

SUSTAINABILITY & CORPORATE RESPONSIBILITY

SUSTAINABILITY AT CCM DUOPHARMA

Following CCM Duopharma's demerger from the Chemical Company of Malaysia Berhad ("CCMB") in late 2017, we are today a public listed company under the umbrella of Permodalan Nasional Berhad ("PNB"). Our recent reorganisation has primed us for new challenges and vast opportunities and today we remain a bold, global pharmaceutical company focusing on sustainable solutions based on innovative sciences. This focus is being driven by our deep engagement with healthcare providers and customers to fully understand the innovation they need for their patients. In operating our businesses, we are guided by our Vision of "Enhancing Quality of Life" and our Mission "to be a leading pharmaceutical company in ASEAN by providing quality, innovative and affordable healthcare products".

As we set our sights on sustainable long-term growth, we remain deeply committed to implementing responsible management and sustainable development practices that balance out our economic ambitions with good environmental and societal considerations. In 2017, CCM Duopharma once again made solid progress in our pursuit of responsible business and sustainable growth by delivering credible performances on the Economic, Environmental and Social or EES fronts.

COMMITTED TO IMPACTFUL ECONOMIC PRACTICES

Our Contribution to Economic Growth

With our offering of almost 300 generic drugs that follow good manufacturing practices, CCM Duopharma is currently the largest manufacturer of generic pharmaceuticals in Malaysia. Our operations are doing much to strengthen the growing pharmaceutical sector which in itself is a highly transformative sector that is helping to boost the domestic economy by way of income generation, job creation and export earnings. While creating jobs, our operations also contribute to the overall well-being of communities, individual self-esteem and quality of life to achieve inclusive and sustainable development.

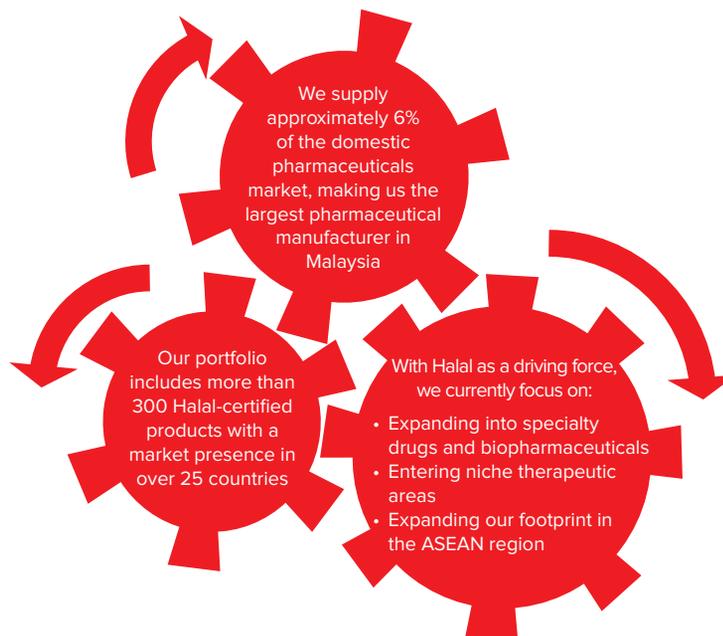
Our Contribution to the Halal Sector

Championing Halal initiatives for more than a decade, CCM Duopharma has emerged as a leading Halal pharmaceutical player in the region. We played

an active role in developing the MS2424: 2012 Halal Pharmaceuticals Standards which was the first of its kind Halal standard worldwide for pharmaceuticals and were the first pharmaceutical company to receive Halal Pharmaceuticals Certification. We remain committed to providing Halal certified products in both the over-

the-counter and prescription medicines ranges to a discerning consumer base. We also continue to be active in developing collaborations with various stakeholders in the entire Halal pharmaceutical value chain. This is our commitment to ensuring that we produce products that are safe, high quality, efficacious and hygienic for our consumers.

In 2017, CCM Duopharma became the first pharmaceutical company to receive the new Halal certification for controlled or prescriptive medicines or ethical products, launched by the Department of Islamic Development Malaysia or Jabatan Kemajuan Islam Malaysia ("JAKIM"). The year in review also saw us receiving



Lean Six Sigma – In 2017, our lean six sigma initiatives such as improvement in cold chain distribution managed to create savings of 7.9 million compared to target savings of 6 million

the “Halal Pharmaceutical Company of The Year – Prescription Pharmaceuticals” award from Frost & Sullivan.

