

SUSTAINABILITY & CORPORATE RESPONSIBILITY

For the year under review, we continued to uphold effective economic, environmental and social (“EES”) practices as well as undertaking measures that fostered the sustainable growth of our businesses. Our 2015 EES initiatives are outlined below. For more details of these initiatives, please refer to the CCM 2015 Sustainability Report, our second standalone report which is available in digital format and can be downloaded from www.ccemberhad.com.

HIGHLIGHTS OF OUR 2015 SUSTAINABILITY INITIATIVES

UPHOLDING RESPONSIBLE ECONOMIC PRACTICES

Strengthening Industry Efforts

CCM continues to play a vital role in the various industry bodies, being a member of the Chemical Industries Council of Malaysia (“CICM”), Malaysian Rubber Glove Manufacturers Association (“MARGMA”) and Malaysian Organisation of Pharmaceutical Industries (“MOPI”). We continue to work closely with key Halal government bodies that is the Jabatan Kemajuan Islam Malaysia (“JAKIM”) and Halal Industry Development Corporation (“HDC”) and also providing a platform for healthcare professionals through our Continuous Medical Education (“CME”) initiatives.

Backing Local Businesses

In 2015, we strengthened our commitment to the CCM Bumiputera Vendor Development Programme (“BVDP”) by entering into a three-year collaborative effort with SME Bank.

Under this initiative, the bank will offer financial assistance to eligible SMEs within CCM’s business ecosystem, while its subsidiary, the Centre for Entrepreneur Development and Research (“CEDAR”), will provide entrepreneur development training to BVDP vendors. To date, 13 companies have been accorded training and networking opportunities with professionals from CCM and various industries.

Expanding Our Sphere of Influence

Through our Pharmaceuticals and Chemicals Divisions, we participated in various exhibitions and conferences to network, promote the CCM brand and our products, as well as expand our sphere of influence at the Minggu Saham Amanah Malaysia (“MSAM”) 2015, the Government-Linked Companies (“GLC”) Open Day programme and investor relation talks.

Solid Progress on the Halal Front

We participated in the World Halal Conference (“WHC”) 2015, the

Malaysia International Halal Showcase (“MIHAS”) 2015 and the 11th World Islamic Economic Forum (“WIEF”). In recognition of our more than 15 years of commitment to upholding Halal, we were the sole recipient of the esteemed Halal Excellence Award 2015 presented by HDC at WHC 2015. We also secured the prestigious Global Islamic Economy Award (Food and Health category) at the Global Islamic Economy Summit in Dubai, United Arab Emirates.

CCM Pharmaceuticals played host to H.E. Tan Sri Iyad Ameen Madani, the Secretary General of the Organisation of Islamic Cooperation (“OIC”) during his visit to CCMP Bangi site while CCM spokespersons were invited to impart their Halal expertise locally and internationally. We also engaged with Halal industry stakeholders via visits to Jabatan Agama Johor, SIRIM QAS International and the Halal Hub of the Department of Islamic Development in Malaysia. CCM’s personnel was also appointed to sit on the newly established Halal Professional Board.

Knowledge Sharing and Engagement

CCM representatives conducted various CME programmes for the medical fraternity as well as health awareness activities for the public community. We also held Halal Awareness talks for participants from other industries and within the mentor-mentee programmes that we run with other organisations.

Appreciating Dealers

To appreciate its dealers, CCM Fertilizers organised the CCMF's Dealers Appreciation Night 2015 where the top 10 dealers from Malaysia, Indonesia and Thailand received awards for their outstanding performance.

Elevating Operational Excellence

We took our Operational Excellence ("OE") efforts up several notches by expanding our OE training to include Quality Control ("QC") Tools and the Plan-Do-Check-Act ("PDCA") improvement methodology. In 2015, a total of 13 OE-QC Tools classes were conducted and 168 employees trained while 3 Lean Six Sigma Green Belt classes were conducted and 45 employees trained. By end 2015, a total of 83 OE projects Group-wide had been completed contributing savings and productivity gains of RM28.0 million.

Focused on Innovation and Quality

The 20th CCM Innovation and Quality ("IQ") Convention served as a platform to showcase seven improvement projects undertaken by teams within the

Group. The three winning teams from the IQ Convention went on to participate in the PNB Innovation and Quality Awards Convention where the team from CCM Duopharma won third placing. Additionally, CCM Pharmaceuticals' subsidiary, Upha Pharmaceutical Manufacturing (M) Sdn. Bhd., obtained its ISO 9001:2008 Quality Management System ("QMS") certification as well as Good Distribution Practice for Medical Device ("GMPMD") certification.

