





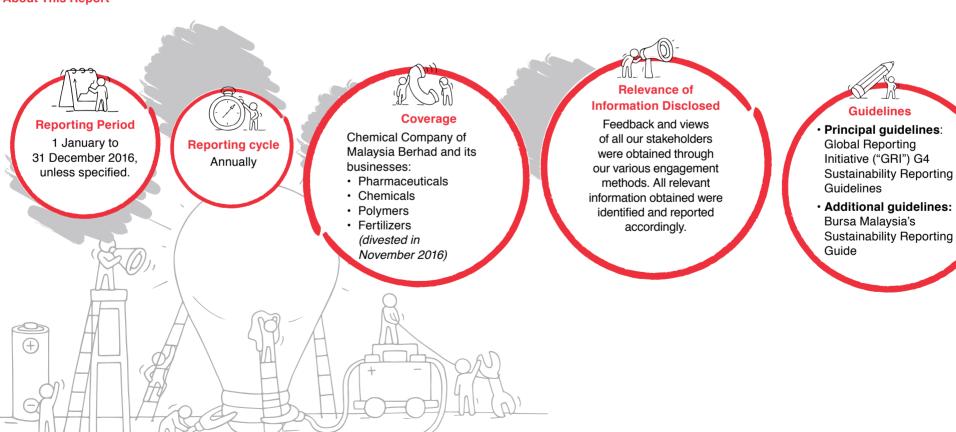
OUR APPROACH TO REPORTING

This is the third standalone Sustainability Report produced by Chemical Company of Malaysia Berhad ("CCM") which covers its responsibilities to its stakeholders and the contributions made to sustainable development.

CCM continued its commitment to providing detailed disclosure with indicators and clear performance trends. In this report, data and statistics of company performance have been tracked to date. Where Group-wide information is unavailable, selected divisions or companies have been used to represent some indicators.

This Sustainability Report is consistent with the Annual Report and other publications including the corporate website and previous Sustainability Reports. Other material issues such as detailed corporate governance, data on internal operations and business activities are reported elsewhere, such as the Annual Report, and are not repeated here.

About This Report



ABOUT

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, playing a key role in the development of the pharmaceutical, chemical and polymers industries whilst actively championing and developing Halal initiatives in Malaysia.

CCM offers a wide range of products and services to the healthcare, chemical and polymers sectors. Our decades of expertise and experience bring forth our commitment to provide sustainable solutions based on innovative sciences to these sectors with a vision to enhance the quality of life of our stakeholders.

OUR VISION

Enhancing Quality of Life

OUR

To be a responsible company committed to enhancing quality of life by providing sustainable solutions based on innovative sciences.

OUR CORE VALUES



OUR BUSINESSES

We are now focusing our businesses to three (3) sectors, Pharmaceuticals, Chemicals and Polymers, after the cessation of our Fertilizers business.



PHARMACEUTICALS BUSINESS

Our Pharmaceuticals business develops, manufactures and markets generic drugs and branded pharmaceutical products. As a leading regional pharmaceutical manufacturer, our portfolio of products supports wellness for every stage of life from prevention to treatment and cure.



BUSINESS

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. We also offer a range of engineering services that support the water treatment, power, palm oil and rubber industries.



POLYMERS BUSINESS

Our Polymers business is a one-stop centre in providing a wide range of polymer coating solutions for the rubber gloves industry to produce powder-free medical examination and surgical gloves. Our Research and Development team constantly develops products to ensure we deliver innovative and customised solutions and process support to all stages of glove manufacturing production.



BUSINESS

Our Fertilizers business has been the pioneer and one of the largest producers of compound fertilizers in Malaysia. CCM divested this business in November 2016, after providing to the needs of the agricultural sector in Malaysia and the region for more than 50 years.



TURNOVER AND PROFITABILITY

	Turnover		Profit/(Loss) before tax	
(RM'mil)	2016	2015	2016	2015
Pharmaceuticals	312.9	334.8	31.5	46.1
Chemicals	214.7	213.9	18.0	6.6
Polymers	81.2	80.8	17.7	25.2
Fertilizers (discontinued)	145.9	367.5	(102.8)	(96.1)
Intersegment eliminations and	0.5	0.0	(22.6)	(04.0)
others	0.5	0.8	(33.6)	(24.9)
Group	755.2	997.8	(69.2)	(43.1)

LIQUIDITY

(RM'mil)	2016	2015
Net cash from operating activities	64.3	14.2
Net cash from/(used in) investing activities	14.3	(60.2)
Net cash (used in)/from financing activities	(111.2)	142.5
Exchange difference on translation of the financial statements of foreign operations	8.2	8.0
Net (decrease)/increase in cash and cash equivalents	(24.4)	104.5
Cash and cash equivalents at 1 January	312.7	208.2
Cash and cash equivalents at 31 December	288.3	312.7

FINANCIAL POSITION AS AT 31 DECEMBER

(RM'mil)	2016	2015
Total non-current assets	1,000.9	804.0
Total current assets	684.4	932.9
Total assets	1,685.3	1,736.9
Financed by :		
Share Capital	457.6	457.6
Reserves	183.6	29.0
Retained earnings	98.4	184.8
Equity attributable to owners of the	739.6	671.4
Company		
Non-controlling interests	152.2	178.6
Total equity	891.8	850.0
Total non-current liabilities	565.7	473.7
Total current liabilities	227.8	413.2
Total liabilities	793.5	886.9
Total equity and liabilities	1,685.3	1,736.9
DROEIT OR LOSS FOR THE FINANCIAL	VEAD	

PROFIT OR LOSS FOR THE FINANCIAL YEAR

(RM'mil)	2016	2015
Continuing Operations:		
Revenue	609.3	630.3
Profit before tax	33.6	53.0
Tax expense	(14.6)	(24.4)
Profit from continuing operations	19.0	28.6
Discontinued Operations:		
Loss from discontinued operations, net of		
tax	(102.8)	(101.9)
Loss for the year	(83.8)	(73.3)
Loss attributable to:		
Owners of the Company	(63.6)	(62.5)
Non-controlling interests	(20.2)	(10.8)
Loss for the year	(83.8)	(73.3)

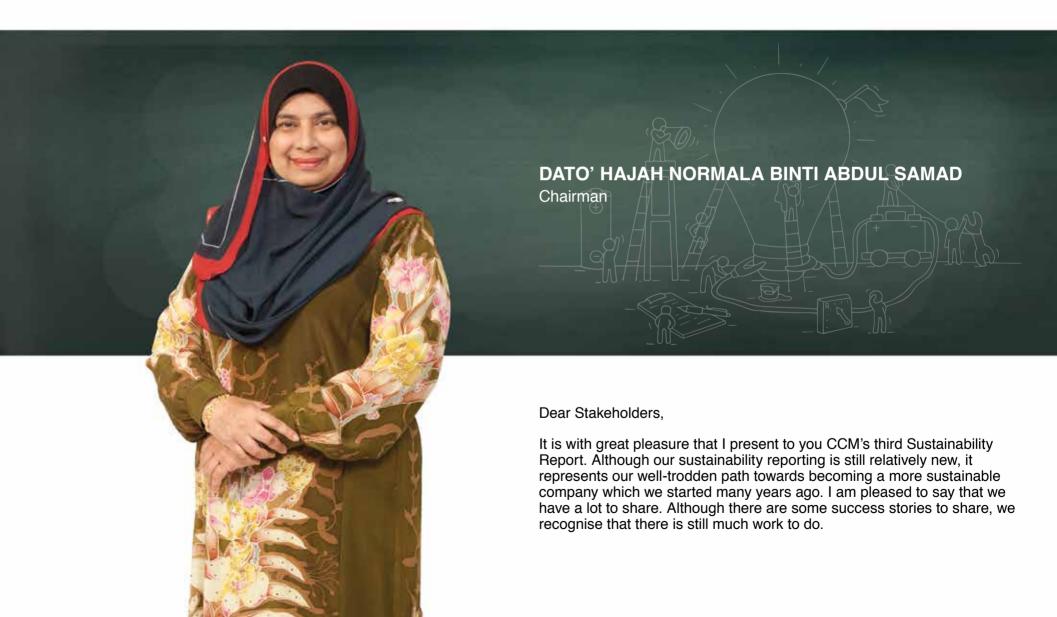
CCM GROUP CARBON DIOXIDE EQUIVALENT EMISSIONS (CO₂e)

CO ₂ e (Metric Tonnes)	2016	2015
Overall	104,153	122,201
Berhad	56	51.7
Pharmaceuticals	17,290	19,032
Chemicals	83,959	86,022
Polymers	230	-
Fertilizers	2,617	17,095

TOTAL RECORDABLE CASE FREQUENCY ("TRCF")

•		
KEY AREAS	2016	2015
No. of Fatality Cases	0	0
No. of Fines or Penalty	12	0
No. of Lost Time Injury ("LTI")		
cases	6	7
No. of Recordable Cases	7	9
Lost Time Injury Frequency ("LTIF")	1.21	1.42
Total Recordable Case Frequency ("TRCF")	1.41	1.83
All Incidents	107	116
No. of Near Miss Cases	22	32

MESSAGE FROM OUR CHAIRMAN



CHAIRMAN

Sustainability is a strategic priority for us. We seek opportunities to leverage our influence as the leader in each of the sectors in which we operate to further the sustainable development agenda of our nation. Our holistic approach to sustainability is achieved by successfully integrating economic, environmental and social aspects into our business operations. As we take steps in our sustainability journey, we are more convinced of our role than ever to achieve a better way of living and working to enhance the quality of life of all our stakeholders.

We are proud of being a responsible corporate citizen and the initiatives that we are sharing in this report. In line with the Sustainable Development Goals adopted by the United Nations this year, we are ready to make a meaningful contribution to a more sustainable Malaysia by 2030. CCM has a deep and intrinsic link to good corporate responsibility and our balanced ecosystem of sustainability will position us as a positive force in local communities. Each business takes a proactive role by reaching out to stakeholders and positively affecting their lives.

Accountability, transparency and ethical performance are key aspects of our operations. CCM enhances lives as we continue to make a positive contribution to the people, society and our Mother Earth. We remain focused on enhancing the quality of life for millions of our stakeholders and bringing smiles to the lives of everyone. This Sustainability Report represents our continuing commitment to doing business in a way that creates economic, environmental and social value for all stakeholders. Sustainable business growth, rooted in our responsible approach to business, will help us achieve even more in the future towards enhancing lives.

In 2016, as in previous years, delivering value in demanding economic circumstances was challenging. The price of energy, raw materials and packaging continued to rise and this was compounded by the weakening Ringgit. Political, social and economic instability

and more stringent regulations further aggravated the situation. We addressed these challenges by overhauling our internal processes. We listened carefully to our industry partners, communities and employees on a wide range of proposed major projects to ensure that our success is sustainable. As the financial year ended, CCM faces the New Year in a stronger financial position and looks forward to more exciting growth opportunities.

Every effort has been made to being transparent and responsive to stakeholders' requests. They challenge us to do better and we strive to outperform their expectations. We will continue to reach out to our stakeholders, communicate through multiple channels, engage in robust conversations and work towards common objectives for our communities.

I invite you to take the time to read this report and visit our website to learn about the exciting initiatives that support the ecosystem of our sustainability practices. I am proud of the work that we have done so far and I look forward to increasing our efforts over the coming years. On behalf of the Board of Directors, I would like to thank our diverse group of stakeholders for supporting our many sustainability initiatives throughout 2016, especially our employees for their commitment and dedication. This Sustainability Report is dedicated to all of you and we hope you will find it useful and informative. I welcome your feedback and critical thinking on issues that are central to us. We relish the opportunity to talk and learn more with you.

Dato' Hajah Normala binti Abdul Samad Chairman

WHERE WE ARE IN OUR SUSTAINABILITY JOURNEY

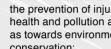
Sustainability Policy

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;





Cultivate a diverse, inclusive and respectful workplace;



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



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



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



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



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



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



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



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



Operate in an open, transparent and accountable manner;



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

Everyone in the CCM Group of Companies is accountable and responsible for the successful application of and compliance with this Policy.

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 expectation of our shareholders.

- We are committed to manage our business to the highest standard of integrity and corporate governance practices and demonstrate these responsibilities through our actions and within our corporate policies.
- We will strive to provide our customers with products and services that are hallmarked by integrity, quality and care.
- 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.
- We will actively assess and manage the environmental impact of all of our operations.
- 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.
- We will continue to develop and participate in community programmes which enhances the quality of life especially those related to healthcare, education, sports and the environment.

WHERE WE ARE IN OUR SUSTAINABILITY JOURNEY

CCM's Three-year Sustainability Roadmap (2015 to 2017)

YEAR 1

- Obtain commitment from leadership and management
- Realign internal structure
- Perform gap analysis
- Build capacity by raising awareness as well as conducting training and projects
- Develop framework for sustainable use of human capital
- Reporting

YEAR 2 2016

- Continue awareness campaigns to develop sustainability culture
- Intensify capacity building through training and projects
- Implement framework for sustainable use of human capital
- Monitor and communicate results and advantages
- Reporting

- framework

- Adopt Halal values/Integrity in our work culture

Maintain capacity built via an agreed Monitor, sustain and communicate Continuously improve work culture Adopt a healthy and safe work culture

In this report, we highlight the progress we have made towards achieving these goals. Our achievements in 2016 are summarised in the table below, some of which have been deferred from 2015.

