

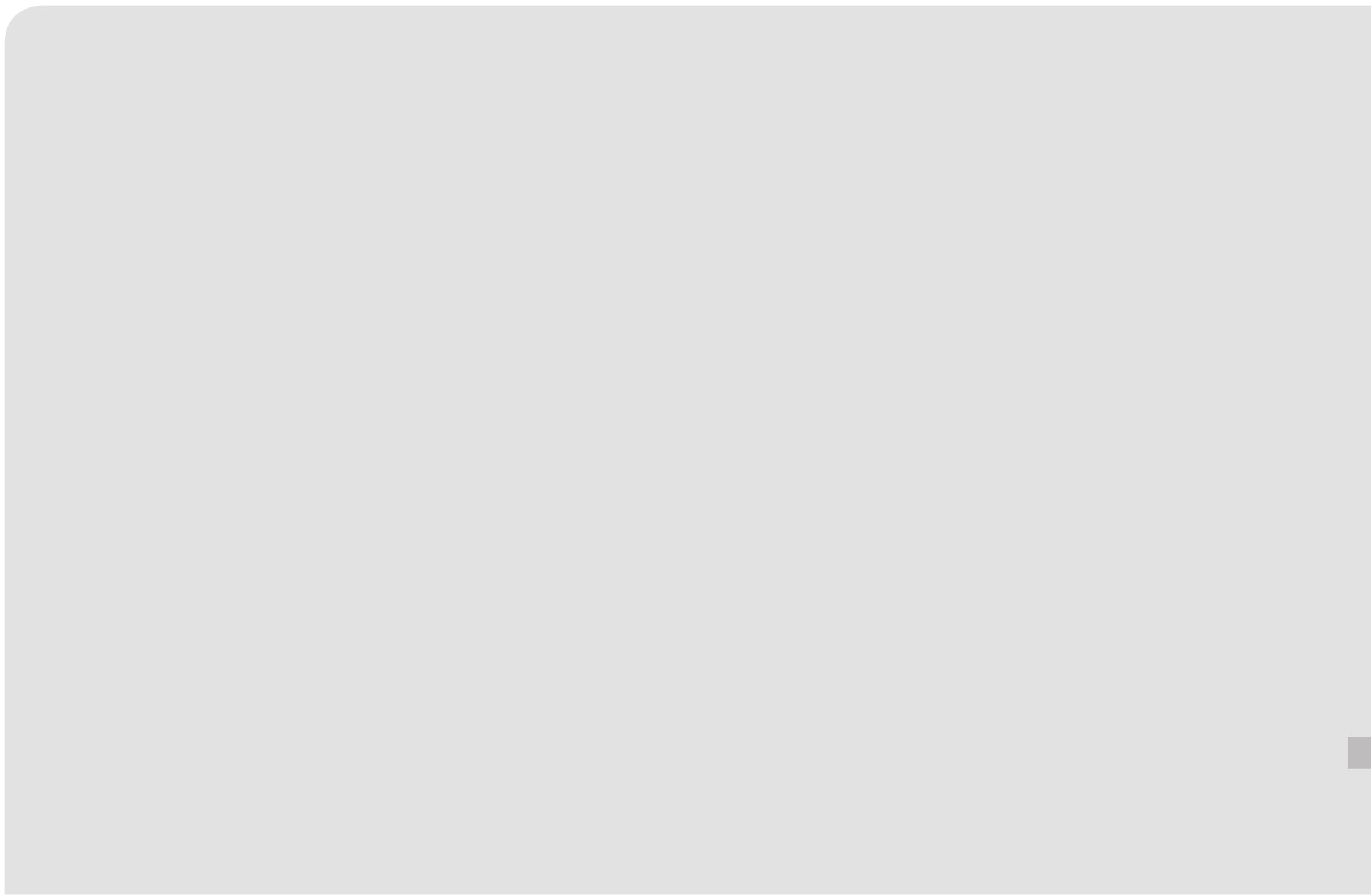


CHEMICAL COMPANY
OF MALAYSIA BERHAD
(5136-T)

The background of the cover features a group of seven professionals in various work settings. A woman in a white lab coat and blue gloves holds a test tube. A man in a white hard hat and safety glasses holds a clipboard. A woman in a red and white safety jacket stands next to him. In the foreground, a woman in a white lab coat works on a laptop, a man in a dark suit sits next to her, and a woman in a patterned hijab holds a folder. A person in a full yellow hazmat suit is partially visible on the left. The background is a vibrant, abstract composition of blue, purple, and red geometric shapes and light effects.

FIT FOR FUTURE

SUSTAINABILITY REPORT 2018

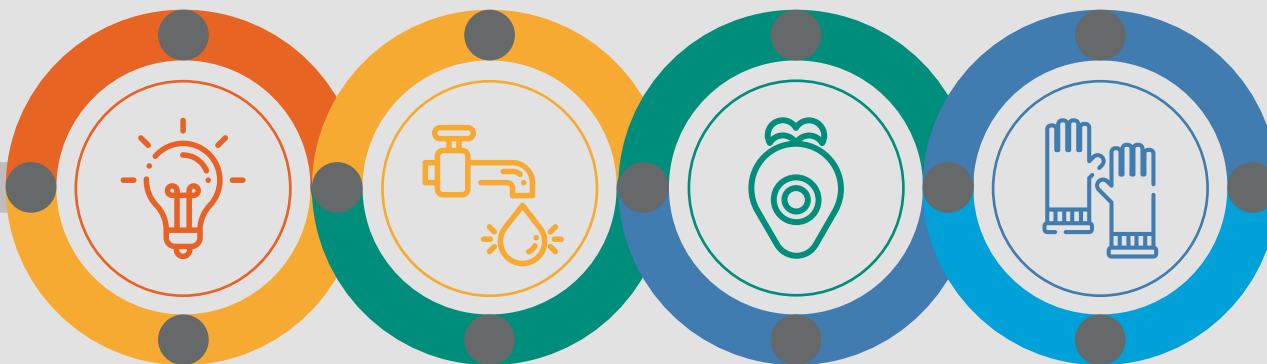


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FIT FOR FUTURE

This cover, featuring a montage of its employees in movie poster style, demonstrates that it is the teamwork and togetherness of its employees that make the company's 55 years of success possible. With the backing of the team, CCM is fit to take on challenges of the future.



About This Report [102-1, 102-50, 102-52, 102-54]

At Chemical Company of Malaysia Berhad (CCM, the Company or Group), sustainability is a key strategy for our business, enabling us to drive responsible growth and create new opportunities for shared success. By further building sustainable practices into the way we source materials, develop products and reduce our environmental footprint, we are able to meet our customers' needs.

We are proud to present CCM's Sustainability Report 2018 (Report). In this Report, our fifth annual standalone Sustainability Report, we detail the Group's sustainability progress for the reporting period from 1 January 2018 to 31 December 2018.

This is our first year of reporting in line with the Global Reporting Initiative (GRI) Standards – Core Option. The GRI Content Index and the GRI reference icons used throughout this Report show where the content for each specific disclosure under the GRI can be found. The highlights of our Report include the formulation of an overarching sustainability strategy to drive us forward in our initiatives as well as the results of a materiality assessment which identifies 12 priority areas that are of importance to our stakeholders and pivotal to the success of our business.

We also pinpoint our efforts to contribute towards the nation's targets for sustainability which are aligned with 10 out of the 17 United Nations' Sustainable Development Goals (SDGs). These SDGs are mentioned in the relevant sections of this Report in a focused and meaningful manner.

Through this Report, we aim to enhance our transparency by providing our stakeholders with disclosure on CCM's material Economic, Environmental and Social (EES) matters. We have made every effort to ensure the measurements and claims in this Report have been collected and reported as accurately as possible. We trust that our commitment to transparency and accuracy will reinforce CCM's position in the market, enhance investor confidence, and strengthen our relationships with our stakeholders.

REPORTING SCOPE [102-2, 102-3, 102-4, 102-48]

Our reporting scope for this year covers our headquarters (CCM Berhad or CCMB) in Kuala Lumpur and our two main Divisions, CCM Polymers Sdn Bhd (CCM Polymers, the Polymers Division and CCM Chemicals Sdn Bhd (CCM Chemicals, the Chemicals Division).

Our projects and operations are located in various parts of Malaysia including Kuala Lumpur; Pasir Gudang in Johor; as well as Shah Alam and Bangi in Selangor. We also have operations in Jakarta, Indonesia.

In line with our 2018 Annual Report, this Report covers our sustainability information from 1 January to 31 December 2018 and includes one year of comparative historical data wherever applicable. Although the Group has been recording its sustainability information since 2015, following the

divestment and demerging of our other businesses (namely our previous fertilizers and pharmaceuticals businesses in 2016 and 2017 respectively), our data comparison parameters have changed substantially. As such, for ease and accuracy of data comparison points, we will only include comparative data for the financial years 2017 and 2018 (FY2017 and FY2018) in this Report.

FEEDBACK [102-53]

This Report as well as our previous sustainability reports are available in PDF format and can be downloaded from our website at <https://www.ccmbherhad.com>. We encourage our readers to voice their opinions or concerns on our approach to sustainability and the development of our sustainability efforts and programmes. Readers are free to reach out to us by directing their comments and suggestions to:

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About Our Company [102-16]

Chemical Company of Malaysia Berhad (CCM) has a remarkable corporate presence in Malaysia that has grown significantly for over 50 years. We are a Shariah-compliant public listed company on the Main Board of Bursa Malaysia Securities Berhad (Bursa Securities), playing a key role in the development of the chemical and polymers industries. CCM offers a wide range of products and services to the chemical and polymers sectors. Our wealth of expertise and experience underscore our commitment to providing sustainable solutions based on innovative sciences to these sectors while enhancing the quality of life of our stakeholders.

Our corporate Vision Statement embodies the overarching principles of sustainability where sustainability is a paradigm for planning a future where environmental, societal, and economic considerations are balanced in the pursuit of development and improved quality of life without impairing the ability of future generations to enjoy quality of life.

Building upon our Vision Statement, we take pride in creating knowledge and understanding through innovative sciences to develop solutions for today's acute economic, social and environmental challenges while achieving sustainable development and greener societies.



What We Do [102-2, 102-6, 102-7]

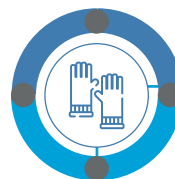
CCM is the leading industrial and specialty chemicals company and a one-stop centre for the provision of a wide range of polymer coating solutions. We are focused on maintaining our strong position in the markets we participate in as well as upholding a clear innovation culture and sustainable business activities. Our core business activities include chemical products and applications, as well as polymer coatings and applications.



CHEMICALS

Our Chemicals business has built a reputation as a chemical solutions provider involved in the manufacture and trade of a wide variety of chemical products including caustic soda, hydrochloric acid, sodium hypochlorite, chlorine, polyaluminium chloride and calcium nitrate for various industries such as the petrochemical, oleochemical, edible oil, chemicals, electronics, rubber gloves, potable and industrial water treatment, as well as food and pharmaceuticals industries. Our trading business is represented by leading principals for various basic and specialty chemicals offered to various industries such as the food and pharmaceuticals, industrial health and hygiene, as well as surface coatings and rubber industries. We also offer a range of engineering services that support the water treatment, power plant, palm oil and rubber industries.

The geographical locations of the markets that we serve are primarily in Peninsular Malaysia and East Malaysia, while we also export to Singapore and Indonesia.



POLYMERS

Our Polymers business serves as a one-stop centre providing a wide range of polymer coating solutions for the rubber gloves industry to produce powder-free medical examination and surgical gloves. We provide customer technical support in terms of product application and process improvement as well as after-sales services in application support and troubleshooting. Our Research and Development team is constantly developing new products to ensure we deliver innovative and customised solutions as well as process support to all stages of the glove manufacturing production. Currently, our product brands are the AYCLARON, CYCLARON, NYCLARON, RYCLARON, TYCLARON, KLEENER and BACFREE brands.

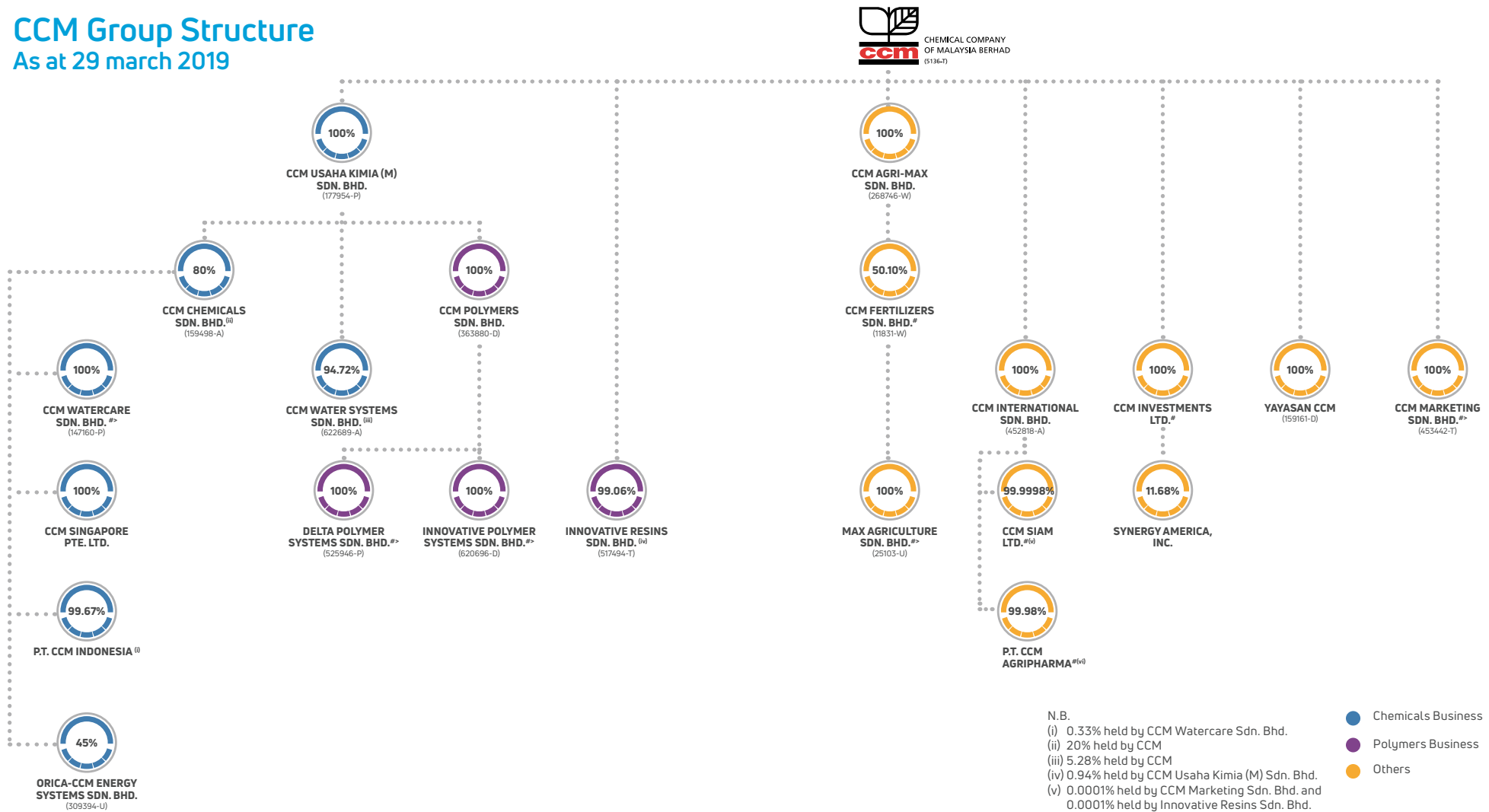
The geographical locations of the rubber gloves markets that we serve are in Malaysia, Thailand, Indonesia, Vietnam, China, Sri Lanka and India.

