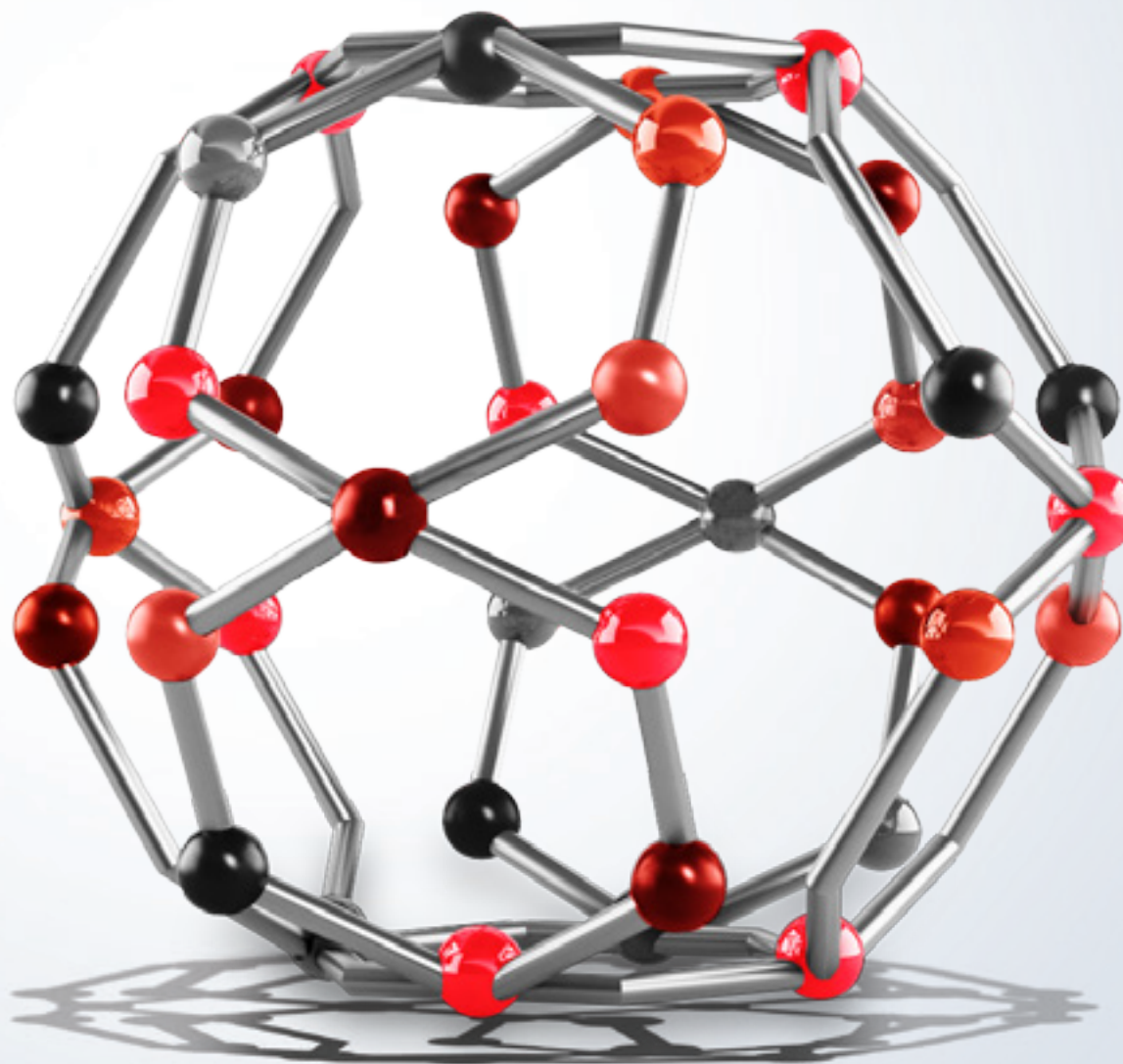




CHEMICAL COMPANY
OF MALAYSIA BERHAD
(5136-T)

INNOVATIVE SOLUTIONS THROUGH EXPERIENCE & TECHNOLOGY

SUSTAINABILITY REPORT 2015





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ABOUT THIS REPORT

Chemical Company of Malaysia Berhad (“CCM”) recognises that the principles of responsible business and sustainability are key business drivers that differentiate our business. The CCM 2015 Sustainability Report, our second standalone report, serves as a tool to demonstrate to our stakeholders and other interested parties how we undertook our operations in a responsible and sustainable manner throughout 2015.

This report is made available to all shareholders and key stakeholders (including business partners, regulators, industry groups, members of the media and communities) in digital format and can be downloaded from www.ccmberhad.com. This report covers the period 1 January to 31 December 2015 and highlights the business sustainability activities of the CCM Group headquartered at Level 13, Menara PNB, 201-A Jalan Tun Razak, 50400 Kuala Lumpur. It focuses only on our key sustainability activities in Peninsular and East Malaysia as well as provides insights into the Group’s strategic approach, key policies and governance structure pertaining to business sustainability. It also delves into the main Economic, Environmental and Social (“EES”) activities carried out under our sustainability mandate.

In our report, we touch upon the importance of Operational Excellence (“OE”) to our organisation and share highlights of the programmes in place to train, encourage and inculcate a mindset of Quality People, Quality Processes, Quality Products and Quality Services driven by our Core Values of PETIRR (Passion, Excellence, Teamwork, Integrity, Responsible and Respect) and our Halal values. We also share the importance of Quality, Innovation and Continuous Improvement in promoting and sustaining the OE culture within CCM.

Our 2015 Sustainability Report complements our 2015 Annual Report which highlights the operational and financial aspects of our business. Together, these two reports aim to provide an objective, accurate and transparent overview of the Company’s performance in managing the various aspects of our business. We have made every effort to ensure the measurements and claims in this report have been collected and reported as accurately as possible.

OUR VISION

Enhancing
Quality of Life

OUR MISSION

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

OUR POSITIONING

To be a Sustainable Business via Quality People, Quality Processes, Quality Products and Quality Services, all driven by CCM's Core Values of PETIRR (Passion, Excellence, Teamwork, Integrity, Responsible and Respect) and our Halal values.

OUR WORKFORCE

we employ some

 **1,726**
employees

OUR AREA OF BUSINESS

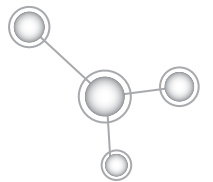
Our core businesses are the Pharmaceuticals, Chemicals and Fertilizers businesses.

OUR MANUFACTURING FACILITIES

Our Malaysian plants are located in Klang, Glenmarie, Bangi, Shah Alam, Pasir Gudang, Lahad Datu and Bintulu.

RECOGNITION

CCM has received numerous awards on the Quality, Safety, Health and Environmental Management systems front, as well as accolades from the Halal industry and customers such as the Guardian Pharmacy. Our headquarters has also received the Integrated Management System accreditation for its ISO 9001, ISO 14001 and OHSAS 18001 standards.



ABOUT CCM

IT'S ABOUT ENHANCING QUALITY OF LIFE

At CCM, we make the business of enhancing quality of life our business. With a foundation of over 50 years, we have built up a formidable reputation as a responsible, independent Malaysian company committed to providing sustainable solutions based on innovative sciences. Our Pharmaceuticals Division helps to establish a foundation of good health while our Chemicals Division supports the region's industrial, manufacturing and watercare sectors, and through CCM Innovative Solutions, we are the market leader in the supply of polymer coatings for medical examination and powder-free surgical gloves. Meanwhile, our Fertilizers Division produces high quality fertilizers that feed the plants that feed us.

OUR DIVISIONS

PHARMACEUTICALS DIVISION

CCM Pharmaceuticals Division 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. We are the leading local pharmaceutical company in Malaysia and the first in the world to obtain the world's first Halal Pharmaceuticals Standard MS2424:2012, a feat that was recognised by the Malaysia Book of Records. We produce over 200 generic drugs, including our award winning medications such as *Omesec* and *Vasacor*. We also manufacture a range of over-the-counter brands which are well recognised by consumers in Malaysia and regionally. Following the integration of six of the parent company's pharmaceutical units into the division's fold, we are today leveraging on an enhanced manufacturing capacity to bolster our product offering. Going forward, we are focusing on expanding into specialty drugs and the biotherapeutic sector, as well as expanding our footprint in the ASEAN region.

CHEMICALS DIVISION

CCM Chemicals Division has been the leading industrial and specialty chemicals company in Malaysia since 80 years ago. We have established a reputation as a chemical solutions provider involved in the manufacture, trading and development of a wide variety of general and specialty chemical products. We also offer a range of water engineering services for various industries particularly the nation's potable water. Through CCM Innovative Solutions, we lead the polymer coatings market for medical examination and powder-free surgical gloves.

FERTILIZERS DIVISION

As the pioneer producer of compound fertilizers in Malaysia, our Fertilizers Division manufactures and trades a complete range of fertilizers for all crop needs. We offer total plant food solutions for the agriculture and home gardening communities. We also conduct soil testing and innovative research and development to maximise yields and ensure healthy crops as well as to enhance the competitiveness of our products. Our research focuses on improving plant nutrient uptake especially for plantation and cash crops, tailoring our products to regional soil needs. Our Cock's Head Brand of compound fertilizers is synonymous with quality fertilizers and is accorded the "*Berkualiti, Bersih lagi Suci*" mark as an assurance of the high and consistent standards under the Quality and Hygiene aspects.



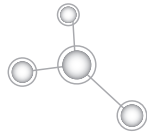


MESSAGE FROM THE CHAIRMAN

Dear Readers,

I am pleased to present CCM's Sustainability Report for the year 2015 which accentuates the Group's dedication to undertaking business in a responsible and sustainable manner. This report represents the Group's preliminary efforts to align with Bursa Malaysia's latest sustainability reporting requirements and we will be working hard to deliver a more comprehensive report in next year's edition.

