



CHEMICAL COMPANY
OF MALAYSIA BERHAD
(196301000263 (5136-T))

BREAKING LIMITS

SUSTAINABILITY
REPORT
2019

HELLO!



This cover employs bold and dynamic typography to convey CCM's strategic expansion as we move forward beyond our limits. Elements displayed on the cover include the chemicals and polymers divisions as they remain the key earnings drivers for CCM, and are the areas we continue to focus and expand on.

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ABOUT THIS REPORT

[102-1, 102-46, 102-50, 102-52, 102-54]

Welcome to Chemical Company of Malaysia Berhad's Sustainability Report 2019 (Report). This, our sixth annual standalone Sustainability Report, serves as a comprehensive account of our sustainability progress for the reporting period 1 January 2019 to 31 December 2019.

Here at Chemical Company of Malaysia Berhad (CCM, the Company or Group), we continue to uphold the agenda of sustainability as it is a key strategy for our business, empowering us to drive responsible growth and create new opportunities for shared success. By embedding sustainable practices into every area of our business – from the manner in which we source materials, to how we develop products and mitigate our environmental footprint – we are able to meet our customers' needs more effectively and augment our stand as a conscientious corporate citizen.

This is our second year of reporting in line with the Global Reporting Initiative (GRI) Standards – Core Option. The GRI Content Index and the GRI reference icons used throughout this Report serve as reference points for where the content for each specific disclosure under the GRI can be found. The boundaries of this year's Report are similar to last year's in that we incorporate an overarching sustainability strategy to guide us in our efforts as well as highlight the results of a materiality assessment which identifies 12 priority areas that are of importance to our stakeholders and integral to CCM's business success.

We also highlight our endeavours to contribute towards the United Nations' Agenda 2030 for Sustainable Development which has been ratified by 193 nations including Malaysia. Our sustainability endeavours align with 8 out of the 17 United Nations' Sustainable Development Goals or SDGs.

In our effort to produce a clear, comprehensive and concise Report, we have made every effort to ensure that we have collated and disclosed our Economic, Environmental and Social (EES) data, measurements and claims in as transparent and accurate a manner as possible. It our hope that this commitment to clarity, transparency and accuracy will do much to strengthen CCM's reputation in the marketplace, bolster investor confidence and build up our relationships with our diverse stakeholders.

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

Our reporting scope for this year covers our headquarters in Kuala Lumpur and our two main business segments, namely the Chemical business helmed by CCM Chemicals Sdn Bhd (CCM Chemicals, the Chemicals Division or Chemicals business) and Polymers business helmed by CCM Polymers Sdn Bhd (CCM Polymers, the Polymers Division or Polymers business).

Our projects and operations are located in various parts of Malaysia including Kuala Lumpur; Pasir Gudang in Johor; as well as Shah Alam and Bangi in Selangor. We also have operations in Jakarta, Indonesia but we will only be covering our operations in Malaysia for the purpose of this report. As per our Annual Report 2019, our Sustainability Report 2019 covers sustainability data from 1 January to 31 December 2019 and includes one year of comparative historical data wherever applicable.

Although the Group has been recording its sustainability information since 2015, following the divestment and demerging of our other businesses (namely our previous fertilisers and pharmaceuticals businesses in 2016 and 2017 respectively), our data comparison parameters have changed substantially. As such, for ease and accuracy of data comparison points, we are only including comparative data for the financial years 2018 (post-demerger) and 2019 (FY 2018 and FY 2019) in this Report.

FEEDBACK [102-53]

CCM's Sustainability Report 2019 and our previous sustainability reports are available in PDF format and can be downloaded from our website at www.ccmberhad.com/investor-relations.php. We encourage our readers to voice their opinions or concerns on our approach to sustainability and the development of our sustainability efforts and programmes. Readers are free to reach out to us by directing their comments and suggestions to:

Nur Melissa Fernandez Abdullah

Head, Programme & Communication
Chemical Company of Malaysia Berhad
Email: melissa@ccmberhad.com
Telephone no.: +60 3 2612 3855



ABOUT OUR COMPANY

[102-16]

We are a leading chemicals company in Malaysia with over 50 years of expertise in the industry.

Our core strengths are in chlor-alkali, specialty chemicals and polymers.

We understand innovative sciences, like no other. It is in our DNA to search for groundbreaking solutions to help enhance the lives of the people around us – the customers, the community and the world.

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

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

CORE VALUES



PASSION

We inspire and energise everyone to be the best



EXCELLENCE

We consistently deliver outstanding performance through innovative solutions



TEAMWORK

We succeed together because we work as one



INTEGRITY

We conduct ourselves with pride in being honest and ethical



RESPONSIBLE

We honour the trust given to us by being accountable for our actions



RESPECT

We value differences and share intentions as the basis for achieving shared aspirations

WHAT WE DO

[102-2, 102-6, 102-13]

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



CHEMICALS

Our Chemicals business has built a reputation as a chemical solutions provider involved in the manufacture and trade of a wide variety of chemical products for various industries such as the petrochemical, oleochemical, edible oil, chemicals, electronics, rubber gloves, potable and industrial water treatment, as well as food and pharmaceuticals industries.

Our core competency in the chlor-alkali business has earned a distinction as the preferred chlor-alkali and specialty chemicals company in Malaysia.

Our trading business is represented by leading principals for various basic and specialty chemicals offered to various industries such as the food and pharmaceuticals, industrial health and hygiene, as well as surface coatings and rubber industries.

Our plant in Pasir Gudang is the country's leading manufacturer of *chlorine, caustic soda, hydrochloric acid, sodium hypochlorite and coagulants*. The plant is also accredited with ISO 14001:2004 Accreditation of Chlor Alkali plant, SIRIM Product Certification, Halal Certification, Kosher Certification, ISO 9001 and ISO 18000. Additionally, our Calcium Nitrate plant in Shah Alam produces the chemical coagulant for the Malaysian rubber glove manufacturing industry and is in full compliance of ISO 9001 for the Manufacture & Sale of Calcium Nitrate.

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



POLYMERS

Through our Polymers business, we offer high performance polymer coating solutions and rubber chemicals solutions that enhance the quality of gloves production. We continue to innovate and we do it to serve our customers better.

Our techno commercial team, works hand in hand with our R&D and other supporting teams to create a sustainable portfolio of product offerings, capable of supporting the global rubber glove industry. Currently, our products brands are the AYCLARON, CYCLARON, NYCLARON, RYCLARON, TYCLARON, KLEENER and BACFREE.

Our plant is located in Bandar Baru Bangi, Selangor. The recent plant expansion of a neighbouring site will help increase the capacity to cater and serve our customers efficiently. The production plant is in full compliance with ISO 9001 and is capable to fulfil all capacity needs from all customers. We adhere to strict production quality control system aimed at assuring backward traceability of all products produced.

We currently serve rubber gloves markets in Malaysia, Thailand, Indonesia, Vietnam, China, Sri Lanka and India.

ORGANISATIONAL SCALE AND OWNERSHIP (102-7)

CCM has subsidiaries and investments in Malaysia, Singapore, Indonesia, Thailand and the USA. Via the full scale of our organisation, we provide products and services for industrial and specialty chemicals of mixed variants. To date, we have 340 employees in our workforce.

MEMBERSHIP OF ASSOCIATIONS (102-13)

CCM continues its collaboration with industry players and scientific institutions as well as participation in associated events – all these are important to us. We also maintain close links to a number of professional, industry and national organisations.

CCM is currently an active member of these associations:

- MARGMA – Malaysian Rubber Glove Manufacturers Association;
- BCSDM – Business Council for Sustainable Development Malaysia;
- FMM – Federation of Malaysian Manufacturers;
- CICM – Chemical Industries Council of Malaysia;
- MSWG – Minority Shareholder Watchdog Group; and
- ICDM – Institute of Corporate Directors Malaysia.

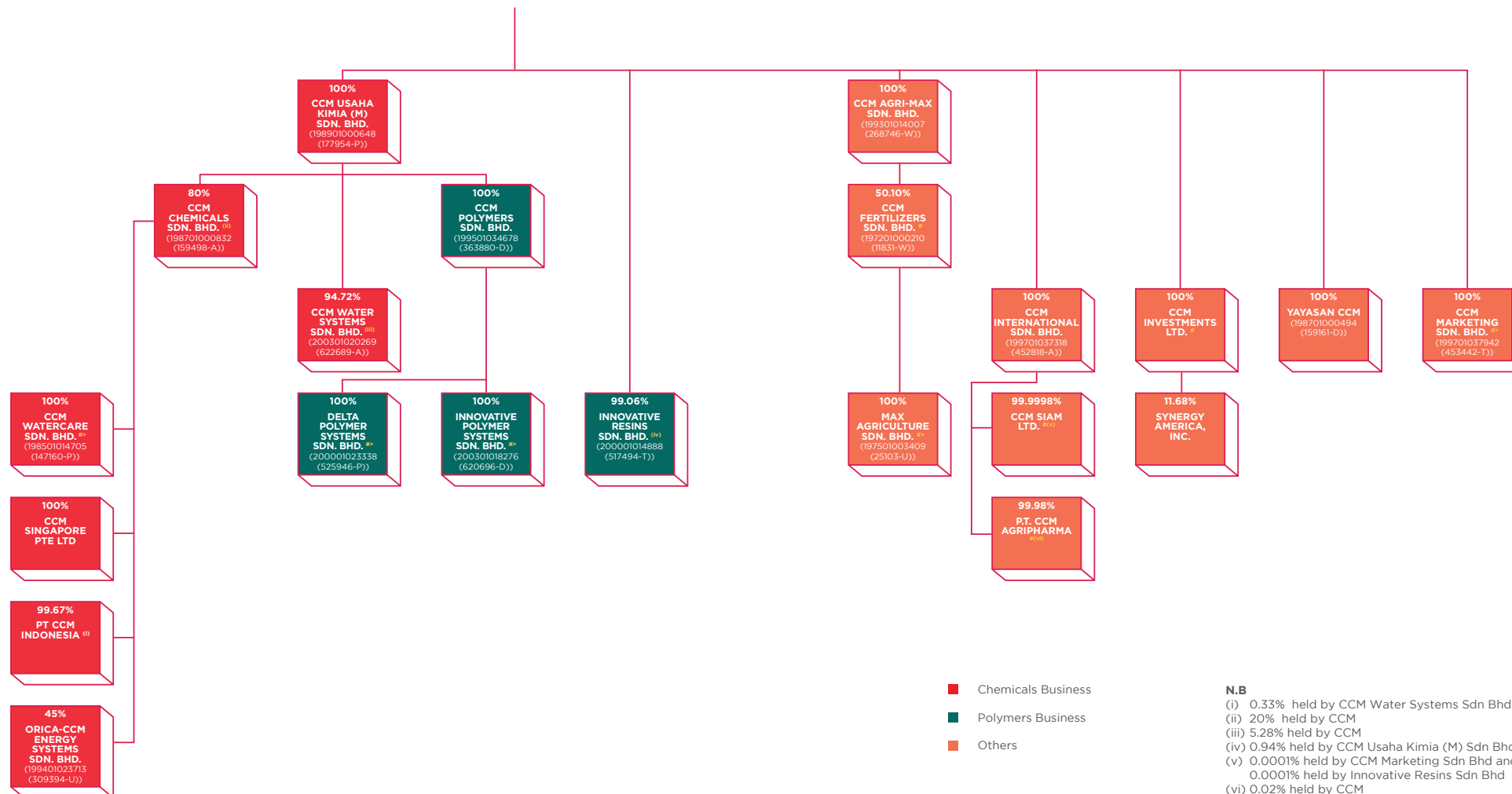
CCM Group Structure

As at 15 April 2020

[102-5]



CHEMICAL COMPANY
OF MALAYSIA BERHAD
(196301000263 (5136-T))



■ Chemicals Business

■ Polymers Business

■ Others

N.B

- (i) 0.33% held by CCM Water Systems Sdn Bhd
- (ii) 20% held by CCM
- (iii) 5.28% held by CCM
- (iv) 0.94% held by CCM Usaha Kimia (M) Sdn Bhd
- (v) 0.0001% held by CCM Marketing Sdn Bhd and 0.0001% held by Innovative Resins Sdn Bhd
- (vi) 0.02% held by CCM
- # Dormant
- > In liquidation



BREAKING LIMITS

**THE ONLY LIMIT TO
OUR REALISATION OF
TOMORROW WILL BE OUR
DOUBTS OF TODAY.**

- FRANKLIN D. ROOSEVELT

BUSINESS AND SUSTAINABILITY HIGHLIGHTS

[102-45]

REVENUE AND PROFITABILITY

	Revenue (in RM '000.00)		Profit/(Loss) before tax (in RM '000.00)	
	2018	2019	2018	2019
Chemicals	305.4	289.2	50.6	26.9
Polymers	90.1	95.8	19.2	16.5
Intersegment eliminations and others	0.4	0.2	(18.2)	(17.0)
Total	395.9	385.2	51.6	26.4

LIQUIDITY

(in RM '000.00)	2018	2019
Net cash from operating activities	64.6	76.0
Net cash from/(used in) investing activities	188.3	(84.9)
Net cash from/(used in) financing activities	(279.4)	(15.8)
Exchange difference on translation of the financial statements of foreign operations	2.5	0.2
Net (decrease) in cash and cash equivalents	(24.0)	(24.5)
Cash and cash equivalents as at 1 January	160.3	136.3
Cash and cash equivalents at 31 December	136.3	111.8

FINANCIAL POSITION AS AT 31 DECEMBER

(in RM '000.00)	2018	2019
Total non-current assets	284.9	382.0
Total current assets	290.3	224.4
Total assets	575.3	606.4
Financed by:		
Share Capital	81.9	81.9
Reserves	22.8	28.8
Retained earnings	211.7	212.1
Equity attributable to owners of the Company	316.4	322.8
Non-controlling interests	2.6	3.3
Total equity	319.0	326.1
Total non-current liabilities	167.3	172.6
Total current liabilities	89.0	107.7
Total liabilities	256.3	280.3
Total equity and liabilities	575.3	606.4

PROFIT OR LOSS FOR THE FINANCIAL YEAR

(in RM '000.00)	2018	2019
Revenue	395.9	385.2
Profit before tax	51.6	26.4
Tax expense	(20.9)	(10.3)
Profit/(Loss)	30.7	16.1

CARBON DIOXIDE EQUIVALENT EMISSIONS (CO²E)

CO ² Emission (MT)*	2018	2019
Headquarters	59.6	42.7
Chemicals	83,857.0	87,827.0
Polymers	251.9	402.1
Overall	84,174.5	88,271.8

KEY STATISTICS FOR OCCUPATIONAL SAFETY AND HEALTH

(in RM '000.00)	2018	2019
No. of fatality cases	0	0
No. of fines or penalties	0	0
No. of lost time injury (LTI) cases	0	3
No. of recordable cases	2	9
Lost time injury frequency (LTIF)	0	2.00
Total recordable case frequency (TRCF)	1.99	6.00
All incidents	67	92
No. of near miss cases	15	14



AWARDS AND ACCOLADES

The CCM Group continues to be recognised for its efforts even as we demonstrate excellence on several fronts. In FY 2019, we garnered several notable awards for our sustainability efforts.