ORGANISATIONAL SCALE AND OWNERSHIP [102-5, 102-7]

CCM has subsidiaries and investments primarily in Malaysia, Singapore and Indonesia. The scale of our organisation provides products and services for industrial and specialty chemicals of mixed variants. In 2018, CCM registered revenue of RM395.9 million, a 6.8% increase over the preceding year's revenue of RM370.7 million. The increase was attributable to improved revenue from the Chemicals and Polymers Divisions which recorded a 7.7% and 7.0% rise in revenue respectively.

What We Do

CCM Group Structure As at 29 march 2019



N.B.

(i) 0.33% held by CCM Watercare Sdn. Bhd.

(ii) 20% held by CCM

(iii) 5.28% held by CCM

(iv) 0.94% held by CCM Usaha Kimia (M) Sdn. Bhd.

(v) 0.0001% held by CCM Marketing Sdn. Bhd. and

0.0001% held by Innovative Resins Sdn. Bhd.

(vi) 0.02% held by CCM

Dormant

> In liquidation

● Chemicals Business

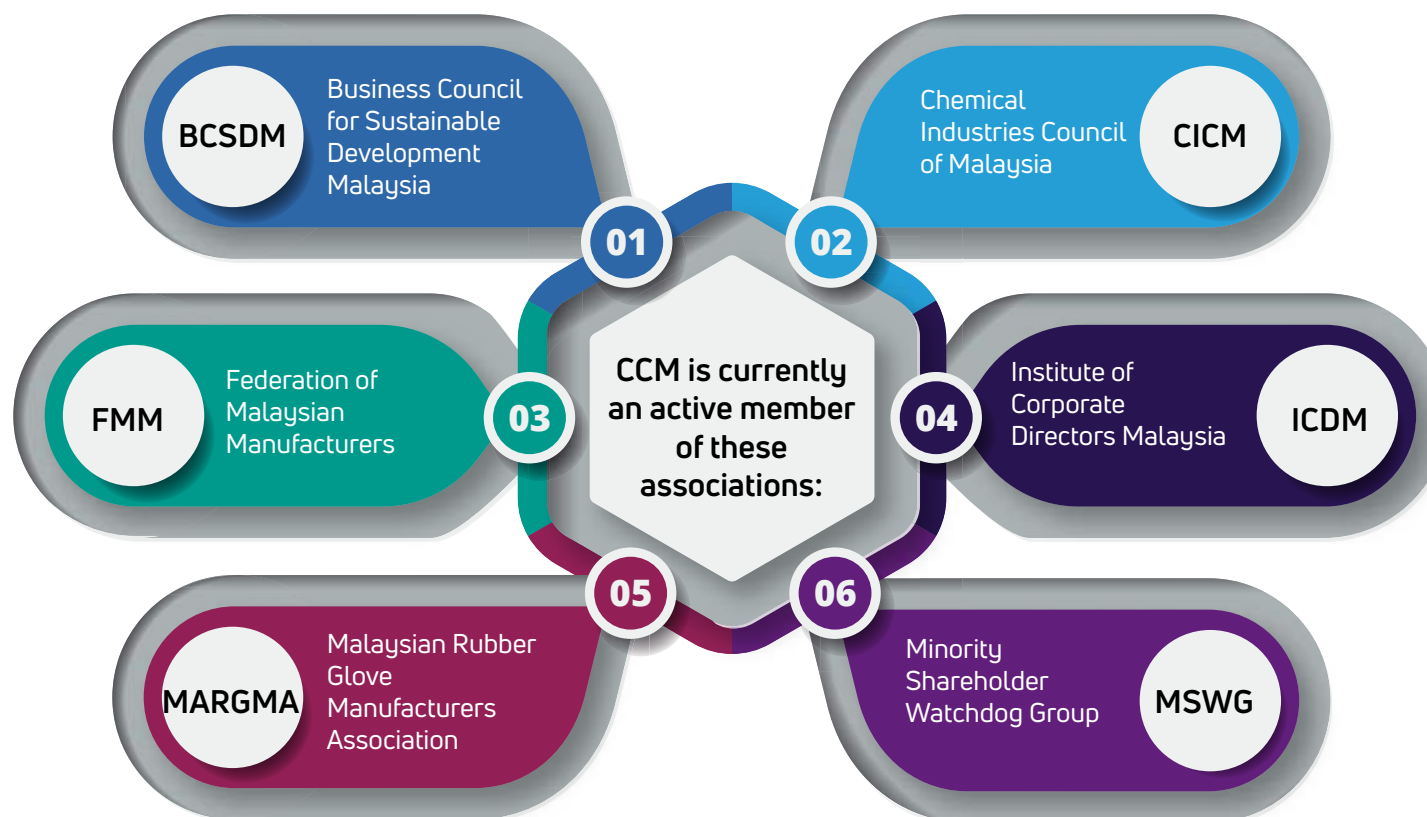
● Polymers Business

● Others

What We Do

MEMBERSHIP OF ASSOCIATIONS [102-13]

Our collaboration with industry players and scientific institutions as well as participation in associated events are important to us. We maintain close links to a number of professional, industry and national organisations.



Business and Sustainability Highlights [102-45]

TURNOVER AND PROFITABILITY (RM'mil)		2018	2017	2018	2017
		Turnover		Profit before tax	
Continuing Operations:					
Chemicals		305.4	283.6	50.6	44.0
Polymers		90.1	84.3	19.2	18.8
Intersegment eliminations and others		0.4	2.8	(18.2)	(48.1)
Total for continuing operations		395.9	370.7	51.6	14.7
Discontinued operation:					
Pharmaceuticals		–	468.0	–	51.8
Group		395.9	838.7	51.6	66.5

LIQUIDITY (RM'mil)		2018	2017
Net cash generated from operating activities		64.6	76.5
Net cash generated from/(used in) investing activities		188.3	(229.2)
Net cash (used in)/generated from financing activities		(279.4)	18.6
Exchange differences on translation of the financial statements of foreign operations		2.5	6.1
Net decrease in cash and cash equivalents		(24.0)	(128.0)
Cash and cash equivalents at 1 January		160.3	288.3
Cash and cash equivalents at 31 December		136.3	160.3

Business and Sustainability Highlights

FINANCIAL POSITION AS AT 31 DECEMBER (RM'mil)

	2018	2017
Total non-current assets	284.9	321.5
Total current assets	290.3	539.9
Total assets	575.3	861.4
Financed by:		
Share Capital	81.9	81.9
Reserves	22.8	163.4
Retained earnings	211.7	36.9
Equity attributable to owners of the Company	316.4	282.2
Non-controlling interests	2.6	(1.3)
Total equity	319.0	280.9
Total non-current liabilities	167.3	132.8
Total current liabilities	89.0	447.7
Total liabilities	256.3	580.5
Total equity and liabilities	575.3	861.4

PROFIT OR LOSS FOR THE FINANCIAL YEAR (RM'mil)

Continuing Operations:		
Revenue	395.9	370.7
Profit before tax	51.6	14.7
Tax expense	(20.9)	(17.4)
Profit/(Loss) from continuing operations	30.7	(2.6)
Discontinued Operation:		
Profit from discontinued operation, net of tax	–	42.4
Profit for the year	30.7	39.8
Profit attributable to:		
Owners of the Company	25.7	25.9
Non-controlling interests	5.0	13.9
Profit for the year	30.7	39.8

CARBON DIOXIDE EQUIVALENT EMISSIONS (MT)

	2018	2017
Headquarters	59.6	54.3
Chemicals	83,857	81,632
Polymers	251.9	255.7
Overall	84,174.5	81,942

KEY STATISTICS FOR OCCUPATIONAL SAFETY AND HEALTH

	2018	2017
Number of LTIs (Lost Time Injury)	0	7
Number of recordable Incidents	2	10
Number of non-recordable incidents	65	121
Total recordable case frequency (TRCF)	1.99	1.91

Awards and Accolades

CCM Group continues to be recognised for its efforts as we uphold excellence on various fronts. In 2018, we garnered several notable awards for our sustainability efforts.

Chemical Company of Malaysia Berhad

The BrandLaureate Most Valuable BestBrands Award 2017 - 2018 for Best Brands in Industrial & Specialty Chemicals

CCM Chemicals Sdn Bhd

CICM Responsible Care Award 2017/2018 in the following areas:



Our accomplishments to date serve to motivate us to achieve greater heights and to continuously elevate our product and service quality.



Chairman's Statement [102-14]

Dear Stakeholders,

Welcome to CCM's fifth Sustainability Report which underscores the good progress we have been making on the Economic, Environmental and Social (EES) fronts in our pursuit of responsible business and sustainable growth.

The agenda of sustainability has been deeply embedded within CCM for some time now. This is reflected in the host of responsible management and sustainable development practices that we have been undertaking to balance out our economic ambitions with good environmental and societal considerations. Our efforts to date continue to provide us the impetus to maximise opportunities in areas such as value creation, industry collaboration, innovation, community enrichment, and the nation's sustainable development, among other things.

Our focus is clear – to consistently meet our vision and mission of being a responsible company committed to enhancing quality of life by providing sustainable solutions based on innovative sciences. This Report showcases what we did in 2018 to execute our sustainability strategy in a way that was consistent with our values.



Chairman's Statements

This year's Sustainability Report is especially noteworthy in that it is the first we have produced that is aligned with the Global Reporting Initiative (GRI) Sustainability Reporting guidelines. By following the GRI guidelines and standards, we are able to move beyond just gauging our sustainability performance against our local industry peers and are now able to benchmark ourselves against global market leaders through the standardised disclosures presented within this Report.

In adopting the GRI Standards, we are able to express the manner in which we address the expectations of our stakeholders by category in the stakeholder engagement table. We have also identified sustainability topics which are of the utmost significance to our business and our stakeholders through the formulation of a materiality matrix. Based on the enhanced approach we have adopted in this Report, we are confident that our commitment to publishing reports that are clear, concise, comparable and meaningful will only grow from strength to strength in the coming years.

In this Report, we have identified ten (10) focus areas that reflect our contribution to the United Nation's 2030 Agenda for Sustainable Development. The Sustainable Development Goals (SDGs) present a universal framework that can be used to drive

collaboration among industry peers and across sectors. They demonstrate how the private sector can effectively harness its combined potential to drive sustainable development on the road to 2030. Most of the listed SDGs that are relevant to our organisation have also been identified as priority SDGs by the global chemical sector. This global initiative which is being led by a selection of leading chemical companies and industry associations brought together by the World Business Council for Sustainable Development (WBCSD), aims to explore, articulate and help realise the potential of the chemical sector as it leverages on influence and innovation to contribute towards the SDG agenda.

As an organisation that prides itself on the tenets of integrity, accountability and transparency; we feel honoured to disclose all of our efforts, no matter big or small, in growing as a sustainable company. I am pleased to report that we made steady progress against a number of key sustainability indicators in 2018.

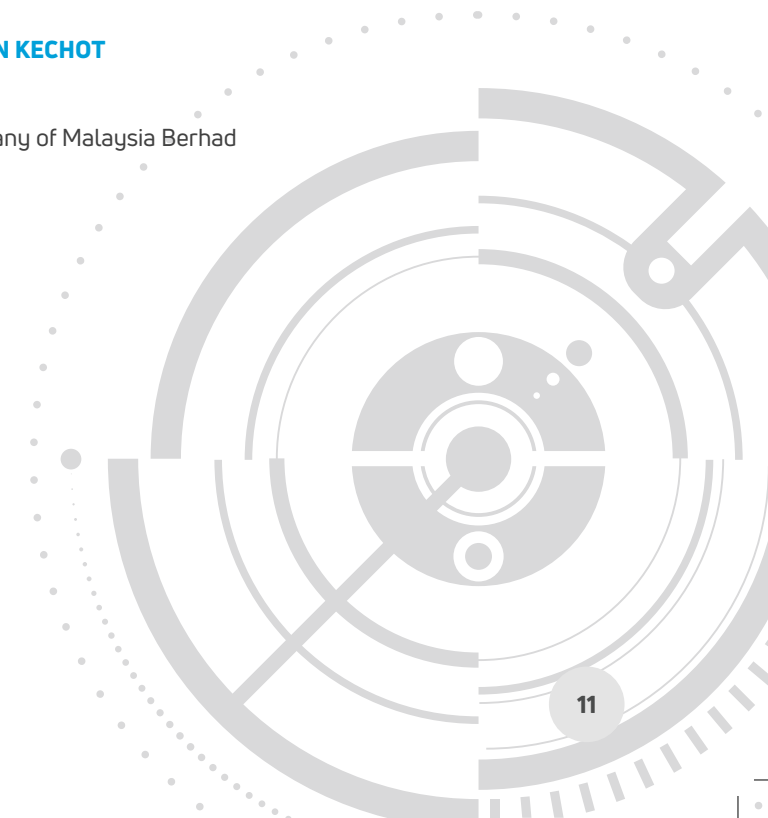
This Report also outlines the many ways in which we manifest our commitment towards 'Enhancing Quality of Life' by working to help address some of the world's biggest challenges. We aim to create the kind of community that we ourselves wish to live in

by continuing our commitment to undertake business in a responsible manner and through inculcating EES themes that support the ecosystem of our sustainability practices.

As we set our sights on enhancing our sustainability reporting and strengthening our fundamentals for a sustainable future, we look to all our stakeholders to continue lending us their unwavering support. We trust that you will find CCM's Sustainability Report 2018 an informative and interesting read. Thank you.

DATO' IDRIS BIN KECHOT

Chairman
Chemical Company of Malaysia Berhad



Our Commitment to Sustainability

CCM believes in the synergy between making continual improvements to sustainability whilst safeguarding the longevity and success of our business performance. We recognise that strengthening our stewardship of nature and building enduring ties with local communities are critical to our long-term success.


Our commitment to these areas is framed within two of the Group's policies – CCM Corporate Responsibility Policy and CCM Sustainability Policy. The Corporate Responsibility Policy was established in 2006 to guide us in managing our business with the highest standards whilst protecting and conserving the environment as well as the well-being of our workers and the communities. In 2013, we established our Sustainability Policy as per Bursa Securities' recommendations. Under this policy, CCM strives to operate in a transparent and safe manner whilst pursuing economic opportunities, complying with business and environmental regulations, promoting a healthy workplace, enriching people's lives, and achieving sustainable growth whilst contributing to the creation of a sustainable society.

CORPORATE RESPONSIBILITY POLICY

It is the policy of the CCM Group of Companies to be a responsible corporate organisation. We recognise the importance to integrate our business values and operations to meet the expectations of our shareholders.



1 We are committed to managing our business with the highest standards of integrity and corporate governance practices and to demonstrating these responsibilities through our actions and within our corporate policies.




2 We will strive to provide our customers with products and services that are hallmarked by integrity, quality and care.



3 We are committed to protecting the health and safety of all individuals affected by our activities including our employees, contractors and the public by providing a safe and healthy working environment.



4 We will actively assess and manage the environmental impact of all of our operations.



5 We are committed to providing equal opportunity in all aspects of employment and ensure that employees are treated fairly and given the opportunity to grow with the Company.



6 We will continue to develop and participate in community programmes which enhance the quality of life especially those areas related to healthcare, education, sports and the environment.

Our Commitment to Sustainability

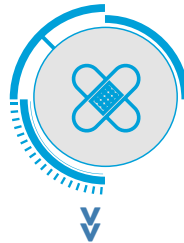
SUSTAINABILITY POLICY

In furtherance of our vision of enhancing quality of life, the CCM Group of Companies is committed towards achieving sustainability that will benefit our stakeholders, the environment, our people and the communities in the territories in which we operate.