Bumiputera Vendor Development Programme (“BVDP”)

CCM Duopharma, has been directly involved in supporting the Government’s efforts to help develop successful Bumiputera entrepreneurs and businesses that supply products and services to us under the BVDP programme. We believe that this initiative will positively impact the growth of local and Bumiputera enterprises that will ultimately contribute to the economic growth of the communities in which we operate. To date, we have appointed 10 Bumiputera vendors under the BVDP.

In 2017, CCM Duopharma participated in the GLC ExplorAce event which offered exhibitors promotional booths. We invited three of our vendors under the BVDP, namely Nashmir Capsule

Sdn Bhd, Utama Multimodal Logistics Sdn Bhd and Fairview Industries Sdn Bhd, to showcase their products alongside us.

UPHOLDING GOOD ENVIRONMENTAL PERFORMANCE

Safe and Sustainable Operations

As part of our commitment to upholding good environmental performance, we have established Safety, Health & Environment (“SHE”) Policies in our operations to ensure that we operate in a safe and sustainable manner while complying with internal and external regulations. The Environmental Performance Monitoring Committees convene regularly to review the environmental performance of each aspect such as effluents, emissions and scheduled waste. The composition of these committees and their activities adhere to the Malaysian Government guidelines on ‘Guided Self-Regulation’.

CCM Duopharma utilises a majority of its energy in the form of purchased electricity and water which are necessary for its manufacturing processes. We are always mindful of the impact of our operations on the environment and make every effort to minimise our consumption of these natural resources through the application of our Operational Excellence initiatives in our operations.

Waste Disposal

We manage our solid waste responsibly and perform 3R (“Reuse, Reduce and Recycle”) initiatives throughout the Company. Recyclable materials are segregated and sent to a recycler or returned to the suppliers. All scheduled waste and wastewater generated from our facilities are managed and handled appropriately in accordance with regulatory standards imposed by the Department of Environment.

DEDICATED TO ENRICHING SOCIETY

CHAMPS and NASOM collaborate to boost awareness on Autism

CCM Duopharma is deeply committed to enhancing the quality of life of all Malaysians and the people in the regions where we operate by leveraging on strategic collaborations and innovation at the intersection of healthcare and science. In 2017, the Company launched the ‘Every Child is a Champion’ brand campaign for CHAMPS Vitamin C in collaboration with the National Autism Society of Malaysia (“NASOM”) to address misconceptions and raise public awareness on autism in children. Our pledge to contribute 50 sen to the cause for every bottle of CHAMPS Vitamin C sold during the campaign period yielded RM50,000.00 which was presented to NASOM.

Preserving our environment, in 2017 CCM Duopharma reduced its total scheduled waste produced by 29%, this was achieved by improving productivity via various efficiency improvement programs

SUSTAINABILITY & CORPORATE RESPONSIBILITY (cont'd)

Self-Help Medical Assistance for Pilgrims

Health plays a major role in fulfilling the physically and mentally demanding requirements of the Haj. With approximately 3.7 million pilgrims attending this mass gathering, the risk of contracting an infectious disease is high. As the pioneer in the production of Halal certified pharmaceuticals, CCM Duopharma is well positioned to aid the wellness of pilgrims with its wide range of quality products.

In 2017, CCM Duopharma contributed 28,000 sets of personal health kits worth RM821,000 to Malaysian pilgrims preparing for the Haj

through the Sahabat Korporat Tabung Haji programme. This year's contribution marks the 14th year of CCM Duopharma's involvement in the programme. To date, 482,000 health kits containing Halal-certified products worth more than RM10 million have been donated to pilgrims.

PINTAR Programme

To further its objective of improving socioeconomic standards through education, the PINTAR Foundation has adopted 15 rural primary schools since 2007. By providing funding for teaching and learning aids at adopted PINTAR schools, CCM Duopharma is helping strengthen English language proficiency among students.

Jalanan Antara Universiti Dan Industri ("JATI")

CCM Duopharma continues to lend support to the CCMB JATI Programme, a collaboration between the CCMB Group and public universities, to train and groom pharmacy undergraduates on entrepreneurship in community retail pharmacies. This three-year capacity building programme accords participants from five local universities, namely Universiti Sains Malaysia, Universiti Teknologi Mara, Universiti Malaysia Sabah, International Islamic University Malaysia and Universiti Kebangsaan Malaysia, with marketing, business management and hands-on retailing skills. Each year, 50 pharmacy undergraduates are selected to enrol under this programme. Since its inception, more than 200 students have successfully undergone the programme. We hope to develop 500 successful and competitive entrepreneurs in community pharmaceutical retail by 2020.