Commitment in 2016 **Achievements** 16 Sustainability Awareness 101 sessions which included briefings on Halal matters were conducted in 2016, Continuing the awareness campaign to develop sustainability culture reaching out to an additional 310 employees. Total number of employees briefed stands at 1,127 SHE Week activities Conducted 2 Lean Six Sigma Green Belt classes for 24 employees. To date, a total of 215 employees were trained Conducted 5 OE-QC Tools training classes for 66 staff with a total of 234 staff trained First Aid / Firefighting Trainings Intensifying capacity building through training and project implementation ISO 9001/ISO 14001 trainings Continued Operational Excellence ("OE") programme on improvement projects; a certified LSS Black Belt and additional 7 certified LSS Green Belts, with a total of 31 staff certified Implementing a framework for sustainable use of human capital Projects on human resource optimisation were conducted Monitoring and communicating results and advantages gained Same as "Reporting" section Monthly reporting at internal Group Management Committee meetings Monthly communication via internal Sustainability News Real-time up-to-date news through Berita Kimia Facebook page Ongoing updates via CCM Intranet Reporting Quarterly Townhalls External reporting via the Sustainability Report Reporting under Responsible Care Programme to Chemical Industries Council of Malaysia ("CICM")

OUR RECOGNITION

Awards Received

Business	Award	Award Provider	Date Received	
Headquarters				
CCM	Industry Excellence Award in the Healthcare Sector	Utusan Business Awards 2016	1 Mar 2016	
CCM	Selangor Excellence Business Awards - Pharmaceuticals	Dewan Perniagaan Melayu Malaysia – Negeri Selangor ("DPMMS")	7 Nov 2016	
Pharmaceuticals				
CCM Duopharma Biotech Berhad ("CCMD")	Best Brand in Malaysia	International Congress of the Economic Relations' Development in the Health Field with the Focus on Islamic Countries	22 Feb 2016	
CCMD	Pharmaceutical Company of the Year – Generic Market	Frost & Sullivan	14 Apr 2016	
CCM Pharmaceuticals Sdn. Bhd. ("CCMP")	Most Wanted Garlic Supplement – Naturalle Garlic	Watsons' Health & Beauty Award 2016	3 Jun 2016	
ССМР	Most Wanted Chewable Vitamin C – Flavettes Vitamin C 500mg	Watsons' Health & Beauty Award 2016	3 Jun 2016	
CCMD	Best In Sustainability Reporting (RM500 million – RM950 million Market Cap)	Focus Malaysia	14 Oct 2016	
CCMD	HR Asia Best Companies to Work for in Asia 2016	HR Asia	29 Oct 2016	
CCMD	3 rd Placing Excellence Award for TOP Corporate Governance and Performance (Special Category) for Market Cap Between RM300 million to RM1 billion	Minority Shareholder Watchdog Group ("MSWG")	15 Dec 2016	
CCMD	Merit Award for Best Annual General Meeting (Market Cap Below RM300 million)	MSWG	15 Dec 2016	
Chemicals				
CCM Chemicals Sdn. Bhd.	 CICM Responsible Care Awards 2015/2016: Gold Award for Product Stewardship Code Gold Award for Distribution Code Gold Award for Pollution Prevention Code Silver Award for Community Awareness & Emergency Response Code Silver Award for Employee, Health & Safety Code Silver Award for Process Safety Code 	Chemical Industries Council of Malaysia ("CICM")	2 Dec 2016	

CCMD Named as Pharmaceutical Company of the Year -Generics Market

CCM Duopharma Biotech Berhad ("CCMD") was awarded the Frost & Sullivan Malaysia Excellence Award 'Pharmaceutical Company of the Year - Generics Market'. This is the second time CCMD has been honoured with this award, the first being in 2013.

This achievement acknowledges our hard work towards becoming the leading pharmaceutical company in Malaysia and ASEAN. It demonstrates our relentless commitment to delivering quality and innovative healthcare products.

The award by Frost & Sullivan is one of 38 prestigious titles that celebrate the best-in-class companies. Companies that demonstrate excellence in the automation and electronics; automotive; chemicals; energy; environment and building; healthcare; information and communication technologies; and logistics industries are acknowledged.



OUR RECOGNITION

Track Records



PHARMACEUTICALS BUSINESS

- 1st Small Volume Injectable (SVI) plant
- 1st Dental Cartridge facility
- 1st Halal Softgel for pharmaceutical products
- 1st state-of-the-art IBC Pharma System
- 1st local pharmaceutical company to set up a Pharmacovigilance system
- World's 1st Halal pharmaceuticals Certification based on MS 2424:2012 Halal Pharmaceuticals Standard - OTC in 2013 and Prescriptive Medicine in 2016
- Malaysian Ministry of Health, World Health Organisation and European PIC/Scompliant
- Kingdom of Saudi Arabia Food and Drug Authority ("KSA FDA") registration
- Australian Therapeutic Goods Administration ("TGA") registration
- 2013 & 2016 Frost & Sullivan Malaysia Pharmaceutical Company of the Year (Generic Drugs Category)
- 1st local pharmaceutical company to jointly develop biosimilars
- 1st local pharmaceutical company to launch a biosimilar Insulin
- Good Distribution Practice for Medical Device ("GDPMD")
- ISO 13485 on Medical Device



CHEMNICALS BUSINESS

- SIRIM product certification for all chlor-alkali products and coagulants products
- ISO 14001 and ISO 9001 accreditation for Water Engineering Business
- ISO 9001, 14001, 18001 accreditation, Halal and Kosher certification for Chlor-Alkali and coagulant plant - Pasir Gudang Works
- ISO 9001 accreditation for Calcium Nitrate Plant
- 1996 Prime Minister's Hibiscus Award (Exceptional Achievement in Environment Performance)
- 1st in Malaysia to obtain Halal Certification for Calcium Nitrate and Nitric Acid
- 2012/2013/2015 Prime Minister's Hibiscus Award (Notable Achievement in Environmental Performance)
- Pioneer signatories of Responsible Care Programme in 1994
- Awarded with Platinum, Gold, Silver and Merit Awards in yearly Responsible Care Programme Award
- 2016 CICM Gold Awards for Product Stewardship Code, Distribution Code, Pollution Prevention Code and Silver Awards for Community Awareness & Emergency Response Code, Employee Health & Safety Code and Process Safety Code



POLYMERS DIVISION

- ISO 9001 accreditation
- One of the world's largest polymer coatings manufacturer and supplier for the rubber glove industry

VALUING OUR STAKEHOLDERS

We have a long history of stakeholder engagement and are committed to engaging in constructive and meaningful dialogue with stakeholders. Effective communication helps us build trust, leverage their expertise and gain insights into the most pressing issues. Stakeholder engagement helps us reaffirm the most material issues and devise ways to address them within the Group.

We engage with a diverse group of stakeholders comprising employees, customers, shareholders, NGOs, suppliers, industry groups and local communities. Positive, bilateral dialogue builds informed relationships that promote transparency and accountability. Stakeholders' views on a wide range of topics are useful and have influenced our sustainability strategy in several key areas.

Stakeholders also help us test new ideas while solving industry-wide challenges. We also share our perspective on key issues, highlight areas of importance and help them understand the Group's journey more clearly.

The salient issues for each stakeholder group and our engagement with each during 2016 are presented below:

Stakeholder Group	Areas of Interest	Addressing Their Interests
Shareholders and investors	CCM's business direction and key corporate developments	 Announcements on Bursa Malaysia and our corporate website Investor roadshows, updates and briefings for fund analysts Annual general meetings Annual reports
Communities and public	 Transparent and quality products and services Community development and enrichment Reaching out to the community 	 Reaching out through engagement sessions such as roadshows, seminars, exhibitions and get-together events Halal Workshop and Symposium Continuous Medical Education ("CME") sessions for medical fraternity Community programmes Philanthropy and donations
Customers	Safe products and servicesQuality managementCompliance status of the company	 Up-to-date safety and quality certifications Zero cases of product safety non-compliance Accurate description of our products In-House pharmacovigilance unit in Pharmaceuticals business
Industry peers	Industry developmentsRelevant laws and regulations	Participation in industry forums, conferences, dialogue, exhibitions and both local and international networking events
Government and regulatory authorities	ComplianceNation buildingHelping the government achieve its goals	 Supporting the National Agendas, namely the Halal Agenda initiatives and the Bumiputera Agenda Meetings, dialogues and updates Good representation in trade councils and associations
Employees	 Career development Competitive remuneration Work-life balance 	 Regular communication through email, townhalls, company intranet, up-to-date Berita Kimia Facebook and in person Structured and customised training programme that meet individuals' needs Regular benefit benchmarking exercise performed by Group Human Resources Various engagement activities such as family days, festive celebrations, sports and charities
Suppliers	Fair procurementTransparencySuppliers' development	 Bumiputera Vendor Development Programme Group procurement policy and procurement system e-bidding system implemented at Pharmaceuticals and Chemicals businesses

GOOD CORPORATE



Business Ethics

We pride ourselves on our strong business ethics and these moral principles guide our behaviour. The same principles that determine an individual's actions must also apply to business. Our strong moral compass has been formalised in our Business Ethics Policy.

Our policy is to maintain the highest ethical standards and retain our reputation with governments, regulatory bodies, communities and all those with whom we conduct business. All employees are responsible for maintaining the highest standards of honesty, integrity and trustworthiness in day-to-day operations and in any situation where they are representing CCM.

Risk Management

The Group faces a broad spectrum of risks as well as opportunities in its businesses and operations. We have established an effective risk management programme and control systems to assess and mitigate these risks and help the Group meet its business objectives.

We have developed and maintain a risk management culture through leadership, education, communication and consultation. This risk-based approach is effectively embedded in our business processes and operations.





CCM is a government-linked company and is presently one of the largest manufacturers of pharmaceuticals and chemicals in Malaysia. It also has regional offices in Singapore, Indonesia and the Philippines. CCM has set benchmarks by implementing responsible, sustainable and consistent compliance procedures throughout the Group to meet the growing needs, domestically and overseas. Championing Halal initiatives for nearly two decades, CCM has emerged as a leading Halal industry driver within the region.

Growing alongside the Malaysian economy, we have made significant contributions to the country's development to nationhood. We generate economic value for nations, regions and communities by providing employment, paying taxes, supporting local goods and services and developing infrastructure. We also consider it our responsibility to make a broader contribution to sustainable development. We make voluntary social investments in the communities in which we operate and invest in national projects.



We supply approximately 5% of the domestic pharmaceuticals market, making us the largest pharmaceutical manufacturer in Malaysia. Our portfolios include almost 300 Halal certified products with a market presence in over 25 countries. With Halal as a driving force, we are currently focusing on:

- Expanding into speciality drugs and biopharmaceuticals
- · Entering niche therapeutic areas
- Expanding our footprint in the ASEAN region



We are the leading industrial and speciality chemicals manufacturer in Malaysia for over 70 years. Our 26-acre chlor-alkali plant in Pasir Gudang was built in the 1990s by an all-Malaysian engineering team. Today, the plant is MS ISO 9001, OHSAS 18001 and ISO 14001 accredited with the capacity to produce an annual 200,000 metric tonnes of chlor-alkali and coagulant products comprising liquid chlorine, caustic soda, hydrochloric acid, sodium hypochlorite and polyaluminium chloride as coagulant for water treatment processes and industrial sectors such as oleochemicals, soap and detergent, metal, electronic, textile, petrochemicals and rubber products.



We have steadfastly developed customised and innovative solutions on polymer coatings to meet the needs of rubber glove manufacturers for the production of powder-free examination and surgical gloves.



FERTILIZERS BUSINESS

We were once the pioneer in the manufacturing of compound fertilizers, being the first in Malaysia. Despite exiting from the fertilizers business after more than five decades, our Fertilizers Business had made a remarkable milestone in the development of the palm oil plantations and agriculture industry in Malaysia with the supply of its well-known Cock's Head brand fertilizers.

CCM's Role Within the Industry

We work in partnership with local communities, the government, NGOs and industry experts, making an invaluable contribution to both the public and private sectors.

We help shape public policy in our areas of expertise and our outreach efforts play an important role in realising our vision of 'Enhancing Quality of Life'.

Chemical Industries Council of Malaysia

As a key player in the chemicals industry, we continue to assume a leadership role to intensify efforts and strengthen ties with industry peers. CCM is currently serving as an Executive Committee member of the Chemical Industries Council of Malaysia ("CICM").

CICM is the umbrella body representing the various subsector chemical groups comprising oleochemicals, paints, fertilizers, petrochemicals, agriculture chemicals, industrial gases, coating resins and biodiesel sectors.

We also chair the CICM's Regulatory Affairs Committee and are a member of the Technical Committee of its Responsible Care Programme ("RCP").

As a signatory of the Responsible Care Charter, our Chemicals business actively subscribes to and implements the six codes of management practices throughout its operations.



We pursue safe chemicals management and performance excellence Group-wide. Our commitment helps boost public confidence and trust in the industry's dedication to safely manage chemicals throughout their lifecycles. This ensures that chemistry can continue to contribute to a healthier environment, improved living standards and a better quality of life for all.

