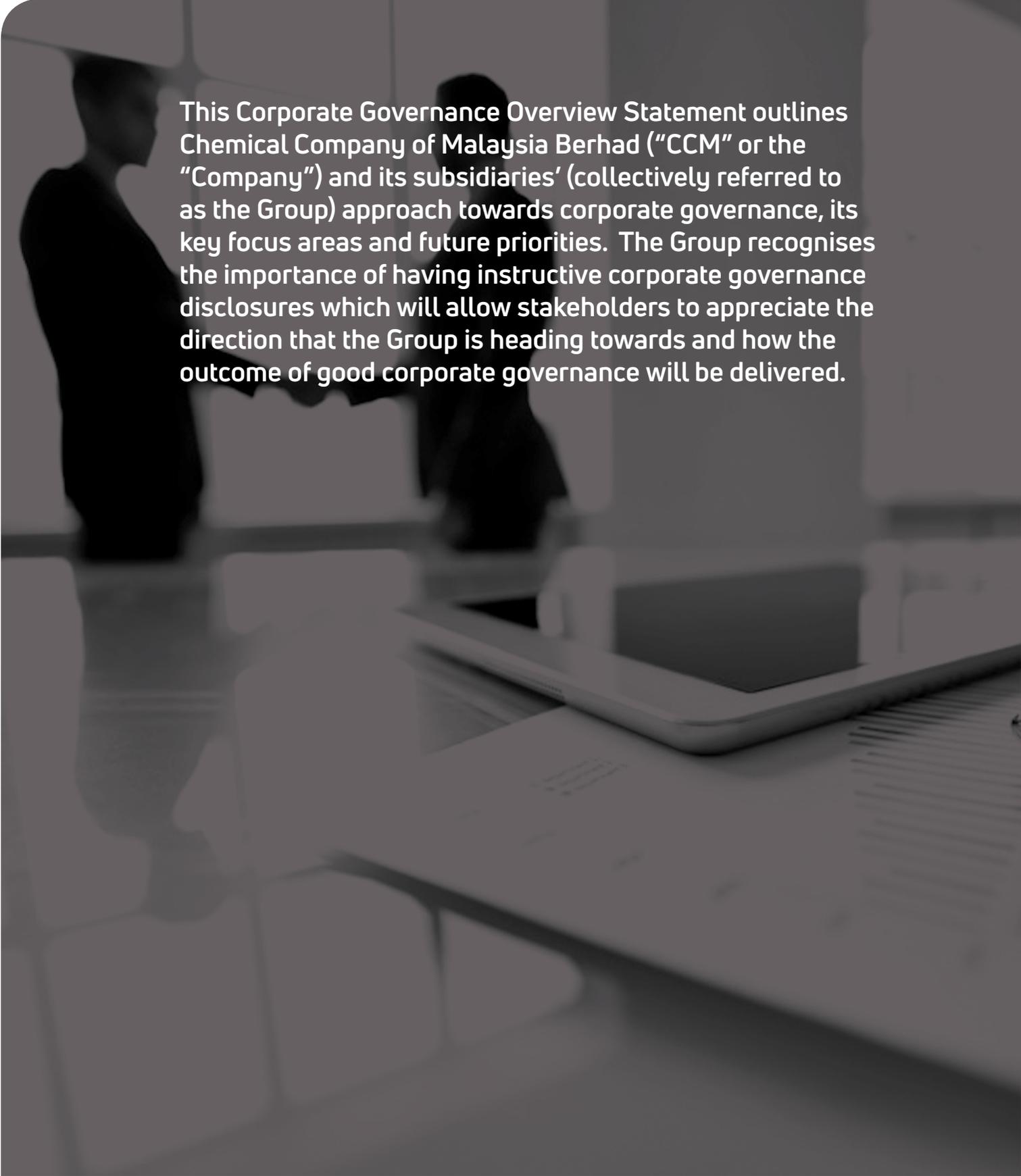


Corporate Governance Overview Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018



This Corporate Governance Overview Statement outlines Chemical Company of Malaysia Berhad (“CCM” or the “Company”) and its subsidiaries’ (collectively referred to as the Group) approach towards corporate governance, its key focus areas and future priorities. The Group recognises the importance of having instructive corporate governance disclosures which will allow stakeholders to appreciate the direction that the Group is heading towards and how the outcome of good corporate governance will be delivered.

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report, which provides detailed disclosures on the application of each Practice as codified in the Malaysian Code on Corporate Governance ("MCCG"). The Corporate Governance Report is available on the Company's website which can be accessed at www.ccmberhad.com as well as via the announcement made on the website of Bursa Malaysia Berhad. The Corporate Governance Overview Statement and Corporate Governance Report are made pursuant to paragraph 15.25 of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad ("MMLR") and are narrated with reference to the guidance provided in Practice Note 9 of MMLR and the Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia Berhad.

The Corporate Governance Overview Statement should also be read alongside other statements in this Annual Report (e.g. Statement on Risk Management and Internal Control, Reports on Board Committees and Sustainability Statement) for a holistic understanding of the Group's corporate governance framework and practices.

Corporate governance approach

Following the corporate exercise which involved the demerger of Duopharma Biotech Berhad (formerly known as CCM Duopharma Biotech Berhad), CCM is now more focused on growing its two core businesses, i.e. Chemicals and Polymers businesses following the demerger of Duopharma Biotech Berhad. The Board has taken this opportunity to renew its focus and commitment to maintaining a robust and dynamic governance framework that supports the new leadership and drives the long-term sustainability of the Company in its newfound position. The Board recognises that the architecture and implementation of the governance framework is paramount for the effective development of strategy and business plan, the monitoring of Group's performance and the management of risks. Whilst the circumstances of the Group may evolve over time, the Group's overarching governance approach remains consistent and is anchored on the Group's six core values of **Passion, Excellence, Teamwork, Integrity, Responsible** and **Respect**.

The Group's overall corporate governance approach is to:

- Create a purpose and value driven corporate governance framework by promoting individual accountability;
- Humanise governance through the mastery of intersection between rules, processes, ethics and morality; and
- Drive the application of good governance practices in tandem with the value creation process of the Group.

