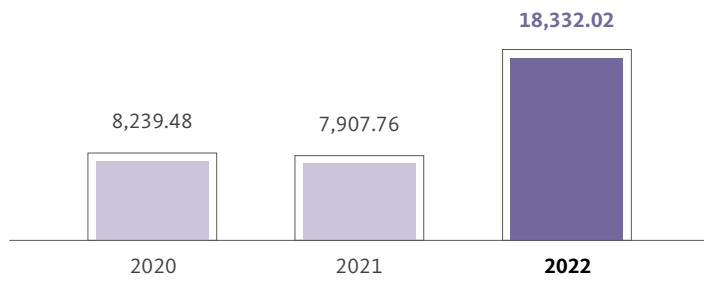


**Renewable Energy Initiative
Rooftop
solar PV**

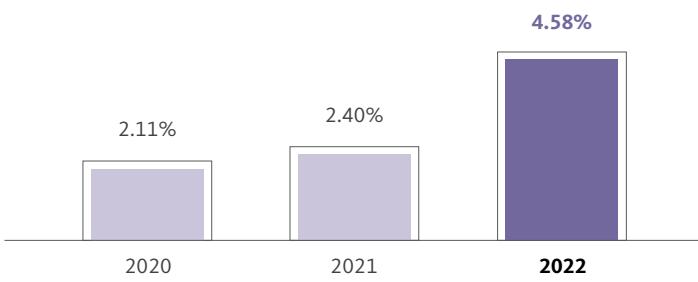


**Total Capacity
(MWp)**
4.65

Energy Produced from Renewables (GJ)



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



UMW Environment Action Plan (UEAP)

The UEAP is an internal environmental audit aimed at instilling best sustainable and environmental practices across the organisation. Conducted by the HSSE department on a quarterly basis since 2016, the audit is for all business divisions. Since the introduction of CREST@UMW, the UEAP audits have been made part of the mechanism to achieve the strategic corporate framework.

To benchmark against best industry practices and sustainability index standards, the audit adopts the environmental criteria of Bursa Malaysia's FTSE4Good, which consists of four pillars, namely water security, pollution and resources, climate change and supply chain. In 2022, we conducted a workshop on the four environmental pillars and sustainability reporting to enhance the knowledge of employees.

We are pleased to report that the various business units' environmental practices have improved tremendously since the implementation of the UEAP in 2016. The significant improvement is reflected in the UEAP scores, which increased from 0.5 in 2016 to 3.95 in 2022 (5 being the highest score and our target score was 3.75 while the industry average score is 3.1). We will continue to engage with employees across the business units to enhance their knowledge on meeting environmental standards and requirements.

1.3 WASTE AND EFFLUENT

In managing its waste, the Group adopts the Toyota Production System (TPS), a method of minimising waste while ensuring product quality. On the whole, the Group prioritises the practice of 3Rs through segregation and reducing hazardous waste through oil recovery, reducing paper usage and digitalising its operations wherever possible.

In 2022, the Shah Alam (SAP) and Bukit Raja (BRP) plants continued to meet their FY2026 targets to effectively reduce generated waste to 12.5kg/unit and 8.4kg/unit in vehicle car manufacturing.

The Equipment Division reduced its general waste by 11.11%, which was a reduction of 47.21 tonnes compared to 2019 baseline. This is attributable to the division's effort in cutting waste by reusing wooden pallets, cardboard boxes as well as reusing shredded paper instead of plastic bubble wrap in its warehouses. In future, the Equipment Division aims to digitalise documentations across all departments and enable proper waste segregation for recyclable and not-recyclable waste in each department. It will also improve efficiency and best practices on waste hauling, disposal records and contracts with recycling facilities.

War on Waste

In 2022, the Group launched a War on Waste campaign:



Going Paperless

Implementing a zero-paper culture across our operations to reduce waste



Saving Water and Electricity

Cutting down our consumption of electricity and water to minimise our use of resources



3Rs (Reduce, Reuse, Recycle)

Emphasising the 3Rs among all employees to encourage environmental mindfulness

#WarOnWaste

UMW Paperless 2022 Review



Equivalent to...



Waste Target:

To reduce emissions by

5%

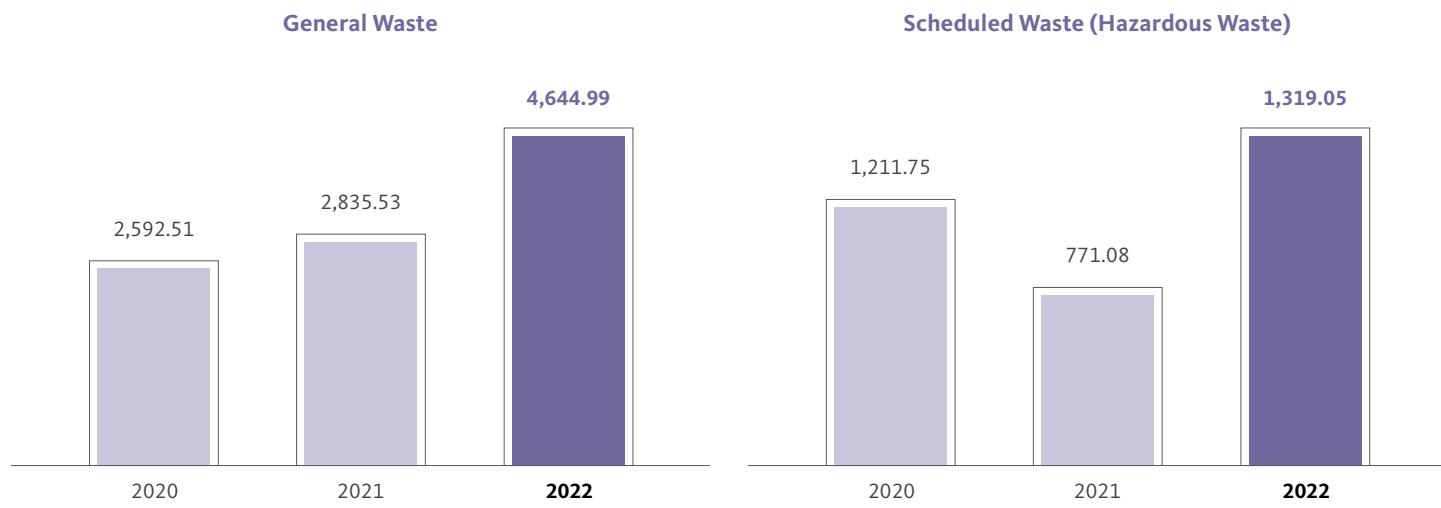
in comparison with 2019's consumption

SUSTAINABILITY PILLARS

WASTE AND EFFLUENT

Group Waste

Group Waste Generation (tonnes)



General Waste	General Waste	Scheduled Waste
2020		
Automotive	1,485.03	371.66
Equipment	442.90	323.48
M&E	553.59	477.37
Aerospace	110.99	39.24
Others	-	-
2021		
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	-
2022		
Automotive	3,125.99	643.42
Equipment	304.25	112.37
M&E	810.35	523.61
Aerospace	284.10	29.17
Others	120.29	10.48

SUSTAINABILITY PILLARS

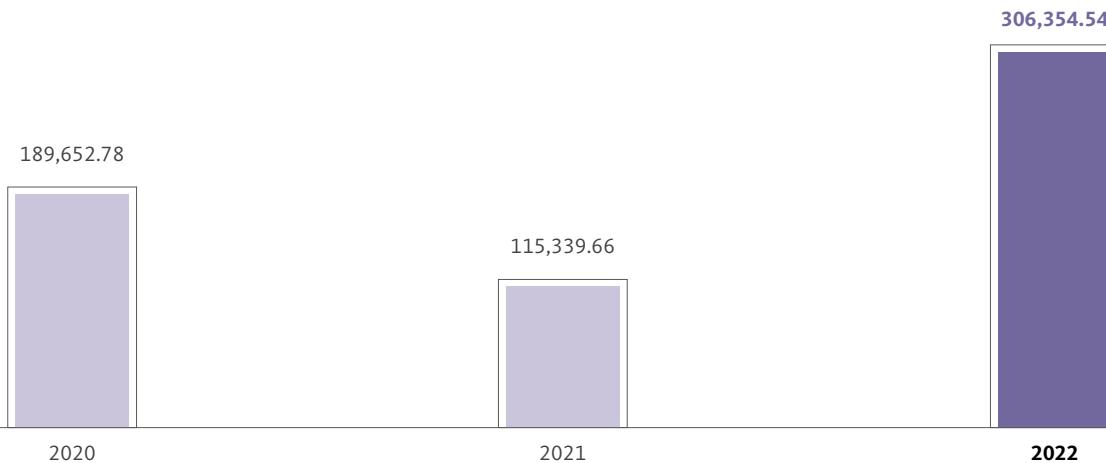
SUSTAINABILITY PILLARS

WASTE AND EFFLUENT

General Waste (tonnes) by Division for 2022



Group Effluents Generation (m³)



Pollutants (by Group)

Source	Other Gas/ pollutants	Unit
NOx	519.72	ppm
SOx	41.46	ppm
VOC	0.11	ppm

SUSTAINABILITY PILLARS

WASTE AND EFFLUENT

Effluents

All industrial effluents are treated at the Industrial Effluent Treatment System Plant before being discharged into public drains, in compliance with the Department of Environment's Standard B requirements.

Resource Management

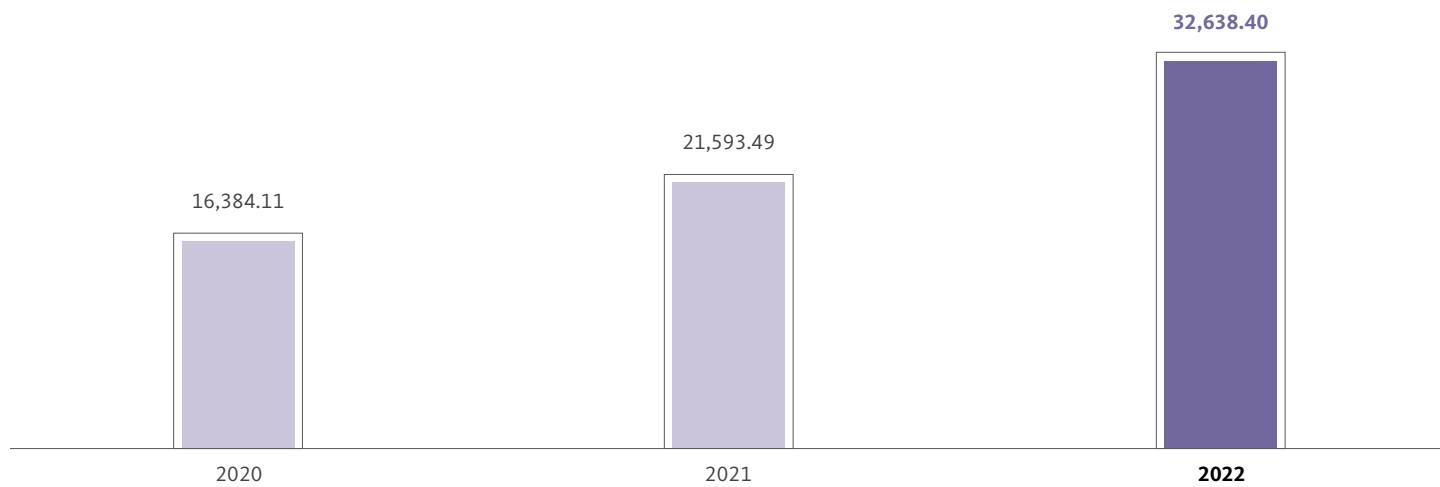
Efficient resource management is vital in ensuring the sustainability of our operations. We are pleased to report that most of our operations have attained the ISO14001 accreditations and we will continue to invest in research and development to further pursue innovation and technology.

Some of our business divisions reuse and recycle materials to reduce their operational cost and environmental footprint. All operations are gradually digitalising their processes to reduce paper consumption:

The M&E Division separates oil sump pits for lubricants and specialty products at its Pulau Indah plant.

The Aerospace Division uses wooden pallets and cartons as packaging material.