Malaysian Rubber Glove Manufacturers Association

CCM Chemicals Sdn. Bhd. is an associate member of the Malaysian Rubber Glove Manufacturers Association ("MARGMA").

MARGMA is the official voice and advocate for the rubber glove industry in Malaysia. The association collaborates closely with key Malaysian government agencies and related ASEAN trade associations to promote and protect the interests of its members and the industry. MARGMA also addresses domestic and international issues related to their businesses and the industry.



Our Polymers business also actively engage with MARGMA, being one of the leading polymer coatings manufacturer and supplier of polymer coating solutions to the rubber gloves manufacturers in the country and the ASEAN region for the production of powder-free medical and surgical gloves.

Contribution to the Halal Sector

We help bolster industry efforts on the national Halal agenda through our active involvement in developing standards for chemical and pharmaceutical products. We played an active role in developing the Halal strategic document for the 11th Malaysia Plan. We participated in various workshops and technical working groups led by Jabatan Kemajuan Islam Malaysia ("JAKIM") and the Halal Industry Development Corporation ("HDC").

Together with the respective authorities and government agencies, we contributed to the development of the first Malaysian Standard on Halal Chemicals for use in potable water treatment (MS2594:2015) and the world's first Halal Pharmaceutical Standard, MS2424:2012. We also contribute in driving the Halal pharmaceuticals sector with our role as a member of:

- the Technical Committee for Halal Pharmaceuticals chaired by the Department of Standards Malaysia, Ministry of Science, Technology and Innovation ("MOSTI");
- the Technical Committee for Halal Pharmaceuticals under the Dasar Ubat Nasional ("DUNas") chaired by Pharmaceuticals Services Division, Ministry of Health ("MOH").

Our General Manager of Group Halal and Government Relations is a member of the "Halal Professional Board" which was established by the Government of Malaysia since 2015 under the august office of Jabatan Kemajuan Islam Malaysia ("JAKIM"). She was a panellist on 'Engaging with Consumers & Halal Markets' during the Selangor International Halal Conference on 20 and 21 October 2016.

CCM has actively organised seminars, talks and discussions on Halal awareness since 2007. We held a Halal Pharmaceuticals Workshop in Kota Bharu, Kelantan on 3 December 2016. We organised a Halal symposium entitled 'Malaysia Global Leadership in Halal Pharmaceuticals' on 21 December 2016 for 200 delegates from the pharmacy fraternity. Held in collaboration with Jabatan Kemajuan Islam Malaysia ("JAKIM"), Halal Industry Development Corporation ("HDC"), Standards Malaysia, Ministry of Defence ("MinDef") and Malaysian Pharmaceutical Society ("MPS"), the symposium aimed to:

- provide an overview of the concepts and needs of Halal pharmaceuticals;
- highlight the Shariah Compliant Pharmacy Practice;
- present the current research and development conducted for Halal Pharmaceuticals;
- provide an insight into Malaysia's Halal certification process; and
- discuss the potential of Halal pharmaceuticals becoming the new frontier for the Halal industry and Malaysia's aspiration to be the global Halal hub.

We will continue to raise awareness of Halal pharmaceuticals to ensure Muslims have the option for Halal medicines, vitamins and health supplements whilst at the same time are able to meet their Islamic obligations.



We also encourage employees to stay abreast of Halal developments by attending talks by industry experts at the World Halal Conference. Topics included Halal vaccinations and the impact of ASEAN harmonisation on improving the Halal status of the pharmaceutical industry.

We also conducted Celik Halal Train-the-Trainer ("TTT") sessions in order to reach out to the staff so as to increase their knowledge and understanding of CCM's Halal initiatives and its journey and achievements thus far.

CCM was also invited to participate in the annual JAKIM International Halal Certification Bodies Convention with the video of CCM's Halal Assurance Management System being launched by the Minister in the Prime Minister's Department, YB Major General Dato' Seri Jamil Khir bin Baharom (R) at the event in March 2016.

Malaysian Organisation of Pharmaceutical Industries

Our Pharmaceuticals business serves as an Executive Council member of the Malaysian Organisation of Pharmaceutical Industries ("MOPI"). We share our expertise and know-how to work together with MOPI in overseeing the regulations and development of the pharmaceutical industry to ensure all Malaysians have access to affordable quality medicines.

Participation in the Minggu Saham Amanah Malaysia ("MSAM")

MSAM by Permodalan Nasional Berhad ("PNB") was introduced on 20 April 2000 following the success of 'Minggu Pelaburan Bersama PNB' in 1999. MSAM educates members of the public on investment and encourages them to actively participate in the country's unit trust industry.

Since its introduction, it has reached out to more than 3.2 million visitors from Malaysia. MSAM 2016, themed 'Pelaburan Untuk 1Malaysia', was held from 20 to 28 April 2016 in Tapah, Perak Darul Ridzuan.



In conjunction with the event, we held the CCM Interschool Showdown for the fifth consecutive year. More than 7,200 secondary school students from 24 schools in the state of Perak took part in the event that exposed them to the 'trading race', a game that simulates trading on the Malaysian Stock Exchange.

Innovation & Quality Convention

CCM held its 21st CCM Innovation & Quality Convention on 22 September 2016 as a platform for employees to share their experiences and successes in Operational Excellence ("OE") projects' implementation. The convention saw seven teams across the CCM Group presenting their OE projects in a friendly competition for the best OE improvement teams. Our employees demonstrated their knowledge and skills with the application of OE tools such as the Lean Six Sigma and Plan-Do-Check-Act methodologies on how to improve efficiency and effectiveness in their work.

The projects were evaluated by a panel of judges based on the following criteria:

- Project selection & definition.
- · Root Cause / Improvement Opportunity Analysis
- Creative & Innovative Solutions & Implementation
- · Results & Impact of the Project
- Monitoring and Sustainability
- Presentation
- Best Teamwork
- Most Customer Focused

In 2016, the winning team was our R&D arm, Innovax Sdn. Bhd. with their team named "Innovative Bees", on reducing the product development cycle time, allowing CCM to push its products to the market more quickly.

Engagement with Our Supply Chain Partners

With our businesses in more than 30 countries around the world, we engage a broad base of global suppliers. We believe our values should be adopted by all business partners throughout the entire supply chain. Suppliers are expected to operate in a responsible and ethical manner while minimising their environmental impact and maximising their societal benefit.

Suppliers are expected to understand and commit to the principles outlined in our Supplier Code of Conduct. We have adopted a zero-tolerance policy against forced labour, child labour and any forms of discrimination. We will not knowingly do business with companies that benefit in any way from exploiting their workers.

We are committed to operating a collaborative, sustainable supply chain where our partners support us in the delivery of efficient, innovative and sustainable products to our customers. We scrutinise all aspects when procuring products and materials to ensure they are sourced or manufactured responsibly and sustainably using accountable suppliers.

Bumiputera Vendor Development Programme ("BVDP")

To support the Government's efforts to create a "Bumiputera Commercial and Industrial Community" (Masyarakat Perniagaan dan Perindustrian Bumiputera) under the "Majlis Ekonomi Bumiputera" ("MEB"), CCM established the Bumiputera Vendor Development Programme ("BVDP") to develop its own pool of capable Bumiputera vendors to tap into the game-changing opportunities for Bumiputeras in Halal pharmaceuticals. Through Halal Pharmaceuticals, CCM hopes to spur the Bumiputera Agenda by providing opportunities for and strengthening the competitiveness of Bumiputera entrepreneurs in the industry.

We strongly believe that our Bumiputera entrepreneurs have the knowledge and experience on Halal matters and they will be the key driving force behind the Halal Pharmaceuticals ecosystem, making Malaysia the global thought leader for this industry through the convergence of minds – Shariah and Science, opening opportunities for R&D in terms of products, services and also in developing key reference documents.

A workshop, themed "Spurring the Bumiputera Agenda" through BVDP" which involved pocket-talks, knowledgesharing sessions and business clinics was organised to serve as a valuable platform for our BVDP participants to gain beneficial insights on various areas including business facilitation and enablement. A series of pocket-talks were presented by the Technical Agencies of the Ministry of International Trade and Industry ("MITI") with topics including technology commercialisation, enterprise innovation & intervention programme ("EIIP") and ideal technology partners for SMEs as well as an overview of Halal logistics. The participants also had the privilege of having Dr Nor Fuad Abdul Hamid, Director, Vendor Section, Bumiputera Entrepreneur and SME Division, MITI and Dato' Husni Salleh, Chief Executive Officer of TERAJU sharing their knowledge and experience, together with the aspiration of their respective organisations to bring Bumiputera entrepreneurs to the next level and become champions in their respective fields.

CCM BVDP is aligned with our vision of 'Enhancing Quality of Life' by supporting local businesses and expanding our business which ultimately contributes to the economic growth of the communities where we operate.

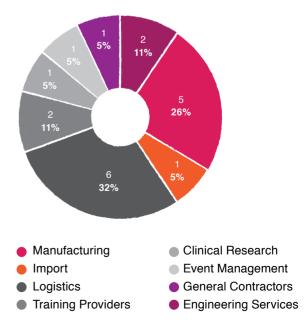
The programme is for three years, subject to the speed of their development. Vendors are guided in developing and supplying products and services to our exact specifications. Their business competency programme performance is also evaluated.

We signed an MoU with SME Bank in June 2015, to market its existing or customised financing scheme to

Small and Medium Enterprises within our business ecosystem. This agreement allows our vendors to subscribe to the financial assistance available under this scheme. SME Bank provides preferential terms to our contractors, vendors and suppliers when considering their financing applications. We also work with CEDAR ("Centre For Entrepreneur Development And Research"), a subsidiary of SME Bank to assist our Bumiputera vendors in entrepreneur development and offer entrepreneurship training, conferences and seminars. CEDAR also allows our vendors to access its training infrastructure, knowledge and skills that will help in their development.

19 vendors have been appointed to date, ranging from new ventures to those who have been operating for many years. The breakdown industries of these vendors are presented below:

BVDP Vendors Appointed by Industry

















We ensure that the principles of sustainable development are embedded in our activities and products to protect the future by making the right choices in caring for the environment and the community we operate in.





We have established Safety, Health and Environment ("SHE") committees at each of our operations. These committees ensure we operate in a safe and sustainable manner while complying with our internal and external regulations. The Environmental Performance Monitoring Committees ("EPMC") convene regularly (monthly or quarterly as required) to review the environmental performance of each aspect such as effluents, emissions and scheduled waste of their respective operations. The composition of these committees and their activities adhere to the Malaysian Government guidelines on 'Guided Self-Regulation'.

We have established Safety, Health and Environment ("SHE") committees at each of our operations. These committees ensure we operate in a safe and sustainable manner while complying with our internal and external regulations.

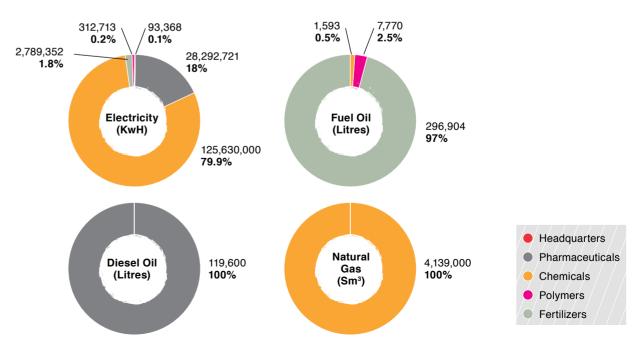
Energy

We understand that energy efficiency benefits business operations, the country and the world. There are numerous advantages to minimising our energy usage such as:

- Lowering our operating costs;
- · Reducing fossil fuels usage;
- Reducing our carbon footprint; and
- Enhancing quality of life of all our stakeholders.

CCM aims to minimise its energy usage throughout all its operations. Energy-saving lightbulbs are used whenever possible and our Procurement department considers energy efficiency procedures when procuring new equipment.

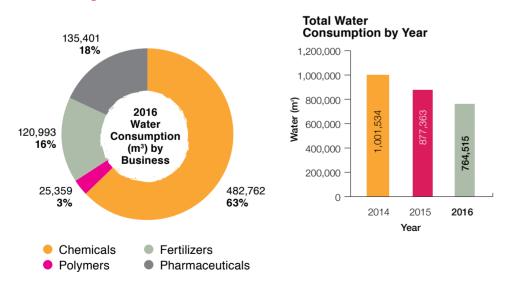
CCM uses large amounts of energy in its manufacturing processes with the majority of energy was in the form of purchased electricity for the production of chlor-alkali products. A summary of our energy used by fuel type is presented below. With divesture of our Fertilizers business, usage of Fuel Oil is expected to reduce substantially.



Breakdown of Energy from 2014 to 2016

Indicator	Unit	2014	2015	2016
Electricity Consumption (Energy)	MWh	179,650	173,598	157,118
Fuel Oil	Litres	1,354,078	1,058,245	306,267
Diesel Oil	Litres	385,405	224,893	119,600
Natural Gas	Sm³	6,919,229	6,684,270	4,139,000

Water Management



Management of Effluents and Emissions

Our Chemicals business is an established Halal certified chlor-alkali manufacturer with its plant in Pasir Gudang, Johor Darul Takzim. Accredited with MS ISO 9001, OHSAS 18001 and ISO 14001, our plants can produce approximately 200,000 MT of chlor-alkali and coagulants products each year. These products are marketed to major industrial sectors such as oleochemicals, soap and detergent, metal, electronic, textile, petrochemicals and rubber products.