CCMB-USM Millennial Pharmapreneur Coaching Programme ("MPC")

The MPC programme promotes community pharmacies in rural areas, with the intention of increasing the numbers of Bumiputera entrepreneurs. We support the Government's efforts to address the uneven distribution of pharmacists in the country and encourage more Bumiputera youths to join this profession.

Ethical Business Promotion

In collaboration with the Malaysian Medical Association and the Malaysian Pharmaceuticals Society, the year in review saw us organising numerous continuing education activities including continuing medical education or CME roadshows across the country on a variety of topics. These activities, which covered Respiratory and Infectious Diseases, Diabetes Mellitus, Cardiovascular and Gastrointestinal Disease, among other things, all received overwhelming participation from healthcare professionals.

CEO@Faculty ("CFP") Programme

The 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.

Following the launch of CFP 2.0 in 2017, Dr See Hong Heng of Universiti Teknologi Malaysia ("UTM"), was placed under the mentorship of Leonard Ariff Abdul Shatar and Dr Leong Chuei Wuei from September 2017 to February 2018. He was able to extract the maximum benefit of the CFP programme through personal coaching as well as through learning about negotiation, networking and leadership skills.

Commitment to Halal certified products in both the OTC and prescription medicines - We were the first pharmaceutical company to receive the Halal Pharmaceuticals Certification based on the world's first Halal Pharmaceuticals Standard: MS2424:2012, Halal Pharmaceuticals - General Guidelines

For demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service, and strategic product development, CCM Duopharma was awarded the Frost & Sullivan Malaysia Excellence Award in the ‘Halal Pharmaceutical Company of the Year – Prescription Pharmaceuticals’ category

STRENGTHENING OUR WORKFORCE

Employee Engagement

CCM Duopharma’s employees are our most important asset. We strive to provide the best working conditions for all employees regardless of their nationality, race, or gender. Our labour practices focus on leadership quality, employee engagement, knowledge accessibility and learning capacity to enhance our employees’ competencies and help drive the organisation towards achieving its corporate vision and objectives.

Following the rollout of more effective employee engagement activities, employee sentiment has improved considerably as seen in the results of the latest bi-annual Employee Engagement Survey conducted in 2017. This survey reflected an 11% increase in positive employee

sentiment to 89% as compared to just 78% in 2016. This improvement is crucial as it indicates the growing level of connectedness and motivation of our employees as well as their commitment towards realising the Company’s vision and mission. In recognition of our employee engagement efforts, CCM Duopharma was awarded HR Asia’s “Best Companies to Work for in Asia” for 2017.

Skim Latihan 1Malaysia (“SL1M”) Programme

CCM Duopharma has been supporting the nation’s human capital development efforts through our major shareholders PNB, under the SL1M programme by arranging on-the-job training for unemployed graduates to enhance their employability. In 2017, CCM Duopharma provided on-job-training placements for 28 trainees with four of them being absorbed into the CCM Duopharma workforce.

my Millennial Apprentice Programme (“myMAP”)

CCM Duopharma’s myMAP initiative is a fast-track development programme for young graduates to transform the Company into a talent-powered organisation. The myMAP programme strengthens employee competencies and personal development while preparing them for career paths in line with CCM Duopharma’s strategic direction. In 2017, there were six participants in CCM Duopharma’s myMAP. Since 2015, we have absorbed 12 myMAP participants into our workforce.

Training and Development

To ensure that our employees are highly-skilled and competent, we encourage continuous learning among them by providing various training and certification programmes both internally and externally. To ensure

that the Company has the appropriate bench strength to support its growth in the future, the Company has in place the myCareer Acceleration Programme (“myCAP”) and a Talent Management Programme to develop capable employees as successors in the Company.