MESSAGE FROM THE CHAIRMAN



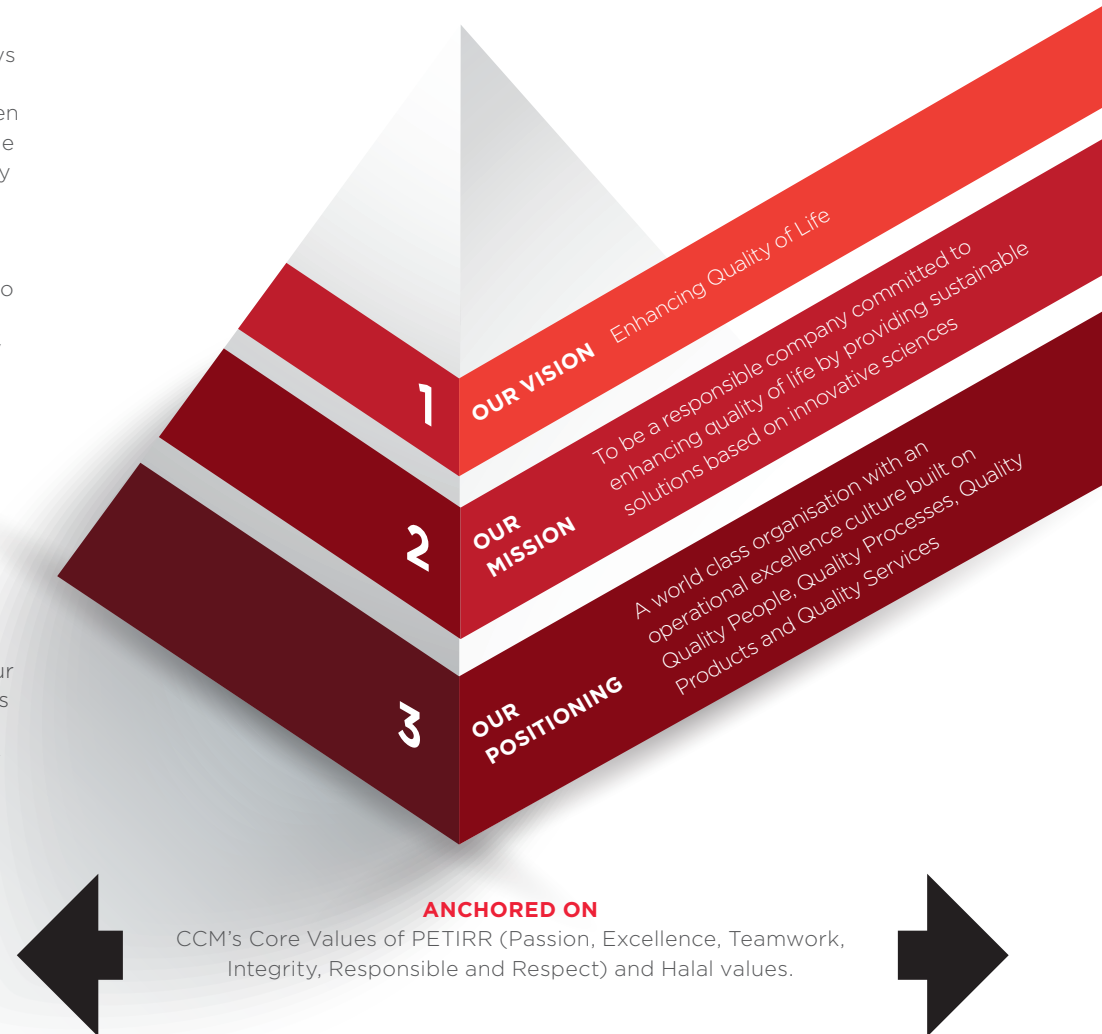
Here at CCM, we recognise that responsible business and sustainability go hand in hand and are the key drivers that differentiate our business from others. Clear goals translated into specific roles and responsibilities are at the heart of our corporate strategy. These are helping to safeguard our long-term business profitability as well as enabling us to create a positive impact on our stakeholders, society and the environment.

The commitment towards sustainable growth is evident throughout all levels of our organisation. At the very top, CCM's Board of Directors and our Senior Management recognise the importance of pursuing an agenda that upholds good economic, environmental and social ("EES") practices and have committed to investing in measures that promote the sustainable growth of our business and create value for our shareholders. On the ground, CCM's teams carry out their everyday functions in a manner that makes a positive and sustainable impact on the EES front. With everyone throughout CCM doing their bit to ensure responsible and sustainable behaviour, this has successfully safeguarded our reputation and strengthened shareholder value.

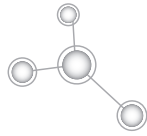
As CCM makes solid strides forward as a business, we continue to be guided by our Vision of "Enhancing Quality of Life" which calls for the Group to find new ways to create a positive impact on the world around us. At the same time, we are driven by our Mission of "becoming a responsible company committed to enhancing quality of life by providing sustainable solutions based on innovative sciences".

In 2015, we continued to work diligently to sustain our business with an operational excellence ("OE") culture built on Quality People, Quality Processes, Quality Products and Quality Services. We also made good inroads in inculcating our Core Values of PETIRR (the acronym for Passion, Excellence, Teamwork, Integrity, Responsible and Respect) among our workforce. Simultaneously, we continued to leverage on our Halal values which advocate upholding the tenets of Quality, Safety, Hygiene and Continuous Improvement. I am pleased to say that our OE culture, together with our Core Values of PETIRR and Halal values, are doing much to propel us forward in our journey towards becoming a responsible and sustainable business.

CCM'S APPROACH TO DOING BUSINESS IN A RESPONSIBLE AND SUSTAINABLE MANNER



MESSAGE FROM THE CHAIRMAN



For the year under review, the Group continued its efforts to enhance quality of life by rolling out effective Board-approved sustainability activities. The details of our sustainability activities encompassing EES best practices are spelt out in the respective sections of this Sustainability Report. This focus on implementing robust operational and financial performance, transparent environmental management, as well as effective social activities to benefit a whole spectrum of stakeholders, underscores CCM's commitment to operate in the most cohesive, responsible and sustainable manner possible.

Going forward, the Group remains committed to developing a winning portfolio of sustainable businesses and we will endeavour to build upon the firm foundations of our businesses. As we embrace 2016, we acknowledge that challenging times lay ahead for us. We are confident that as we leverage on our OE, PETIRR, Halal values and EES initiatives, as well as other impactful strategies to strengthen our presence in Malaysia and the region, CCM will remain resilient and profitable for years to come.

As we set our sights on enhancing our sustainability reporting (which is still at the formative stages) and strengthening our fundamentals for a sustainable future, we look to all our stakeholders to continue lending us their unwavering support. We trust that you will find CCM's 2015 Sustainability Report an informative and interesting read.

Thank you.

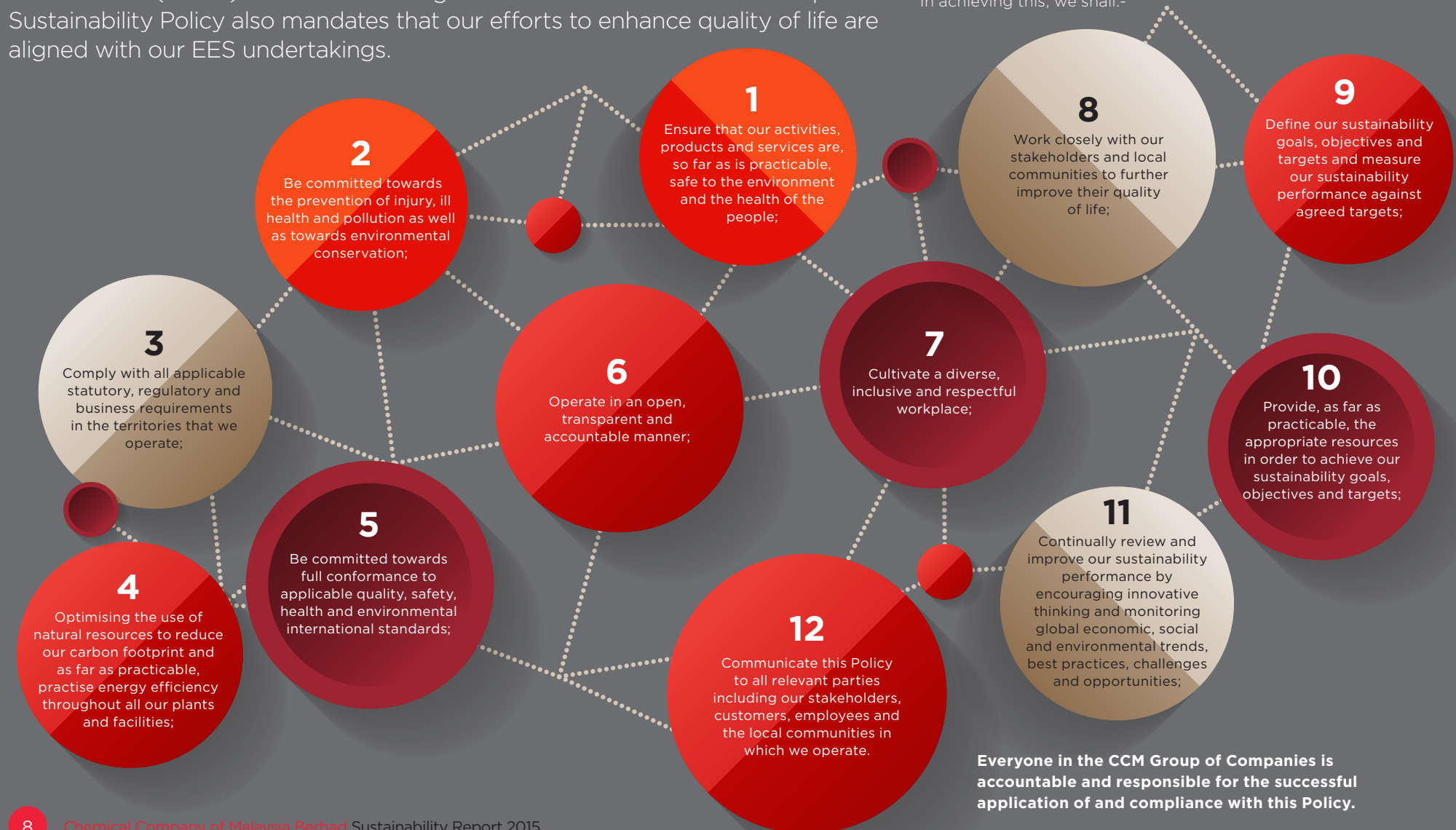
**YB HAJAH NORMALA BINTI
ABDUL SAMAD**
Chairman

OUR SUSTAINABILITY POLICY

CCM is committed to enhancing quality of life via a sustainable business model based on our OE, PETIRR Core Values and Halal values. As we implement these elements, we go out of our way to ensure stringent Safety, Health and Environment (“SHE”) initiatives are integrated into these efforts. The Group’s Sustainability Policy also mandates that our efforts to enhance quality of life are aligned with our EES undertakings.

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:-



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

KEY FINANCIAL AND SUSTAINABILITY INDICATORS



TURNOVER AND PROFITABILITY

	Turnover		Profit/(Loss) before tax	
(RM' mil)	2014	2015	2014	2015
Pharmaceuticals	320.4	334.8	35.7	38.4
Chemicals	279.0	294.8	18.9	31.3
Fertilizers (discontinued)	488.7	367.5	(63.7)	(96.1)
Intersegment Eliminations and others	1.0	0.7	(13.0)	(16.7)
Group	1,089.1	997.8	(22.1)	(43.1)

LIQUIDITY

(RM'000)	2014	2015
Net cash from operating activities	103,662	14,226
Net cash (used in)/from investing activities	17,182	(60,271)
Net cash from/(used in) financing activities	(155,209)	142,541
Exchange differences on translation of the financial statements of foreign operations	(12,760)	8,009
Net increase/(decrease) in cash and cash equivalents	(47,125)	104,505
Cash and cash equivalents at 1 January	255,337	208,212
Cash and cash equivalents at 31 December	208,212	312,717

FINANCIAL POSITION

(RM'000)	2014	2015
Total non-current assets	910,002	803,953
Total current assets	729,057	932,953
Total assets	1,639,059	1,736,906
Financed by:		
Share Capital	457,630	457,630
Reserves	22,644	28,951
Retained profits	269,998	184,790
Equity attributable to owners of the Company	750,272	671,371
Non-controlling interests	130,326	178,581
Total equity	880,598	849,952
Total non-current liabilities	119,289	473,675
Total current liabilities	639,172	413,279
Total liabilities	758,461	886,954
Total equity and liabilities	1,639,059	1,736,906

PROFIT OR LOSS

(RM'000)	2014	2015
Continuing Operations:		
Revenue	600,401	630,330
Profit before tax	41,571	52,979
Tax expense	(13,648)	(24,372)
Profit from continued operations	27,923	28,607
Discontinued Operations:		
Discontinued operations loss, net of taxes	(63,346)	(101,863)
Loss for the year	(35,423)	(73,256)
(Loss)/Profit attributable to:		
Owners of the Company	(42,514)	(62,476)
Non-controlling interests	7,091	(10,780)
Loss for the year	(35,423)	(73,256)

CCM GROUP CARBON DIOXIDE EMISSIONS (CO₂e)

CO ₂ e (Metric Tonnes)	2014	2015
Overall	127,645.0	120,615.7
Berhad	54.3	51.7
Chemicals	88,933	86,022
Pharmaceuticals	16,854	17,447
Fertilizers	21,803	17,095

TOTAL RECORDABLE CASE FREQUENCY ("TRCF")

KEY AREAS	2014	2015
No. of Fatality Cases	0	0
No. of Fines or Penalty	1	0
No. of LTI cases	4	7
No. of Recordable Cases	8	9
Lost Time Injury Frequency ("LTIF")	0.67	1.42
Total Recordable Case Frequency ("TRCF")	1.34	1.83
All Incidents	114	116
No. of Near Miss Cases	37	32

BUSINESS SUSTAINABILITY, GOVERNANCE AND RISK MANAGEMENT



To steer us on the right course in our sustainability endeavours, we have set in place the Group's Three-year Sustainability Roadmap that came into effect in 2015.