As a leading chemical specialist, we provide innovative, environmentally-friendly and cost effective water and wastewater treatment solutions to various industries and government agencies including our services for engineering, procurement, construction, commissioning, operation and maintenance of:

- Chemical Treatment Systems;
- Water and Wastewater Treatment Plants:
- · Municipal Potable Water Treatment Plants;
- Mobile Water Treatment Plants;
- Cooling Water and Boiler Water Treatment and Services; and
- Water Treatment Related Process Control Equipment.

Effluents and Emission Performance

Parameter	Unit	2014	2015	2016
Aquatic Effluents Discharge	M^3	123,079	143,378	108,197
Average COD Level	mgs/lit (PPM)	3,055	3,641	2,225
Atmospheric Emissions - CO₂eq	tonnes	127,645	122,201	104,153

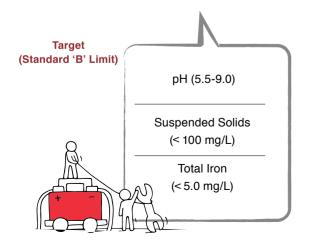
Improvement Initiatives

All CCM manufacturing plants are equipped with wastewater treatment facilities. As part of our commitment to minimise pollution to the environment, CCM continuously looks for initiatives to improve our wastewater treatment.

At our Chemicals plant in Pasir Gudang, we embarked on a wastewater recovery project for our polyaluminium chloride ("PAC") plant. The project commenced in July 2015 and was completed in April 2016.

The objective of this project is to manage the wastewater generated from the PAC plant subsequent to the closure of the alternative usage sink of this wastewater, and to ensure that we continue to comply to the Environment Quality (Industrial Effluent) Regulations 2009.

The plant uses a combination of conventional technologies such as chemical precipitation, clarification and multimedia filtration. These technologies are commonly used in the wastewater treatment industry due to their lower capital investment cost. The total savings recorded



from the construction of this plant was approximately RM12.34 million per year from costs incurred for wastewater disposal, water consumption, usage of chemicals and potential penalties.

Waste Management

Solid Waste

We manage our solid waste responsibly and perform 3R ("Reuse, Reduce and Recycle") initiatives throughout the Group. Recyclable materials were segregated and sent to a recycler or returned to the suppliers. Only unusable waste is destined for approved sanitary landfill.

Styrofoam-free Initiatives

Styrofoam is the trademark for extruded polystyrene foam. Styrofoam is composed of 98 percent air, making it lightweight and buoyant. It is often used to make items such as disposable coffee cups, take-out food containers, coolers or as cushioning material in packaging.

Styrofoam containers are commonly used for take-away food, but chemicals can leach and contaminate the food which affects one's health. This effect is further aggravated when food is reheated while still in the container.

Styrofoam is non-biodegradable and appears to last forever. It is resistant to photolysis, or the breaking down of materials by photons originating from light. Its buoyancy characteristics further result in large quantity of polystyrene finding its ways along coastlines and waterways around the world rendering it as the main component of marine debris.



Besides the risk to health, *Styrofoam* is also associated with air pollution during the production of polystyrene. The production process requires the use of hydrofluorocarbons ("HFCs"), which negatively impact the ozone layer and cause climate change. As *Styrofoam* is processed from petroleum, which is a non-sustainable resource, its production will create heavy pollution and accelerate climate change.

In view of its negativity on our health and the environment, the headquarters of CCM initiated and launched a project called "Project Styro free zone", ahead of the Government's initiative to enforce the ban on the usage of *Styrofoam*.

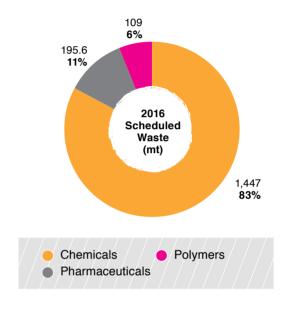
In this project, an awareness campaign on the negative effects of *Styrofoam* was held for all employees at Headquarters to discourage, reduce or perhaps, to eliminate its usage via a "Styro free zone" Pledge. An attractive lunch-box with a carrier bag were given to employees as an alternative to using *Styrofoam* lunchboxes. We are pleased to mention that for the duration of this programme, we managed to reduce the usage of *Styrofoam* by 88.5 percent and the programme will be continued in 2017.

Scheduled Waste

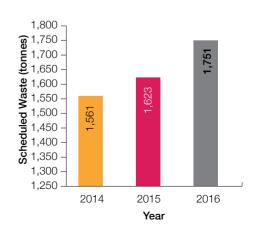
All scheduled waste is sent for treatment by a waste contractor that has been approved by the Department of Environment. A list of scheduled waste with their codes is presented below:

		Businesses		
SW Code	SW Code Description		Chemicals	Polymers
SW 106	Residues from recovery of acid pickling liquor		\checkmark	
SW 109	Waste containing mercury or its compound	√		
SW 204	Sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium	√	√	√
SW 206	Spent inorganic acids		\checkmark	
SW 305	Spent lubricating oil		√	
SW 306	Spent hydraulic oil	√		
SW 322	Waste of non-halogenated organic solvents	√		
SW 323	Waste of halogenated organic solvents	√		
SW 401	Spent alkalis containing heavy metals	√		√
SW 405	Waste arising from the preparation and production of pharmaceutical product	V		
SW 408	Contaminated soil, debris or matter resulting from cleaning-up of a spill of chemical, mineral oil or scheduled wastes		√	
SW 409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes		√	√
SW 410	Rags, plastics, papers or filters contaminated with scheduled wastes	\checkmark	\checkmark	\checkmark
SW 427	Mineral sludges including calcium hydroxide sludges, phosphating sludges, calcium sulphite sludges and carbonates sludges		√	
SW 429	Chemicals that are discarded or off-specification	\checkmark	\checkmark	\checkmark
SW 430	Obsolete laboratory chemicals	√		

Scheduled Waste by Businesses (mt)



Scheduled Waste by Year



Environmental Programmes

Program Rakan Saintis Sungai CCM ("RSS")





Introduced in 2010 as Program Rakan Alam Sekitar, the programme was later rebranded as Program Rakan Saintis Sungai CCM. This programme raises awareness by educating primary and secondary school students on the importance of environmental conservation, emphasising river health in particular. Participants develop a responsible attitude to their natural surroundings and water resources.

Program Rakan Saintis Sungai CCM has since involved schools in the states of Sabah, Malacca, Negeri Sembilan, Perlis and Johor. It has reached out to more than 1,700 students since its inception.

CCM worked closely with the Department of Environment and Universiti Teknologi Malaysia on Program Rakan Saintis Sungai CCM at Gunung Ledang, Tangkak, Johor Darul Takzim in August 2016. The importance of preserving our natural water resources was shared with 40 secondary school students.

Students from eight secondary schools in Johor also took part in a three-day *Kem Pemimpin Muda Prihatin Air Kebangsaan (Zon Selatan)* by the Malaysia International Hydrological Programme of Unesco (Unesco-IHP Malaysia) that culminated in the Program Rakan Saintis Sungai CCM.

Our Chemicals business led this unconventional programme that teaches young people the importance of natural resources, particularly waterways, which are an essential source of life for various communities and living organisms. It also raised awareness of humans' capacity, as stewards of Mother Earth, to affect the health of rivers and lakes.

Participating students conducted numerous experiments to test the water quality and methods of creating enzymes as part of the activity under Program Rakan Saintis Sungai CCM. The students also discovered the river's ecology and processes involved in water treatment and purification.

Jointly organised with the Department of Environment, Johor, the activity provided students with both theoretical knowledge and hands-on lessons. This holistic approach educated the students on the importance of environmental conservation and protecting natural resources.

CCM also contributed a sum of RM1,000 to SMK Taman Daya 2 to establish its own "Kelab Rakan Alam Sekitar". The students were encouraged to continue their environmental activities in school that will further boost their awareness of sustainability.

Another Program Rakan Saintis Sungai CCM was also organised at Taman Rimba Teluk Bahang, Penang in November 2016. This programme involved more than 210 primary and secondary school students in a colouring contest and water testing activities.

We aim to continue this programme extensively across all states in Malaysia. Hopefully, more schools will become involved in our environmental awareness and conservation crusade with children becoming involved from young.

Our children need to be exposed to the outdoors in order to fully understand and appreciate the beauty of nature. Often through these explorations, they also begin to realise the various issues affecting our environment and how they can play an active role in preserving our natural resources.

ANUAR KASIM

Chief Executive Officer CCM Chemicals Sdn. Bhd.





"Sow A Seed" Project

CCM Chemicals launched the 'Sow A Seed' project on 5 August 2016 as part of its staff engagement initiative. The project promotes gardening and landscaping as a way to release stress and remain physically active for a healthy lifestyle. Recycled items were creatively used as part of the design and landscaping as well as ensuring the plants thrive and flourish in their new habitats.

Chemical Spill Drill

The Hazardous Materials Unit ("HMU") in protective suits worked diligently to contain a "chemical spill" after a driver transporting hydrochloric acid lost control of his vehicle along Persiaran Tanjung Langsat.

The multi-casualty chemical spill drill was led by CCM's appointed Chemical Emergency Service ("CES") team from CCM's transporter, Sabaka Chemtrax, and local emergency personnel from the Royal Malaysia Police, Fire and Rescue Department, Ambulance Services, Pasir Gudang Municipal Council and Department of Environment also participated in the exercise.

The drill was invaluable for emergency responders from CCM's logistic vendors who received hands-on training and followed standard operating procedures. Our crew managed the spill throughout the three-hour exercise, demonstrating their preparedness for such situations. The drill provided an opportunity to test our emergency response management and identify areas for improvement to ensure that we are ready for this type of crisis at all times.

Adhering to Safety, Health and Environment regulations as a top priority, we ensure all our vendors also comply with them. We continuously strive to surpass all applicable standards throughout our operations.





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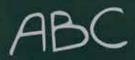




ACHIEVING TOGETHER

Our employees are the driving force behind our success. They are truly committed to achieving more together, working in a great environment of respect for diversity and inclusiveness and supported by a holistic approach to work-life balance.

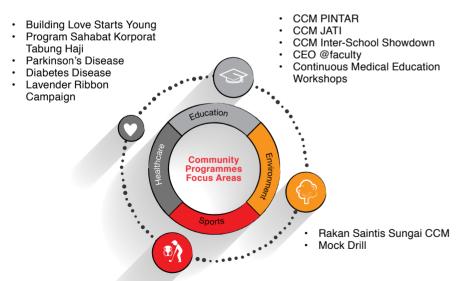




SOCIAL: SOCIETY

Our people are significant contributors to our community programmes. We bring positive energy to all supported charitable initiatives through investment or volunteering for hard work.

Employees frequently show their benevolence by supporting various community programmes. We will continue to develop and participate in these programmes as they enhance the quality of lives of the stakeholders, especially those in our focus areas of healthcare, education, sports and the environment.



- Partner and title sponsor of the Professional Golf of Malaysia ("PGM").
- Sponsored Persatuan Kriket Melayu for players to train in Sri Lanka

Healthcare

Building Love Starts Young with CHAMPS

An estimated 47,000 cases of autism were reported in Malaysia in 2013 with a forecast 3% annual increase. Raising an autistic child can be a constant challenge for caregivers and families as they are affected emotionally and the rising cost of therapy places a strain on families' finances. Families also face social stigmas and misconceptions that often leave their child vulnerable to rejection and bullying.

CCM launched the 'Building Love Starts Young' campaign through one of its established brands, *CHAMPS*, with the objective of ending misconceptions and raising awareness of autism to children and the public. Our Pharmaceuticals business organised this event in collaboration with the National Autism Society of Malaysia ("NASOM").

NASOM provides continuous support for people with autism by providing treatment, education and welfare while helping them to be accepted in society. It also provides assistance and advice to the families concerned. Currently, NASOM has 20 centres across Malaysia that support hundreds of schoolchildren and students between the ages of 3 and 36 years.

CHAMPS, our popular brand in health supplements for children, believes that nurturing love from as young as three years can mould a child's perception and influence how they interact with their autistic peers. The CHAMPS' 'Building Love Starts Young' campaign was launched at IOI City Mall, Putrajaya on 7 April 2016 by YB Datuk Hajah Azizah Datuk Seri Panglima Haji Mohd Dun, Deputy Minister, Ministry of Women, Family and Community Development and witnessed by CCM Chairman, YB Dato' Hajah Normala Abdul Samad and Tuan Haji Bistamam Sibu Abdul Rahman, Chairman of NASOM.

CCM pledged to contribute 50 sen to NASOM for every bottle of *CHAMPS* Vitamin C sold during the campaign which ran from April to June 2016. This campaign raised a total of RM44,217.50 which was presented to NASOM on 26 August 2016.





