



CHEMICAL COMPANY
OF MALAYSIA BERHAD
(5136-T)



BUILDING ON OUR **STRENGTHS**

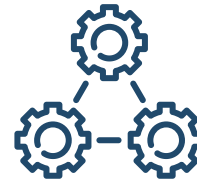
SUSTAINABILITY
REPORT
2017



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Like the honeycomb's efficient use of space, our company becomes more nimble and efficient with a lighter balance sheet and as well as a lower cost base following the demerger exercise. Our resources are effectively used to attain better results for the shareholders.



EFFICIENCY

OUR APPROACH TO REPORTING



REPORTING PERIOD:

1 January to 31 December 2017, unless specified.

This is the fourth standalone Sustainability Report produced by Chemical Company of Malaysia Berhad (CCM, the Group or the Company) which covers our responsibilities to our stakeholders and the contributions we have made to sustainable development.

In this Report, we continue our commitment to providing detailed disclosure by presenting the relevant data and statistics as well as portraying clear company performance trends. Where Group-wide information is unavailable, selected divisions or companies have been used to represent some indicators.

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



REPORTING CYCLE:

Annually.



COVERAGE:

CCM's operations nationwide.



RELEVANCE OF INFORMATION DISCLOSED:

Feedback and views of all our stakeholders were obtained through our various engagement methods. All relevant information obtained was identified and reported accordingly.



GUIDELINES:

Principal guidelines:

Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

Additional guidelines:

Bursa Malaysia's Sustainability Reporting Guide.

ABOUT US

Chemical Company of Malaysia Berhad (“CCM”, the “Group” or the “Company”) is a government-linked company and is presently one of the largest manufacturers of chemicals and polymers in Malaysia. We have a strong corporate presence in Malaysia with more than a 50-year history to our name as well as a regional presence through our offices in Singapore and Indonesia. Today, through our offer of a wide range of products and services to the chemicals and polymers sectors, we remain committed to providing sustainable solutions based on innovative sciences to these sectors to enhance the quality of life of our stakeholders.

OUR CORE VALUES

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

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

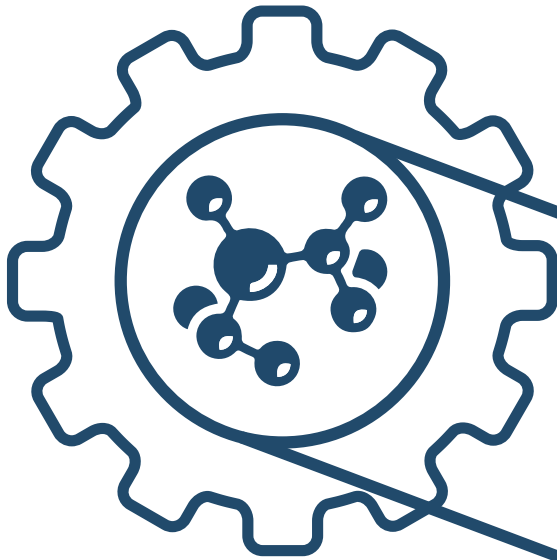
We value differences and sincere intentions as the basis for achieving shared aspirations



OUR BUSINESSES

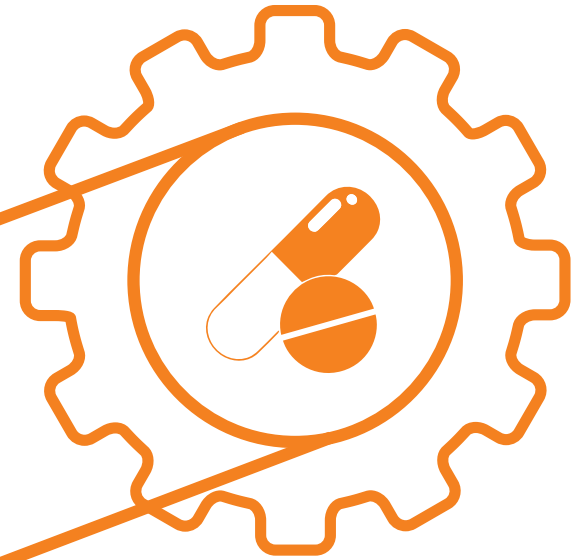
POLYMERS BUSINESS

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



CHEMICALS BUSINESS

Our Chemicals business has built a reputation as a chemical solutions provider involved in the manufacture and trade of a wide variety of chemical products. We also offer a range of engineering services that support the water treatment, power, palm oil and rubber industries.



PHARMACEUTICALS BUSINESS

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

Following the completion of the demerger of our pharmaceutical business, a comprehensive report on CCM Duopharma Biotech Berhad's sustainability initiatives can be found in their 2017 Sustainability Report.

OUR FINANCIAL AND SUSTAINABILITY INDICATORS

Turnover and Profitability

(RM'mil)	Turnover		Profit/(Loss) before tax	
	2017	2016	2017	2016
Continuing operations:				
Chemicals	283.6	214.7	44.0	18.0
Polymers	84.3	81.2	18.8	17.7
Intersegment eliminations and others	2.8	0.5	(48.1)	(33.6)
Total turnover for continuing operations	370.7	296.4	14.7	2.1
Discontinued operations:				
Pharmaceuticals	468.0	312.9	51.8	31.5
Fertilizers	-	145.9	-	(102.8)
Group	838.7	755.2	66.5	(69.2)

Liquidity

(RM'mil)	2017	2016
Net cash from operating activities	76.5	64.3
Net cash (used in)/from investing activities	(229.2)	14.3
Net cash from/(used in) financing activities	18.6	(111.2)
Exchange difference on translation of the financial statements of foreign operations	6.1	8.2
Net (decrease) in cash and cash equivalents	(128.0)	(24.4)
Cash and cash equivalents at 1 January	288.3	312.7
Cash and cash equivalents at 31 December	160.3	288.3

Financial Position as at 31 December

(RM'mil)	2017	2016
Total non-current assets	321.5	1,000.9
Total current assets	539.9	684.4
Total assets	861.4	1,685.3
Financed by :		
Share Capital	81.9	457.6
Reserves	163.4	183.6
Retained earnings	36.9	98.4
Equity attributable to owners of the Company	282.2	739.6
Non-controlling interests	(1.3)	152.2
Total equity	280.9	891.8
Total non-current liabilities	132.8	565.7
Total current liabilities	447.7	227.8
Total liabilities	580.5	793.5
Total equity and liabilities	861.4	1,685.3

Profit or Loss for the Financial Year

(RM'mil)	2017	2016
Continuing Operations:		
Revenue	370.7	296.4
Profit before tax	14.7	2.1
Tax expense	(17.4)	(9.9)
Profit/(Loss) from continuing operations	(2.6)	(7.8)
Discontinued Operations:		
Profit/(Loss) from discontinued operations, net of tax	42.4	(76.0)
Profit/(Loss) for the year	39.8	(83.8)
Profit/(Loss) attributable to:		
Owners of the Company	25.9	(63.6)
Non-controlling interests	13.9	(20.2)
Profit/(Loss) for the year	39.8	(83.8)

CCM Group Carbon Dioxide Equivalent Emissions (CO₂e)

CO ₂ e (Metric Tonnes)	2017	2016
Overall	104,070	104,153
Berhad	54.3	56
Pharmaceuticals	21,631.2	17,290
Chemicals	81,632	83,959
Polymers	255.7	230

Total Recordable Case Frequency ("TRCF")

Key Areas	2017	2016
No. of fatality cases	0	0
No. of fines or penalties	12	0
No. of lost time injury ("LTI") cases	6	7
No. of recordable cases	7	10
Lost time injury frequency ("LTIF")	1.21	1.54
Total recordable case frequency ("TRCF")	1.41	2.20
All incidents	107	131
No. of near miss cases	22	18

MESSAGE FROM OUR CHAIRMAN



Dear Shareholders,

It is with great pleasure that I present to you CCM's fourth Sustainability Report. Although formal sustainability reporting is still relatively new to the Company, the agenda of sustainability has been deeply embedded within CCM for some time now. In 2017, CCM continued to make good strides forward in its pursuit of responsible business and sustainable growth. This Report encapsulates the good progress we made on the Economic, Environmental and Social ("EES") fronts as we continued to journey on the well-trodden path towards becoming a more sustainable company.

Sustainable long-term growth remains a strategic priority for us here at CCM. As we go about our business, we seek opportunities to leverage our influence as the leader in each of the sectors that we operate. Our holistic approach to sustainability is achieved by successfully integrating responsible management and sustainable development practices that balance out our economic ambitions with good environmental and societal considerations. This approach has enabled us to maximise opportunities in areas such as innovation, community development, value creations, and also enhancing our sustainable development agenda of the nation.



MESSAGE FROM OUR CHAIRMAN

CCM is proud of being a responsible corporate citizen and we trust that the many EES initiatives that we are sharing in this Report underscore this commitment towards our stakeholders. In line with the Sustainable Development Goals adopted by the United Nations, we are ready to make a meaningful contribution to a more sustainable Malaysia by 2030. CCM has a deep and intrinsic link to good corporate responsibility and our balanced ecosystem of sustainability will position us as a positive force in local communities. To this end, each of our businesses will continue to take a proactive role by reaching out to stakeholders and positively affecting their lives.

As we advance forward in our sustainability journey, we are more convinced than ever of our role to enhance the quality of life of all our stakeholders by making positive contributions to the economy, people and the planet. This Sustainability Report reaffirms CCM's continuing commitment to doing business in a way that creates economic, environmental and social value for all stakeholders. Sustainable business growth, rooted in our responsible approach to business, will help us achieve even more in the future as we work towards enhancing lives.

In 2017, CCM once again embraced positive change to lay strong foundations for our future growth. We undertook the demerger of our Pharmaceuticals business under CCM Duopharma Biotech Berhad ("CCMD") at the end of 2017 by way of distribution in-specie of our entire equity interest in CCMD to the shareholders of the company. The latest demerger exercise was one of a series of initiatives aimed at consolidating and improving our balance sheet. The end result of this phase will see the Group having ample opportunity to pursue capital expansion and long-term sustainable growth while optimising the growth prospects of our core Chemicals and Polymers businesses within a competitive business environment.

The gradual improvements in global growth, the recovery in global commodity prices and the continued growth of domestic demand collectively supported CCM's performance in 2017. However, as in previous years, the price of energy, raw materials and packaging continued to rise which proved rather challenging as we sought to deliver value. Political and social uncertainties as well as more stringent regulations further aggravated the situation. We addressed these challenges by overhauling our internal processes. We also listened carefully to our industry partners, communities and employees before we embarked on a wide range of proposed major projects to ensure that our success would be sustainable. Today, as we embrace a new financial year, CCM does so in a much stronger financial position and we can look forward to more exciting growth opportunities.

Even with bountiful opportunities in Malaysia, developmental challenges still need to be addressed. Some of the key challenges moving forward will be to ensure a sustainable supply of energy, environmental and climate protection, innovation, next generation productivity and the digital transformation of the current manufacturing process. These will be pivotal factors for our business and industry as we work towards helping Malaysia attain its transformation goal of becoming a high-income nation.

Accountability, transparency and ethical performance have always been key aspects of our operations. Every effort has been made to ensure we remain accountable and responsive to our diverse stakeholders. They challenge us to do better and we strive to outperform their expectations. We remain committed to reaching out to our stakeholders, communicating through multiple channels, engaging in robust dialogue and working towards common objectives for the good of all.

I invite you to take the time to read this report and visit our website to learn about the exciting initiatives that CCM undertook in 2017 based on the EES themes that support the ecosystem of our sustainability practices. I am proud of the work that we have done so far and I am confident that we will strengthen our efforts in the coming years. While we have several success stories to share in this Report, we recognise that there is still much work to be done and will continue to strengthen our sustainability endeavours.

On behalf of the Board of Directors, I would like to thank our diverse groups of stakeholders for supporting our many sustainability initiatives throughout 2017. A special thanks to our employees for their commitment and dedication to helping us embed the agenda of sustainability within CCM. This Sustainability Report is dedicated to all of you and we hope you will find it useful and informative. I welcome your constructive feedback on issues that are central to us. We relish the opportunity to talk with and learn more from you.