The Board regularly reviews the Group's corporate governance policies and procedures to ensure they reflect the latest curation of thoughts, market dynamics and best practices whilst simultaneously addressing the needs of the Group. In performing its duties, the Board continuously encourages and promotes meaningful and thoughtful application of corporate governance practices in line with established benchmarks. This proved to be a watershed effort during the year as the domestic corporate governance ecosystem was introduced to a series of corporate governance reforms, namely the operationalisation of Companies Act 2016, the release of the latest iteration of MCCG, amendments to MMLR as well as the release of the 3rd edition Corporate Governance Guide by Bursa Malaysia Berhad.

Summary of corporate governance practices

In seeking to actualise its corporate governance aspirations, CCM has benchmarked its practices against the relevant promulgations and best practices.

CCM has consistently applied all the Practices espoused by MCCG, save for:

- Practice 6.2 (the establishment of a dedicated remuneration committee);
- Practice 7.1 (the disclosure of top five Senior Management on named basis);
- Practice 11.2 (the adoption of Integrated Reporting); and
- Practice 12.3 (the use of technology to facilitate remote shareholders' participation in general meetings).

In relation to the aforementioned departed Practices, the Company has provided forthcoming, clear and compelling explanations for their non-application. The Board appreciates the line of sight or Intended Outcome outlined in MCCG and has therefore put in place alternative practices, taking into account the Intended Outcomes envisioned by the said Practices of MCCG.

Corporate Governance Overview Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

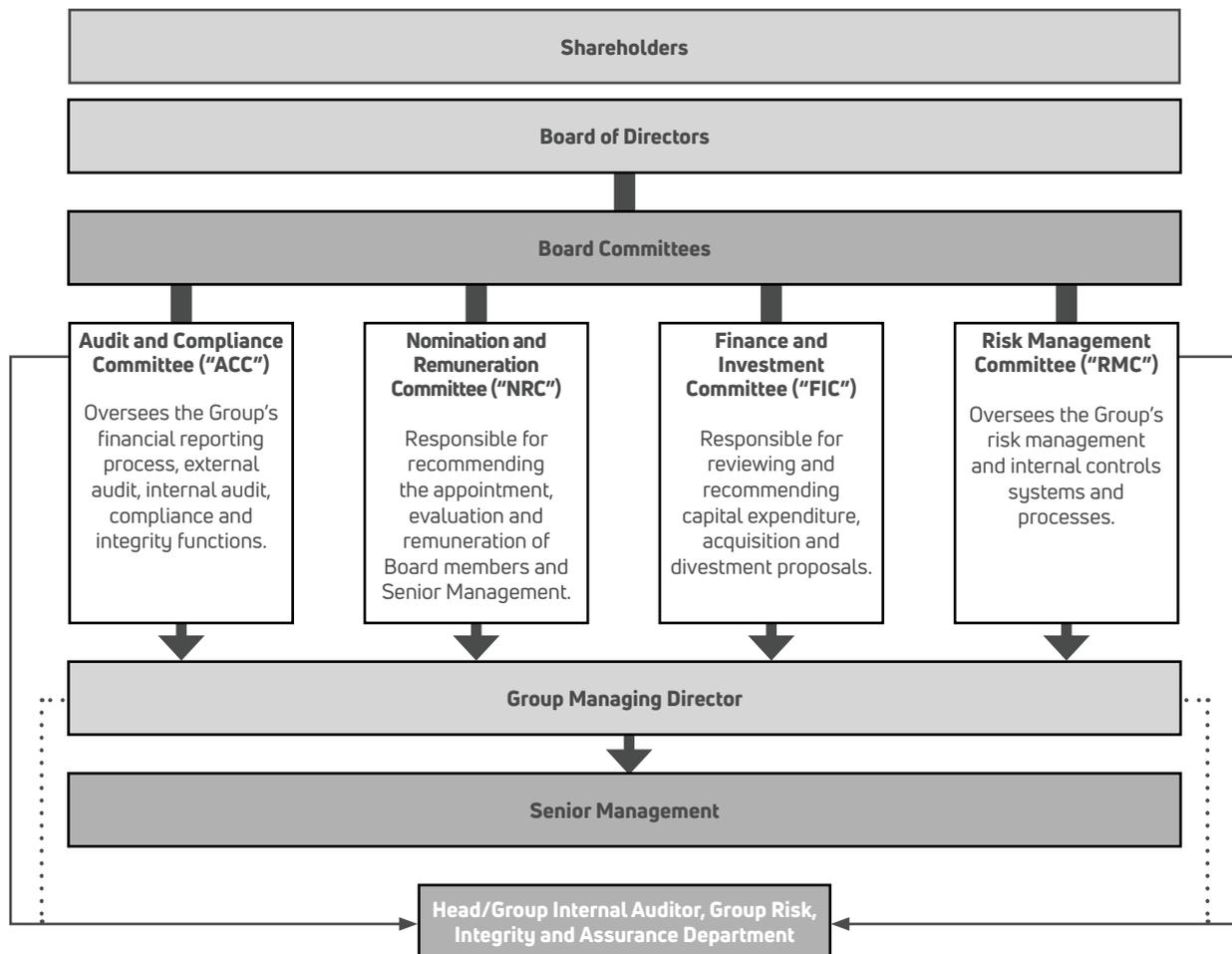
As the Company scales up in size and scope by progressing along its current trajectory, the Board will consider the adoption of the departed Practices as the Company would be better positioned to implement these Practices in substance at that juncture. Whilst CCM does not fall within the ambit of Large Companies¹ as defined by MCCG, the Company has on its own volition, disclosed measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of MCCG are available in the Corporate Governance Report.

A summary of CCM's corporate governance practices with reference to the MCCG is outlined below.

Roles and responsibilities of the Board

In an age where boards are expected to be far-sighted and more vigilant than ever, the Board of CCM assumes an active role in setting the strategic direction and providing leadership for overall direction for the Group. In ensuring the proper management of the affairs of the Group, the Board is cognisant of the need for the Group to operate within a framework of prudent and effective risk management and internal control mechanisms.