CCM'S THREE-YEAR SUSTAINABILITY ROADMAP (2015 – 2017)

YEAR 1 2015

- Leadership and Management commitment
- Realigning internal structure
- Gap Analysis
- Capacity Building via awareness, training and project implementation
- Develop framework for sustainable use of human capital
- Reporting

- Continue awareness campaign to build culture
- Intensify capacity building via training and project implementation
- Benchmarking with MNCs
- Implement framework for sustainable use of human capital
- Monitor and communicate results and advantages gained
- Reporting

YEAR 2 2016

YEAR 3 2017

- Maintain built capacity via framework
- Monitor, sustain and communicate
- Continuous Improvement work culture
- Healthy and Safety work culture
- Halal values/integrity work culture

BUSINESS SUSTAINABILITY, GOVERNANCE AND RISK MANAGEMENT



As we embarked on the first year of CCM's Three-year Sustainability Roadmap in 2015, we achieved these results:-

STATUS UPDATE: YEAR 1 OF THE SUSTAINABILITY ROADMAP

Leadership and Management commitment	<ul style="list-style-type: none"> Conducted Board of Directors training on Sustainability on 28 April 2015
Realigning internal structure	<ul style="list-style-type: none"> In progress
Gap analysis	<ul style="list-style-type: none"> Deferred to 2016
Capacity building via awareness, training and project implementation	<ul style="list-style-type: none"> Reached out to 817 employees (YTD Dec 2015) via 27 Sustainability Awareness 101 briefing sessions Conducted 13 OE QC Tools classes for 168 employees Rolled out 3 Lean Six Sigma Green Belt training for 45 employees Inaugurated the Halal AQL Certified Industry Foundation Programme ("CIFP") Training with examinations for 16 CCM employees and 17 employees of CCM's Bumiputera Vendors Implemented 20 new OE improvement projects in addition to 63 existing completed projects, delivering RM28 million worth of productivity gains Group-wide Won 3rd place and recognition at the PNB Innovation & Quality ("IQ") Convention 2015 Incorporated training into CCM's Bumiputera Empowerment Agenda for employees Uplifted skills of employees Implemented 5S methodology in CCM Chemicals Pasir Gudang Works
Develop framework for sustainable use of human capital	<ul style="list-style-type: none"> In progress
Reporting	<ul style="list-style-type: none"> Monthly reporting at internal Group Management Committee ("GMC") meetings Monthly Communication via internal <i>Sustainability News</i> Bi-monthly in-house newsletter, <i>Berita Kimia</i> On-going updates via CCM Intranet External reporting via Sustainability Report

While we made good progress in several areas in 2015, there is still much work to be done particularly in the way of conducting a gap analysis on business excellence. We are confident that as we leverage on our Three-year Sustainability Roadmap together with our PETIRR Core Values and Halal values, these will serve as growth drivers to take us closer towards achieving our Vision and Mission.

BUSINESS SUSTAINABILITY, GOVERNANCE AND RISK MANAGEMENT



GOOD GOVERNANCE AT CCM

CCM is committed to upholding and implementing the highest standards of corporate governance throughout our organisation. Through stringent adherence to best practices in this area, we are bringing about the sustainable growth of our diverse businesses, safeguarding our reputation and bolstering shareholders' value.

Recognising the importance of good corporate governance in the pursuit of quantifiable and sustainable success for the Group, as well as to ensure continuous value creation for our stakeholders, our Board of Directors is tasked with driving governance matters. Today, this commitment to fostering a corporate culture with high standards of governance, integrity, transparency and accountability is underscored by the many effective initiatives we have in place.

CORPORATE INTEGRITY PLEDGE

In line with our emphasis on the need to uphold integrity throughout every level of our organisation, May 2014 saw CCM becoming a party to the Malaysian Anti-Corruption Commission's ("MACC") Corporate Integrity Pledge ("CIP"). As a signatory to the pledge, we continue to uphold the Anti-Corruption Principles for corporations in Malaysia in all our business dealings with our business partners and the Government.

CODE OF CONDUCT

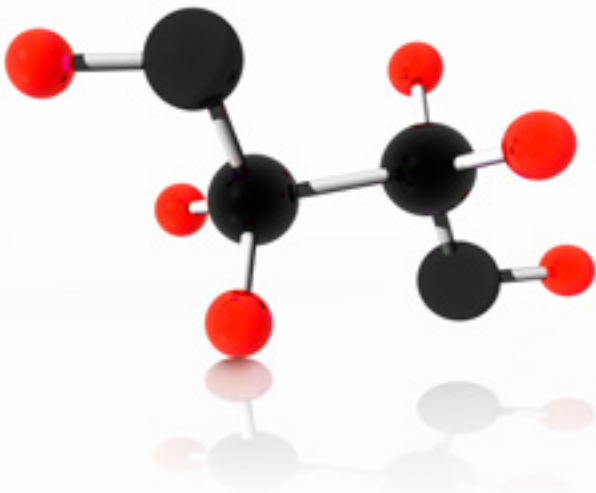
In all that we undertake, we strive to ensure that the Group's integrity and professional conduct are beyond reproach. As such, we have formalised ethical standards for our people through a Code of Conduct (the Code) and established the necessary mechanisms to ensure compliance. The Code mandates that our employees adhere to the ethical values and standards of conduct expected of them. Based on the Group's Vision, Mission and Core Values, it embodies the principles contained in various policies adopted by the Group and gives guidance on how employees and other people falling under the ambit of the Code should apply these to the Group's businesses and activities.

GROUP WHISTLE-BLOWING POLICY

The Group's Whistle-Blowing Policy provides an avenue for employees to report their concerns about any wrongdoing within the Group. These may cover unlawful conduct, financial malpractice or dangers to the public or the environment. The Policy makes it clear that such concerns can be raised without fear of victimisation, recrimination, discrimination or disadvantage to the employee reporting the concern. It provides a formal channel to encourage and enable employees to report serious concerns so that such concerns can be properly addressed. Today, whistle-blowers are able to email their concerns to the CCM Integrity Hotline via ccmintegrity@gmail.com.

INTEGRITY UNIT

To strengthen the Group's corporate governance practices and ethical standards, the Board has established an Integrity Unit to manage integrity issues within our organisation. Set up in September 2013, the Integrity Unit comes under the purview of the Audit and Compliance Committee.



BUSINESS SUSTAINABILITY, GOVERNANCE AND RISK MANAGEMENT



LEGAL COMPLIANCE

The CCM Group Legal Department ensures that the Group's businesses are conducted in accordance with applicable laws and regulations. The year 2015 saw a number of new legal requirements come into force. Our Legal team conducted legal awareness training and knowledge sharing sessions for all employees of the CCM Group on topics ranging from intellectual property, confidentiality obligations, personal data protection, competition law and basic contracts.

To facilitate sustainability in our business operations and improve efficiency in preparation of selected agreements, the CCM Group Legal Department developed several document templates for adoption by the Group including those relating to non-disclosure agreements and consultancy agreements.

PDPA POLICY

With the implementation of the Personal Data Protection Act ("PDPA") Policy, the CCM Group Legal Department carried out refresher education on the PDPA Policy to reinforce compliance across the CCM Group.

COMPETITION ACT

The CCM Group Legal Department also carried out refresher training pursuant to the implementation of the Competition Law and Compliance Policy.

PROFIT CONTROL AND ANTI-PROFITEERING ACT 2011

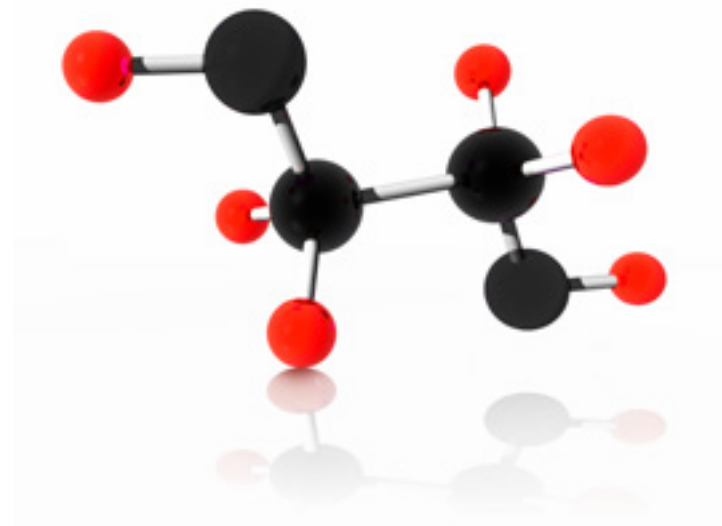
Following the introduction of the Goods & Services Tax Act 2014 and the corresponding Profit Control and Anti-Profiteering Act 2011 ("PCAPA"), awareness training sessions were conducted to ensure that the Group's businesses comply with the PCAPA.

RISK MANAGEMENT AT CCM

Risk Management is an essential component of CCM's business and we are committed to implementing effective risk management practices to mitigate the various risks that may affect the Group. Today, various risk management elements are in place to safeguard our operations, reputation and shareholders' value.

RISK MANAGEMENT COMMITTEE ("RMC")

The Board through the various RMC determines the Group's level of risk tolerance and actively identifies, assesses and monitors key business risks to preserve shareholders' investment and the Group's assets.



BUSINESS SUSTAINABILITY, GOVERNANCE AND RISK MANAGEMENT



ENTERPRISE RISK MANAGEMENT (“ERM”) FRAMEWORK

To manage risks effectively, the Board has developed an ERM Framework for the Group in line with the universally accepted standard ISO 31000 for Risk Management.

RISK MANAGEMENT POLICY

This policy mandates that the Group implement an effective risk management programme and control system to ensure the Group meets all its business objectives.

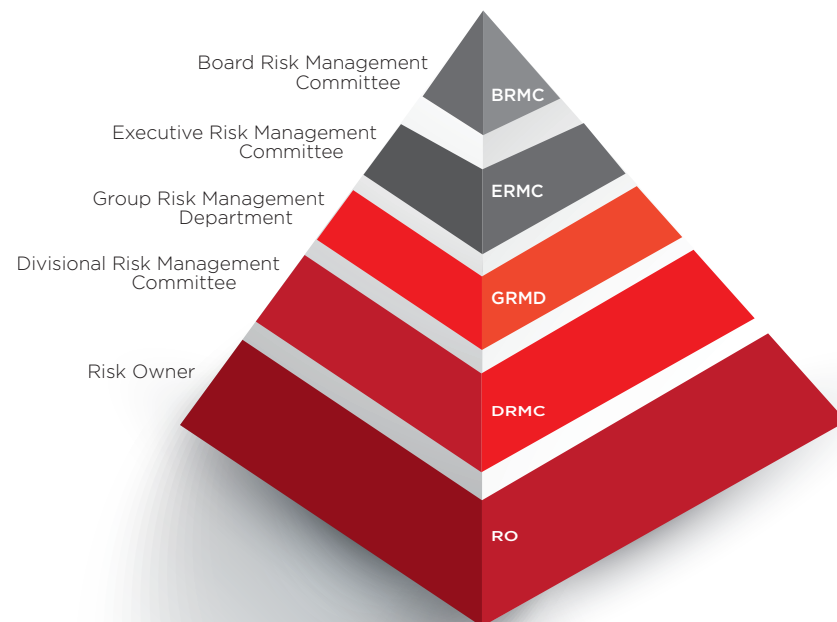
RISK MANAGEMENT STRUCTURE

This structure provides the framework for assigning responsibilities and facilitating risk management processes from the transactional level right up to the Board of Directors level.