Dato' Hajah Normala binti Abdul Samad
Chairman
Chemical Company of Malaysia Berhad

WHERE WE ARE IN OUR SUSTAINABILITY JOURNEY

SUSTAINABILITY POLICY

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

In achieving this, we shall:

1.  Ensure that our activities, products and services are, so far as is practicable, 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

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

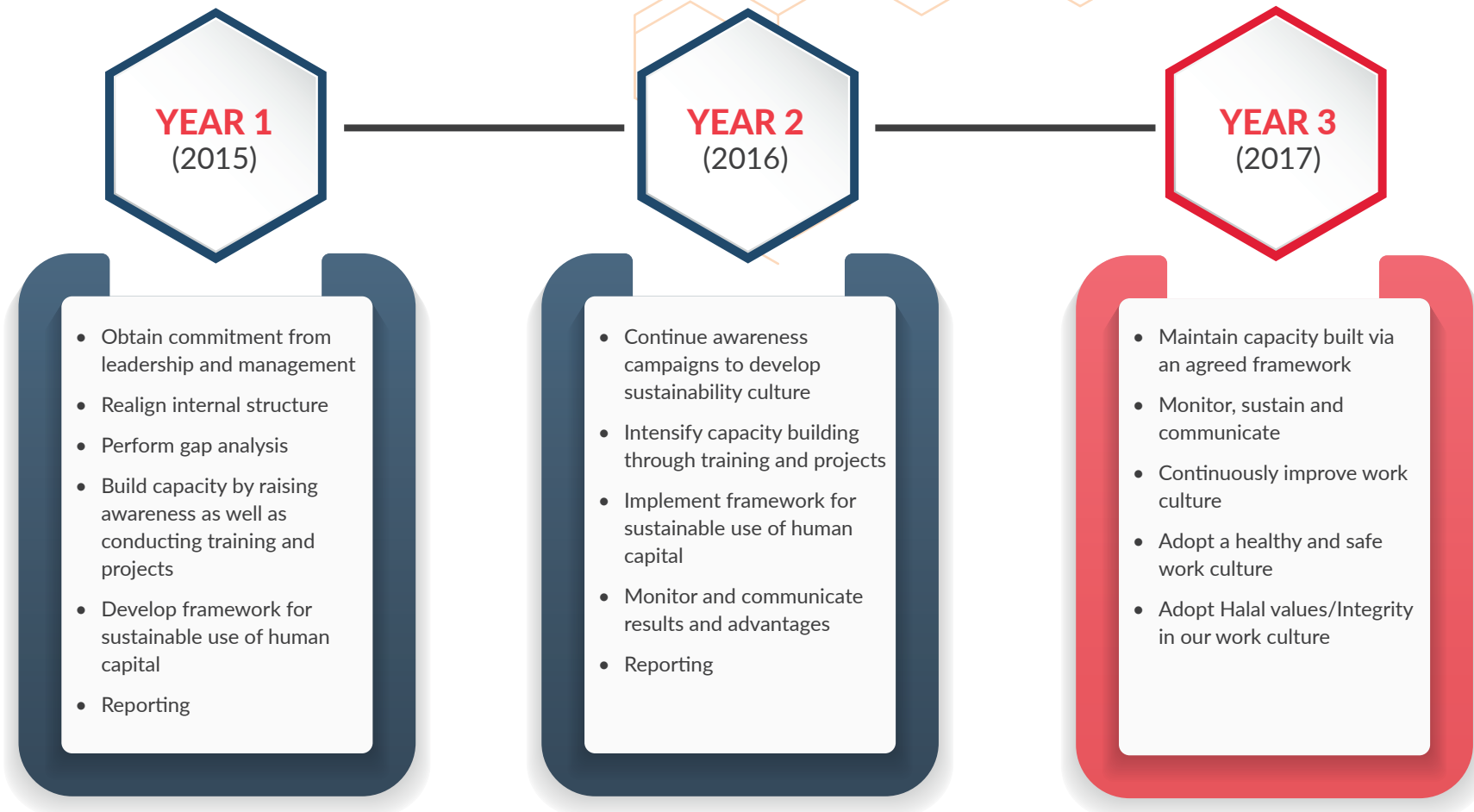
CORPORATE RESPONSIBILITY POLICY

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.



WHERE WE ARE IN OUR SUSTAINABILITY JOURNEY

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



WHERE WE ARE IN OUR SUSTAINABILITY JOURNEY

In this Report, we highlight the progress we have made towards achieving these goals. Our achievements in 2017 are summarised in the table below.

2017 Sustainability Roadmap	Bursa Malaysia Listing Requirements	Key Highlights of the Year (2017)	Details
Maintain Capacity built via an agreed framework	Economic/Social	<ul style="list-style-type: none"> More than 50 activities held at 15 schools nationwide involving 11,600 primary student and 850 teachers under the Pintar programme for 2017. 	Page 42
		<ul style="list-style-type: none"> Introduction of Millennial Pharmapreneur Coaching(MPC) programme to empower 30 pharmacy undergraduates from Universiti Sains Malaysia(USM) with an entrepreneurship skills and mindset. Started in September 2017, 4,640 hours of training has been clocked in under the programme. 	Page 44
		<ul style="list-style-type: none"> CCM's Jalanan Antara Universiti Dan Industri ("JATI") programme trains and grooms pharmacy undergraduates on entrepreneurship in community retail pharmacies. For 2017, 28 students from USM, UiTM and UKM had successfully graduated from the programme. 	Page 44
		<ul style="list-style-type: none"> More than 6,000 secondary school students from 21 schools in Pahang took part in CCM Interschool Showdown Challenge , an investment simulation trading game with 630 students qualified for the semi final round. 	Page 43
Monitor, sustain and communicate	Environment/Social	<ul style="list-style-type: none"> Monthly tracking of Operational Excellence (OE) savings and target for CCM Group conducted by Sustainability Department through internal newsletter to all employees. For 2017, total savings of RM25.26 million was recorded, 28% increased from 2016. To date, OE programmes has generated annualised saving of RM110.57 million since 2012. 	Page 50
Continuously improve work culture	Social	<ul style="list-style-type: none"> 32 employees were trained in OE-QC tools classes while 22 employees passed the examination for Lean Six Sigma Green Belt. A total of 10 employees were then certified as CCM Lean Six Sigma Green Belts. 	Page 50
		<ul style="list-style-type: none"> Recent modernisation of Pasir Gudang plant using latest technology has resulted a total electricity saving of RM3.9 million in 2017. 	Page 23
		<ul style="list-style-type: none"> Through the 3R eCO Buddies programme, a succesfull implementation of the recycling system has resulted in savings of RM750,000 per annum in 2017. 	Page 25



WHERE WE ARE IN OUR SUSTAINABILITY JOURNEY



2017 Sustainability Roadmap

Bursa Malaysia Listing Requirements

Key Highlights of the Year (2017)

Details

Adopt a healthy and safe work culture

Social

- CCM working towards a World Class SHE culture with various activities conducted across the Group. Ultimate aim of programme is 'Zero by Design' SHE culture and way of life. Page 34
- CCM was selected to host Fire and Rescue Department's 19th's 'Exercise Special Team Operations and Response Mechanism' (EX-STORM), a national disaster exercise together with 700 personnel from various agencies. Page 37
- CCM has worked closely with 23 agencies from Malaysia and Singapore for the 'Joint Malaysia - Singapore Chemical Spill Drill Exercise' at the Second Link. Page 38
- CCM took responsibility in ensuring the demolition activities carried out at Shah Alam Plant were carried out without posing any health risk to surrounding communities and future re-development. A total of 770 metric tonne of Asbestos containing materials (ACMs) were successfully dismantled and disposed to Kualiti Alam Waste Management Centre. Page 27
- To commemorate Malaysia's 60th Merdeka Celebration, Kayuhan Kasih Merdeka had attracted 200 participants to cycle along the 20km route. Page 46

Adopt Halal values/Integrity in our work culture

Social

- CCM became the 1st company to receive Halal certification for its range of Prescriptive Medicines. More than 200 medicines products were certified based on the Halal Pharmaceuticals Standard MS2424:2012. Page 21
- CCM organised its 1st CCM Halal Week 2017, Celik Halal on 13 - 17 March 2017. A series of knowledge sharing sessions were conducted such as Celik-Halal Train-the Trainer sessions for employees across the Group and Seminar on 'Malaysia Gopal Leadership: Halal Pharmaceuticals and Informed Choice for Board of Directors and Senior Management. Page 21
- CCM 3-year Organisation Integrity Plan was formulated and approved by the Board of Directors for implementation. The plan was validated by representatives from both Institut Integriti Malaysia and Malaysian Anti Corruption Commission (MACC). Page 52
- Launching of Sahabat GERAH (Gerakan Revolusi Anti Rasuah) initiative for the Group. Subsequently, more than 50 employees registered as a member of Sahabat GERAH. Page 52
- CCM Integrity Pact was enforced since 2015 as a commitment made by suppliers to work together with CCM to fight corruption. In 2017, the practice was expanded to regional office with implementation of Integrity Pact with suppliers of CCM International (Philippines) Inc. Page 52

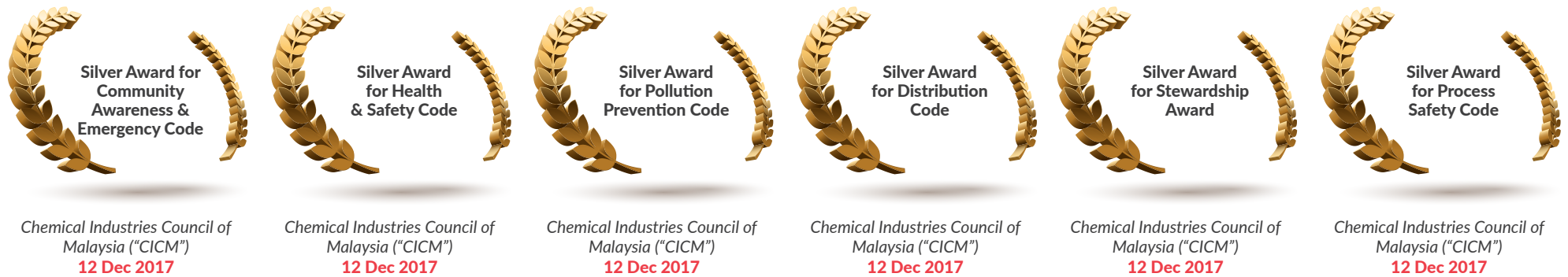
AWARDS AND ACCOLADES

We are proud of the recognition that we have gained through the many local and international awards and accolades that we have won. In 2017, our businesses continued to bag a host of awards for excellence in several areas.

CHEMICALS

CCM Chemicals Sdn Bhd

CICM Responsible Care Awards 2016/2017



PHARMACEUTICALS

CCM Duopharma Biotech Berhad ("CCMD")

CCM Pharmaceuticals Sdn Bhd ("CCMP")

CCMP

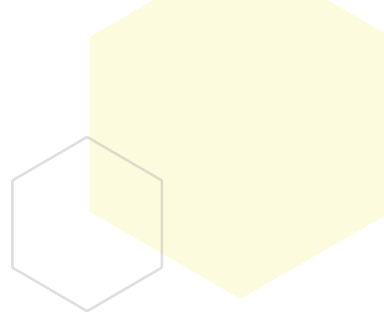
CCMP

CCMP



VALUING OUR STAKEHOLDERS

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



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

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

The salient issues for each stakeholder group and our engagement with each during 2017 are presented below:

Stakeholder Group	Areas of Interest	Addressing Their Interests
Shareholders and investors	CCM's business direction and key corporate developments	<ul style="list-style-type: none"> • Announcements on Bursa Malaysia and our corporate website • Investor roadshows, updates and briefings for fund analysts • Annual general meetings • Annual reports
Communities and public	<ul style="list-style-type: none"> • Transparent and quality products and services • Community development and enrichment • Reaching out to the community 	<ul style="list-style-type: none"> • Reaching out through engagement sessions such as roadshows, seminars, exhibitions and get-together events • Halal Workshop and Symposium • Continuous Medical Education ("CME") sessions for medical fraternity • Community programmes • Philanthropy and donations
Customers	<ul style="list-style-type: none"> • Safe products and services • Quality management • Compliance status of the company 	<ul style="list-style-type: none"> • Up-to-date safety and quality certifications • Zero cases of product safety non-compliance • Accurate description of our products • In-House pharmacovigilance unit in Pharmaceuticals business
Industry peers	<ul style="list-style-type: none"> • Industry developments • Relevant laws and regulations 	<ul style="list-style-type: none"> • Participation in industry forums, conferences, dialogue, exhibitions and both local and international networking events
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance • Nation building • Helping the government achieve its goals 	<ul style="list-style-type: none"> • Supporting the National Agendas, namely the Halal Agenda initiatives and the Bumiputera Agenda • Meetings, dialogues and updates • Good representation in trade councils and associations
Employees	<ul style="list-style-type: none"> • Career development • Competitive remuneration • Work-life balance 	<ul style="list-style-type: none"> • Regular communication through email, townhalls, company intranet, up-to-date Berita Kimia Facebook and in person • Structured and customised training programme that meet individuals' needs • Regular benefit benchmarking exercise performed by Group Human Resources • Various engagement activities such as family days, festive celebrations, sports and charities
Suppliers	<ul style="list-style-type: none"> • Fair procurement • Transparency • Suppliers' development 	<ul style="list-style-type: none"> • Bumiputera Vendor Development Programme • Group procurement policy and procurement system • e-bidding system implemented at Pharmaceuticals and Chemicals businesses



GOOD CORPORATE GOVERNANCE

GOOD GOVERNANCE AT CCM

CCM is committed to upholding and implementing the highest standards of corporate governance throughout our organisation. Through stringent adherence to best practices in this area, we are bringing about the sustainable growth of our diverse businesses, safeguarding our reputation and bolstering shareholders' value. Recognising the importance of good corporate governance in the pursuit of quantifiable and sustainable success for the Group, as well as to ensure continuous value creation for our stakeholders, our Board of Directors is tasked with driving governance matters. Today, this commitment to fostering a corporate culture with high standards of governance, integrity, transparency and accountability is underscored by the many effective initiatives we have in place.

Detailed information on our Board of Directors and our Corporate Governance can be found on our corporate website www.ccberhad.com



CCM ORGANISATIONAL STRUCTURE FOR SUSTAINABILITY





As versatile as the honeycomb structure, our human capital are quick to adapt to the new changes and overcome challenges to lead the organisation to a new height of success.



VERSATILE

UPHOLDING GOOD ECONOMIC PRACTICES

CCM is a Government-Linked Company (GLC) and is presently one of the largest manufacturers of chemicals and polymers in Malaysia. With regional offices in Singapore and Indonesia, we have set the benchmarks for industry by implementing responsible, sustainable and consistent compliance procedures throughout the Group to meet growing domestic and overseas needs.

OUR ROLE IN NATION BUILDING

We continue to make significant contributions to Malaysia's economic development as well as generate economic value for other nations, regions and communities by providing employment, paying taxes, supporting local goods and services as well as developing infrastructure. We consider it our responsibility to make a broader contribution to sustainable development in the communities in which we operate and continue to invest in national projects.



CHEMICALS BUSINESS

We have been the leading industrial and speciality chemicals manufacturer in Malaysia for over 70 years. Our 26-acre chlor-alkali plant in Pasir Gudang was built in the 1990's by an all-Malaysian engineering team after the first plant in Shah Alam discontinued operations. The original Pasir Gudang plant had the capacity to produce 40,000 tonnes Electro Chemical Unit ("ECU") of chlor-alkali products annually. Today, the plant is MS ISO 9001, OHSAS 18001, ISO 14001, Halal and Kosher-accredited, with the capacity to produce an annual 200,000 metric tonnes of chlor-alkali and coagulant products. These coagulant products comprise liquid chlorine, caustic soda, hydrochloric acid, sodium hypochlorite and polyaluminium chloride as coagulant for water treatment processes and industrial sectors such as oleochemicals, soap and detergent, metal, electronic, textile, petrochemicals and rubber products.