Board Committees have been established to assist the Board in its oversight function on specific matters. Whilst oversight of selected responsibility areas is delegated to the Board Committees, the Board nevertheless retains collective oversight and jurisdiction over the Board Committees. The Board Committees report their activities and findings to the Board and are guided by their respective Terms of Reference.



¹ Large Companies are companies on the FTSE Bursa Malaysia Top 100 Index; or companies with market capitalisation of RM2 billion and above, at the start of the companies' financial year.

The Board has formalised a Board Charter which serves as an authoritative document that governs the conduct of the Board, Board Committees and individual Directors. The Board Charter sets out the roles, responsibilities and authority of the Board. On an annual basis, the Board undertakes a review of the Board Charter and Terms of Reference of Board Committees to ensure that they remain contemporaneous vis-à-vis latest regulatory developments, stakeholders' expectations and corporate governance best practices.

During the year, the Board and Board Committees have met regularly to deliberate on matters under their purview. Directors have devoted sufficient time to prepare, attend and actively participate during the Board and/or Board Committees meetings. The overarching agenda for the Board during the year was overseeing and supporting Senior Management on the execution of the strategic plan and the corporate restructuring exercise. Accordingly, the Board has deliberated on pertinent issues including the Company's annual business plan, annual budget, significant joint ventures, acquisitions and disposals, financial results as well as key performance indicators. Meeting attendance of individual Directors during the year is outlined below.

Directors	Board	ACC	NRC	RMC	FIC
Executive Director					
Nik Fazila binti Nik Mohamed Shihabuddin	10/10				
Non-Independent Non-Executive Directors					
Dato' Idris bin Kechot ¹	0/0				
Datin Paduka Kartini Binti Hj Abdul Manaf ²	10/10	7/7	6/6		6/6
Dato' Azmi Bin Mohd Ali	10/10			4/4	6/6
Amizar binti Mizuar ³	2/2			0/0	1/1
Dato' Hajah Normala Binti Abdul Samad ⁴	5/6			0/1	
Independent Non-Executive Directors					
Khalid Bin Sufat	10/10	7/7	6/6		
Dato' Seri Ir. Dr. Zaini Bin Ujang	8/10	6/7		3/4	4/6
Dr. Leong Chik Weng	7/10		5/6		5/6
Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah ⁵	8/8	6/6		1/1	

 Chairman  Member

Notes:

¹ Appointed as Non-Independent Non-Executive Chairman on 18 March 2019

² Appointed as Acting Chairman from 5 July 2018 until 17 March 2019

³ Appointed as Non-Independent Non-Executive Director w.e.f. 14 September 2018 and FIC and RMC member on 13 November 2018

⁴ Resigned as Board Chairman, NRC and RMC Member w.e.f. 5 July 2018

⁵ Appointed as Independent Non-Executive Director, ACC Member and RMC member on 9 March 2018, 9 March 2018 and 28 August 2018 respectively.

There is a clear separation of roles between the Chairman of the Board and the Group Managing Director to bring about an effective check and balance mechanism. The Group Managing Director as the "Chief of Management" is responsible for the day-to-day business and activities of the Group and implements the strategies, policies and decisions approved by the Board. The Board has also appointed a Senior Independent Director who chairs the NRC and serves as a sounding board to the Chairman and an intermediary for other Directors when necessary.

In performing their duties, the Board is supported by a suitably qualified and competent Company Secretary. The Company Secretary acts a corporate governance counsel and provides the Board with periodic updates on the latest regulatory developments and facilitate the implementation of pertinent corporate governance enumerations. The Company Secretary assists in the agenda setting and disseminates complete and accurate meeting materials to Directors in a timely manner in order to facilitate informed and rigorous Board or Board Committee discussions.

As the Board is the pivot of good governance culture, it continuously strives to set the "tone at the top" and cascade ethical values and standards across every level of the Group. As such, the Board has approved a Code of Conduct to govern employees in their day-to-day professional conduct and decision-making process. As part of a far-reaching effort to promote ethical conduct, a Whistleblowing Policy has also been put in place to allow employees and other stakeholders to raise legitimate concerns without fear of retaliatory actions.

Corporate Governance Overview Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