CCM was hailed as having “The Most Sustainable Practices in Environmental Management” in the Chemical category for Malaysia at the International Finance Awards 2019 Asia Pacific event.

As a strategic business partner to small and medium-sized enterprises (SMEs) 2018-2019 at the BrandLaureate SMEs BestBrand Awards, CCM was awarded the title The BrandLaureate SMEs Strategic Business Partners Awards 2018-2019 event.

These achievements serve to motivate us to attain greater heights and to continuously elevate our product and service quality.



STATEMENT FROM OUR CHAIRMAN

[102-14]

Dear Stakeholders,

It is my pleasure and privilege to present the 2019 Sustainability Report of Chemical Company of Malaysia Berhad (CCM or the Group) for the financial year ended 31 December 2019 (FY 2019). This is the Group's sixth Sustainability Report which aims to provide concise insights into how the Group executed its sustainability strategy over FY 2019 in a way that was consistent with its core values.



As CCM commits to upholding responsible business practices and sustainable growth, we continue to make steady progress on the Economic, Environmental and Social (EES) fronts. I am delighted to announce that in recognition of the responsible and sustainable development practices that we have been undertaking to balance out our economic ambitions with environmental and societal considerations, CCM was acknowledged at the international level when we were included as a constituent of the FTSE4Good Bursa Malaysia (F4GBM) Index on June 2019.

Not only does this recognition underscore the Group's commitment to undertaking good environmental, social and governance (ESG) practices, it also positions the Group as a progressive and ethical company that is upholding a sustainability-based business model. Our inclusion into the F4GBM Index also places us on the radar screens of financial institutions who have set down strict ESG criteria for their investments and are looking for attractive value propositions that meet their requirements.

Statement from Our Chairman

We intend on embedding the agenda of sustainability in a greater manner within the Group's operations as well as elevating our disclosure levels. Last year, we aligned our Sustainability Report with the Global Reporting Initiative (GRI) Sustainability Reporting guidelines. This has allowed us to move beyond just weighing our sustainability performance against our local industry peers and to benchmark ourselves against global market leaders through standardised GRI disclosures.

Today, we are working on measures to enhance CCM's existing practices and disclosures against the relevant reporting standards, sustainability guidelines as well as selected assessment comparators. This will enable us to identify best practices, develop assessment criteria and perform gap analyses in relation to sustainability practices across the short, medium and long-term.

As we evaluate our overall sustainability management programme, we are also determining our sustainability goals with the end objective of ensuring sustainable business growth. At the same time, we are examining the sustainability risks and opportunities associated with our business operations. As we review these areas among others, this will ultimately result in the development of CCM's Sustainability Roadmap encompassing a sustainability management framework, an implementation plan and an improved reporting outline for CCM's future EES disclosures to stakeholders.

As we venture forth amidst a highly competitive playing field pursuant with our sustainability agenda, we will continue to maximise opportunities in areas such as value creation, industry collaboration, innovation, community enrichment and sustainable nation building. In all that we do, we will maintain focus on consistently meeting our vision and mission of being a responsible company committed to enhancing quality of life.

We call upon all our stakeholders to continue lending us their staunch support as we work towards enhancing our sustainability reporting and lay down strong foundations for a sustainable future. I trust that you will find CCM's Sustainability Report 2019 an informative and interesting read. Thank you.

DATO' IDRIS BIN KECHOT

Chairman
Chemical Company of Malaysia Berhad

OUR COMMITMENT TO SUSTAINABILITY

[102-16]

The CCM Group continues to uphold the agenda of sustainability as a top priority. We recognise that our long-term success is not only reliant on our pursuit of our economic ambitions but on our ability to cultivate strong ties with local communities whilst being a good steward of the environment that we operate in.

To this end, the Group continues to progressively make solid improvements on the Economic, Environmental and Social fronts to preserve the sustainability and success of our businesses.

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

OUR CORPORATE RESPONSIBILITY POLICY

CCM remains committed to being a responsible corporate organisation. We recognise the importance of integrating our business values with our operations to meet the expectations of our shareholders.



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



We will strive to provide our customers with products and services that are hallmarkd 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 enhance the quality of life especially those areas related to healthcare, education, sports and the environment.

Our Commitment to Sustainability

OUR SUSTAINABILITY POLICY

We bring to life our vision of 'Enhancing Quality of Life' in our Sustainability Policy by committing to achieve sustainability that will benefit our stakeholders, the environment, our people and the communities within the territories in which we operate. To achieve this, we shall:

CCM SUSTAINABILITY POLICY

1. Ensure that our activities, products and services are, so far as is practicable, are safe to the environment and the health of the people.
2. Be committed towards the prevention of injury, ill health and pollution as well as towards environmental conservation.
3. Comply with all applicable statutory, regulatory and business requirements in the territories that we operate.
4. Optimise the use of natural resources to reduce our carbon footprint and as far as practicable, practice energy efficiency throughout all our plants and facilities.
5. Be committed towards full conformance to applicable quality, safety, health and environmental international standards.
6. Operate in an open, transparent and accountable manner.
7. Cultivate a diverse, inclusive and respectful workplace.
8. Work closely with our stakeholders and local communities to further improve their quality of life.
9. Define our sustainability goals, objectives and targets and measure our sustainability performance against agreed targets.
10. Provide, as far as practicable, the appropriate resources in order to achieve our sustainability goals, objectives and targets.
11. Continually review and improve our sustainability performance by encouraging innovative thinking and monitoring global economic, social and environmental trends, best practices, challenges and opportunities.
12. Communicate this Policy to all relevant parties including our stakeholders, customers, employees and the local communities in which we operate.

OUR CONTRIBUTION TO THE UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS

The United Nations' Agenda 2030 for Sustainable Development, which was launched in 2015, has been ratified by some 193 member states including Malaysia. It is the world's first comprehensive blueprint for sustainable development that collectively aims to end poverty, protect the planet and ensure prosperity for all. This blueprint brings into play the tenets of 17 Sustainable Development Goals or SDGs as they are commonly known.

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

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



Our Contribution to the United Nation's Sustainable Development Goals

At CCM, we are proud take a leading role in advancing the SDGs by aligning with eight (8) of these goals which have now become a priority for CCM.

The following SDGs are mentioned in the relevant sections of this Report in a focused and meaningful manner.



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



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



Providing opportunities for young people to unleash their full potential.



Foster innovation and upgrade technological capabilities in developing sustainable ecosystem.



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



Sustainable management in material consumption for our production.



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



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

OUR SUSTAINABILITY STRATEGY

The Group's agenda of sustainability offers exciting opportunities to add value to CCM's business – inherent value that we can pass on to our customers. By further embedding sustainable practices into the way we source materials, develop products and reduce our environmental footprint, we are able to meet our customers' needs in a more effective manner. We also want to have a forward-looking outlook, to anticipate the variety of new needs that are set to come about as the world rapidly evolves and to transform the multitude of sustainability challenges into new possibilities for our business and our customers.

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

SUSTAINABILITY VISION

Dedicated to develop and improve current well-being without impairing the quality of life for future generations

SUSTAINABILITY PILLARS

Providing sustainable scientific solutions

Safeguarding the environment

Honouring our work and the places we operate in

SUSTAINABILITY THEMES

To offer innovative products and services that take into consideration the products' life-cycle approach to sustainability

To protect the environment by advocating ethical business conduct and mitigating environmental impact

To ensure safe, reliable and quality operations which will mirror the performance of our production and workforce as well as the well-being of local communities

OUR SUSTAINABILITY ROADMAP

The purpose of a sustainability roadmap is to guide companies on how best to integrate sustainability-related goals and strategies across their organisations. The roadmap serves as a tool to help companies identify and quantify their sustainability impact with an emphasis on minimising that impact in the years ahead.

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

2015

- 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

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

2017

- Maintain capacity built via an agreed framework
- Monitor, sustain and communicate
- Continuously improve work culture
- Adopt healthy and safe work culture
- Adopt Halal values/Integrity in our work culture

2018

- Developing an overarching strategy
- Sustainability disclosures in line with GRI Standards - Core Option
- Setting 2018 as the baseline year for data disclosures
- Establishing the SDG focus area based on the policies, initiatives and processes undertaken
- Identifying and ranking the material matters
- Identifying the different areas of interest and expectations of the stakeholders internally

2019

- Setting qualitative targets in the economic, environmental and social spheres of sustainable development
- Sustainability disclosures in accordance to GRI Standards - Core Option (i.e. External Assurance)
- Mapping 2019 data to that of the baseline year
- Strengthening CCM's commitment to the SDG Focus Areas
- Reviewing the materiality matrix to ensure it reflects the direction of the company
- Engaging external stakeholders to understand their concerns/expectations of CCM

ENGAGING KEY STAKEHOLDERS

[102-40, 102-43, 102-44, 102-42]

The CCM Group values its diverse stakeholders and takes their needs into account. It is our aim to communicate with our stakeholders including our customers, our employees, our shareholders, and society at large, as transparently as possible on our strategic direction, motivation, goals, development and business progress. Our growth platforms address key social trends and have a strong alignment with eight (8) of the 17 UN SDGs that set out the global sustainability strategy.

Via effective stakeholder dialogue, we seek to pinpoint opportunities to improve stakeholder management and relationships, co-create projects for our mutual benefit, and ensure our targets can be achieved in the most effective manner. This open dialogue frames how we execute our strategy, undertake risk management as well as pursue sustainability matters and business objectives whilst balancing the needs and values of our key stakeholders.

We have identified nine (9) key stakeholder groups that have an effect on or are affected by our activities through our stakeholder identification process. Over the course of each year, we regularly engage with these stakeholders and create conversations centred on topics that are applicable to our operations and which impact society as a whole. The information and feedback that we receive during these engagement sessions are tapped to ensure we have a greater impact on those areas that are most material or important to our key stakeholders. By involving internal and external stakeholders in the Group's growth and success, we ensure all parties benefit from these efforts.



EMPLOYEES

One of our stakeholder groups is our employees, acting as the backbone of our business operations and management. Our aim is to attract and retain motivated and talented employees, and to accord them a safe, diverse and healthy workplace. The engagements and initiatives we have set in place for our

employees can be found under the sections titled 'Training and Development', 'Anti-Corruption Practices', 'Diversity and Inclusiveness', 'Occupational Health and Safety' and 'Employment'.



GOVERNMENT AND REGULATORY BODIES

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



CUSTOMERS

We maintain contact with our customers mostly through biennial customer satisfaction surveys as outlined in the 'Product Quality' section. We protect the interests of our customers by safeguarding their confidential information and delivering products of the highest quality. Our activities in these areas are discussed in the 'Customer Health and Safety' and 'Data Protection' sections.

Engaging Key Stakeholders



MEDIA

Effective media relations are essential to our business. We engage with the Media on our sustainability vision, strategy, themes and operations through external communication such as press releases, press conferences, development interviews and other platforms. The key areas in which we address their areas of interests are discussed in our 'Annual Economic Performance', 'Innovative Development' and 'Community Engagement Session' sections.



SHAREHOLDERS AND INVESTORS

The Group actively communicates with shareholders and investors by providing timely and quality information about developments at CCM, ensuring that the relevant information is equally and simultaneously provided and accessible to all parties. The sections that may interest our shareholder and investors include but are not limited to the 'Annual Economic Performance' and 'Anti-Corruption Practices' sections, while the manner in which we engage with our customers and communities is detailed in the 'Product Quality' and 'Community Engagement' sections.



SUPPLIERS

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



COMMUNITIES AND THE PUBLIC

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



BANKERS AND FINANCIAL INSTITUTIONS

The Group exchanges information with banking and financial institutions on an ongoing basis. This enables us to maintain our good relationship with them and helps strengthen our reputation as an outstanding company with good economic and sustainability performances. The details of the Group's generated and distributed revenue for the financial year can be found under the 'Annual Economic Performance' section.