SOCIAL:



Umar Hasfizal

Eighteen-year-old Umar Hasfizal was one of the beneficiaries of NASOM's early intervention programme. Umar was diagnosed with autism when he was two years old after showing distinctive signs: he avoided eye contact and had difficulty interacting with others.

Umar was accepted into NASOM's early intervention programme at the age of three and has since shown impressive development. With help from teachers and peers, he assimilated well into the mainstream school system. He sat for his SPM examinations in 2015 with satisfactory results. A gifted musician, Umar has performed locally and abroad with his most recent soundtrack used in a local film, Redha.



CCM Supports Care for Parkinson's Disease

Parkinson's disease ("PD") is a debilitating progressive disease of the nervous system marked by tremor, muscular rigidity and slow, imprecise movement. It mainly affects middle-aged and elderly people and is most common for those aged 60 and above. Although there are no official statistics, between 15,000 and 20,000 patients are estimated to have this disease in Malaysia. The number of patients is expected to rise as the proportion of elderly people increases.

With no known cure, PD takes a toll on a patient's mobility day by day. It is also difficult to diagnose and treat as no two cases are exactly alike. Some develop clear symptoms such as gait problems and trembling hands from the beginning but others never do. Patients may visit many physicians trying to get answers for their condition. Some withdraw from society for fear of being stigmatised or feeling embarrassed.

"We are grateful to NASOM for providing a strong support system and essential facilities to help us raise our autistic child. We are also fortunate to have the backing of corporations such as CCM who subsidise 50 percent of our fees which would have otherwise cost RM1,000 to RM2,000 per month in private centres."

HASFIZAL MUKHTAR
Umar's father



As a leading manufacturer of pharmaceuticals, CCM takes on the responsible role of fighting this disease, providing patient care and boosting morale. CCM contributed RM100,000 to the Perak Parkinson's Association ("PPA") in April 2016 for 40 representatives, including local medical professionals, to participate in the World Parkinson Congress ("WPC") that was held in Portland, Oregon, USA in September 2016.

The PPA was established in December 2012 with 220 members comprising patients, caregivers and volunteers to improve the quality of life of PD patients by:

- creating links with global key experts;
- opening up opportunities for our medical fraternity to gain greater understanding of the disease; and
- raising awareness, accessibility of treatment and timely diagnosis.

Our sponsorship will enable the delegates to interact with global professionals at the congress and obtain first-hand information on researching, treating, diagnosing and living with Parkinson's disease.

SOCIAL: SOCIETY



CCM Improves Diabetes Treatment

Diabetes causes a person's blood sugar level to become too high. Worryingly, 3.5 million or 17.5 percent of Malaysian citizens aged 18 years and above have this disease — the highest number in ASEAN. The numbers are growing exponentially and are forecast to exceed 4.5 million by 2020, with those aged between 17 and 35 increasing by 300 percent over the last 15 years.

Diabetes is a lifelong and costly burden growing by pandemic proportions. CCM envisages how this could strain and burden the nation's healthcare expenditure. CCM ventured into a collaboration with Biocon Ltd., a leading biopharmaceutical manufacturer, as its marketing partner. CCM has exclusive licensing and distribution rights to market, sell and distribute their range of biosimilar insulin products in Malaysia, Singapore and Brunei to improve diabetes management and provide affordable insulin therapy.

CCM launched Basalog® on 13 November 2016 with the introduction of the first insulin glargine biosimilar in Malaysia. Basalog® is approved by the National Pharmaceutical Regulatory Agency ("NPRA") and has passed strenuous international tests and approvals in highly-regulated markets such as Japan. Treatment with Basalog® is more competitively priced and can ensure blood sugar levels remain constant for up to 24 hours for both Type 1 and Type 2 diabetes.

Self-Help Medical Assistance for Pilgrims

The Hajj is the largest annual pilgrimage and one of the five pillars of Islam. Every adult must perform this spiritual pilgrimage at least once in their lives if they are physically and financially able to do so.

Health plays a major role in fulfilling the physically and mentally demanding requirements of the Hajj. With approximately 3.7 million attending this mass gathering, the risk of contracting an infectious disease is high.

As the pioneer in the production of Halal certified pharmaceuticals, CCM is well positioned to aid the wellness of pilgrims with its wide range of quality products. In 2016, we continued our pledge in support of Haji pilgrims for the 13th consecutive year under the *Program* Sahabat Korporat Tabung Haji. CCM has contributed over RM9 million and 454,000 health kits since the introduction of this programme.



"This Hajj is certainly a special one for us as this is our first time. Just like all pilgrims, we hope to fulfil this religious obligation to the best of our ability regardless of our age. We're glad to receive the medical essentials from CCM. In fact, we ourselves are frequent users of their products as they are trusted in quality and most importantly, Halal certified."

EN. NORIZAM BIN BESAR

Hajj participant performing pilgrimage with his wife

In 2016, we equipped 25,000 pilgrims with health kits comprising Halal certified products from CCM Pharmaceuticals worth RM589.000. Each health kit contained Uphamol 650mg which provides a safe and effective relief from headaches, pain or fever; Dermoplex Antiseptic Cream to prevent infection and help heal minor cuts and burns, rashes, blisters, sunburn, insect bites and stings: Donna Glucosamine for effective muscular and joint pain relief; and Beacolytic Elixir 60ml to facilitate expectoration by reducing phlegm in a wet cough.

Aligned with our vision of 'Enhancing Quality of Life', we are honoured to support the pilgrims in their Hajj and hope these health kits can reduce infections and manage their simple ailments so that they can enjoy a stress-free spiritual journey.



SOCIAL: SOCIETY

Education

CCM PINTAR PROGRAMME

Promoting Intelligence, Nurturing Talent and Advocating Responsibility ("PINTAR") is a school adoption programme inspired by Khazanah National. Run by Government Linked Companies ("GLCs") and some private corporations in Malaysia, the PINTAR Foundation aims to improve socio-economic standards through educational achievement. It redefines school adoption programmes in line with the Government's call for sustainable development as highlighted in the Ninth Malaysia Plan and the 2006 Budget for public-private partnerships. The programme raises awareness of the power of academic excellence to break out from the cycle of poverty to students from low-income households.

Our involvement in the PINTAR programme began in 2007 and we have adopted 15 schools to date. Our involvement focuses on increasing the English proficiency of students and providing funding to support their teaching and learning aids.

The PINTAR programme not only focuses on academia but also introduces modules and curricula that make learning fun for children. The CCM PINTAR Programme entails activities such as storytelling, public speaking, games and quizzes to spark students' interest in English, boost their confidence and improve their English proficiency.

The CCM PINTAR Programme has touched more than 8,800 lives including students, teachers, parents and community members in the surrounding areas where the adopted schools are located.



The CCM PINTAR Programme has helped bring about a much-needed change in perception not only in the students but the parents as well. Previously, the community here did not see the benefit of learning a foreign language.

PUAN SITI ROFEAH BINTI A. JALIL

Retired Headmistress SK Kongkong Laut

SK Kongkong Laut

English proficiency was uncommon among students of SK Kongkong Laut, a rural school in a small Malay fishing village in Pasir Gudang, Johor. The academic performance of students in this school has improved drastically after we adopted the school under our PINTAR programme in 2012. Since then, the majority of the students have shown tremendous improvement in their English proficiency with more achieving grade A's in their examinations. The school also recorded a 100 percent pass rate in their English language examinations.





Muhammad Amir Amirul bin Azhar

Amir Amirul was a former student of SK Padang Garong who went through the CCM PINTAR programme. He has made tremendous improvement to his English and was awarded the Anugerah Juara Bestari in 2015 for his commendable achievement in his academic and co-curriculum activities. The CCM PINTAR programme also develops, nurtures and inculcates confidence in his development and he continued these traits to improve and enhance his capabilities. As an upcoming athlete in squash, he won the Championship title for under 12 at the MSSM 2015 Squash Championship and the Technifibre British Junior Open 2016.

SOCIAL:

CCM Jalinan Antara Universiti Dan Industri ("JATI")

CCM JATI is a collaboration between CCM and public universities. Introduced in 2011, the programme trains and grooms pharmacy undergraduates on entrepreneurship in community retail pharmacies. We have been working with five local universities: Universiti Sains Malaysia ("USM"), Universiti Teknologi Mara ("UiTM"), Universiti Malaysia Sabah ("UMS"), International Islamic University Malaysia ("IIUM") and Universiti Kebangsaan Malaysia ("UKM").

This three-year capacity building programme provides pharmacy undergraduates with a holistic industry overview, developing entrepreneurial capabilities as they venture into working life. These undergraduates are exposed to marketing, business management and handson retailing through interaction with CCM professionals and training sessions. The programme addresses rising unemployment levels in pharmacy graduates. More than 1,000 graduates are expected to enter the sector each year, adding to more than 12,000 pharmacists already in Malaysia.

This industry-university collaboration also promotes community pharmacies in rural locations. The programme also nurture Bumiputera entrepreneurs in line with the Government initiatives to address the uneven distribution of Bumiputera pharmacists and increase their participation in the sector.





Each year, 50 pharmacy undergraduates are selected to enrol under this programme. Since its inception, more than 200 students had successfully undergone the programme. We hope to develop 500 successful and competitive entrepreneurs in community pharmacies by 2020.

Numerous sales and promotion activities were organised including car boot sales, CME Roadshows, Pharmaceutical Industry Student Adoption ("PISA") as well as bazaars and roadshows.

From 29 to 30 October 2016, a CCM JATI Day Out programme was held at Cherengin Hills Convention and Spa Resort at Janda Baik, Pahang Darul Makmur. Participating undergraduates from UiTM, UKM, USM, IIUM and UMS attended the two-day activity that highlights the mechanism of the project, knowledge on Halal and entrepreneurship training by CEDAR.

"Entrepreneurship is an important skill for all students today and we are proud to partner with CCM to help us imbue these values in our undergraduates. The programme is also a great platform for our students to gain early exposure and establish relationships with experts in the field. Through this collaboration, we are confident of developing successful and enterprising graduates."

PROF DATUK SRI DR ZALEHA KAMARUDDIN

IIUM Rector



CEO @Faculty Programme

CEO @Faculty Programme ("CFP") is an initiative implemented by the Ministry of Higher Education in line with the Malaysia Education Blueprint 2015-2025 (Higher Education). The main objective of this programme is to intensify industrial sector participation in the system of higher education by sharing the experiences and expertise of industry leaders.

CFP encourages exceptional and notable CEOs from the industry to share their experiences and knowledge in steering an organisation to success. CFP provides students with an opportunity to obtain first-hand knowledge from renowned public sector leaders as well as icons of MNCs and GLCs.

CCM Group Managing Director was appointed to the CFP initiative at Universiti Kebangsaan Malaysia. In December 2016, he delivered his first knowledge sharing session to more than 200 undergraduates. The session was positively reviewed by all undergraduates who described him as an inspiring and motivating leader.

SOCIAL:



Sports

CCM Develops World-class Golfers

On 19 January 2016, we continued our support for Professional Golf of Malaysia ("PGM") by pledging an additional RM1 million to develop world-class golfers. The funding will be allocated over three years, beginning with the 2016 PGM CCM Rahman Putra Championship. CCM first became the title sponsors of this championship in 2011 with an identical contribution spanning five years. We have contributed a total of RM2 million to date and are proud to work with PGM in discovering local sporting talents.

Malaysian golfing standards have improved under PGM's guidance with golfers currently winning international tournaments. Local talents competed against top international players in the PGM Closed Championship and Asian Development Tour ("ADT") tournaments. The ranking of our professional players improved significantly and we hope our sponsorship will help produce a world-class Malaysian golf champion in the near future.

"The continued support of organisations such as CCM has been an important factor in the success PGM has enjoyed over the past years. Through their contributions, we are able to provide our homegrown talents with the perfect platform to showcase and develop their skills locally and abroad."

YABHG TUN AHMAD SARJI ABDUL HAMID PGM Chairman

We are delighted to witness the growth of these players with some competing internationally at the Rio Olympic Games in 2016. With hard work, passion and continuous support, we are confident they can gain international recognition, making Malaysia proud.

The PGM CCM Rahman Putra Championship was held at Kelab Rahman Putra Malaysia in Sungai Buloh from 27 to 30 January 2016. Danny Chia, Nicholas Fung, R. Nachimuthu and other top players competed against their international professional counterparts. The tournament was co-sanctioned with the Asian Development Tour. Six winners gained world-ranking points and cash prizes amounting to RM200,000.

Environment

We have demonstrated our commitment to environmentally-responsible operations by monitoring and reducing our footprint wherever possible. Our planet deserves our best thinking: we adopt a similarly innovative approach to the environment that we do with our products. We seek new ways to minimise our environmental impact and instil green behaviour in the Group. Our environmental efforts are highlighted in the 'Environmental' section of this report, which can be found on pages 22 to 27.



Other Community Programmes

Reaching Out to the Homeless

CCM collaborated with the Republic of Cheras ("ROC") for one of its corporate responsibility activities under the Healthy Living Programme ("HLP"). In the late evening of 24 September 2016, 36 of our Pharmaceuticals employees led by CCM Group Managing Director, distributed packed foods and toiletries to the homeless along Jalan Hang Lekiu and Jalan Tunku Abdul Rahman in Kuala Lumpur. CCM is proud that its employees came together to do good deeds for those less fortunate.