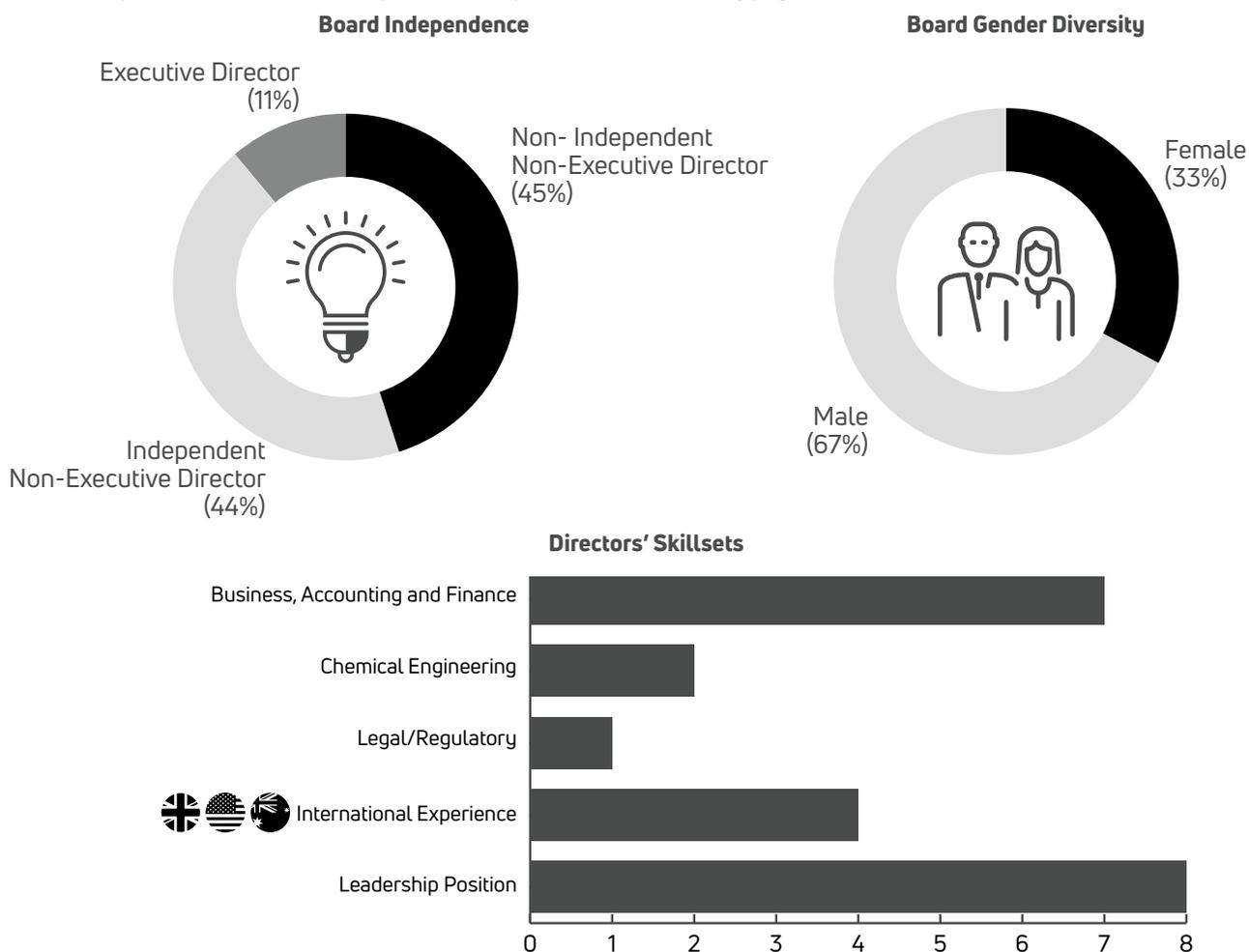
Board composition

It is especially imperative for the Board to have an appropriate mix of skills, qualifications and experience that can support the Company's leadership in driving the long-term vision for the Group. The Board, through the NRC, periodically reviews its composition to dovetail with the strategic trajectory of the Company. The combined skills and expertise of Directors provide a breadth and depth of diverse perspectives that can refine the decision making of the Board in pertinent areas.

CCM also has a long-standing history of constituting a diverse Board in the facet of gender. At present, there are three women Directors out of the eight Board members in aggregate. Taking cue from the policy pronouncement by the government, the Board has now furthered this agenda by codifying a stipulation in the Board Charter which calls for the Board to comprise at least 30% women Directors at any one time.

For the financial year ended 31 December 2018, the Company has met the requirement of having at least 50% independent directors on its Board. However, following the appointment of Dato' Idris bin Kechot as the Non-Independent Non-Executive Chairman, the Company fell short of such requirement. The Board foresees that this situation is temporary and expects that the Company would be able to meet the requirement of having 50% independent directors on its Board within the next six months.

A microscopic view of the Board composition is depicted on the following page



Appointments to the Board are made via a formal, rigorous and transparent process. In assessing and recommending candidates for directorships, the NRC is guided by the Group's Board Selection and Nomination Procedure which outlines the skills, experience and attributes required in a candidate. The NRC has additionally engaged independent search firms and consultants in order to diversify its sourcing for potential Directors.

On an annual basis, the Board, Board Committees and individual Directors including Independent Directors are subjected to a rigorous evaluation process that effectively review their performance and assess their effectiveness. The assessment is administered using questionnaires that incorporate both qualitative and quantitative criteria, based on a self and peer rating assessment model.

In addition to the aforementioned evaluation, Independent Directors are also subjected to an annual test of independence, which is based on a set of qualitative evaluation criteria, so as to ascertain their continued objectivity and impartiality. As an additional measure to mitigate the risk of entrenchment, CCM has codified a policy stipulation that limits the cumulative (consecutive or intermittent) tenure of Independent Directors to 9 years. The Board is of the view that such a quantitative measure would bring about the qualitative outcome of "independence in mind".

For the year under review, the Board has enhanced the assessment questionnaires to take into account the enumerations of the relevant authoritative corporate governance promulgations including Companies Act 2016, Capital Markets and Services Act 2007, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance 2017. Where applicable, references were also drawn from other better practices.

Remuneration

A fair remuneration package is critical to attract, retain and motivate Directors and Senior Management personnel. Towards this end, the Board has adopted a Remuneration Policy and Procedures to provide a formal and transparent process for setting the remuneration of Directors and Senior Management.

The Board acknowledges that remuneration is a key component in driving talented and high-calibre individuals to run the business successfully. For the Group Managing Director and other Senior Management personnel, the components parts of remuneration are structured so as to link rewards to performance whilst for Non-Executive Directors, the remuneration packages are based on their position in the Board, participation in boardroom activities and specific skills or expertise that they bring to the Board. Based on the recent Report on Non-Executive Directors Remuneration 2017 released by KPMG, it was noted that the Company is one of the pay leaders in the industrial products sector.

The Board, through its NRC, aims to undertake a review on the remuneration of Directors every three years.