INDUSTRY PEERS

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





STAKEHOLDER ENGAGEMENT TABLE



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

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

Our Stakeholders	Stakeholders' Focus and Areas of Interest	How We Address Their Concerns	Frequency of Engagement
EMPLOYEES 	<ul style="list-style-type: none"> • Career development • Work-life balance • Knowledge building and talent development • Employee health, safety and wellness • Diversity and inclusion • Talent management • Women's empowerment 	Capacity building programmes	Throughout the year
		Performance Appraisal	Biannual (Mid-Year and Full Year review)
GOVERNMENT AND REGULATORY BODIES 	<ul style="list-style-type: none"> • Compliance • Product certification • Environmental emissions and discharge 	Pasir Gudang Emergency Mutual Aid (PAGEMA) meetings chaired by the Yang Di-Pertua of Majlis Perbandaran Pasir Gudang	Quarterly
		Dialogue session with the Department of Environment (DOE) on scheduled waste and Guided Self-Regulation (GSR)	2 sessions
		Site Inspection/Audit by local authorities	Ad-hoc
		BOMBA inspection for renewal of Fire Certificate	Yearly
		External Environment Audit	Triennial
		Meetings and dialogue sessions	As and when required
		Annual General Meeting (AGM)	Yearly
		Extraordinary General Meeting (EGM)	As and when required
		Company announcements	As and when required
		Annual Report	Yearly
		Corporate Governance Report	Yearly
		Website	Throughout the year

Engaging Key Stakeholders

Our Stakeholders	Stakeholders' Focus and Areas of Interest	How We Address Their Concerns	Frequency of Engagement
CUSTOMERS 	<ul style="list-style-type: none"> • Safe products and services • Quality management • Product quality and safety • Consumer health and well-being • Product environmental and social impact • Transparency and reporting • Traceability • Human rights 	Standards and certifications	Throughout the year
		Customer feedback (complaints)	As and when required
		Customer survey	Biennial for Chemicals Division and Yearly for Polymers Division
		Product handling training for customers	25 sessions for Chemicals Division Throughout the year for Polymers Division
		Customer installation assessment	Per new customer
MEDIA 	<ul style="list-style-type: none"> - Economic Performance • Impact of the operations on the community • Product innovation 	Interviews	As and when required
		Press releases	As and when required
		AGM	Yearly
		EGM	As and when required
SHAREHOLDERS AND INVESTORS 	<ul style="list-style-type: none"> • Business strategy • Financial performance • Governance and integrity • Global business strategy 	Investor roadshows & Interviews	As and when required
		Annual General Meeting (AGM)	Yearly
		Extraordinary General Meeting (EGM)	As and when required
		Analyst briefing	Yearly
SUPPLIERS 	<ul style="list-style-type: none"> • Sustainable procurement • Fair procurement • Transparency • Price stability • Product reliability 	Vendor development programme	Throughout the year
		Vendor quality audit	Yearly
		Vendor performance audit	Each transaction of production materials
		Procurement system	Throughout the year

Our Stakeholders	Stakeholders' Focus and Areas of Interest	How We Address Their Concerns	Frequency of Engagement
COMMUNITIES AND PUBLIC 	<ul style="list-style-type: none"> Community development Quality products and services 	Community programmes	Throughout the year
		Sponsorship and donations	Throughout the year
BANKERS AND FINANCIAL INSTITUTIONS 	<ul style="list-style-type: none"> Financial performance 	Meetings and discussions	As and when required
INDUSTRY PEERS 	<ul style="list-style-type: none"> Industry developments Competitiveness Open knowledge sharing between industries 	Industry forums	<ul style="list-style-type: none"> Participated in Responsible Care Steering Committee and Technical Committee on a quarterly basis
		Conferences	<ul style="list-style-type: none"> India Rubber Expo 2019 7th International Protective Gloves Conference & Trade Fair 2019 ICIS World Chlor Alkali Conference 23rd World Chlor Alkali Conference 8th China International Chlor Alkali Conference Malaysia International Water Convention 2019

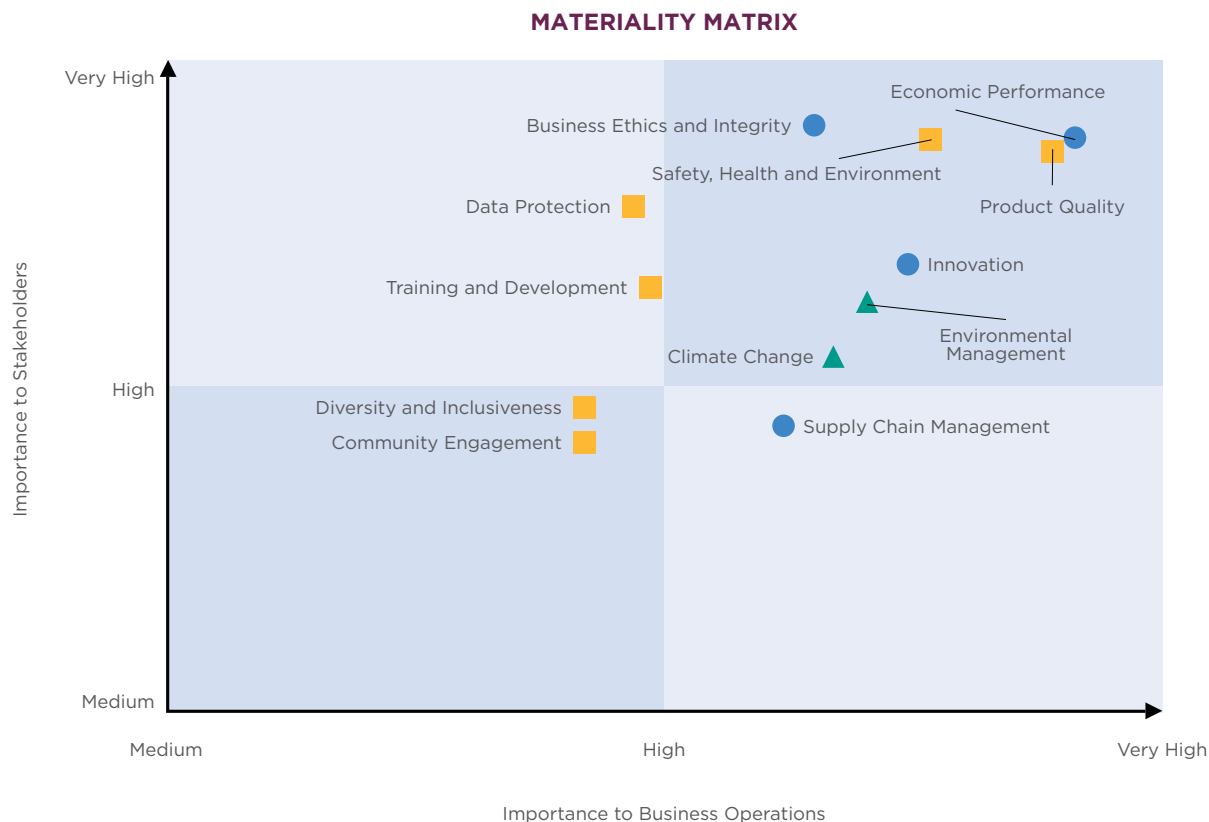
OUR MATERIAL SUSTAINABILITY MATTERS

[102-47]








Our material sustainability matters are not restricted to matters that may have significant financial impact on our organisation, but also include matters that may impact our ability to meet present and future needs. We choose our material matters based on the guidelines provided by Bursa Malaysia where we identify issues that reflect the significant EES impact of our activities and which influence the perspectives and decisions of our stakeholders.

In FY 2018, we performed a materiality assessment involving members of the Sustainability Working Committee (SWC) and representatives from the relevant departments within CCM to produce a materiality matrix. As those material matters were still valid in FY 2019, we continued to use them as guideposts for our sustainability endeavours. The matrix in question discloses 12 key material sustainability matters in order of importance to our business and our stakeholders as shown below. Of these, 7 were ranked as being of extremely high priority.



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



In managing these 12 material matters, we uphold our vision of 'Enhancing Quality of Life' through our Sustainability Policy. Relevant stakeholder group as well as Global Reporting Index and Sustainability Development Goal indicators for each material sustainability matter are portrayed below:

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

Our Material Sustainability Matters

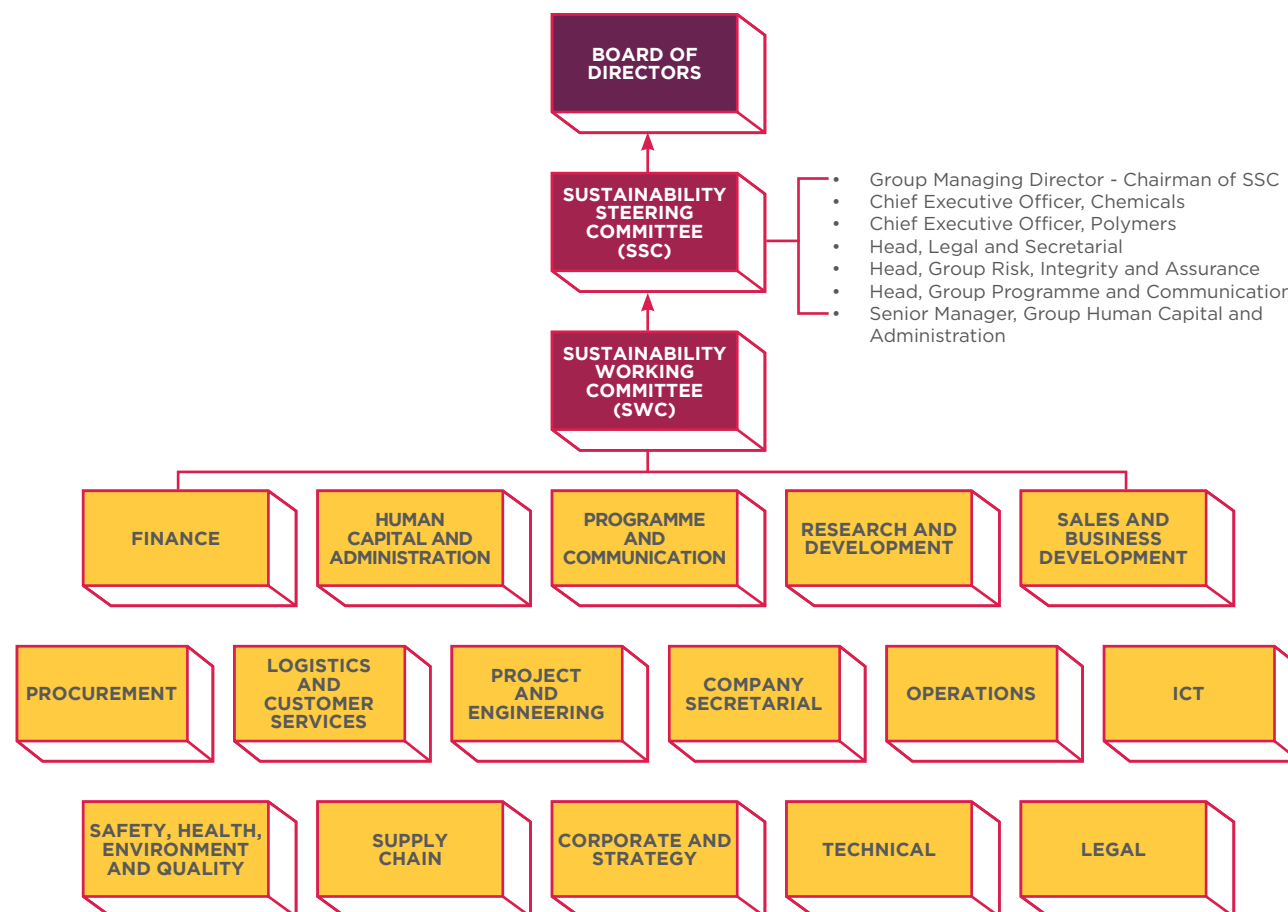
SOCIAL				
7.	Product Quality	102 General Disclosure 416 Customer Health and Safety	Customers, Shareholder and Investors, Government and Regulatory Bodies, Industry Peers	 
8.	Safety, Health and Environment	403 Occupational Health and Safety	Employees, Government and Regulatory Bodies, Communities and Public	 
9.	Data Protection	418 Customer Privacy	Customers, Employees, Government and Regulatory Bodies	
10.	Training and Development	404 Training and Education	Employees	
11.	Diversity and Inclusiveness	102 General Disclosure 405 Diversity and Equal Opportunity	Employees	
12.	Community Engagement	413 Local Communities	Shareholder and Investors, Communities and Public, Media	

UPHOLDING GOOD CORPORATE GOVERNANCE

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

Here at CCM, we remain deeply committed to upholding strong business ethics and implementing the highest standards of corporate governance. Good corporate governance in the pursuit of quantifiable and sustainable success helps preserve our reputation and bolster shareholder value. Most importantly, it brings about sustainable growth to our diverse businesses.

CCM's Board of Directors (the Board), with the support of the Sustainability Steering Committee (SSC) and the Sustainability Working Committee or SWC have oversight for CCM's sustainability operations and strategies. The SWC was integrated into the leadership structure in 2018 to ensure and manage the implementation of sustainability-related matters. Reporting to the Board is the Group Managing Director who leads the Management Committee which steers the Sustainability Department working group.



Upholding Good Corporate Governance

The roles and responsibilities of the SSC and SWC committees are as follows:

Sustainability Steering Committee (SSC)

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

Sustainability Working Committee (SWC)

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

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

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

Effective risk management is an essential part of CCM's model. It enables us to pursue opportunities within the risks and minimise the potential impact in the event that risks are crystallised. Effective risk management also protects the Group's reputation whilst ensuring profitability and sustainability. It is strongly embedded into the Group's strategy and underpinned by robust internal controls, a structured framework and an effective process.

The Group's ongoing group-wide risk management process involves identifying, evaluating and managing the significant risks that we face to minimise risk incidents and maximise business outcomes. All new and major investments have to observe a process approval that includes an assessment of the associated risks. We have adopted a Risk Management Manual and Guidelines, which are based on the ISO 31000 international guideline for managing risk. This helps ensure that the risk management process is consistent across CCM.

The line functions within CCM (including the monitoring and assurance functions) provide the necessary support to the Board in ensuring the effectiveness of the Group's risk management framework. In managing its risk, the Group brings three Lines of Defence (LOD) into play.

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

The first line of defence involves the Management from all businesses or major departments. They conduct risk assessments to identify the risks relating to their areas of supervision and control; analyse the likelihood of these risks occurring and the consequences if they do occur; evaluate the risk level by comparing against the approved risk criteria; as well as determine the actions being and/or to be taken to manage these risks at an acceptable level. The risk profiles and risk treatment measures identified by this process are documented in risk registers with each business or operations area having its respective risk register.

The overall process is facilitated by the Group Risk Management Unit, which is the second line of defence for the Group.

The Group has an Executive Risk Management Committee (RMC), which is embedded in the Group Management Committee, to provide oversight and added impetus to the risk management process. Finally, the process is subjected to quarterly review by the Board, via the RMC.

The internal audit function, which is carried out by the Group Assurance Unit, serves as the third line of defence by providing independent assurance on the effectiveness of the risk management processes.

Risk Reporting

Quarterly reports to Risk Management Council (RMC) highlighting the Group's Risk Profile to enable Board and Management to focus on, appraise and consider key risks affecting the Group's businesses and operations and the system of internal control necessary to manage and mitigate such risks. The RMC reviewed the top risks for the Group and its business divisions. The reports highlight the movements of risk ratings as well as the progress of treatment plans that were identified to mitigate the risks.

The top risks for 2019 are in the following areas:

1. Operational Risk

The management of operational risks (such as those relating to health and safety, production, distribution, compliance) is closely monitored by respective Risk Owners, with risk mitigation plans proposed and implemented. Risk awareness workshops were conducted to create a risk-aware culture, which would ensure greater understanding of the importance of risk management, and that its principles are embedded in key operational processes. The workshops provided reasonable assurance that significant risks were identified and addressed. In total two (2) risk workshops were conducted which covered the Corporate Office and the Chemicals business.

