



20 January 2009

Dear Greg Regaignon and Christopher Avery,

## **UMW Holdings Berhad Responds to Burma Campaign UK**

Thank you for giving UMW the opportunity to explain and highlight our perspective of our operations in Myanmar.

We would like to begin by saying that as a business entity, The UMW Group strives to remain apolitical in our dealings. Our business operation in Burma is not and should not be taken as a reflection of our support for the military regime. Our support has always been and will always be for the everyday people of Myanmar, particularly the people that are employed by us. In situations of political struggle, we believe that ordinary people should not also be made to struggle economically. We believe that our business practices in Myanmar (Burma) provide respectable employment opportunities for the people. The UMW Group provides protection for our employees as far as possible and guarantees them and their families a livelihood that they otherwise might not have. To better understand how we arrive at this conclusion, allow us to firstly, share the history of our operations in Myanmar.

The UMW Group is an international conglomerate that develops industries, manages partnerships and facilitates growth. We are involved in four core businesses – Automotive, Equipment, Manufacturing and Engineering, and Oil & Gas. We are present in 13 different countries, with most of our overseas operations being in the Oil & Gas industry. In Myanmar, UMW operates as a distributor of heavy equipment and machinery, used in industries such as construction and agriculture. Our principal suppliers' products have been available in Myanmar since 1978, long before UMW came into the picture. However, the previous distributor of these products was badly affected by the 1997 ASEAN financial crisis. Their consequent plan to cease operations in Myanmar put the livelihoods of approximately 50 local employees at stake. On 16th September 1998, our principal suppliers requested that UMW take over the role as exclusive distributor of their products in Myanmar. UMW's foray into Myanmar was a mission to revive a failing business operation, with the employees looking to us as their rescuers and we wish to clearly reiterate the fact that it was not in any way related to support for the Junta.

Since our Myanmar operations began in 1998, UMW has continuously and closely monitored developments and risks within the country as a matter of priority. We realise that Myanmar is recognised as a country of concern. We have also noted that our operations in Myanmar are small and do not provide a material contribution to the overall economic value of the Group. Nonetheless, we have decided to continue operations in Myanmar as we feel obligated to continue to support our workforce in the country – they are not just UMW *employees*; they are part of the UMW *family* and there is no question of leaving them in the lurch.

As small as our operations in Myanmar may be, we are proud to note that under our management, the number of employees has increased from approximately 50 to 83 people, reflecting our efforts to create more job opportunities for the local community. Indeed, it is UMW's policy to employ locals in areas which we operate because we believe in growing with the local community. Since October 2005, the UMW Myanmar operations have been run by 100% Myanmar nationals with a Malaysian General Manager, based in Malaysia, flying in occasionally to only provide guidance and support for the local management team.

We have also taken steps to increase the standard of living of our employees in Myanmar. Under the previous management/ distributor, employees received an average salary of Kyat 20,000/-, equivalent to approximately USD 50.00. The average salary under UMW is now equivalent to USD 241.00. The added employment benefits we offer, which includes medical treatments and insurance coverage, is also above the local industry average. Going further, our concern for our employees is not just about dollars and cents, bills and reimbursements; it is also about nurturing potential. We have regularly given opportunities to our employees in Myanmar to attend overseas training programmes which will assist in their professional growth and development.

At UMW, we have continuously worked to provide a fair and supportive workplace for all of the people who have chosen to share part of their lives and careers with us, regardless of where they are or what the greater political situation might be. The above are just a few examples on how we have worked towards this objective for our employees in Myanmar. But we also believe that the benefits of our operations in Myanmar are not only limited to our employees but are also felt, in some way, by the larger community.

For example, our heavy equipment is used in the agricultural sector to build and maintain irrigation canals for rice fields as well as to facilitate the planting of palm oil, cassava and sugar cane crops. The bulk of the agricultural produce is for local consumption and has more to do with meeting the food demands of Myanmar's own population rather than gaining profit from export. We feel that there is nothing more heartbreaking than seeing an entire nation go hungry. Perhaps, the worst struggle of all is one fought on an empty stomach and while as a business entity, it is beyond our capacity to ensure that food is fairly distributed, we can at least offer our services towards helping produce a sufficient amount.

UMW is also always ready to assist the larger community in times of natural disaster. When Cyclone Nargis struck the heart of Myanmar on 3 May 2008, we saw the havoc and devastation it caused, we heard the calls for help and we answered. In Malaysia, The UMW Group donated RM 75,000 to the MERCY Malaysia Humanitarian Fund which was set up to provide medical aid and humanitarian relief for the survivors of Cyclone Nargis and includes water, sanitation and hygiene programmes to ensure safe, portable water for the survivors. At the same time, we also provided humanitarian NGO, MERCY Malaysia, use of our warehouses in Myanmar as an operations base for on-the-ground relief efforts. We then further contributed USD 10,000 to the local Cyclone Nargis Disaster Relief Fund.

All the measures that we have mentioned above, from striving to create a fair and supportive workplace to our disaster relief efforts fall under our Corporate Social Responsibility policy. Our CSR policy is comprehensive and covers the areas of the workplace, the marketplace, the environment and the community. As UMW believes in transparency, the ethical implications of our operations in Myanmar have been disclosed, documented and addressed in further detail in our 2007 Corporate Social Responsibility Report. Our CSR Report is readily available, upon request, to members of the public. The report was audited by Bureau Veritas, an independent, international certification body before being submitted to the Global Reporting Initiative (GRI), a collaborating centre of the United Nations Environment Programme. We are the first Malaysian corporation to receive the highest possible rating for our CSR report – that is an A+, according to the stringent GRI-G3 guidelines.

In 2008, UMW unveiled a new brand and adopted a new rallying call – *Beyond Boundaries*. We are set to play a leading role in shaping the future of our industries globally by working to overcome physical barriers as well as the obstacles and barriers in our minds. As UMW strives to achieve greater financial and market success, we have promised to place “Corporate Social Responsibility” at the very heart of the organisation. But let's forget fancy terms and acronyms; at the end of the day, our promise is quite simply, to place people, everyday people, at the very heart of our organisation, and we do this, not because we HAVE to but because we WANT to.

UMW Corporate Social Responsibility Report 2007 can be downloaded from our website, <http://www.umw.com.my/>, or you can click on this direct link [http://www.umw.com.my/doc/UMW\\_CSR.pdf](http://www.umw.com.my/doc/UMW_CSR.pdf) to read and download the full report. For your record and ease of reference, we will also send two (2) copies of the 2007 Corporate Social Responsibility Report to you at the following address:

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London  
N1 6HT  
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Thank you.

Yours sincerely,

Suseela Menon  
Executive Director, UMW Corporation Sdn Bhd