The remuneration of the Directors and for the financial year ended 31 December 2018 are as follows:

Directors' fees and benefits paid for FYE 31 December 2018 (Company Level)

Name	Fees (RM)		Salary (RM)	Bonus (RM)	Benefits (RM)			Total (RM)
	Board	Committee			Other Emoluments		Benefits-in-kind	
					Meeting Allowance	Others		
NON-EXECUTIVE DIRECTORS								
Datin Paduka Kartini binti Hj Abdul Manaf	87,329.00*	24,000.00*	-	-	29,900.00	-	-	141,229.00
Dato' Azmi bin Mohd Ali	75,000.00	18,000.00	-	-	20,800.00	-	-	113,800.00
Khalid bin Sufat	75,000.00	20,000.00	-	-	29,600.00	-	-	124,600.00
Dr Leong Chik Weng	75,000.00	18,000.00	-	-	20,000.00	-	-	113,000.00
Dato' Seri Ir Dr Zaini bin Ujang	75,000.00	24,000.00	-	-	21,000.00	-	-	120,000.00
Dato' Wan Mohd Fadzmi Wan Othman Fadzilah	61,233.00	9,294.00	-	-	15,000.00	-	-	85,527.00
Amizar binti Mizuar	22,397.00*	2,192.00*	-	-	3,000.00	-	-	27,589.00
Dato' Normala binti Abdul Samad (resigned w.e.f. 5 July 2018)	50,685.00	4,055.00	-	-	6,500.00	-	593.60	61,833.60
TOTAL	521,644.00	119,541.00	-	-	145,800.00	-	593.60	787,578.60
EXECUTIVE DIRECTORS								
Nik Fazila binti Nik Mohamed Shihabuddin	-	-	606,451.61	189,000.00	-	236,346.86	57,754.55	1,089,553.02

* Paid to Permodalan Nasional Berhad

Corporate Governance Overview Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Directors' fees and benefits paid for FYE 31 December 2018 (Group Level)

Name	Fees (RM)		Salary (RM)	Bonus (RM)	Benefits (RM)			Total (RM)
	Board	Committee			Other Emoluments		Benefits-in-kind	
					Meeting Allowance	Others		
NON-EXECUTIVE DIRECTORS								
Datin Paduka Kartini binti Hj Abdul Manaf	87,329.00*	24,000.00*	-	-	29,900.00	1,500.00	-	142,729.00
Dato' Azmi bin Mohd Ali	75,000.00	18,000.00	-	-	20,800.00	-	-	113,800.00
Khalid bin Sufat	75,000.00	20,000.00	-	-	29,600.00	1,500.00	-	126,100.00
Dr Leong Chik Weng	75,000.00	18,000.00	-	-	20,000.00	-	-	113,000.00
Dato' Seri Ir Dr Zaini bin Ujang	75,000.00	24,000.00	-	-	21,000.00	-	-	120,000.00
Dato' Wan Mohd Fadzmi Wan Othman Fadzilah	61,233.00	9,294.00	-	-	15,000.00	-	-	85,527.00
Amizar binti Mizuar	22,397.00*	2,192.00*	-	-	3,000.00	-	-	27,589.00
Dato' Normala binti Abdul Samad (resigned w.e.f. 5 July 2018)	50,685.00	4,055.00	-	-	6,500.00	1,521.00	593.60	63,354.60
TOTAL	521,644.00	119,541.00	-	-	145,800.00	4,521.00	593.60	792,099.60
EXECUTIVE DIRECTORS								
Nik Fazila binti Nik Mohamed Shihabuddin	-	-	606,451.61	189,000.00	-	236,346.86	57,754.55	1,089,553.02

* Paid to Permodalan Nasional Berhad

Audit & Compliance Committee

The Board has established an Audit & Compliance Committee ("ACC") to provide a robust and comprehensive oversight on the financial reporting, external and internal audit processes as well as compliance matters of the Company. The ACC is chaired by the Senior Independent Director, who is different from the Chairman of the Board. The composition of the ACC requires it to possess the financial literacy and business knowledge that are required to have a sound understanding of the financial matters of the Company.

The ACC has unrestricted access to both the internal and external auditors, who, in turn report to the Board through the ACC. The Board has established a formal and transparent arrangements to maintain an appropriate relationship with the external auditor. This includes adopting policies and procedures to assess the suitability and independence of the external auditor on an annual basis. During the year under review, the external auditor has provided assurance that its personnel are and have been independent throughout the conduct of the audit in accordance to the terms of relevant professional and regulatory requirements.

Risk management and internal controls

In order to address risks in an increasingly complex and disruptive global environment, the Board has instituted a stand-alone Risk Management Committee at the Board level to assist in the oversight of existing and emerging risks that are surrounding the Group. A robust risk management and internal control framework that has been established allows the Group to identify, monitor and mitigate key business risks and is thus important in supporting the delivery of long-term value to the Group's stakeholders. The Group's risk management and internal control framework is firmly rooted on the Group's Management and Manual Guidelines, which in turn is aligned to the globally recognised International Organisation for Standardisation (ISO) 31000.

The Group has established an in-house internal audit function (“Group Internal Audit”) which resides within the Group Risk, Integrity and Assurance Department. The Group Internal Audit reports and make recommendations directly to the ACC. The Group Internal Audit is accorded with appropriate standing and authority to enable the discharge of its duties with independence and without undue influence. The Group Internal Audit has unfettered access to the relevant personnel, properties and records within the Group so as to discharge its functions in an unbridled manner.

Communication with stakeholders

As stewards of the Company, the Board strives to foster a candid and transparent relationship with the stakeholders of the Company. Accordingly, the Board seeks to ensure that there is continuous communication and dissemination of information to stakeholders through a plethora of platforms including the Company’s website, announcements to Bursa Malaysia Securities Berhad as well as social media sites. The Company’s website contains recent announcements, past and current reports to shareholders, including summaries of key financial data, operational briefing presentations as well as copies of recent notices and minutes of general meetings. During the year in review, the Group Managing Director has also supplemented these efforts by engaging potential institutional investors through regular briefing sessions.

The Board has adopted a Communication Policy and Corporate Disclosure Policy that governs communication methods between the Group and its stakeholders.

Conduct of general meeting

The Annual General Meeting (“AGM”) serves as an invaluable platform for shareholders to engage the Board and Senior Management in a productive dialogue and provide constructive feedback that contributes to the overall betterment of the Group. During the previous AGM, all Directors were present to provide clear and meaningful response to shareholders’ questions. The Lead Partner from the external audit firm was also present to answer questions from shareholders relating to the external audit process and outcome.