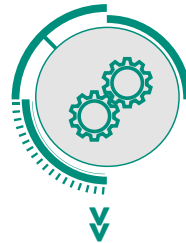
In achieving this, we shall :



Ensure that our activities, products and services are, so far as is practicable, safe to the environment and the health of the people.



Be committed towards the prevention of injury, ill health and pollution as well as towards environmental conservation.



Comply with all applicable statutory, regulatory and business requirements in the territories that we operate.



Optimise the use of natural resources to reduce our carbon footprint and as far as practicable, practice energy efficiency throughout all our plants and facilities.



Be committed towards full conformance to applicable quality, safety, health and environmental international standards.



Operate in an open, transparent and accountable manner.



Cultivate a diverse, inclusive and respectful workplace.



Work closely with our stakeholders and local communities to further improve their quality of life.



Define our sustainability goals, objectives and targets and measure our sustainability performance against agreed targets.



Provide, as far as practicable, the appropriate resources in order to achieve our sustainability goals, objectives and targets.



Continually review and improve our sustainability performance by encouraging innovative thinking and monitoring global economic, social and environmental trends, best practices, challenges and opportunities.



Communicate this Policy to all relevant parties including our stakeholders, customers, employees and the local communities in which we operate.

Our Contribution To The United Nation's Sustainable Development Goals

Agenda 2030 for Sustainable Development, which was launched in 2015 and has been ratified by 193-member states including Malaysia, is the world's first comprehensive blueprint for sustainable development that is aimed towards ending poverty, protecting the planet and ensuring prosperity for all. A blueprint developed by the United Nations, the agenda is built on the tenets of 17 Sustainable Development Goals or SDGs as they are commonly known.

The spirit of the agenda is that responsible businesses and investments are essential for achieving transformational change through the SDGs. Although it is evident that no single business entity can alone be responsible for sustainable development, the concerted effort of a business entity in working together with other businesses can achieve the goals and targets of the 17 UN goals.

Through the responsible production, use, and management of chemicals and polymers at CCM, we are able to support the SDGs through innovative products and practices that mitigate negative operational impact, protect the environment, promote social progress, and support economic growth. Our approach is to explore ways in which we can contribute to achieving the SDGs through more effectively managing our own environmental footprint, working with others to enhance capacity along the value chain, as well as leveraging on our expertise and innovation to unlock new business opportunities that are aligned with the SDGs.



Our Contribution To The United Nation's Sustainable Development Goals

At CCM, we are proud to take a leading role in advancing the SDGs by aligning with ten (10) of these goals which have now become a priority for CCM. The SDGs shown below are mentioned in the relevant sections of this Report in a focused and meaningful manner.

3 GOOD HEALTH AND WELL-BEING



Ensuring the health and safety of our employees and local communities as our top priority.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Foster innovation and upgrade technological capabilities in developing sustainable ecosystem.

4 QUALITY EDUCATION



Providing opportunities for young people to unleash their full potential.

11 SUSTAINABLE CITIES AND COMMUNITIES



Implementation of sustainable solutions to meet the needs of the local communities.

6 CLEAN WATER AND SANITATION



Improving water quality by upgrading water treatment technology and applying best practices for water stewardship.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Sustainable management in material consumption for our production.

7 AFFORDABLE AND CLEAN ENERGY



Continuous improvement in energy by exploring new energy-saving opportunities to a more affordable and accessible to all divisions.

13 CLIMATE ACTION



Identifying new opportunities that can improve energy efficiency and reduce GHG emissions.

8 DECENT WORK AND ECONOMIC GROWTH



Providing opportunities for full and productive employees and decent work for all in compliance to labour rights and safe and secure working environment.

14 LIFE BELOW WATER

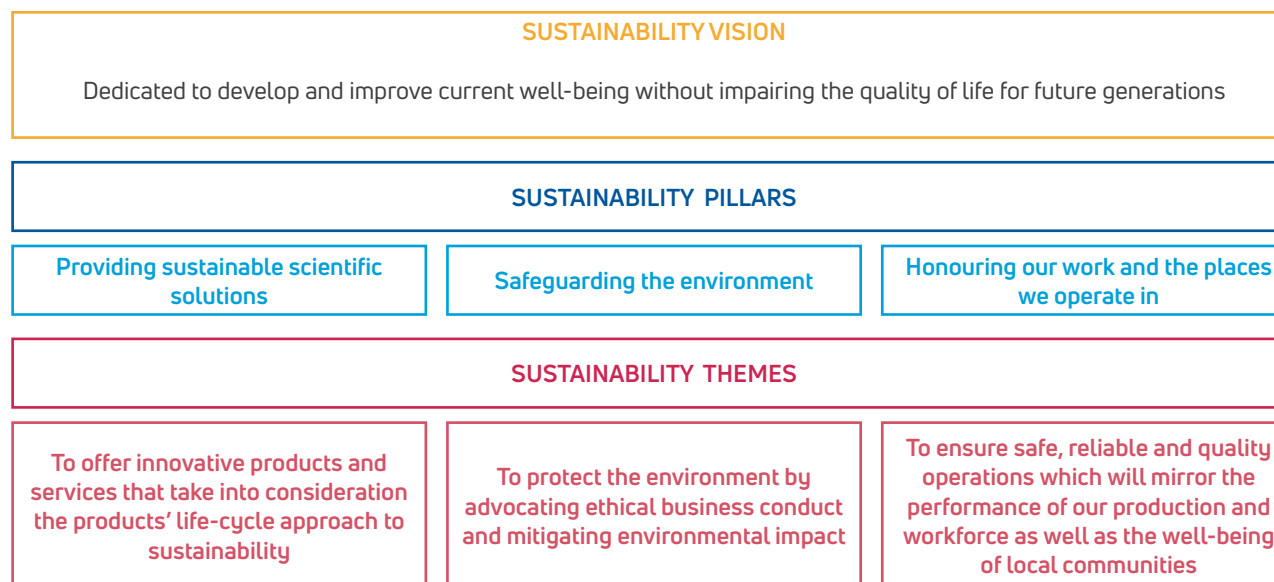


Identify potential impacts and utilising our own production to prevent sea pollution.

Our Sustainability Strategy

The agenda of sustainability offers exciting opportunities to add value to our business – value that we can share with our stakeholders. By further embedding sustainable practices into the way we source materials, develop products and reduce our environmental footprint, we are better able to meet our customers' needs. We also want to have a forward-looking outlook, to anticipate the myriad needs in the changing global picture, and to transform the challenges of sustainability into new possibilities for our businesses and our stakeholders.

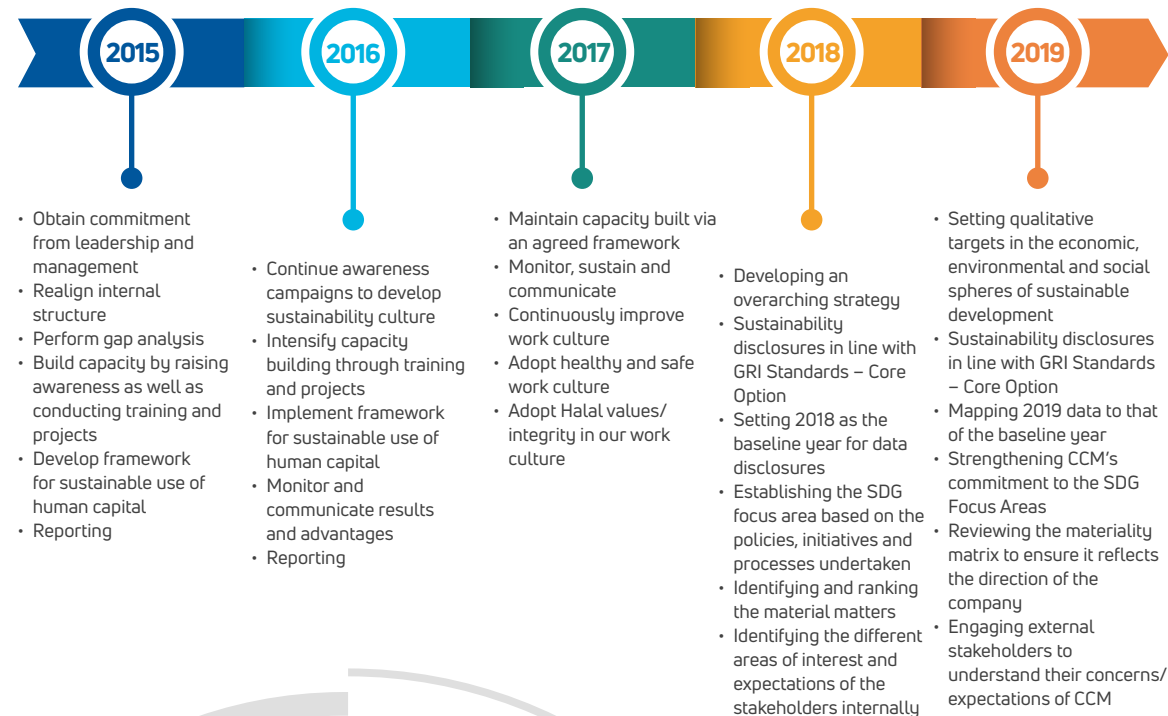
Our overarching sustainability strategy aims to go beyond just meeting our stakeholders' requirements or complying with environmental rules and regulations at the local, state and national levels. We seek to innovate and deliver resilient solutions to a dynamic and unpredictable world as well as to reduce pollution, remain environmentally sustainable and conserve resources.



Our Sustainability Roadmap

A sustainability roadmap provides guidance to companies on the best way to integrate sustainability-related goals and strategies across their organisations. The roadmap aims to help companies identify and quantify their sustainability impact with an emphasis towards minimising that impact in the years ahead.

Since 2015, CCM has strengthened its commitment to sustainability and built upon its sustainability reporting practices which have provided us an effective platform to work towards our goals. In formulating our own sustainability roadmap, we work closely with our stakeholders and business partners to ensure our targets can be accomplished in the most effective manner. Our strategy to embed best sustainable practices across the value chain is defined by the tenets of CCM's Sustainability Policy and our commitment towards supporting the nation's vision for sustainability. Everyone has a part to play including the people we work with, the companies we engage with, as well as the customers who buy our products and use our services. We remain aware of the need to operate and perform in a manner that is suitable to achieve our sustainability goals for the short, medium and long-terms.



Engaging Key Stakeholders [102-40, 102-42, 102-43, 102-44]

We value our diverse stakeholders and it is our aim to communicate with our stakeholders including our customers, our employees, our shareholders, and society at large, as transparently as possible on our strategic direction, motivation, goals, development and business progress. Our growth platforms address key social trends and have a strong alignment with ten (10) of the 17 UN SDGs which set out the global sustainability strategy. In this way, we are confident that the growth and success of CCM benefits its internal and external stakeholders.

Through stakeholder dialogue, we seek to identify opportunities to improve stakeholder management and relationships, co-create projects for our mutual benefit, and ensure our targets can be accomplished in the most effective way. This open dialogue moulds how we execute our strategy, risk management, sustainability matters and business objectives whilst balancing the needs and values of our key stakeholders.

We have identified nine (9) key stakeholder groups that have an effect on or are affected by our activities through our stakeholder identification process. We regularly engage with our stakeholders and create conversations centred on topics that are relevant to our operations and which impact on society as a whole.



EMPLOYEES

One of our key stakeholders is our employees, acting as the backbone of our business operations and management. Our aim is to attract and retain motivated and talented employees, and be a provider of a safe, diverse and healthy workplace for all. The engagements and initiatives we have set in place for our employees can be found under the sections titled 'Training and Development', 'Anti-Corruption Practices', 'Diversity and Inclusiveness', 'Occupational Health and Safety' and 'Employment'.



CUSTOMERS

We are in constant contact with our customers primarily through customer satisfaction surveys as outlined in the 'Product Quality' section. We prioritise the safety of our customers by protecting their information and delivering products of the highest quality. Our activities in these areas are discussed in the 'Customer Health and Safety' and 'Customer Data Protection' sections.



GOVERNMENT AND REGULATORY BODIES

We acknowledge the significance of having good relations with the government and regulatory bodies, as such we regularly address issues that are within their areas of interests. These issues, which are discussed in the 'Our Sustainable Environment' section; cover the Group's energy, waste and water management, among others. Other areas of interest such as business ethics and good marketplace conduct are discussed in the 'Anti-Corruption Practice' and 'Upholding Good Corporate Governance' sections.



MEDIA

Media relations forms an integral part of our business to ensure our external communication is consistent with our sustainability vision, strategy and themes and how we embed these in our operations. We engage with the media through various channels amongst others include press releases, press conferences and development interviews. Key areas where we address their areas of interests are discussed in our 'Annual Economic Performance', 'Innovative Development' and 'Community Engagement' sections.

Engaging Key Stakeholders



SHAREHOLDERS AND INVESTORS

We actively communicate with shareholders and investors by providing accurate information on our business progress, ensuring that the relevant information is equally and simultaneously provided and accessible to all parties. The sections that interest our shareholders and investors may include but are not limited to the 'Annual Economic Performance' and 'Anti-Corruption Practices' section, while the manner in which we engage with our customers and communities are detailed in the 'Product Quality' and 'Community Engagement' sections.



COMMUNITIES AND THE PUBLIC

The communities and public that inhabit the places in which we operate will want to know of our good environmental practices and initiatives. These are disclosed in the 'Responsible Scheduled Waste Management' and 'Monitoring of Water Discharge' sections, among others. Some of the other social and economic benefits that we bring to the local community can be found under the titles, 'Community Engagement' and 'Fresh Graduate Opportunities'.



INDUSTRY PEERS

We maintain good connections and regular dialogue with our industry peers to share industry knowledge and discuss strategic decisions on how best to mitigate the impact of our operations. We highlight our activities in these areas under the 'Our Sustainable Environment' and 'Our Sustainable Economy' sections.



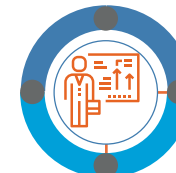
SUPPLIERS

Another key component of our stakeholder engagement activities is our relationship with our suppliers which is discussed thoroughly in the 'Procurement Practice and Supply Chain Partnership' section.



BANKERS AND FINANCIAL INSTITUTIONS

We exchange information with banking and financial institutions on an ongoing basis to maintain our good relationship and reputation as an outstanding company with good economic and sustainability performance. Details of the Group's generated and distributed revenue for the financial year can be found under the 'Annual Economic Performance' section.





STAKEHOLDER ENGAGEMENT TABLE





Throughout the year, we ensure that our stakeholders' concerns are heard and communicated back to us. It is essential to the success of our business that we address their concerns and interests as well as strategise on how best to fulfil their expectations while realising our full potential. We have created many channels for stakeholder dialogue which are spread across different departments and teams. The information and feedback that we receive during these engagement sessions are leveraged on to derive more effective sustainability results in those areas that are most important to our key stakeholders.

Engaging Key Stakeholders




The table below lists out our key stakeholder groups, their concerns and interests, as well as our engagement methods and the frequency of our engagements throughout the financial year.