Our Track Record

- SIRIM product certification for all chlor-alkali products and coagulants products
- ISO 14001 and ISO 9001 accreditation for Water Engineering Business
- ISO 9001, 14001, 18001 accreditation, Halal and Kosher certification for Chlor-Alkali and coagulant plant - Pasir Gudang Works
- ISO 9001 accreditation for Calcium Nitrate Plant
- 1996 Prime Minister's Hibiscus Award (Exceptional Achievement in Environmental Performance)
- 1st in Malaysia to obtain Halal Certification for Calcium Nitrate and Nitric Acid
- 2012/2013/2015 Prime Minister's Hibiscus Award (Notable Achievement in Environmental Performance)
- Pioneer signatories of Responsible Care Programme in 1994
- Awarded with Platinum, Gold, Silver and Merit Awards in the annual Responsible Care Programme Award
- CICM Responsible Care Awards 2016/2017: Silver Award for Community Awareness & Emergency Code, Silver Award for Health & Safety Code, Silver Award for Pollution Prevention Code, Silver Award for Distribution Code, Silver Award for Stewardship Award



POLYMERS BUSINESS

Established in 2000, CCM Polymers Sdn Bhd is involved in the manufacturing and supply of polymer coating solutions to the rubber glove industry in the ASEAN region. Part of the Chemical Company of Malaysia Berhad ("CCM") Group, CCM Polymers is a one stop centre for chemical supply in the rubber glove manufacturing process. Our knowledge and innovation give us a competitive edge to provide polymer coating solutions that meet the expectations and needs of our customers. Our high-quality products and services have been consistently acknowledged by our customers, both locally and regionally.

Our Track Record

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



UPHOLDING GOOD ECONOMIC PRACTICES

CCM'S ROLE WITHIN THE INDUSTRY

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

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

Chemical Industries Council of Malaysia

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

CICM is the umbrella body representing the various subsector chemical groups comprising oleochemicals, paints, fertilisers, petrochemicals, agriculture chemicals,

industrial gases, coating resins and biodiesel sectors. We also chair the CICM's Regulatory Affairs Committee and are a member of the Technical Committee of its Responsible Care Programme ("RCP").

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

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

Malaysian Rubber Glove Manufacturers Association

Both CCM Polymers Sdn Bhd and CCM Chemicals Sdn Bhd are the associate members of the Malaysian Rubber Glove Manufacturers Association ("MARGMA") which is the official voice and advocate for the rubber glove industry in Malaysia. The association collaborates closely with key Malaysian government agencies and related ASEAN trade associations to promote and protect the interests of its members and the industry. MARGMA also addresses domestic and international issues related to their businesses and the industry.



UPHOLDING GOOD ECONOMIC PRACTICES

PROCUREMENT PRACTICES

Bumiputera Vendor Development Programme

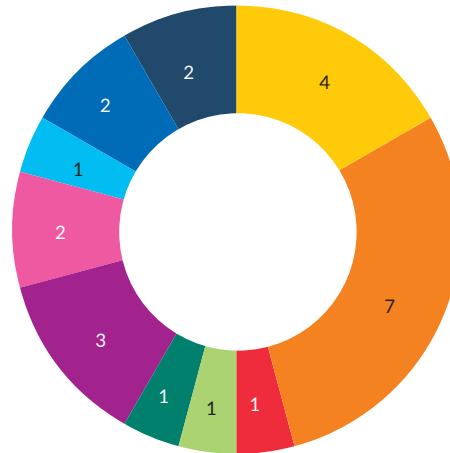
In support of the government's efforts to create a Bumiputera Commercial and Industrial Community (*Masyarakat Perniagaan dan Perindustrian Bumiputera*) under the Bumiputera Economic Council (*Majlis Ekonomi Bumiputera*) initiative, CCM established the Bumiputera Vendor Development Programme ("BVDP"). The CCM BVDP aims to support local businesses and expand our own business which ultimately contributes to the economic growth of the communities in which we operate. Vendors are provided guidance in developing and supplying products and services to our exact specifications. Their business competency performance is also evaluated.

The year in review, saw us continuing to do our bit to develop capable Bumiputera vendors to address and tap into opportunities in the growing Halal pharmaceuticals, polymer and chemical industries. Five new vendors were appointed, namely Nashmir Capsule Sdn Bhd, Utama Multimodal Logistics Sdn Bhd, Widespread Malaysia Sdn Bhd, NSF Engineering Sdn Bhd and Chemtrax Sdn Bhd.

Through the BVDP, CCM hopes to spur the Bumiputera Agenda by providing opportunities and strengthening the competitiveness of Bumiputera entrepreneurs in the industry. We believe that Bumiputera entrepreneurs have sound knowledge and a wealth of experience in Halal matters and that they can be the key driving force behind the Halal pharmaceuticals ecosystem. This will make Malaysia the global thought leader for this industry through the convergence of minds - Shariah and Science - and will open up opportunities for R&D in terms of products, services and the development of key reference documents. To date, 24 vendors have been appointed by CCM under the programme.

CCM's BVDP Vendors Appointed by Anchor Companies

- Manufacturing
- Logistics /Transport
- Clinical Research
- Import
- Distributor Gelatin Powder
- Engineering
- Forwarding Agent
- Event Management
- Training Provider
- General Contractor



ENRICHING COMMUNITIES

Participation in Minggu Saham Amanah Malaysia

MSAM 2017, which was held from 20 to 25 April 2017, was launched by the Prime Minister, YAB Dato' Seri Najib bin Tun Abdul Razak, in Temerloh, Pahang. The year 2017 marked the 13th year of CCM's participation as the Main Partner of MSAM. As to attract and promote healthy



living concept, CCM also featured Augmented Reality technology in displaying key information to visitors. Aside from promoting CCM's healthy lifestyle booth, CCM also organised activities like fitness games and the Pocket Talk initiative with *Ikon Jom Kurus 1* Malaysia, En Aizat Razak. This event was also an opportunity for us to engage with our stakeholders, introduce new products and services as well as gain their valuable feedback.

Organised by Permodalan Nasional Berhad ("PNB"), the Group's holding company, the annual *Minggu Saham Amanah Malaysia* ("MSAM") event serves as a platform to educate members of the public on the importance of financial management as well as to encourage them to actively participate in the country's unit trust industry. The idea of an annual event grew out of the successful organisation of *Minggu Pelaburan Bersama PNB* in 1999. Since its introduction on 20 April 2000 at the Putra World Trade Centre in Kuala Lumpur, this annual national event has secured the participation of more than 3.3 million visitors from all walks of life. Through our continuing participation in MSAM, we aim to support the implementation of an integrated investment education agenda and social outreach to the public.

UPHOLDING GOOD ECONOMIC PRACTICES

Investing in Skilled Technical Workers

CCM has invested in the development of the next generation of skilled technical workers in Malaysia by contributing machinery and equipment worth RM2.5 million to Kolej WIT, a leading engineering and technical-based training college in the country. The contribution is part of our efforts to foster the practical application of skills and knowledge amongst students to ensure a steady pool of high-quality and skilled technical workers in Malaysia, in line with the government's TN50 goal of spearheading the nation to become a Top 20 country in the world by 2050.

The machinery and equipment that we donated to Kolej WIT were previously used in our divested fertilisers business and included switchboards and switchgears, capacitor banks, power supply isolator panels, circuit breakers/switchgears, motors, current transformers 11kV/100V, rotex slip ring motors and steam turbines.

There is an increasing demand for highly skilled workers amidst the ever-changing economic landscape and CCM is committed to cultivate experiential learning experiences that allow students to relate theory to practice and become innovative, competitive and competent workers. We have always supported the government's effort to increase the number of students in quality technical education and vocational training to ensure the sustainability of highly skilled workforce in areas with high market demand. We are confident that our contribution to Kolej WIT will accord its students the essential tools they need to help build their technical skills.

Our Contribution to the Halal Sector

For the year in review, we actively organised internal awareness and knowledge sharing workshops to strengthen participants' understanding of CCM's Halal initiatives and aspirations. The Celik Halal Train-the-Trainer sessions were held in the months of January, March and July. There was also a seminar titled "Malaysia Global Leadership: Halal Pharmaceuticals and Informed Choice" designed for CCM's Directors and Senior Management. The highlight of the year was the CCM Halal Week 2017 held from 13 to 16 March 2017. Various activities were conducted at all sites as follows:

- i. Opening & Closing Ceremony of CCM Halal Week 2017
- ii. CCM Celik Halal Briefing sessions for employees & suppliers
- iii. CCM Apprentice: CCM Halal Champion - Elevator Pitch Competition
- iv. Online Quiz and Video Messaging Competition
- v. Forum on Symphony on Leadership, Integrity & Responsibility
- vi. Plant Visit to CCM Pharmaceuticals, Bangi : Production of Halal Pharmaceuticals products

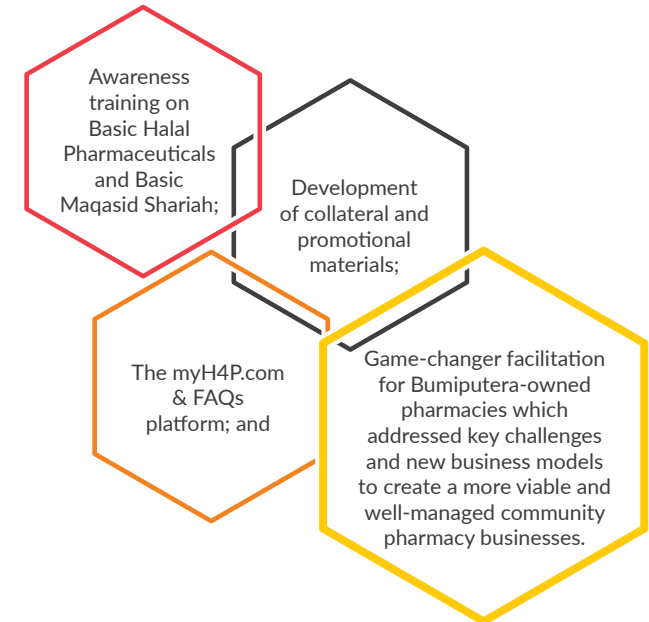
In 2017, CCM through its pharmaceutical division, became the first company to receive the new certification scheme for controlled or prescriptive medicines or ethical products, launched by the Department of Islamic Development Malaysia or JAKIM. The new scheme, which was launched on 2 February 2017, demonstrates that government support indirectly boosts CCM's prospects in the controlled or prescriptive medicines segment.

Another key initiative undertaken in 2017 was the CCM Halal Pharmapreneurs Programme, which was first introduced to community pharmacies and co-op



pharmacies in 2017 to address challenges faced by retail and community pharmacies. Nine outlets were selected to participate in the first batch of the Halal Pharmapreneurs Programme. The first workshop was held from 26 - 27 April 2017 and this was followed by a one-day Alignment Session conducted by the Centre for Development and Research ("CEDAR"), SME Bank, on 11 and 13 July 2017 while coaching sessions commenced on 19 July 2017.

The key elements of the CCM Halal Pharmapreneurs initiative included:





Resilience is another quality of the honeycomb that is reflected in our organisation. We adapted quickly to external market shifts, realigning our business strategy to focus our efforts on the core areas that we can win and we delivered the results.

RESILIENT

UPHOLDING GOOD ENVIRONMENTAL PRACTICES

As a responsible corporate citizen, we endeavour to create a positive impact for the communities we operate in through conserving and protecting the environment. Environmental sustainability means that we are living within the means of our natural resources. To live in a truly environmentally sustainable manner, we need to ensure that we are consuming our natural resources, such as materials, energy fuels, land and water at a sustainable rate. Some resources are more abundant than others and therefore we need to consider material scarcity and minimising any damage to the environment from extraction of these materials. Our observance of the three R's rule which stands for "Reduce, Reuse and Recycle" is part of the waste hierarchy process used to protect the environment and conserve resources through a priority approach.

Our commitment towards environmental conservation and compliance is framed in our Sustainability Policy and realised through the Company's commitment towards ensuring our operating facilities comply with all regulatory requirements. We also allocate the appropriate resources and investments to certify our employees as competent persons under regulations pertaining to industrial effluent and emissions management, scheduled waste management and air pollution control, among other things.

ENERGY EFFICIENCY MEASURES

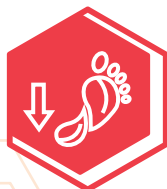
There are numerous advantages to minimising energy usage and CCM is continuously looking for ways to ensure energy efficient business operations. By minimising energy consumption, we can:



Lower our operating costs;



Reduce fossil fuel usage;



Reduce our carbon footprint; and



Enhance quality of life of all our stakeholders.

To minimise energy usage, energy-saving lightbulbs are used whenever possible throughout our operations while our Procurement Department considers energy efficiency features when procuring new equipment.

We use large amounts of energy in our manufacturing processes with a major part of purchased electricity going towards the production of chlor-alkali products. A summary of our energy used by fuel type is presented below.

Breakdown of Energy Consumption from 2015 to 2017

Indicator	Unit	2015	2016	2017
Electricity Consumption (Energy)	MWh	173,598	157,118	159,451
Fuel Oil	Litres	1,058,245	306,267	13,208
Diesel Oil	Litres	224,893	119,600	330,941
Natural Gas	Sm ³	6,684,270	4,139,000	3,630,000

New Energy Efficient Technology

For the year in review, a major energy-related improvement came by way of the consolidation of the chlor-alkali operation at Pasir Gudang Works ("PGW") 2 and the decommissioning of the PGW 1 operation. This saw the main equipment with high electricity demand being replaced with new energy efficient technology which led to electricity savings of more than 10,000,000 KWH equivalent to RM3.8 million in 2017.