Group Materials Usage (tonnes)



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

SUSTAINABILITY PILLARS

SUSTAINABILITY PILLARS

1.4 WATER MANAGEMENT

We withdraw water from local municipal supplies for domestic and production processes. Our operations also harvest rainwater for general cleaning purposes.

The Aerospace Division harvests rainwater to clean its rooftop solar power panels.

KYB-UMW installed a Water Reclamation Plant ("WRP") to recycle water.

The Automotive Division encourages suppliers to implement water-saving initiatives.

Our Aerospace division implemented a sustainability pledge that requires suppliers' agreement.



In 2022, the Equipment Division executed the following measures, reducing its water consumption by

52% compared with 2019 baseline.

- Installed a rainwater harvesting system
- Installed water-saving faucets in Kota Kemuning.
- Conducted monthly monitoring of water consumption.
- Utilised a faucet aerator at toilets and pantry areas.
- Installed sand-filled bottles in toilet bowls to reduce 500-1000ml water per flush.

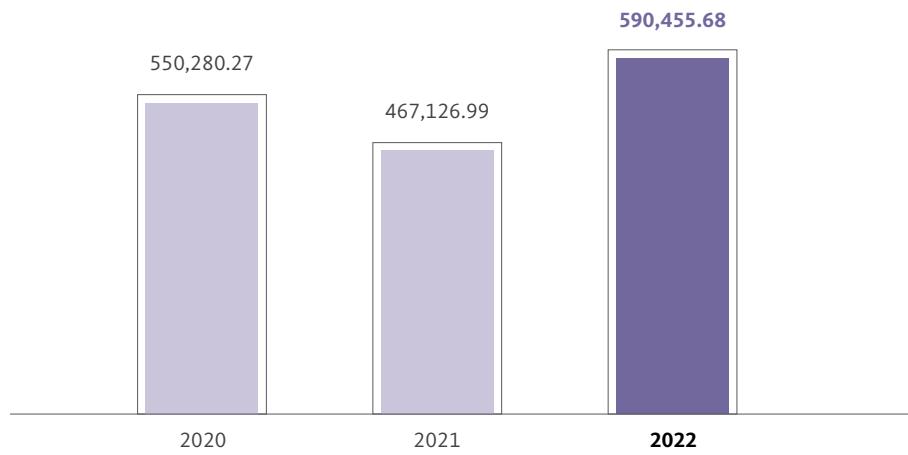
Water Target

To reduce emissions by

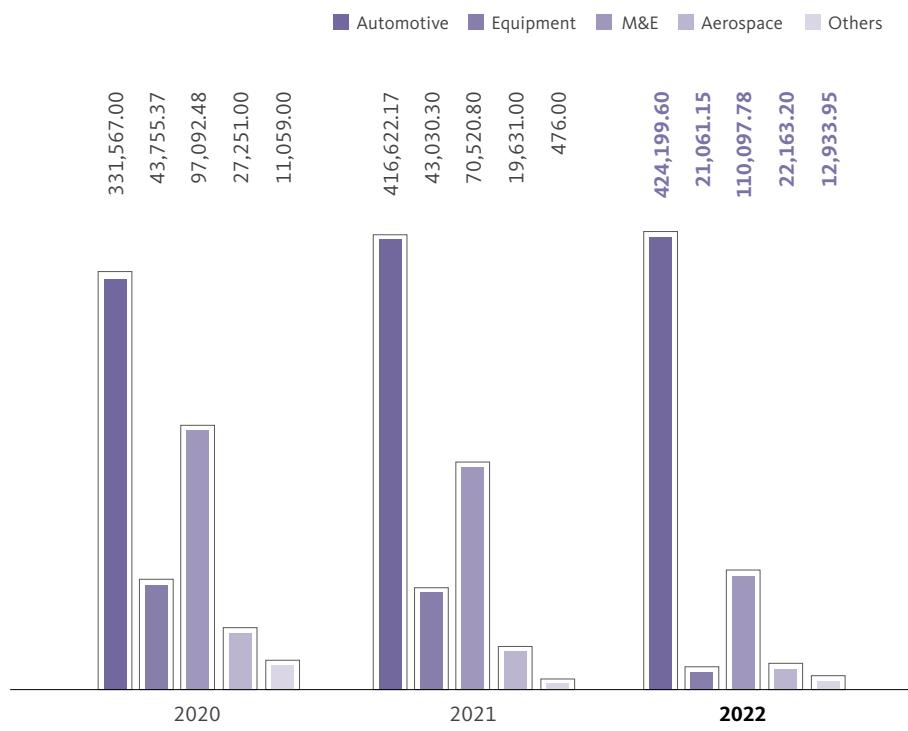
5%

against the 2019 baseline

Group Water Consumption (m³)



Water Consumption (m³) by Division



PILLAR 2

SUSTAINABLE WORKFORCE

Alignment to UN SDGs



SUSTAINABILITY PILLARS

U MW constantly undertakes initiatives to expand the capabilities of our people to build resilience and agility, enabling them to transition towards our sustainability objectives. In 2022, we developed structured development programmes to accelerate this transition and to achieve succession readiness of 80%.

Achieved more than the minimum requirement of

30%

female directors on the Board

Achieved

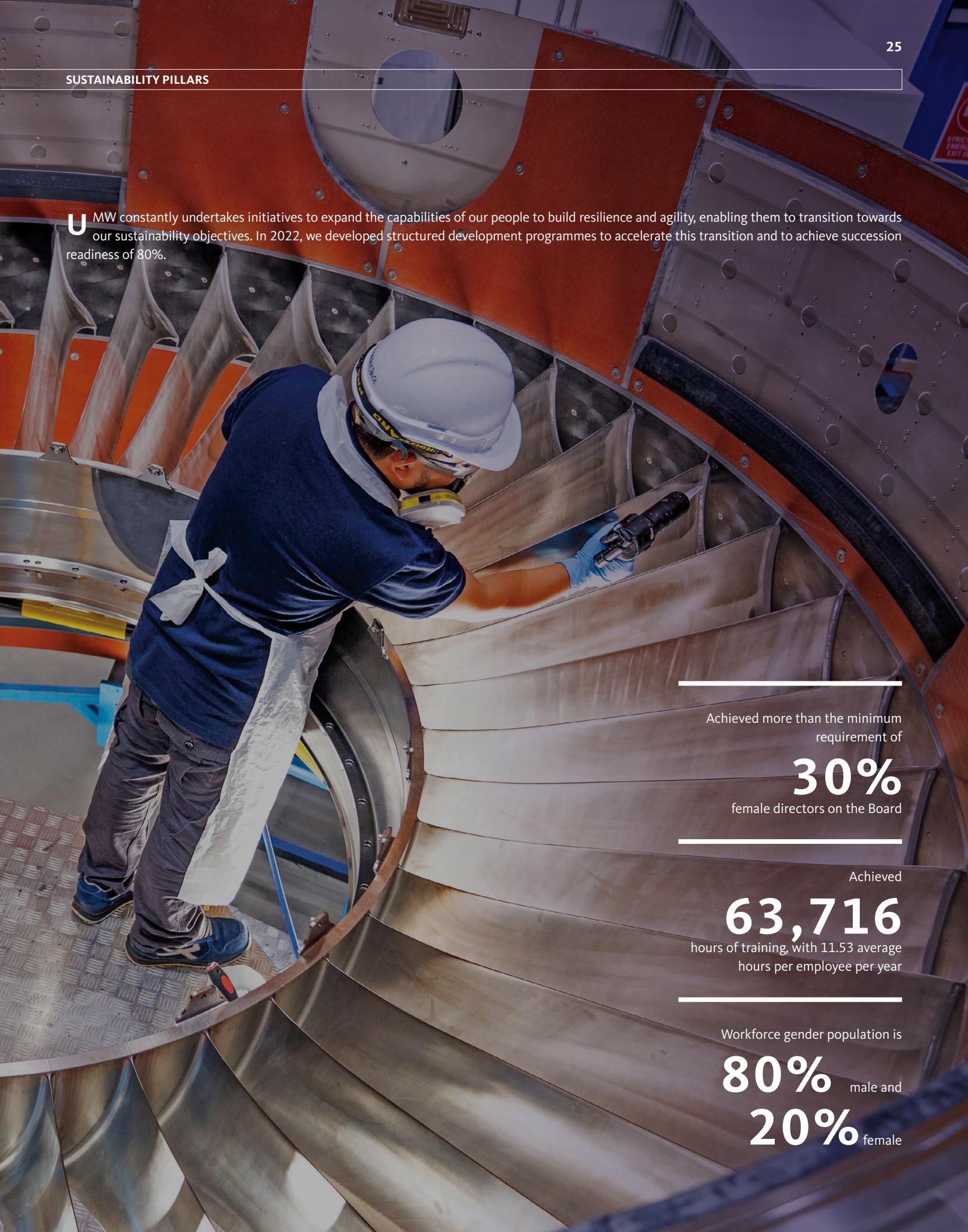
63,716

hours of training, with 11.53 average hours per employee per year

Workforce gender population is

80% male and

20% female



SUSTAINABILITY PILLARS

Our WOWriors are the driving force of the UMW Group and are the key to our success. We remain steadfast in our commitment towards safeguarding, motivating and empowering our people to ensure the quality and sustainability of our operations and achieve our CREST@UMW aspirations.

2.1 CULTURE AND EMPLOYEE ENGAGEMENT

In 2022, driven by our CREST@UMW strategic transformation framework, we held various engagement activities attended by our 29,679 employees across the Group. We launched ‘Energize UMW’ as a testament to our commitment to improving employees’ mental health and overall wellbeing. The initiative received an average feedback of 90% good rating. We received an average feedback of 90% with a good rating. Our Employee Engagement Pulse Survey scored 93% in 2022, following feedback from 2,138 employees.

The following are the primary channels through which we actively engaged our people in 2022:

Virtual Townhalls

A quarterly platform for employees to interact meaningfully with senior management

Regular electronic communications

These include emails, newsletters, portals, and social media channels

Feedback channels

We gauge satisfaction through regular Employee Engagement Surveys and Employee Engagement Pulse Survey which scored 93% in 2022 with feedback gathered from 2,138 WOWriors, we received score at 83%

Achievement and Recognition

The UMW Academic Excellence Awards reward WOWriors' children who excelled in their SPM exams with cash rewards while the UMW Long Service Awards recognized 185 WOWriors in 2022 who have served 10, 20, 30, or 40 years at UMW

Educational Talks

A total of 196 CREST@UMW events were held, including 28 talks. A Lunch Series and Care Box was held at 3 locations, while 5 events covering EPF, Zakat, Umrah, SOCSO and Amanah Raya were held under the Caring Employers series Kuliah Ramadhan & Aidiladha, and Toyota Pocket Talks

Festive and Seasonal Events

In addition to celebrating festive occasions, special events such as the Video Merdeka Challenge, Jelajah Merdeka UMW and Majlis Sayembara Penulisan dan Deklamasi Puisi were organised during the year

Kelab Kreatif UMW

Recognising how arts and culture brings people together, Kelab Kreatif was established in 2021 and has been actively involved in various arts-related events

CREST@UMW Energize UMW Programme

Our signature wellness programme offers guidance and interactive support for WOWriors across the Group via a variety of activities and amenities centred around fitness, nutrition, and mental health.

Energize UMW Fitness

Held every Wednesday by Naluri fitness coaches, this programme features hybrid activities such as Fitness Challenges, Zumba, yoga, and HIIT, and is attended by WOWriors across our main operations nationwide. We also organised Toyota Outrun and Futsal tournament

Energize UMW Wellness Roadshows

We set up booths in major urban centres to promote healthy lifestyle habits. This programme is undertaken in collaboration with PMCare, and in partnership with several major corporate brands such as KPJ Group, AIA, Maybank, and others

Collaboration with Naluri apps

Through the app, our WOWriors have an opportunity to share their challenges with a coach and receive guided exercises from stretching to mindfulness that helps them unwind and renew their energy in between their work at the office

CULTURE AND EMPLOYEE ENGAGEMENT

Supporting our employees mindset in 'Returning to Normal'

We develop positive attitudes at the workplace. We implement employee safety mental health programmes through collaboration with Naluri. Employee social activities include CREST@UMW Friday, Energize UMW and Wellness Roadshow.