Our Stakeholders	Stakeholders' Focus and Areas of Interest	How We Address Their Concerns	Frequency of Engagement
 EMPLOYEES	<ul style="list-style-type: none"> • Career development • Work-life balance • Knowledge building and talent development • Employee health, safety and wellness • Diversity and inclusion • Talent management • Women's empowerment 	Capacity building programmes	Throughout
		Performance appraisal	Biannual (Mid-Year and Full Year review)
 GOVERNMENT AND REGULATORY BODIES	<ul style="list-style-type: none"> • Compliance • Product certification • Environmental emissions and discharge 	Pasir Gudang Emergency Mutual Aid (PAGEMA) meetings chaired by the Yang Di-Pertua of Majlis Perbandaran Pasir Gudang	Quarterly
		Dialogue session with the Department of Environment (DOE) on scheduled waste and Guided Self-Regulation (GSR)	4 sessions
		Site inspection/Audit by local authorities	Ad-hoc
		BOMBA inspection for renewal of Fire Certificate	Yearly
		Meetings and dialogue sessions	As and when required
		Annual General Meeting (AGM)	Yearly
		Extraordinary General Meeting (EGM)	As and when required
		Company announcements	As and when required
		Annual Report	Yearly
		Corporate Governance Report	Yearly
		Website	Throughout the year

Engaging Key Stakeholders

Our Stakeholders	Stakeholders' Focus and Areas of Interest	How We Address Their Concerns	Frequency of Engagement
 CUSTOMERS	<ul style="list-style-type: none"> • Safe products and services • Quality management • Product quality and safety • Consumer health and well-being • Product environmental and social impact • Transparency and reporting • Traceability • Human rights 	Standards and certifications	Throughout the year
		Customer feedback (complaints)	As and when required
		Customer survey	Biennial for Chemicals Division and Yearly for Polymers Division
		Product handling training for customers	39 sessions for Chemicals Division and throughout the year for Polymers Division
		Customer installation assessment	Per new customer
 MEDIA	<ul style="list-style-type: none"> • Impact of the operations on the community • Product innovation 	Interviews	As and when required
		Press releases	As and when required
 SHAREHOLDERS AND INVESTORS	<ul style="list-style-type: none"> • Business strategy • Financial performance • Governance and integrity • Global business strategy 	Investor roadshows & Interviews	As and when required
		AGM	Yearly
		Analysts' briefings	Yearly
		EGM	As and when required
 SUPPLIERS	<ul style="list-style-type: none"> • Fair procurement • Transparency • Price stability • Product reliability 	Vendor development programme	Throughout the year
		Vendor quality audit	Yearly
		Vendor performance audit	Each transaction of production materials
		Vendor integrity pact briefing	Yearly
		Procurement system	Throughout
		Six-month training provided by the Ministry of International Trade and Industry	<ul style="list-style-type: none"> • Monthly report on the procurement amount spent on vendors in the programme • Yearly feedback on the programme

Engaging Key Stakeholders

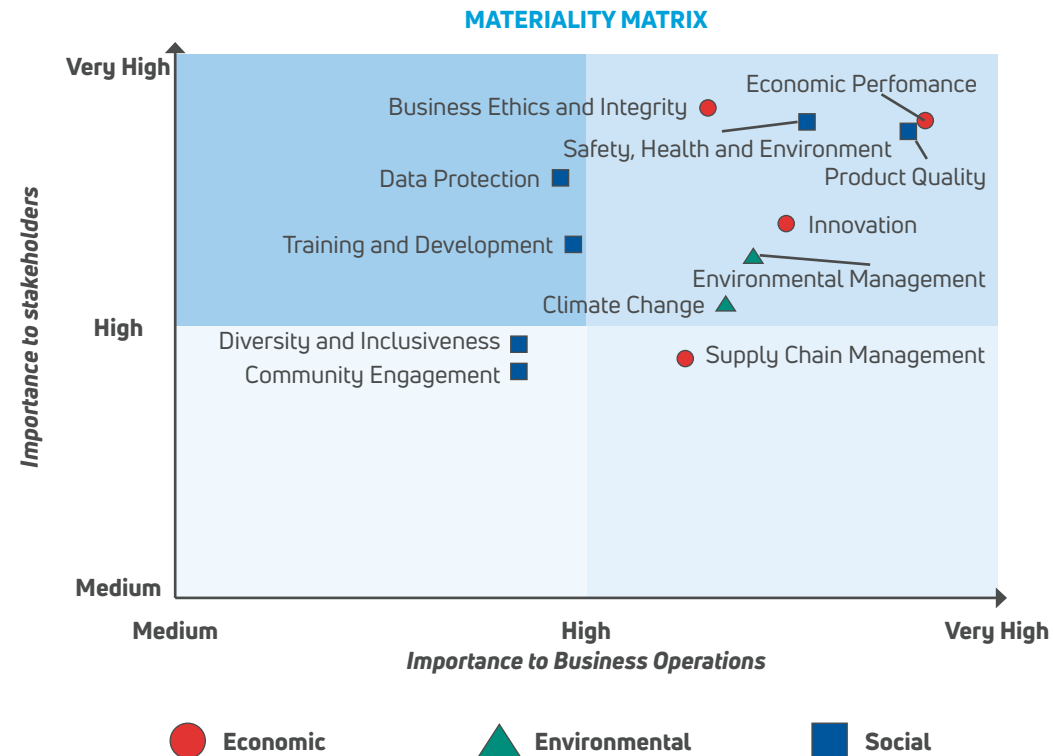
Our Stakeholders	Stakeholders' Focus and Areas of Interest	How We Address Their Concerns	Frequency of Engagement
 COMMUNITIES AND PUBLIC	<ul style="list-style-type: none"> Community development Quality products and services 	Community programmes	Throughout the year
		Sponsorship and donations	Throughout the year
 BANKERS AND FINANCIAL INSTITUTIONS	<ul style="list-style-type: none"> Financial performance 	Meetings and discussions	As and when required
 INDUSTRY PEERS	<ul style="list-style-type: none"> Industry developments Competitiveness Open knowledge sharing between industries 	Industry forums	<ul style="list-style-type: none"> One visit by the Project Team to Profilco Filter at Vestolit Plant, Germany Involvement in Responsible Care Steering Committee and Technical Committee which meet every quarter
		Conferences	Attended 8 conferences in 2018: <ul style="list-style-type: none"> Palm & Lauric Oils Price Outlook Conference 2018 12th International Chlor-Alkali & Vinyls Conference 2018 The 22nd World Alkali Conference 9th Rubber Glove Conference & Exhibition 2018 MWA Symposium on Water Resources Management 6th International Protective Glove Conferences (IPGC) 11th International Automation Technology Exhibition 24th International Machine Tools & Metalworking Technology Exhibition.

Our Material Sustainability Matters [102-47]

Our material sustainability matters are not limited to matters that may have significant financial impact on our organisation, but also include matters that may impinge on our ability to meet present and future needs. Our definition of materiality is drawn from the guidelines provided by Bursa Malaysia where material issues are defined as issues that:

- i. reflect an organisation's significant EES impacts; or
- ii. substantively influence the assessment and decisions of its stakeholders.












To gauge which material matters are most important i.e. material to our business from both the Company and stakeholders' perspectives, we performed a materiality assessment. Through our materiality assessment process which involved members of the Sustainability Working Committee and representatives from the relevant departments within CCM, we identified 12 issues which are material to us. Of these, seven (7) were ranked as being of extremely high priority. Each of these initiatives has been grouped under the relevant sustainability prongs that relate to our EES impact.





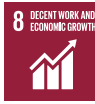





Our Material Sustainability Matters

The 12-material sustainability matters which are chosen based on the three (3) sustainability categories i.e. the Economic, Environmental and Social (EES) categories, are then mapped to their relevant Global Reporting Initiative (GRI) indicators, Sustainable Development Goals and stakeholder groups. Each of these material matters contributes positively towards the indicated SDGs and are reported based on the framework established by the GRI (which specifies important information that needs to be disclosed). Depending on our stakeholders' areas of interests, each matter will attract the interest and concern of different stakeholders in varying degrees.

The following table highlights CCM's 12 most material sustainability matters.

No.	Material Sustainability Matter	GRI Indicator	Stakeholder Group	SDG
Economic				
1.	Economic Performance	201 Economic Performance	Shareholders and Investors; Bankers and Financial Institutions; Industry Peers; Media	 
2.	Business Ethics and Integrity	102 General Disclosures; 205 Anti-corruption	Employees; Government and Regulatory Bodies; Shareholders and Investors	 
3.	Innovation	102 General Disclosures;	Media, Customers, Communities and Public	 
4.	Supply Chain Management	102 General Disclosures; 204 Procurement Practices	Suppliers	
Environmental				
5.	Environmental Management	303 Water and Effluents; 305 Emissions; 306 Effluents and Waste	Government and Regulatory Bodies, Communities and Public, Industry Peers	 
6.	Climate Change	302 Energy	Government and Regulatory Bodies; Communities and the Public; Industry Peers	 

Our Material Sustainability Matters

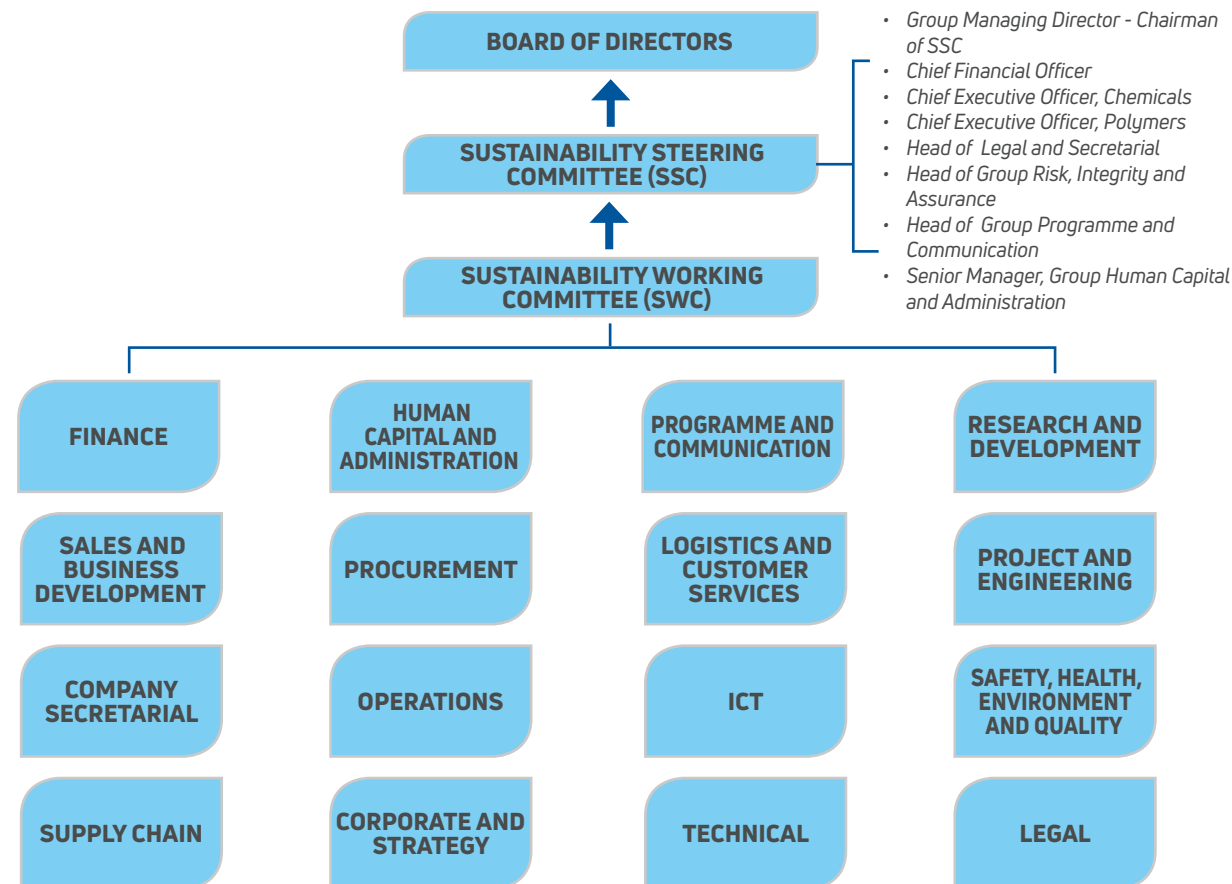
No.	Material Sustainability Matter	GRI Indicator	Stakeholder Group	SDG
Social				
7.	Product Quality	102 General Disclosures; 416 Customer Health Safety	Customers, Shareholders and Investors; Government and Regulatory Bodies; Industry Peers	
8.	Safety, Health and Environment	403 Occupational Health and Safety	Employees; Government and Regulatory Bodies; Communities and the Public	 
9.	Data Protection	418 Customer Privacy	Customers; Employees; Government and Regulatory Bodies	
10.	Training and Development	404 Training and Education	Employees	
11.	Diversity and Inclusiveness	102 General Disclosures; 405 Diversity and Equal Opportunity	Employees	
12.	Community Engagement	102 General Disclosures	Shareholders and Investors; Communities and the Public; Media	 

Upholding Good Corporate Governance

HOW WE CONDUCT OUR BUSINESS IN A SUSTAINABLE MANNER [102-18, 102-20, 102-32]

CCM is deeply committed to upholding strong business ethics and implementing the highest standards of corporate governance throughout our organisation. Good corporate governance in the pursuit of quantifiable and sustainable success safeguards our reputation and strengthens shareholder value. Most importantly, it brings about sustainable growth to our diverse businesses.

The Group's sustainability governance structure continued to evolve in 2018. As detailed in the diagram, our corporate sustainability operations and strategies are overseen by CCM's Board of Directors (the Board), with the support of the Sustainability Steering Committee (SSC) and the Sustainability Working Committee (SWC). The SWC has been newly integrated into the leadership structure to ensure and manage the implementation of sustainability-related matters. Reporting to the Board is the Group Managing Director who leads the SSC, which in turn steers the SWC.



Upholding Good Corporate Governance

For each of the SSC and SWC committees, their roles and responsibilities are as follows:

Sustainability Steering Committee (SSC)

- To appoint the members of the Sustainability Working Committee (SWC);
- To oversee and monitor the progress of integrated sustainability activities across CCM by the SWC;
- To ensure key members are involved in the decision-making process for all of CCM's sustainability-related matters; and
- To report the progress of sustainability matters to the Board on a periodical basis.

Sustainability Working Committee (SWC)

- To directly monitor the sustainability performance of the Group at all levels;
- To coordinate and execute sustainability activities that are in line with the strategic direction of the Group and its policies; and
- To ensure sustainability matters are effectively communicated to all stakeholders i.e. the SSC, the Board, CCM employees, vendors, customers and others.

All employees are responsible for maintaining the highest standards of honesty, integrity and trustworthiness in day-to-day operations and in any situations where they are representing CCM.

HOW WE MANAGE OUR RISKS [102-11, 102-20, 102-30]

The CCM Group has established a Risk Management Manual and Guidelines, which is based on the ISO 31000 standard, to ensure consistent practice of managing risks across the Group. In managing risk, the Group's three Lines of Defence (LOD) are as follows.

LOD	Responsibilities
First line	The departments and businesses that own and manage the risk
Second line	The Group Risk Management Unit
Third line	The Group Assurance Unit, that provides independent assurance on the effectiveness of the risk management processes across the Group.

Risk owners (who are the first line of defence in risk management) define, highlight, report on and manage a variety of risks, including business and operational risks anticipated by them. They conduct risk assessments to identify the risks relating to their areas of supervision and control; analyse the likelihood of these risks occurring and the consequences if they do occur; evaluate the risk level by comparing against the approved risk criteria; as well as determine the actions being and/or to be taken to mitigate these risks to an acceptable level.

The risk profiles and risk treatment measures determined from this process are documented in risk registers. Controls are put in place to ensure that the Group's objectives are achieved through adequate mitigation of the identified risks. The overall process is facilitated by the Group Risk Management Unit which is dedicated to this role.

The Group has an Executive Risk Management Committee which is chaired by the Group Managing Director and comprises Senior Management of the Group, to provide oversight and add impetus to the risk management process. The risk management process and the significant risks are tabled to the Board Risk Management Committee for their review on a quarterly basis.