UPHOLDING GOOD ENVIRONMENTAL PRACTICES

EFFLUENTS AND EMISSIONS MANAGEMENT

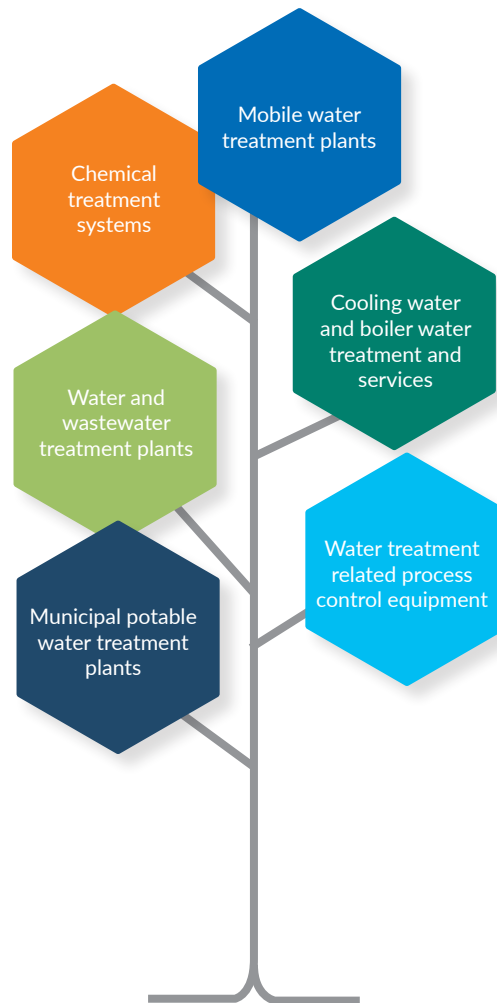
We are committed to ensuring our operations, such as CCM's Chemicals chlor-alkali manufacturing plant at Pasir Gudang, have minimal impact on the environment through effective effluents and emissions management. Our effluents and emissions performance over the last two years was as follows:

Effluents & Emissions Performance

Parameter	Unit	2015	2016	2017
Aquatic Effluent Discharge	m ³	143,378	108,197	103,731
Average COD Level	mg/L (ppm)	3,641	2,225	1,697
Atmospheric Emissions CO ₂ eq	tonnes	122,201	104,153	104,070

As part of our effluent management process, we ensure proper management of wastewater at our operations to ensure our discharge does not adversely affect human health or the environment. Today, all the Group's manufacturing plants are equipped with wastewater treatment facilities. Wastewater discharged from our plants is managed and treated to meet regulatory standards and minimise any impact on the environment. We continue to meet all the Department of Environment's ("DOE") stringent criteria pertaining to safe water discharge.

Being a leading chemical specialist, we also provide innovative, environmentally-friendly and cost-effective water and wastewater treatment solutions to various industries and government agencies. This includes engineering, procurement, construction, commissioning, operation and maintenance works pertaining to:



REDUCING WATER CONSUMPTION

We are also focused on reducing water consumption and are committed to:



Total Water Consumption by Year

Year	Water consumption (m ³)
2017	688,484
2016	764,515
2015	877,363

UPHOLDING GOOD ENVIRONMENTAL PRACTICES

EFFECTIVE WASTE MANAGEMENT

The proper management of materials and waste at our plants is important to our local communities and is the focus of our environmental permits and other regulatory requirements. We avoid using hazardous materials. We re-use or recycle non-hazardous materials to prevent waste from being generated in the first place. When prevention, reuse and recycling are impractical, we apply controls and treatment technologies to minimise the impact on human health and the environment.

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

3R eCO-Buddies Initiative

Looking after environmental health is crucial to ensuring that we and our future generations can continue to live healthy lives on a thriving planet. With this in mind, the 3R eCO-Buddies initiative was officially launched in March 2017 in conjunction with the Q1 Town Hall session at the CCM Polymers site. This collaborative effort involves the proper identification, segregation and recycling of washed water by the respective operating units. A recycling system was implemented successfully with hard savings of RM750,000 per annum.

Styrofoam-free Initiatives

While CCM initiated and launched "Project Styro-Free Zone" in 2016, the project was superseded by the government's ban on petroleum-based plastic bags and polystyrene food containers in early 2017. Today, the government is promoting the use of biodegradable and compostable plastic bags and food containers that degrade in about six months.

UPHOLDING GOOD ENVIRONMENTAL PRACTICES

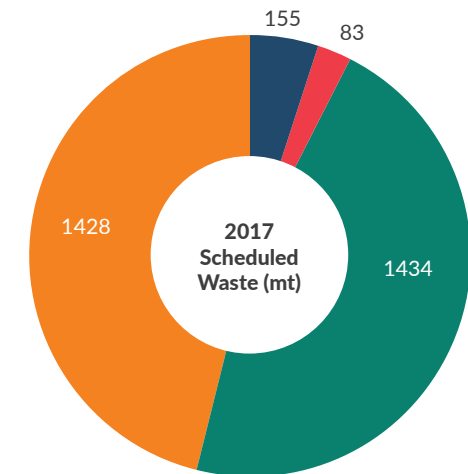
Scheduled Waste

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

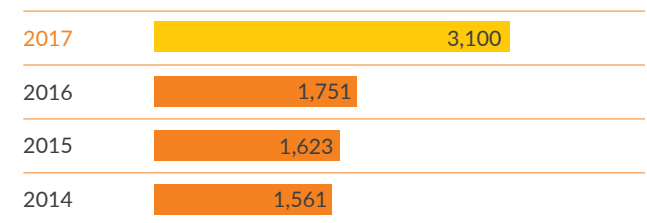
SW Code	Description	Business	
		Chemicals	Polymers
SW 106	Residues from recovery of acid pickling liquor	✓	
SW 109	Waste containing mercury or its compound		
SW 204	Sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium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

Scheduled Waste by Businesses (mt)

Chemicals Polymers Fertilizer Pharmaceuticals



Scheduled Waste by Year (mt)





UPHOLDING GOOD ENVIRONMENTAL PRACTICES

LAND REMEDIATION MEASURES

Rehabilitation of the Shah Alam Plant

The CCM Shah Alam Plant (“SAP”) began operations in 1964 with the commissioning of a chlor-alkali plant, followed by the commissioning of the compound fertilizer plant in 1965. At that time, much of the roofing and cladding of the fertilizer plant were made from asbestos, well before building regulations relating to asbestos were implemented in the 1980s. This posed an environmental challenge when the site was scheduled for decommissioning between 2015 and 2017.

CCM took responsibility to ensure that demolition activities for the whole site were dutifully carried out without posing any health risk to the surrounding communities and future re-development. To this end, we engaged contractors who were licensed to carry out safe, efficient, and environmentally-friendly removal solutions for asbestos-containing materials (“ACMs”) still on the SAP site. All in all, 770 tonnes of ACMs were successfully dismantled and disposed off at Kualiti Alam’s Waste Management Centre at a total cost of RM2.04 million.

As the final stage of the demolition phase in December 2017, CCM undertook a controlled demolition of the main stack. The exercise involved the demolition of 60-metre concrete stack which was successfully demolished in less than 10 seconds. An extensive risk assessment was conducted and approvals from relevant authorities were obtained prior to the exercise in order to ensure the safety of the exercise.

CCM had also organised an engagement session with relevant authorities including the Department of Environment (“DOE”), Department of Safety and Health (“DOSH”), Fire and Rescue Department, the Shah Alam City Council and community leaders at site for a detailed briefing of the carefully planned exercise.

Management of ACMs

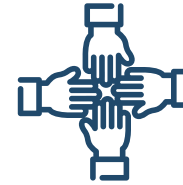
No	Job Description	Costs as per amount invoiced (RM)
1	Dismantling	1,150,000.00
2	Disposal	890,000.00
TOTAL		2,040,000.00

RECOGNISED FOR OUR ENVIRONMENTAL EFFORTS

For our commitment towards ensuring environmentally sustainable operations, we received the following awards and accolades in 2017:

- Notable Achievement in Prime Minister Hibiscus Award 2016/2017 which is Malaysia’s premier environmental award;
- Silver Award for Pollution Prevention Code in Responsible Care Programme under the CICM.





Similar to the team spirit displayed by the hardworking bees in building their honeycomb hive over time, our company's team of committed employees have worked together concertedly over the years to lay the foundation for a better future by embracing our vision of 'Enhancing Quality of Life'.

TEAMWORK

UPHOLDING GOOD SOCIAL PRACTICES

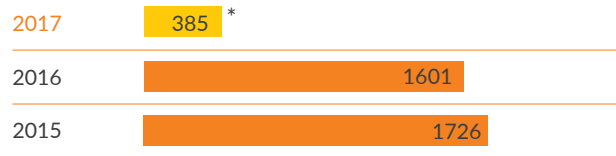
LABOUR PRACTICES AND DECENT WORK

Our people are a key asset and essential to our long-term success. As such, we continue to focus our efforts on creating and sustaining a safe and engaging work environment that is conducive to attracting, developing, retaining and supporting a high-performance workforce. To ensure our people can be the best they can be and produce excellent results, we provide them with the right tools and knowledge as well as a conducive work environment. All of this is aimed at nurturing their professional and individual development, empowering them to make decisions, supporting a good work-life balance, as well as safeguarding their health and wellbeing.

THE CCM WORKFORCE Diversity

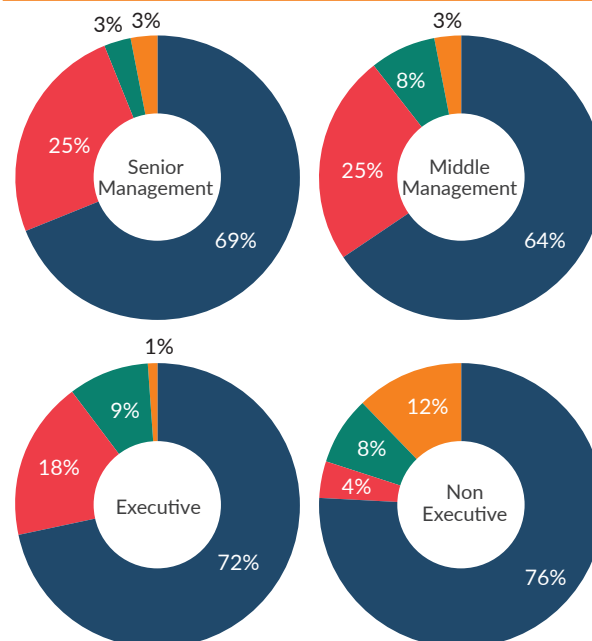
CCM welcomes diversity and its benefits to the Company. Workplace diversity fosters mutual respect among employees. Diversity not only involves how people perceive themselves, but how they perceive others, and those perceptions affect their interaction with their peers. All races and age groups are well represented within CCM with men slightly outnumbering women. Our diversity indicators are presented in the charts below:

Total Number of Employees by Year



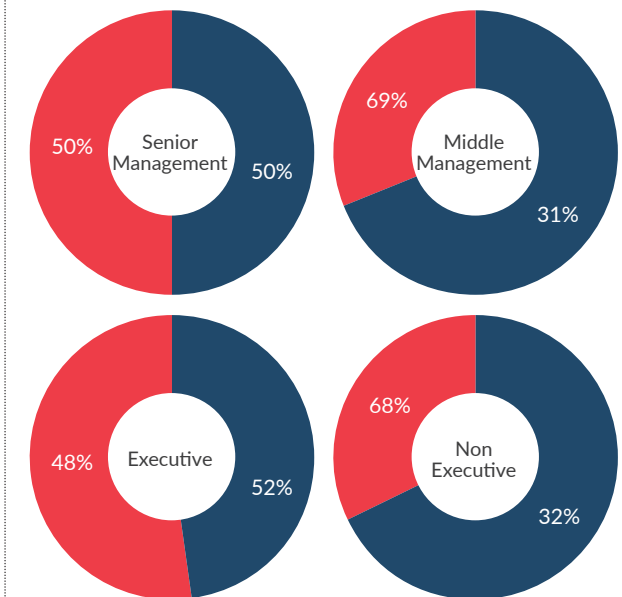
Breakdown of Employees by Ethnicity (%) Excluding Temporary Workers

■ Bumiputera ■ Chinese ■ Indian ■ Others



Breakdown by Gender (%) at Different Levels of Management

■ Male ■ Female

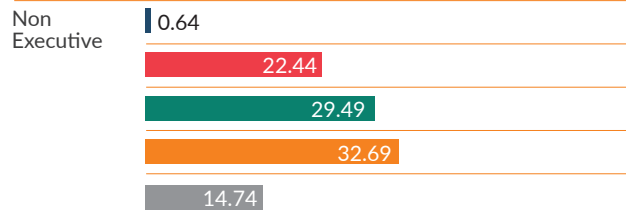
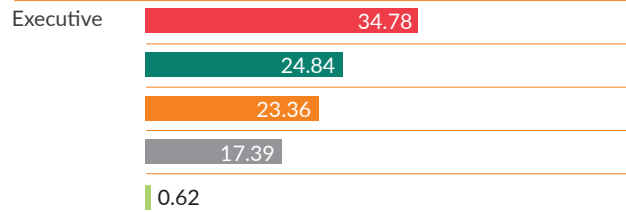
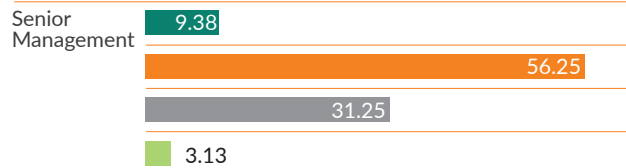


*Excluding CCM Duopharma employees following the completion of demerger exercise on 28 Dec 2017.

UPHOLDING GOOD SOCIAL PRACTICES

LABOUR PRACTICES AND DECENT WORK

Breakdown by Age Group (%) at Different Levels of Management



ENGAGEMENT ACTIVITIES

Our success depends on our people performing to the best of their abilities. To achieve this, they must feel motivated, connected and valued. Ensuring our employees are engaged helps foster a culture of personal responsibility and innovation.

Employee Engagement Initiatives

In 2017, we rolled out numerous initiatives to foster teamwork and interpersonal relationships between employees of all levels. This approach went a long way in ensuring our employees were continuously engaged and motivated.