SOCIAL: SOCIETY

Launching of Cancer Care Franchise

Our Pharmaceuticals business launched the Cancer Care Franchise on 25 August 2016. Also known as ACE, an acronym for Accessibility, Commitment and Excellence, it aims to work towards our commitment to:

- · raise awareness for the early detection of cancer; and
- increase accessibility to cheaper, yet high quality and effective generic cancer care medications to ease the socio-economic burden of cancer patients.

The Cancer Care Franchise also carried out the following key activities:

- Donated RM10,000 towards a cookbook for cancer patients and caregivers by the National Cancer Society Malaysia that was launched on 27 August 2016;
- Manned an exhibition booth and sponsored delegates to attend the Malaysia Oncological Society Annual Scientific Meeting in November 2016;
- Published an educational article on the differences between generic/biosimilar and innovator medication in Health Today Magazine in November 2016;
- Collaborated with the National Cancer Council Malaysia ("MAKNA") for the Lavender Ribbon campaign to produce educational booklets for patients and caregivers under a three-year project.



YAYASAN CCM

Yayasan CCM ceased its offer of public scholarships in 2013. It now focuses on scholarships for CCM employees' children who qualify for entry to local public universities for their tertiary education. Four of our employees' children were awarded the scholarships to pursue their education.

Shopping with the Orphans

During the fasting month, approximately 20 of our employees took 40 orphans from Pusat Jagaan Rumah Kesayangan Petaling Jaya on a shopping spree to the Mydin Wholesale Hypermarket in Subang Jaya. The orphans excitedly tried on and chose their festive clothes in preparation for the *Hari Raya* festival.

Majlis Berbuka Puasa with the Less Fortunate

We organised a series of *Majlis Berbuka Puasa* at all CCM sites during the fasting month. Orphans from surrounding communities and students from the CCM PINTAR Programme joined the event as part of our community engagement initiatives.





SOCIAL: SOCIETY

Visit to CRIBS Foundation in the Philippines

On 24 November 2016, CCM employees from our Philippines office took part in their first CR project. Employees supported the CRIBS Foundation (Creative Responsive Infants by Sharing), a non-profit organisation for young abandoned children and also victims of sexual abuse.

The foundation provides a nurturing and therapeutic environment that promotes healing and recovery, allowing each child to join the mainstream community with dignity when they grow up. With the theme, 'Every Child is a Champ', our employees entertained the children with games and helped feed the toddlers. Though the visit was a short one, our employees were inspired as they knew they had touched the lives and made the children happy.

Upholding Integrity

CCM complies with the anti-corruption laws of all countries in which it operates. The Group is also guided by its own Code of Conduct which contains a comprehensive policy on corruption and gifts.

As a rule, gifts should not be accepted if they compromise the individual's judgement. Gifts may also be in the form of lavish or frequent entertainment. Should there be any instances where rejecting a gift could be deemed as impolite and detrimental to the relationship, the employee is required to inform his immediate superiors and declare the gifts by filing the appropriate form.

On 30 November 2016, we held our fourth Integrity Day that further demonstrates our commitment to upholding high integrity, governance and transparency in our business operations.

Employees were given an opportunity to participate in an interactive forum session while some of the invited employees' children visited the CCM Pharmaceuticals plant in Bangi together with children from KL Krash Pad.

CCM Group Managing Director also shared his views on integrity during an interview that was broadcast on MACC FM radio.

Being an Approachable Company

Integrity is one of CCM's core values and we take pride in conducting business honestly and ethically. As part of good corporate governance and being a signatory of the Corporate Integrity Pledge, the Group has established a 'Whistle-Blowing Policy', which provides an avenue for employees and stakeholders to report on their concerns of any wrongdoing within the Group relating to unlawful conduct, financial malpractice or dangers to the public or the environment. It provides a formal channel to encourage and enable employees and stakeholders to report serious concerns so that they can be properly addressed.



This policy seeks to:

- a) Encourage whistleblowers and/or their representatives to feel confident in raising concerns in the interest of the company and its stakeholders without fear of victimisation, recrimination, discrimination or disadvantage to the employee reporting the concern;
- Set out how the company will handle and respond to whistleblower reports/disclosures;
- c) Give a clear message that reports/disclosures are taken seriously;
- d) Ensure that where reports/disclosures prove to be well founded, the findings will be reported to the Integrity Committee. The individuals responsible for such serious misconduct will be dealt with in an appropriate manner;
- e) Set out what whistleblowers can expect by way of confidentiality and protection when making a disclosure; and
- f) Identify independent support for employees who wish to make a whistleblowing disclosure.

The Integrity hotline can be accessed at ccmintegrity@gmail.com or www.ccmberhad.com/ccm-integrity-hotline. Any parties can whistle blow on any concerns affecting them with confidence and confidentially.

Our employees are a vital factor for success in our competitive environment and we value our human capital. An important part of our sustainability strategy focuses on our internal operations, namely those related to our employees.

Operating in a diverse culture, we are committed to providing equal opportunity in employment and promoting diversity within a respectful, inclusive workplace. Our multigeneration workforce finds common ground in CCM through our Core Values, PETIRR: Passion, Excellence, Teamwork, Integrity, Responsible and Respect. We create an environment where all employees are treated with respect and dignity regardless of where we operate.

Employee Engagement

Our success depends on our people performing to the best of their abilities. To achieve this, they must feel motivated, connected and valued. Ensuring our employees are engaged helps foster a culture of personal responsibility and innovation. Numerous initiatives have been held to foster teamwork and interpersonal relationships between employees of all levels. This approach ensures our employees are continuously engaged and motivated.

Regular Engagement Sessions Held in 2016

Types of Engagement	Happenings in 2016
Festive Celebrations	CCM celebrated major festivals including <i>Hari Raya</i> , Chinese New Year and Deepavali. The respective sites held their activities with potluck and "Open Houses" for the departments.
CCM Team Building	Annual teambuilding encourages employees to communicate openly and effectively with the Management and each other. The activity boosts employees' motivation and builds their trust. In 2016, teambuilding was held for our Pharmaceuticals Division for 155 employees from 8 to 10 April 2016 in Melaka.
CCM Makan Kecil	CCM held its <i>Makan Kecil</i> , or mini dinners, for employees at the respective sites. <i>Makan Kecil</i> sessions help motivate employees and show appreciation for their contribution and unfailing support for the company.
HR Knowledge Sharing	A biannual HR knowledge-sharing day is held to brief employees on the Company's performance and future plans. The session is conducted in a casual setting to encourage employees to discuss their work-related concerns. Their feedback was recorded for our continuous improvement to ensure that we remain an employer of choice.
Annual Dinner	CCM's Annual Dinner was organised by Kelab Sukan CCM ("KSCCM") to encourage interaction and engagement among fellow colleagues. The annual dinner was held on 3 December with the theme Japan Night! at the Setia City Convention Centre.
Breakfast with GMD	An hour-long 'Breakfast with GMD' session allows employees to engage with the GMD in a casual setting. Our GMD shared his achievements and challenges throughout his journey with CCM. Participants were selected randomly for the session.
Quarterly Townhalls	CCM conducted quarterly townhall sessions at all its sites. The sessions which act as a communication platform between the Management and employees, were well attended. Employees were given the opportunity to pose any questions related to the company or their work.

Kelab Sukan CCM

Kelab Sukan CCM ("KSCCM") consists of a President, a Deputy President, a Secretary, an Assistant Secretary, a Treasurer and 24 employees from various businesses as its Committee Members.

KSCCM acts as an informal platform for employees to come together and interact on matters outside of normal business. The office bearers were elected in April and will serve for a year until they relinquish their positions at the next election.

Activities in 2016

Activities	Date
Bubur Lambuk	24 Jun
Fishing Competition	30 Jul
High-tea and Education Excellence Awards and the launch of Japanese theme	3 Sep
Sports Carnival	8 Oct – 12 Nov
Diwali Fun with Murukku	25 Oct
Sports Carnival Closing and Fun Run	12 Nov
Annual Dinner	3 Dec

Measuring Engagement

Our annual employee engagement survey is a key element in gauging how employees feel connected and motivated. It is also a method to ensure we deliver our promises so that all employees can perform to the best of their abilities. The survey encompasses a wide range of topics.

The participation rate for our latest survey was 98 percent, which demonstrates our employees' willingness to share their opinions with us. Our overall results showed an improvement with an 82 percent rating compared to 77 percent in 2015.





Local Hiring

We are committed to recruiting fresh local talents through career programmes and fairs, both locally and abroad. Potential recruits undergo a rigorous interview process that assesses their skills and capabilities. It also helps to gauge their behavioural suitability for the role and their compatibility with the Company's culture. In 2016, we participated in two local and one international career fairs. Currently, 95.5 percent of our workforce is Malaysian.



Rewarding Our Employees

We appreciate the quality of work and contribution of our employees and ensure that they are recognised accordingly. All employees receive fair compensation, benefits and saving plans tailored to the local marketplace. We offer a range of benefits as part of our attractive compensation package.

Examples of Benefits Offered to Employees

Early adoption of minimum wage before mandated by law

Employer contributions to the Employee Provident Fund that are higher than the market

Meal subsidies at canteens at CCM Pharmaceuticals sites

Car and housing loan interest subsidy

Staff purchases and highly attractive medical and hospitalisation benefits

Group term life insurance



Long Service Awards

The annual Long Service Awards provide us with an opportunity to recognise individuals with many dedicated years of service. The awards recognise and acknowledge employees who have worked for 10, 15, 20, 25, 30, 35 and 40 years.

CCM is proud of its highly competent and satisfied workforce which is affirmed by an increasing number of recipients receiving the Long Service Awards each year. Some employees have charted an impressive 40 years of service. This award is a token of recognition and appreciation for all their dedication and loyalty to the company.

In 2016, 179 employees received the awards which was held on 18 November 2016 at the DoubleTree by Hilton, Kuala Lumpur.

Skim Latihan 1Malaysia Programme

CCM is committed to play its role in national human capital development through collaboration with its parent company, Permodalan Nasional Berhad under the Skim Latihan 1Malaysia ("SL1M") programme. The SL1M initiative aims to enhance the employability of graduates and provide on-the-job training within the CCM Group. In 2016, CCM took in 58 trainees under this scheme with 15 of them being absorbed into the CCM workforce in the same year.

Training and Development

Employee training has a positive impact on employee satisfaction, performance and retention. Our learning offerings are tailored to job profiles and business segments. We are committed to the professional development of our employees, both internally and externally. Our conducive working environment encourages employees to acquire new skills and improve their knowledge. We have introduced succession planning as we strongly believe in promoting internally and developing leaders that will lead the Group into the future, sustainably.

Operational Excellence

CCM has always believed in Total Quality Management via an Operational Excellence culture with Quality People and Quality Processes delivering Quality Products and Quality Services to our customers. Hence, the Group introduced the Lean Six Sigma programme in May 2012, and expanded the programme in 2015 to include Quality Control ("QC") and other Operational Excellence ("OE") tools.

In 2016, we continued our capacity building in this area, with training on Lean Six Sigma and QC Tools and the Plan-Do-Check-Act ("PDCA") improvement methodologies. 5 OE-QC Tools classes were conducted with an additional 66 employees trained. The year also saw two Lean Six Sigma Green Belt classes conducted with a total of 24 employees trained and passing the Lean Six Sigma Green Belt examination. 7 employees were certified as CCM Lean Six Sigma Green Belts and one employee was certified as a CCM Lean Six Sigma Black Belt.

As of 31 December 2016, a total of 107 OE projects Group-wide had been completed and productivity gains tracked in all areas of operations. These projects consist of areas such as plant operations and maintenance; supply chain management including logistics and warehousing; sales and marketing; as well as support services such as finance, human resource and information technology. In 2016, the Lean Six Sigma programme contributed savings of RM19.6 million. All in all, the programme has generated annualised savings amounting to RM85 million since June 2012.

CCM strives to nurture an OE culture and a mind-set of continuous improvement in all its employees to strengthen internal processes and efficiencies that will ultimately enable us to sustain our market leadership position and business growth.



my Career Acceleration Programme

We launched the my Career Acceleration Programme ("myCAP") in 2013. This programme is conducted with the Department of Skills Development ("DSD"), an agency under the Ministry of Human Resources.

myCAP is an upward mobility programme, aligned with the Performance Management and Delivery Unit ("PEMANDU") Workforce Transformation Roadmap to transform the Malaysian workforce. This structured development programme is exclusively for the Group's non-executive employees. It is designed to strengthen their skills, competencies and capabilities in order to promote greater career growth and mobility. This avenue allows us to deliver our commitment by recognising the contribution of employees, nurturing their strengths while providing opportunities to excel.

myCAP provides the necessary resources, skills and knowledge for employees to develop their leadership attributes. It also promotes network opportunities to ensure employees can fulfil their career aspirations.

myCAP comprises behavioural development, internal certification and the myCAP education sponsorship programme. In 2016, training programmes conducted for participants included Take Chargel, CCM Core Values and Excellent Communication Skills with neuro-linguistic programming.