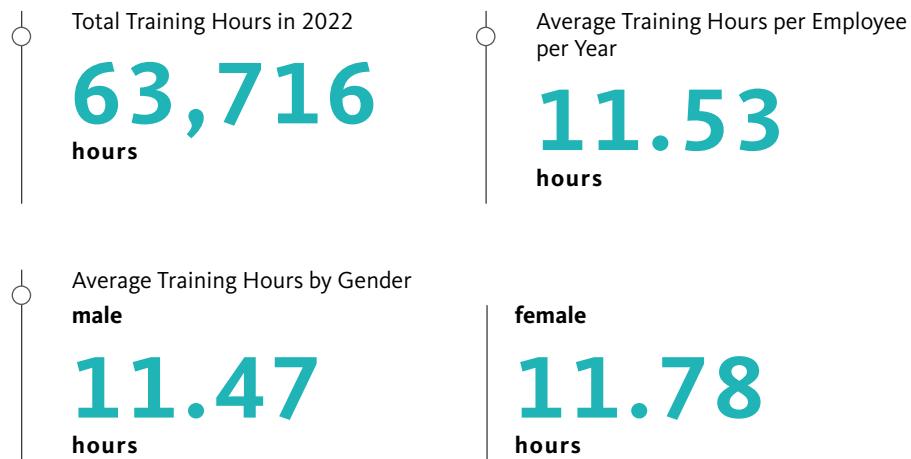
New employees are on-boarded onto our WOW Culture, guided by the following principles - 'We Are One', 'We Drive Change' and 'We Deliver Promises', and promoting the 4Es 1P philosophy, promoting the importance of Energy, Energise, Edge, Execute and Passion in their everyday undertakings.

Responding to employees needs for engaging activities and transparency

Fully engaging with our employees enables us to connect with them, while emphasising the company's goals and inspiring transparency within the Group. Our ongoing initiatives include regular townhalls, Energize UMW which covers on-site fitness sessions, health talks, creative and cultural activities in our Kelab Kreatif UMW, a Caring Employer series of dialogues and Teh Tarik Sessions with employees. Moving forward, we aim to increase our range of activities and organise more sporting activities as well as implement new recognition programmes to celebrate individual achievements.

2.2 PEOPLE DEVELOPMENT AND TRAINING

We recognise that consistent, effective training and professional development of our employees are crucial to ensure the sustainability of our businesses.



GREENHOUSE
GAS PROTOCOL

GHG Practitioner Training

- Climate change has been cited as one of the greatest challenges facing the world. It is an issue that will increasingly affect businesses and people, having impacts on resource availability, economic activity and human wellbeing.
- UMW is serious in embarking to journey of carbon neutral. Hence, UMW is looking and prepping the employees with various trainings related to climate change especially in GHG Practitioner Training to help UMW to better understand and quantify its greenhouse gas emissions.

SUSTAINABILITY PILLARS

PEOPLE DEVELOPMENT AND TRAINING

TRAINING AND DEVELOPMENT

In 2022, we rolled out four (4) structured development programmes and saw the completion of our Core Competencies Programme (CCP):

UMW Executive Development Programme (UEDP)	<p>Formed in collaboration with Melbourne Business School (MBS), the programme focuses on developing leadership and business capabilities. Two cohorts of WoWriors have already begun their journey in the long-term UEDP programme, which has three (3) levels of training modules lasting three (3) years each.</p> <p>The UEDP features the following six (6) key subjects that are in alignment with CREST@UMW:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">Strategic Thinking & Innovation</td><td style="padding: 5px;">Supply Chain Management</td></tr> <tr> <td style="padding: 5px;">Finance & Economics</td><td style="padding: 5px;">Technology & Digitalisation</td></tr> <tr> <td style="padding: 5px;">Leadership, Ethics & Governance</td><td style="padding: 5px;">Marketing & Customer</td></tr> </table>	Strategic Thinking & Innovation	Supply Chain Management	Finance & Economics	Technology & Digitalisation	Leadership, Ethics & Governance	Marketing & Customer
Strategic Thinking & Innovation	Supply Chain Management						
Finance & Economics	Technology & Digitalisation						
Leadership, Ethics & Governance	Marketing & Customer						
Finance Leadership Development Programme (FLDP)	<p>The FLDP consists of various programmes designed to boost our WoWriors' financial management skills and groom future UMW finance leaders. The programme currently has three (3) selected finance talents undergoing chartered professional accounting certification through ACCA and three (3) rotational assignments across different finance functions for up to 12 months.</p>						
Core Competencies Programme (CCP)	<p>The CCP is a four (4) stage course designed to refresh core competencies for executives, junior to senior managers, and general managers. Also featuring collaborations with Melbourne Business School, the CCP was launched in 2020 and has so far seen 284 WoWriors completing the programme and receiving a Certificate of Achievement from MBS.</p>						
FLDP Young Talent Programme	<p>An extension of the FLDP, this programme gives high-potential finance undergraduates and our WoWriors the opportunity to gain three (3) years of experience at Ernst & Young (EY). This provides them with valuable exposure at one of the Big Four firms while they simultaneously obtain their accounting certification.</p>						
Leaders as Coaches	<p>The Leaders-as-Coaches programme is aimed at providing senior management with the right tools to become effective coaches. We partnered with the Melbourne Business School (MBS) to deliver the programme to 14 leaders who are all direct reports to the President & Group CEO.</p>						

We have implemented our internal Learning Management System (LMS) platform and are expanding our available eLearning modules as we continue to inculcate a more proactive self-learning culture amongst WoWriors.

We have also commenced a Design Thinking programme that encourages a more creative and strategic approach to advancing business operations, such as finding opportunities for innovation, unlocking cost saving solutions or enhancing productivity. In our first year, we have so far completed 10 projects, exceeding our initial target of six, with a 100% success rate in cost saving, process improvement, and improved customer experiences.

SUSTAINABILITY PILLARS

SUSTAINABILITY PILLARS

PEOPLE DEVELOPMENT AND TRAINING

EMPOWERING OUR LEADERS AND STAFF

Nurturing entrepreneurial and agile leaders to support CREST@UMW

Our succession readiness is a key indicator of the availability of proficient leadership within our organisation. Our Executive Leadership Programmes, Talent Mobility Programme, and Leaders as Coaches programme demonstrate our commitment to succession and leadership.

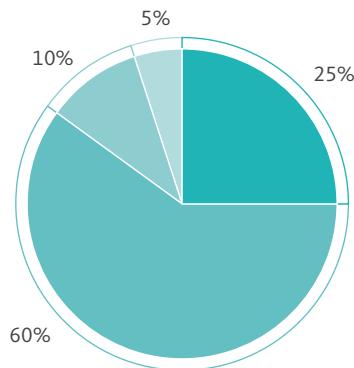
Successor Readiness Improves in 2022

Our training and development interventions led to a 3% increase in successors that are ready up to two (2) years from 82% in last year to 88% this year. We have narrowed positions without successors from 8% to just 2% this year, 95% of 144 key positions across the UMW Group have clear successors identified.

A key improvement was noted in our C-1 level group of leaders, representing 14 top business division chiefs and corporate heads, where we internally promoted 2 C-1 leaders during the year and have identified 79% of their successors, with 3 successors in the 'Ready Now' category.

Readiness of successorship across 144 key positions as at 2022

■ Ready Now ■ Ready in 1-2 Years ■ Ready in 3-5 Years ■ Successor to be identified



Cultivating a talent pipeline equipped with business and financial competencies

For this area, we have Executive Development Programme (UEDP), Finance Leadership Development Programme (FLDP) and FLDP Young Talent Programme.

We are adding more candidates to the Scholars Development Programme, induct more Management Trainees and enhance a Fast-Track Programme to reward high achievers with career progression.

As of 2022, we have 75 students in the UMW Scholars Development Programme where 20 of the students are children of UMW employees. Half of the students are from the B40 community and the programme has seen 49 graduates since 2019 of which 17 have been employed by the Group. As for the Management Trainee programme, 20% of the 30 trainees we employ have been identified as Fast Track Talents.

Empowering employees with the future skills required to fulfil business needs

UMW Executive Development Programme (UEDP) is a targeted development programme designed to address the business skills and competency gap to create a workforce capable of driving UMW to achieve our business goals. It facilitates the career advancement of our employees as we ensuring a healthy pipeline of our successors and talents.

2.3 OUR INCENTIVES AND BENEFITS

Flexi Benefits (Flexible Benefits Scheme)

Our Flexi Benefits Scheme, which was introduced in 2020, offers customisation of benefits to fulfil the lifestyle and needs of each employee. Since its launch, 46% of our employees have benefitted from the scheme.

Enabling Flexible Work Arrangement (FWA)

Flexible Work Arrangement (FWA) was established to allow employees flexibility to work from home, in adapting to the new normal. The Group continues to ensure that workers' working hours, days off and annual leave are well-managed, as outlined by the Malaysian Employment Act 1955.



Flexi-Location

Employees can choose to work from home or any other location, as long as working hours are fulfilled. Full-time permanent employees working from home are also provided with a one-time claim of up to RM1,500 to set up their home office.



Flexi-Hours

Employees have the option to reduce their current working hours to either 32 hours per week (four working days) or 24 hours per week (three working days).



Flexi-Time

Employees are given the option to organise their own time (start and end times for work) as long as working hours are fulfilled as required by the policy.

SUSTAINABILITY PILLARS

2.4 LABOUR-RELATIONS MANAGEMENT

We continue to support freedom of association and allow employees the freedom of choice to participate in collective agreements and unions. As of December 2022, 62.47% of our employees were members of unions and were protected by collective bargaining agreements.

We also support employees in their transition following retirement, termination of service or end of employment contract.

Reinforcing Labour Relations in UMW Group



We uphold a supportive and fair work environment through the workers' union. UMW recently signed a Collective Agreement between UMW Group and Kesatuan Pekerja-Pekerja Perusahaan Kumpulan UMW (KPPPKUMW) at a signing ceremony held in Kuala Lumpur on 3 November 2022.

The signed collective agreement is an extension from the 2018 to 2020 term between the Management and the Union, which was extended to a period of three years, from 1 January 2021 to 31 December 2023.

Five collective agreements were signed between representatives from KPPPKUMW with UMW Corporation Sdn Bhd, KYB-UMW Malaysia Sdn Bhd, Assembly Services Sdn Bhd, Automotive Industries Sdn Bhd and Toyota Boshoku UMW Sdn Bhd. Our President & Group CEO of UMW witnessed the signing ceremony.

The signing of these collective agreements reflects the Group's commitment towards strengthening labour relations and driving the company's performance.

2.5 DIVERSITY, EQUITY AND INCLUSION

We cultivate a positive working environment that encourages inclusion, equity and the embracing of differences regardless of age, religion, race and cultural background. The Group also provides career opportunities to the underserved, including those without formal education or qualifications.

In our commitment to close the gender gap, we strive to improve women's representation in our leadership.

In the year under review, the proportion of women's representation on the Board was more than 30%. Gender diversity is a key factor in the core values of the Company. Our workforce comprises 79% male and 21% female as of 31 December 2022 and UMW is to narrow the gender gap.

2.6 NEW HIRES AND TURNOVER

We have access to a diverse pool of candidates through our Bronze sponsorship of the Perdana Fellows Alumni Association, enabling us to hire multiple talents for our organisation. UMW's sponsorship highlights our ability to recruit top talent.

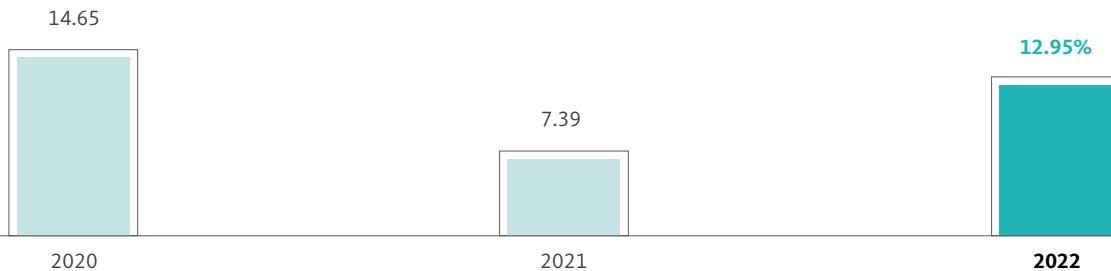
In 2022, we recruited 689 employees from diverse backgrounds and experiences. The majority of these new hires were below 30 years of age. Our annual turnover rate was 12.95%.