In order to encourage shareholders’ participation, the Board ensures the location of the general meetings is easy to reach or conveniently accessible to shareholders. In addition, shareholders have been provided with more than 28 days’ notice for the upcoming AGM to accord them with adequate time to prepare and ultimately make informed decisions during the AGM. The notice for AGM outlines the resolutions to be tabled during the said meeting and is accompanied with explanatory notes and background information where applicable.

The turnout of shareholders at the Company’s AGM has always been large. A total of 521 shareholders and 126 proxies attended the AGM in 2018.

Focus areas during the year

The corporate restructuring exercises which were completed at the end of 2017 have necessitated the Board to pay closer attention to its value creation role in growing the chemicals and polymers business of the Group. The Board played a crucial role in providing the direction on the growth strategy of the Group in order to successfully attain the long-term vision for the Group.

As the Company is also under the close scrutiny of institutional investors, there is no room for neglect in its corporate governance practices. During the year in review, the Board’s focus on corporate governance revolved around the following areas:



Strategy Setting

Following the demerger of Duopharma Biotech Berhad (formerly known as CCM Duopharma Biotech Berhad) from the Group in late 2017, the Board had given its focus to charter the strategic direction of the Group to ensure that the Group remains resilient and on a growth trajectory. The Group has outlined its strategy to strengthen its financial position. Among the strategy taken was to dispose non-strategic assets owned by the Group such as the disposal of the land in Shah Alam and Nilai as well as its equity interest in PanGen Biotech Berhad to reduce its gearing and pursue further expansion in its core businesses.

Corporate Governance Overview Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Smaller scale projects which contribute to a more efficient operation had been implemented at various sites. This included the various operational efficiency initiatives such as the use of alternative resources as fuel for our PGW 2 and sourcing of alternative raw materials to reduce operations cost at Polymers Division. These efforts have been fruitful and have resulted to the Group recording a profit before tax of RM51.6 million for the financial year ended 31 December 2018.

Looking ahead, the Group will continue to implement measures to enhance its cost competitiveness, expand its markets both domestically and regionally and increase our market share in the markets that it is already represented. Focus would also be given on continuous improvement and maximizing value adding initiatives to solidify its business foundation.



Review of corporate governance policies and procedures

In early 2018, the Board took the initiative to review and update its existing policies and procedures in light of the changes in the rich domestic corporate governance tapestry. Changes were made to the Board Charter, Terms of Reference for each Board Committee, Policy on External Auditor as well as the instruments that are deployed for the assessment of the Board, Board Committees and individual Directors. The Board has additionally formalised Remuneration Policy and Procedures to govern the process of formulating and administering remuneration packages of Directors and Senior Management personnel.

As these documents serve as guiding literature for the Board, the Board was cognisant to ensure that the changes made reflect the latest regulatory developments, expectations of stakeholders and the evolving operational and strategic circumstances of the Group. The Board has also ensured that the relevant policies and procedures including the Board Charter and Board Committees' Terms of Reference are made accessible on the Company's website.

Premised on the notion of transparency, the Company has on its own volition provided disclosures on the measures that the Company has taken to adopt the departed Practices of MCCG as well as the timeframe for adoption of the departed Practices. The Board recognises that this is a positive step which would allow CCM to be placed alongside Large Companies based on the hallmark of transparency.



Succession planning

The Board has adopted a policy that the tenure of its Directors, be it independent or non-independent, shall not exceed a cumulative term of nine years either in a consecutive service of nine years or cumulative service of nine years with interval. In acknowledging the importance of a seamless succession plan to safeguard the Group's business continuity and retain the confidence of stakeholders, the Board had undertaken a review of its composition and had identified the skills, knowledge/ experience, mindset and intrinsic values required to succeed the outgoing independent directors upon their departure.

Due emphasis will also be given to ensure that the Board comprises members from a diverse background of skills, professional experience, age, ethnicity and culture to provide different perspective and view-points for better decision making. This succession plan will come into motion upon the departure of those directors who would be reaching nine years of service.

At the same time, the Board has also reviewed the composition of each of its Board Committees to ensure that the Board Committees continue to function effectively upon the departure of its members. The Board has lined up its second liners in the affected Board Committees to ensure that the policies and directions set by the Group are followed through and implemented effectively.



Directors' professional development

Directors were provided with opportunities to develop and maintain their skills and knowledge throughout the year. The Group has organised in-house talks and training sessions facilitated by third party experts to keep Directors abreast on the latest market developments that may impact the Group. Additionally, Directors have discretionally exercised their own initiative to request for external trainings, seminars or conferences that enhance their skill sets and knowledge in areas relevant to the Group.

Visits to the Group operational sites were also arranged for Directors in order for them to gain first-hand views of the Group's operations and thus, cultivate a holistic understanding of the Group's business. Such exposures were particularly important as the Group streamlined its business during the year in review, with the chemicals and polymers divisions taking centre-stage as the principal business activities of the Group.

The Board has on a regular basis assessed the adequacy and effectiveness of the training needs of each Directors. During the year in review, the Directors of CCM have participated the following professional development programmes:

Director	Programme	Date
Dato' Idris bin Kechot	1. 2018 Joint Offsite	25 – 27 January 2018
	2. PNB CEO Roundtable	5 March 2018
	3. PNB Cyber and Information Security Awareness Seminar for Senior Management	30 March
	4. Corporate Exercise and Asset Pricing in Malaysia	17 August 2018
	5. Investment Division – MISD Business Planning Workshop 2019	4 September 2018
	6. AMLATFPUAA 2001: The Law, Compliance & Case Studies – Series 7	20 September 2018
	7. PNB World Mental Health Day 2018	10 October 2018
	8. AMLATFPUAA 2001: The Law, Compliance & Case Studies for Senior Management	14 November 2018
	9. YTI Memorial Lecture "Redefining Fin. Integrity" & PNB Book Launch "In Trust: A History of PNB"	26 November 2018
Datin Paduka Kartini binti Abdul Manaf	1. PNB Management Retreat 2018	25 – 27 January 2018
	2. Global trend & Market Strategy (Economic Prospects & Strategic Investment Decision 2018 & Beyond)	20 February 2018
	3. PNB CEO Roundtable 2018	5 March 2018
	4. AMLAFPUAA 2001: The Law, Compliance & Case Studies – Series 7	14 May 2018
	5. Corporate Exercise & Asset Pricing in Malaysia (Renegotiation and Re-Contracting)	4 October 2018
	6. AMLAFPUAA 2001: The Law, Compliance & Case Studies for Senior Management	14 November 2018
	7. YTI Memorial Lecture "Redefining Fin. Integrity" & PNB Book Launch "In Trust: A History of PNB"	26 November 2018