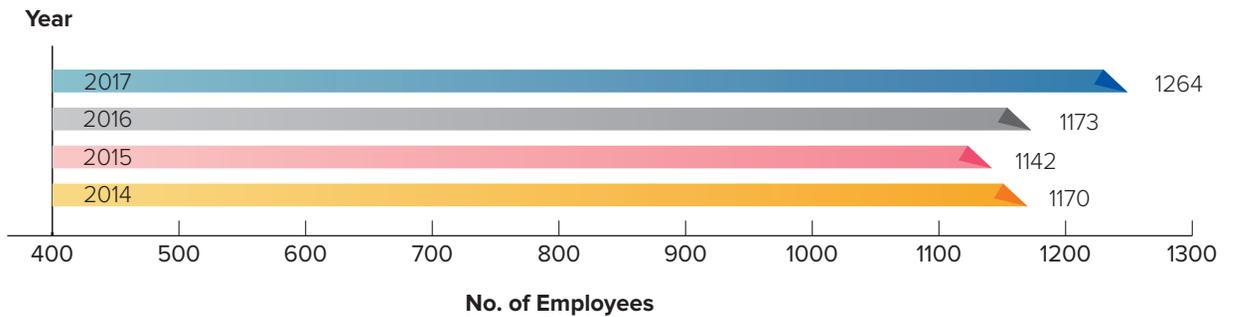
CCM Duopharma also places great emphasis on workplace diversity. Our Core Values help guide our team of dedicated and committed employees to carry out their tasks professionally, ethically and with integrity. Meanwhile, programmes like Lean Six Sigma, Operational Excellence and Innovation & Quality Convention have translated into cost savings and greater efficiency, paving the way for innovative solutions to ensure the sustainable growth of the business.

SUSTAINABILITY & CORPORATE RESPONSIBILITY (cont'd)

CCM Duopharma's Workforce

Total no. of employees at CCM Duopharma

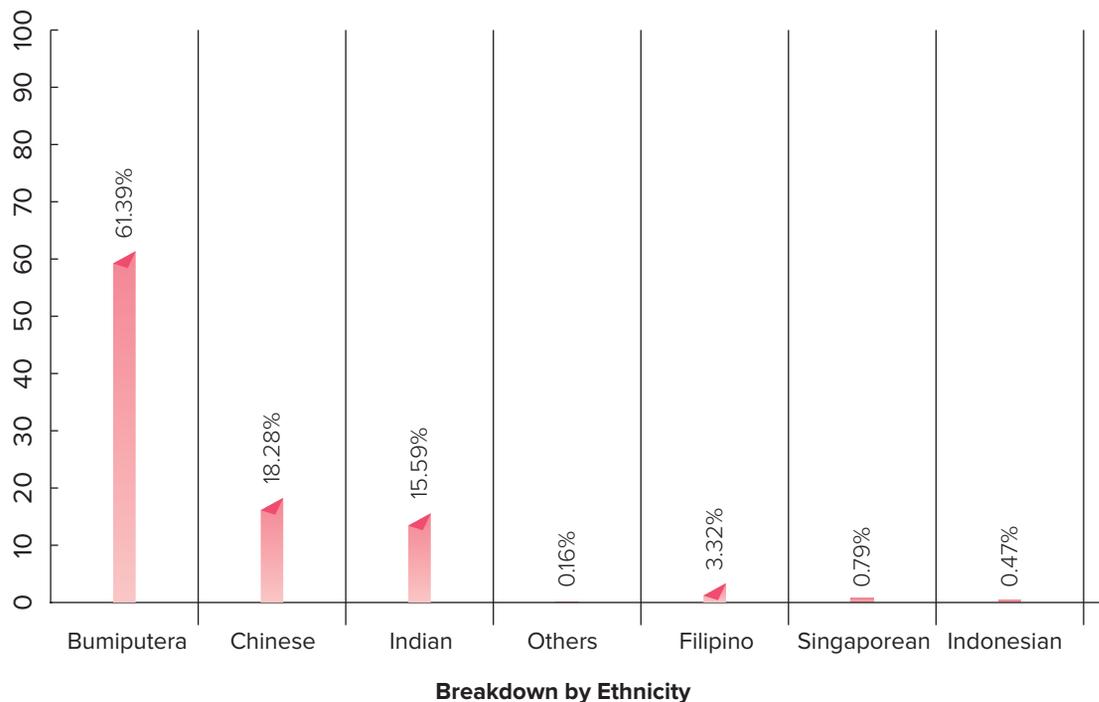
Year	2014	2015	2016	2017
Total	1170	1142	1173	1264