KEY RISKS

We have identified risks in several key areas. Their impact on the Group and the actions required to mitigate these risks are as follows:-

KEY AREAS	RISK	DESCRIPTION	MITIGATION MEASURES
Strategic	Challenges in the Fertilizer industry	Low CPO prices, a crowded local market and FOREX losses have severely affected the Fertilizers business segment.	<ul style="list-style-type: none"> Implement a rationalisation plan for the Fertilizers business to minimise the impact of these risks. Reduce plant operation cost via Lean Six Sigma and other Operational Excellence (“OE”) initiatives.
Operational	Talent Management and Succession Planning	Successful execution of talent management and succession planning programmes are critical for the organisation in order to attract and groom talents for sustainable growth of the organisation.	Ongoing development of the Talent Management Framework and the Leadership Competency Model.
	Large Capital Expenditure (“CAPEX”) spend over the next 5 years	CCM is investing in high CAPEX for Pharmaceuticals and Chemicals manufacturing sites over the next few years to ensure CCM remains relevant in the future.	Ensure proper project management monitoring and reporting.
External	Impact of Trans-Pacific Partnership Agreement (“TPPA”)	Pharmaceutical manufacturers to be impacted due to changes in intellectual property protection for drugs. Bumiputera companies to be impacted due to changes in flexibility and competitiveness.	Active monitoring and assessment of TPPA development to ensure the associated risks are properly addressed and the Company is able to capitalise on potential business opportunities.
	Depreciation of the Malaysian Ringgit against the US Dollar	Ringgit depreciation is significantly impacting our businesses especially the Fertilizers Division due to huge FOREX losses on raw materials cost, as well as possible impact on Pharmaceuticals and Chemicals operational costs and CAPEX projects.	<ul style="list-style-type: none"> A hedging strategy to minimise FOREX losses. Close monitoring of the FOREX market including watching economic data and engaging with panel bankers for views and opinions on the outlook for FOREX.



Other details of our corporate governance and risk management activities can be found in the relevant sections of our Annual Report or on our corporate website.

STAKEHOLDER ENGAGEMENT



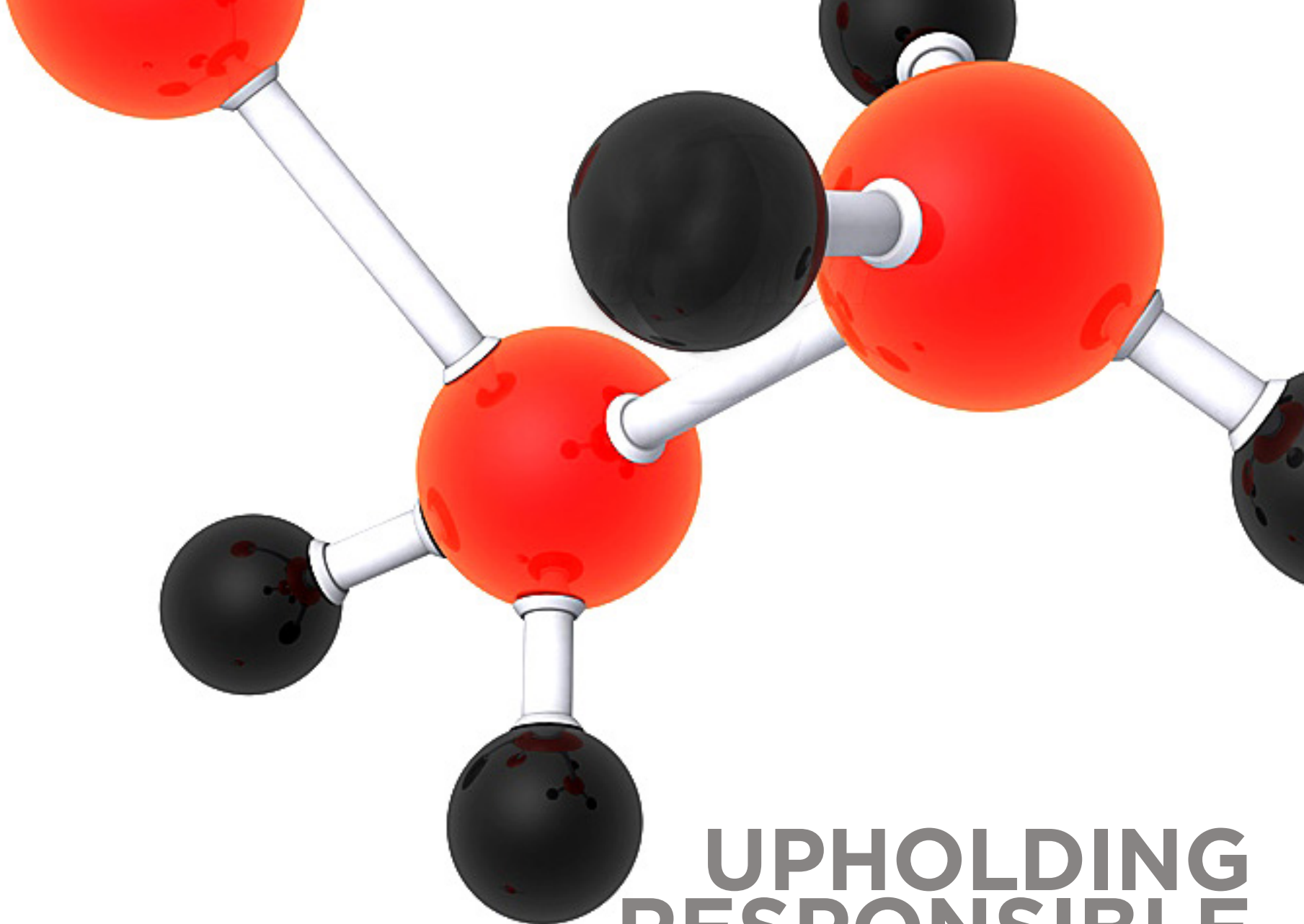
As the Group's businesses and our marketplace evolve, we are finding ourselves interacting with a growing number of different stakeholder groups. Effective engagement with our stakeholders helps us to address and respond to their diverse expectations and changing needs.

We engage with diverse audiences at different levels on a regular basis and in many ways through a host of platforms. These include our corporate website, social media, market research and surveys, forums, briefings, meetings and publications. These are also proving to be effective means to communicate to our diverse stakeholders how we are delivering a balanced growth in a responsible and sustainable manner.

STAKEHOLDER ENGAGEMENT MATRIX

CCM's Stakeholder Engagement Matrix spells out the stakeholder engagement activities that we undertook in 2015, many of which are ongoing:-

STAKEHOLDER	KEY AREA OF FOCUS	PLATFORMS AND TOOLS UTILISED
Shareholders and Investors	Business direction of CCM and key corporate developments	<ul style="list-style-type: none"> Announcements on Bursa Malaysia and CCM's corporate website Investor roadshows and updates/fund analysts' briefings Annual General Meetings/Extraordinary General Meetings Annual Reports
Customers and Local Communities	Transparent and high quality products and services/Community development and enrichment	<ul style="list-style-type: none"> Continuous Medical Education ("CME") sessions for the medical fraternity Branding-cum-education opportunities (e.g. <i>CHAMPS</i> Story Telling Competitions for pre-schoolers) CCM JATI entrepreneur programme for pharmacy students in public universities Program Rakan Saintis Sungai, an environmental programme for school children CCM PINTAR Programme for schools in rural areas Sahabat Korporat Tabung Haji in support of Malaysian Haj pilgrims CCMF Dealers Appreciation Night CCM Invitational Pro-Am Golf Tournament with customers in conjunction with the PGM CCM Rahman Putra Championship Minggu Saham Amanah Malaysia ("MSAM") exhibition
Industry Peers	Knowledge sharing, stewardship and networking	<ul style="list-style-type: none"> Participation in industry forums, conferences, dialogue, exhibitions, networking events at both the national and international levels CCM played host to H.E. Tan Sri Iyad Ameen Madani, Secretary General of the Organisation of Islamic Cooperation ("OIC") during his official visit to CCM's Bangi plant
Government/Regulatory Authorities	Compliance, strong relationships, industry stewardship	<ul style="list-style-type: none"> Meetings, dialogues and updates Partnerships in initiatives including support of the PEMANDU Global Transformation Forum as a Bronze sponsor Active participation in the DOE ("Department of Environment") Smart Partnership programmes and serving as a member of the committee of <i>Majlis Pelancaran Pusat Kecemerlangan Pengurusan Buangan Terjadual dan Industri Hijau</i> Strong representation in trade councils and associations i.e. Chemical Industries Council of Malaysia ("CICM"), Malaysian Rubber Glove Manufacturers Association ("MARGMA") and The Malaysian Organisation of Pharmaceutical Industries ("MOPI")
Employees	HR Management	<ul style="list-style-type: none"> Regular communication via email blasts and the company intranet, monthly internal publication <i>Sustainability News</i>, bi-monthly <i>Berita Kimia</i> newsletter Townhall meetings Training and development initiatives Social activities including family days and Kelab Sukan CCM activities Employee Engagement Survey Voluntary welfare and charity activities organised by CCM "PEERS" Committee
Suppliers	Procurement, transparency and development	<ul style="list-style-type: none"> Bumiputera Vendor Development Programme ("BVDP") Group Procurement Policy and procurement system <i>Kelab Jurupandu Kimia</i> ("KJK") for drivers of our CCM tankers and lorries



UPHOLDING RESPONSIBLE **ECONOMIC PRACTICES**

UPHOLDING RESPONSIBLE ECONOMIC PRACTICES



STRENGTHENING OUR MARKETPLACE ECOSYSTEM

Recognising that the total marketplace ecosystem is important to the success of the Group's businesses, we continue to engage in activities that are helping us to establish and nurture lasting bonds with our industry peers, suppliers, customers and other stakeholders in the marketplace.

INTENSIFYING INDUSTRY EFFORTS

As one of the key players in the Chemicals industry, we continue to take on an industry leadership role to intensify industry efforts and strengthen ties with our industry peers. Today, CCM serves as an Executive Committee member of the Chemical Industries Council of Malaysia ("CICM"), the representative body of the various sub-sector chemical groups in Malaysia. Additionally, we chair the CICM's Regulatory Affairs Committee and are a member of its Responsible Care Programme ("RCP") Technical Committee.

Being a signatory of the Responsible Care Charter, our Chemicals Division actively subscribes to and implements the six codes of management practices throughout the length and breadth of its operations. The codes consist of the following:-



Each code incorporates a specific aspect and encompasses the areas of chemical manufacturing, transportation, research and handling activities, among other things. For the year 2015, our Chemicals Division won a Gold Award for Product Stewardship Code, 3 Silver Awards for Distribution Code, Community Awareness & Emergency Response Code and Pollution Prevention Code and a Merit Award for Process Safety Code.

CCM also continues to play a role as an associate member of the Malaysian Rubber Glove Manufacturers Association ("MARGMA"). Via CCM Innovative Solutions Sdn Bhd ("CCMIS"), the Group is the leading polymer coatings supplier to the rubber glove manufacturers in the ASEAN region producing medical examination and powder-free surgical gloves.

We are also helping to bolster industry efforts on the national Halal agenda through our active involvement in the development of Halal standards for chemical and pharmaceutical products. CCM played a part in helping to develop the Halal Strategic document for the 11th Malaysia Plan ("RMK11") by participating in various workshops and technical working groups led by the Halal Industry Development Corporation ("HDC").