Activity	Details of Engagement	Frequency
Breakfast with the GMD	The hour-long breakfast sessions with the GMD enabled employees to mingle with the GMD in a casual setting. This served as a platform for our GMD to inspire employees by touching upon his achievements and the challenges he faced in his time with CCM.	Monthly
Quarterly Townhall	CCM conducted quarterly townhall sessions at all its sites to communicate and update the employees on company's initiatives and direction. The session also acts as a communication platform between the Management and employees, in posing questions related to the company or their work.	Quarterly
Festive Celebrations	To strengthen the esprit de corps throughout CCM among people of different beliefs and cultures, we continued to celebrate major festivals such as Hari Raya and Chinese New Year, among others in 2017. Group HR handed out Ramadhan and Chinese New Year gifts to staff while the respective work sites organised activities such as potlucks and the departments held open houses.	Annually
Sports Activities	To ensure the wellbeing of our employees, we encourage them to embrace a healthy lifestyle. To this end, we organised sports programmes such as Zumba fitness sessions and badminton, among other activities throughout 2017.	Weekly



UPHOLDING GOOD SOCIAL PRACTICES

LABOUR PRACTICES AND DECENT WORK

Kelab Sukan CCM

Kelab Sukan CCM (“KSCCM”) serves as an informal platform for employees from the various businesses to come together and interact on matters outside of normal business. The sports club is run by its President, Deputy President, Secretary, Treasurer and 24 Committee Members from the various businesses within CCM.

In 2017, KSCCM introduced several new activities such as CCM Got Talent competition and water sports such as kayaking and water polo during the annual Sports Carnival. The following is a list of activities that KSCCM organised in 2017:

KSCCM Activities in 2017

Activities	Date
Fishing Competition	20 May
Sports Carnival	5 August – 18 November
High-tea and Education Excellence Awards	26 August
CCM Got Talent	28 October
Sports Carnival Closing	18 November
Annual Dinner	2 December

Employee Engagement Survey

Our annual employee engagement survey is a key measure for gauging how connected and motivated our employees feel. It also serves as an effective method to gauge whether we have delivered on our promises to our employees so they can perform in the most optimal manner. The survey encompasses a wide range of topics. In 2017, our overall results showed an improvement with an 87% rating compared to an 82% rating in 2016. We also registered an employee participation rate of 98%, which demonstrates our employees’ willingness to share their opinions with us.

Talent Recruitment

CCM is committed to recruiting fresh local talent through career programmes and fairs, both locally and abroad. Potential recruits undergo a rigorous interview process that assesses their skills and capabilities. It also helps to gauge their suitability for the role in question and their compatibility with the Company’s culture. In 2017, we participated in two local and one international career fairs.



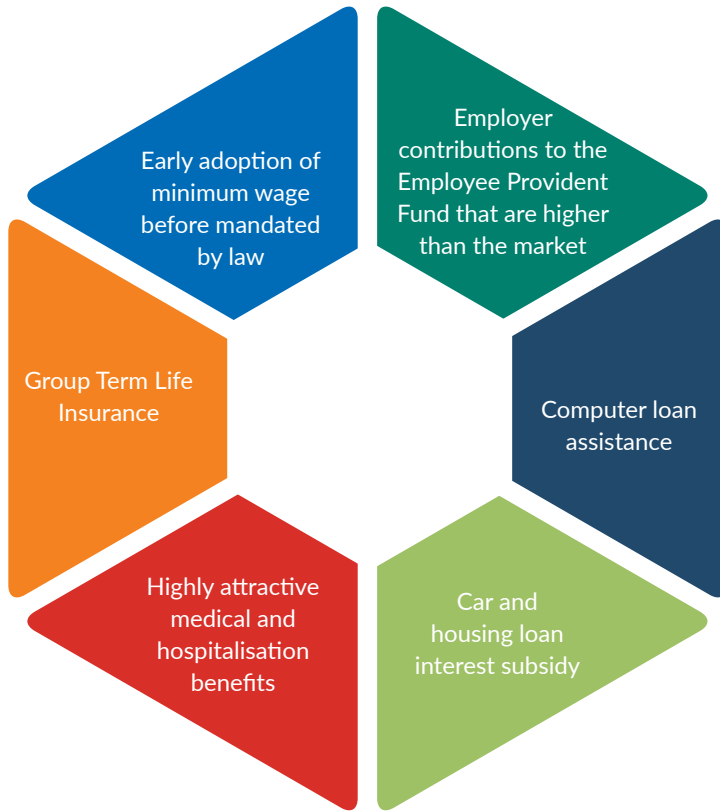
UPHOLDING GOOD SOCIAL PRACTICES

LABOUR PRACTICES AND DECENT WORK

RECOGNISING EMPLOYEES' CONTRIBUTIONS

Benefits and Remuneration

In appreciation for our employees' hard work and contributions, we ensure they are recognised accordingly. All employees receive fair compensation, benefits and saving plans tailored for the local marketplace. The following is a sample of the range of benefits that we provide employees as part of an attractive employee compensation package:



Long Service Awards

We continue to recognise and reward long-serving employees through the CCM Long Service Awards Presentation, an annual event that is held towards the end of every year. The Long Service Awards commemorate staff who have served the company for 10, 15, 20, 25, 30, 35 and 40 years, while the Gold Medallion is gifted to retirees.

On 17 November 2017, the Company celebrated the contributions of 172 recipients with the Long Service Awards event at the Le Meridien Putrajaya. Spouses of employee were also invited as CCM believes that they are the supporting pillars who enable employees to dedicate their unwavering loyalty and commitment to the Company.

Years of Service	10	15	20	25	30	35	40	Gold Medallion	Total Recipients
Total	62	44	39	18	0	3	3	3	172





UPHOLDING GOOD SOCIAL PRACTICES

LABOUR PRACTICES AND DECENT WORK

NURTURING OUR PEOPLE

Training and Development

As a responsible Company, CCM has put in place structured learning and development programmes which allow our employees to learn, grow and share their knowledge and experiences. A new framework has been developed and introduced in an effort to strengthen learning and development. In 2017, we organised numerous training modules covering three main topics, namely Functional Mastery, Soft Skills, and Leadership with each employee undergoing an average of 44.20 hours of training. Aside from nurturing strong employees by giving them the skills they need to excel, CCM is also committed to achieving cultural transformation where learning becomes ingrained in our DNA and culture to develop talent.

my Millennial Apprentice Programme

The my Millennial Apprentice Programme (“myMAP”) is a fast-tracked development programme under the Bumiputra Empowerment Agenda for talented graduates to achieve their maximum potential and build a successful career as the future leaders of the Company and on a global level. Previously known as the Graduate Trainee Programme (“GTP”), myMAP was introduced in 2014 to transform CCM into a talent-powered organisation that enhances the quality of lives of Malaysians.

myMAP targets the new generation of graduates in the United Kingdom and locally. It aims to attract graduates from different disciplines – from general studies and life sciences to engineering. Over the course of this 18-month programme, participants have the opportunity to experience two job rotations which gives them exposure to different departments. This helps CCM to assess the capabilities and talents of these apprentices before they are given permanent positions.

Candidates selected for the myMAP programme undergo a blend of classroom training, real-life work assignments and special projects as part of their accelerated career programme. The special projects relate to the areas of corporate responsibility, motivation and the sales and marketing of pharmaceuticals products. Candidates are required to showcase their experiences and the projects they are assigned to senior management who will then provide feedback on their performance.

The myMAP initiative is aimed at nurturing participants’ career growth and self-development. In return, the Company benefits from these fresh graduates who bring on board their fresh business perspectives and a new dynamism while retaining the Company’s core values.

Skim Latihan 1Malaysia Programme

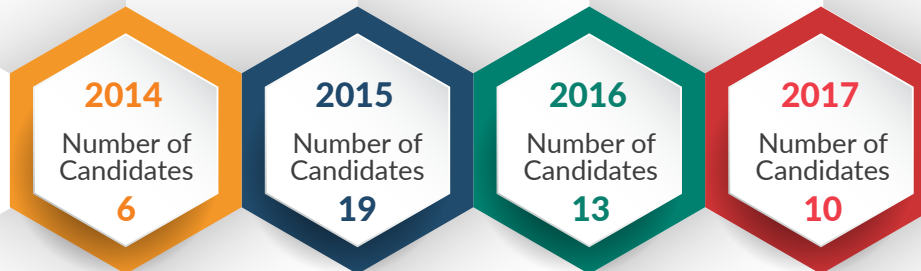
This programme is aimed at providing soft-skills and on-the-job training to Malaysian graduates, especially those from underprivileged families. Since 2013, CCM has accorded on-the-job training to 209 trainees with 33 of them being absorbed into the CCM workforce. At the end of the programme, our objective is to ensure these graduates will have developed personal mastery,

SL1M Limit Breakthrough Programme

‘SL1M Limit Breakthrough Programme’ is one of the initiatives by CCM towards SL1M trainees to expose them to Sales and Marketing activities while enhancing their communication and project management skills. During this 3 months challenge (May-July 2017), SL1M trainees were divided into four groups of 7 trainees. Each trainee was required to achieve RM200 profit from direct selling and RM40 profit during booth sales. They were given two months to achieve the target through direct selling activities and a one-day event for booth sales. Overall, the teams have shown their undivided commitment throughout the programme despite challenges and set-backs with two teams managed to exceed the given KPI.

learned best work practices and gained experience in the corporate world through accelerated work-based learning. For 2017, CCM introduced SL1M Limit Breakthrough Programme (Sales and Marketing Project) under the SL1M intervention programme in order to boost their confidence and communication skills, develop planning and strategy skills as well as having a focused mindset.

Breakdown of myMAP Candidates



UPHOLDING GOOD SOCIAL PRACTICES

OCCUPATIONAL SAFETY AND HEALTH

The health and safety of our employees, customers and suppliers has always been the priority for CCM. Our dedicated Safety, Health and Environment (SHE) team is committed to improving our safety performance and to minimising incidents wherever we are working. To maintain our excellent safety record, we ensure we implement thorough and frequent training, with regular audits to ensure all our employees follow the correct procedures. We also encourage our suppliers and contractors to join our safety programmes.

TOWARDS WORLD CLASS SHE CULTURE

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

Since 2016, CCM Chemicals has been organising a SHE perception survey to gauge our progress towards reaching the standard of world class SHE companies. In 2017, we embarked on our “Towards World Class SHE Culture” programme, a journey and commitment by senior management and staff to achieve world class performance which targets zero incident, zero pollution

and zero waste. The ultimate aim of this programme is for the Chemicals Division to achieve a ‘Zero by Design’ SHE culture and way of life. In addition, the Group also carries out a SHE Awareness Week, regular talks and educational programmes throughout the year. All of these are in place to reinforce the importance of SHE at work, on the road and at home.

SHE Committees

CCM has established safety and health committees throughout its operations as required by Department of Safety and Health or DOSH regulations. These committees comprise of a Chairman, Secretary and both employer and employee representatives.



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

UPHOLDING GOOD SOCIAL PRACTICES

OCCUPATIONAL SAFETY AND HEALTH

Key Programmes for 2017



UPHOLDING GOOD SOCIAL PRACTICES

OCCUPATIONAL SAFETY AND HEALTH

Safety and Health Performance

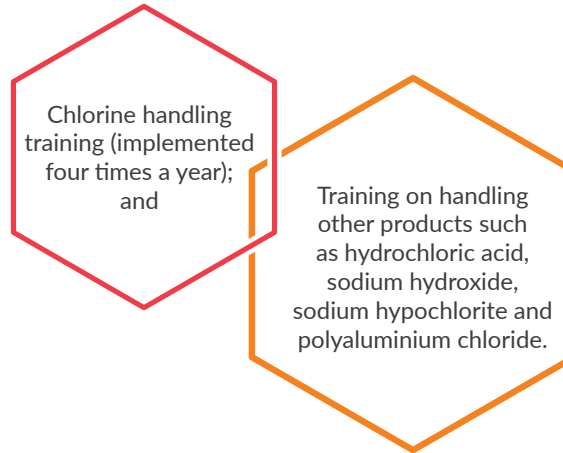
In 2017, CCM continued to uphold stringent SHE measures, however the number of LTIs and Recordable Incidents increased due to rapid development and expansion at all CCM sites.

	2014	2015	2016	2017
Number of incidents	114	116	107	131
Number of LTIs ("Lost Time Injury")	0	7	6	7
Non-Recordable Incidents	106	107	100	121
Recordable Incidents	8	9	7	10
TRCF ("Total Recordable Case Frequency")	1.34	1.83	1.41	2.2

Safe Product Handling Training

As an advocate of greater safety in the chemical industry, CCM Chemicals is committed toward ensuring a safer environment for its employees, customers, investors and the public in the communities that it operates in. To this end, the company leverages on its knowledge to benefit customers and the relevant government agencies by providing training on safe product handling.

CCM Chemicals conducts two types of training:



The chlorine handling training comprises theoretical training within a classroom setting and practical exercises at the Pasir Gudang plant. Training for other products is conducted at our customers' premises and comprises both theoretical training and practical exercises.

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 drivers and 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; and
- ✓ A yearly audit for transportation companies.

The year saw 18 drivers attending refresher training on product handling over two sessions and racking up 144 training man-hours. 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.

UPHOLDING GOOD SOCIAL PRACTICES

OCCUPATIONAL SAFETY AND HEALTH

Chemical Emergency Service Team

CCM Chemicals has established Chemical Emergency Service (“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 is led by a Plant Engineer or Manager and is assisted by Technicians and 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.

EX-STORM Exercise

As a breach or breakdown in our facilities could cause a major hazard, our Emergency Response Plan is a crucial element in ensuring that any untoward incident is managed in a responsible and systematic way. Our Pasir Gudang plant is one of the active members of the Pasir Gudang Emergency Mutual Aid (“PAGEMA”) Group who collaborate to uphold high SHE practices and regulations among member companies. In 2017, PAGEMA’s annual mock exercise, was expanded to involve five disaster scenarios at five companies and locations occurring over the span of 12 hours due to an earthquake.

CCM Chemicals was selected as one of the five hosts for the event named “Exercise for Special Team Operation & Response Mechanism” or EX-STORM which was postulated this year as a national disaster exercise drawing in 700 fire and rescue personnel. The scenario involved a chlorine gas release from a storage tank due to pipelines breaking down. This supposed accident had caused a widespread plume of toxic gas escaping into the environment affecting the community within a 10km radius of the plant. For more than 15 years, regularly rehearsed PAGEMA mock drills have helped to ensure our response to a chemical breach or facility breakdown is undertaken in an orderly and systematic manner.