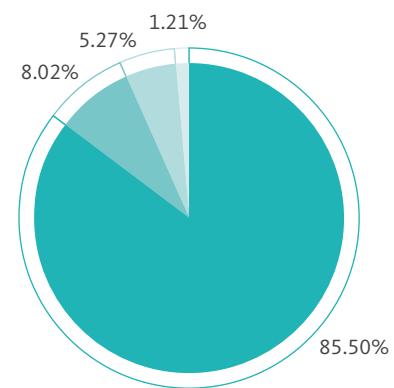
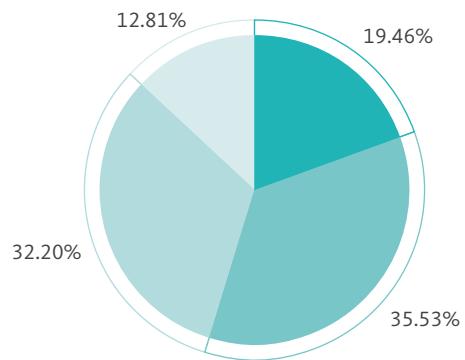
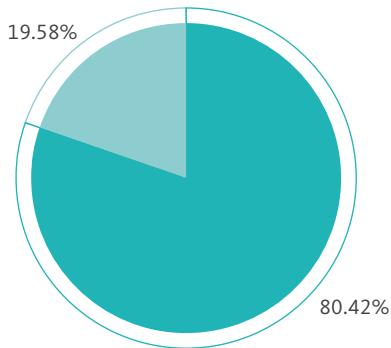
SUSTAINABILITY PILLARS

NEW HIRES AND TURNOVER

Annual Turnover Rate Percentage



Diversity Data by Gender, Age Group and Ethnicity



■ Male ■ Female

■ < 30 ■ 30-40 ■ 40-50 ■ > 50

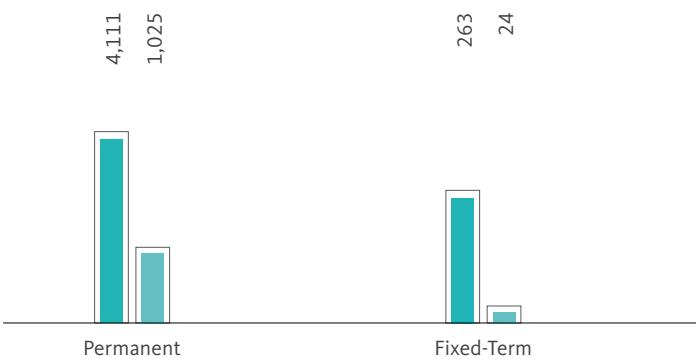
■ Bumiputra ■ Chinese ■ Indian ■ Others

Employees by Employment Contract and Type

■ Male ■ Female

Number of Employees on Full-Time Contracts

Number of Employees on Permanent and Fixed-Term Employment Contracts

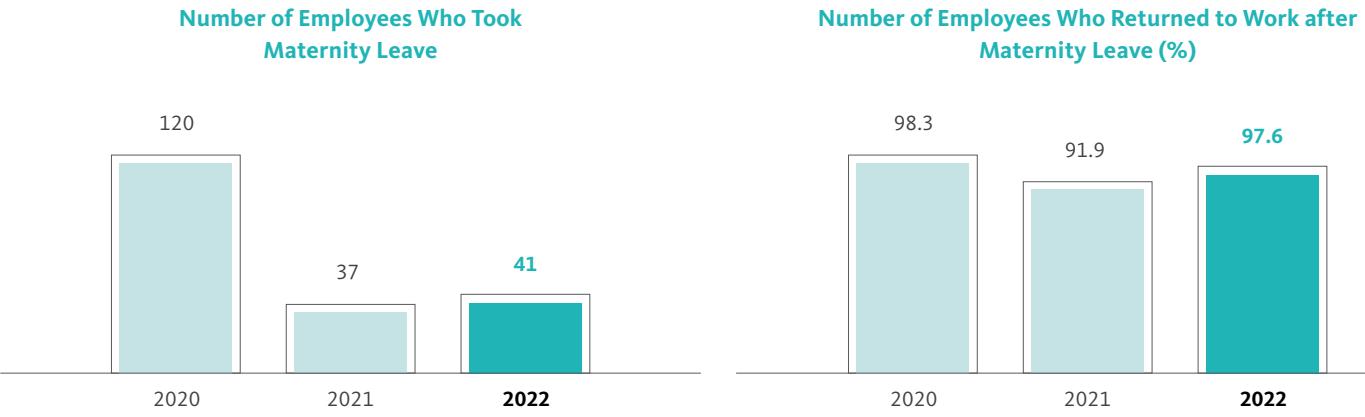


SUSTAINABILITY PILLARS

SUSTAINABILITY PILLARS

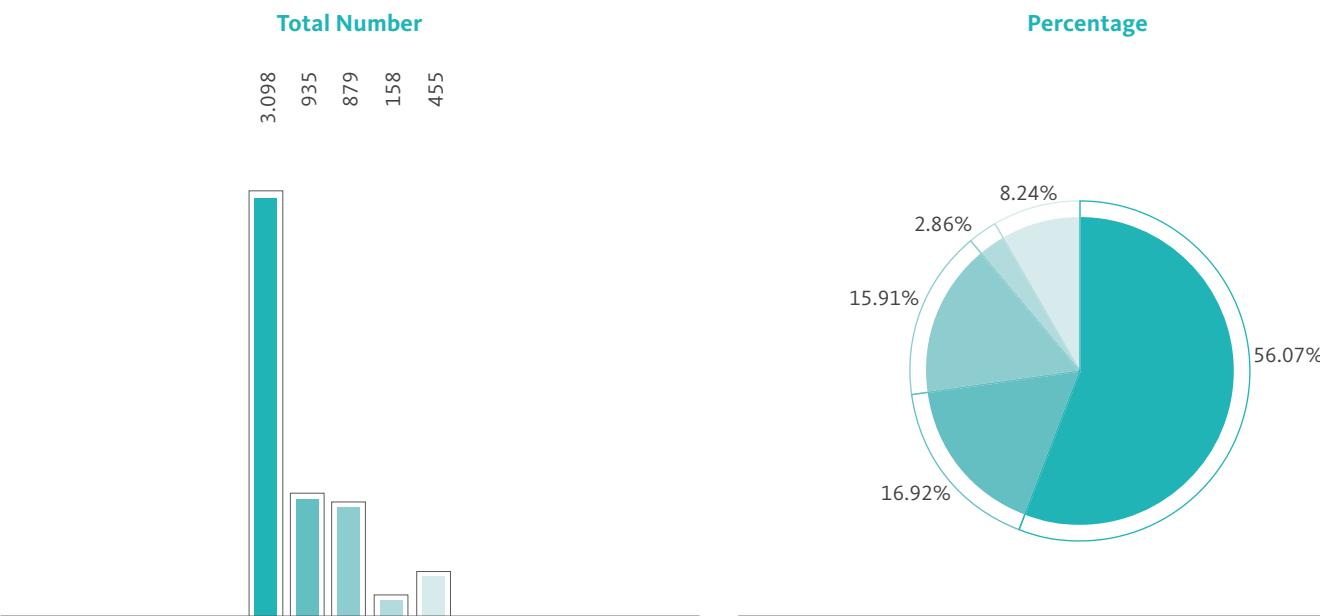
NEW HIRES AND TURNOVER

Maternity Leave



Workforce by Division

■ Automotive ■ Equipment ■ M&E ■ Aerospace ■ Others



SUSTAINABILITY PILLARS

2.7 REINFORCING OCCUPATIONAL HEALTH AND SAFETY

Under CREST@2020 roadmap, we achieved several targets to cultivate a safe and healthy workplace. In the year under review, we attained more than 2,000 days of Zero Lost Time Injury (LTI) and reinforced COVID-19 SOPs and safety rules to ensure the health and safety of everyone.

2022 HSSE ACHIEVEMENTS AT A GLANCE		
UMW Excellence Award Best HSSE Initiatives – Program Imunisasi Industri COVID-19 Kerjasama Awam-Swasta (PIKAS)	All 4 operating companies assessed by DOSH during OHS workplace assessment (OHSWA) received A rating by the Department of Occupational Safety and Health	ISO 45001:2018 26 locations group-wide maintained ISO 45001 accreditation
UMW Environment Action Plan (UEAP) Score UMW achieved 3.95 UEAP score, above 2022's target of 3.75	Zero Lost-Time Injury (LTI) UMW Aerospace achieved 2,343 days of Zero LTI as of 31 December 2022	Expansion of HSSE Digitalisation Scheduled Waste e-Tracking (SWeT) was implemented across the central region

HSSE Culture

Our workplace health and safety culture encompasses occupational health and safety values, priorities, beliefs and ideals to achieve zero accidents and keep our people safe. The infographic below illustrates our HSSE Culture:



SUSTAINABILITY PILLARS

SUSTAINABILITY PILLARS

REINFORCING OCCUPATIONAL HEALTH AND SAFETY

Strategic Objectives under CREST@2020

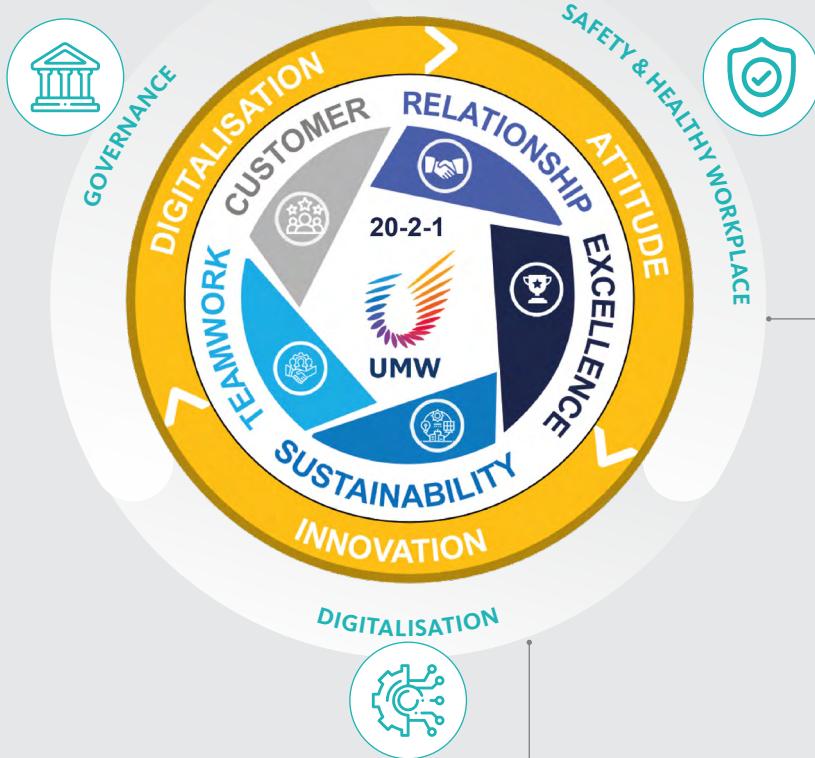
The management ensure a safe and healthy work environment, which is fundamental to our aspiration to achieve zero accidents.