Together with the respective authorities and Government agencies, we continue to lead the way on the Halal Chemicals front by contributing towards the development of the first Malaysian Standard on Halal Chemicals for use in potable water treatment (MS 2594:2015). We are also helping to drive the Halal Pharmaceuticals sector as a member of the Technical Committee for Halal Pharmaceuticals chaired by the Department of Standards Malaysia, Ministry of Science, Technology and Innovation ("MOSTI") and Dasar Ubat Nasional ("DUNas"), Technical Committee for Halal Pharmaceuticals chaired by the Ministry of Health ("MOH").

Our Pharmaceuticals Division continues to serve as an Executive Council member of the Malaysian Organisation of Pharmaceutical Industries ("MOPI"). Under its mandate of optimising patient outcomes in primary care, CCM Pharmaceuticals Division has been providing a platform for healthcare professionals on a continuous basis through its Continuous Medical Education ("CME") initiatives that keep this group abreast of treatment updates and disease management.



UPHOLDING RESPONSIBLE ECONOMIC PRACTICES



BACKING LOCAL BUSINESSES

As one of the top 20 Government Linked-Companies (“GLCs”) in the country and a key player in the Pharmaceuticals, Chemicals and Fertilizers arenas, CCM is well positioned to support the Government’s efforts to establish a Bumiputera Commercial and Industrial Community (“BCIC”) under the National Development Policy. Through the CCM Bumiputera Vendor Development Programme (“BVDP”), we are helping to create capable Bumiputera entrepreneurs who are reliable and competitive in delivering their products and services.

In July 2015, we took our commitment to the BVDP a step further by signing a Memorandum of Understanding (“MOU”) with Small Medium Enterprise Development Bank Malaysia Berhad (“SME Bank”). The MOU outlines a three-year collaborative effort to develop capable Bumiputera vendors. SME Bank will offer financial assistance to eligible SMEs within CCM’s business ecosystem while its subsidiary, the Centre for Entrepreneur Development and Research (“CEDAR”), will play its part by providing entrepreneur development training to the vendors under the BVDP.

To date, we have identified 13 companies who have been accorded training as well as networking opportunities with professionals from CCM and various industries. Upon graduating from the programme with all KPIs met, each vendor will be recognised as a “CCM Preferred Vendor” and will have greater opportunities to secure future projects with the Group. These companies will also be given the opportunity to be part of the programme under the Ministry of International Trade & Industry (“MITI”) to develop national, regional and global champions by 2020.

EXPANDING OUR SPHERE OF INFLUENCE

Over the course of 2015, the Group through our Pharmaceuticals, Chemicals and Fertilizers Divisions, continued to participate in various exhibitions and conferences to network, promote the CCM brand and our products, as well as to expand our sphere of influence.

The year saw us participating in events such as Minggu Saham Amanah Malaysia (“MSAM”) 2015, the Government-Linked Companies (“GLC”) Open Day programme which showcased GLC success stories as well as investor relations talks. The MSAM 2015 event marked the 11th year of the Group’s involvement with the exhibition that serves as a platform to showcase and promote the Group and its products as well as generate interest in the unit trust products of its parent company, Permodalan Nasional Berhad (“PNB”).

SOLID PROGRESS ON THE HALAL FRONT

In 2015, we continued to showcase our Halal products and services in the global arena through our participation in the World Halal Conference (“WHC”) 2015, the Malaysia International Halal Showcase (“MIHAS”) 2015 and the 11th World Islamic Economic Forum (“WIEF”). These events served as platforms to promote our innovative range of Halal products to a wider group of global consumers, as well as gave us the opportunity to highlight the trade and investment opportunities available within the Group.



Halal Excellence Award

In recognition of CCM’s continued commitment to Halal for more than 15 years, we were the sole recipient of the esteemed Halal Excellence Award 2015 presented by the Halal Industry Development Corporation (“HDC”) at the World Halal Conference 2015. The award recognises both individuals and organisations that have made exceptional contributions and achievements for the development of the overall Halal industry.

Global Islamic Economy Award

We continued our winning streak in the Halal arena to secure the prestigious Global Islamic Economy Award in the Food and Health category at the Global Islamic Economy Summit in Dubai, United Arab Emirates. The integrity and credibility of the award was managed independently by Thomson Reuters, audited by Deloitte and adjudicated by an esteemed panel of 11 judges.



UPHOLDING RESPONSIBLE ECONOMIC PRACTICES



Our Pharmaceuticals Division had the privilege of playing host to H.E. Tan Sri Iyad Ameen Madani, the Secretary General of the Organisation of Islamic Cooperation ("OIC") upon his visit to see first-hand the production of Halal pharmaceutical products at our facility in Bangi.



CCM spokespersons were also invited to impart their Halal expertise and conduct talks on the local and international fronts. The year also saw us engaging with Halal industry stakeholder via visits to Jabatan Agama Johor ("JAJ"), SIRIM QAS International Sdn Bhd and the Halal Hub of the Department of Islamic Development in Malaysia ("JAKIM"). CCM's personnel was also appointed to sit on the Halal Professional Board which was newly set up to monitor the supervisory training development of the Halal industry.

KNOWLEDGE SHARING & ENGAGEMENT ACTIVITIES

Over the course of 2015, CCM representatives were invited to impart knowledge to various organisations and stakeholders. We conducted various Continuous Medical Education ("CME") for the medical fraternity as well as health awareness activities for the public community in conjunction with the World Diabetes Day. We also held Halal Awareness talks for participants from other industries and within the mentor-mentee programmes that we ran with other organisations.

APPRECIATING DEALERS

To convey its appreciation to its dealers for their steadfast support, the Fertilizers Division organised the CCMF's Dealers Appreciation Night 2015. Held annually for the past 15 years, the 2015 event saw the top 10 dealers from Malaysia, Indonesia and Thailand receiving awards for their outstanding performance in 2015. Three special awards namely, the 'Take Charge', 'Most Improved Dealer' and 'Most Iconic' awards were presented to exceptional dealers who had stood out over the years. The dealers in the East Coast region in particular received special mention for their remarkable turnaround despite the catastrophic floods that affected their businesses.



UPHOLDING RESPONSIBLE ECONOMIC PRACTICES



ELEVATING OPERATIONAL EXCELLENCE

We have always been a strong advocate of Operational Excellence (“OE”) tools and in 2015, we took our OE efforts up several notches. In 2015, we expanded our OE training to include Quality Control (“QC”) Tools and the Plan-Do-Check-Act (“PDCA”) improvement methodology for the wider CCM population. As at end 2015, a total of 13 OE-QC Tools classes had been conducted and a total of 168 employees trained. The year also saw 3 Lean Six Sigma Green Belt classes conducted with a total of 45 employees trained. Under our Lean Six Sigma programme that was introduced in May 2012, a total of 191 employees have completed the Green Belt training to date with 24 employees certified, while 11 employees have attended the more in-depth Black Belt training.

As of 31 December 2015, a total of 83 OE projects Group-wide had been completed and the productivity gains tracked in all areas of operations. These projects were conducted in all areas including plant operations and maintenance; supply chain management, logistics and warehousing; sales and marketing; as well as support services such as finance, human resource and information technology. In 2015, the OE programme contributed savings and productivity gains of RM28.0 million. All in all, the programme has generated annualised savings amounting to RM65.7 million since June 2012.

The nurturing of an OE culture among CCM’s people has not only brought about significant savings and productivity gains, it has helped instill a mindset of continuous improvement amongst them. As we move forward, we will continue to inculcate an OE culture throughout our organisation to strengthen internal processes that will ultimately enable us to sustain our market leadership position and business growth.

STEADFASTLY FOCUSED ON INNOVATION AND QUALITY

In September 2015, we held our 20th CCM Innovation and Quality (“IQ”) Convention. This event served as a platform for our people to showcase the various improvement projects undertaken within the Group amidst an atmosphere of friendly competition. At the 2015 CCM IQ Convention, teams from the various divisions presented seven projects which demonstrated how they were leveraging on OE tools such as the Lean Six Sigma methodology as well as the PDCA (Plan-Do-Check-Act) Cycle, Fishbone Diagram and Root Cause Analysis. Three winning teams from the CCM IQ Convention went on to participate in the PNB Innovation and Quality Convention in November 2015 where the team from CCM Duopharma won the third prize and had the distinction of joining the ranks of first and second place heavyweights, Sime Darby Plantations and Maybank.

CCM IQ Convention



In line with our efforts to ensure consistent quality processes throughout the Group, our Pharmaceuticals Division’s Upha Pharmaceutical Manufacturing (M) Sdn Bhd obtained their ISO 9001:2008 Quality Management System (“QMS”) certification as well as Good Distribution Practice for Medical Device (“GMPMD”) certification.

As part of its ongoing efforts to operate in an efficient and effective manner, our Chemicals Division through its Pasir Gudang operations continues to implement the 5S methodology. Modelled on the Japanese workplace organisational system, the 5S methodology upholds the following procedures – sort, systematic arrangement, shine, standardise and sustain. While the Chemicals Division has kick-started this process, the rest of the divisions are preparing to follow suit.



PNB IQ Convention

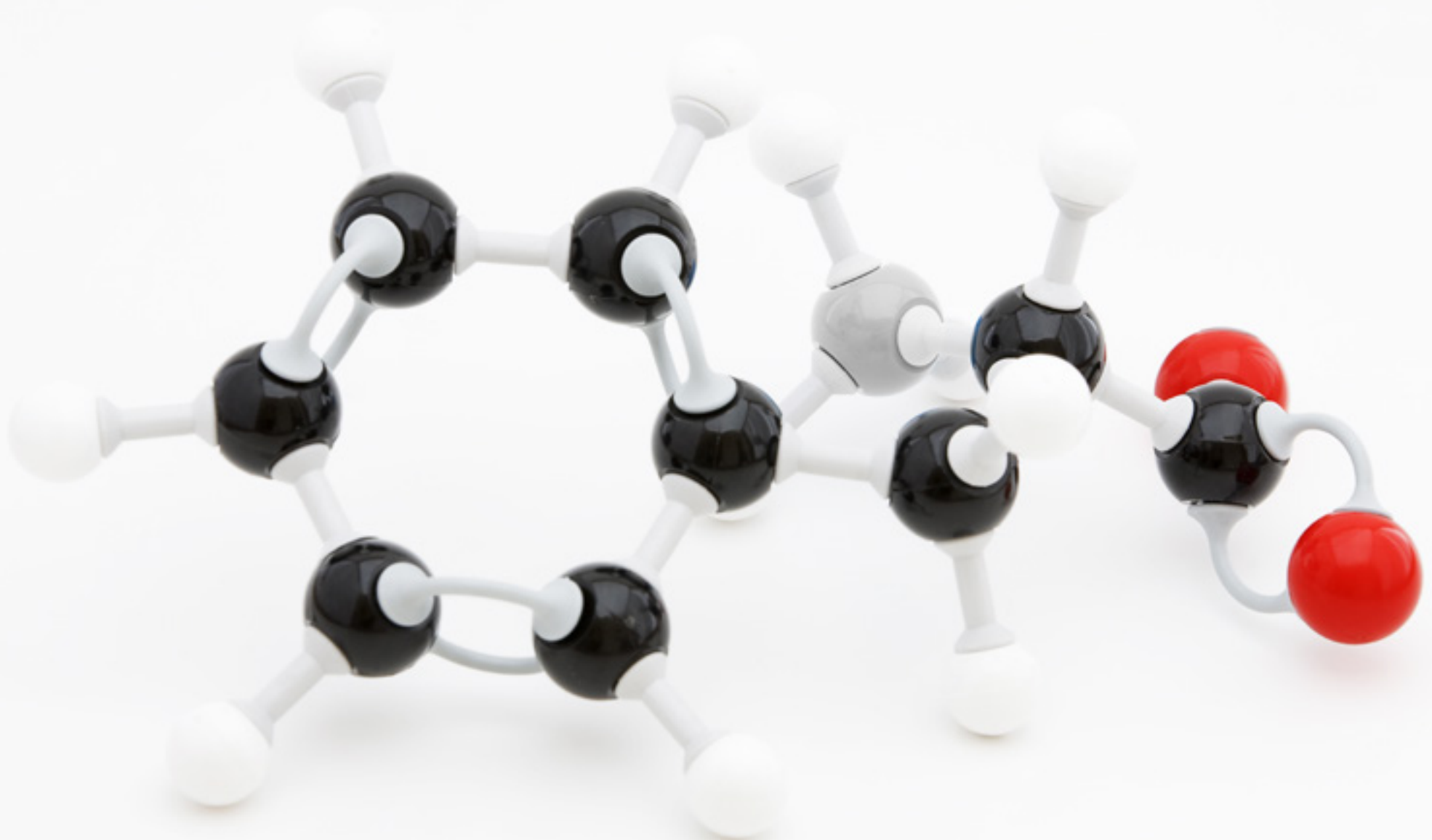
UPHOLDING RESPONSIBLE ECONOMIC PRACTICES