Marketplace Awards and Accolades

The CCM Group continues to be recognised for its achievements in the marketplace. Aside from the abovementioned awards, we also garnered the Guardian Teens' Choice Award 2015 and the Merit Award for Top Corporate Governance & Performance (Market Cap of RM300 million - RM1 billion) awarded by the Minority Shareholders Watchdog Group.

UPHOLDING RESPONSIBLE ENVIRONMENTAL PRACTICES

Embedding Sustainable Operational Practices

To mitigate our dependency on natural resources we continue to tap proven practices such as the E3R (Eliminate, Reuse, Reduce, Recycle) initiative. To reduce our carbon footprint, we continue to measure carbon dioxide emissions (CO₂e) from our operations. For 2015, we recorded an overall CO₂e count of 120,615.7 metric tonnes (MT), a 5.5% reduction from the previous year (2014: 127,645 MT).

Safeguarding Our Children's Future

In collaboration with the Ministry of Natural Resources & Environment, we embarked on our fifth year of educating primary and secondary school students on environmental conservation via the Rakan Alam Sekitar Programme (which was later rebranded the "Program Rakan Saintis Sungai CCM"). Our efforts included the River Scientist Programme in Perlis and Johor, as well as participation in the Chemical Industries Council of Malaysia ("CICM") Responsible Care Run in Selangor and the Pertubuhan Pelindung Khazanah ("PEKA") Save our Rainforest Race in Perak.

Recognised for Our Good Environmental Performance

For its solid progress on the environmental front, CCM Chemicals was bestowed the Prime Minister's Hibiscus Award for Notable Achievement in Environmental Performance 2014/2015. Our Chemicals Division was once again recognised for its good environmental performance when CCM Chemicals Pasir Gudang Works was awarded a Gold Award for the CICM Product Stewardship Code, 3 Silver Awards for the CICM Community Awareness & Emergency Response Code, Pollution Prevention Code and Distribution Code; and a Merit Award for the Process Safety Code.

SUSTAINABILITY & CORPORATE RESPONSIBILITY (CONT'D)

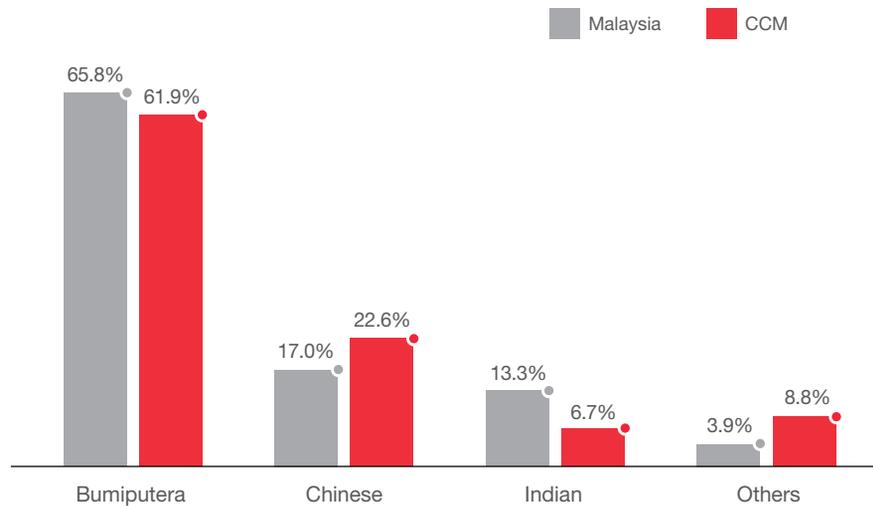
UPHOLDING RESPONSIBLE SOCIAL PRACTICES

Strengthening Our Workplace

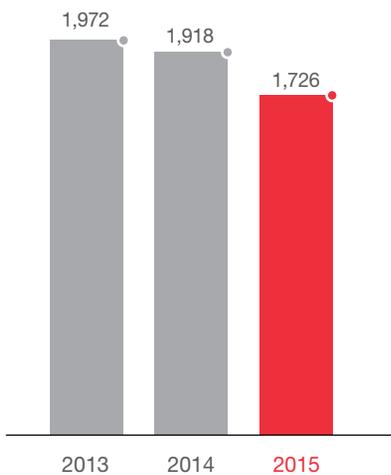
CCM Workforce

Our talented workforce of 1,726 employees (2014: 1,918 employees) reflects the diversity of the Malaysian population, and we count this as an invaluable trait when serving the varied needs of the marketplace. Irrespective of ethnicity, gender, age, disability, or status, we are committed to employing, promoting, developing and rewarding employees through the principles of meritocracy and fairness. We champion equal opportunities and encourage diversity and inclusiveness both in our workplace and marketplace.