UPHOLDING GOOD SOCIAL PRACTICES

OCCUPATIONAL SAFETY AND HEALTH

Scenario 1 – Chlorine Leak at Alor Gajah

On 28 September 2017, there was a “chlorine leak incident” at Alor Gajah, Melaka that was caused by abandoned drums of foreign origin. The chlorine leak caused 24 people to be hospitalised, including 4 members of the Fire and Rescue Department first responders and more than 200 residents in the nearby housing areas who were evacuated for their safety.

The CES Team received a call from the Fire and Rescue Department notifying us of the incident and requesting our assistance at site to help manage the incident although the leaking chlorine drums did not belong to CCM Chemicals. A three-man CES team was immediately dispatched to the site. Upon arrival, our CES team and the Fire and Rescue Department’s HAZMAT team immediately got down to arresting the situation.

Our CES team also assisted the Police Department in their investigations to identify the origin and the owner/agent of the drums. Once the Police had contacted the owner/agent of the drums, CCM was invited by the Melaka State Government to act as the State’s advisors in a joint task force meeting between the owner/agent, State Government, Police Department, Malaysian Defence Forces, Fire and Rescue Department and representatives of the evacuated residence to discuss ways to safely remove the drums from the residential area.

The HAZMAT and Police teams requested our CES team to provide support to escort the drums to the owner/agent’s premises located about 150km away in Rawang due to the concern that the drums were damaged and could leak on the way to the owner/agent’s premises.

Scenario 2 – International-level Chemical Mock Drill

CCM Chemicals also played its part in lending support to the bilateral cooperation programme under the Malaysia-Singapore Joint Committee on the Environment (“MSJCE”) in which Malaysia’s DOE and Singapore’s National Environment Agency (“NEA”) jointly re-enacted a potential life-threatening chemical spill scenario. Responding swiftly to this international-level emergency response exercise, the CES team worked steadily with a total of 23 local and Singaporean emergency responders to effectively contain the chemical spill during the mock drill. These included the Royal Malaysian Police, Fire and Rescue Department, the DOE, Department of Chemistry, Malaysian Civil Defence Force, Malaysian Maritime Enforcement Agency, Maritime and Port Authority of Singapore, National Environment Agency, Singapore Civil Defence Force as well as the Singapore Police Force and Police Coast Guard.

The mock drill is an integral component of the chemical spill Emergency Response Plan developed by the DOE and NEA to ensure that CCM Chemical’s personnel, among other parties, are well-equipped to effectively manage potential accidents involving the transportation of hazardous chemicals along the Second Link. The drill is also essential for us to understand the safety measures involved and identify the gaps that need to be improved upon when responding to an actual chemical spill.

During the hour-long exercise, the CES team provided its expertise and experience in handling accidental releases of hazardous chemicals, thereby demonstrating the prowess and state of readiness of the CES team and logistic providers to tackle any emergency situation at any time.

CCM Chemicals upholds stringent measures when it comes to the production, storage, transportation and use of its chemicals. We have vast experience delivering hazardous chemicals to Singapore in a safe manner and we are proud to say that there have been no accidents involving the transportation of our products on the Second Link since we began supplying the island nation many years ago.

We continue to adhere to SHE regulations in our daily operations and participate in simulation exercises as and when required to ensure that we are fully prepared to protect the safety of the public, property and the environment during any emergency situation.

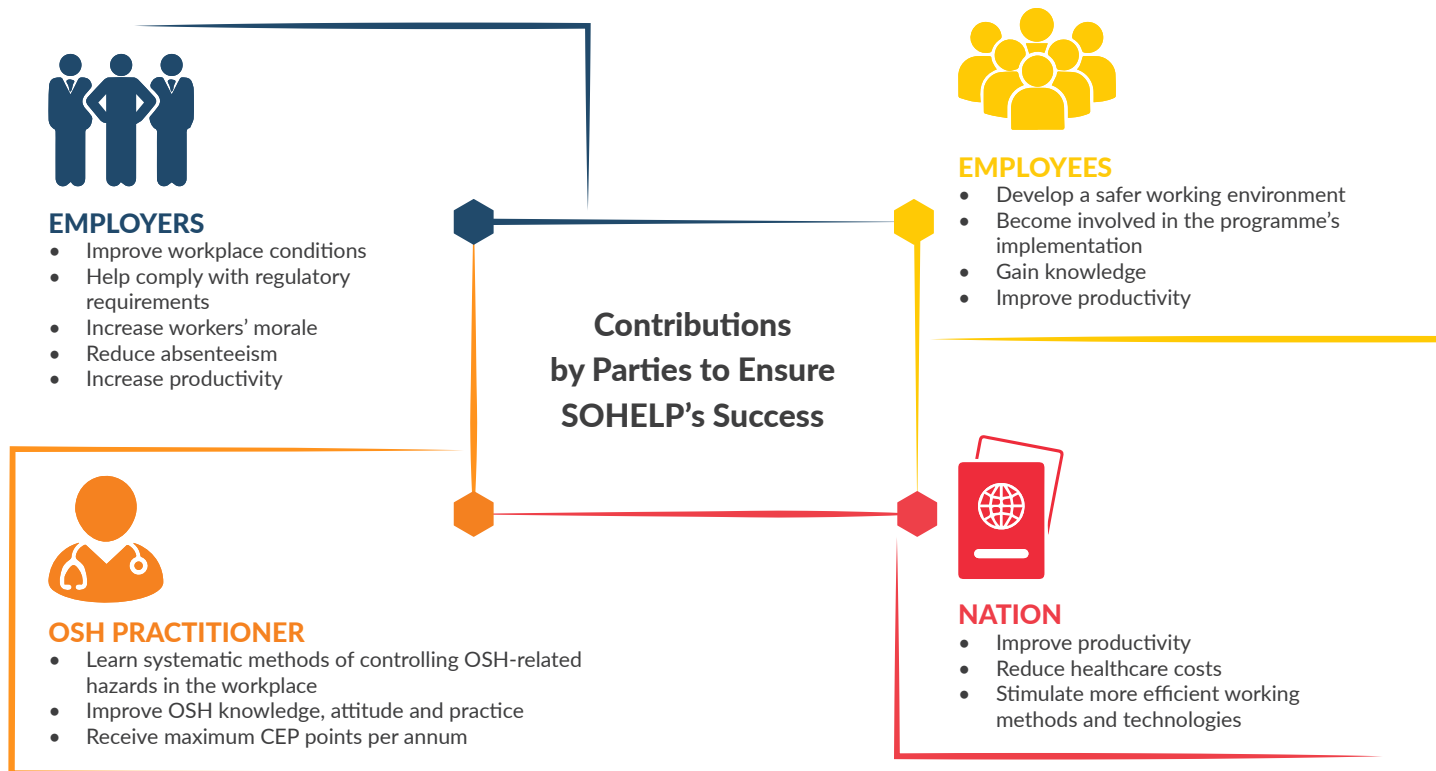


UPHOLDING GOOD SOCIAL PRACTICES

OCCUPATIONAL SAFETY AND HEALTH

Systematic Occupational Health Enhancement Level Programme

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



CCM also remains committed to minimising musculoskeletal disorder (“MSD”) cases recorded in our Company. Common MSD cases include temporary back pain, carpal tunnel syndrome and upper limb disorders. We have implemented an Ergonomic Risk Assessment throughout the workplace.

We have also established procedures governing ergonomics in the workplace; ergonomic risk identification; early reporting and investigation of diseases; and ensuring ergonomics are considered when purchasing equipment.

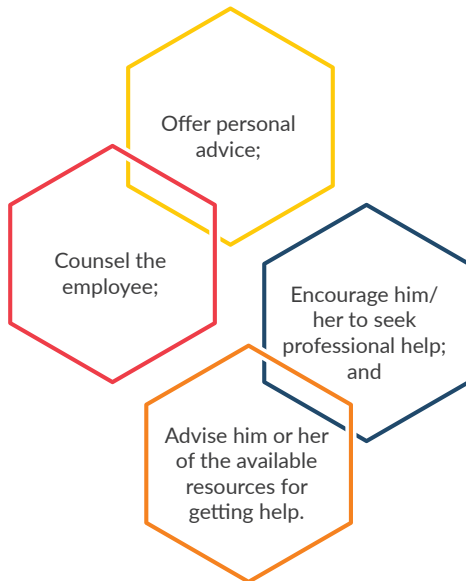
UPHOLDING GOOD SOCIAL PRACTICES

OCCUPATIONAL SAFETY AND HEALTH

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

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

Our PEDAS policy offers a helping hand to those who need it while sending a clear message that illegal drug use, alcohol and substance abuse are totally unacceptable. Supervisors overseeing an employee who has an alcohol, drug or other substance abuse problem are encouraged to:



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

Jom Sihat

The *Jom Sihat* wellness initiative continued this year with activities such as “Stairway to Health” and “Quality Food, Quality Life”. The “Stairway to Health” initiative is a fitness awareness programme that encourages employees to favour taking the stairs over lifts. This activity sees employees gathering at the lobby of our headquarters to warm up before ascending the staircase to their offices on levels 13, 14 and 15. A total of seven “Stairway to Health” sessions were held during the year.

As for the “Quality Food, Quality Life” programme, the committee introduced two new activities in 2017 which involved teaching employees how to make their own healthy breakfasts and a healthy food demonstration. Several sessions were conducted over the year to encourage staff to have good daily breakfasts and to eat healthily to maintain healthy bodies. A total of 182 employees participated in the *Jom Sihat* programme for 2017.



UPHOLDING GOOD SOCIAL PRACTICES

ENRICHING COMMUNITIES

What makes CCM's community programmes unique is the value that we add to society. The mechanisms for adding these values to society are presented in the illustration below.

Community Programmes Focus Areas



- WIT Contribution
- CCM PINTAR
- CCM JATI
- CCM-USM Millennial Pharmapreneur Coaching Programme
- Ceo@Faculty Programme ("CFP") 2.0 - Coached by the Pros
- CCM Inter-School Showdown
- Back to School Programme

- Program Rakan Saintis Sungai CCM ("RSS")
- CCM CES Team
- 3R Eco Buddies

- Partner and title sponsor of the Professional Golf of Malaysia ("PGM").
- Kayuhan Kasih Merdeka 2017

- CHAMPS and NASOM Autism Awareness Campaign
- CHAMPS My Champion

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

UPHOLDING GOOD SOCIAL PRACTICES

ENRICHING COMMUNITIES

EDUCATION

CCM PINTAR Programme

The CCM Promoting Intelligence, Nurturing Talent and Advocating Responsibility (“PINTAR”) programme programme is a school adoption programme initiated by Khazanah National Berhad. Our involvement in the PINTAR programme began in 2007 and we have adopted 15 schools to date. The programme aims to provide support to participating schools towards a holistic development of future generation and improve socio-economic standards through educational achievement.

CCM’s involvement in the PINTAR programme began in 2007 and to date, we have adopted 15 schools. The CCM PINTAR Programme covers the standardised PINTAR core modules as follows:

- ✓ **Module 1**
- Motivation and Team Building
- ✓ **Module 2**
- Educational Support
- ✓ **Module 3**
- Capability and Capacity Building
- ✓ **Module 4**
- Reducing Vulnerabilities and Social Issues

Our involvement in this programme sees us focusing our efforts on increasing the English proficiency of students and providing funding in support of teaching and learning aids. Aside from focusing on academia, the PINTAR programme also introduces modules and curricula that make learning fun for children. The CCM PINTAR programme entails activities such as storytelling, public speaking, games and quizzes to spark students’ interest in English, boost their confidence and improve their English proficiency.

For 2017, more than 50 activities were conducted at 15 primary schools nationwide touching more than 11,600 students and 850 teachers.

Key Programmes for 2017



UPHOLDING GOOD SOCIAL PRACTICES

ENRICHING COMMUNITIES

Ceo@Faculty Programme 2.0

The Ceo@Faculty Programme (“CFP”) is an initiative implemented by the Ministry of Higher Education in line with the Malaysia Education Blueprint 2015-2025 (Higher Education). The main objective of this programme is to intensify industrial sector participation in the system of higher education by sharing the experiences and expertise of industry leaders. The programme encourages exceptional and notable CEOs from the industry to share their experiences and knowledge in steering an organisation to success. It provides students with an opportunity to obtain first-hand knowledge from renowned public sector leaders as well as icons of MNCs and GLCs.

CFP 2.0, the second phase of the CFP initiative, entails a selected number of CEOs taking up the mantle of being coaches and mentors to young university lecturers who have the potential to become future leaders. The lecturers are placed at these CEOs’ offices for six months in order to gain insights into the respective companies’ corporate cultures and to understand how high-profile companies are run.

In 2017, two lecturers were attached to CCM under the CFP. They are Dr. See Hong Heng, a Senior Lecturer from the Department of Chemistry at the Faculty of Science at Universiti Teknologi Malaysia, Johor; and Dr. Lam Su Shiung, a Senior Lecturer from Pusat Pengajian Kejuruteraan Kelautan at Universiti Malaysia Terengganu, Terengganu.

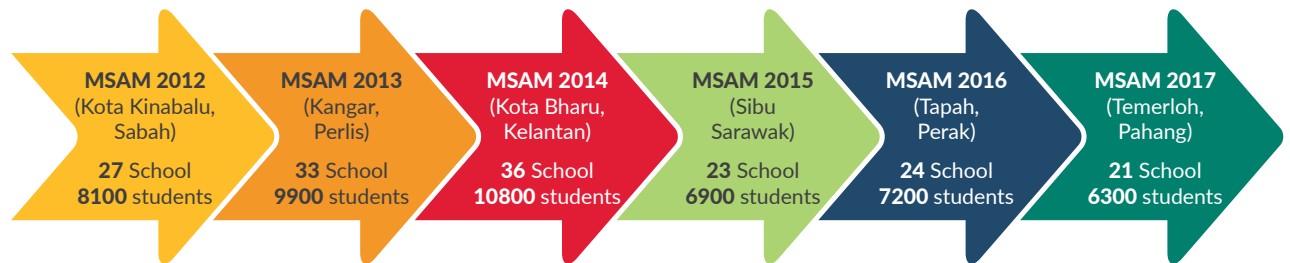
CCM Interschool Showdown

In conjunction with Minggu Saham Amanah Malaysia (“MSAM”), CCM collaborated with PNB to organise the CCM Interschool Showdown programme for the sixth consecutive year in April 2017. Secondary school students from 21 schools in Temerloh took part in the event that introduced them to the “Trading Race,” a game that simulates trading on Bursa Malaysia, the Malaysian stock exchange. The competition aims to educate students on the basic elements of investment theory and practice by allowing participants to decide on investment options with

different risk levels. More than 6,000 students participated in the preliminary round with 630 students advancing to the semi-final stage.