Ethnicity at CCM Duopharma

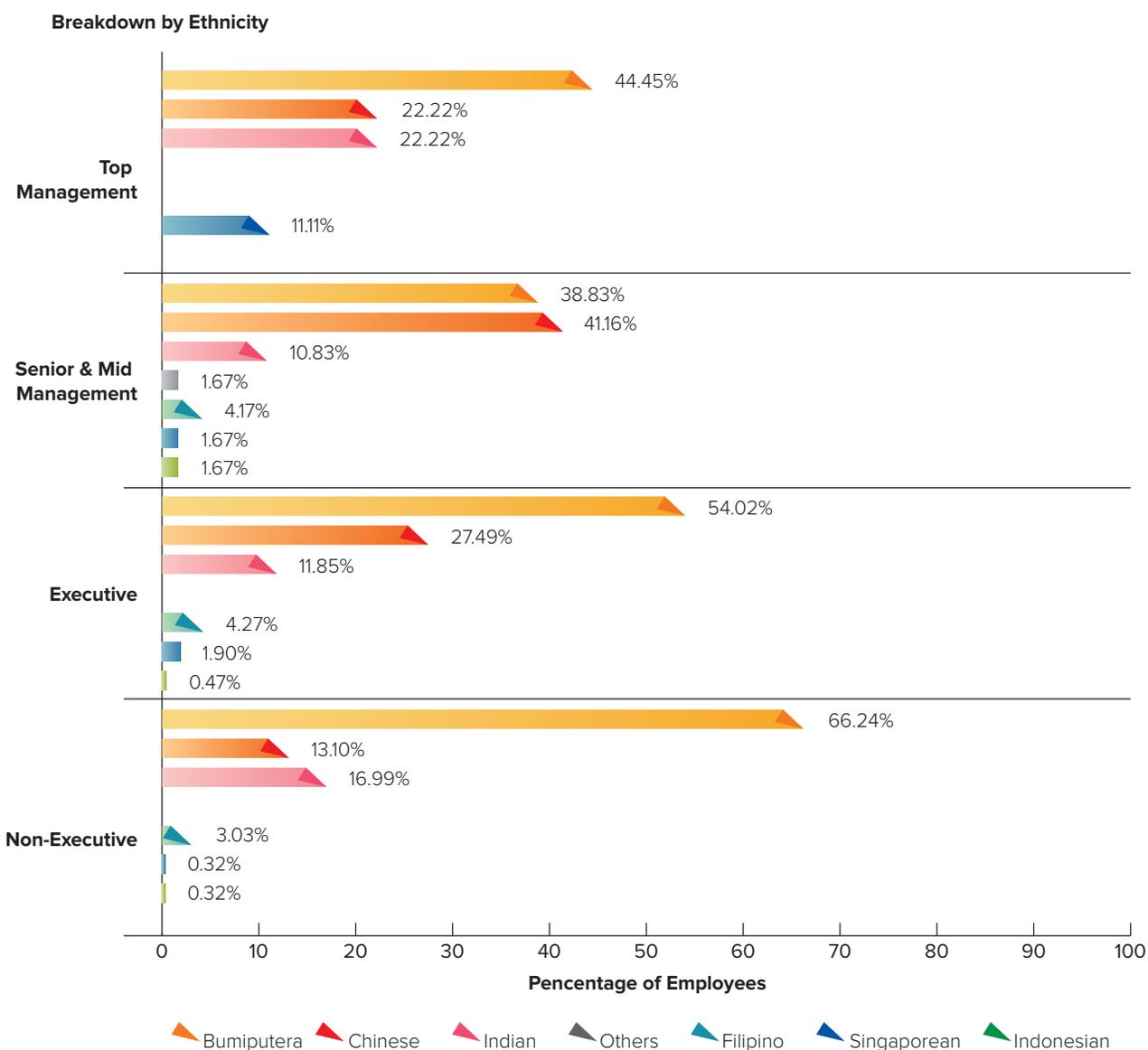
Ethnicity	Bumiputera	Chinese	Indian	Others	Filipino	Singaporean	Indonesian	Total
Percentage of Employees	61.39%	18.28%	15.59%	0.16%	3.32%	0.79%	0.47%	100%