MARKETPLACE AWARDS AND ACCOLADES

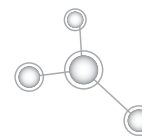
The year 2015 marked another year of achievement for the CCM Group as reflected in the recognition that we received in the marketplace:-

NO.	RECIPIENTS	AWARD RECEIVED	AWARD PROVIDER
1	Chemical Company of Malaysia Berhad	Halal Excellence Award 2015	Halal Industry Development Corporation ("HDC")
2	Chemical Company of Malaysia Berhad	Global Islamic Economy Award 2015 under Food & Health Category	Global Islamic Economy Summit 2015 organised by Dubai Chamber of Commerce & Industry and Thomson Reuters
3	CCM Pharmaceuticals Sdn Bhd	Guardian Teens' Choice Award 2015	Guardian Health And Beauty Sdn Bhd
4	CCM Duopharma Biotech Berhad	Merit Award for Top Corporate Governance & Performance (Market Cap RM300 mil to RM1 bil)	Minority Shareholders Watchdog Group ("MSWG")
5	CCM Chemicals Sdn Bhd	Hibiscus Award for Notable Achievement in Environmental Performance	Prime Minister's Hibiscus Awards ("BCSRM", "ENSEARCH", "FMM", "MICCI")
6	CCM Chemicals Sdn Bhd	Gold Award for Product Stewardship Code; Silver Award for Community Awareness & Emergency Response Code; Silver Award for Pollution Prevention Code; Silver Award for Distribution Code; Merit Award for Process Safety Code.	Chemical Industries Council of Malaysia ("CICM")
7	Upha Pharmaceutical Manufacturing (M) Sdn Bhd	ISO 9001:2008	TUV SUD Asia Pacific
8	Upha Pharmaceutical Manufacturing (M) Sdn Bhd	Good Distribution Practice for Medical Device ("GDPMD")	TUV SUD Asia Pacific



UPHOLDING RESPONSIBLE ENVIRONMENTAL PRACTICES

UPHOLDING RESPONSIBLE ENVIRONMENTAL PRACTICES



PRESERVING THE ENVIRONMENT

The Group's commitment to preserving the environment we operate in is evident in the array of effective operational practices that we have implemented to date to reduce our environmental footprint. Our environmental protection efforts also extend to educating community groups, particularly school children, about environmental conservation. In 2015, we continued to integrate sustainable, environmentally friendly practices into our operations while collaborating with our many stakeholders on community-centred initiatives.

EMBEDDING SUSTAINABLE OPERATIONAL PRACTICES

As part of efforts to promote sustainable environmental practices on a Group-wide basis, we continue to tap proven practices such as the E3R (Eliminate, Reuse, Reduce, Recycle) initiative to mitigate our dependency on natural resources. To date, our employees have done away with plastic water bottles and styrofoam cups, and are utilising mugs instead. Employees are also mindful of recycling paper and reducing electricity consumption in the course of their work.

To reduce our carbon footprint, CCM continues to measure carbon dioxide emissions (CO₂e) from our operations. For the year in review, we recorded an overall CO₂e count of 120,615.7 metric tonnes (MT), a 5.5% reduction from the previous year (2014: 127,645 MT). Higher emissions were due to increased production at our Pharmaceuticals Division to support higher revenue was offset by lower emissions from the reduced production at our Fertilizers site in Shah Alam, resulting in a nett reduction. Details of the CO₂e count of the divisions can be found on page 9 of this report.

SAFEGUARDING OUR CHILDREN'S FUTURE

As part of the Group's mandate to protect the environment as well as to provide children with a holistic education, 2015 saw us continuing our collaboration with the Ministry of Natural Resources & Environment to implement the *Program Rakan Alam Sekitar* which was rebranded later in the year as *Program Rakan Saintis Sungai CCM*. The programme which was introduced in 2010, aims to educate primary and secondary school students about the importance of environmental conservation, particularly river conservation, so that these groups cultivate a responsible attitude towards their natural surroundings and water resources.

The 2015 *Program Rakan Saintis Sungai CCM* saw more than 100 students in the state of Perlis Indera Kayangan and 80 students in Johor Darul Takzim participating in this outdoor programme and undertaking hands-on experiments on the water quality of the rivers. Two schools, SMK Taman Daya 2 and SMK Dato' Ali Haji Ahmad, were also given RM1500 each to fund activities organised by the respective schools' environmental clubs.

To further emphasise our commitment to environmental conservation, CCM sent a team of more than 60 employees to participate in the CICM Responsible Care Run at Taman Bukit Cahaya in Shah Alam, Selangor Darul Ehsan while 3 teams comprising 6 employees ran for the Pertubuhan Pelindung Khazanah ("PEKA") Save our Rainforest Race held at Hutan Lipur Kuala Woh, Tapah, Perak Darul Ridzuan.



UPHOLDING RESPONSIBLE ENVIRONMENTAL PRACTICES

RECOGNISED FOR OUR GOOD ENVIRONMENTAL PERFORMANCE

As a reflection of our solid progress on the environmental front, CCM Chemicals was bestowed the Prime Minister's Hibiscus Award for Notable Achievement in Environmental Performance 2014/2015. The premier private sector environmental award for business and industry in Malaysia, the Prime Minister's Hibiscus Award has three categories for environmental performance i.e. Notable Achievement, Exceptional Achievement and Excellent Achievement. It is jointly organised by four of Malaysia's leading private sector non-profit organisations who have a corporate environmental management and performance mandate, namely the Business Council for Sustainability & Responsibility Malaysia ("BCSRM"), the Environmental Management & Research Association of Malaysia ("ENSEARCH"), the Federation of Malaysian Manufacturers ("FMM") and the Malaysian International Chamber of Commerce & Industry ("MICCI"). Endorsed by the Ministry of Natural Resources and Environment ("MNRE"), the awards are also supported by the Department of Environment ("DOE") and the private sector.

In 2015, our Chemicals Division was once again recognised for its good environmental performance when CCM Chemicals Pasir Gudang Works was awarded several awards at the CICM 12th Responsible Care Awards. These included:-

- **Gold Award for Product Stewardship Code;**
- **Silver Award for Community Awareness & Emergency Response Code;**
- **Silver Award for Pollution Prevention Code;**
- **Silver Award for Distribution Code;**
- **Merit Award for Process Safety Code.**



After undergoing a stringent audit by Bureau Veritas, CCM Berhad had its Integrated Management System ("IMS") comprising ISO 9001 Quality Management System, ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Assessment System successfully recertified.



UPHOLDING RESPONSIBLE SOCIAL PRACTICES

UPHOLDING RESPONSIBLE SOCIAL PRACTICES



As part of our efforts to uphold responsible social practices, CCM is committed to carrying out effective practices and programmes that seek to strengthen the workplace, keep our stakeholders and businesses safe, as well as enrich the communities we operate in.

STRENGTHENING OUR WORKPLACE

CCM Workforce

Our employees are the driving force behind CCM's success and in 2015, we continued to roll out a host of initiatives empowering our employees to achieve their very best on the professional and personal levels. We also conducted activities throughout the year to ensure a good employee work-life balance and a holistic work-life.

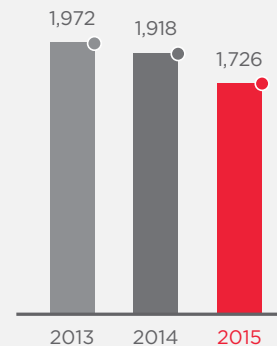
As at 31 December 2015, CCM's workforce was 1,726 employees (2014: 1,918 employees). The male to female ratio of employees were 53:47 (2014: 57:43) while our executive and non-executive employee levels were at 53:47 (2014: 51:49).

Our Stand On Diversity

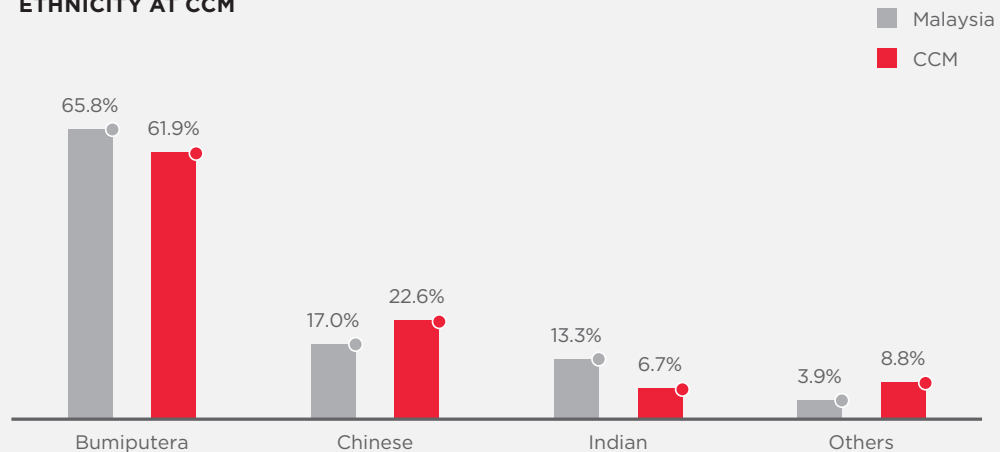
CCM's workforce comprises talented and distinct individuals reflecting the diversity of the Malaysian population. Our diversity is our strength and we regard this as an invaluable trait when serving the varied needs of the marketplace. The Group remains committed to promoting equal opportunities and fostering diversity and inclusiveness both in our workplace and marketplace. In line with this, Group policies and business initiatives such as recruitment, retention, training and development, as well as CCM-sponsored corporate and social activities, are all carried out in a manner that does not discriminate against ethnicity, gender, age, disability or status.

As an equal opportunity employer, CCM employs, appoints, promotes, develops and rewards its employees through the principles of meritocracy and fairness. We are committed to hiring and promoting people based on defined criteria that aligns with local legislation. All these measures ensure that the CCM family remains a well-balanced, safe and harmonious one.