We raised the bar in 2017 by bringing back selected prior winners of the competition. The top two winners from the previous competitions held in Perlis, Kelantan and Perak were invited back to challenge for the CCM Interschool Showdown All Star competition. SMK Dato’ Sheikh Ahmad from Perlis emerged as the champion for the CCM Interschool Showdown All Star 2017 event with the team receiving a cash prize amounting to RM3,000, a certificate, a hamper and a medal.

Number of Participating Schools & Students in Interschool Showdowns since 2012





UPHOLDING GOOD SOCIAL PRACTICES ENRICHING COMMUNITIES

Back to School Programme

In a bid to ensure students got off to a good start for their school year, CCM contributed school supplies comprising of two sets of uniforms, socks and school shoes each to more than 200 underprivileged students from the Pasir Gudang area. This corporate responsibility initiative underlines our support for the community by looking after the needs of the younger generation. Education is important for a child's development and our hope is that by taking care of these students' basic needs for back-to-school supplies, they can focus on their studies and secure a bright future.

To date, more than 600 students have benefited from our Back to School Programme which was introduced in 2015. For 2017, CCM invited representatives from Canggih, the most popular brand in Malaysia in the local school uniform segment, to be on site to measure and fit the school uniforms and shoes to be distributed to the students.

CCM JATI Programme

CCM's Jalinan Antara Universiti Dan Industri ("JATI") programme is a collaboration between the CCM Group and public universities. Introduced in 2011, the programme trains and grooms pharmacy undergraduates on entrepreneurship in community retail pharmacies. To date, we have been working with five local universities, namely Universiti Sains Malaysia ("USM"), Universiti Teknologi Mara ("UiTM"), Universiti Malaysia Sabah ("UMS"), International Islamic University Malaysia ("IIUM") and Universiti Kebangsaan Malaysia ("UKM").

This three-year capacity building programme provides pharmacy undergraduates with a holistic industry overview, developing their entrepreneurial capabilities as they venture into working life. These undergraduates are exposed to marketing, business management and hands-on retailing through interaction with the Group's professionals and training sessions.

In 2017, JATI students participated in the MSAM Temerloh event and numerous other events held at the respective universities. From 10 to 12 November 2017, a CCM JATI Day Out programme was held at Hotel Impian, Morib, Selangor Darul Ehsan. Participating undergraduates from UiTM, UKM, USM, IIUM and UMS attended the three-day symposium and deliberated on the mechanism of the project as well as shared their knowledge, underwent entrepreneurship training and participated in teambuilding activities conducted by CCM in collaboration with SME Bank's CEDAR arm.

CCM-USM Millennial Pharmapreneur Coaching Programme

In 2017, CCM launched the Millennial Pharmapreneur Coaching ("MPC") programme to empower pharmacy undergraduates from USM with an entrepreneurial mindset for success when they enter the workforce. The inaugural MPC programme involved 30 USM students who had been participating in the CCM JATI programme.

The MPC programme aims to develop young adults who are capable and confident of starting their own businesses into employers who can become mentors to their employees. The programme provides pharmacy students with access to entrepreneur-oriented education as well as training and mentoring opportunities that support these students' passion as they embark on their entrepreneurial journey. It also offers them a platform to establish a strong network between students and industry to help prepare the students for real-world situations.

The MPC programme promotes community pharmacies in rural areas. It aims to increase the number of Bumiputera entrepreneurs in support of the Government's efforts to address the uneven distribution of pharmacists in the country and encourage more Bumiputera youth to join the profession.

The nine-month MPC programme is conducted by professional trainers from SME Bank's CEDAR and covers topics such as the entrepreneurial mindset, business opportunities, operating models, financial models, strategic plans and KPIs. It also touches upon topics encompassing marketing and branding plans, sales and sales force management, retail business operations, stock control and inventory, financial management, managing innovation and creativity as well as business coaching based on current business issues and challenges. A pharmacy kiosk will also be set up during the programme which will enable students to learn and gain experience in operating a retail business.

UPHOLDING GOOD SOCIAL PRACTICES

ENRICHING COMMUNITIES



ENVIRONMENT

Rakan Saintis Sungai CCM Programme

With the aim of developing youth as environmental ambassadors, Rakan Saintis Sungai CCM ("RSS") programme offers students a first-hand learning experience on water conservation. Introduced in 2010 as Program Rakan Alam Sekitar, the programme was later rebranded as Program Rakan Saintis Sungai CCM. This programme raises awareness among primary and secondary school students by educating them on the importance of environmental conservation, emphasising river health in particular. Participants develop a responsible attitude to their natural surroundings and water resources.

In 2017, the RSS programme was organised in two states, Johor and Perak. In Johor, the programme was held in conjunction with the launch of the *Sungaiku Hartaku* programme, an initiative by the Pasir Gudang Parliamentary Office in collaboration with the Ministry of Energy, Green Technology and Water ("KeTTHA"), Yayasan Hijau Malaysia ("YaHijau") and CCM. A total of 100 secondary school students explored nature through CCM's RSS programme and saw for themselves the adverse effects of pollution. During the programme, students conducted experiments to test the water quality of the river and were shown a demonstration of some water treatment processes.

Participants also had fun deciphering clues and solving puzzles through the Eksplorasi Sungai activity organised

by the Department of Irrigation and Drainage. Meanwhile, YaHijau held a Recycle Car invention competition to promote upcycling and creativity among students. Equipped with recyclables and batteries, students were tasked with creating an energy-efficient electric car. Putting their inventions to the test, students battled it out via a track race to see which car came out on top.

In Perak, the RSS programme was held in collaboration with the Perak Water Board and the Perak State Environment Department to equip programme participants with the hands-on skills and knowledge that will empower them to take ownership of their actions towards the environment, particularly water resources. The programme offered 80 students from secondary schools in Perak, Universiti Teknologi MARA ("UiTM") Seri Iskandar and Politeknik Ungku Omar the opportunity to gain invaluable on-ground experience in natural settings beyond classroom walls.

The four-day RSS programme in Perak saw students participating in diverse activities. These included conducting water quality tests at Sungai Perak; visits to the Kampung Senin water treatment plant; team building activities that revolved around environmental issues; and talks on water management and safety, particularly on sanitation and safeguarding river water quality. Students who exemplified outstanding performance during the programme received *Saintis Sungai Terbaik* awards in the male and female categories at the National Environment Day 2017 celebration in Perak on 21 October 2017.

"The water quality of rivers in Malaysia is worrying. Out of 473 rivers in the country, 229 were found to be polluted due to irresponsible industrial waste disposal. The deteriorating condition of our rivers, point out that many Malaysians do not give much thought to disposing solid waste in the clean and proper way. This 'first world infrastructure, third world mentality' among Malaysians needs to change. There needs to be greater awareness among the public and the younger generation to love and care for our rivers. Only then, will any effort towards rehabilitating the rivers be effective."

Dato' Seri Mohamed Khaled
Bin Nordin,
Johor Chief Minister

We believe the RSS programme will further ignite students' love for the environment and their understanding of the need to conserve and restore the beauty and wonders of our natural preserves. We also hope that the RSS programme will strengthen students' interest in science and environmental conservation and inspire them to be the new generation of environmental champions who will help young people enact change for a brighter future.

Since its introduction in 2010, CCM's RSS initiative has involved schools across Perlis, Sabah, Negeri Sembilan, Melaka, Penang and Johor and reached out to over 1,800 students. The RSS programme continues to educate the young to care for the environment and aims to increase the number of participating schools as the programme grows.

Other Environment Initiatives

CCM have demonstrated our commitment to environmentally-responsible operations by monitoring and reducing our footprint. We seek new ways to minimise our environmental impact and instil green behaviour in the Group. Our environmental efforts are also highlighted in the 'Environmental' section of this report, which can be found on pages 23 to 27.

UPHOLDING GOOD SOCIAL PRACTICES

ENRICHING COMMUNITIES

SPORTS

CCM Develops World Class Golfers

In 2017, we continued our support for the Professional Golf of Malaysia (“PGM”) tour by enabling local players to showcase their skills. CCM believes that our local players have what it takes to achieve global recognition. With hard work, passion and continuous support, we are confident that they can make a name for themselves internationally while making Malaysia proud.

Golf in Malaysia has grown under the guidance of the PGM platform. Today, Malaysian golfers are winning tournaments internationally. Both the PGM Closed Championship and Asian Development Tour (“ADT”) platforms have given local talent a good launching pad to test their mettle against the likes of top players from the rest of the world. As testament to this, the ranking of Malaysia’s professional players has risen thanks to the opportunities provided by the PGM tour.

The continued support of CCM has been an important contributing factor to the success PGM has enjoyed over the past few years. Through corporate contributions, PGM has been able to provide our homegrown talent with the perfect platform to showcase and develop their skills locally and abroad. CCM continues to create value for Malaysians in line with our vision, “Enhancing Quality of Life”. Through our support of the PGM tour, the Company also hopes to expand interest and participation in the game and assist the PGM team to tap into the growing pool of talent across the country.

The PGM CCM Seriemas Championship was held at the Kota Seriemas Golf and Country Club in Nilai, Negeri Sembilan from January 18 to 21 2017. With total prize money of RM220,000, the tournament attracted top local players such as Arie Irawan, Shaaban Hussin and R. Nachimuthu, who battled it out against international professional golfers. Under the rules of the tournament which is co-sanctioned by the ADT, the top six winners will be granted world-ranking points.

Kayuhan Kasih Merdeka 2017

The *Kayuhan Kasih Merdeka 2017* event served to commemorate Malaysia’s 60th Merdeka celebrations and inculcate patriotism among Malaysians. Held in the vicinity of the Seri Alam police headquarters, this cycling event aimed to foster unity and national pride through a fun community-based activity. Aside from nurturing love for the country and promoting a healthy lifestyle, the event also sought to help those in need.

Spanning 20km with three stops, the cycling route began and ended at the Seri Alam police headquarters. The three stops included residential areas of members of the community who are suffering from various illnesses and

receive assistance from the Pasir Gudang Parliamentary Office. This cycling event allowed community leaders to strengthen their bonds with the community and to increase their capacity to better respond to the needs of the society at large. The *Kayuhan Kasih Merdeka 2017* platform was one that allowed full participation by every member of the community as well as helped inculcate patriotic values and the spirit of togetherness among participants.

During the three stops, presentations were made comprising RM100 cash contributions, daily essential items and CCM pharmaceutical products to each of three selected recipients. These included Fauziah Che Lah, a single mother suffering from heart disease, diabetes and hypertension; Hapsah Abdullah, a chronic kidney disease patient who has to undergo dialysis treatment thrice a week; and Muhammad Auaran Kutty, a prostate cancer patient.

All in all, *Kayuhan Kasih Merdeka 2017* received positive response from the community and attracted more than 200 participants who cycled along the 20km route with the *Jalur Gemilang* flying high on their bicycles.



UPHOLDING GOOD SOCIAL PRACTICES

ENRICHING COMMUNITIES

HEALTHCARE

CHAMPS and NASOM Collaborate to Boost Awareness of Autism

Many champions among us often go unnoticed because their gifts and talents come in different forms that we fail to recognise. Children with autism are unsung heroes who are more often misunderstood than celebrated. While dealing with normal day-to-day activities seems to be an uphill task for these young ones, when showered with love and support they can emerge as champions who help us look at life with a renewed sense of awe.

Once considered rare, autism is now on the rise and approximately 67 million people worldwide live with autism. According to the Malaysian Department of Social Welfare, there are close to 13,000 individuals in Malaysia who were registered as being autistic in 2014. Meanwhile, the Malaysian Ministry of Health reports that autism cases in the country are on the rise every year, emphasising the importance of early treatment to improve a child's development.

Parents of autistic children and the community face a monumental challenge in trying to raise and provide these children with opportunities to maximise their potential and grow into successful, independent adults. To this end, the National Autism Society of Malaysia ("NASOM") has introduced an outreach programme aimed at empowering parents to provide love and support for their autistic children and to dispel misconceptions about this neurological disorder. In 2017, NASOM's efforts received a RM50,000 boost from CCM's "Every Child is a Champion" campaign.

CCM's "Every Child is a Champion" Campaign

In 2017, CCM was honoured to team up with NASOM for the second year to highlight autism. In conjunction with Autism Awareness Month, celebrated globally every April, we launched the "Every Child is a Champion" campaign which also tied in with NASOM's 30th anniversary since its establishment in 1987. Held between April and June 2017, the campaign sought to end misconceptions and raise awareness of this little understood neurological disorder. With the right support and care, we believe that children with autism can achieve their dreams too.

During the "Every Child is a Champion" campaign, CHAMPS conducted radio interviews with mothers who shared the ups and downs of bringing up autistic children. CHAMPS also ran advertorials in the newspapers and a successful social media campaign that included online banners and Facebook posts to reach a larger audience and drive engagement.

The public was able to support the initiative by purchasing CHAMPS health supplements or by simply uploading a photo on Instagram of their family donning blue outfits, symbolising autism awareness. Throughout the campaign period, CHAMPS donated 50 sen for every bottle purchased or each photo posted on Instagram, with the hashtag #mychampionsnasom. The campaign managed to raise a total of RM50,000 between April and June 2017.

My Champion, A Fun and Localised Tool Designed for Champions

Young children often dream of having an occupation of significance, either as a doctor, an actor, a soldier or a musician, among other things. In May 2017, CHAMPS, Malaysia's well-known household child health supplement brand that has always believed in nurturing champions from young, launched the first localised and educational mobile application - *My Champion*. The *My Champion* mobile app, which is designed for children 7 to 12 years old, serves as an educational yet fun tool to help them understand and explore their ambitions through a digital medium.

The app provides youngsters the opportunity to explore five popular occupations namely that of a doctor, athlete, celebrity, pilot and chef through a series of interesting and engaging questions and fun facts. The *My Champion* app is downloadable for free from the Apple Store and Google Play.