Corporate Governance Overview Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Director	Programme	Date
Khalid bin Sufat	1. Audit Committee Conference 2018	27 March 2018
	2. Sustainability and Integrated Reporting	18 April 2018
	3. Understanding Fintech and its implications for Banks	3 July 2018
	4. Blockchain in Financial Services	17 July 2018
	5. Fintech and its implications on Banking	20 September 2018
	6. Annual Accountants Conference 2018	9 & 10 October 2018
	7. ACIIA Annual Conference 2018	29 & 30 October 2018
Dato' Azmi bin Mohd Ali	1. Terralex Asia Pacific Regional Meeting on - Issues in dealing with Crypto Currencies - Issues and latest developments in Fintech & Asia Pacific - Session on One Belt One Road (OBOR) Terralex / Azmi Associates	2 February 2018
	2. PNB CEO Roundtable 2018	5 March 2018
	3. Talk by Professor Bill Fisher on "How Innovation is Changing Leadership"	26 March 2018
	4. In-house briefing on: • Integrated Reporting • Performance Management System	
	5. Board of Directors' Training Programme on Leadership Commitment Towards Risk Management & Corporate Governance	10 July 2018
	6. Internal Briefing Session on "Blockchain: Application and Issues"	1 November 2018
	7. Reinventing the Asian Conglomerate	22 November 2018
	8. YTI Memorial Lecture "Redefining Financial Integrity"	26 November 2018
	9. Talk on "Usage of Apps for Advancement of Legal Practice, Learning from the Practice, Learning from Practical Experience of First Law International"	6 December 2018
	10. Executive Briefing Session on "Recent Developments in English Contract Law"	10 December 2018
Dr. Leong Chik Weng	1. Executive Briefing on Understanding CyberSecurity Threats and Laws	29 March 2018
	2. COOC 2018 Annual Client Conference & Partners Expo	13 - 15 June 2018

Director	Programme	Date
Dato' Seri Ir. Dr. Zaini bin Ujang	1. Nuclear Energy Economics	4 January 2018
	2. Give an Opening Remarks at Sabah Electricity Sector Blueprint workshop	14 January 2018
	3. Conference Electricity Power Supply Industry – CEPSI KL 2018	18 January 2018
	4. Give a public lecture on Sustainable Developments Goals at University of Reading Malaysia (UoRM)	2 February 2018
	5. Give an Opening Remarks at the Urban Dimension in Climate Change Action at World Urban Forum (WUF)	9 February 2018
	6. Asian School of Business Workshop on Sustainability by Khazanah Malaysia	13 February 2018
	7. Lectured on Eco Shift: Promoting Sustainability Beyond Public Policy at Tsukuba University, Japan	15 February 2018
	8. Lectured on TN50 at Institution of Engineers, Malaysia (IEM)	10 March 2018
	9. Lectured on Sustainable Developments Goals & TN50 at Universiti Tun Hussein Onn Malaysia (UTHM), Johor	11 March 2018
	10. Lectured on Sustainable Developments Goal & TN50 at Universiti Teknikal Malaysia (UTEM), Melaka	13 March 2018
	11. Malaysia Netherlands Water Dialogue	12 April 2018
	12. CCM Group Directors and Senior Management Training 2018 on Sustainability and Integrated Reporting by KPMG	18 April 2018
	13. Tenth International Exhibition on Trenchless Technology	8 May 2018
	14. International Conference on Islamic Finance – Harnessing Islamic Finance for a Green Future	15 May 2018
	15. Lectured at IEM Workshop for Chartered Engineer in KeTTHA and Agencies	12 June 2018
	16. Workshop on Power Demand and Response	12 July 2018
	17. The 9th ASEAN Senior Management Development Program	16 July 2018
	18. KPMG: e-Vite, ACI Breakfast Roundtable 2018	3 August 2018

Corporate Governance Overview Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Director	Programme	Date
Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	1. Mandatory Accreditation Programme for Board of PLCs organised by The Iclif Leadership and Governance Centre	30 January 2018
	2. Audit Committee Conference 2018 organised by Malaysian Institute of Accountants.	27 March 2018
	3. CCM Group Directors and Senior Management Training 2018 on Sustainability and Integrated Reporting by KPMG.	18 April 2018
	4. Global Banking Conference – Banking in the Digital Age	11 July 2018
	5. CCM Group Directors and Senior Management Training 2018 on: (i) The new way of doing business in Malaysia; (ii) Breaking Myopic view of Risk Management.	20 September 2018
	6. SCMP China Conference	11 October 2018
	7. Islamic Finance for Board of Directors' Program	11 November 2018
Amizar binti Mizuar	1. PNB Management Retreat 2018	25 – 27 January 2018
	2. Modern Asset Allocation	5 February 2018
	3. Modern Portfolio Construction	7 February
	4. CCM Group Directors and Senior Management Training 2018 on: (i) The new way of doing business in Malaysia; (ii) Breaking Myopic view of Risk Management.	20 September 2018
	5. AMLATFPUAA 2001: The Law, Compliance & Case Studies for Senior Management	14 November 2018
	6. Global Trends & Market Strategy – (Economic Prospects & Strategic Investment Decision 2019 Beyond)	9 January 2019
	7. Mandatory Accreditation Programme for Board of PLCs	14 & 15 January 2019
	8. Cyber Crime & Cyber Fraud (Fraud Currency & Challenging globalization)	16 January 2019