2. Project Risk

All projects that require the approval from the Finance and Investment Committee ('FIC'), is subjected to risk assessments, where the risk registers resulting from the assessment together with the mitigation plans are included in the projects' proposals. Project risk updates post implementation of the projects are tracked and reported as part of the risk management reporting process.

3. Competition Risk

The Group continues to review current business status against its competitors and market. Strategies are developed, reviewed and updated to ensure its relevance in maintaining CCM's competitive position. These strategies are explained in the Group Managing Director's operations review.

4. Financial and Liquidity Risk

The Group is exposed to various financial risks relating to credit, liquidity, foreign currency, interest rates and exchange rates. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are explained in the financial statements.

5. Culture Building

Risk management culture is continuously inculcated throughout the organisation through continuous monitoring and planned risk review sessions by the Group Risk Management unit (GRM).

Upholding Good Corporate Governance

6. Emerging Risk Monitoring

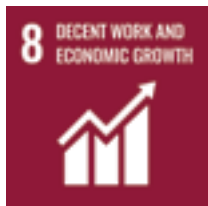
The annual Global Risk Report provides insights into the emerging risks for continuous assessment and monitoring. This assessment highlights the emerging risks that may have impact on the Group's businesses and operations to enable Management to proactively develop internal controls necessary to manage these risks. The emerging risk that have been identified to have potential impact on the Group are 'Extreme Weather', 'Water Crisis' and 'Cyber Attack'. Controls have been developed to mitigate these risks.

7. Review on Specific Matter

The Management presented to the RMC an overview of the safety and environmental risks affecting the Pasir Gudang operations and the controls that are in place to mitigate the identified risks. The presentation also includes measures taken to address the issues arising from the Sg Kim Kim incident.

For details of these key risks as well as the respective risk mitigation strategies, please refer to CCM Annual Report 2019 on the Report of the Risk Management Committee and Statement on Risk Management and Internal Control.

OUR COMMITMENT TO SUSTAINABLE ECONOMIC PRACTICES



To contribute economy stability by providing opportunities for regional and global development.

CCM is currently one of the largest manufacturers of chemicals and polymers in Malaysia. The Group is the market leader for industrial and specialty chemicals as well as serves as a one-stop centre for the provision of a wide range of polymer-coating solutions. Our continuous commitment to sustainability transcends corporate responsibility as we also enhance stakeholder value through making solid contributions to the local economy.

ANNUAL ECONOMIC PERFORMANCE ^[201-1]

We believe in adopting a long-term approach to economic sustainability and this is evident in our resilient performance. For the financial year ended 31 December 2019 or FY 2019, CCM recorded revenue of RM385.2 million, a marginal decline of 2.7% from revenue of RM395.9 million in FY 2018. As a sustainable and circular business, we capitalise and expand our annual income through our company performance. After deducting all of the economic value distributed for our operational costs, employee wages and benefits, payments to investors and government and investments to the community, we registered a profit after tax (PAT) of RM16.1 million for FY 2019, a 48% decline against PAT of RM30.7 million in FY 2018.

We acknowledge the importance of creating and distributing economic value and wealth to our stakeholders. In FY 2018, as part of its efforts to meet growing market demand for chlor-alkali products, our Chemicals Division embarked on a capacity expansion exercise that involved the reactivation of its Pasir Gudang Works 1 (PGW1) chlor-alkali manufacturing facility; the relocation and expansion of a new Calcium Nitrate (CN) plant in Shah Alam; and the expansion of the production capacity at its Coagulant plant by adding a new polyaluminium chloride production line. All these plants that underwent capacity expansion have already begun generating revenue which bodes well for the Group's performance over the short to mid-term.

Following a debottlenecking exercise conducted by our Polymers Division at its Bangi manufacturing plant, the plant's workflow has improved and its capacity has increased by an additional 10% from 18,000 MT/pa to 19,800 MT/pa. A new production capacity is currently being added at the Bangi site which will double the Kleeners capacity from 9,000 MT/pa to 18,000 MT/pa. The production process will also leverage on automation to enhance cost efficiencies and product quality. This will add value to the Polymers business and give it a more competitive edge. The advanced new ultra-modern laboratory for polymers R&D will enable the Polymers Division to intensify new product development as well as testing and developmental activities for industries beyond the gloves sector. The investment in cutting edge lab equipment too will help CCM fast-track R&D efforts. All these developments augur well for the Polymers business even as demand growth for polymers is on the rise.

(Note: For further details of our financial and operational performance, please refer to CCM's Annual Report 2019)

Our Commitment to Sustainable Economic Practices

In RM million	2018	2019
Revenue	395.9	385.2
Economic value distributed	370.2	384.2
Operating costs	285.8	316.6
Employee wages and benefits	37.3	35.3
Payments to providers of capitals	26.1	21.8
Payments to government	20.9	10.3
Community investment	0.1	0.2
Economic value retained	25.7	1.0

INNOVATIVE DEVELOPMENT ^[102-2]

Sustainability-driven innovation, with its end goal of significantly reducing costs and waste, does much to improve business operations and make operational processes more efficient. At CCM, we continue to integrate innovative practices into our organisation's business operations and are successfully deriving tangible benefits.

In FY 2019, we continued to implement existing innovative practices as well as introduce several new measures relating to climate change that saw us successfully reducing our energy consumption, carbon footprint and water intake, among other things. The finer details of these initiatives can be found in the 'Our Commitment to Sustainable Environmental Practices' section of this Report.

Our Polymers Division is focused on creating new markets by developing innovative raw material alternatives under a long-term product development strategy that aims to identify and formulate disruptive products. The Division also leverages on alternative supplies to maintain multiple raw material sources. This ensures limited if not zero disruption which goes a long way in satisfying product output and customer demand. The Polymers Division has also set its sights on developing other emerging value-added products that cater to customer requirements via making improvements to its product formula. Now that an advanced new ultra-modern laboratory with cutting-edge equipment for polymers R&D is in place, this will help the Polymers Division to intensify and fast-track new product development as well as testing and developmental activities for industries beyond the gloves sector.

The CCM Innovation Challenge (CCM IC) is an annual platform that serves to drive and showcase the culture of innovation within CCM. The event helps hone idea generation, innovative thinking, problem-solving and business-pitching skills among our employees. Prior to the main CCM IC event on 21 August 2019, participants underwent innovation training from 27-28 June 2019 as well as a follow-up coaching session for each group.

Four groups (one from each of CCM's sites) took part in the CCM IC held at Reka Scape in Cyberjaya with each group brainstorming and pitching their ideas to the judges:

- **Team 1** from CCM Chemicals PGW presented their 'Integrated Conveying System' concept that sought to alleviate the stress of manually rolling heavy chlorine drums on day-to-day basis by automating the current process.
- **Team 2** from CCM Chemicals Shah Alam showcased their 'Zero Waste for Calcium Nitrate Production' idea that sought to re-use waste in calcium nitrate production to create revenue generating products.
- **Team 3** from CCM Polymers came up with their 'EcoZyme' project involving the use of a cultured solution of micro-organisms that secrete enzymes capable of breaking down plastics to its raw form which is then used to make new, high quality plastic that is self-regenerative and sustainable. Finally,
- **Team 4** from CCM Berhad presented their 'Wellness Accelerator Programme' that encompassed social, health and financial management features all on the one platform.



Team 2 from CCM Chemicals Shah Alam was declared the champion of the CCM IC 2019. The winning team then went on to represent CCM at the Permodalan Nasional Berhad or PNB Group Innovation Challenge (PIGC) 2019 that was held on 24 October 2019 at the Sime Darby Convention Center and became one of the top 3 winners at the competition.

ELEVATING OPERATIONAL EXCELLENCE

We continue to uphold a strong Operational Excellence (OE) culture throughout our organisation. As at 31 December 2019, a total of 7 OE projects with total savings of RM7.12 million was recorded by the Polymers business, while 2 OE projects with a total saving of RM5.83 million was recorded by the Chemical business. Altogether, these two divisions garnered total savings amounting to RM12.96 million in FY 2019. To date, a total of RM80.54 million in savings has been garnered from all OE projects since 2012.

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

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

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

1. Flexible and quick delivery arrangements

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

2. Responsive and timely communications

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

3. Better control and monitoring

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

4. Cost reduction

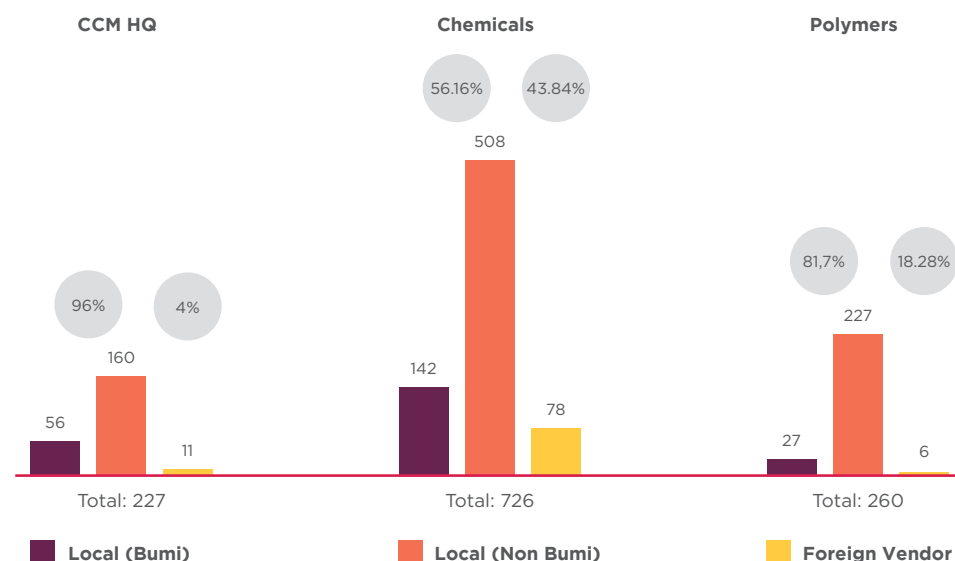
Local sourcing results in cost reduction as the amount of money that our Company spends on logistics, specifically on shipment and warehousing, is significantly lesser than when procured from outside the country.

5. Supporting the Bumiputera Vendor Development Programme (BVDP)

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

Our Commitment to Sustainable Economic Practices

In FY 2019, the Chemical Division's expenditure on local vendors made up 56.16% of its total spend, while at the Polymers Division, it amounted to 81.72% of its total spend. At the Chemicals Division, of the total 726 suppliers that it engaged with in FY 2019, a total of 650 were local vendors while 76 were overseas vendors. Out of the Polymers Division's total of 260 suppliers, it engaged with 254 local suppliers and 6 foreign vendors in 2019 while our headquarters engaged with 216 local suppliers and 11 foreign vendors.



ANTI-CORRUPTION PRACTICES [205-2]

In our efforts to uphold sound and transparent business practices throughout our entire supply chain, we undertake communication and training on anti-corruption policies and procedures as well as cascade this down across the entire Group through our integrity initiatives.

Back in May 2014, the Company signed a Corporate Integrity Pledge with the Malaysian Anti-Corruption Commission (MACC) marking our commitment to strengthening corporate governance, accountability and transparency in all aspects of the Group's business operations. By signing the pledge, we made a unilateral declaration that we would not commit corrupt acts; that we would work towards creating a business environment that was free from corruption; and that we would uphold the Anti-Corruption Principles for Corporations in Malaysia in the conduct of our business and in our interactions with our business partners and the Government. In 2015, Integrity Pacts were rolled out and the Group's suppliers were encouraged to sign these pacts to state their commitment to supporting the Group's initiatives to combat corruption.

Fast-forward to the year 2019 where CCM continued to reinforce the spirit of integrity across the Group by implementing key programmes pertaining to anti-bribery and anti-corruption matters at the Board, Senior Management and employee levels. The year in review saw the following key activities being implemented:

Corporate Liability Training for the Board and Senior Management

A training session titled “Corporate Liability – The Act, The Defence and The Reality” was conducted for 22 members of both CCM’s Board of Directors and its Senior Management. Placing an emphasis on the Corporate Liability Provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) the session saw participants garnering insights into the upcoming Corporate Liability Act (which takes effect on 1 June 2020) and the National Anti-Corruption Plan. Participants also discussed the effectiveness of the defence and the implications of the MACC Act and the related Guidelines on Adequate Procedures for the Company, its Board of Directors, Senior Management and staff.

Refresher Course on Integrity-related Policies for Employees

In conjunction with its review of the policies related to Anti-Bribery and Corruption matters, CCM’s Group Integrity Unit (GIU) conducted refresher courses for 180 permanent staff. The courses sought to create awareness and reinforce participants’ knowledge of the Group’s policies relating to gifts, entertainment and hospitality as well as the Whistle Blowing Policy.

Integrity Roadshows for Employees

The Group rolled out integrity roadshows in Klang Valley and Pasir Gudang to raise awareness about and educate employees on all of the Group’s integrity policies.

Integrity Assessment Programme for Employees

The GUI also conducted an Integrity Assessment for a total of 180 employees to benchmark the governance and integrity levels within the Group. The Integrity Assessment Tool (IAT) training – developed by the Malaysian Institute of Integrity covering 12 dimensions such as Leadership, Organisational Structure, Whistle Blowing and others – was brought into play for this exercise.

Employee Briefing on Anti-Competitive Behaviour

The Company conducted a briefing session focused on anti-competitive behaviour for more than 20 employees across the Group. The briefing served to educate our employees on the basic rules of engagement under competition law and how this law helps to ensure that consumers enjoy lower prices, better products and more choice. The most common stated objective of competition law is the maintenance of free and fair competition protecting customers from unfair business practices.

Our Commitment to Sustainable Economic Practices

The following table highlights the number of stakeholders involved in anti-corruption communication initiatives and training sessions over the course of FY 2019:

Communication of Anti-Corruption Policies and Procedures

Internal Stakeholders	No. of pax
Board of Directors	9
Group Management Committee	7
Senior Management	14
Middle Management	26
Executives	128
Non-Executives	121
Contract Workers	19
External Stakeholders	
Suppliers	-
Customers	-
Others - please specify	-

Training on Anti-Corruption Policies and Procedures

Internal Stakeholders



Board of Directors

4



Group Management Committee

7



Senior Management

12



Middle Management

12



Executives

90



Non-Executives

57



Contract Workers

57

OUR COMMITMENT TO SUSTAINABLE ENVIRONMENTAL PRACTICES



To increase awareness and concern over the environmental impact of economic growth and global expansion of business and trade.