Percentage of Employees



Breakdown of Working Levels by Ethnicity

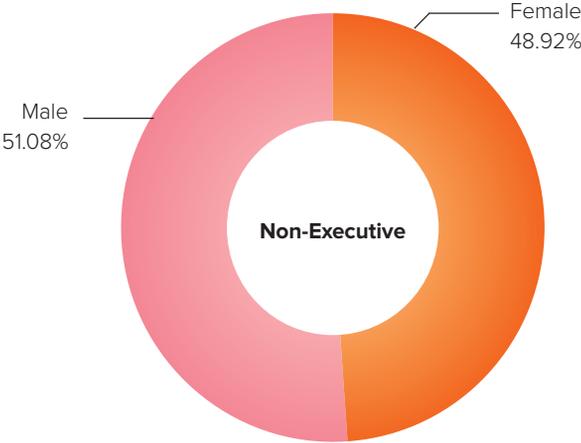
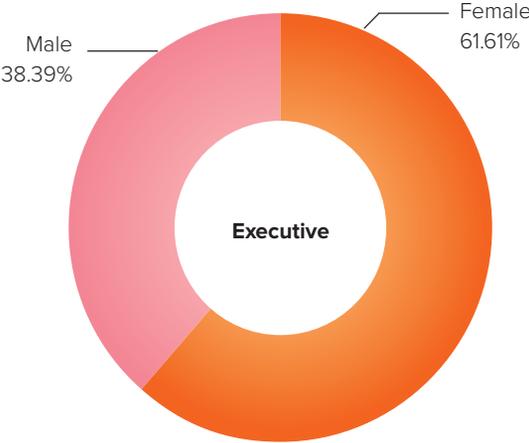
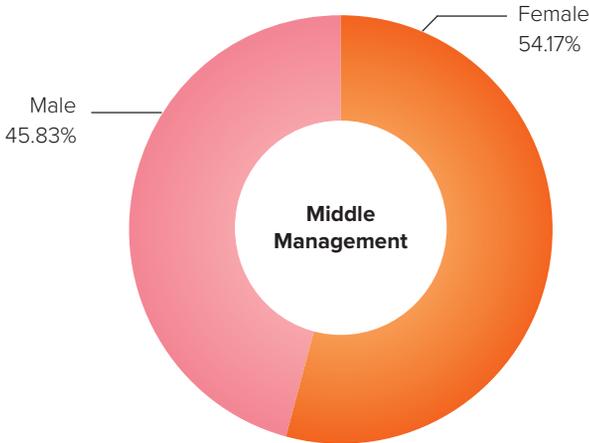
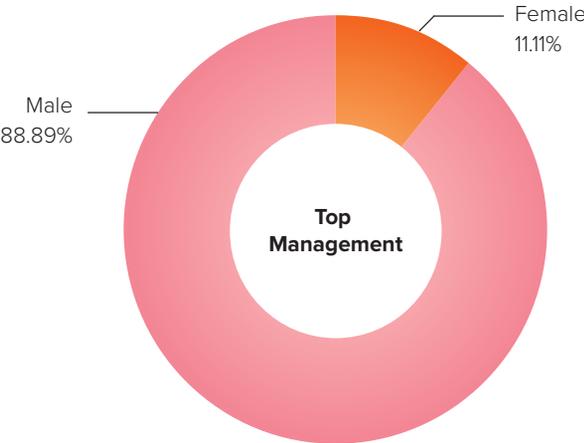
Ethnicity	Top Management	Senior & Middle Management	Executive	Non-Executive
Bumiputera	44.45%	38.83%	54.02%	66.24%
Chinese	22.22%	41.16%	27.49%	13.10%
Indian	22.22%	10.83%	11.85%	16.99%
Others	0.00%	1.67%	0.00%	0.00%
Filipino	11.11%	4.17%	4.27%	3.03%
Singaporean	0.00%	1.67%	1.90%	0.32%
Indonesian	0.00%	1.67%	0.47%	0.32%
Total	100.00%	100.00%	100.00%	100.00%



SUSTAINABILITY & CORPORATE RESPONSIBILITY (cont'd)