Strategic Objectives

Full compliance to HSSE regulations

Goals

- To strive for full compliance to evolving workplace health and safety laws and regulations
- To inculcate greater roles and accountability of the related personnel stipulated under the laws
- To instil higher responsibility and accountability with a higher penalty to stakeholders including members of the Board



Strategic Objectives

Zero Accident rate and Lost Time Injury (LTI)

Goals

- To increase employee wellbeing and productivity
- To increase employee morale and motivation
- To increase company image and stakeholders confidence

Strategic Objectives

Enhance HSSE performance and reporting via real-time data collection and monitoring

Goals

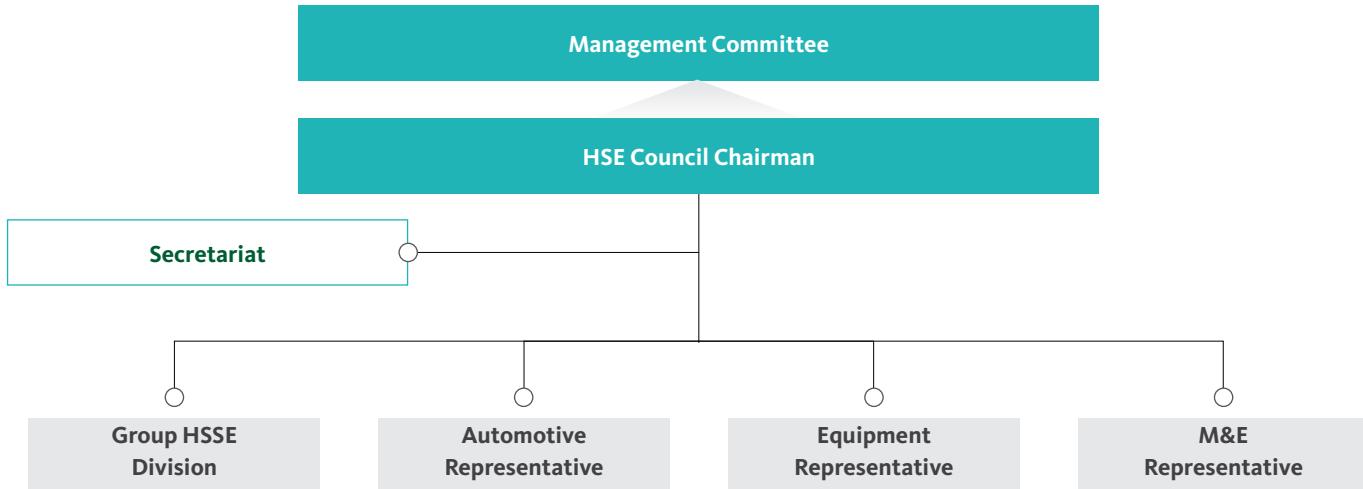
To avoid any potential delay and inaccuracies in reporting HSSE incidents

SUSTAINABILITY PILLARS

REINFORCING OCCUPATIONAL HEALTH AND SAFETY

Health and Safety Governance

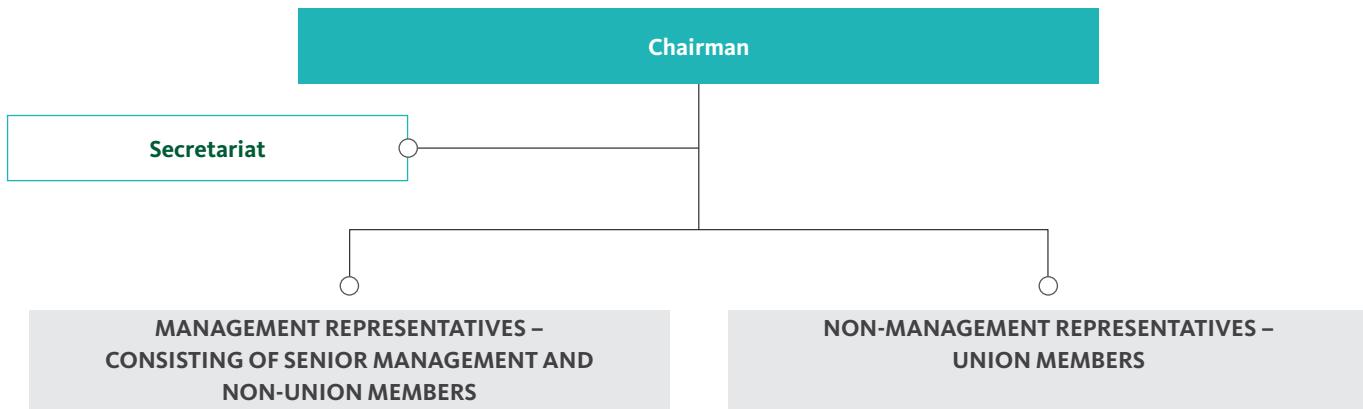
UMW's HSE Council Structure



UMW's health, safety and environmental matters are under the ultimate responsibility of the HSE Council, who is responsible for managing and initiating strategic HSE plans across various divisions within the Group. The HSE Council reports periodically to the Management Committee that is led by our PGCEO, who also sits on the UMW Holdings Berhad's Board.

As per the requirements of the Department of Occupational Safety and Health (DOSH), the Group has in place a Safety and Health Committee in every workplace with 40 or more employees. Each Committee consists of an equal number of representatives from management and non-management positions, who oversee everyday health and safety issues. The Committees meet at least once every three months to deliberate on workplace issues including injuries, accidents and work-related illnesses, as well as information sharing on trends and conducting investigations on any reported incidents.

OSH Committee Structure



REINFORCING OCCUPATIONAL HEALTH AND SAFETY**Training Employees on HSSE**

During the year, the Group conducted 170 training sessions which saw the participation of 3,460 employees to increase productivity, efficiency and to reduce work-related injuries. The training programmes were based on four main strategies: Leadership and Commitment, HSE Management System, HSE Culture, 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 engaged a specialised consultant to conduct assessments on the workers' exposure to hazardous chemicals, hearing, and noise risks. In addition, audit sessions including the HSE statutory audit and UMW Environmental Action Plan Audit were conducted.

HSSE Activities in 2022**HSSE Training**

- ISO 45001:2018 Awareness
- Road Safety
- Safe Practices for Critical and High Risks Activities
- Sustainability Reporting – Understanding Environmental Disclosure Reporting
- Emergency Preparedness & Response
- First Aid & CPR Training
- Hazards & Risks Assessment
- ISO 45001:2018 Internal Auditor Course
- Interpretation of CHRA Report
- Environmental Legal Awareness
- Noise Management
- Chemical Safety Management
- Fire Safety Management
- Overhead Crane Training
- Accident Management
- 3R Awareness
- Scheduled Waste Management
- Natural Disaster – Flood Management
- Contractor Management and Permit to Work
- Scheduled Waste e-Tracking System (SWeT)

Audits & Assessments

- ISO 45001:2018 Internal Audit (26 sites)
- Statutory Compliance Audit (31 sites)
- UMW Environmental Action Plan (UEAP) Audit (10 sites)

SUSTAINABILITY PILLARS

REINFORCING OCCUPATIONAL HEALTH AND SAFETY

Risk Identification and Assessment

Our Hazard Identification, Risk Assessment and Risk Control (HIRARC) process is implemented Group-wide to ensure that our operations adhere to all the applicable laws and regulations. Risk and potential hazards are identified and demarcated using a risk matrix table recommended by DOSH and is in line with ISO 45001:2018 Standard requirements, to determine potential injuries or accidents which would require control measures.

We also ensure that we have the readiness to respond to any OHS or environmental emergency in line with our Emergency Response Plan framework.

Incident Reporting and Investigation Process

We implement a systematic incident reporting and management process to enable our employees to report and control incidents with ease. The process of reporting and executing remedial measures take place over a period of 30 days. The following describes our reporting and investigation process:



Accident Rate

In the year under review, we recorded an accident rate of 2.19/1,000 workers..

We are driving improvement on our HSSE practices through continuous training and workshops for all competent employees and encouraged the use of SafeUhub on all HSSE matters.

We aim to fully transition onto SafeUhub as an effective way to communicate HSSE matters. We will extend the scope of this digital platform to overseas operating companies. We are also committed to maintaining the ISO 45001:2018 accreditation in 26 locations in Malaysia's operations and all our overseas operations. We aim for a full ISO 45001:2018 accreditation and to implement the Scheduled Waste e-Tracking initiative.

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	2.83	0	8.16	0	14	88	0
Equipment	3.55	0	31.03	0	4	61	0
M&E	0	0	0	0	0	0	0
Aerospace	0	0	0	0	0	0	0

SUSTAINABILITY PILLARS

SUSTAINABILITY PILLARS

REINFORCING OCCUPATIONAL HEALTH AND SAFETY

LOST-TIME INCIDENT RATE IS DEFINED AS LOST WORKDAYS RATE

Lost-Time Incident Rate (Employees)	2020	2021	2022
Automotive	2.41	16.65	6.19
Equipment	1.51	59.19	31.83
M&E	15.11	1.23	0
Aerospace (data aggregated under M&E Division from 2018 to 2020)	0	0	0
UMW Corporation	0	0	0

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

Lost-Time Incident Rate (Non-Employees)	2020	2021	2022
Automotive	0	0	13.50
Equipment	0	0	0
M&E	0	8.60	0
Aerospace (data aggregated under M&E Division from 2018 to 2020)	0	0	0
UMW Corporation	0	0	0

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

EMPLOYEE OHS PERFORMANCE DATA 2022

	Automotive	Equipment	M&E	Aerospace	UMW Corporation
High-Consequence Work-Related Injuries					
Number	0	0	0	0	0
Rate	0	0	0	0	0
Recordable Work-Related Injuries					
Number	7	4	0	0	0
Rate	1.75	3.55	0	0	0
Fatalities					
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 2022

	Automotive	Equipment	M&E	Aerospace	UMW Corporation
High-Consequence Work-Related Injuries					
Number	0	0	0	0	0
Rate	0	0	0	0	0
Recordable Work-Related Injuries					
Number	7	0	0	0	0
Rate	6.51	0	0	0	0
Fatalities					
Number	0	0	0	0	0
Rate	0	0	0	0	0

Note: Based on 1,000 workers.

PILLAR 3

SUSTAINABLE PRODUCTS AND SERVICES

Alignment to UN SDGs



With sustainability agenda driving markets, regulations and technologies, we continuously innovate to remain competitive.

The brand-new Corolla Cross is powered by 1.8-liter engines that have been optimised in both the hybrid and gasoline versions. The hybrid models offer a class-leading 26.2 km/L in terms of fuel efficiency.



Introduced **hybrid electric vehicle (Corolla Cross)** and **hydrogen fuel cell vehicle (Mirai)**

UMW Aerospace was accorded the
Supplier Best Practice Award
by Rolls-Royce

58.99%

of the Group's procurement budget was spent on goods and services from local suppliers

SUSTAINABILITY PILLARS

Customer and Product Excellence

UMW constantly monitors economic, political, technology and social development to ensure that the organisation continues to meet the needs of its customers.

In the year under review, we have launched products that are more sustainable, in line with increasing demand by stakeholders for better sustainability practices.

3.1 GREEN PRODUCTS AND INNOVATIONS



Automotive

“

Globally, Toyota plans to invest approximately US\$70 billion in production of electrified vehicles, including US\$35 billion in all-electric battery technologies until 2030. While automakers strive to reach carbon neutrality, battery electric vehicles are not the only pathway. Electric vehicle (EV) carries a high environmental footprint with costs not reflected in the batteries. On the supply side, mobility will compete with energy for lithium and nickel in the next 10 years. Shortages are expected. Our principal, Toyota, will diversify into a range of electrified vehicles that includes hybrids, plug-ins to all-electric and hydrogen electric vehicles with an aim to offer about 70 million units globally by 2025 and to sell about 3.5 million all-electric vehicles annually by 2030.



Equipment

“

In 2022, besides promoting fuel efficient hydraulic excavators to our customers, we have also continued refurbishing forklifts to extend their lifespans as well as exploring the co-generation and biogas industry with a view towards establishing collaborations with co-generation/biogas principals and players.

In the year under review, we refurbished more than 500 forklifts, sold 45 Komatsu hydraulic excavators and successfully registered UMW Industrial Power Sdn Bhd with the Sustainable Energy Development Authority for local bonus eligibility.



Manufacturing & Engineering (M&E)

“

Our M&E division has created a special membrane filtration technology and 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 facility has granted us greater efficiency and capacity. We have also installed 1,248 kWp of rooftop solar panels. We have launched environmentally friendly biolubricants and constructing a new Smart Lubricant plant, equipped with IR4.0 capabilities.