CCM is committed to being a good steward of all that it has been entrusted with and our preservation of the Environment remains an integral component of CCM's sustainable growth agenda. Our environmental management mandate calls for the Group to focus on the Prevention of Global Warming, the Conservation of Resources and the Preservation of Ecosystems. Our environmental performance is evaluated by monitoring the impact of our operations on the environment, from the planning stage right up to the end product.

ELECTRICITY AND FUEL CONSUMPTION ^[302-1]

We acknowledge the impact our business operations can have on the environment in terms of carbon emissions and climate change. As part of our commitment to safeguard the planet, we are proactively measuring our environmental footprint across the value chain to pinpoint and prioritise areas for improvement. Our ambition is to create a healthier planet by accomplishing optimum energy utilisation for the long-term whilst also reducing our energy costs.

One of the most significant and sustainable practices that all businesses should implement is energy saving. The energy saving endeavours within our operations entail creating robust resource-saving programmes which produce a positive impact on the environment, create awareness among our employees, customers and communities, as well as is profitable for our business in the long run. Being able to effectively strategise our energy conservation efforts whilst maintaining and optimising our operational efficiencies also helps strengthen our reputation amongst our stakeholders.

The Benefits of Consuming Less Energy



Lower business operating costs



Earn greater return on our investment



Improve brand image among to consumers/and the public



Preservation of the environment and a lower carbon footprint

Our Commitment to Environmental Economic Practices

The table below shows the breakdown of energy consumption at our Headquarters as well as our Chemicals and Polymers operations over 2018 and 2019.

		Berhad		Chemicals		Polymers	
Energy Consumption	Unit	2018	2019	2018	2019	2018	2019
Electricity	kWh	78,140	71,192	129,017,499	135,762,832	410,278	582,009
Fuel Oil (diesel, petrol)	Litres	-	-	1,978	2,400	7,700	20,126
Natural Gas	Sm ³	-	-	3,123,499	3,091,963	-	-

In 2019, energy usage at our headquarters decreased in comparison to 2018 due to the energy efficiency features that we implemented. However, our Chemicals and Polymers operations showed higher energy consumption. This was primarily due to the fact that majority of our plants had expanded their production capacity to meet increased market demand and were running at full capacity over the course of the year. While the transformation into an energy-efficient operator is oftentimes an expensive exercise, it has the greatest potential for reducing carbon emissions over a long period and will ultimately result in reduced operating costs as well.

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

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

CO ² Emission (MT)*	Headquarters	Chemicals	Polymers	Co ² Emission Intensity Ratio	Chemicals	Polymers
2018	59.6	83,857	251.9	2018	0.343	0.01
2019	42.7	87,827	402.1	2019	0.349	0.02

As the operational activities within our Polymers business increase, our fuel and electricity usage too will naturally rise, thus contributing to an increase in carbon emissions. The rise in emissions in 2019 was mainly attributable to our operational expansion which has been necessary to accommodate increased business demand.



Mitigating Additional Energy costs via COGEN

Co-generation (COGEN) or Combined Heat and Power involves the simultaneous production of electricity and usable thermal energy from a single fuel source which is substantially more efficient and cost effective. The heat created from COGEN is captured and recycled to provide hot water or steam for heating or cooling a production facility. To mitigate additional energy costs, we initiated a COGEN project at our Pasir Gudang Work (PGW) chlor-alkali plant in Johor in FY 2019.

Targeted for completion by end FY 2020, the project involves an investment of RM27.9 million and the integration of a 7.8 MW COGEN capability into our stable of assets. Aside from providing considerable energy savings to the Group, it aims to mitigate the Group's exposure to any increase in electricity rate, strengthening our cost competitiveness, and simultaneously supporting the national agenda of achieving 8% savings from energy efficiency by 2025. The COGEN project also aims to lower greenhouse gas emissions such as carbon dioxide and other air pollutants like nitrogen oxides and sulphur dioxide, thus resulting in a cleaner environment.



Energy Reduction through Electrolyser and Membrane Efficiency

For some years now, we have been reaping the benefits of energy reduction through electrolyser and membrane efficiency at the PGW 1 plant. One such project involved upgrading the electrolyser from an NCS electrolyser to an NCH electrolyser. By using the NCH electrolyser, it has led to significant reduction in power consumption and hence carbon emissions. The project, which began in 2014 and was fully completed in 2016, focused on the augmentation of electrolyser technology by optimising membrane performance.



Tapping Excess Hydrogen via the Dual-Fuel Boiler Project

Hydrogen gas is one of the gasses produced in the chlor-alkali manufacturing process. Apart from using it to produce hydrochloric acid, there is usually excess hydrogen in the manufacturing process that is released into the atmosphere. PGW has embarked on a dual-fuel boiler project by utilising excess hydrogen as an alternative fuel source for boiler operations instead of using natural gas alone. In tapping this approach, the natural gas consumption for the boiler fuel source has been reduced by 26% in 2019. By consuming the excess hydrogen from our plants as fuel instead of just emitting it into the atmosphere, we have successfully helped reduced energy costs and the Group's carbon footprint.

To keep track of our emissions, we conduct air emissions monitoring of our plants and generator sets. These activities, which encompass ambient air, stack and scrubber monitoring, all comply with the requirements set by the Department of Environment Malaysia (DOE).

Our Commitment to Environmental Economic Practices

MANAGING SIGNIFICANT SPILLS [306-3]

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

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

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

Within CCM Chemicals' operations, the risk of chemical spills or leaks may stem from our PGW and Shah Alam plants. The spill or leak could come from liquid products, fumes or chlorine gases. To this end, mitigation plans are in place at the design stage for the fabrication of all the relevant plants. At PGW, the emergency absorption tower and scrubber system are the two main features that will absorb any gas and fumes released via a pressure difference. These gasses and fumes are then treated by the same before being released into the atmosphere.

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



Instances of Significant Spills in FY 2019

Polymers	Location of Spill	Volume of Spill (MT)	Material Spilled	Impact of Spill
Raw material	Plant	2.0	Raw material	Pollution to internal drain
Chemicals	Location of Spill	Volume of Spill (MT)	Material Spilled	Impact of Spill
Overflow of product from scale tank	Plant (PGW 3)	1.0	PAC	Internal spillage
Caustic splash from bended beam structure	Plant (PGW 2)	2.0	NaOH	Internal spillage
Tank D720 displaced and broke	Plant (PGW 3)	2.0	NaOCl	Internal spillage

RESPONSIBLE SCHEDULED WASTE MANAGEMENT [306-2]

All scheduled wastes generated from the Group's operations are being managed in a responsible manner in terms of their generation, storage, transportation and treatment. Scheduled wastes are collected by a licensed waste contractor that has been approved by the DOE Malaysia. In 2019, the following wastes were generated:

Division	Types of Waste Generated	Amount of Waste Generated (MT)	Waste Disposal Method
Polymers	General Waste	50.4	Landfill
	Scheduled Waste	157.68	Recovery
Chemicals	General Waste	332.15	Disposed to external supplier
	Scheduled Waste	1,273	Disposed at DOE-prescribed facilities

MONITORING OF EFFLUENT DISCHARGE [306-1]

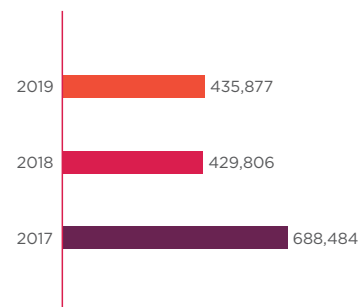
In line with CCM's commitment to ensure that our effluent discharge is safe for the environment and does not affect human health, we comply with the DOE's stringent regulatory standards. The Group's effluent discharge is treated prior to discharge through chemical and biological treatment. In this regard, all the Group's manufacturing plants are equipped with a wastewater treatment plant. In 2019, we discharged 613.64 m³ and 129,086 m³ of effluent from our Polymers and Chemicals operations respectively.

WATER INTAKE AND CONTROL MEASURES [303-3, 303-5]

Water is one of the key resources utilised within the Group's operations and our product manufacturing process is dependent on this valuable resource. Nonetheless, we are continually striving to minimise water usage in our operations and throughout our supply chain in order to safeguard the environment, reduce costs and ensure a resilient future for our business. We acknowledge our responsibility to use and manage water sources efficiently and sustainably.

Our Commitment to Environmental Economic Practices

Water Consumption (m³)



Water Consumption by Businesses in 2019 (m³)

Polymers	Chemicals
10,233	425,644

** Water consumption by businesses are solely from third party water supplier ie SYABAS for Polymers and Syarikat Air Johor (SAJ) for Chemicals*

REDUCING WATER CONSUMPTION [303-5]

In line with the Group's commitment to reducing our operational water footprint, we initiated a 3Rs Sustainability Programme for Polymer Washed Water in 2016. Under this programme, we have been able to reduce freshwater consumption by 1078 MT and have derived accumulated savings of RM2,075,328.

On top of this, instead of disposing of a huge amount of washed water as waste and spending a considerable amount on the disposal of this waste water, we have reduced the disposal costs by more than half between 2015 and 2016. Subsequently, over the last few years, we have been able to maintain our costs well below RM50,000, thereby garnering at least RM400,000 in savings annually.

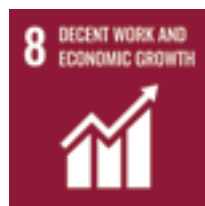
CCM Chemicals has embarked on a waste water recovery project to ensure zero treated effluent water discharge from its coagulant plant. Waste water generated from the coagulant plant operations is collected and treated in the waste water recovery plant before being recycled for use in the plant's operations.

Additionally, the Group's chlor-alkali plant operates an ion-exchange system for its water demineralisation process and also for its brine solution purification process. In operating the ion-exchange system, sodium hydroxide (caustic soda) is used in the regeneration process to maintain the resin life. Via this project, a low concentration of sodium hydroxide is being recovered after the regeneration process and is being used in another unit's operations. Through this project, we have managed to reduce the amount of waste water discharged from the waste water treatment process and hence reduce the treated discharge into the environment.

Water Discharge 2019 [306-1]

	Water Discharge by source	Level of Treatment *	m ³	No. of Incident of non-compliance
Polymers	Groundwater	-	-	NIL
	Surface Water	-	-	
	Seawater	-	-	
	Water reused by other organisation	-	-	
	Others : Please specify	Standard (A) compliance	613.64	
Chemicals	Groundwater	-	-	1
	Surface Water	-	-	
	Seawater	-	-	
	Water reused by other organisation	-	-	
	Others : Please specify	Waste water treatment to comply to EQA IER 2009 Std B	129086	

OUR COMMITMENT TO SUSTAINABLE SOCIAL PRACTICES



To promote sustainability in a transparent and understandable way to employees, customers, and the general public.

The CCM Group aspires to achieve sustainable growth by creating value for its diverse stakeholders. In order to ensure steady, resilient growth over the long-term, we continue to implement a host of human resource, responsible care and governance initiatives all of which are indispensable to our business. We share policies and targets across the entire Group in an effort to establish and maintain safe and stable operations (these also make up part of the basic policies for our Polymers and Chemicals businesses). These policies and target also ensure that health, safety and environmental care is maintained throughout the product lifecycle, and that the quality of products and services that we deliver is maintained and improved upon.

In FY 2019, we continued to implement a variety of initiatives and introduce new ones to support our value creation efforts.

EMPLOYMENT [401-1, 401-2, 401-3, 405-2]

Employee retention remains one of the critical factors in determining the success of continuous sustainable practices. In FY 2019, we registered a total employee turnover rate of 11.6% with some 39 employees leaving the Company. At the

same time, 30 new recruits joined the Company. Moving forward, we remain committed to maintaining a low employee turnover rate for the coming years.

Employee Turnover and New Employee Hires 2019								
Malaysia	Below 30 years		30-50 years		Above 50 years		TOTAL	
	Male	Female	Male	Female	Male	Female		
Employee Turnover Rate	7	8	17	2	3	2	39	Employee Turnover Percentage (%) 11.6
New Employee Hires	14	8	7	0	1	39	30	Total Number of New Employee Hires = (30)

We believe that one of the most effective measures that we can adopt to build employee loyalty is to provide enhanced benefits, leave and allowances. To this end, the Group offers comprehensive and competitive benefits to attract and retain talent as well as to bolster employee satisfaction, well-being and work-life balance.