The top risks for the Group are:

1. Compliance risk – changes in requirements by regulators;
2. Competition risk – increasing number of new entrants; and
3. Key man risk – loss of key personnel in the Group.

The action plans are:

Risk	Action Plans
Compliance	<ul style="list-style-type: none"> • Undertake internal review on compliance with regulatory criteria • Ensure constant monitoring of and adherence to work processes
Competition	<ul style="list-style-type: none"> • Improve customer relationship management • Improve product quality and delivery • Actively conduct sales activities
Key man	<ul style="list-style-type: none"> • Establish Talent Management programme • Ensure Succession Planning is in place

Our Commitment To Sustainable Economic Practices

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



To prosper as a market leader in the region by contributing towards economic enhancement through innovative development, creation of local employment opportunities and implementing responsible business practices.

CCM's continuous commitment to sustainability transcends corporate responsibility as we also enhance stakeholder value through making solid contributions to the local economy.

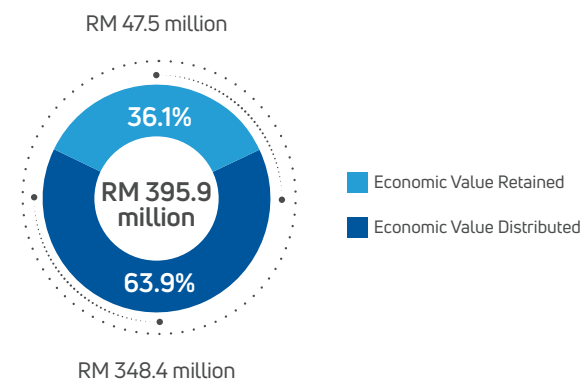
ANNUAL ECONOMIC PERFORMANCE [201-1]

We believe in adopting a long-standing approach to economic sustainability and this is evident in our good business performance. As of 31 December 2018, CCM recorded a revenue of RM395.9 million, a 6.8% increase over the preceding year's revenue.

In RM million	2017	2018	% change
Economic value generated			
Revenue for the financial year	370.7	395.9	+ 6.8

As a proponent of circular economy, we strive to create value in our business by recognising the importance of expending our annual income in a productive and sustainable manner towards the growth of our Company, local government and community. In 2018, CCM retained 36.1% of its economic value for reinvestment into the business as compared to 27.4% in 2017. The remaining economic value distributed for our operational costs, employee wages and benefits, payments to investors and government and investments to the community.

Economic Value Generated



ELEVATING OPERATIONAL EXCELLENCE

CCM has always been a strong advocate of an Operational Excellence (OE) culture. As of 31 December 2018, a total of 11 OE projects with total savings of RM7.88 million was recorded by the Polymers business, while 12 OE projects with a total saving of RM14.95 million was recorded by the Chemical business. All in all, these two divisions garnered total savings amounting to RM22.83 million for 2018, while a total of RM67.58 million in savings has been garnered from all OE projects since 2012.

INNOVATIVE DEVELOPMENT [102-2]

With the end goal of reducing costs and waste, sustainability-driven innovation does much to improve business operations and make operational processes more efficient. At CCM, we continue to embed innovative practices into our organisation's business operations and these are bringing about a host of tangible benefits.

Our Commitment To Sustainable Economic Practices

Since May 2018, our Chemicals Division has been minimising its hydrogen gas emissions and reducing its carbon footprint by converting the traditional fossil fuel-powered boiler to a dual-fuel boiler that utilises hydrogen gas. The total reduction in the Division's emissions can be found in the 'Carbon Footprint' section.

As for our Polymers Division, we aspire to create new markets by developing innovative raw material alternatives under a long-term product development strategy that serves to identify and formulate disruptive products. The Division also utilises alternative supplies to maintain multiple raw material sources. This ensures limited, if not zero disruption that goes a long way in satisfying product output and customer demand. The Division is also focused on developing other emerging value-added products which cater to customer requirements by making improvements to its product formula.

On 7 August 2018, an Innovation Competition was held at Common Ground, Citta Mall to strengthen individual potential and cultivate an innovation culture within the Group. The objectives of the event was to raise the idea generation, innovative thinking, problem-solving and business-pitching skills among our employees. Each of our business division was represented by four groups. The groups brainstormed and pitched their ideas to the judges. The best ideas were presented by Team Nanopure from CCM Polymers and Team CCM PGW from CCM Chemicals, which ultimately led to them winning our Innovation Competition 2018.

Both teams represented CCM at the PNB Group Innovation Challenge (IC) 2018 that was held on 29 October 2018 at Sime Darby Convention Centre. We

are delighted to announce that Team Nanopure from Polymers won the major prize at the PNB Group IC Competition 2018.

PROCUREMENT PRACTICE AND SUPPLY CHAIN PARTNERSHIP [102-9, 102-10, 204-1]

The practice of sourcing locally is essential to insulate a business from the risks and challenges that may arise from procuring from abroad. We recognise the significance and benefits of spending on local products and services. These include the efficiency in logistics arrangements, the cost savings and the shorter lead time that only local suppliers can provide due to their close proximity as compared to overseas suppliers.

The following table highlights the reasons why we prefer to procure locally.

1. Flexible and quick delivery arrangements

Local suppliers can be more flexible in terms of delivery arrangements as compared to suppliers from abroad. Product deliveries are quicker as local suppliers are able to coordinate logistics with ease as opposed to the hassle of administrating shipments from across the globe.

2. Responsive and timely communications

When working with foreign suppliers, the difference in time zones sometimes emerges as a problem when we require a quick response or assistance in any matter. This can be avoided when procuring locally as most of our suppliers are readily reachable within the same time zone and via many channels such as email, phone call or text messaging.

3. Better control and monitoring

Before we finalise our business dealings, or for any other matter during the procurement process that will allow us to address concerns and ensure all purchases meet our standards, we may want to conduct visits to the suppliers' factory, warehouse or manufacturing plant. Working with local suppliers serves an advantage as we can easily access their operating floors to survey their product offerings and monitor our purchased supplies, if required. This is not always the case with overseas suppliers.

4. Cost reduction

Local sourcing results in cost reduction as the amount of money that the Company spends on logistics, specifically on shipment and warehousing, is significantly lesser than when procured from outside the country.

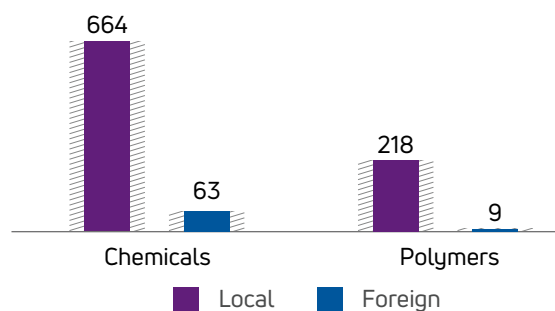
5. Supporting the Bumiputera Vendor Development Programme (BVDP)

The Bumiputera Economic Empowerment Agenda is a national initiative that the Company has been supporting from the establishment of the CCM BVDP in 2007. The CCM BVDP is implemented in our business operations and is one of our key performance indicators as a Government-Linked Company (GLC). Sourcing locally, especially from Bumiputera suppliers, will boost the creation of genuine Bumi-entrepreneurs who are reliable and competitive, encourage research and development for products and services as well as contribute to the economic growth of the communities that we operate in.

Our Commitment To Sustainable Economic Practices

At the Polymers Division, purchases on local items make up 20% to 30% of total spending. Local purchases are subject to product availability. When considering purchases, we always look for local suppliers who offer good quality products and materials. There's no specific allocations for local procurement within CCM Polymers' operational budget, as purchases are determined as per requirements. The Polymers Division engages 218 local suppliers comprising 96% of the total number of suppliers engaged. At the Chemicals Division, as of November 2018, of the total 727 suppliers, 91% were local vendors while 9% were overseas vendors.

Total Suppliers



We are committed to implementing a culture of transparency and integrity in order to achieve supply chain management that is orderly and sustainable. At CCM Polymers, our supply chain starts with the purchases of raw material from various suppliers locally and overseas. The materials purchased are kept at our warehouse located in Bangi, Selangor and then sent to production for manufacturing processes. Our finished goods will be delivered to customers via a third-party logistics service. Our Polymers Division

engages about 90 suppliers whereas CCM Chemicals employs 68 logistics suppliers. For 2018, CCM Polymers witnessed the completion of the contracts for two of its third-party warehouse providers. These contracts were not renewed or extended due to the Division shifting its premises to a new strategic location in Bangi. Today, the new premises for the Polymers business can house more raw materials and packaging than that previously kept at the warehouses of both the third-party providers.

ANTI-CORRUPTION PRACTICES [205-2]

In recent years, we have been focusing our efforts on strengthening initiatives which will more effectively enable us to maintain sound business practices throughout our entire supply chain. These include implementing measures to prevent corruption including bribes and collusion with business partners and other external parties. Communication and training on anti-corruption policies and procedures are cascaded down throughout the Group through our Integrity Initiatives. In FY2018, two of the initiatives included revising our CCM Sponsorship and Donation Policy as well as Gift and Entertainment Policy. We also provide training for new employees on Ethics, Integrity and Values and for 2018, a total of 11 employees across the Group participated in this. We also communicated our anti-corruption policies and reporting procedures to 18 of our suppliers through an Integrity Pact Briefing which was carried out at our CCM Polymers office in Bangi.

CCM Integrity Initiatives			
Particular	Date of Event	Venue	Number of Participants
Integrity Pact Briefing for CCM Polymers suppliers	14 August 2018	Polymers Office, Bangi	18
Annual BOD Training: 'The New Way of Doing Business in Malaysia' by Dr. Mohd Nizam Bin Mohd Ali	20 September 2018	G-Tower Hotel, Kuala Lumpur	21
Training on Ethics, Integrity and Values for new employees at CCM, CCM Chemicals and CCM Polymers	12 December 2018	13 th Floor, Menara PNB	11
Revision of CCM Sponsorship and Donation Policy	14 December 2018	NA	NA
Revision of Gift and Entertainment Policy by including treatment of the gift in the Gift Declaration Form	12 September 2018	NA	NA

Our Commitment To Sustainable Environmental Practices

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



14 LIFE BELOW WATER



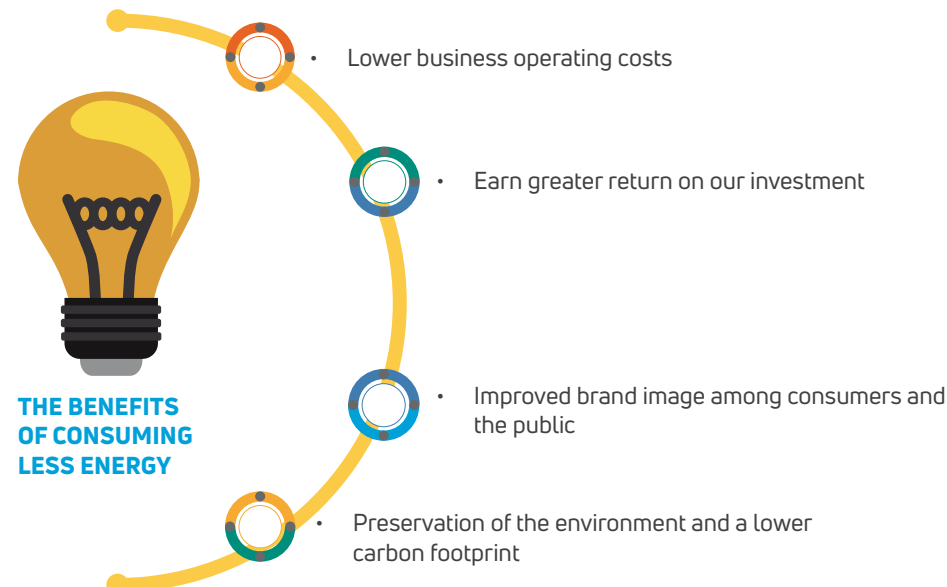
To espouse environmental solutions and protect the environs of our business and trade through mindful and responsible operations

Environmental responsibility is an integral component of CCM's sustainable growth agenda. Our environmental management mandate calls for the Group to focus on the Prevention of Global Warming, the Conservation of Resources and the Preservation of Ecosystems. Our environmental performance is evaluated by monitoring the impact of our operations on the environment, from the planning stage right up to the end product.

ELECTRICITY AND FUEL CONSUMPTION [302-1]

At CCM, we are proactively finding new ways to conserve energy and accelerate our energy saving initiatives. Our Company is working to create a healthier planet by reducing energy consumption and increasing resource conservation.

One of the most significant and sustainable practices that all businesses should implement is energy saving. Reducing our energy consumption not only contributes to a positive impact on the environment as we consume less resources, but it is also profitable to our business in the long run. Being able to effectively strategize our energy conservation efforts whilst maintaining and optimising our operational efficiencies also helps strengthen our reputation amongst our stakeholders.



Our Commitment To Sustainable Environmental Practices

The table below shows the total energy consumption across the Group for 2017 and 2018.

Energy Consumption	Unit	2017	2018
Electricity	kWh	159,451,990	129,505,917
Fuel Oil (diesel, petrol)	Litres	13,200	9,670
Natural Gas	Sm ³	3,630,000	3,123,499

Some of our energy usage in 2018 has decreased in comparison to 2017. This reduction in energy consumption may be due to the energy efficiency features that we have implemented throughout our operations. Although the transformation into an energy-efficient operator is often times an expensive exercise, it has the greatest potential for reducing carbon emissions over a long period and will ultimately result in reduced operating costs as well.

CARBON FOOTPRINT [302-4, 305-1, 305-5]

In complying with the Intergovernmental Panel on Climate Change (IPCC), we began our carbon management programme and carbon footprint reporting back in 2012. Under this initiative, we report our greenhouse gas emissions associated with key operations in our Polymers and Chemical Divisions. Our carbon calculation consists of the consumption of electricity, fossil fuels and natural gas.

CO ₂ eq (MT)	Headquarters	Chemicals	Polymers
2017	54.3	81,632	255.7
2018	59.6	83,857	251.9

As the operational activities within our businesses increase, our fuel and electricity usage too will naturally rise, thus contributing to an increase in carbon emissions. The rise in emissions in 2018 was largely attributable to our operational expansion and increased production which has been necessary to accommodate increased business demand. Nevertheless, several initiatives has been implemented to minimise the energy usage.

At our Polymers Division, we have rolled out several initiatives to mitigate our carbon footprint. We have sought to reduce our electricity consumption via our Operational Excellence Project and have met with good success. Through this project, we were able to save RM17,427 and RM22,920 in 2017 and 2018 respectively.

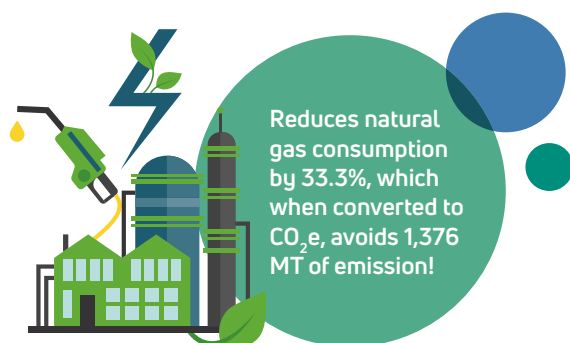
Approximately 94% of carbon emissions from the Chemicals Division comes from electricity consumption for the electrolysis process in chlor-alkali manufacturing. Acknowledging that this process consumes a huge amount of energy, we initiated an energy-saving project in 2015 to help reduce our carbon emissions. This project, which was fully completed in 2016, focuses on the augmentation of electrolyser technology by optimising a higher performance membrane. The energy saving initiatives led to a 5% reduction of carbon emissions in 2018 in comparison to 2014's reading before the project was started.