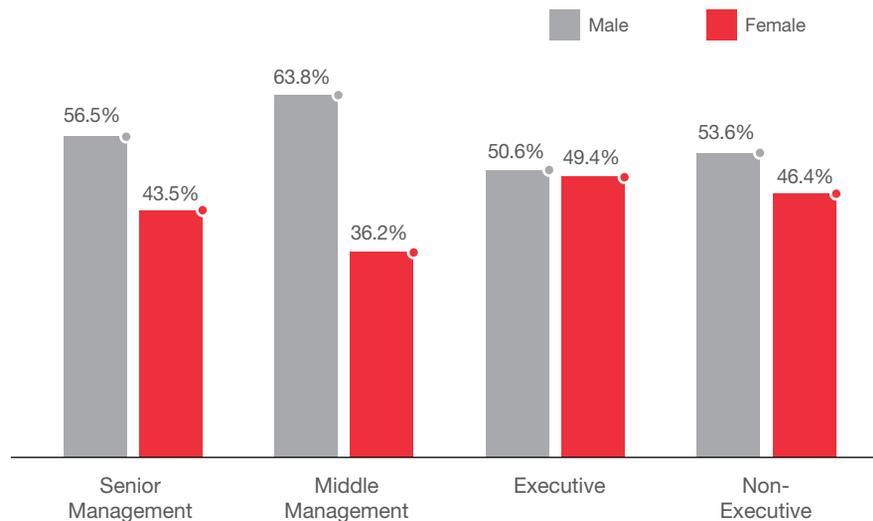
Ethnicity at CCM



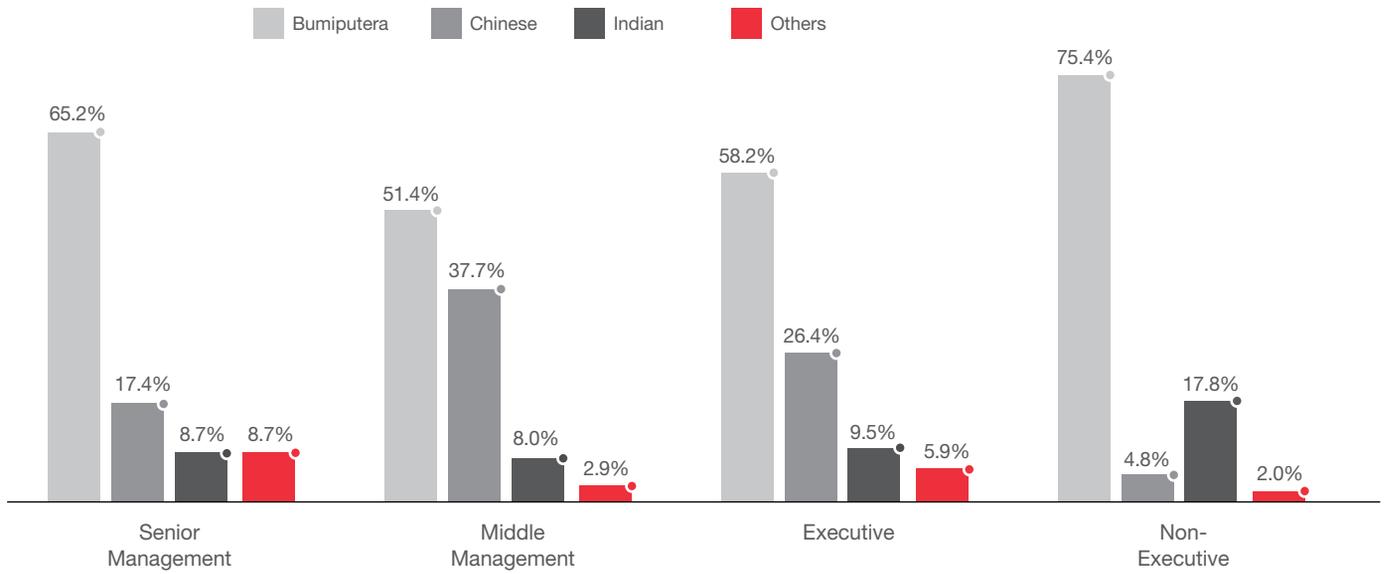
Total Number of Employees



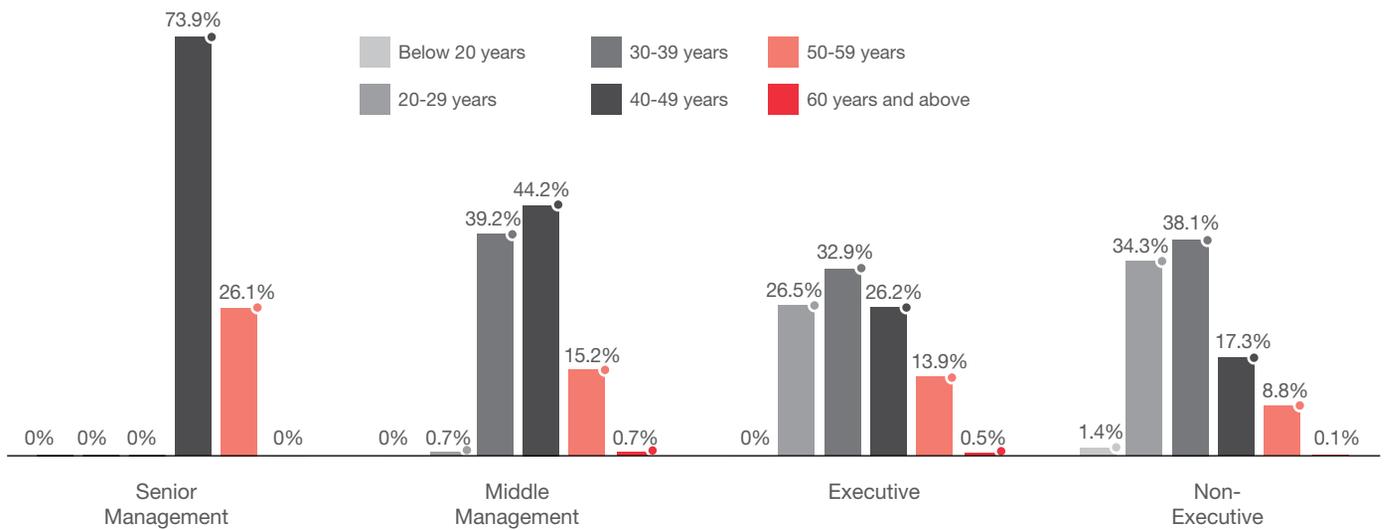
Breakdown by Gender



Breakdown by Ethnicity



Breakdown by Age



SUSTAINABILITY & CORPORATE RESPONSIBILITY (CONT'D)

Advancing Graduates' Careers

The my Millennial Apprentice Programme ("myMAP") which provides talented graduates an accelerated approach to achieve their maximum potential while paving a successful career pathway at CCM continues to advance smoothly. As at end 2015, a total of 24 participants were enrolled in myMAP.

Non-Executive Career Acceleration Programme

We continued to roll out the my Career Acceleration Programme ("myCAP") developed in cooperation with the Department of Skills Development of the Ministry of Human Resources. As at end 2015, a total of 59 employees participated in myCAP with 41 of them successfully obtaining the Sijil Kemahiran Malaysia ("SKM") certificate.

Ongoing Employee Engagement

We continue to make the most of employee engagement activities to communicate with and unify our employees. In 2015, we continued to hold staff communication sessions, Healthy Living Programme and a Long Service Awards dinner. We also tapped the CCM Employee Engagement Index Survey to measure employee satisfaction as well as having festive celebrations across the Group. Our Kelab Sukan CCM ("KSCCM") too continued to roll out a series of interactive activities throughout 2015.

Upholding Workplace Integrity

We continued to roll out several initiatives under our Integrity Unit to

ensure a transparent and corruption-free workplace. Group-wide initiatives included the Group Integrity Quarterly Newsletter, Group Certified Integrity Officer, Group Empowering Integrity Series, Gift Policy as well as the CCM Integrity Hotline. December saw us holding our third annual CCM Integrity Day event themed "In the Eyes of the BeHolder".