Benefits for CCM Employees	
<ul style="list-style-type: none"> Staggered working hours Early leave for pregnant women (those more than 5 months pregnant) Parental leave (90 days maternity leave/2 days paternity leave) Group hospitalisation scheme for employee and dependants Health care coverage for employee and dependants Group term life insurance for employees Disability and invalidity coverage Car loan subsidy Housing loan subsidy Retirement provision through EPF contribution Dress Down Friday 	

Our Commitment to Sustainable Social Practices

Employee Parental Leave	Female	Male
Number of employees that took parental leave	7	3
Number of employees that returned to work after parental leave ended.	7	3
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work.	5	1

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

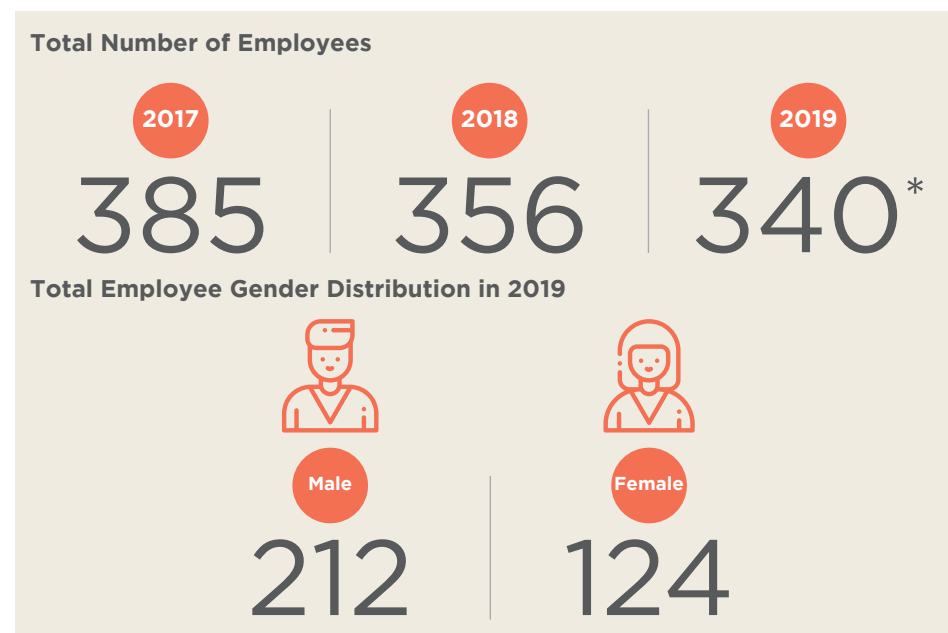
2019	Male	Female
	in Ringgit Malaysia (RM)	
Senior Managers (JG 16 & Above)	19,198	24,983
Middle Managers (JG 14 - 15)	11,459	9,664
Executives (JG 11 - 13)	5,659	5,807
Non-executives (JG 10 - below)	2,698	3,292

DIVERSITY AND INCLUSIVENESS [405-1, 102-8, 405-2]

We are committed to creating an inclusive workplace where individual and group differences within our workforce are valued. An inclusive workplace positions

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

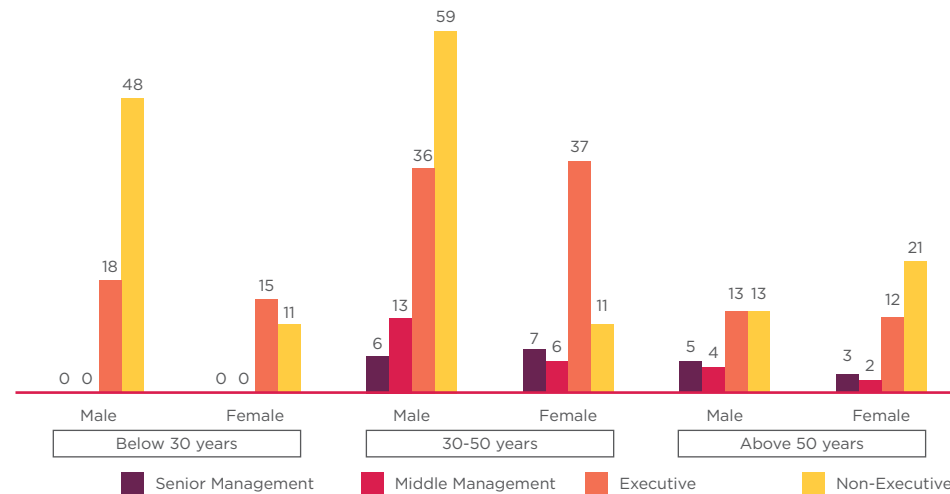
The Group's employee distribution according to gender, age and employment type are presented below. We designate each employment type with indicators whereby Senior Management is indicated as JG 16 & Above, Middle Management as JG 14-15, Executive as JG 11-13 and Non-Executive as JG 10 - below.



* Total number of employees for our operations in Malaysia

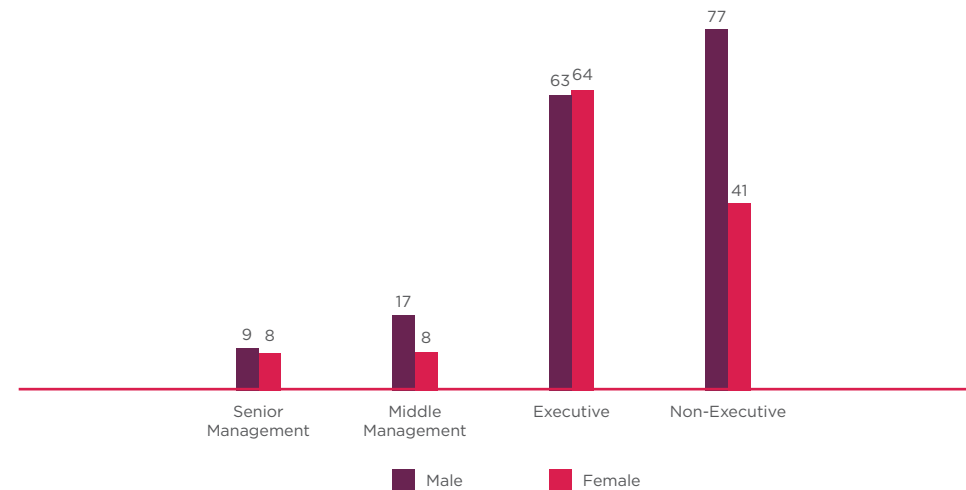
In FY 2019, we had a fairly proportionate number of employees based on gender for each age group i.e. 66 males and 26 females below 30 years old; 114 males and 61 females between the ages of 30 to 50 years; and 35 males and 38 females above 50 years old.

Employee Distribution by Gender, Age and Designation

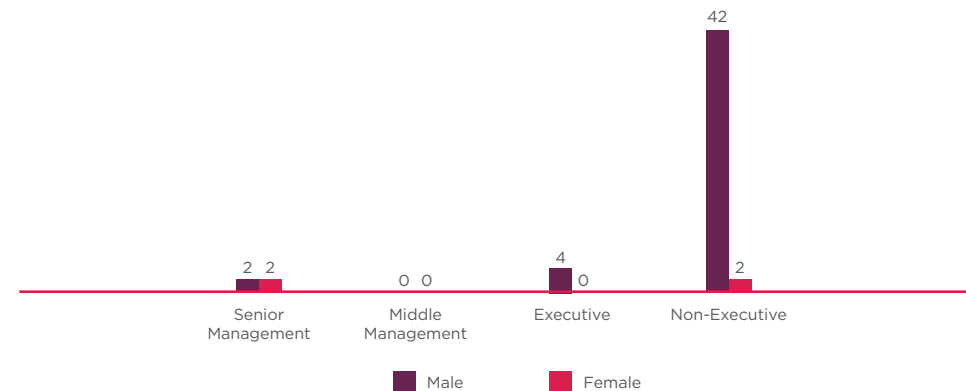


Career advancement opportunities are provided to all CCM's employees especially to those individuals who are loyal, skilled, credible, innovative and hardworking. Employees are offered the opportunity to work as permanent employees or contract-based employees as shown in the following charts.

Permanent Employee Distribution

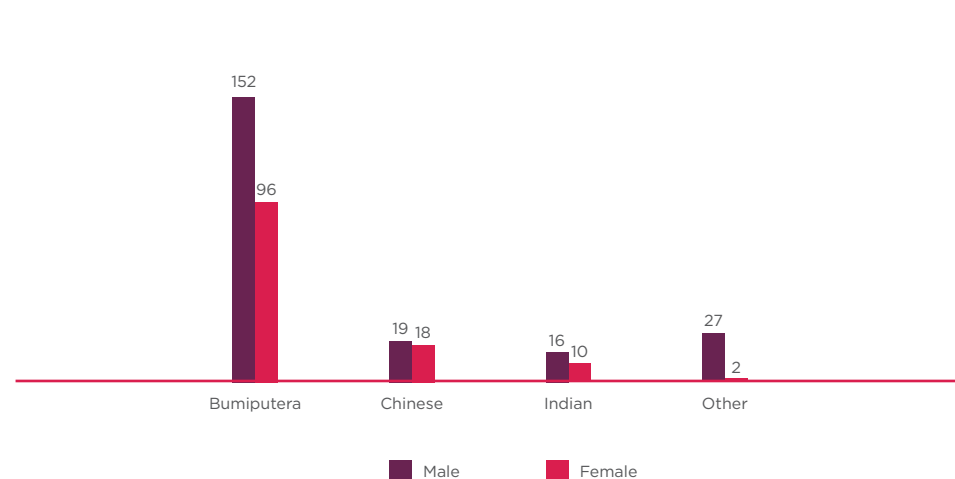


Contract Employee Distribution



Our Commitment to Sustainable Social Practices

Employee by Ethnicity

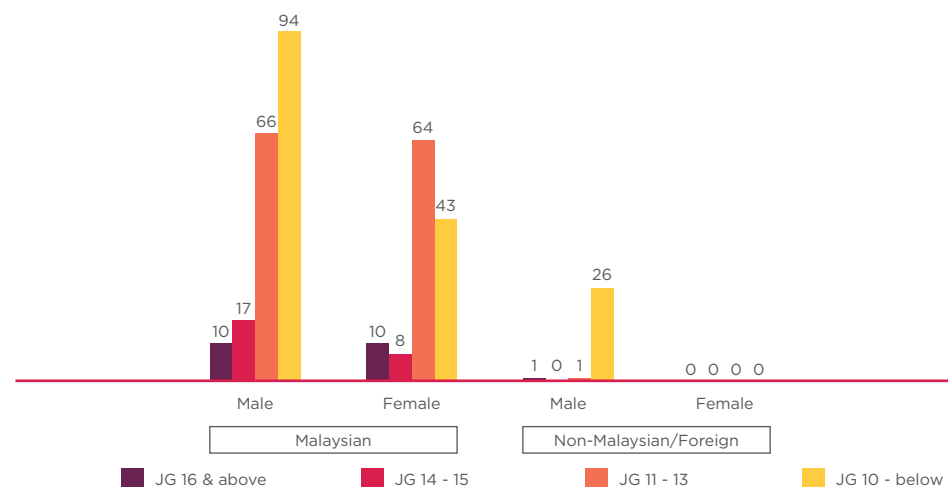


Our businesses recruit local talent in order to support the socioeconomic living standards of local communities. Most of our employees are Malaysian citizens of Malay, Chinese and Indian descent as illustrated above.

COLLECTIVE BARGAINING ^[407]

Collective bargaining is an important part of employee relations. It is important that employers be able to negotiate with their employees on matters concerning the regulation of working salaries, working conditions, benefits and other aspects of worker compensation and worker rights.

Employees by Residency



As part of CCM's efforts to openly encourage transparency and openness in the workplace, we provide our employees the opportunity to express their views on workplace issues that affect them. We accord our employees the right to join a union of their choice and fully support employees' rights to bargain collectively. Employees are free to 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 also provides a greater sense of employee ownership and responsibility in the workplace.

In 2019 we continued to work closely with the following unions representing our employees:

Collective Bargaining	
	Total no. of employees
HQ	NIL
Chemicals	
- National Union of Commercial Workers (SAO Office)	15
- Chemical Workers Union of Malaya (PGW Office, PGW Plant & SAO Plant)	37
Polymers	NIL

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

The Group undertakes rigorous assessments of the health and safety impact of its products and services to ensure customer health and safety are safeguarded. Our product development is based on non-volatile or non-toxic water-based systems.

New raw material evaluation will only incorporate materials that are constantly regulated by the Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH); Restriction of Hazardous Substances Directive (RoHS) or Proposition 65; and Food and Drug Administration (FDA) criteria. All our product classes are evaluated based on FDA tests to assess the impact of our products on end users.

As part of our efforts to ensure the transmission of transparent information to our customers and the general public, we disclose product information including material sources of product, product content and safe use manual of products in our Safety Data Sheet (SDS) and monthly technical bulletin. We also provide a communication platform for our customers and the general public to report health and safety concerns about our products.

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

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

Our Commitment to Sustainable Social Practices

As part of its ISO 9001:2015 management system commitment, CCM Chemicals ensures that all channels for its customers to issue complaints are well implemented and readily accessible. For the year under review, CCM Chemicals received a total of 99 complaints all of which were addressed. Where complaints involved product exposure to the environment or people, CCM Chemicals representatives and the Chemical Emergency Service teams responded immediately and took the necessary mitigatory actions to prevent any recurrences. The Chemicals Division also undertook these specific follow-up actions in FY 2019:

- Implemented an on-time scheduled road tanker maintenance programme; Strengthened communication between Logistic, Customer Service, Plant and other related departments with Sales serving as a beacon;
- Conducted continuous safe-handling training for drivers to ensure safe product delivery as well as to ensure compliance with safety regulations at customer sites;
- Developed a more interactive and extensive training format to ensure customers handle chlorine properly and understand CCM's system better;
- Implemented a First In First Out (FIFO) system for Chlorine Drums with 100% inspection before delivery to customers; and
- Established a checklist for small-pack delivery which was disseminated to all relevant staff.

In FY 2019, the Polymers Division received 38 complaints of which only nine were justified cases. These nine complaints relating to product quality were marginally lower than the 11 complaints received previously. The Division perceives that its customer complaint cases are well under control as they are meeting the target set by the Department of Quality which is “to control justified customer complaints to less than 15 cases per year”.

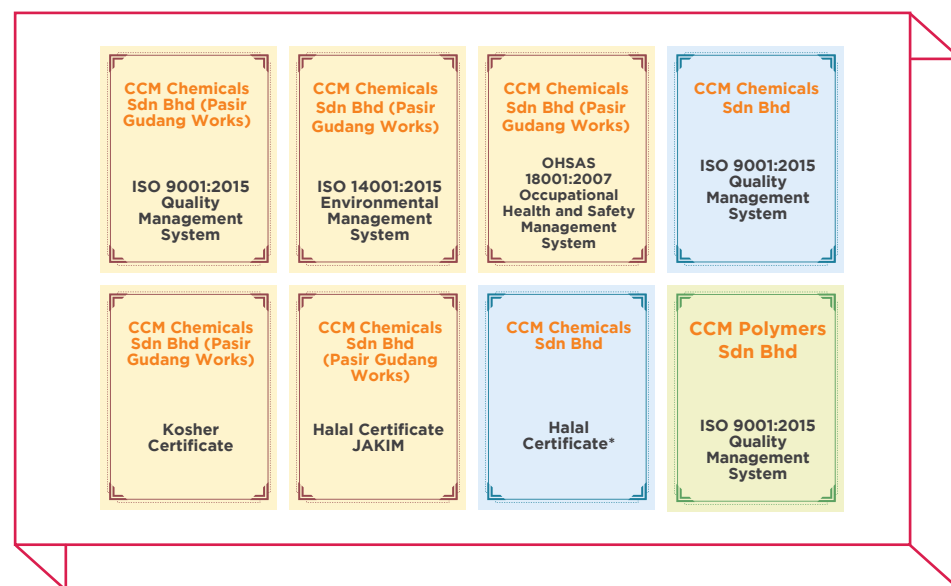
The Polymers Division identified the root causes of all nine complaints it received and implemented the following measures to mitigate all such recurrences:

- Tightened control prior to delivery to customer;
- Developed a product stability library;
- Developed an improved formulation (new Bill of Materials created, changed to another product grade); and
- Inspected packaging and labels before filing and transferring goods.