Director	Programme	Date
Nik Fazila binti Nik Mohamed Shihabuddin	1. Mandatory Accreditation Programme for Board of PLCs	9 & 10 April 2018
	2. CCM Group Directors and Senior Management Training 2018 on Sustainability and Integrated Reporting by KPMG	18 April 2018
	3. CCM Group Directors and Senior Management Training 2018 on the following, organised by Chemical Company of Malaysia Berhad: (i) The new way of doing business in Malaysia; (ii) Breaking Myopic view of Risk Management.	20 September 2018
	4. CG Beakfast Session – MSSG Reporting & CG Guide	16 March 2018
	5. Leadership Engagement Workshop	27 March 2018
	6. Advocacy Programme on CG Assessment Using the Revised Asean CG Scorecard Methodology	23 July 2018
	7. Chlor Alkali Conference	11 & 12 September 2018
	8. Khazanah Mega Trends	8 & 9 October 2018
	9. YTI Memorial Lecture “Redefining Fin. Integrity” & PNB Book Launch “In Trust: A History of PNB”	26 November 2018
Dato’ Hajah Normala binti Abdul Samad (resigned w.e.f. 5 July 2018)	1. International Seminar on Expanding Social Security Coverage in the Disruptive Economy Era.	6 - 8 February 2018
	2. CCM Group Directors and Senior Management Training 2018 on Sustainability and Integrated Reporting by KPMG	18 April 2018

Corporate governance priorities (2019 and beyond)

As the Company strives forward in its post-restructuring agenda, the Board will accordingly continue to implement improvement measures in the area of corporate governance. More specifically, the Board has identified the following forward-looking agenda items to propel the Group forward in its corporate governance objectives.

Short and medium term plan (one to three years)

Board independence

For the financial year under review, CCM has met with the requirement of having at least 50% Independent Directors on the Board with the appointment of Dato’ Wan Mohd Fadzmi bin Che Wan Othman Fadzilah on 9 March 2018. The appointment was made with a view to reinforcing the objectivity and impartiality of the Board. The Board is confident that equipped with the counterweight, Directors will be able to encourage, support and motivate each other in paving the way for a sustainable future of the Group. However, on 18 March 2019, with the appointment of Dato’ Idris bin Kechot as the Non-Independent Non-Executive Chairman of the Company, CCM was not able to comply with the requirement of having at least 50% Independent Directors on the Board. The Board foresees this to be a temporary situation and expects to be able to comply with this requirement in the next six months.

The Board will continue to assess and implement measures that can safeguard its independence in the long term whilst simultaneously ensuring it remains dynamic and contemporaneous to the needs of the Company.

Corporate Governance Overview Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Risk management framework

The Board continually reviews the prevailing risk management framework with a view of reflecting the rationalised strategic direction of the Group. As the Group continues to streamline its business and accord greater focus on the chemicals and polymers segments as its principal business activities, the Group's risk management framework has to be primed for these changes.

In order to facilitate this process, the Group is seeking to deploy a more data-driven risk monitoring and reporting mechanism which can support and provide more granular insights for informed decision making. Advanced data analytics capabilities will enable clearer visibility into the challenges associated with managing the manifold risks in key areas such as operations, regulatory compliance and supply chain.

Moreover, the Board and the Risk Management Committee will seek to proactively engage the Executive Risk Management Committee and the Group Risk, Integrity and Assurance Department in regular updates and discussions on risk-appetite dialogue so as to reinforce a two-dimensional risk management communication (i.e. top down and bottom-up risk management approach).

Enhancing the Company's website

The Company's website is an essential and accessible platform for stakeholders, including shareholders and potential investors to obtain information on the Group. As such, the Board is mindful to ensure that the Company's website is updated with the latest developments on the Group and users are able to easily navigate through the website.

The Company aims to ensure that changes are reflected to capture its strategic direction and competitive market positioning. To address this, the Company has reviewed its website to be more up to date and user friendly and will continue to improve from time to time to harness technological advancement.

The Company will also endeavor to explore the usage of technology at its general meetings to pave the way for remote shareholders' participation.

Strengthening the Anti-Corruption Initiatives

The Company has always been in support of the Government's initiatives in its fight against corruption. The signing of the Corporate Integrity Pledge in May 2014 marked the Company's commitment to work towards creating a business environment that is free from corruption. The effort to combat Anti-Corruption were also shared with the suppliers when the Company introduced the Integrity Pact in 2015. In the subsequent years, trainings on integrity and anti-corruption were given to both internal and external stakeholders to build the awareness.

To prepare companies for the upcoming enforcement of the Corporate Liability Act in 2020, the National Centre for Governance, Integrity and Anti-Corruption (GIACC) has issued the Guidelines on Adequate Procedures (Guidelines) in December 2018. Action plans, based on the Guidelines, have been identified and formulated. One of the key initiatives to be conducted in line with the recommendations in the Guidelines is the ISO 37001 Anti-Bribery Management System (ABMS) certification.

The GIACC has also recently launched the National Anti-Corruption Plan (NACP), which outlines the Government 5-year plan in addressing the issues on corruption. Whilst the initiatives in the NACP addresses mainly the public sectors, the elements on strengthening the Corporate Governance within the CCM Group will be looked into for implementation, where appropriate.

Long term plan**Corporate reporting**

Although the Company is not a Large Company and therefore is not subjected to Practice 11.2 of MCCG (i.e. adopting Integrated Reporting), CCM nevertheless wishes to benchmark itself against such a renowned practice. In the long run, the Board intends to undertake a readiness assessment and gauge the necessary measures to transition from CCM's prevailing corporate reporting regime into Integrated Reporting.

CCM has consistently included a summary on its sustainability activities in a form of a report since 2014. This year, CCM has successfully produced its first Sustainability Report which is in line with the Global Reporting Initiatives (GRI) Sustainability Reporting Guidelines. It is worth noting that CCM has in the past, consistently incorporated its initiatives on sustainability in its annual report.

These efforts will gradually position the Company towards the adoption of integrated reporting as it grows in scale and scope. The Company will seek to embed the process of integrated thinking into its activities to better streamline its connectivity of reporting from management, its business analysis and decision making process.