Rigorous SHE Implementation

Upholding Safety On All Fronts

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

Reinforcing CCM's Sustainability Mind-Set

In 2015, we rolled out a total of 27 CCM Sustainability Awareness 101 training sessions on a Group-wide basis for 817 employees. We also conducted sustainability training for Directors and rolled out the CCM Sustainability Launch with a focus on Safety, Quality and Effectiveness. In conjunction with this, we rolled out a CCM Sustainability Season covering the areas of SHE, OE and Halal. Via our monthly e-bulletin, *Sustainability News*, employees are kept abreast of all aspects of the Group's SHE, OE and Halal practices.

Re-certification of Integrated Management System

In 2015, CCM Berhad had its Integrated Management System ("IMS") comprising ISO 9001 Quality Management System, ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Assessment System, successfully recertified by Bureau Veritas.

Enriching Communities

Helping Raise Champions

In 2015, we continued with our efforts to enhance the quality of life among communities by providing youngsters the best possible footing in terms of health and education. Our *CHAMPS* Pre-School Talent Competition at IOI City Mall Putrajaya provided kindergarten-goers the opportunity to showcase their self-expression and public speaking skills as well as the chance to win cash prizes totalling RM10,400.

Strengthening English Proficiency

CCM's association with the PINTAR Foundation with CCM's PINTAR Programme since 2007 has enabled students in 12 schools throughout Malaysia to improve their proficiency in English. In 2015, we continued with our search for the Teacher and Student of the Year in all of our 12 adopted schools through our *Anugerah Pemangkin Minda* and *Anugerah Juara Bestari* awards, respectively.

Nurturing the Investors of Tomorrow

To nurture the country's future generation of investors, in collaboration with PNB, we hosted the fourth edition of the CCM Interschool Showdown for secondary school students. This interactive competition on trading and finance was held in Sibul, Sarawak drawing the participation of over 6,000 students from 22 secondary schools across Sibul.

Training and Developing our Graduates

In 2015, we strengthened our industry-university collaborative effort by expanding the boundaries of the CCM JATI (Jalinan Universiti dan Industri) programme to include a fourth university, namely International Islamic University Malaysia. This development will see another 50 pharmacy undergraduates coming under the ambit of the programme on an annual basis. Since the inception of this initiative in 2011, more than 200 students have successfully undergone the programme.

In collaboration with our parent company, Permodalan Nasional Berhad, we took in 51 trainees under the Skim Latihan 1Malaysia ("SL1M") initiative which aims to enhance the employability of graduates by providing on-the-job training in CCM. Of this number, 6 SL1M trainees were absorbed into the CCM workforce in 2015.

Strengthening Our Association with Local Golf

In 2015, CCM returned for the fifth consecutive year as a sponsor of the Professional Golf of Malaysia ("PGM") CCM-Rahman Putra Championship. This marked the final year of our initial five-year commitment of RM1 million to PGM including a RM200,000 prize purse per year. We further extended our support with another commitment of RM1 million over a three-year period beginning 2016.

In Support of Haj Pilgrims

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

Reaching Out to the Marginalised

In the spirit of *Aidil Fitri*, we invited orphans and single mothers to join us for breaking of fast sessions as well as presented them with *duit raya* and our pharmaceutical products. Following a series of Raya Open Houses among the various departments, we organised a finale event themed "Ceria Raya Aidil Fitri" for all headquarter's employees at the Theatre, Menara PNB. Our

employees also reached out to senior citizens with more than 40 CCM employees volunteering to spruce up a retirement centre and spread cheer to its residents.

Lending a Helping Hand in Time of Need

Following the devastating floods that hit the East Coast of Malaysia in early 2015, CCM partnered with the Malaysian Integrated Medical Professionals Association, the International Medical University and Mercy Malaysia to provide aid to flood victims. The Group's endeavours in early January 2015, saw a total quantifiable amount of over RM113,500 in cash and kind going towards relief efforts. Under Yayasan CCM, a subsidiary of the Group, some 45 CCM employees volunteered and assisted in a two-day flood relief aid programme to help flood victims get back on their feet and rebuild their lives again.

WE INNOVATE

We are always opening doors to new ideas, new approaches and new business prospects. Deviating from the traditional way of doing business, we are exploring opportunities in the niche areas of our Pharmaceuticals and Chemicals businesses, going into biosimilars and the polymer coating business to enhance our competitiveness and moving the Company to the next level.