Each year, we identify and select potential employees to join the myCAP programme. 41 and 21 employees were certified with Sijil Kemahiran Malaysia ("SKM") in 2015 and 2016 respectively.

my Millennial Apprentice Programme

The my Millennial Apprentice Programme ("myMAP") which was previously known as the Graduate Trainee Program ("GTP") was introduced in 2014 to transform the company into a talent-powered organisation that enhances the quality of lives in Malaysia.

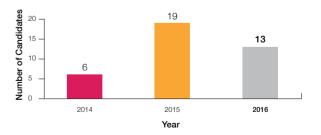
This customised talent development programme targets the new generation of graduates in the market. It aims to attract graduates from different disciplines – from health and life sciences to engineering. We offer the successful candidates an 18-month programme to assess their capabilities and talents before they are accepted with permanent placements. We attract candidates during our recruitment drive locally and overseas in countries such as the UK and Australia.

Candidates selected for myMAP receive a blend of classroom training, real-life work assignments and special projects as part of the accelerated career programme. Candidates are required to present their experiences and projects assigned to them to the senior management who then give feedback on their performances.

Graduates recruited in the myMAP programme are exposed to different departments on a job rotation basis. Our diverse array of business areas makes this learning objective even more effective.

myMAP nurtures career growth and self-development throughout the programme. The Company benefits from new hires who provide fresh business perspectives while retaining its core values.

Breakdown of myMAP Candidates



Collective Bargaining

Collective bargaining is an important part of employee relations. It is important that employers can negotiate with their employees in the regulation of working salaries, working conditions, benefits and other aspects of workers' compensation and rights.

We allow employees' views to be heard in the workplace on issues that affect them. We fully support employees' rights to bargain collectively and allow them to join a union of their choice.

We work closely with the unions and our employees. Employees exercise their rights to be informed and included in the decision-making process. Employees are happier when they can protect their rights and interests. This approach provides a greater sense of work ownership and we openly encourage transparency and openness in the workplace.

Three union groups represent and bargain on behalf of workers at CCM as presented below:

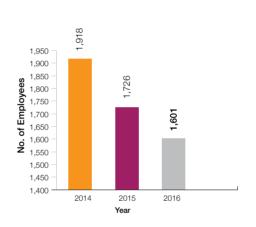
Business	Union
Headquarters	National Union of Commercial Workers
Chemicals	National Union of Commercial Workers Chemical Workers Union of Malaya
Pharmaceuticals	National Union of Petroleum and Chemical Industry Workers Peninsular Malaysia
Polymers	Nil

Diversity

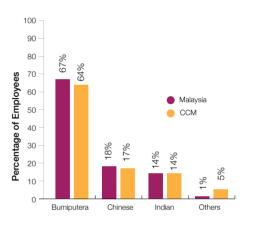
CCM welcomes diversity and the benefits that the differences between people can bring to the Company. Workplace diversity fosters mutual respect among employees. Diversity not only involves how people perceive themselves, but how they perceive others, and those perceptions affect their interaction with their peers.

All races and age groups are well represented with men slightly outnumbering women. Our diversity indicators are presented in the charts below:

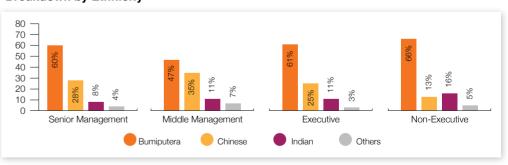
Total No. of Employees



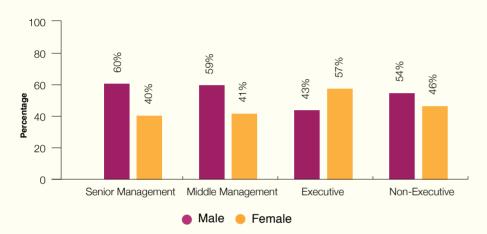
Ethnicity at CCM



Breakdown by Ethnicity



Breakdown by Gender



Breakdown by Age



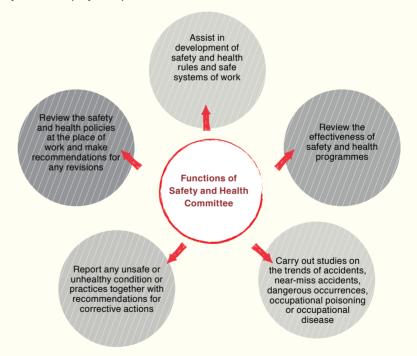
Occupational Safety and Health

The health and safety of our employees, customers and suppliers have always been the priority for CCM. Our dedicated safety team is committed to improving our safety performance and to minimising incidents wherever we are working.

To maintain our excellent safety record, thorough and frequent training is essential, with regular audits to ensure all our employees follow the correct procedures. We also encourage our suppliers and contractors to join our safety programmes.

SHE Committee

CCM has established safety and health committees throughout its operations as required by DOSH regulations. The committee consists of a Chairman, Secretary and both employer and employee representatives.



The committee is responsible for monitoring the company's safety performance and compliance. It meets quarterly to discuss safety matters and formulate safety initiatives.

Safety Initiatives Conducted by Businesses

HEADQUARTERS

- Jom Sihat BFF ("Be Fit Forever"), Juice Party,
 Quality Food Quality Life, Stairway to Health,
 Healthy Snacking
- · SHE Week
- · Fire Drill
- · Styro-free zone project
- SHE Training First Aid, Emergency Response Team ("ERT"), Defensive Riding
- Breast feeding guide and baby wearing for working Moms



PHARMACEUTICALS BUSINESS

- Training on reporting of unsafe conditions and acts
- Awareness session on fire hydrants with BOMBA
- SHE Week
- SHF Charade
- SHE Training such as Hazard Identification, Risk Assessment and Risk Control ("HIRARC"), first aid, emergency response team ("ERT") and Personal Protective Equipment ("PPE")



- SHE Fellowship
- SHE Toolbox Talk
- Be Fit Forever ("BFF")
- · Contractors' supervisors daily meetings
- SHE Training such as ergonomics, stress management, fire awareness, defensive driving and internal mock drill
- Systematic Occupational Health Enhancement Level Programme ("SOHELP")
- SHE Week
- · Blood donation campaign
- Eye care and LASIK talk
- Safe handling of liquid chlorine training
- · Chemical emergency service training



POLYMERS BUSINESS

- Initiate Safety Culture and Employee Support talk
- Explorace Mind Hazard Competition
- Mock Drill On Scene Commander
- Safety Man Talent Coaching
- SHE Week
- Green Up Project



FERTILIZERS BUSINESS

 Operation plants have gradually become inactive following the Board's decision to exit the fertilizers business and the sale of the remaining business in Nov 2016

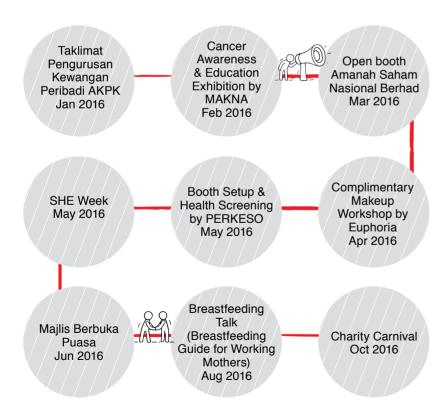




Healthy Living Programme ("HLP")

HLP is an in-house programme by our Pharmaceuticals business that conducts various Safety, Health and Environment activities and adopts our Core Values as an engagement initiative. It collaborates with NGOs such as Majlis Kanser National ("MAKNA") as well as Pertubuhan Keselamatan Sosial ("PERKESO") and other regulatory agencies. HLP hosts activities that benefit our workforce such as awareness talks, exhibitions, annual health screenings, medical examinations and community activities.

HLP Activities in 2016





Jom Sihat

The "Jom Sihat" initiative was launched on 9 March 2016. This umbrella initiative consists of various programmes such as the "Be Fit Forever", "Quality Food, Quality Life", and "Stairway to Health" programmes.

We invited a dietician and icon for Jom Kurus 1 Malaysia ("JK1M") to share his experience and the challenges he has faced to overcome obesity. The session was well received with more than 55 employees attending.

CCM's Be Fit Forever ("BFF"), a programme under Jom Sihat was a sustainable fitness and wellness programme for employees willing to make permanent lifestyle changes. All employees were welcomed to take part in this challenge.



The programme was run for seven weeks from May to July in the gymnasium at Menara PNB. A professional coach conducted the physical training for 23 employees. Each candidate discussed their health goals with their assigned coach before devising a workout schedule. Candidates' health performance indicators, such as Body Mass Index ("BMI"), body fat and calories burned, were monitored and recorded throughout the programme.

Quality Food, Quality Life

Quality Food, Quality Life is an awareness programme that reminds employees to eat healthily for a healthy body. The first session was held on 8 April 2016 with 29 employees taking part.

Following its success, a second session was scheduled on 2 November 2016. Quality Food, Quality Life 2.0 was also well received with 23 employees attending. Employees received natural pure fruit juice to promote a healthy diet.

Group SHE Week

The CCM Group SHE Week was held from 16 to 20 May 2016. All employees were encouraged to participate in the activities that aimed to increase their awareness of the importance of a healthy and sustainable working life.

The event was launched on 16 May 2016 at the premises of our Chemicals business in Shah Alam. We invited En. Ahmad Kahar Abu Bakar, Timbalan Pengarah DOSH Selangor who officiated the event on behalf of En. Abdul Kahar Husain, the Pengarah DOSH. The event was also graced by CCM Chairman, Dato' Hajah Normala binti Abdul Samad.

Informative booths were also set up by Jabatan Bomba, DOSH, Tun Hussein Onn National Eye Hospital ("THONEH") with their displays on matters relating to SHE. Various activities were also held such as a blood donation, bone density checks and blood checks. About 227 employees and invited guests attended the event.

The entire week was filled with SHE related activities throughout the entire Group with talks, activities, programmes and contests to ensure good participation and engagement from all employees.

Key Activities Held During SHE Week



Environmental talk on the harmful effects of Styrofoam pledge signing



Styro free zone



Defensive driving training



Healthy snacking and fruit juice making competition



Health and Safety Day



Hazard Hunt



Foot massage



Healthy cooking



Cancer talk by MAKNA



Recycling (Eco Chic)



Shoot Out contest



CCM ShootOut Contest

This photography contest encourages employees to snap photographs of safety aspects around them with the hope of reducing personal injuries in the workplace. It also encourages innovation and creativity while reminding employees of the importance of workplace safety.





Systematic Occupational Health Enhancement Level Programme ("SOHELP")

SOHELP was introduced by the Department of Occupational Safety and Health ("DOSH") in March 2016. The programme helps companies comply with occupational safety and health regulations, particularly those governing chemical management, ergonomics and hearing protection. We are proud to be one of 16 firms selected by DOSH to pioneer SOHELP.



- Improve workplace conditions
- Help comply with regulatory requirements
- Increase workers' morale
- Reduce absenteeism
- Increase productivity



Employees

- Develop a safer working environment
- Become involved in the programme's implementation
- Gain knowledge
- Improve productivity

Contributions by Parties to Ensure **SOHELP's Success**



OSH Practitioner

- Learn systematic methods of controlling OSH-related hazards in the workplace
- Improve OSH knowledge, attitude and practice
- Receive maximum CEP points per annum

Nation

- Improve productivity
- Reduce healthcare costs
- Stimulate more efficient working methods and technologies

We are committed to minimising musculoskeletal disorder ("MSD") cases recorded in our company. Common MSDs include temporary back pain, carpal tunnel syndrome and upper limb disorders. We have implemented an Ergonomic Risk Assessment throughout the workplace. We also established procedures governing ergonomics in the workplace; ergonomic risk identification; early reporting and investigation of disease; and ensuring ergonomics are considered when purchasing equipment.

Stairway to Health

Stairway to Health is a fitness awareness programme that encourages employees to favour stairs over the lift. Employees gathered at the lobby of our headquarters to warm up before ascending the staircase to their offices on levels 13, 14 and 15. A total of 9 Stairway to Health sessions were held during the year.

Prevention and Eradication of Drug, Alcohol and Substance Abuse ("PEDAS")

We prohibit individuals from abusing illegal drugs, alcohol and substances in the workplace. Appropriate action will be taken against anyone who presents himself at work under the influence of illegal substances or possesses, distributes or sells illegal drugs in the workplace.

Our PEDAS policy offers a helping hand to those who need it while sending a clear message that illegal drug use, alcohol and substance abuse are totally unacceptable.

Supervisors overseeing an employee who has an alcohol, drug or other substance abuse problem are encouraged to:

- Offer personal advice:
- Counsel the employee:
- Encourage him/her to seek professional help; and
- Advise him or her of the available resources for getting help.

The implementation of this policy is a prime consideration in the management of occupational safety and health related activities in the Group.

Safety and Health Performance

	2014	2015	2016
Number of incidents	114	116	107
Number of LTIs ("Lost Time Injury")	0	7	6
Non Recordable Incidents	106	107	100
Recordable Incidents	8	9	7
TRCF ("Total Recordable Case Frequency")	1.34	1.83	1.41

Quality and Safety

The quality and safety of our products and services to our customers are our top priorities. This applies to our entire portfolio and covers all aspects of our products, systems and services.