TOTAL NUMBER OF EMPLOYEES



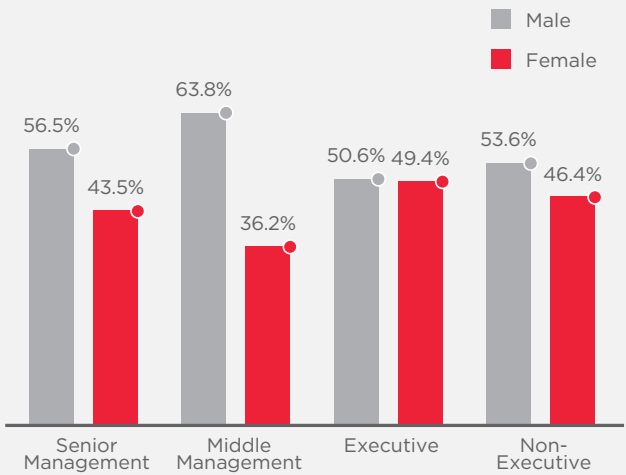
ETHNICITY AT CCM



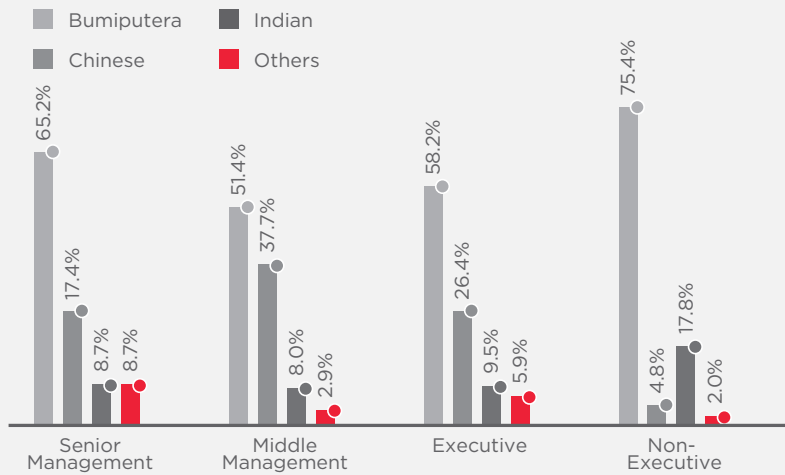
UPHOLDING RESPONSIBLE SOCIAL PRACTICES



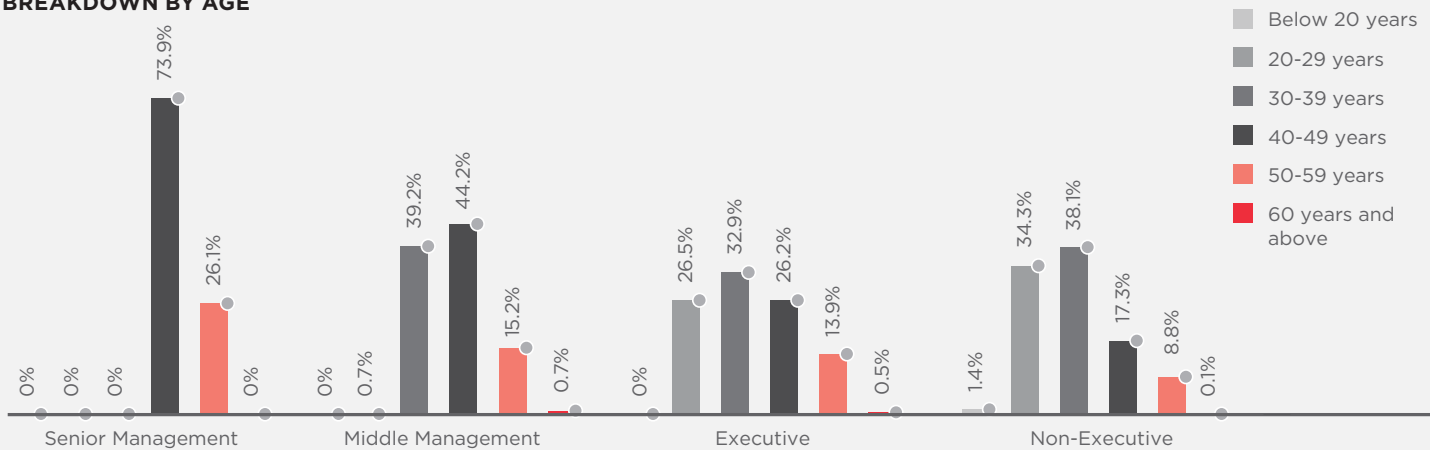
BREAKDOWN BY GENDER



BREAKDOWN BY ETHNICITY



BREAKDOWN BY AGE



UPHOLDING RESPONSIBLE SOCIAL PRACTICES



Advancing Graduates' Careers

Following the launch of the my Millennial Apprentice Programme ("myMAP") in late 2014, the programme has been advancing smoothly. This development programme serves to provide talented graduates with an accelerated approach to achieve their maximum potential while paving a pathway for them to secure a successful career with CCM. Encompassing stimulating components such as the Apprentice Amazing Challenge, the Professional Development Series and the Leadership Development Series, the 18-month myMAP enables graduates to explore, understand, develop and pursue their careers with the Group while experiencing self-realisation and self-improvement. As at end 2015, a total of 24 participants were enrolled in myMAP.

Non-Executive Career Acceleration Programme

In line with our continuous efforts to develop the strengths and capabilities of our employees, 2015 saw us continuing to roll out the my Career Acceleration Programme ("myCAP"). Developed in cooperation with the Department of Skills Development of the Ministry of Human Resources, this programme also aligns with the Performance Management and Delivery Unit ("PEMANDU") Workforce Transformation Roadmap to transform the Malaysian workforce. This structured Upward Mobility Programme is designed specifically for our non-executive employees to enhance their skills, competencies and capabilities to provide greater opportunities for career growth and mobility.

Comprising components such as the behavioural development programme and internal certification programme, myCAP accords CCM's employees the relevant resources, skills and knowledge needed for career development. At the same time, it promotes networking opportunities. As at end 2015, a total of 59 employees were participants in myCAP with 41 of them successfully obtaining the *Sijil Kemahiran Malaysia* ("SKM") certificate.



UPHOLDING RESPONSIBLE SOCIAL PRACTICES



Ongoing Employee Engagement

Even as the Group expands, we recognise the need to maintain a united workforce within the CCM family. To this end, we continue to make the most of employee engagement activities to communicate with and unify our employees. Our initiatives to date include the CCMC Quarterly Employee Engagement Programme and the Group's Healthy Living Programme while outstanding and deserving employees are recognised by way of the Long Service Awards. We also tap the CCM Employee Engagement Index Survey to measure employee satisfaction and engage with our people via our Town Hall sessions whereby our Senior Management cascades the latest Group news and developments to them.

CCM's employees are also provided a platform to share their ideas, suggestions and comments through the Employees Speak Session. The year in review saw us celebrating all festive occasions with our employees across the Group while 21 of our employees gallantly marched in the GLC contingent at the nation's 58th Merdeka Day parade. Through our ongoing Healthy Living Programme, we are enabling employees to connect with one another while participating in healthy activities.

Our Kelab Sukan CCM ("KSCCM") continued to roll out a series of activities over 2015 including the ever-popular Annual Hi Tea & Educational Excellence Awards for members' children who achieved excellent results in their UPSR, PT3 and SPM examinations. KSCCM also organised a fishing competition and the annual Sports Carnival to promote teamwork as well as inculcated healthy and active lifestyles among employees. December 2015 saw the highlight of the year, the KSCCM Annual Dinner, taking place at MATRADE, which was attended by more than 1,000 employees and their spouses. Our employees also participated in several Permodalan Nasional Berhad Sports Club events over the course of 2015.



Upholding Workplace Integrity

CCM places great value on integrity and transparency and in 2015, we continued to roll out several initiatives under our Integrity Unit to ensure a transparent and corruption-free workplace. Group-wide initiatives such as the Group Integrity Quarterly Newsletter, Group Certified Integrity Officer, Group Empowering Integrity Series for all levels of our organisation, Gift Policy as well as the CCM Integrity Hotline, have certainly helped solidify the sense of accountability, transparency and integrity among our workforce.

On 17 December 2015, we held our third annual CCM Integrity Day event to promote transparency in the workplace and to encourage a whistle-blowing culture. Themed "In the Eyes of the BeHolder", the event was organised by Group Integrity and Assurance in an interactive and effective activity through a Treasure Hunt that saw our employees plying the LRT lines to find the treasure with an emphasis on integrity.



RIGOROUS SHE IMPLEMENTATION



In line with CCM's commitment to ensure the best working environment for all employees and the communities that we operate in, we continue to uphold stringent Safety, Health and Environment ("SHE") standards and regulations throughout our operations. In the year under review, our Pharmaceuticals, Chemicals and Fertilizers Divisions continued to implement rigorous SHE practices that ensured compliance with industrial best practices, international safety operating standards as well as statutory and regulatory requirements.

By leveraging on the Group's SHE Management Framework, we are readily able to identify and assess hazards, prevent unsafe acts and conditions, maintain and improve employees' health, as well as enhance communication on health and safety issues. In establishing targets and KPIs for each employee at each level and by benchmarking these against industry standards, we are ensuring that we are consistently meeting all critical parameters. All these efforts are enabling us to maintain a reputable position on the SHE management front, which is a key strategic thrust for the Group.

For 2015 however, the Group registered a weaker performance in terms of health and safety matters as compared to the preceding year. Hand injuries, slips, trips and falls continue to be a major area of concern and the Group will intensify our efforts on awareness and training on the importance of observing good SHE practices. Our 2015 performance against the previous year's performance can be found on Page 9 of this report.

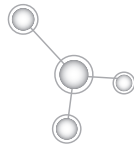
Upholding Safety On All Fronts

Employee and community safety continues to be a priority Group-wide. In 2015, we continued to implement a variety of effective employee-oriented safety measures throughout the Group including Group Employee SHE (Safety, Health and Environment) briefings, First Aiders training and Fire Drills. Via CCM's SET3 Programme, staff are encouraged to take a few minutes to observe safety hazards within the boundaries of their workspace.

Emergency Response Team-CPR Training



RIGOROUS SHE IMPLEMENTATION



Reinforcing CCM's Sustainability Mindset

To ensure an understanding of business sustainability is embedded even further into our work culture and our people's mindset, we implemented CCM Sustainability Awareness 101 training sessions in 2015 for all employees. These sessions aimed to raise awareness on sustainability matters, particularly those pertaining to the areas of SHE, OE and Halal. As at end 2015, a total of 27 training sessions had been rolled out by the Sustainability Department on a Group-wide basis with some 817 employees in attendance. The sessions will continue into 2016 until all our employees have undergone sustainability-related training.

April 2015 saw a Directors' Training on Sustainability being conducted where several distinguished speakers were invited to address our Board of Directors and Senior Management. Participants were also provided insights into the Sustainability programmes carried out by the Business Council for Sustainability & Responsibility Malaysia ("BCSRM").

On 17 August 2015, the CCM Sustainability Launch took place at the Double Tree Hilton Kuala Lumpur with a focus on Safety, Quality and Effectiveness. In conjunction with the launch, we rolled out a CCM Sustainability Season covering the areas of SHE, OE and Halal. The month-long Sustainability Season programme included a Walk with Nature at FRIM, a Healthy Food Talk and Cooking Competition, SHE video competitions in Innovax and CCMP Bangi, as well as training conducted by an approved partner of the American Heart Association. On top of this, we rolled out the Go-Clean-Plate programme that encouraged zero food wastage, plus a series of seminars on the methodology and science behind Halal slaughtering. A monthly "Stairway to Health" Programme was held for employees at Head Office to encourage employees to walk up to their offices instead of taking the elevators. The CCM Sustainability Season culminated in the CCM IQ Convention held in September 2015.

Various activities like Waste Sculpture Competition, Safety Drama Competition, SHE Quiz and Puzzle were also conducted during SHE Week at CCM Chemicals Pasir Gudang Works.

To keep our employees abreast of all aspects of the Group's SHE, OE and Halal practices, we will continue to publish our monthly e-bulletin, *Sustainability News*. We are confident that as we continue to implement a host of such initiatives within our operations, we will be able to ensure workplace safety and reap the benefits of having smoother and safer operations.