Our Commitment To Sustainable Environmental Practices

Energy Reduction Through Electrolyser and Membrane Efficiency

- Upgrading of electrolyser technology from NCS electrolyser to NCH electrolyser.
- Significant reduction in power consumption by replacing the NCS electrolyser with a NCH electrolyser.
- These efforts have resulted in a higher performance membrane in Chlor-alkali manufacturing.

Additionally, we have set ourselves the goal of reducing our emissions as much as possible by switching to renewable energy. CCM Chemicals, Pasir Gudang Works (PGW) has embarked on a dual-fuel boiler project by utilising excess hydrogen as an alternative fuel source for boiler operations instead of using natural gas alone. While hydrogen gas generated from the chlor-alkali manufacturing process is upcycled to produce hydrochloric acid, there is still a significant excess that will be released into the atmosphere. By embarking on this project, the natural gas consumption for the boiler fuel source has been reduced by 33.3% against the requirement. This translates into some 1,376 MT of carbon dioxide equivalent (CO₂e) that was not emitted into the atmosphere from natural gas consumption. Relatively, a total of 1.952 million Nm³ of hydrogen has been used to fuel the boiler and prevent unnecessary emission.



To keep track of our emission quality, we conduct air quality monitoring of our plants and generator sets. These activities, which encompass ambient air, stack and scrubber monitoring, all comply with the requirements set by the Department of Environment Malaysia (DOE). In addition, our Polymers Division also conducted noise monitoring and personal chemical exposure on yearly basis.

MANAGING SIGNIFICANT SPILLS

As a leading chemical specialist, we are dealing with huge amounts and various types of chemicals which pose a risk to the environment in the event of spillage. Potential contaminated areas and sources of spill can come from our warehouses, production lines and lab testing. In order to prevent any incidents of spill and to minimise the negative impacts in the event of a spill, we have been implementing multiple control measures and continuously improving these measures.

At CCM Polymers, we have implemented control measures and have specified how we can improve each mitigation step so that we have a fool-proof process as listed below.

Current control	Improvement
Gate valve system at strategic location covering point of discharge into external drain.	Improvement of chemical storage such as stacking system, bund wall and racking system.
Bund wall near internal drain to control direct discharge during spillage.	Enhance forklift driver competency through training and awareness to ensure spillage incident are minimised.
Awareness to workers including forklift drivers on spillage prevention such as chemical transfer, loading and unloading of chemicals.	<ul style="list-style-type: none"> • Evaluate chemical handling with high risk of spillage incident. • Evaluate existing HIRARC on each process.
Spill kit for spillage emergency response.	Evaluate operations' processes which have potential spillage incident.

Our Commitment To Sustainable Environmental Practices

At CCM Chemicals, the risk of chemical spills or leaks may come from our Pasir Gudang Works (PGW) and Shah Alam plants. The spill or leak could come from liquid products, fumes or chlorine gases. Thus, mitigation plans are in place at the design stage for the fabrication of all the relevant plants. At PGW, the emergency absorption tower and scrubber system are the two main features that will absorb any gases and fumes released as a result of pressure difference. These gases and fumes are then treated before being released into the atmosphere.

There is also the risk of liquid products such as hydrochloric acid, caustic soda and nitric acid spilling out of their containers. Therefore, all storage tanks are located within a secured bund wall to contain any spillage. In the event of spillage, the spillage is directed to the effluent treatment system. All online processes and operations are controlled and monitored via the Distributed Control System to enable operations personnel to identify and respond immediately to any unexpected events.

RESPONSIBLE SCHEDULED WASTE MANAGEMENT [306-2]

All scheduled wastes generated from our operations are being managed responsibly in terms of their generation, storage, transportation and treatment. Scheduled wastes are collected by a licensed waste contractor that has been approved by the Department of Environment, Malaysia (DOE). The generation of wastes for 2018 is presented as follows.

Division	Waste type	Amount of waste (MT)
Polymers	<ul style="list-style-type: none"> • SW 204 • SW 410 • SW 429 • SW 401 • SW 409 	98.43
Chemicals	<ul style="list-style-type: none"> • SW 106 • SW 106 • SW 110 • SW 204 • SW 305 • SW 408 • SW 410 • SW 201 • SW 421 • SW 422 • SW 429 • SW 206 • SW 109 	1,786

MONITORING OF EFFLUENT DISCHARGE [303-2, 306-1]

In line with our commitment to ensure that our effluent discharge is safe for the environment and does not affect human health, we comply with the DOE's stringent regulatory standards. Our effluent discharge is treated prior to discharge through chemical and biological treatment. In this regard, all the Group's manufacturing plants are equipped with a wastewater treatment plant. In 2018, we discharged 290 m³ and 91,551 m³ of effluent from our Polymers and Chemicals operations respectively.

WATER INTAKE AND CONTROL MEASURES [303-5]

Water is one of the key resources in our operations and our product manufacturing process is dependent on this resource. Nevertheless, we are continually striving to minimise water usage in our operations and throughout our supply chain in order to protect the environment, reduce costs and ensure our future remains resilient. We acknowledge our responsibility to use and manage water sources efficiently and sustainably.

As per the graph below, we managed to reduce our water consumption in 2018 by introducing several water-efficient processes and technology.

Water Consumption (m³)



Our Commitment To Sustainable Environmental Practices

REDUCING WATER CONSUMPTION [303-4]

As part of our commitment to reducing our operational water footprint, CCM Polymers has initiated a 3Rs Sustainability Programme in 2016. Under this programme, we have been able to reduce fresh water consumption by 666.8 MT and have derived accumulated savings of RM1,757,676.

On top of this, instead of disposing off a huge amount of washed water as waste, and spending a considerable amount on the disposal of this waste water, we have reduced the disposal costs by more than half between 2015 and 2016. Subsequently, over the last few years, we have been able to maintain our costs well below RM50,000, thereby garnering at least RM200,000 in savings annually.

Our Chemicals Division has also embarked on water reduction initiatives such as its Waste Water Recovery Project and its sodium hydroxide recovery initiative. Under its Waste Water Recovery Project, the Chemicals Division aims to ensure zero treated effluent discharge from the coagulant plant. The generated waste water from the coagulant plant is collected and treated in the waste water recovery plant and is then reused in the Division's operations. Under this initiative, we have managed to recover 200 m³ of waste water and prevent it from entering the environment.

The sodium hydroxide recovery process on the other hand takes place at the chlor-alkali plant within an ion-exchange system which is used to demineralise the water system and aid in the brine purification process. In the operation of the ion-exchange system, sodium hydroxide (caustic soda) is used in the regeneration steps to maintain resin life. Upon regeneration, a low concentration of sodium hydroxide is recovered and reused in other operating units. This initiative has resulted in a 950 m³ reduction of waste water and minimised our environmental discharge.



Our Commitment To Sustainable Social Practices

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



To promote the widespread of sustainable values throughout our internal Group and external community addressed through engagement sessions, assessments, surveys, trainings and policies

CCM aims to achieve sustained growth through creating value for its diverse stakeholders. In order to continue steady growth over the long-term, initiatives pertaining to human resources, responsible care, and governance are essential and indispensable. At CCM, policies and targets are shared across the entire Group in an effort to establish and maintain safe and stable operations at our headquarters and also at our Polymers and Chemicals Divisions. These policies and targets also serve to ensure that health, safety and environmental care are maintained throughout the entirety of our products' lifecycle, and that the quality of products and services that we deliver is maintained and improved upon.

In 2018, we introduced various initiatives that supported our value creation efforts.

CUSTOMER HEALTH AND SAFETY [416-1, 417-1]

Here at CCM, we carry out rigorous assessments of the health and safety impact of our products and services to ensure customer health and safety are safeguarded. Our product development is based on non-volatile or non-toxic water-based systems. New raw material evaluation will only incorporate materials that are constantly regulated by the Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH); Restriction of Hazardous Substances Directive (RoHS) or Proposition 65; and Food and Drug Administration (FDA) criteria. Our product classes are evaluated based on FDA tests to assess the impact of our products on end users. In promoting information transparency to our customers and the general public, we disclose product information including

material sources of product, product content and safe use manual of products in our Safety Data Sheet (SDS) and monthly technical bulletin. We also provide a communication channel for our customers and the general public to report health and safety concerns about the products.

At our Chemicals Division, 100% of our products are assessed for their health and safety impact under the Chemical Health Risk Assessment (CHRA), 57% under the RoHS, and 14% under the Global Product Strategy. Additionally, 28.6% of our products are assessed for compliance with the Control of Industrial Major Hazard (CIMAH).

CCM Chemicals provides a host of communication channels for its customers including having a customer complaints system and accepting feedback during Community Awareness Programme held for the community and neighbouring facilities. Its toll-free number is displayed on road tankers, cargo lorries, hazardous chemical (HAZCHEM) signs and product labels as well as its Safety Data Sheet. Its office contact number is also made available on the Safety Data Sheet, HAZCHEM signs and product labels.

In 2018, eight complaints were received in relation to product exposure to the environment or people. CCM Chemicals representatives and Chemical Emergency Service Team responded promptly to these complaints and immediately took the necessary mitigation actions to prevent these events from reoccurring.

Our Commitment To Sustainable Social Practices

To date, the Polymers Division has received five complaints whereby four of them are cases related to leaking and the fifth is a case pertaining to loading. The Division has addressed all five complaints and is currently implementing mitigation measures for three of those cases. These are among the mitigation measures being implemented:

- i. Improve how products are secured by utilising a new tying method;
- ii. Improve product packaging by utilising plastics packaging of a higher quality; and
- iii. Improve the quality of plastics pallet that are used.

CUSTOMER DATA PROTECTION [418-1]

In compliance with the Personal Data Protection Act 2010, CCM and its group of companies adopted the Personal Data Protection Act (PDPA) Compliance Policy back in 2014. The policy sets out the commitment by CCM and its group of companies to ensure compliance with the requirements of the Personal Data Protection Act 2010 as well as an acknowledgement of the importance of personal data to the Group's business and the importance of respecting the privacy rights of individuals.

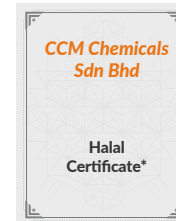
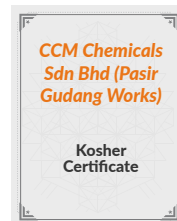
For any confidential information including personal or Company data, all agreements are to contain a confidentiality clause which imposes a duty of care on the party receiving such information to ensure the data is kept with the highest confidentiality and is not disclosed to any other parties. CCM, from time to time, organises awareness programmes on the requirements of the PDPA and the need for

confidentiality in all dealings. This is done via in-house training and continuous one-to-one engagement sessions with business units, as and when required. We have also prepared standard templates for PDPA clauses to be adopted in all agreements, forms and notices as required under the PDPA. These templates serve as a guide for CCM and its group of companies to ensure compliance with the PDPA at all times. The contents of these templates are subject to adjustments or modifications to suit the requirements of different commercial transactions involving different entities.

OUR PRODUCT QUALITY [102-2, 102-44]



CHEMICALS DIVISION



POLYMERS DIVISION



* Certificate is valid till 15 Dec 2018 and was not renewed due to ceased operation in Dec 2018. The plant has been relocated to a new site and pending new application.

Chemicals Division

As part of the ISO 9001:2015 management system commitment, CCM Chemicals ensures that its customer complaint channels are readily available and made known to its customers. To date, 67 customer complaints have been received for the Chemicals Division's manufactured and traded products. All 67 complaints have been investigated to identify their root causes and consequently, corrective actions have been taken.

Our Commitment To Sustainable Social Practices

In addition, our Chemicals Division also conducted a customer satisfaction on biennial basis. The recent assessment was carried out in 2017 where an average rating of 3.06 over 4.00 was achieved.

As part of our commitment to deliver the highest level of services to all customers, CCM Chemicals has also taken reasonable steps by providing assessment and training for its customers. For each new customer, the Division ensures that the product installation process is assessed before the first product delivery is completed. The details of this process are outlined below.

Customer Installation Assessment

- This is a requirement established by CCM Chemicals prior to first product delivery to a new customer.
- The customer's installation will be assessed to ensure it meets CCM Chemicals' requirements before the products are delivered.
- The assessment covers safety, health and environment (SHE) elements to ensure a safe environment during the unloading process, storage of the product, handling and response during emergencies.
- Any gaps during the assessment will be communicated to the customer and any remedial actions are undertaken prior to product delivery.

Product Handling Training

- Comprehensive training to customers, agents, dealers, contractors and employees on the safe handling of products.
- There are two types of product handling training, namely comprehensive training for liquid chlorine and an introduction to other products.
 - Comprehensive liquid chlorine training**
 - A three-day programme which includes theory and practical training in handling chlorine leaks from the container.
 - Introduction to other products training**
 - This training is tailored to customers' specific needs. The training can be conducted at customer premises consisting of two-hour classroom training only or includes a practical mock exercise on emergency handling.

Polymers Division

At our Polymers Division, the quality management system involves four important steps. In the first step, we establish a standard by developing product specification and safety. Then, we conduct our annual customer satisfaction surveys followed by audits for our quality management system, surveillance and customers. Finally, we carry out initiatives aimed at improving our product quality management.

There were no cases of major non-conformance reported by the Polymers Division in FY2018, which demonstrates that the Company's quality management system is functioning and well-maintained. This is also reflected in the Division's customer satisfaction surveys where an overall average of 4.0 out of a 5-point score has been obtained. The survey addresses customer satisfactions in terms of Sales Support, Sales Visit, Order and Document Management, Product Delivery, Product Quality and Product Pricing.

Customer Survey Result for 2018



CUSTOMER SATISFACTION SURVEY DISCLOSURES

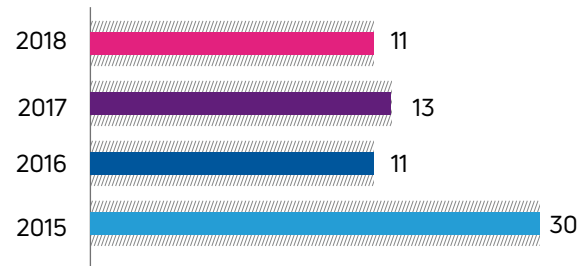
	Rating	Sample Size	Responded
2018	4.0	66	55
2017	4.1	20	20
2016	4.1	20	20
2015	3.9	22	19
2014	3.7	10	10

Our Commitment To Sustainable Social Practices

Set Standard i) Develop product Specification ii) Develop QPS	Customer Satisfaction Survey – yearly basis	Audit: i) Quality Management System (QMS) Audit ii) Customer Audit	Continuous Improvement: i) GEMBA site walk about ii) Operation and Sustainability (O&S) Project Initiation
<ul style="list-style-type: none"> Written procedure for all Finished Goods (FG). Equipment used to produce and test the products are well calibrated. Periodic validation and training for the Quality Control (QC) inspector. Develop product specification and QPS and perform trend analysis on results obtained. 	<ul style="list-style-type: none"> Annual customer survey (content of survey: sales support; sales visit; order and document management; product delivery; product quality and product pricing). Review in MRM meeting for the action required. 	<ul style="list-style-type: none"> Audits are performed to ensure that the Company is able to deliver high-quality products, operate efficiently, and support continuous improvements. Annual QMS Audit, Internal QMS audit, Yearly Surveillance Audit. Customer Audit – increased to four (4) times in FY2018 from one (1) audit carried out in FY2017. International Qualification Assessment (IQA) – increased to twice in FY2018 from one (1) assessment carried out in FY2017. 	<ul style="list-style-type: none"> Continue to initiate O&S project. GEMBA Walk.

With regard to complaints relating to product quality at the Polymers Division, only 11 complaints were received in 2018, which is significantly lower than the previous years. The Division perceives that its customer complaint cases are well under control as they are meeting the target set by the Department of Quality which is “to control justified customer complaints to less than 15 cases per year”.