Quality Assurance and Product Safety are at the core of everything we do. Our Quality Policy governs all actions and procedures to guarantee the quality and safety of our products. The policy outlines our commitment to building trust by offering products and services that match customers' expectations and comply with all internal and external safety, regulatory and quality requirements.

We strive to provide our customers with products and services that are hallmarked by integrity, quality and care. Our divisions have been certified with many ISO standards, which reflect our true commitment to delivering safe products. These quality and safety standards are summarised below:

Chemical Company of Malaysia Berhad

Certification	Date of Certification/ Recertification	Expiry Date
ISO 9001:2008 Quality Management Systems	20 Dec 2015	14 Sep 2018
ISO 14001:2004 Environmental Management Systems	20 Dec 2015	14 Sep 2018
OHSAS 18001:2007 Occupational Health and Safety Management Systems	20 Dec 2015	14 Sep 2018

Pharmaceuticals Business

Company	Certification	Date of Certification/ Recertification	Expiry Date
Innovax Sdn. Bhd.	MS ISO/IEC 17025 General requirements for the competence of testing and calibration laboratories	18 Jan 2010	18 Jan 2019
Duopharma (M) Sdn. Bhd.	ISO 9001 : 2008 Quality Management Systems	2 May 2014	1 May 2017
Duopharma (M) Sdn. Bhd.	ISO 13485 : 2003 Quality Management System for Manufacture of Medical Devices	1 Jul 2014	30 Jun 2017
UPHA Pharmaceuticals Manufacturing (M) Sdn. Bhd.	ISO 9001 : 2008 Quality Management Systems	22 Apr 2015	21 Apr 2018
UPHA Pharmaceuticals Manufacturing (M) Sdn. Bhd.	Good Distribution Practice for Medical Device ("GDPMD") 15 04 91615 001	29 Apr 2015	28 Apr 2018

Chemicals Business

Company	Certification	Date of Certification/ Recertification	Expiry Date
CCM Chemicals Sdn. Bhd.	ISO 9001:2008 Certification for Manufacture and Sale of Calcium Nitrate	16 Jan 2014	6 Dec 2016
CCM Chemicals Sdn. Bhd. (Pasir Gudang Works)	Halal Certificate JAKIM (S)	1 Nov 2016	31 Oct 2018
	ISO 14001:2004 Environmental Management Systems	27 Oct 2014	20 Oct 2017
	OHSAS 18001:2007 Occupational Health and Safety Management Systems	21 Jul 2015	20 Jul 2018
	Kosher Certificate	1 Nov 2016	1 Nov 2017
	ISO 9001:2008 Quality Management Systems	8 Dec 2015	14 Sep 2018

Polymers Business

Company	Certification	Date of Certification/ Recertification	Expiry Date
CCM	ISO 9001:2008		
Polymers	Quality Management	13 Jan 2014	27 Feb 2017
Sdn. Bhd.	Systems		

Our Commitment to Continuous Innovation

We work with universities as well as third party research and formulation organisations to develop new generics, improve our portfolio and explore niche therapeutic areas.

Our continuous commitment to Enhancing Quality of Life spurred us to devise a pharmacovigilance system to monitor our products, the first in a local pharmaceutical company in Malaysia.

We aim to be a market leader in the biotherapeutic sector. We continue to focus on highend speciality drugs and biologics, specifically erythropoietin ("EPO") and insulin through strategic partnerships with two pharmaceutical companies: PanGen Biotech Inc. in South Korea and Biocon Ltd. in India.

Our Pharmaceuticals business is also a local and regional pioneer in the development of biosimilars to meet the changing global demand for alternative and competitive pharmaceutical products for the treatment of diabetes, renal care and oncology products.

Pharmacovigilance

Pharmacovigilance ("PV") is the practice of monitoring the effects of medical drugs so as to identify and evaluate previously unreported adverse reactions. It is the pharmacological science relating to the collection, detection, assessment, monitoring, and prevention of adverse effects with pharmaceutical products. Also known as drug safety, it plays a vitally important role in assessing the risk and benefits of pharmaceutical products to ensure that they are safe for use in patients.

A PV System consists of the following:

- i. Collection and management of data on product safety, including individual adverse drug reaction ("ADR") which come to the knowledge of the company or organisation;
- ii. Submission of product safety information e.g. ADR reports, Periodic Safety Update Reports ("PSUR")/Periodic Benefit-Risk Evaluation Reports ("PBRER"), post registration study reports and risk management plans ("RMP") to the national drug authority in a timely manner;
- iii. Data evaluation and decision making with regards to safety issues;
- iv. Action to protect public health (including regulatory action to make changes to the product dossier/ information leaflets/labels); and
- v. Communication with stakeholders and the public.

Our Pharmaceuticals business established the PV system in August 2014 under the care of the Regulatory Affairs/Pharmacovigilance Department at our Bangi facility for this monitoring to ensure our products are safe for our stakeholders.

Product Stewardship

Product Stewardship is a concept whereby environmental, health and safety aspects are focused on the product itself and everyone involved in the lifespan of the product is required to be responsible to ensure the product has minimal environmental, health and safety impact.

CCM's Product Stewardship programme was initiated by our Chemicals business in the mid 1990's as part of our Safety, Health and Environment (SHE) initiative. The objective of this programme is to ensure best practices are adopted in the handling, storing and disposal of our products by customers via trainings, regular inspections and discussions as well as guidelines on safety related activities with particular focus to:

- ensure customers, agents, dealers and contractors are knowledgeable in handling, storing and disposing of our products through effective trainings;
- ii) ensure the facilities of customers, agents, dealers and contractors are safe to receive and store our products through regular assessment;
- iii) ensure our chemical containers are managed according to best practice; and
- iv) continually improve to ensure efficient and effective programmes are established to address all issues accordingly.

The Product Stewardship programme is overseen by the Sustainability Department of the Chemicals business in addition to the Halal, Quality, Safety, Health and Environment aspects.

Responsible Marketing and Advertising

Our Pharmaceuticals business adheres to the marketing code of conduct of the Malaysian Organisation of Pharmaceutical Industries ("MOPI") Code of Pharmaceutical Marketing Practices which was first adopted in 2014.

As a matter of policy, all promotional information must be clear, legible, accurate, balanced, fair and complete. Recipients must be able to read the information and draw their own conclusions about the product. The Code also stipulates a minimum font size for all printed promotional materials so that they can be read easily by people of all ages.

We promote our products to healthcare professionals with substantiated information about the product's usage, safety and effectiveness. Promotional materials encourage the correct use of products and do not exaggerate on their properties. All benefits and risks are disclosed when promoting prescriptive medicines.

Any statements highlighting side effects are based on specific data approved by the National Pharmaceutical Regulatory Agency ("NPRA"). All marketing and promotional materials with the indication of brand name are submitted to the Medicine Advertisements Board ("MAB") for prior approval. Approvals for the distribution of marketing materials will expire after two years and will not be renewed. We only release advertisements featuring products that have been registered with NPRA.

Halal - Integrity and Partnership that You Can Trust

Halal certification manifests our products' high safety, efficacy, quality and hygiene. Complementing our vision and mission, we aspire to perform the *fardh kifayah* collective obligation by making Halal products available to everyone worldwide.

Halal Policy

As a responsible corporate citizen, CCM Group of Companies is committed to contribute to society by providing high quality products whilst creating value for our stakeholders.

We recognise that in addition to providing assurance to Muslims, Halal certification also benefits everyone, as the products would have strictly adhered to stringent Islamic requirements which have high standards of safety, efficacy, quality and hygiene conditions.

- We are committed to manufacture, import and distribute consumable products which are in compliance with the requirements of the authorised Islamic certification bodies and other related regulatory bodies.
- We will ensure that the non-consumable products which we manufacture, import and distribute meet the same high standards of safety, efficacy, quality and hygiene conditions.
- We will ensure that our production and supply chain processes adhere to the safety, efficacy, quality and hygiene standards set by authorised Islamic certification bodies and other related regulatory bodies.
- We will actively and continuously assess and manage our operations to be consistently in compliance with relevant applicable standards as set by authorised Islamic certification bodies and other related regulatory bodies.
- We will strive to optimise our Halal positioning as an edge in creating value for all our stakeholders

Being Halal Compliant

Our Halal Policy serves as the guiding principle. Every effort is made to infuse Halal as part of our daily operations at every level of our employees with a strong notion of "Halal Built-in, Not Tested For". Our continuous commitment to the Halal aspect in the industries we operate in and our aim to play an integral part in promoting and creating Halal awareness as part of its Fardh Kifayah (collective obligation/duty) for the benefit of the ummah.

The underlying principle of "Halal Built In, Not Tested For" in CCM's business conducts and practices are encompassed in its aspiration to ensure the Halalan Toyyiban aspect of its products which are not only

permissible but also Wholesome, Safe for Use, Effective, of High Quality and Hygienic to Enhance the Quality of Life within a Manageable Cost of Living for everyone. Our Halal certified pharmaceutical and chemical products are made available to consumers so as to empower them to make more informed choices on their uses from an Islamic perspective.

We have established a *Halal Assurance Management System* that further affirmed CCM's commitment and assurance to ensure that all our products do not only benefit Muslims by virtue of its confirmation of permissibility, but would also benefit everyone as it also attests that our products are *wholesome*, *SAFE FOR USE*, *EFFECTIVE*, *of HIGH QUALITY* and *HYGIENIC*.

CCM plays an important role in developing Halal standards for several of its manufactured products. We work closely with the following key Halal industry organisations to ensure that our products meet the *Thoyyiba*, or wholesomely good, aspects of "Safe for Use & Effective, of High Quality & Hygienic":

- Department of Islamic Development Malaysia ("JAKIM")
- Halal Industry Development Corporation ("HDC")
- · Department of Standards Malaysia
- SIRIM

These standards help alleviate challenges from the expanding Halal industry and differing regulatory requirements in various countries.

PHARMACEUTICALS BUSINESS

- The largest Halal certified pharmaceutical manufacturer in Malaysia following good manufacturing practices.
- Wide range of almost 300 Halal certified products including over-the-counter and prescriptive medicines.
- World's 1st Halal Pharmaceuticals Certification based on MS2424: 2012 Halal Pharmaceuticals Standard - OTC in 2013 and Prescriptive Medicine in 2016.

CHENNICALS BUSINESS

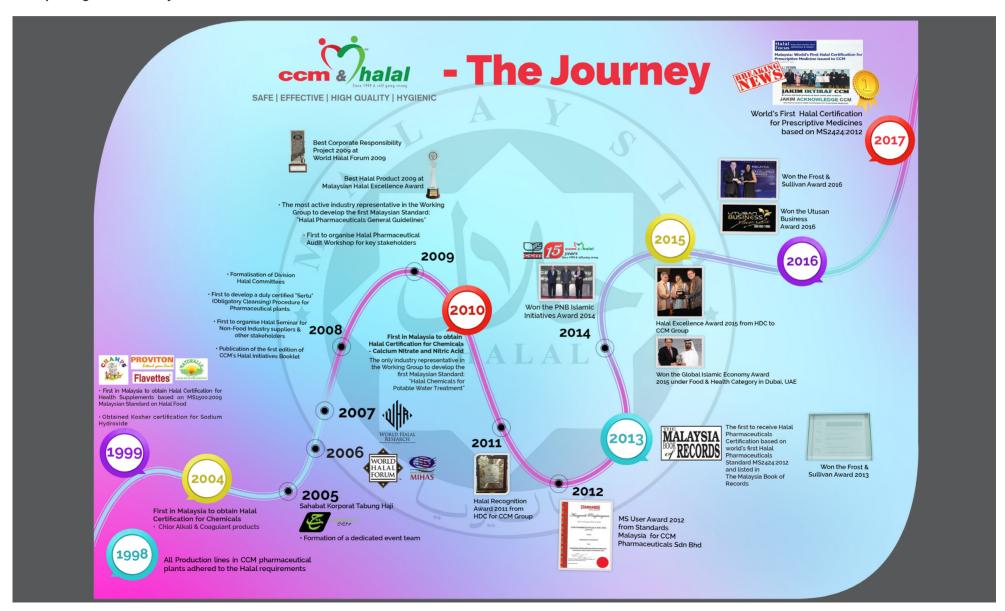
- Our Chemicals business became the first chemical manufacturer in Southeast Asia to obtain Halal certification for its liquid chlorine, sodium hydroxide, hydrochloric acid, sodium hypochlorite, polyaluminium chloride and ferric chloride in 2004.
- Chemicals are supplied to industries such as water treatment, oleochemicals including edible oil, food and beverages both domestically and internationally.
- In April 2010, our calcium nitrate and nitric acid were also Halal certified by the Department of Islamic Development Malaysia ("JAKIM").

FERTILIZERS BUSINESS

(CEASED OPERATIONS IN NOV 2016)

- Mineral-based products comply with the Halal standards of hygiene and quality and are safe for use as plant nutrients.
- The only compound fertilizers manufacturer in Malaysia to have received both SIRIM MS49 and MS ISO 9001 quality awards.

Championing Halal in Malaysia





We Welcome Your Feedback



CCM's 2016 Sustainability Report is available to all stakeholders in digital format and can be downloaded from our corporate website. We welcome your feedback on this report and our sustainability efforts. Please feel free to contact us at:

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