UPHOLDING GOOD SOCIAL PRACTICES

UPHOLDING PRODUCT QUALITY, INNOVATION AND INTEGRITY

The quality and safety of our products and services to our customers are our top priorities. This applies to CCM's entire portfolio and covers all aspects of our products, systems and services. Quality assurance and product safety are at the core of everything we do. Our Quality Policy governs all actions and procedures to guarantee the quality and safety of our products. This policy outlines our commitment to building trust by offering products and services that match customers' expectations and comply with all internal and external safety, regulatory and quality requirements.

Our Commitment to Delivering Safe Products

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

CHEMICALS BUSINESS

CCM Chemicals Sdn Bhd (Pasar Gudang Works)

Halal Certificate JAKIM Date of Certification 1 Nov 2016 Expiry Date 31 Oct 2018	ISO 14001:2004 Environmental Management Systems Date of Certification 21 Oct 2017 Expiry Date 14 Sept 2018	OHSAS 18001:2007 Occupational Health and Safety Management Systems Date of Certification 21 July 2015 Expiry Date 20 July 2018	Kosher Certificate Date of Certification 1 Nov 2017 Expiry Date 1 Nov 2018	ISO 9001:2008 Quality Management Systems Date of Certification 8 Dec 2015 Expiry Date 14 Sept 2018	ISO 9001:2008 Certification for Manufacture and Sale of Calcium Nitrate Date of Certification 5 Dec 2016 Expiry Date 14 Sep 2018
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CCM Chemicals Sdn Bhd

POLYMERS BUSINESS

CCM Polymers Sdn Bhd

ISO 9001:2008 Quality Management Systems Date of Certification 27 Feb 2018 Expiry Date 14 Sept 2018
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PHARMACEUTICALS BUSINESS

Innovax Sdn. Bhd.

MS ISO/IEC 17025 General requirements for the competence of testing and calibration laboratories Date of Certification 18 Jan 2010 Expiry Date 18 Jan 2019

Duopharma (M) Sdn. Bhd.

ISO 9001:2008 Quality Management Systems Date of Certification 15 May 2017 Expiry Date 14 Sep 2018

UPHA Pharmaceuticals Manufacturing (M) Sdn. Bhd.

ISO 13485 : 2003 Quality Management System for Manufacture of Medical Devices Date of Certification 28 Jul 2017 Expiry Date 28 Feb 2019
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ISO 9001:2008 Quality Management Systems Date of Certification 22 Apr 2015 Expiry Date 21 Apr 2018

Good Distribution Practice for Medical Device ("GDPMD") 15 04 91615 001 Date of Certification 29 Apr 2015 Expiry Date 28 Apr 2018
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UPHOLDING GOOD SOCIAL PRACTICES

UPHOLDING PRODUCT QUALITY, INNOVATION AND INTEGRITY

Product Stewardship

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

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

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

Engagement with Our Supply Chain Partners

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

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

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



UPHOLDING GOOD SOCIAL PRACTICES

UPHOLDING PRODUCT QUALITY, INNOVATION AND INTEGRITY

OUR COMMITMENT TO CONTINUOUS INNOVATION

Operational Excellence

CCM has always promoted Total Quality Management via an Operational Excellence culture with Quality People and Quality Processes delivering Quality Products and Quality Services to our customers.

In 2017, CCM continued to train staff QC Tools and Lean Six Sigma. An additional 32 employees were trained in 2017 for OE-QC Tools classes, while two classes in Lean Six Sigma Green Belt were conducted with a total of 22 employees trained and passing the examination. In 2017, a total of 10 employees were certified as CCM Lean Six Sigma Green Belts.

In 2017, the Lean Six Sigma programme contributed savings of RM25.26 million. All in all, the programme has generated annualised savings amounting to RM110.57 million since June 2012. These projects were initiated by divisions such as plant operations and maintenance; supply chain management including logistics and warehousing; sales and marketing; as well as support services such as finance, human resource and information technology. CCM strives to nurture an OE culture and a mind-set of continuous improvement in all its employees to strengthen internal processes and efficiencies that will ultimately enable us to sustain our market leadership position and business growth.

Continuous Innovation at Our Facilities

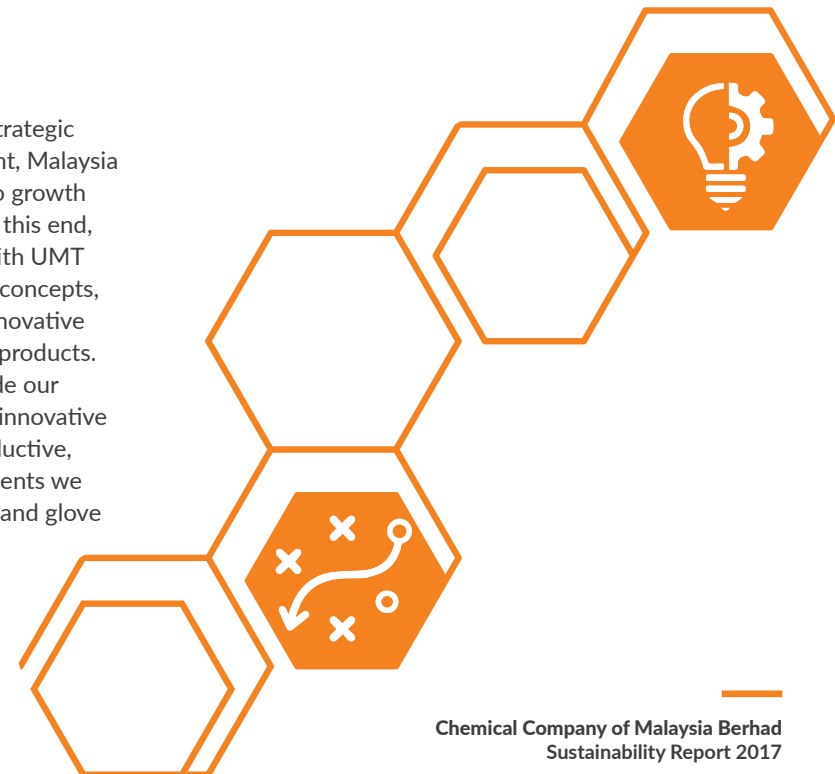
The Group's chlor-alkali manufacturing facilities were originally established in two plants, namely Pasir Gudang Works 1 (PGW 1) and Pasir Gudang Works 2 (PGW 2) located at the Pasir Gudang industrial area. In 2016, we embarked on the PGW 2 plant upgrade project which involved the replacement of the electrolyser, the implementation of new membrane technology and the installation of additional systems in order to consolidate the operation of the PGW 1 and PGW 2 plants at the PGW 2 plant. The re-engineered PGW 2 plant was successfully commissioned in November 2017 with a 200,000 tonnes ECU capacity. Upon the successful commissioning of the PGW 2 facility, the PGW 1 plant was decommissioned. This project has enabled us to increase our production capacity to meet customer demand.

Strategic Partnership with Universities

Under the 11th Malaysia Plan (2016-2020), a strategic thrust in pursuit of socio-economic development, Malaysia aspires towards "Green Growth" which refers to growth that is resource-efficient, clean and resilient. To this end, CCM has entered into a series of discussions with UMT and UPM, among other universities, to explore concepts, expertise and technical support to introduce innovative technology and advanced features for polymer products. This effort and initiative to optimise and upgrade our existing operational polymers by leveraging on innovative technology will render our operation more productive, resourceful and energy efficient. The advancements we make here will allow us to serve the healthcare and glove manufacturing segments better.

The year 2017 also marked the third and final year of the Polymer business product innovation programme in collaboration with Monash University. Active compound synthesis is pending product application confirmation by CCM Polymers. The programme is part of CCM Polymers's initiative to seek and identify innovative collaboration projects to expand our product portfolio and seek new breakthrough technologies to cater to the current requirements and also to diversify the industries that we are in.

We also intend to work with other universities as well as third party research and formulation organisations to develop new products, improve our portfolio and explore niche areas.



UPHOLDING GOOD SOCIAL PRACTICES

UPHOLDING PRODUCT QUALITY, INNOVATION AND INTEGRITY

22nd Innovation & Quality Convention

The CCM Group's 22nd CCM Innovation & Quality Convention was held on 7 September 2017 as a platform for employees to share their experiences and successes in OE projects implementation. Teams from across the CCM Group presented their OE projects in a friendly competition for the best OE improvement teams. Our employees demonstrated their knowledge and skills by applying OE tools such as the Lean Six Sigma and Plan-Do-Check-Act methodologies to improve efficiency and effectiveness in their work.

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

- ✓ Project selection and definition;
- ✓ Root cause / improvement opportunity analysis;
- ✓ Creative and innovative solutions and implementation;
- ✓ Results and impact of the project;
- ✓ Monitoring and sustainability;
- ✓ Stakeholder engagement;
- ✓ Best teamwork; and
- ✓ Presentation.

The list of winners was as follows:



PNB Innovation Challenge 2017

CCM also participated in the PNB Group Innovation challenge 2017 on 1 November 2017, whereby for the first time, the format focused on pitching ideas for future growth. In this programme, teams of employees competed by presenting and defending their most compelling ideas to a panel of judges. The most innovative and creative idea was rewarded. The challenge served to encourage staff to contribute innovative, creative and disruptive ideas which bring value-add to the PNB Group of Companies and Investee Companies by exploring new business opportunities, improving productivity, increasing customer satisfaction, as well as improving employee engagement and job satisfaction. The event also served to raise the standard of idea generation, innovative thinking, problem solving and business pitching skills among the staff.

CCM sent two teams for the competition and Team Pro-fit from CCM Polymers did us proud by winning a major prize.

Innovative Spray-on Gloves

The spray-on glove is a polymer foam that is dispensed onto bare skin, which then dries quickly into a flexible solid layer that protects the wearer against harsh chemicals, dirt and biological materials. It provides a perfect fit without impeding the natural sense of touch and has hypoallergenic and moisturising properties.

On top these unique user benefits, the manufacturing process of spray-on gloves is simpler, more cost-effective, and more easily scalable when compared to traditional gloves. In terms of sustainability, a cradle-to-grave analysis estimates that substitution of spray-on gloves may reduce GHG emissions by 75%, energy consumption by 85% and reduce 3 million tonnes of glove waste annually. With these competitive advantages, spray-on gloves have the potential to become a staple in the glove industry. This will change not only the way we consume gloves, but also the way we produce and dispose of gloves.



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UPHOLDING INTEGRITY

Our Fight against Corruption

In 2017, CCM undertook various measures that underscored our commitment to upholding integrity. Following the commitment made by our suppliers under the Integrity Pact since 2015 to work together with CCM to fight corruption, the practice was expanded to the regional offices. The year also saw a three-year Organisation Integrity Plan being formulated and validated by representatives from the Malaysian Institute of Integrity and the Malaysian Anti-Corruption Commission (“MACC”). The plan was subsequently approved by the Board of Directors for implementation.

On 30 November 2017, we held our fifth Integrity Day with the theme “Embarking on Anti Bribery Compliance with ISO 37001”. The ISO 37001 Anti-Bribery Management System is a new international standard designed to help organisations implement an anti-bribery management system. It specifies a series of measures an organisation can implement to help prevent, detect and address bribery. In conjunction with this, staff of the Group and PNB companies attended a forum organised by the MACC, Standards Malaysia and SIRIM QAS.

The Group's companies also continue to comply with the anti-corruption laws of all countries in which they operate. The Group is also guided by its own Code of Conduct which contains a comprehensive policy on corruption and gifts. As a rule, gifts should not be accepted if they compromise the individual's judgement. Gifts may also be in the form of lavish or frequent entertainment. Should there be any instances where rejecting a gift could be deemed as impolite and detrimental to the relationship, the employee is required to inform his immediate superiors and declare the gifts by filing the appropriate form.

Sahabat GERAH (Gerakan Revolusi Anti Rasuah)

In 2017, the Chairman of PNB, the Group's holding company, launched the *Sahabat GERAH (Gerakan Revolusi Anti Rasuah)* or Friends of the GERAH (The Revolutionary Anti-Corruption Movement) initiative for the Group.

Programme	Details
Directors and Senior Management Training	A training session titled “The Outward Mindset: Leadership & Self Betrayal” was conducted among the Board of Directors and Senior Management in July 2017.
Integrity Briefing to New Employees	Throughout the year, new employees were introduced to the integrity briefing as part of their on-boarding programme.
Sharing of Integrity Message by the Chairman	The Chairman shared her views on the importance of upholding integrity in the employee's conduct at work.
Review of policies and procedures	As part of continuous improvement efforts, the Group Integrity Unit worked together with the respective functions to review the policies and procedures on credit control and procurement.
Review of Code of Best Practice for the Board	This review was undertaken by Group Company Secretary representatives.
Sahabat GERAH (Gerakan Revolusi Anti Rasuah) at Pasir Gudang Works (“PGW”)	Held on 13 December 2017 at CCM Chemicals PGW, this event comprised a briefing conducted by representatives from the Community Education Division of the Malaysian Anti-Corruption Commission (“MACC”) Johor and about 50 staff registered as members of Sahabat GERAH.
Walk & Talk @ KLCC Park (collaboration with Group Sustainability)	The Walk & Talk initiative sees employees going for a walk while discussing any topic. This is the way to get employees out of their seats and moving toward healthier habits. Walk & Talk lends to better employee engagement by breaking down barriers between employees and management. About 40 staff attended the event held on 19 December 2017 at KLCC Park.



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Whistle-Blowing Policy

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

This policy seeks to:



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

Program Ilmiah Sempena Maal Hijrah 1439H

Held on 11 September 2017 with the theme • HIJRAH • CHANGE • 改变 • மாற்றம் • the programme was held in conjunction with the historical Maal Hijrah on how change was revolutionised. The programme sought to emphasise that change starts with the individual and served to promote the values of integrity, transparency, accountability and good corporate governance.



CHEMICAL COMPANY
OF MALAYSIA BERHAD
(5136-T)

WE WELCOME YOUR FEEDBACK

CCM's 2017 Sustainability Report is available to all stakeholders in digital format and can be downloaded from our corporate website. We welcome your feedback on this report and our sustainability efforts. Please feel free to contact us at:

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