Customer Complaint / Feedback



We have established mitigation plans to address individual issues by strengthening process control, improving delivery, increasing the accuracy of measurement, and developed system controls. We have tightened process control activities by developing product manufacturing work instructions, packaging material cleaning procedures, and a product stability library, as well as by improving the conditions for financial goods storage. We identified the root causes of all 11 complaints received in 2018 and planned out each corresponding corrective action as listed below.

Category	Root cause	Corrective Action
Product Specification	Product deterioration (lumpy; mold; chlorine drop) or contamination	Tighten process control and concession delivery
Weight discrepancy	Short in weight	Improve weighing activity
Application	Product inconsistency	Tighten process control
Packaging	Human error on labelling	Develop system controls (SAP)

Our Commitment To Sustainable Social Practices

As part of continuous improvement, the Operation & Sustainability (O&S) project was continued in 2018 to sustain the quality of products and services, covering from maintenance and re-engineering; waste management; process improvement; and other elements. Two additional new initiatives were carried out in 2018, related to inventory management with six projects conducted, as well as compliance and regulatory with five projects implemented. The most significant rise in the number of O&S projects undertaken by the Polymers Division is for facilities upgrade and expansion, with only one completed project in FY2017 and 20 completed projects in 2018. Overall, 53 O&S projects have been completed this year, an increase of 39% as compared to 38 completed projects in 2017.

COMMUNITY ENGAGEMENT [102-43]

CCM's community engagement programmes aim to add value in the form of skills development and enhancement as well as to ease off burdens through donations to society. Our employees continue to demonstrate their strong interest in various community engagement programmes and as such, underscore their compassion and empathy towards the communities that they work with. We look forward to continue to serve communities by organising programmes that will benefit them in a tangible manner.

STEM UP Challenge

The CCM STEM UP Challenge aims to encourage secondary students to take up STEM (Science, Technology, Engineering and Mathematics) courses in order to address the declining pool of talent in high-level scientific and technological fields. CCM has allocated approximately RM90,000 with the intention of creating greater awareness of STEM amongst students. The 2018 programme engaged 1,500 students in Batu Pahat, Johor and involved 15 of our employees as volunteers.

PINTAR

The CCM Promoting Intelligence, Nurturing Talent and Advocating Responsibility (PINTAR) programme aims to develop and enhance students' reading, writing, understanding and speaking skills in English which ultimately helps to improve their socioeconomic living standards.

This programme is a school adoption programme which was initiated by Khazanah National Berhad in 2007. To date, CCM has adopted 15 primary schools nationwide.

The PINTAR programme has established its standardised modules to support the whole learning processes. Apart from the modules, this programme also introduces fun activities such as storytelling, public speaking, games and quizzes in order to create excitement in the learning process and to improve the English proficiency of students.



Our Commitment To Sustainable Social Practices

For FY2018, we conducted this programme for students from three schools in Johor, namely SK Cendana, SK Masai and SK Seri Alam with four employee volunteers. The results to date show that the programme has helped improve the pass rate in English by some 5% among the students. CCM has allocated around RM22,000 for the execution of this programme.

Rakan Saintis Sungai (RSS) CCM

The *Rakan Saintis Sungai* CCM or RSS initiative (which was originally introduced in 2010 as *Program Rakan Alam Sekitar*) provides a platform for youth to gain invaluable knowledge and hands-on skills on the best practices to improve water quality and protect natural resources, particularly rivers. The two-day programme aims to develop young environmental warriors who are passionate about protecting the environment and creating a sustainable future.

The 2018 RSS was organised in Sabah with activities that included carrying out water quality tests at Sungai Kiulu; conducting the 'Catchment and River Environmental Education Programme' (CREEP); visits to the Air Telibong 2 water treatment plant and the river dam in Tuaran; as well as sharing sessions on environmental issues. Other activities included outdoor team building activities and group presentations to encourage participants to develop and deliver ideas that addressed global environmental issues.

The 2018 programme saw attendance by 60 participants comprising 48 students and 12 teachers from schools in Kota Kinabalu, Sabah. Six of our employees took part in the programme while we allocated some RM30,000 for programme implementation. This programme was conducted in collaboration with the Putrajaya and Sabah State Environmental Departments, Sabah State Water Department, Sabah State Education Department, Environment Protection Department and Department of Irrigation and Drainage.

PINTAR Modules



Our Commitment To Sustainable Social Practices

Back to School Programme

In 2018, CCM contributed RM30,000 towards the purchase of school supplies for the children of selected employees. The school supplies comprising school uniforms, socks, shoes and stationery sets were distributed to 139 children of 65 selected employees. The recipients were identified based on the household income report by the Department of Statistics and other related requirements. To date, more than 900 students have benefited from this programme since it was launched in 2015.

This initiative has proven successful through our good partnership with Canggih Malaysia, one of our Bumiputera vendors, who has managed to bring quality and style to the school uniforms. Ten of our employees lent a hand in rolling out 2018's programme.

PGM CCM Championship 2018

The annual PGM CCM Championship event continued to make good progress through its objective of honing talented Malaysian golfers to become professional players while setting the platform for their career progression in the international arena. In 2018, CCM contributed RM150,000 towards this programme which saw participation by 118 local and international golfers and three of our employees who were involved in implementing the programme. The year in review also witnessed CCM's maiden involvement in the PGM Ladies Championship 2018 which was opened to professional female golfers in Malaysia. At the event, Nur Durriyah Damian clinched the top spot to take home a cash prize of RM11,000. Sadly, however, the 2018 edition of the PGM CCM Championship also marked CCM's final sponsorship of the event. Over the last eight years of sponsoring this annual event, we have altogether contributed some RM2 million towards strengthening Malaysian golfing talent.

FRESH GRADUATE OPPORTUNITIES [203-2]

Given today's volatile economic conditions, the job market has become very challenging for Malaysian citizens but especially so, for fresh graduates. There is an abundance of talent, but unfortunately job opportunities are limited. CCM continues to do its bit to alleviate this situation by hiring fresh graduates. We believe that the younger generation has high potential as they are keen learners and bring an abundance of creativity and fresh ideas to the table. CCM has been involved in fostering young talent since 2013 via the Skim Latihan 1Malaysia Programme (SL1M) and the Millennial Apprentice Programme (myMAP).

myMAP

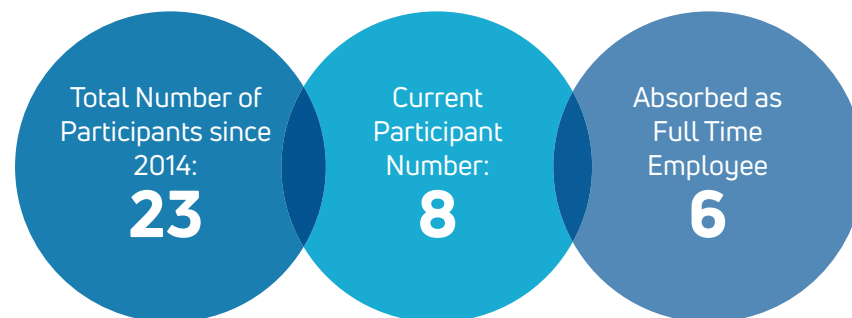
The My Millennial Apprentice Programme (myMAP) is a fast-tracked development programme for talented graduates to achieve their maximum potential and build a successful career as the future leaders of the Company and on a global level. The myMAP was introduced in 2014 to transform CCM into a talent-powered organisation that enhances the quality of life of Malaysians. This initiative aims to attract graduates from different disciplines who are assimilated into an 18-month on-the-job training programme which gives them a chance to experience two job rotations and exposure to different departments. This helps us assess the capabilities and talents of apprentices before they are given permanent positions. The myMAP helps nurture participants' career growth and self-development while teaching them how to adapt to the corporate world. In return, myMAP candidates bring fresh and innovative ideas to the table.

Our Commitment To Sustainable Social Practices

In 2018, the following activities were carried out under the myMAP programme.

Programme	Details	Date
Stem Up Challenge (MSAM)	Assist in organising the project with StudyHub	24 April 2018
Sky's the Limit	Engagement Session with Puan Nik Fazila and Encik Leonard Arif	26 March 2018
Post-Interview & Buka Puasa with GHC	Engagement – Interview regarding their 1st Job Rotation and plans for 2nd Job Rotation	25 May 2018
Breakout Activity	Engagement with GHC – Activity to promote critical thinking	3 December 2018

Breakdown of myMap Candidates



SL1M

Via our participation in the Skim Latihan 1Malaysia or SL1M initiative (since 2013), we have been offering university graduates the opportunity to undergo eight-months of on-the-job training in various functions within the Group. This enables them to gain the skills and experience that they require to access job opportunities under the SL1M programme. In their time with us, graduates are offered a training contract inclusive of allowances and benefits.

The following activities were carried out during 2018.

Programme	Details	Date
Breakout Activity	Engagement with GHC – Activity to promote critical thinking	3 December 2018
Kids-Friendly Townhall	Conducted games for employees' children during the Townhall session	5 December 2018

RETAINING TALENTS AT CCM [405-2]

One of the critical factors in determining the success of sustainable practices is employee retention. In 2018, we registered a total employee turnover rate of 13.76% with some 49 employees leaving the Company. At the same time, we had 52 new recruits join the Company. Moving forward, we remain committed to maintaining a low employee turnover rate for the coming years.

Our Commitment To Sustainable Social Practices

	Below 30 Years		Between 30 to 50 Years		Above 30 Years		Total
	Male	Female	Male	Female	Male	Female	
Employee Resigned	19	7	12	6	4	1	49
New Employee Hires	24	12	14	2	0	0	52

We believe that an effective measure towards building loyalty amongst our employees is to provide enhanced benefits, leave and allowances so as to strengthen employee well-being and work-life balance. To this end, the Group offers comprehensive and competitive benefit programmes to attract and retain talent.

Enhancement Benefits Provided for Employee	
• Staggered Hours	• Group Hospitalisation Scheme for employee and dependants
• Early leave for pregnant woman (above five (5) months pregnancy)	• Medical coverage for employee and dependants
• Three (3) months maternity leave	• Group Term Life insurance for employees
• Dress Down Friday	• Flexi Benefits

As one of the Integrity Initiatives in 2018, we carried out the Happiness at Work Programme in which a total of 205 employees participated. The programme required participants to fill in a Gratitude Awareness Questionnaire during the Townhall session to assess individual differences in response to showing gratitude in daily life.

Happiness at Work Programme
Gratitude Awareness Questionnaire during Townhall to assess individual differences in response to showing gratitude in daily life.

CCM Berhad

Date of Event:
21 March 2018
Venue:
Theatrette, Level 2,
Menara PNB
Number of
Participants:
53 pax

CCM Polymers

Date of Event:
22 March 2018
Venue:
Polymers Office,
Bangi
Number of
Participants:
14 pax

CCM Chemicals (PGW)

Date of Event:
13 April 2018
Venue:
Pasir Gudang
Office
Number of
Participants:
62 pax

CCM Chemicals (SAO)

Date of Event:
12 April 2018
Venue:
Shah Alam Office
Number of
Participants:
76 pax

Our Commitment To Sustainable Social Practices

We seek to be a company whose workforce reflects the customers we serve and the broader communities within which we operate by aiming for gender parity throughout our organisation. We believe our strong commitment to diversity is a source of business strength, enabling us to understand better the needs of the men and women, families and businesses who rely on our networks and services. With regard to remuneration, we provide equal pay for equal work done regardless of gender, age, race or ethnicity. The average salary given to male and female employees is shown in the table below. Our female employees are given the same opportunities as the male counterparts to hold senior management positions and leadership roles within the organisation.

Average Salary based on Employment Type

Employment Type	Male	Female
	in Ringgit Malaysia (RM)	
Senior Managers (JG 16 & Above)	18,549	23,900
Middle Managers (JG 14 - 15)	10,840	9,289
Executives (JG 11 - 13)	5,508	5,511
Non-executives (JG 10 – below)	2,405	3,386
Contract Workers (if any)	4,708	3,000

EMPLOYEE DIVERSITY AND WORKPLACE INCLUSIVENESS

[102-7, 102-8, 202-2, 405-1]

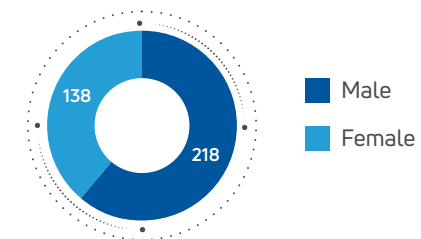
CCM believes in upholding an inclusive workplace where the individual and group differences within our workforce are valued. An inclusive workplace takes an employee to a higher position whereby he or she is given a genuine role in the business through an environment that makes the employee feel valued, welcome, integrated and included in the workforce instead of feeling isolated. We place great emphasis on actively promoting an anti-discriminatory environment which ensures that our employees, regardless of their gender, age, race, ethnicity or religion, all have comparable access to human rights, opportunities, and benefits. Valuing diversity and promoting inclusiveness are core principles that are helping CCM to operate in a fair and ethical manner.

Our employee distribution according to gender, age and employment type are presented below. We designate each employment type with indicators whereby Senior Management is indicated as JG 16 & Above, Middle Management as JG 14-15, Executive as JG 11-13 and Non-Executive as JG 10 – below.

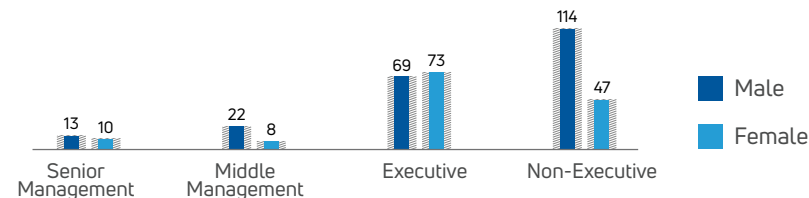
Total Number of Employees by Year



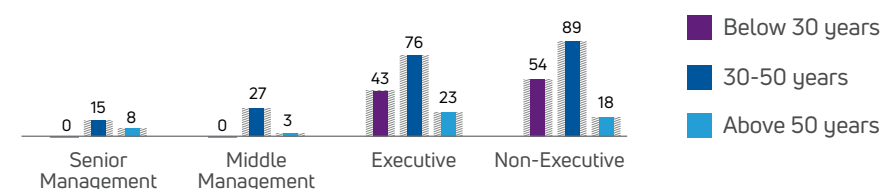
Total Employee Gender Distribution



Employee Distribution by Gender



Employee Distribution by Age

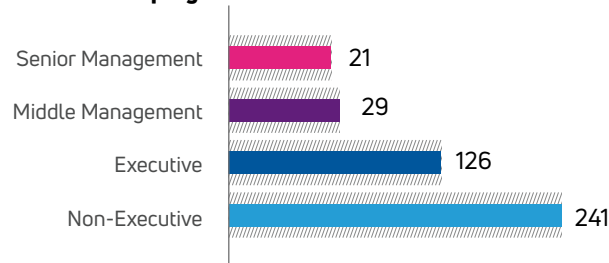


Our Commitment To Sustainable Social Practices

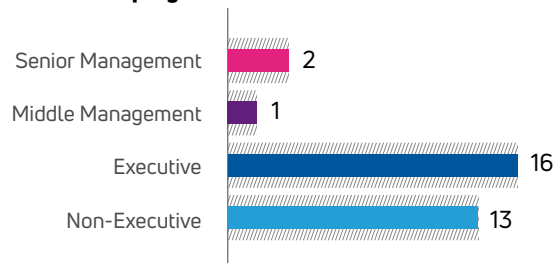
Career advancement opportunities are provided to all employees especially to those individuals who are loyal, skilled, credible, innovative and hardworking. Employees are offered the opportunity to work as permanent employees or contract-based employees as shown below.