A Walk with Nature



The Stairway to Health



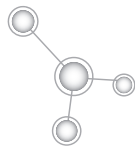
"The science behind Halal Slaughtering - A practical experience"



Healthy Cooking Talk & Competition

CCM Sustainability Launch





In our endeavours to give back to society, CCM's goal has always been to positively influence society via tangible community enrichment initiatives. For the year in review, we followed through on a variety of proven programmes that continued to make the Group's impact felt among the various echelons of society – from pre-schoolers, to schoolchildren, to graduates, to pilgrims, to the marginalised. Simultaneously, we continued to look for new ways and means to enrich communities.

Helping Raise Champ-ions

In September 2015, we brought the *CHAMPS* Pre-School Talent Competition to IOI City Mall Putrajaya providing kindergarten-goers around the Klang Valley an opportunity to showcase their self-expression and public speaking skills as well as the chance to win cash prizes totalling RM10,400. The children, along with their teachers, were given a storyline where they had to perform a 10-minute sketch featuring *CHAMPS* animal mascots and the benefits of staying healthy. All participating schools were presented with *CHAMPS* hampers and goodies for their continuous support to Malaysia's favourite children's vitamin brand. The event reflects our efforts to enhance quality of life among communities by providing youngsters the best possible footing in terms of health and education.

Strengthening English Proficiency

CCM's association with the PINTAR Foundation on CCM PINTAR Programme since the year 2007 has to date enabled students in 12 schools throughout Malaysia to improve their proficiency in English. With our support, students are able to reap the benefits of exposure to the English Language through the programme's various fun-filled activities. In addition, we ensure that students maintain their health by supplying them with our *CHAMPS* vitamins.

In 2015, we continued our search for the Teacher and Student of the Year at all of our 12 adopted schools under the CCM PINTAR Programme through our *Anugerah Pemangkin Minda* and *Anugerah Juara Bestari* initiatives respectively. The *Anugerah Pemangkin Minda* was to recognise and commemorate the contribution of teachers in conjunction with the national Teachers Day celebrations with each recipient taking home a cash prize worth RM500, a CCM Pharmaceuticals hamper worth RM250 and a Certificate of Appreciation.

The *Anugerah Juara Bestari* was formulated in conjunction with World Children's Day for students who excel academically and also in their co-curricular activities besides having a good personality. Each winner of the *Anugerah Juara Bestari* took home a Cash Prize worth RM500, Popular book vouchers worth RM200, a uniquely designed trophy and a Certificate of Appreciation.



Nurturing The Investors Of Tomorrow

In collaboration with Permodalan Nasional Berhad, we continued to host the CCM Interschool Showdown, an interactive competition on trading and finance between secondary school students to nurture the country's future generation of investors. The fourth edition of the CCM Interschool Showdown comprised a series of simulation games such as the "trading race" which exposed students to the risks and returns of investing. Held in Sibu, Sarawak, the event also served to promote both CCM and the Minggu Saham Amanah Malaysia ("MSAM") 2015. The investment wizards of SMK Agama Sibu clinched the top spots in the 2015 CCM Interschool Showdown which attracted participation of over 6,000 students from 22 secondary schools across Sibu.



Winning team, SMK Agama Sibu's Team (A) received the grand prize of RM3,000 and a CCM Pharmaceuticals hamper from Encik Leonard Ariff bin Abdul Shatar, CCM Group Managing Director



Future entrepreneurs of the CCM JATI programme

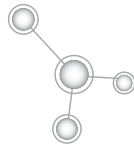


Students raced against time to complete the simulation games during the CCM Interschool Showdown 2015

Training And Developing Our Graduates

In 2015, we strengthened our involvement in community activities at the tertiary level via expanding the boundaries of the CCM JATI (*Jalinan Universiti dan Industri*), an industry-university collaborative effort. Initially involving collaboration between CCM, Universiti Sains Malaysia ("USM"), Universiti Malaysia Sabah ("UMS") and Universiti Teknologi MARA ("UiTM"), we expanded the initiative to include International Islamic University Malaysia ("IIUM") within our fold. This development will see another 50 pharmacy undergraduates coming under the ambit of the programme on an annual basis.

The CCM JATI initiative was introduced in 2011 to address the growing concern on employability among pharmacy graduates. With over 1,000 graduates entering the industry each year on top of the 11,000 existing pharmacists in Malaysia today, competition for a good job intensifies. In 2013, the Health Ministry reported that low quality graduates, including those with poor language proficiency, skills and training were among those facing unemployment in the medical field.



To resolve this problem, the various parties within CCM JATI undertake the task of grooming undergraduates to become leading entrepreneurs in the community pharmaceutical retail sector. The three-year capacity building programme offers students a holistic immersion into the industry and empowers them with entrepreneurial capabilities as they venture into the working environment. This includes exposure in marketing, business management and hands-on retailing through interaction with professionals from CCM as well as via training sessions organised by CCM. Undergraduates also have the opportunity to undergo an internship at a “JATI” kiosk set up by CCM, which also serves as a pharmacy outlet at the universities. Since the inception of this initiative, more than 200 students have successfully undergone the programme.

Via CCM JATI, we have set our sights on developing 500 competitive entrepreneurs in the community pharmaceutical retail arena by 2020. The initiative serves as a conducive platform to develop industry-ready graduates who are ready to be set apart from their peers and be empowered with an entrepreneurial spirit as they enter the workforce. Instead of solely heading to work for entities that are already established as per the norm, we strive to develop young adults who are capable and confident of starting their own companies and are of “employer material”. Through CCM JATI, we hope to raise Bumiputera entrepreneurs in support of the Government’s initiatives to address the uneven distribution of pharmacists and increase Bumiputera participation in the industry.

November 2015 saw CCM organising a two-day JATI Day Out for students representatives of the four universities to educate them on product knowledge, product promotion, selling techniques and team building activities.

CCM is also committed to play its role in national human capital development through collaboration with its parent company, Permodalan Nasional Berhad, to implement the *Skim Latihan 1Malaysia* (“SLIM”). The SLIM initiative aims to enhance the employability of graduates and provide on-the-job training within the CCM Group. In 2015, CCM took in 51 trainees under this scheme and 6 SLIM trainees were absorbed into the CCM workforce in the same year.

Strengthening Our Association With Local Golf

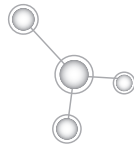
In 2015, CCM strengthened its association with the game of golf by returning for the fifth consecutive year as a sponsor of the Professional Golf of Malaysia (“PGM”) CCM Rahman Putra Championship. Held from 18 to 21 March at Kelab Rahman Putra Malaysia in Sungai Buloh, the Championship served as the tenth leg of the PGM Tour and the fourth co-sanctioned event with the Asian Development Tour (“ADT”). The tournament sought to bring together the best players on the Malaysian golf scene and pair them against players from across the region. The year’s PGM Tour had 43 tournaments in total, 12 of which were ADT events taking place in Malaysia in which players were eligible to earn world-ranking points.

Last year marked the final year of our initial five-year commitment to PGM as we fulfilled our commitment for the contribution of a total sum of RM1 million to the tournament including a RM200,000 prize purse. In April 2015, we extended our support towards PGM by committing another RM1 million over another three-year period beginning 2016.

Golf is making good headway in Malaysia with both young and old taking up the game, not just as a good recreational sport but as an exciting profession. Through platforms like PGM, Malaysia’s pool of talents has been able to make waves regionally and even internationally. CCM is proud to help support PGM in its endeavours to tap the growing sea of local talent while providing young local golfers the perfect platform and support to prepare for the upcoming Olympic Games in 2016.

In a related development, the 2015 CCM Invitational Pro-Am Golf Tournament saw over 100 golfers including the Group’s senior management, business associates and corporate clients teamed up with stars from the PGM CCM Rahman Putra Championship to play at the Kelab Rahman Putra Malaysia in Sungai Buloh. Aside from promoting healthy lifestyles, the friendly tournament was organised to foster closer ties with CCM’s stakeholders.





In Support Of Haj Pilgrims

Some 22,320 Malaysian pilgrims benefitted from a contribution of health kits comprising CCM pharmaceutical products worth RM566,000 when they performed their pilgrimage in Mecca. The contribution marked the 12th year of CCM's continued contribution to the Sahabat Korporat Tabung Haji Programme with a total contribution of 429,000 health kits worth more than RM8 million since 2004.

The health kits comprised of CCM Pharmaceuticals' Halal-certified products. These included *Uphamol* 650mg for safe and effective relief from headaches, pain or fever, *Dermoplex* Antiseptic Cream that prevents infection and assists in healing minor cuts and burns, nappy rashes, blisters, sunburn, insect bites and stings, *Donna* Glucosamine for effective muscular and joint pain relief; and *Beacolytic Elixir* 60ml which facilitates expectoration by reducing phlegm in wet cough. In distributing these health kits, we sought to ensure the well-being of tens of thousands of pilgrims during their Haj.

CCM also engaged in promotional activities through its participation in the *Kursus Asas Haji* ("KAH") and *Kursus Haji Perdana* ("KHP") organised by Tabung Haji in all states.

Reaching Out To The Marginalised

In the spirit of *Aidil Fitri*, our employees Group-wide embraced the month of *Ramadan* with a series of *iftar* receptions at their respective sites. These receptions were hosted with *takziah* sessions and the breaking of fast followed by prayers. We also invited orphans and single mothers to join us for the breaking of fast sessions as well as presented them with *duit raya* and our pharmaceutical products. In the month of August, a series of *Raya* open houses among the various departments were held with a finale event themed *Ceria Raya Aidil Fitri* for all employees at CCM's headquarters at the Theatre, Menara PNB. The event involved a variety of stalls with sumptuous food and activities set up for all to indulge in.

Our employees also took the opportunity to reach out to senior citizens of Pusat Jagaan Wargatua Jasheira with more than 40 CCM employees volunteering to clean, paint and undertake landscaping work at the centre. A get-together session was also held to bring cheer to the centre's residents.



Lending A Helping Hand In Time Of Need

Following the devastating floods that hit the East Coast of Malaysia in early 2015 and caused catastrophic damage, Malaysians of all races including the teams at CCM, worked together to alleviate the hardships experienced by those affected. Under the ambit of Yayasan CCM, a subsidiary of the Group, some 45 CCM employees volunteered and assisted with the cleaning up of Rumah Sejahtera Warga Emas, Kg. Bangau Tanjung in Temerloh through a two-day flood relief aid programme in early January 2015. Yayasan CCM also contributed essential items such as mattresses, blankets, pillows and cooking utensils to 10 residents of the home to help them get back on their feet and rebuild their lives again.

CCM also contributed essential medical supplies and health supplements worth more than RM50,000 in collaboration with the Malaysian Integrated Medical Professionals Association ("MIMPA") and the International Medical University ("IMU"). We also made direct contributions to 25 local preschools in the states of Kelantan and Pahang. Through the GLC circle disaster network, CCM collaborated with Mercy Malaysia to donate post-floods cleaning kits worth RM50,000 and also contributed RM5,000 each to help two of our adopted schools under CCM PINTAR Programme, namely SK Padang Garong in Kota Bharu and SK Sg Selad in Bintulu which were also affected by floods.



THE WAY FORWARD

CCM will continue to run its business operations in a responsible and sustainable manner that fully complies with all legal and regulatory requirements. Our continuous effort to leverage all sustainability programmes based on our **PETIRR** (*Passion, Excellence, Teamwork, Integrity, Responsible and Respect*) and **Halal values** coupled with our Operational Excellence way of working will definitely enable CCM to live up to our Vision of Enhancing Quality of Life for all our stakeholders.

WE WELCOME YOUR FEEDBACK

CCM's 2015 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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