GREEN PRODUCTS AND INNOVATIONS

“

UMW Aerospace Sdn Bhd has been accorded the Supplier Best Practice Award by Rolls-Royce for its exceptional qualities and activities such as continuous performance improvement, cost-saving initiatives, taking lead in Zero Defects and adopting new technologies. The award ceremony was conferred during the Rolls-Royce Global Aerospace Supplier Conference 2022 at St George's Park, United Kingdom, on 16 and 18 May 2022.

**Aerospace**

“

As part of UMW Group's Sustainability Roadmap, we have embarked on developing value-generating green assets. Our dedication towards responsible environmental stewardship is demonstrated by our achievement of certified Green ratings for UMW Campus. Our goal is to develop our campus area in Serendah, Selangor into one of the most sustainable, closed industrial ecosystems in the country. We hope to demonstrate the long-term value creation capabilities of sustainable activities through this project.

**Green Development**

“

We continue to innovate to meet market needs and provide eco-friendly products to minimise the health and environmental impacts of our products. In 2022, UMW GRANTT launched its maiden range of Bio VG Hydraulic Oil, which is made from locally sourced palm oil that can biodegrade within 28 days. Formulated with triglyceride and additives for high lubrication capabilities, the BIO VG Hydraulic Oil is suitable for various industries, as it provides superior anti-wear protection, corrosion protection, rust protection and is antifoam. The product, which has high thermal and oxidation stability, meets the needs of customers who source for affordable and sustainable hydraulic lubricants.

**Innovation**

SUSTAINABILITY PILLARS

3.2 DIGITALISATION

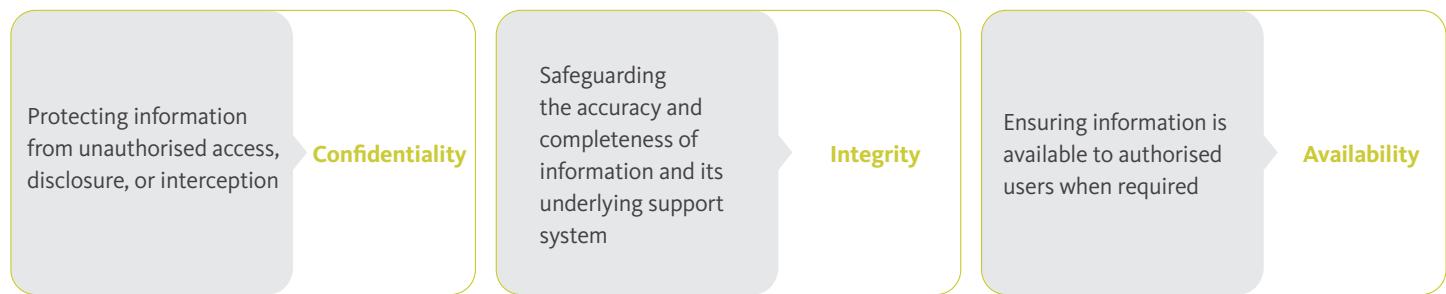
Digital roadmap

As part of UMW's Digital Transformation Roadmap, we have collaborated with TM One to consolidate and improve our current data centre architecture. Migration to hybrid cloud complements the modernisation process of the Group's various applications and supports the relentless efforts to optimise technology and operations across our Strategic Business Units. It also enhances security, reliability, scalability as well as offer better cost management.

Security

To further mitigate the risk of cyber threats and cyber attacks, we continuously increase awareness on cyber security among employees. In 2022, we rolled out a new Group Information Security Policy that defines UMW Group's requirements and objectives that must be complied with by all UMW Group employees and contractual third parties to protect the Group's information assets. We have also made it mandatory for all employees to complete the e-learning module on the policy.

The Group's information security is based on three core principles:



In 2022, we have also enhanced our security awareness program which included mandatory training modules on security essentials as well as on-phishing simulations.

3.3 ANTI-BRIBERY AND CORRUPTION

THIS SECTION SHOULD BE READ TOGETHER WITH THE GROUP'S CORPORATE GOVERNANCE OVERVIEW STATEMENT IN UMW HOLDINGS BERHAD'S INTEGRATED REPORT 2022 AND UMW'S CORPORATE GOVERNANCE REPORT.

At UMW, we uphold the highest standards of corporate governance, ethics and integrity in all our operations and activities. We maintain a zero tolerance approach for bribery and corruption and have established a set of robust policies to mitigate bribery and corruption. The UMW Group Anti-Bribery and Corruption Policy (ABCP) serves as the overarching policy and is supported by relevant policies and procedures such as the Gift & Entertainment Policy, the Procurement Guidelines and the Code of Business Conduct & Ethics (COBCE). In addition, Corruption Risk Assessments (CRA) were conducted in various departments and divisions within the UMW Group to mitigate corruption risks.

We continue to be guided by our Integrity and Governance Unit (IGU) Blueprint 2021-2023, which saw UMW Corporation Sdn Bhd attaining the ISO 37001:2016 Anti-Bribery Management Systems (ABMS) certification in October 2022. The ISO 37001 ABMS provides UMW with the tools to prevent, detect and respond to bribery. The system can be independent or integrated into an overall management system and extended to address fraud and other corrupt practices throughout the organisation.

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. The implementation of the ABMS programme is supported by Integrity & Governance Representatives, who are responsible for coordinating the programme and integrity activities in each department, division and operating company.

Whistleblowing Policy

In 2022, we received one whistleblowing report and five enquiries for clarification via the whistleblowing platform. There were zero complaints concerning human rights violations.

In addition, we remained proactive in ensuring our governing policies are kept current with the review of our Anti-Bribery and Corruption Policy and Whistleblowing Policy. Both policies were reviewed, revised and approved by the Board on 12 October 2022.

In the year under review, there was zero incident or action taken relating to corruption or bribery.

Anti-corruption Training and Risk Assessment

In 2022, 97% of our employees across all categories completed the Anti-Bribery and Corruption e-learning module. Some of the staff were unable to complete the e-learning due to inaccessibility to Myinsights, prolonged illness, language barrier and other issues. IGU will continue following up closely with the employees towards ensuring 100% completion of the e-learning module.

For Board of Directors, 100% of directors had received training on anti-corruption in relation to Section 17A of the MACC Act 2019. To mitigate bribery and corruption risks, we conducted corruption risk assessment for all entities in the Group. Significant risks that were identified included outbound bribery, inbound bribery, falsification of documents and the abuse/misuse of position and office. The Group has in place policies and procedures to mitigate against these risks such as our COBCE, Financial Limit Authority Guidelines, Anti-Bribery and Corruption Policy, Whistleblowing Policy and the Gifts & Entertainment Policy.

SUSTAINABILITY PILLARS

3.4 SUSTAINABLE SUPPLY CHAIN

We work with thousands of local and foreign suppliers and vendors to ensure we deliver quality and excellent products and services. In 2022, our complex supply chain consisted of 4,910 suppliers, who were mostly local suppliers.

To ensure our business operations are supported by a robust and resilient supply chain, we embed sustainability practices into our procurement practices. This includes increasing awareness on anti-bribery and corruption, modern slavery, forced and child labour, and environmental impact and instilling good business conduct through UMW's Sustainable Supply Chain Policy. New and existing suppliers are expected to sign and acknowledge the policy, which is part of the Group

Procurement Guidelines. This year, we enhanced our policy by revising the Procurement Guidelines to include the Environmental Supply Chain for suppliers to follow suit in fulfilling environmental responsibilities. The Supplier Performance Review Form is now incorporated within the UMW Sustainable Supply Chain questionnaire. The policy is available on the website of the UMW Procure To Pay ("PTP") System which is also integrated with labour, health and safety compliance.

We have put in place a thorough process to strictly ensure compliance with the Group's Procurement Guidelines, as shown in the infographics below.



SUSTAINABLE SUPPLY CHAIN**Risk Assessment**

We conduct an annual risk assessment on our suppliers that includes strengthening the environmental, social and governance impacts of our supply chain. Both new and existing suppliers are assessed for their compliance with various social, environmental and HSE policies and regulations. The assessment, which was conducted physically on site, looks at key ESG areas such as compliance with environmental regulations, Employment Act and minimum wage, anti-slavery and child labour policies, among others. Suppliers who are found to have breached the Group's Sustainable Supply Chain Policy or any applicable laws will be reprimanded and re-evaluated. Those who are found to be lacking in sustainability practices during the site visit or the performance review, will be invited to attend compliance awareness sessions.

In 2022, 105 suppliers or vendors were invited to attend compliance awareness sessions. We also conducted risk assessments through engagement review visits to monitor compliance including environmental responsibilities, Anti-Bribery & Corruption Policy, and evaluate the product quality and delivery. In 2022, a supplier performance review exercise was held for 308 suppliers (80%) out of 385 total active suppliers.

Local Spent

We support local industries and our procurement budget spent for local suppliers was RM6,622.06 million (excluding Perodua) as at December 2022 (In 2021: RM 2,729.42 million).



RM6,622.06 million

of the UMW Group's procurement budget
was spent on local suppliers in 2022, or



58.99%

of the budget and 88.43% of our suppliers
were local

***Due to our scope of reporting, this figure does not include Perodua suppliers. Including Perodua suppliers, 86.15% of the Group's suppliers were local**

Capacity building

We provide capacity building to our suppliers through our Vendor Improvement Programme, which aims to improve their business performance and communicate our Sustainable Supply Chain Policy in detail. Besides imparting training to address social issues, the programme is also an avenue for us to share best practices with suppliers. UMW's own procurement practitioners, including those from Toyota, also benefit from this programme.

In the year under review, we held three sessions for our vendors under the programme with invited professional speakers covering the following topics:



- Topic: Sustainable Supply Chain
- Speaker: En. Zolaney Abid, Group Director, Strategy Division, UMW Corporation Sdn Bhd.
- No. of participants: **56**



- Topic: The Importance of Anti-Bribery for Business Sustainability
- Speaker: En. Mohd Ghazali Mohd Yunos, Senior Principal Consultant, SIRIM STS Sdn Bhd.
- No. of participants: **59**



- Topic: Anti-Bribery Management Systems (ABMS)
- Speaker: En. Husaini Sulaiman, Head of Integrity and Governance Unit, GRMI
- No. of participants: **66**

Bumiputra Vendor Development Programme

UMW continues to support Bumiputra vendors through the Bumiputra Vendor Development Programme (BVDP), which aims to assist and transform Bumiputra-owned companies to compete in local and regional markets. Launched in 2015, the programme serves as a supplier mentoring programme and has benefited 20 companies, 12 of which have graduated. In 2022, 20 representatives from our group of vendors completed training in High Performance Culture, Total Productive Maintenance (TPM), Transformational Leadership, Effective Store and Warehouse Management between March to September. The modules were delivered by UMW internal trainers and external subject matter experts and included quizzes and assessment to help the participants understand and apply skills. Through the implementation of the BVDP, Bumiputra entrepreneurs can adopt best practices in their operations and ecosystems while UMW will be able to leverage high-performing and competitive vendors.

PILLAR 4

SUSTAINABLE LOCAL COMMUNITIES

Alignment to UN SDGs



We continued to improve the quality of life for communities in areas where we operate through Corporate Social Responsibility (CSR) activities.

We conserve the environment, provide quality education, offer financial aid and ultimately, support community needs to give back to society and ultimately support employee and community needs to give back to society through our volunteer programme. In 2022, The Group contributed RM9.1 million to community investment and our UMW volunteers clocked in 11,344 hours in service to the community. We also continued with our tree-planting programme under the UMW Green Shoots initiative, where we planted more than 157,000 mangrove trees and 10,000 bamboo trees in Denai Sungai Kebangsaan to support the Trail of National Rivers Programme.