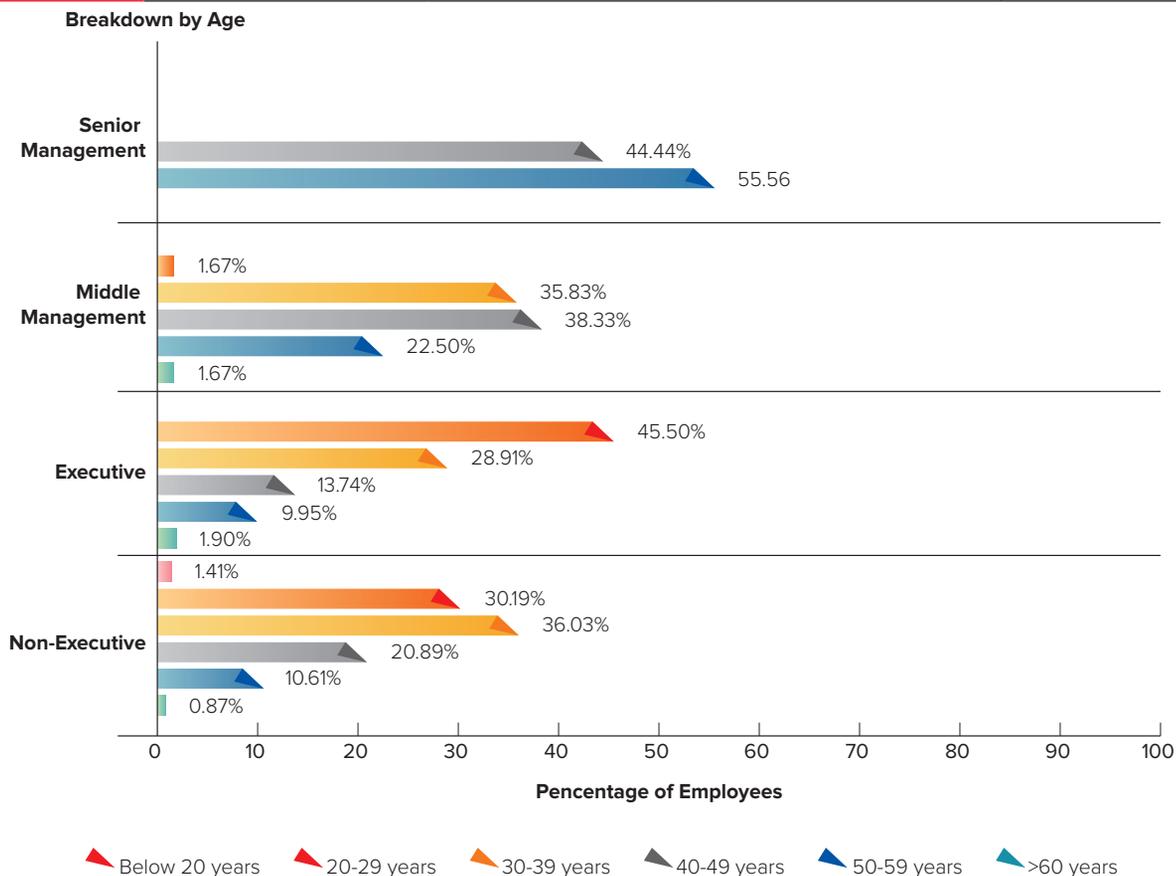
Breakdown by Gender

Gender	Top Management	Senior & Middle Management	Executive	Non-Executive
Male	88.89%	45.83%	38.39%	51.08%
Female	11.11%	54.17%	61.61%	48.92%
Total	100%	100%	100%	100%



Breakdown by Age Group

Age Group	Top Management	Senior & Middle Management	Executive	Non-Executive
Below 20 years	0.00%	0.00%	0.00%	1.41%
20-29 years	0.00%	1.67%	45.50%	30.19%
30-39 years	0.00%	35.83%	28.91%	36.03%
40-49 years	44.44%	38.33%	13.74%	20.89%
50-59 years	55.56%	22.50%	9.95%	10.61%
> 60 years	0.00%	1.67%	1.90%	0.87%
Total	100.00%	100.00%	100.00%	100.00%



Keeping People Safe and Healthy

As CCM Duopharma ventures forth, we are mindful of our impact on the world around us and remain deeply committed to the health, safety and well-being of the people who put their trust in our products and the global communities in which we operate. We also continue to work to ensure that our scientific contributions reflect our commitment to safe and healthy workplaces, strong communities as well as responsible and ethical business practices – all the way from our research and development efforts to our manufacturing and distribution activities. All our products incorporate environmental, health and safety design considerations.

All in all, 2017 saw CCM Duopharma making good strides forward on the EES fronts. Further details of our sustainability initiatives can be found in our standalone CCM Duopharma Sustainability Report 2017 which is available on the Company's website at www.cmduopharma.com