Category	Root cause	Corrective Actions
Product Specification	Product deterioration (lumpy); product not meeting specs.	Tighten process control and delivery; tighten inspection prior to delivery; develop a product stability library.
Application	Product inconsistency (i.e. cratering defect, poor wetting behaviour, unsuitable for customer process parameters, powder marks).	Tighten process control; develop improved formulation; develop a product stability library.
Packaging	Product leakage; no product label.	Change to two seal plastic bag and increase bag thickness; tighten the packaging inspection process; inspect packaging before the filling process; inspect the product label after the filling process and before transfer to the finished goods area.

To date, mitigation plans are in place to address individual issues through strengthening process control, improving delivery, increasing the accuracy of measurement, improving product formulation and developing system controls. We have also tightened process control activities by developing product manufacturing work instructions, packaging material cleaning procedures, and a product stability library, as well as by improving the conditions for financial goods storage.

PRODUCT QUALITY [416-1, 416-2]



Addressing Product Quality at CCM Chemicals

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

Customer Installation Assessment

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

Product Handling Training

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

Our Commitment to Sustainable Social Practices

Driver Management Programme

The transportation of hazardous chemicals requires comprehensive management to prevent accidents and the exposure of chemicals to drivers and the public. Our Chemicals Division has been a pioneer in developing and establishing a comprehensive driver management programme. We work closely with each transportation company which we engage with to ensure their commitment to this programme. The programme consists of:

- A new driver interview and assessment by the Chemicals Division Transport Safety Department;
- Product handling training for supervisors;
- Defensive driving training;
- Road hazard identification and briefings to drivers;
- A driver buddy system;
- Driver surveillance;
- A road transportation mock drill at the Second Link bridge between Malaysia and Singapore;
- Offsite events for drivers and transportation companies;
- A yearly audit for transportation companies.

Among the topics that were emphasised during the training were the characteristics of different chemical products and the appropriate safety measures to handle them. We will continue to improve the syllabus of this initiative to ensure that transportation of hazardous chemicals by CCM is carried out in the safest possible manner and does not adversely affect the public nor the environment.

Chemical Emergency Service Teams

Being a strong advocate of greater safety within the chemical industry, we are committed to ensuring a safer environment for our employees, customers and the communities that we operate in. CCM Chemicals has established Chemical Emergency Service or CES teams throughout the country with the following objectives:

- To provide advice on safety measures and the remedial actions to be taken when a chemical emergency occurs during transportation or product unloading at customer premises; and
- To ensure trained professional teams are in place to respond to chemical emergencies.

Each CES team, which is led by a plant engineer or manager and assisted by technicians, is available 24 hours a day, 365 days a year. CES team members and the related equipment are mobilised by way of a dedicated CES vehicle. CES teams are located in the various regions with our Pasir Gudang plant serving as the command centre. Other regions include Kuantan, Penang, Bintulu and Kota Kinabalu.

Today, CCM Chemicals collaborates with the Fire and Rescue Department Malaysia, specifically with their Hazardous Materials (HAZMAT) team to share information and knowledge about our manufactured products, as well as carries out joint spill exercises/simulations. CCM Chemicals is regarded as a Subject Matter Expert (SME) by the Fire and Rescue Department Malaysia. Our CES teams are also proactively collaborating with parties such as the Pasir Gudang Emergency Mutual Aid (PAGEMA) team to respond to emergency situations as and when required.

2019 Customer Satisfaction Survey by the Chemicals Division

The Chemicals Division carries out a customer satisfaction survey on a biennial basis based on such considerations as price, delivery, customer service and relationship, document handling, transportation, safety training and technical support, among other things. Following the FY 2017 survey, another one was undertaken in FY 2019 among a total of 156 customers. All customers were required to rate on a scale of 1 to 5 how satisfied they were with CCM Chemicals and their main supplier based on their experience over a period of 12 months (with 1 = very dissatisfied and 5 = very satisfied). CCM Chemicals achieved a 71% or “fairly good” satisfaction rate from the survey against its target of 75%. The 2019 survey indicated that CCM customers were generally satisfied and that there was very low dissatisfaction among customers. The survey also highlighted that one in four customers was neutral in terms of their satisfaction levels and that there were definitely opportunities to improve customer satisfaction over the short-term in areas such as pricing, delivery, customer service and document management. Among the things that made CCM Chemicals stand out from specific competitors were its commitment to upholding good product quality and specifications, its strong safety and technical support, as well as the good quality of its chlorine drums and collection methodology.



On 7 March 2019, illegal chemical waste was dumped into Sungai Kim Kim in Pasir Gudang releasing toxic fumes which affected some 6,000 people and saw 2,775 victims, mostly school children from the 110 schools in the area, needing hospitalisation. Once alerted, the Pasir Gudang Municipal Council and members of PAGEMA immediately swung into action. CCM's CES teams lent support by ferrying affected students and public from various schools and housing areas to the medical base, health clinics and hospitals. We also served as the PAGEMA secretariat and provided other resources including ambulances, medical supplies and personal protective equipment. A second similar incident recurred in June 2019 and our CES teams once again responded immediately with the necessary support.



Our Commitment to Sustainable Social Practices

Addressing Product Quality at CCM Polymers

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

There were no cases of major non-conformance reported in FY 2019 which demonstrates that the Polymer's Division's quality management system is functioning and well-maintained. This is also reflected in the Division's customer satisfaction survey in which it obtained an overall average of 4.1 out of a 5-point score.

2019 Customer Satisfaction Survey by the Polymers Division

The Polymers Division's 2019 customer satisfaction survey was conducted among a total of 70 customers comprising 46 local customers (66%) and 25 regional customers (34%). Participants were selected based on the customers' sales transaction records for FY 2019. The survey form was emailed to customers with a 93% response rate received as at 1 December 2019. Only five of the 70 customers did not participate in the survey. All in all, based on the survey results, the Polymers Division achieved an overall average rating of 4.1 out of 5 points which was marginally better than 2018's results.

CUSTOMER SATISFACTION SURVEY DISCLOSURES			
	Rating	Sample Size	Responded
2017	4.1	20	20
2018	4.0	66	55
2019	4.1	70	65

DATA PROTECTION [418-1]

To conform to the Personal Data Protection Act 2010, CCM and its group of companies adopted the Personal Data Protection Act (PDPA) Compliance Policy back in 2013. The policy underscores the Group's commitment to ensuring compliance with the requirements of the Personal Data Protection Act 2010 as well our acknowledgement of the importance of personal data to the Group's business and the importance of respecting the privacy rights of individuals.

With regard to any confidential information covering personal or Company data, all agreements are to contain a confidentiality clause which imposes a duty of care on the party receiving such information to ensure the data is kept in the strictest confidentiality and is not disclosed to any other parties. The Group, from time to time, organises awareness programmes on the requirements of the PDPA and the need for confidentiality in all dealings. This is done via in-house training and continuous one-to-one engagement sessions with the business units, as and when required.

The Group has also prepared standard templates for PDPA clauses to be adopted in all agreements, forms and notices as required under the PDPA. These templates serve as a guide for CCM and its group of companies to ensure compliance with the PDPA at all times. The contents of these templates are subject to adjustments or modifications to suit the requirements of different commercial transactions involving different entities.

In 2019, CCM did not received any complaints concerning breaches of customer privacy be it from outside parties or regulatory bodies. There was also no identified leaks, thefts, or losses of customer data reported to the organisation in 2019.

COMMUNITY ENGAGEMENT [413-1]

Our community engagement programmes seek to add value to society in the form of skills development and enhancement as well as through donations. Our employees continue to demonstrate a strong interest in various community engagement programmes which attests to the compassion and empathy they have for the communities that they work among. Our aim is to continue serving communities by organising programmes that will benefit them in a tangible manner.

CCM STEM UP Challenge



One of our flagship community programmes is the CCM STEM UP Challenge. Introduced in 2018, this initiative sees CCM encouraging secondary students to take up STEM (Science, Technology, Engineering and Mathematics) so that they are well prepared to adapt to rapid technological advancements and thrive in a technology-driven work environment. In 2019, CCM allocated a budget of approximately RM90,000 with the intention of creating greater awareness of STEM amongst students.

In 2019, the second CCM STEM UP Challenge was organised in partnership with PNB, the Academy of Sciences Malaysia, the Young Scientists Network and the National Science Centre Northern Region Branch. The 2019 programme saw participation from 2,250 secondary students from the science stream or science clubs of 45 secondary schools in the Kuala Muda/Yan District. In FY 2019, we expanded the STEM UP programme through the CCM STEM UP X UTP initiative, our maiden collaboration with Universiti Teknologi PETRONAS. The inaugural event drew 1,000 students from primary and secondary schools across Perak who took part in an interactive competition.

Our Commitment to Sustainable Social Practices



CCM PINTAR Programme

The CCM Promoting Intelligence, Nurturing Talent and Advocating Responsibility (PINTAR) programme is a school adoption programme that aims to develop and enhance students' reading, writing, understanding and speaking skills in English which ultimately helps improve their socioeconomic living standards. Initiated by Khazanah National Berhad, this programme has seen CCM adopt 15 primary schools nationwide that were located adjacent to our manufacturing facilities and premises. The 2019 programme was conducted for students from three schools in Johor, namely SK Cendana, SK Masai and SK Seri Alam 2 with four employee volunteers. The results to date show that the programme has helped improve the students' pass rate in English by some 5%. CCM allocated approximately RM16,000 for the execution of this programme. The year 2019 marked the end of our involvement in the CCM PINTAR programme for these three schools. CCM has been involved with the PINTAR initiative since 2007.



SK Juru, Simpang Ampat
2007-2010



SK Padang Garong 2, Kota Bharu
2009-2011



SK Sungai Tisang, Bintulu
2009-2011



SK Taman Pasir Putih, Pasir Gudang
2009-2011



SK Sungai Ramal Dalam, Kajang
2009-2011



SK Kampung Johan Setia, Klang
2010-2012



SK Padang Jawa, Shah Alam
2009-2011



SK Silabukan, Lahad Datu
2012-2016



SK Sungai Selad, Bintulu
2012-2016



SK Kongkong Laut, Masai
2012-2016



SK Sungai Merab Luar, Kajang
2013-2017



SK Kampung Jawa, Klang
2013-2017



SK Masai, Pasir Gudang
2017-2019



SK Seri Alam 2, Pasir Gudang
2017-2019



SK Taman Cendana, Pasir Gudang
2017-2019



Rakan Saintis Sungai (RSS) CCM

The Rakan Saintis Sungai CCM or RSS initiative is an invaluable platform for youth to gain knowledge and hands-on skills on best practices to improve water quality and protect natural resources, particularly rivers. The two-day programme aims to develop young environmental warriors who are passionate about protecting the environment and creating a sustainable future. In FY 2019, two RSS programmes were held in Kota Tinggi, Johor and Kuching, Sarawak in conjunction with each state's respective National Environment Day 2019 celebrations. Held for the fifth time in Johor, the RSS programme there attracted 60 students and 12 teachers, while the maiden RSS programme in Sarawak drew the participation of 60 students and 6 teachers. The 2019 RSS programme was carried out with a collective budget of RM51,000 for both states.

Back to School Programme

The Back to School Programme is an annual programme where CCM provide school essentials such as uniforms, and stationeries to the families of our staff to help ease their burden at the start of the school year. In 2019, we allocated a budget of RM19,000 towards the purchase of school supplies for the children of 43 employees. The school supplies comprising school uniforms, socks, shoes and stationery sets were distributed to 90 children. To date, almost 1,000 students have benefited from this programme since its inception in 2015. This initiative has proven successful through our good partnership with Canggih Malaysia, one of our Bumiputera vendors, who has managed to bring quality and style to the school uniforms.



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Minggu Saham Amanah Malaysia (MSAM)

The annual Minggu Saham Amanah Malaysia (MSAM) event is an initiative by PNB to educate the public on investment and encourage them to actively participate in the country's unit trust industry. This national event has to date secured the participation of more than 2 million visitors from all walks of life. CCM as a "Rakan MSAM" and has been participating in the event since 2002. We took the opportunity to host the CCM STEM UP Challenge in conjunction with the MSAM 2019 event that was held on 24 April 2019 at Perkarangan Dataran Aman Jaya in Sg Petani, Kedah. We allocated a budget of RM190,000 towards the running of the 2019 MSAM event.



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

Society's growing concern regarding the safe use of chemicals in commerce as well as their potential impact on worker health and the environment, underpins the rising demand for increased levels of product safety and environmental protection. With regard to managing occupational health and safety (OHS) matters, CCM's focus is on ensuring that this vital element is integrated into our overall operations and that OHS standards are broadly applied across all CCM's business divisions and locations. When we discuss safety and health matters, we not only cover our operations and employees, but have extended this to cover all stakeholders who have a relationship with our business.

Safety, Health and Environment (SHE) Committees

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

Function of CCM's SHE Committees:

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

Each SHE Committee comprises varying number of members based on the size of the respective operation and employee headcount. The table below outlines the employee to employer representation ratio within the SHE Committees at our various Polymers and Chemicals locations.

	Polymers	Chemicals (PGW)	Chemicals (SAO)
Percentage of employees represented in SHE committees	15.3%	14.8%	15.96%
Employer Representatives	8.2%	8.9%	8.51%
Employee representatives	7.1%	5%	7.45%
Proportion of employers (Management) to employees (Non-Management)	1:1	1:7	1:1

Accident/Incident Management

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

The Chemicals Division considers a standard procedure as an important benchmark to ensure that its products are safe. The Chemicals Division has a procedure which refers to guidelines such as:

- Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulations 2000;
- Occupational Safety and Health (Control of Industrial Major Accident Hazard or CIMAH) Regulations 1996;
- Occupational Safety and Health (Classification, Labelling and Safety Datasheet of Hazardous Chemicals) Regulations 2013;

- Restriction of Hazardous Substances or RoHS Directive (Directive 2002/95/EC); and
- Responsible Care Guiding Principles.

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

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

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The Polymers Division too has implemented several measures including the rollout of product safety and handling controls throughout its operations in a bid to ensure safer chemicals and process flows.