2,146
UMW Community Volunteers

Contributed more than

**RM9
million**
to local communities

clocked

11,344
voluntary hours

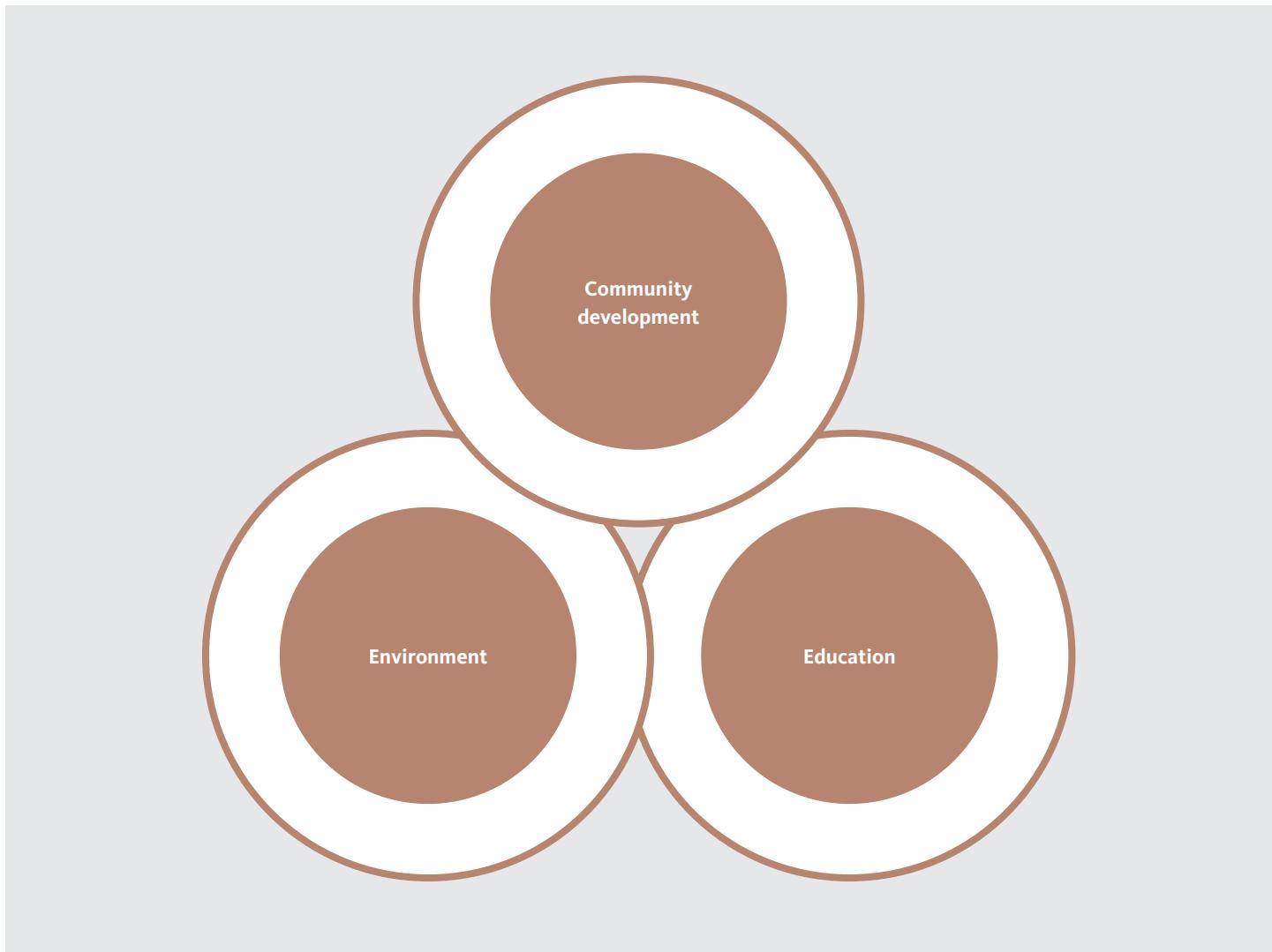
SUSTAINABILITY PILLARS

Playing our role as a responsible corporate citizen, UMW stepped in to offer aid to communities facing economic challenges and loss of income due to the COVID-19 pandemic and flood disasters.

4.1 COMMUNITY INVESTMENT

PLACING THE WELL-BEING OF COMMUNITIES AT THE FOREFRONT OF OUR BUSINESS

UMW aspires to give back to society by creating positive social impacts through constant engagements with the local communities. Our initiatives are focused on supporting the underprivileged, the underserved and the marginalised through three main pillars:



4.2 UMW COMMUNITY VOLUNTEERS

UMW inculcates the importance and value of volunteerism in all levels of the organisation. Known as the UMW Community Champions, our employees actively participate in activities organised by Group Corporate Communications. In 2022, 2,146 volunteers clocked in an impressive 11,344 of voluntary hours. Volunteer hours include volunteer hours not only of UMW employees but also of external volunteers and includes transit time to a volunteer event and the return journey for internal volunteers. The Group invested approximately RM9.1 million across a range of initiatives, sponsorship and donations.

In the coming year, we will continue to advocate volunteerism including in environmental programmes such as UGS and the Denai Sungai Kebangsaan. Under UGS, we aim to plant additional 150,000 mangrove trees by the end of 2023. These trees will help sequester carbon from atmosphere and contribute to a greener planet.

Community development



UMW Green Shoots Initiative (UGS)
Planted more than

157,000
mangrove trees



Denai Sungai Kebangsaan
Planted

10,000
bamboo trees in support of the Trail of
National Rivers Programme

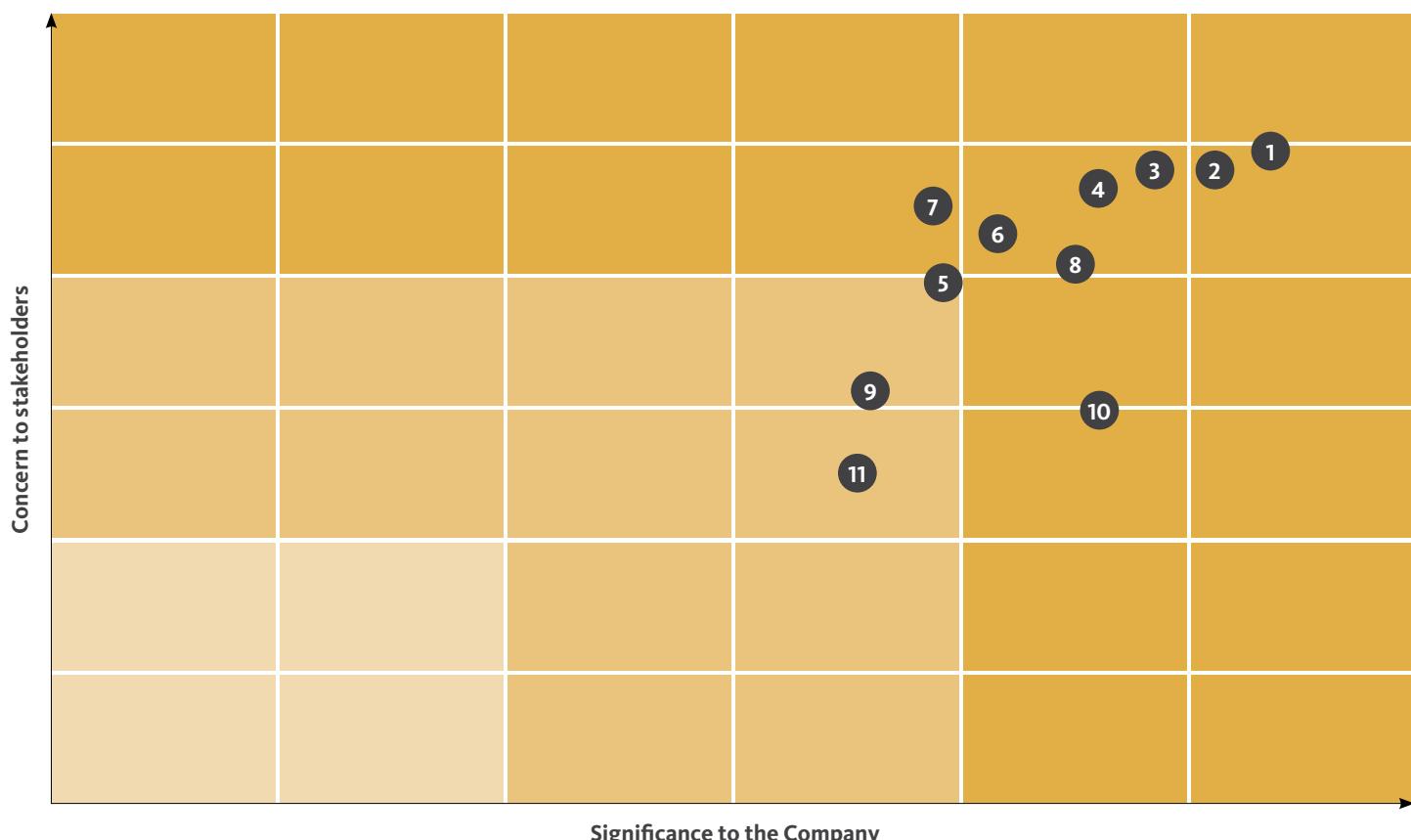
MATERIAL MATTERS

Our sustainability journey is guided by the importance of our material matters. Materiality is defined as the significant economic, environmental, and social impacts of an organisation, as well as issues that substantially affect the decision making of stakeholders. Conducting a materiality assessment will enable us to identify the issues that are most significant to us, in terms of what we do, who we are and how we operate. We will use this assessment process

to identify risks and opportunities for all key environmental, social and governance issues that impact our business and our stakeholders.

Our material issues are reviewed annually to ensure they reflect our strategic priorities and needs. In 2022, we conducted an internal review of our material matters and concluded that all the material matters were still relevant to our business strategy, industry peers, regulatory requirements and sustainability reporting frameworks.

Our last in-depth materiality assessment, which was conducted internally in 2021, identified 11 material matters that were significant to our business and to our stakeholders.



1 Climate Change

2 Customer, Products and Innovation Excellence

3 Training & Education

4 Employee Engagement

5 Waste and Water

6 Diversity and Inclusivity

7 Labour/Management Relations

8 Occupational Health & Safety

9 Business Ethics & Governance

10 Sustainable Supply Chain

11 Community Investment

Less Significant Material Matter

More Significant Material Matter

MATERIAL MATTERS

This section represents a comprehensive alignment of our material matters with the identified risks and opportunities, as well as our mid-term approach and the value we have created for our stakeholders. This alignment facilitates a robust understanding of the areas in which we need to focus our efforts to enhance sustainability and create value for our stakeholders.

Risks	Opportunities	Short-to Mid-term Approach	Value Created
Climate Change 	<ul style="list-style-type: none"> Destruction of property and assets resulting from severe weather conditions The effects of climate change can disrupt supply chains and lead to financial loss through reduced production Transition risk pertains to the impact of shifting strategies, regulations, or investments as society and industry move towards reducing their carbon dependency and mitigating the resulting environmental impact 	<ul style="list-style-type: none"> Bolster climate action and commit to investing in nature-based solutions that facilitate carbon sequestration to achieve 45% and 100% carbon neutrality by 2030 and 2050 	<ul style="list-style-type: none"> Investing in renewable energy by installing solar panels at our KYB-UMW and Aerospace plants Investing in nature-based solutions for CO₂ sequestration and collaborating with key stakeholders to undertake a reforestation initiative Our commitment to sustainable operational excellence reflects on our dedication to environmental stewardship
Customer, Product and Innovation Excellence 	<ul style="list-style-type: none"> Dissatisfied customers might have a negative influence on revenue and reputation The innovation process necessitates the usage of in-house engineering expertise 	<ul style="list-style-type: none"> Strengthen product/service quality and speed of delivery by understanding evolving customer needs and expectations to gain a competitive business advantage Drives innovative developments and ownership of intellectual property (IP) and proprietary technologies 	<ul style="list-style-type: none"> Utilising customer insights to develop innovative products and solutions enhances competitiveness and future-proof our business Creating in-house capabilities through cultivating an innovative and high-performance culture Leveraging on digitalisation and technology to boost efficiency
Employee Engagement 	<ul style="list-style-type: none"> Employee disengagement can result in subpar job performance and productivity 	<ul style="list-style-type: none"> Employees promote our organisation to their colleagues, future employers, and co-workers Employees go above and engage in behaviours that help the Company succeed 	<ul style="list-style-type: none"> Improved employee engagement through organised and personalised programmes Providing platforms for enhancing employee engagement (i.e. Teams, Webex, e-Learning platforms) Developing employee wellness programmes to promote physical and emotional health