Our businesses recruit local talents in order to support the socioeconomic living standards of local communities. Most of our employees are Malaysian citizens of Malay, Chinese and Indian descent as illustrated here.

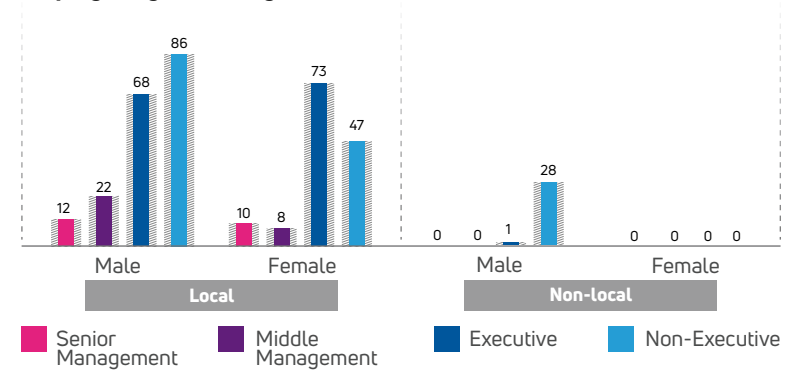
Permanent Employee Distribution



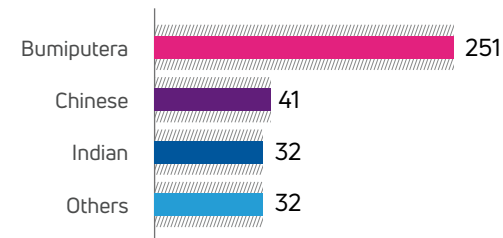
Contract Employee Distribution



Employee by Residency



Employee by Ethnicity



OCCUPATIONAL HEALTH AND SAFETY [403-1, 403-2, 403-3, 403-4, 403-9]

The growing concern regarding the safe use of chemicals in commerce as well as their potential impact on worker health and the environment, reflect an uptrend in society's demands for increasing levels of product safety and environmental protection. In respect of managing occupational health and safety (OHS), the Group's approach is to ensure that this vital element is integrated into our overall operations and that OHS standards are broadly applied across all CCM's business divisions and locations. When we discuss safety and health matters, we not only cover our operations and employees, but have extended this to cover all stakeholders who have a relationship with our business.

Our Commitment To Sustainable Social Practices

Safety, Health and Environment (SHE) Committees

In compliance with the requirements of the Occupational Safety and Health Act 1994, we have set up SHE Committees at our respective businesses to identify and resolve health and safety issues arising from our operations. Each of these SHE Committees comprise both employer and employee representatives.

Function of CCM's SHE Committees:

- To assist in the development of safety and health rules as well as safe working systems;
- To review the effectiveness of health and safety programmes;
- To carry out analysis on the trends of accidents, near-miss accidents, dangerous occurrences, occupational poisoning or occupational disease;
- To report unsafe or unhealthy conditions and recommend appropriate corrective actions; and
- To review Safety, Health and Environmental policies at the workplace and recommend improvements as necessary.

Each of the SHE Committees consists of varying number of members based on the size of the operations and employee headcount. The table below outlines the employee to employer representation ratio within the SHE Committees at our site locations.

	CCM Polymers, Bangi	CCM Chemicals, Pasir Gudang	CCM Chemicals, Shah Alam
Percentage of employees represented in SHE committees	12.3%	14.9%	15%
Employer representatives	33%	37.9%	20%
Employee representatives	7%	8.6%	12.1%
Proportion of employers (Management) to employees (Non-Management)	0.8:1	1.2:1	1:1

Accident/Incident Management

We acknowledge that our work environment is one where emergencies involving hazardous substances are a common risk. As such, we have made the necessary preparations to prevent such instances, or where there is an emergency, to promptly respond to the incident and minimise any harmful effects.

In its bid to ensure safer chemicals and process flows, the Polymers Division has undertaken several measures including the implementation of product safety and handling controls throughout its operations.

Listed below are the procedures taken by the Polymers Division as part of its accident prevention management activities.

Sources	Current Control	Improvement
<ul style="list-style-type: none"> • Plant • Quality Control • Research and Development 	<ul style="list-style-type: none"> i. Ensure all workers are aware of hazardous products prior to commencement of work. ii. Ensure all chemicals are labelled and that hazards are made known to workers. iii. Ensure appropriate personal protective equipment (PPE) usage e.g. use respiratory mask when handling ammonia. iv. Safety Data Sheet (SDS) made available at work station/plant. v. On-the-job training on method of handling chemicals and evaluate their performance. 	<ul style="list-style-type: none"> i. To conduct refresher training/course every six months or upon any changes in processes. ii. To evaluate current processes and ensuring a safe method of handling chemicals is in place.

Our Commitment To Sustainable Social Practices

The Chemical Health Risk Assessment (CHRA) is a mandatory assessment that CCM Polymers has adhered to in its operations as required by the Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulations 2000. A CHRA was conducted on 23 August 2016 and its tenure will expire on 22 August 2021. We have listed our areas of concerns and actions taken to avoid any potential risk to our employees resulting from exposure to hazardous chemicals.

Sources	Current Control
Sufficient Personal Protective Equipment (PPE)	Strictly used PPE approved by DOSH
Records	Chemical register to be kept together with SDS at workplace
Monitoring exposure at workplace - Chemical Exposure Monitoring (CEM)	CEM conducted on 7 July 2018
Health Surveillance	CEM result is below Permissible Exposure Limit (PEL), thereby it does not require health surveillance
Local exhaust ventilation	Conduct internal monthly inspection and performance effectiveness testing of engineering control by registered Hygiene Technician (within 12 months)

For our Chemicals Division, we consider a standard procedure as an important benchmark to ensure that our products are safe. The Chemicals Division has a procedure which refers to guidelines such as:

- Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulations 2000;
- Occupational Safety and Health (Control of Industrial Major Accident Hazard) Regulations 1996;
- Occupational Safety and Health (Classification, Labelling and Safety Datasheet of Hazardous Chemicals) Regulations 2013;
- Restriction of Hazardous Substances or RoHS Directive (Directive 2002/95/EC); and
- Responsible Care Guiding Principles.

The employees of the Chemicals Division are also most prone to hazardous chemicals exposure. The most hazardous product within CCM Chemicals is chlorine which is classified as a toxic gas. The Pasir Gudang Works (PGW) chlorine manufacturing activities exceed the minimum threshold and are therefore subject to CIMAH Regulations. Chlorine is a toxic gas which upon exposure may cause coughing, shortness of breath and vomiting. The effect to human health will vary based on the concentration of gas released. When chlorine gas leaked, it can travel through air to the nearby community. Due to this risk, the Chemicals Division has implemented several mitigation measures:

- A Quantitative Risk Assessment (QRA) is conducted via Project Hazard Analysis Software (PHAST) to project the extent of risk severity to the industrial/residential population and included in the CIMAH report;
- Any risks can be communicated by organising a "Community Awareness Programme" whereby neighbouring facilities, local authorities, government agencies, schools and representative from housing areas will be invited to a briefing session regarding the Company's operations, hazards and safety measures;
- Emergency response facilities/equipment are made available – these include a gas detection system, gas refuge room, Chemical Emergency Services team, ambulance, medical centre and Emergency Response Team (ERT);
- Training programmes are carried out to enhance the skills of the ERT Committee members; while
- Preventive measures are in-place i.e. the implementation of elements in the Process Safety Management System, the OHSAS 18001 and ISO 14001 management system and the Responsible Care Code of Management Practices.

Our Commitment To Sustainable Social Practices

Health and Safety Statistics

To promote and to ensure participation by all employees in the Group's safety and health culture as well as to inculcate SHE ownership among all employees, we have established Health and Safety KPIs within our operations. The KPIs for SHE is based on the SHE Statistic pertaining to the Total Recordable Case Frequency (TRCF) rate. The TRCF rate is the number of recordable incidents per million manhours of employees.

For FY2018, a total of 1,004.73 of man hours has been registered. We recorded only one minor injury and one major injury across all our operating divisions with zero hours of loss time injury (LTI). We believe that all accidents are preventable. Our goal is zero fatalities and we are committed to achieving this through the effective management of safety risks. The table below lists the health and safety statistics throughout our operations from 2017 to 2018.

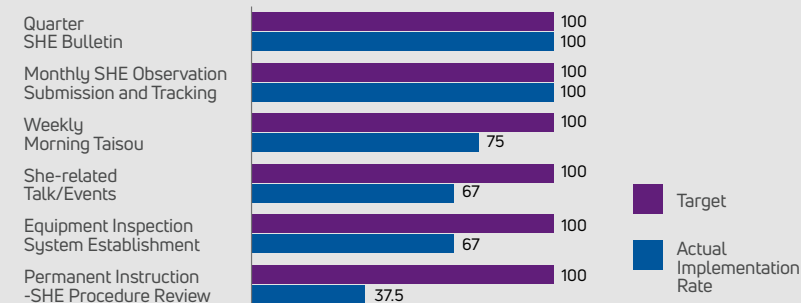
CCM Safety Performance		
	2017	2018
Number of LTIs (Lost Time Injury)	7	0
Non-Recordable Incidents	121	65
Recordable Incidents	10	2
TRCF (Total Recordable Case Frequency)	2.2	1.99

Toward a World Class SHE Culture

A Safety, Health and Environment ("SHE") culture is of paramount importance in our business operations and we strive to achieve world class standards in this aspect. This is especially important as we need to ensure we meet all regulatory requirements in our operations and premises in order to obtain mandatory licences on a yearly basis.

Since 2016, CCM Chemicals has been organising a SHE perception survey to gauge our progress towards reaching the standard of world class SHE companies. In 2017, our Chemicals Division embarked on our "Towards World Class SHE Culture" programme, a journey and commitment by senior management and staff to achieve world class performance which targets zero incident, zero pollution and zero waste. The ultimate aim of this programme is for the Chemicals Division to achieve a 'Zero by Design' SHE culture, an extensive and fool proof SHE Management System, excellence and high performance SHE culture, competence resources and innovative SHE way of life at all aspects. Various programme were implemented through working committees which covers the leadership, programme and activity, rules & procedures and assessment & inspection perspectives.

These perspectives and scopes have been selected as the key area for improvement based on the outcome from SHE Perception survey in 2016. Regular programme updates from each working committee were monitored closely by the Chief Executive Officer, Chemicals through SHE Steering Committee meeting. Among the key deliverables and its progress in 2018 as follows:

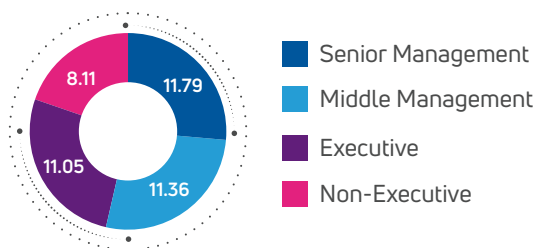


Our Commitment To Sustainable Social Practices

TRAINING AND DEVELOPING OUR EMPLOYEES [404-1]

In our rapidly evolving world, curiosity and continuous learning are essential factors for any workforce. In order to achieve the integral development of the individuals and teams within CCM, training is provided which cover the areas of Intrapersonal and Interpersonal skills, Professionalism and Leadership skills. In 2018, each employee achieved an average of 10.21 training hours per annum. The following charts and tables show the breakdown of the training and development programmes provided according to gender and by the employment category

Average Training Hours by Employment Category



Our Commitment to Training	Senior Management	Middle Management	Executive	Non-Executive
Total Employee Training Hours by Employment Category	126	183	552	415

Our Commitment to Training	Female	Male
Total Employee Training Hours by Gender	516	760
Average Training Budget per Employee (RM)	540.07	352.15
Average Attendance per Training Programme	4.96	7.1
Average Training Hours by Gender	11.17	9.56



Our Commitment To Sustainable Social Practices

Engagement Activities

A core metric for measuring the health and success of an organisation is through the degree of how well people are connected to the company they work for. Maintaining a close relationship with employees is vital for attracting and retaining talent which will ultimately contribute towards the success of the business.

Strengthening Employee Bonds

We continue to roll out a host of employee engagement sessions as we pursue the objectives of building long-term relationships with our employees while strengthening the communications within our organisation. The employee engagement activities for 2018 are listed below.

Activities	Date/Frequency	Participants	Description
CCM Group / Site Townhall	Quarterly	More than 50 pax	Communication and engagement sessions between employees and GMD / CEO of Businesses. These mainly centre on updates of the Company's latest performance and strategic direction.
CCM Group "Let's Talk Over the Tea Tarik Session with GMD"	22 March 2019	38	Hour-long informal sessions that allow employees to get up close and personal with the GMD; a sharing of everyone's experiences in the Company; and the opportunity to ask questions and suggest ideas to the GMD.
CCM Group Leadership Action Workshop	27 March 2018	22	This workshop aims to establish and implement organisational-wide employee engagement action plans in partnership with the HR Department. This workshop identifies and understands the driving force behind meaningful employee engagement sessions.
CCM Pulse Survey	11 April 2018	All employees	Conducted every two years, this employee pulse survey is a tool used to measure CCM's operating climate and overall performance. The survey is administered by Group Human Capital using Google Forms. 2018 showed the latest results from this survey.
CCMB Focus Group Discussion	4 May 2018	23	A discussion on employee engagement initiatives which can bring about meaningful changes at CCM.
CCMB Raya Celebration "Lebaran Penuh Gaya"	4 July 2018	61	A celebration to promote the multi-cultural facets of employees and harmony within the Company while enhancing the unity and camaraderie among CCM employees.
CCMB Inter-Department Hari Raya Decorating Contest	7-11 July 2018	All departments	A contest to bring the excitement of Hari Raya into our workplace to showcase the creativity of employees, boost their morale and liven up the workplace.

Our Commitment To Sustainable Social Practices

Activities	Date/Frequency	Participants	Description
CCMB Friday World Cup Fever!	13 July 2018	35	A celebration of the World Cup final match with the theme of respect for all teams and of overcoming differences.
CCM Group Annual Dinner & Long Service Award 2018	6 October 2018	208	This event aims to celebrate CCM's long-serving employees for their unwavering loyalty and commitment to the Company. The Long Service Award commemorates employees who have served the Company for 10, 15, 20, 25, 30, 35 or 40 years and incorporates the Gold Medallion for retirees.
CCMB Get Together Event & White Elephant Gift Exchange	4 December 2018	41	A get together event before the year's end incorporating fun and interesting gift exchange activities.

To ensure the Company understands its employees' satisfaction levels, we conduct an employee engagement survey every alternate year. The latest survey undertaken in 2017 (in partnership with Willis Towers Watson as the survey administrator) reflected a score of 87%. The objective of this survey is to identify the strongest statistical predictors or drivers impacting engagement within CCM.



Paving Our Way Forward

CCM Group continues to meet the highest form of transparency in our sustainability disclosures. By effectively ingraining sustainability throughout our business management and operations, we communicate honestly and with integrity with our stakeholders regarding financial and non-financial matters pertaining to the Group.

For each of CCM's key material sustainability matters as presented in the materiality matrix, the Group outlines our risks and opportunities; challenges and improvements; quantitative measurements; as well as management approach according to the GRI Standards. We have transparently indicated the corresponding topic-specific GRI disclosures for relevant sections all throughout this report.

We provide sustainable solutions based on innovative sciences to meet our vision and mission goals as well as to achieve our economic ambitions with good environmental and societal considerations.

We believe that through collaboration and engagements with the local government and regulators, peers, customers, the community at large and other key stakeholders, we can help drive transformation on the sustainability platform across the chemicals and polymers industries in Malaysia.



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