



UMW

UMW HOLDINGS BERHAD

(Company No. 90278-P)

DIRECTORS' CODE OF ETHICS

(Adopted by the Board of Directors on 21st August 2009)

All Directors within the Group, adhere to the UMW Directors' Code of Ethics, which provide guidance to recognise and deal with ethical issues, provide mechanisms to report unethical conducts, and help foster a culture of honesty and accountability.

The Directors' Code of Ethics is currently under review to align it with recent changes in regulations and best practices. The revised version will be uploaded upon approval by the Board.



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INTRODUCTION

The Board of Directors of UMW Holdings Berhad ("UMWH") recognises that the business environment and laws are continually becoming more complex and these have imposed a greater demand for reasonable competency among company directors, not only at UMWH but also throughout its group of companies ("UMW Group"). It is important that there exists an acceptable level of corporate behaviour not devoid of professionalism and credibility, to uphold good corporate integrity. Experiences within the country and elsewhere have critically exposed the need to formulate standards of corporate behaviour to create an ethical corporate climate.

DIRECTORS' ROLE

A director is charged with leading and managing the company he is named as director in an effective and responsible manner. Each director has a legal duty to act in the best interests of the company. Directors, collectively and individually, should be aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the company are managed. The Board of Directors sets the company values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

PRINCIPLES

The principles on which the UMW Board of Directors' Code of Ethics ("the Code") rely are those that concern transparency, integrity, accountability and corporate social responsibility. In the case of UMWH, being one of the Government-Linked Companies ("GLC"), this Code is intended to complement the main policy thrusts of the GLC Transformation Manual, launched on 29th July 2005, by the Putrajaya Committee on GLC High Performance on the need to upgrade the effectiveness of GLC Boards.

This Code is adapted from the Company Directors' Code of Ethics issued by the Companies Commission of Malaysia. It should be read together with the UMW Board Charter, Malaysian Code on Corporate Governance and Bursa Malaysia Securities Berhad's Corporate Governance Guide issued on 8th June 2009, in order to provide a comprehensive overview of what is expected from the UMW Board of Directors ("UMW Board") and all appointed company directors in the Group.

OBJECTIVES

The Code is formulated to enhance the standard of corporate governance and corporate behaviour with a view to achieving the following objectives -

1. To establish a standard of ethical conduct for directors based on acceptable beliefs and values a person of right mind upholds.
2. To uphold the spirit of social responsibility and accountability in line with legislations, regulations and guidelines governing a company.

DEFINITION

In the context of this Code, a company director means any person occupying the position of director of a corporation in UMWH and the UMW Group by whatever name called, and includes a person in accordance with whose directions and instructions the directors of a corporation are accustomed to acting, and an alternate or substitute director. A director also includes both executive and non-executive director as well as executive and non-executive chairman of a corporation.

CODE OF CONDUCT

In discharging his or her duty to direct the management of the business and affairs of the UMW Group, a director shall at all times act in a manner he or she believes to be in good faith and in the best interests of the UMW Group, and exercise the care an ordinary prudent person in a like position would exercise under similar circumstances.

The Board represents the interests of shareholders in optimising value by overseeing management performance on the shareholders' behalf. The Board's responsibilities in performing this function include a duty of care and a duty of loyalty. They should encompass the areas of corporate governance, relationship with all stakeholders, social responsibilities and concern for the environment.

In the performance of his duty of care, a director should at all times observe the following -

1. Comply with applicable laws, rules and regulations in their service to the UMW Group, including without limitation, the applicable provisions of the Companies and Securities Acts;
2. Have a clear understanding of the aims and objectives, capabilities and capacity of the Company;
3. Devote time and effort to attend meetings and to know what is required of the Board and each of its directors, and to discharge those functions;
4. Ensure at all times that the Company is properly managed and effectively controlled;
5. Stay abreast of the affairs of the Company and be kept informed of the Company's compliance with relevant legislations and contractual requirements;

6. Insist on being kept informed on all matters of importance to the Company in order to be effective in corporate management;
7. Limit his directorship of companies to a number in which he can best devote his time and effectiveness - each director is an own judge of his abilities and how best to manage his time effectively in the Company in which he holds directorship;
8. Have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;
9. At all times, exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Company;
10. Protect the UMW Group's assets and ensure their efficient use, must not use company time, employees, or other assets for personal benefit without prior authorisation, or as part of a compensation or expense reimbursement programme available to all directors;
11. Be conscious of the interests of shareholders, employees, creditors and customers of the Company;
12. Endeavour to deal fairly with customers, suppliers, competitors and employees, and should not, at any time, take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or other dishonest but not illegal practices;
13. At all times, promote professionalism and raise competency of management and employees;
14. Ensure adequate safety measures and provide proper protection to workers and employees at work places;
15. Ensure that the activities and the operations of the Company do not harm the interests and well-being of the society at large and assist in the fight against inflation;
16. Be more proactive to the needs of the community and assist in society-related programmes;
17. Ensure effective use of natural resources, and improve quality of life by taking on corporate social responsibilities;
18. Adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies.
19. Ensure that necessary steps are taken in accordance with the law to properly wind-up or strike off the company register if the Company has not commenced business or has ceased to carry on business and is not likely to commence business in future or again to carry on business as the case maybe;

20. Avoid any conflicts of interest with the Company and disclose immediately all contractual interests, whether direct or indirect, with the Company and the UMW Group;

A “conflict of interest” can occur when a director’s private interest interferes in any way - or even appears to interfere - with the interests of the UMW Group as a whole. Conflicts of interest can also arise when a director, or persons connected to him, takes action or has interests that may make it difficult for him or her to make independent judgment or to serve as a Director of the UMW Group objectively and effectively or receives improper personal benefits as a result of his or her position as a director in the UMW Group.

Conflicts of interest may arise indirectly, for instance, when a director is an Executive Director, major shareholder or otherwise has a material interest in another company or organisation doing business with the UMW Group;

21. Neither divert to his own advantage any business opportunity that the company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
22. At all times, act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties; and
23. Be willing to exercise independent judgment and, if necessary, openly oppose if the vital interest of the Company is at stake.

EFFECTIVE BOARD

Only an effective Board can perform the above duties to the best of its ability. Thus, it is imperative for the UMW Board to truly raise its effectiveness by way of structuring the Board, ensure effective day-to-day Board operations and interactions, and fulfil its fundamental roles and responsibilities at the best practice levels. To be effective, the UMW Board must progress from just “conforming” to “performing”.

In compliance with the GLC transformation Manual, the directors of the UMW Group and the respective Boards that they form should uphold the following components to be effective:

1. Structuring a High-Performing Board
 - Structure the Board to match the Company’s requirements
 - Define committees’ role, structure, and composition to complement the Board’s requirements
 - Select and nominate directors using a disciplined process
 - Evaluate the Board as a whole and each director regularly

2. Ensuring Effective Board Operations and Interactions
 - Make every Board meeting productive
 - Ensure the quality and timelines of all Board information
 - Build trusts via positive Board interaction, dynamic and open communication within the Board and with management

3. Fulfilling the Board's Fundamental roles and Responsibilities
 - Contribute to developing corporate strategy and setting of targets
 - Uphold a strong corporate performance management approach
 - Oversee development of the Company's future leaders and human capital
 - Understand and manage the Company's risks
 - Adopt a shareholders' perspective when making decisions
 - Balance valid stakeholder interests