MATERIAL MATTERS

Risks	Opportunities	Short-to Mid-term Approach	Value Created
Training and Education 	<ul style="list-style-type: none"> Employees' capability to meet evolving business and market demands is restricted by a lack of relevant training Employee performance and productivity decline as a result of insufficient professional development programmes 	<ul style="list-style-type: none"> Excellent opportunities for growth and upskilling boost talent recruitment and retention Employees who are well-trained strengthen the Group's resilience in the face of future difficulties and market shifts 	<ul style="list-style-type: none"> Creating a dynamic and adaptable workforce that is well-versed in necessary and future-relevant skills to fuel the Group's growth Regularising skills and training requires assessment across divisions and business areas Developing and creating internal training and education programmes to boost productivity Developing and improving technical and leadership skills via a focused development course
Energy, Waste and Water Management 	<ul style="list-style-type: none"> Failure to responsibly manage natural resources could result in resource scarcity for the business and regulatory sanctions 	<ul style="list-style-type: none"> The Group's operating expenses can be improved and direct environmental impacts from its operations and business activities can be reduced through the systematic management of energy and resources 	<ul style="list-style-type: none"> Mitigating risks achieved by regularly implementing energy and waste management initiatives Environmental stewardship is demonstrated by complying with relevant laws and regulations, as well as engaging with the community
Diversity and Inclusivity 	<ul style="list-style-type: none"> The Group's capacity to foster an exchange of ideas, perspectives, culture, creativity, etc., could be hindered by a lack of diversity 	<ul style="list-style-type: none"> Enhancing workplace dynamics can be achieved by leveraging a variety of skill sets, diverse ethnic and cultural perspectives, gender diversity, and other factors Fostering a culture of learning and growth, as well as promoting tolerance, patience, and perseverance throughout all levels of the organisation 	<ul style="list-style-type: none"> The design and implementation of programme to enhance diversity across all significant dimensions
Labour/Management Relations 	<ul style="list-style-type: none"> Employee morale and performance can be impacted by communication gaps resulting from inconsistent labour engagement 	<ul style="list-style-type: none"> Leveraging the influence of labour networks can lead to improved workforce quality, work environment, and productivity 	<ul style="list-style-type: none"> Retained more than 30% of women's representation on the Board 14% of women in senior management roles
		<ul style="list-style-type: none"> The reinforcement of labour management guidelines and governance to ensure the efficient and effective resolution of all labour issues and concerns 	<ul style="list-style-type: none"> 62.47% of employees were unionised Signed five Collective Agreements between UMW Group and Kesatuan Pekerja-Pekerja Perusahaan Kumpulan UMW (KPPPKUMW)

APPENDIX

MATERIAL MATTERS

Risks	Opportunities	Short-to Mid-term Approach	Value Created
Business Ethics and Governance			
<ul style="list-style-type: none"> Inadequate or ineffective anti-corruption governance may result in regulatory pressures, increased noncompliance costs, and a negative reputation 	<ul style="list-style-type: none"> Incorporating principles of good governance can enhance an organisation's resilience against external factors, thereby future proofing it 	<ul style="list-style-type: none"> The reinforcement of the governance of the enterprise risk management framework and relevant policies and processes can facilitate the efficient implementation of EES programmes and initiatives 	<ul style="list-style-type: none"> Obtained zero corruption charges Reviewed and revised the Anti-Bribery and Corruption Policy and the Whistleblowing Policy Attained the ISO 37001 Anti-Bribery Management System certificate. 97% employees completed the Anti-Bribery and Corruption e-learning
Sustainable Supply Chain			
<ul style="list-style-type: none"> Irresponsible practices and procedures throughout the supply chain can result in additional operational costs and reputational harm 	<ul style="list-style-type: none"> By promoting sustainability practices in vendors and suppliers, we can strengthen our supply chain management and ensure sustainable business growth 	<ul style="list-style-type: none"> Establishing guidelines for sustainable supply chain practises in order to increase industry collective capability and promote local suppliers Raising suppliers' awareness on ESG 	<ul style="list-style-type: none"> Local suppliers comprised 88% of the Group's suppliers. 59% of the Group's procurement budget went to local suppliers Held a supplier performance review exercise for 308 suppliers
Occupational Health & Safety			
<ul style="list-style-type: none"> Inadequate OHS standards and practices may result in health hazards, workforce inefficiencies, and financial losses 	<ul style="list-style-type: none"> Boosting employee health and well-being can enhance productivity and performance 	<ul style="list-style-type: none"> Cultivating a "health and safety" culture across the organisation through education and awareness 	<ul style="list-style-type: none"> Maintained zero cases of fatalities 26 operational sites were assessed against the ISO 45001:2018 standard 31 operational sites underwent statutory compliance audit
Community Investment			
<ul style="list-style-type: none"> Negative social and economic impacts from our operations on local communities can potentially give rise to reputational repercussions 	<ul style="list-style-type: none"> Increase our commitment to the community and as a result enhancing our market reputation 	<ul style="list-style-type: none"> Implementing community development initiatives that nurture future generations and equip youths with industry-ready skills, such as our Apprenticeship Programme for entre-level technical mechanics Creating a positive environmental impact on the country through nature-based initiatives such as reforestation 	<ul style="list-style-type: none"> Enrolled 55 interns through internship programme UMW Community Volunteers dedicated 11,344 volunteer hours Contributed about RM9.1 million in cash and in kind, to communities

FTSE4GOOD INDEX

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

Pillar	Material Matters	FTSE4Good's ESG Themes
Pillar 1		
SUSTAINABLE ENVIRONMENT - ENVIRONMENTAL STEWARDSHIP	Climate Change Waste and Water	Climate Change Pollution & Resources
Pillar 2		
SUSTAINABLE WORKFORCE - DYNAMIC WORKFORCE	Training and Education Employee Engagement Labour/Management Relations Diversity and Inclusivity Occupational Health and Safety	Labour Standards Health and Safety
Pillar 3		
SUSTAINABLE PRODUCTS AND SERVICES - INNOVATIVE & HIGH-PERFORMANCE PRODUCTS	Customer, Products, Innovation and Excellence Business Ethics & Governance Sustainable Supply Chain	Supply Chain (Environment) Supply Chain (Social) Corporate Governance Anti-Corruption
Pillar 4		
SUSTAINABLE LOCAL COMMUNITIES - NURTURING COMMUNITY & SOCIETY	Community Investment	Human Rights & Community

As part of our sustainability journey, we are always improving our sustainability reporting from time to time. Hence, we have decided to publish several key sections on our website instead of within the Sustainability Report to cater to a wider range of stakeholders. Scan the QR codes below to read about the following sections on our corporate website:

GRI CONTEXT INDEX	KEY PERFORMANCE DATA	STAKEHOLDER ENGAGEMENT
 <p>UMW's Sustainability Report has been prepared with reference to the Global Reporting Initiative (GRI) Universal Standards.</p>	 <p>Our key performance data discloses three-year data where possible to allow for comparison.</p>	 <p>We regularly engage with our internal and external stakeholders, the people who may impact or be impacted by our decisions and business activities, through various platforms and channels of communication. Keeping a close relationship with our stakeholders allows us to meet their needs and build trust and confidence towards our value creation journey.</p>

ABOUT THIS REPORT

An opportunity to conserve the environment presents itself every time an organisation embarks on a sustainability reporting journey. Sustainability reporting does not only transform accordingly to new policies of a country and global standards but most importantly, it transform the way an organisation operates its business.

Welcome to UMW Holdings Berhad's seventh stand-alone Sustainability Report (this Report). While our last sustainability report revealed UMW's climate action and roadmap, 2022's edition further heightens the urgency to respond to climate change. Apart from detailing our contributions toward limiting global warming to 1.5°Celsius and our commitment to achieving carbon neutrality by 2050, we are also widening the disclosures of climate action by including Scope 3 carbon emissions and air emissions.

This Report communicates our environmental, social and governance performance as we continued to create value and contribute to the business' long-term sustainable growth. To achieve our sustainability goals, UMW Group has made it a must to continue engaging stakeholders for feedback and knowledge sharing in order to improve our plans and actions.

SCOPE OF REPORTING AND BOUNDARIES

This Report covers UMW Group's four core businesses based in Malaysia, i.e. the Automotive, Equipment, Manufacturing & Engineering and Aerospace businesses. The Report does not disclose any information on our internal activities and the non-core business segments, unless specified.

GUIDELINES AND STANDARDS

This Report has been prepared in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements on Sustainability Reporting and with close reference to the Global Reporting Initiative (GRI) Universal Standards.

REPORTING PERIOD

This Report covers information for the financial year 1 January 2022 to 31 December 2022 and includes three years of comparative historical data where applicable. Our last Sustainability Report covered the financial year 1 January 2021 to 31 December 2021 and was published in 26 April 2022.

FEEDBACK

We welcome comments and suggestions on our sustainability efforts and contents of this Report. Please share your feedback or any queries with us by contacting:

Zoelaney Abid
Group Director
Group Strategy Division

Muhammad Badrul Hasshim
Manager
Group Strategy Division

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This Report is available on UMW's corporate website at: www.umw.com.my

It is also available via this QR code:

01

Download the "QR Code Reader" on the App Store or Google Play

02

Run the QR Code Reader app and point your camera to the QR code





12 April 2023

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Independent Limited Assurance Report to UMW Holding Berhad (“UMW”) over selected Subject Matter reported for the 12 months ended 31 December 2022

Scope

In accordance with the terms of engagement letter dated 1 March 2023, we were engaged by UMW to perform an independent limited assurance in respect of selected sustainability indicators (“Subject Matter”) in the Sustainability Statement dated 1 April 2023.

The Sustainability Indicators selected by UMW were:

- (i) Energy use
- (ii) Direct GHG emission (Scope 1)
- (iii) Indirect GHG emission – purchased electricity (Scope 2)
- (iv) Economic Value Generated and Distributed
- (v) Waste Generated
- (vi) Accident Rate
- (vii) Training hours
- (viii) Volunteer Hours
- (ix) Percentage of purchases from local suppliers

The criteria (“Criteria”) against which we assessed the Subject Matter are presented in the Basis of Reporting within the Sustainability Statement.

UMW’s responsibilities

The Management of UMW are responsible for the Sustainability Indicators and for the preparation of the Subject Matter in accordance with the Criteria.

Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures that we have performed and the evidence we have obtained.

Assurance standards applied

We performed our work in accordance with International Standard on Assurance Engagements 3000 – ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ (“ISAE 3000”), and in respect of the greenhouse gas emissions



information included within the Sustainability Statement, in accordance with International Standard on Assurance Engagements 3410 – ‘Assurance Engagements on Greenhouse Gas Statements’ (“ISAE 3410”), issued by the International Auditing and Assurance Standards Board.

These standards require that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria, for the Period.

Our Independence and Quality Control

We have complied with the relevant ethical requirement related to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We have performed the engagement under professional requirements that are at least as demanding as ISQC 1.

Summary of work performed

The procedures we performed were based on our professional judgement and included:

- Enquiries of management
- Analytical procedures
- Testing of selected data to source information
- Re-performance of calculations
- Walk-through of key processes and controls
- Testing over the consolidation and reporting processes applied by UMW

The procedures performed in limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Use of report

This report was prepared for UMW. We disclaim any assumption of responsibility for any reliance on this report to any persons other than UMW, or for any purpose other than that for which it was prepared.

Inherent Limitations

Because of the inherent limitations of any non-financial performance information, given both its nature and the methods used for determining, calculating and estimating such information, it is possible that fraud, error or non-compliance may occur and not be detected.



The methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time.

This report relates to Subject Matters contained in the 2022 Sustainability Report for the 12 months ended 31 December 2022. We have not been engaged to report on the integrity of the 2022 Sustainability Report. We do not accept responsibility for any changes that may have occurred to the reported subject matter information or criteria since they were initially presented in the 2022 Sustainability Report. This report refers only to the Subject Matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria for the 12 months ended 31 December 2022.

DHI

A handwritten signature in blue ink, appearing to read "Tan Cheng Ann".

Mr. Tan Cheng Ann
Managing Director

A handwritten signature in blue ink, appearing to read "Mazlin".

Prof. Emeritus Dato' ChM Dr. Mazlin Mokhtar
Concurring Expert



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