The Polymers Division implements the following procedures as part of its accident prevention management activities:

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

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

Sources	Current Control
Sufficient Personal Protective Equipment (PPE)	Strictly used PPE approved by DOSH
Records	Chemical register to be kept together with SDS at workplace
Monitoring exposure at workplace - (CEM) ¹	CEM conducted on 7 July 2018
Health Surveillance	CEM result is below PEL ² , thereby it does not require health surveillance
Local exhaust ventilation	Conduct internal monthly inspection and performance effectiveness testing of engineering control (LEV) by registered Hygiene Technician (within 12 months)

Health and Safety Statistics

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

¹ Chemical Exposure Monitoring

² Permissible Exposure Limit

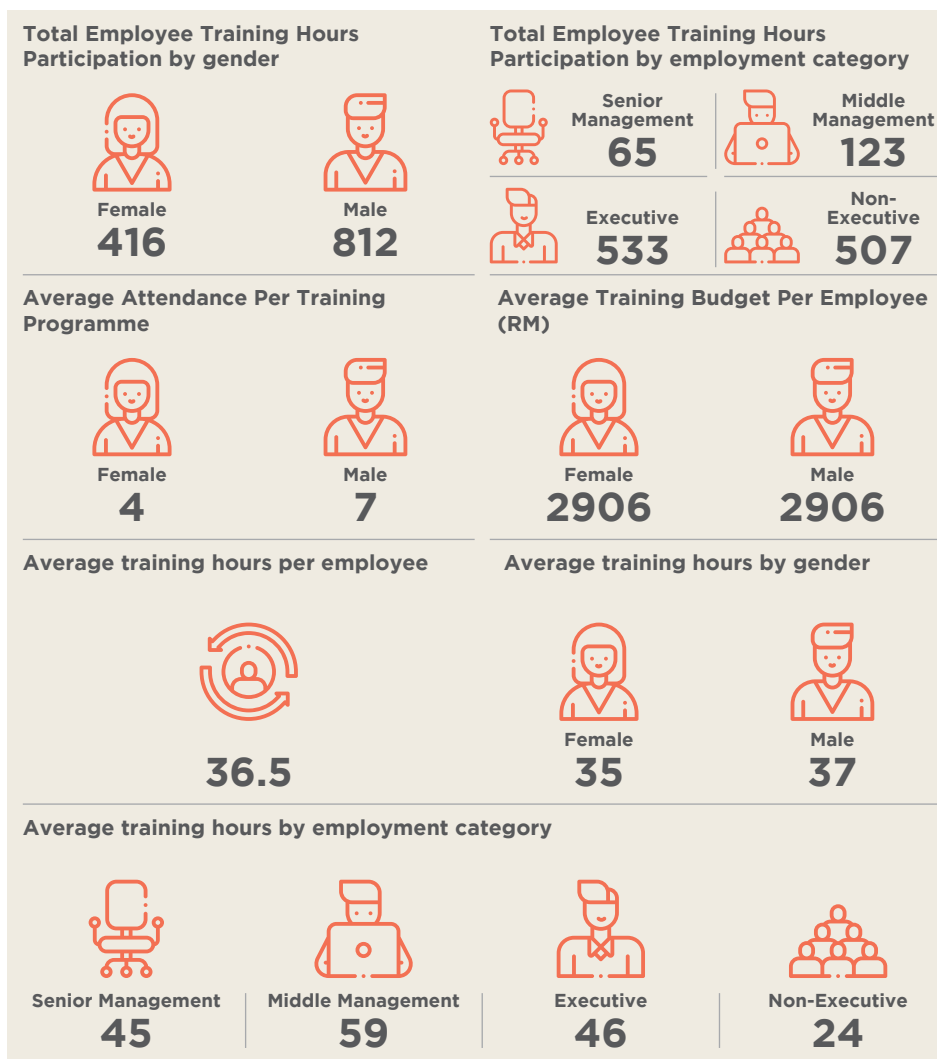
The table below lists the health and safety statistics throughout our operations from 2017 to 2019.

	2017	2018	2019
No. of fatality cases	0	0	0
No. of fines or penalties	12	0	0
No. of lost time injury (LTI) cases	7	0	3
No. of recordable cases	10	2	9
Lost time injury frequency (LTIF)	1.54	0	2.00
Total recordable case frequency (TRCF)	2.20	1.99	6.00
All incidents	131	67	92
No. of near miss cases	21	15	14

TRAINING AND DEVELOPMENT [404-1, 404-3]

Curiosity and continuous learning are essential factors for any workforce, particularly in our rapidly evolving world and our highly competitive industry. In order to ensure the individuals and teams within CCM are developed holistically, we provide training in the areas of intrapersonal and interpersonal skills as well as professionalism and leadership skills. In FY 2019, each employee achieved an average of 36.5 training hours per annum (FY 2018: 10.21 training hours p/a).

The following charts and tables show the breakdown of the training and development programmes provided according to gender and by the employment category.



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Career Performance Review		No. of Pax
Yearly Performance Review	Female	115
	Male	157
Yearly Performance Review	Senior Management (16 & Abv)	21
	Middle Management (JG 14 & 15)	23
	Executive (JG 11-13)	127
	Non-Executive (JG 10 & below)	101
Career Review	Female	10
	Male	10
Career Review	Senior Management (16 & Abv)	2
	Middle Management (JG 14 & 15)	3
	Executive (JG 11-13)	6
	Non-Executive (JG 10 & below)	9

Engagement Activities

One of the core metrics for measuring the health and success of an organisation is through the degree of how well its people are connected to the company they work for. Maintaining a close relationship with employees is vital for attracting and retaining talent which will ultimately contribute towards the success of the business. At CCM, we are committed to undertaking year-round employee engagement activities that strengthen ties with our employees and the camaraderie within CCM.

Strengthening Employee Bonds

We continue to roll out a host of employee engagement sessions as we pursue the objectives of building long-term relationships with our employees while strengthening the communications within our organisation. The employee engagement activities for 2019 are listed below.

CCM Group Employee Engagement Activities for 2019

CCM Group

No	Name of Programme	Frequency	No. of pax	Objectives/Key Highlight
1	CCM Group/ Site Townhall	Quarterly	More than 50 pax	Communication and engagement sessions between employees and GMD / CEO of Businesses. These mainly centre on updates of the Company's latest performance and strategic direction. The introduction of Slido for Q&A session at all sites as employees can opt to remain anonymous and all questions will be answered by Senior Management during the session.
2	CCM Group Team Building	3	239	To enhance the bonds between CCM's employees and divisions as we move towards a common vision and of being one CCM. The sessions sought to instil team motivation and strengthen team effectiveness. This was an opportune platform for employees and management to get to know each other better and to foster good ties.

No	Name of Programme	Frequency	No. of pax	Objectives/Key Highlight
3	Long Service Award (LSA)	1	64	The LSA serves as an appreciation dinner for staff and honours staff who have faithfully served the Company for 10, 15, 20, 25, 30, 35 and 40 years. At the LSA, a Gold Medallion is given as a retirement gift to retirees.
4	GMD Engagement Series	4	38	This hour-long session provides a two-ways communication platform between the Group Managing Director and employees to gain intimate face time and share their aspirations, ideas and thoughts as well as issues or concerns in a direct manner.
5	Hari Raya Open House	1	76	This is an opportunity for the diverse races within CCM to come together to celebrate a joyous occasion as a truly multi-cultural and harmonious organisation. Occasions such as this help strengthen the bonds of friendship and the spirit of kinship among CCM staff.

CCM Headquarters

No	Name of Programme	Frequency	No. of pax	Objectives/Key Highlight
6	CCMB Year End Gathering	1	33	A get-together session with employees to show the Group's appreciation to them for their continuous support during the year.
7	International Women's Day	1	25	An occasion to appreciate and empower the women of CCMB.
8	Friday Fri-Yay	1	30	A session to provide employees information on the Company and bonuses.
9	Ice Cream Day	1	40	An occasion to keep employees happy and an opportunity to have fun at work.

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Chemicals Division

No	Name of Programme	Frequency	No. of pax	Objectives/Key Highlight
1	HR Dialogue Session SAO & PGW	8	120	An opportunity to strengthen two-way communication, have lively valuable discussions, build a culture that we want and foster employee-management ties. Also serves as an interactive platform to ask questions and suggest ideas in an informal manner.
2	HR Talkabout SAO & PGW	6	55	A refresher session for all staff on the latest updates pertaining to general HR functions, key HR policies and procedures plus other HR initiatives.
3	HR Open Day, Shah Alam	1	65	An occasion to get-together with staff to promote cross-functional engagement via specific activities. Also provides the opportunity to interact with or get clarification from statutory bodies as well as on matters related to financial management and HR policies, procedures or systems.

No	Name of Programme	Frequency	No. of pax	Objectives/Key Highlight
4	Family Day (SAO)	1	61	A unique way to show the Company's appreciation to the Shah Alam employees and their families through encouraging social interaction and demonstrating Company Values (PETIRR) as well as strengthening the relationships between Shah Alam employees, their families and the Company.
5	Book Review (SAO & PGW)	2	40	An opportunity to share knowledge.

CCM Group Team Building Sessions

Three CCM Group Team Building sessions were held over the months of September and October 2019 at Avillion Port Dickson. This was an opportune time to strengthen ties as the last team building session was done back in 2015.



Batch	Date	Number of Participants	Positive Feedback
Batch 1	21-22 Sept 2019	85	89%
Batch 2	28-29 Sept 2019	81	91%
Batch 3	5-6 Oct 2019	73	91%
Total		239	90%

The team building sessions had these objectives in mind:

- To enhance communication and collaboration among a team of diverse personalities as well as to embrace a common vision for CCM;
- To encourage out-of-the-box thinking and creative solutions through mindset changes;
- To strengthen the effectiveness of the team in managing challenges;
- To instil team motivation and inculcate the Group's core values; and
- To strengthen the bond between all employees.

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Employee Engagement Index 2019

We are convinced that engaged and effective employees are key to CCM's success. The Employee Engagement Survey is an important tool to better understand employee satisfaction levels and carry out structured learning and development programmes to allow our employees to learn, grow and share their knowledge and experiences. It also provides an opportunity for each employee to express themselves freely and give their opinions on a range of important topics associated with sustainable engagement, learning and development, leadership, operating efficiency and quality, among others.

In 2019, we conducted the fifth edition of our CCM Employee Engagement Survey in an online format. As part of our pledge to guaranteeing 100% confidentiality, all completed questionnaires were processed by CCM's partner, Willis Towers Watson, the survey administrator. CCM achieved an overall employee participation rate of 96% which is considered very high in comparison to the 85% Average Response Rate that Malaysia has. This high rate also attests to the success of our online approach. While the overall score for the CCM Group was 83% (which is above the Global Chemical Norm), however, we recorded lower results in comparison to the survey undertaken in 2017 which reflected a score of 87%. There are areas where the scores could be improved further and which we will use the survey results to measure our progress as well as define specific action plans to achieve our goals.

ENGAGING OUR EMPLOYEES TO BE FIT FOR FUTURE

Towards the end of October 2019, we rolled out the Re-Project, a Group-wide campaign to prepare our people, as they wrapped up the year and refuelled to embrace FY 2020. This initiative incorporated three stages, namely the Rejuvenate from within with ME; Reinvent the workplace with YOU; and Restore the environment and society with US stages. The project, which came to an end in mid-January 2020 encompassed a host of reinvigorating activities that included Self-care, Yoga and aerobics, a Values Hunt and GratiFriday, among others.



FOCUSED ON STRENGTHENING SUSTAINABILITY DISCLOSURE

As the CCM Group ventures forth, we remain committed to communicating the Group's financial and non-financial dealings in an open and transparent manner. As we focus our efforts on presenting more comprehensive, clear and concise sustainability disclosures to our stakeholders, we are also gearing up to embed sustainability in a greater measure within our management and operational activities on a Group-wide basis.

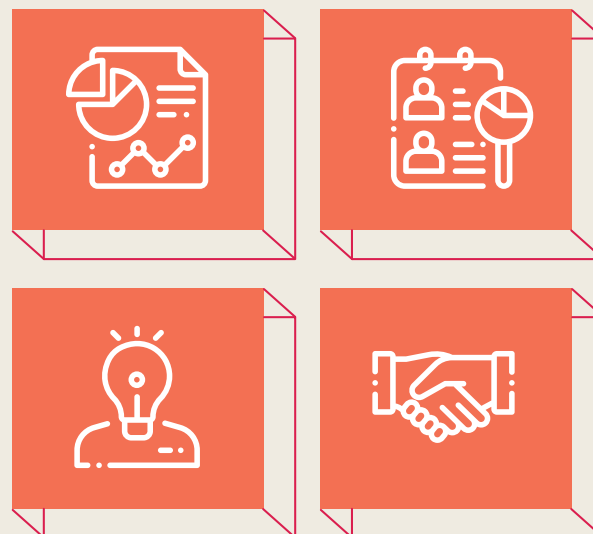
To date, the Board of Directors, under the guidance of external sustainability consultant KPMG Management & Risk Consulting Sdn Bhd, have come up with a Sustainability Management Framework (SMF) that aims to integrate sustainability within CCM to a greater extent. The SMF will serve as a guide to help the Board finetune its sustainability governance functions, vision, strategies, policies and programmes in a more holistic and robust manner. Under the SMF, the Board will focus its efforts on strengthening these four fundamental areas: the establishment of a more holistic sustainability governance structure; the creation of a sustainability vision on a Group-wide basis; a more robust risk identification and prioritisation process; as well as the rollout of a sustainability implementation plan with short, medium and long-term goals.

For a start, the Board has decided that it will focus on these key short-term improvement opportunities:

- Greater Board governance and oversight over sustainability matters;
- Greater competency in terms of sustainability-related knowledge for the governance structure and organisation through training;
- More structured stakeholder engagement and materiality assessment processes;
- Greater alignment of sustainability matters with the Group's business risks with the aim of developing a more robust business strategy;
- Greater linkage of material matters to CCM's existing or new sustainability initiatives; and
- The identification of challenges that would restrain CCM from creating value over the short, medium and long-term.

The SMF will be applicable to all CCM-operated businesses (i.e. from the Group's corporate functions and business units to all operational sites and functions under full operational control) and should be communicated and committed by every level of CCM's management. We believe that the effective implementation of the SMF and short-term improvement opportunities will do much to bolster CCM's sustainability agenda on a Group-wide basis.

Moving forward, the Group will continue to meet its mandate of providing sustainable solutions based on innovative sciences while balancing out its economic ambitions with good environmental and societal considerations. Through collaboration and engagement with local government agencies and regulators, our peers and customers, the community at large and other key stakeholders, CCM intends to help drive sustainability efforts across the chemicals and polymers industries in Malaysia as well as stand out as a role model for responsible corporate behaviour.



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