

Sustainability Statement

CME Group Berhad (“CME”) is pleased to present its Sustainability Statement for the financial period ended 30 June 2018. This statement is prepared in accordance with Practice Note 9 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

Structure

CME does not have a Sustainability Committee at the Board of Directors level. Our sustainability strategy is developed and directed by the Chief Executive Officer and Senior Management of the Group based on guidelines provided by the Board.

Scope

This is the Group’s first sustainability statement, as a kick-start to our sustainability reporting, this report focuses on our core business activities that were conducted during the financial period in respect of manufacturing and sales of specialised mobility vehicles, fire fighting and safety vehicles and other safety related products.

Stakeholder

CME has identified the following stakeholders in the course of our core business operations. We regularly engage our key stakeholders to gain an external perspective on various aspects of our core business and work to constantly improve our sustainability practices to meet their expectations.

No.	Stakeholders	Engagement channel	Frequency of engagement	Stakeholders’ concerns
1	Customers	<ul style="list-style-type: none">MeetingsCustomer feedback	As needed As needed	<ul style="list-style-type: none">Customers’ specific preferences and requirementsProduct qualityAfter sales services
2	Vendors/ Contractors	<ul style="list-style-type: none">Meetings	As needed	<ul style="list-style-type: none">Prompt payment
3	Employees	<ul style="list-style-type: none">AppraisalsTrainings	Annual As needed	<ul style="list-style-type: none">RemunerationsStaff welfareCareer advancement
4	Regulators	<ul style="list-style-type: none">Statutory reporting	As required	<ul style="list-style-type: none">Compliance with legal regulations
5	Shareholders & Investors	<ul style="list-style-type: none">Annual General MeetingExtraordinary Meeting	Annual As needed	<ul style="list-style-type: none">ProfitabilityDividend

Material sustainability matters: Economic, Environmental and Social (“EES”)

The Group’s senior management had identified the following EES matters which are deemed material to the Group’s core business and stakeholders:

1. Economics

i. Fluctuation in foreign exchange rates

Our Group is mainly exposed to the currency of United States Dollar and British Pound Sterling through the import of components (65%-75% of our Group’s total cost of sales). As such, any adverse fluctuation in foreign exchange rates against the RM will increase the costs of the products and would have an effect on our Group’s production costs and profitability.

Our sales are mainly transacted in RM, any significant fluctuation in exchange rate of RM against United States Dollar and British Pound Sterling will affect the financial results of our Group.

Although we do not have any hedging policy, acknowledging the adverse fluctuation in foreign exchange rate will affect the financial results of our Group, our Division Heads including Finance team work together to sets a reasonable project forecast and purchase the relevant foreign currency as needed by the project from time to time.

ii. Product & service responsibility

Our Group core business are manufacturing and sales of specialised mobility vehicles, firefighting and safety vehicles and other safety related products. To achieve our business goals, our Group must develop and sell products that appeal to our customers. This is dependent on a number of factors, such as our ability to manufacture products that meet the quality, performance and price expectations of our customers, as well as the ability to develop effective sales and marketing programmes.

Further growth will depend on our Group’s ability to innovate our existing products and introduce new products. Failure to keep pace with product innovation and/or to predict market demand for the products may impact on our business, financial condition and results of operations. Taking cognisance of this, our Group is constantly looking to improve our manufacturing processes and manufacturing efficiency, standards and quality of our products. Our Group has also established a strong relationship with our customers and is confident that we will maintain our competitive advantage by ensuring prompt delivery, price competitiveness of our products and consistent quality.

In the SMV division, we have more than 20 years of experience in the business of designing, manufacturing, and supply of cutting-edge specialised vehicles to various purchasers in both the public and private sector in Malaysia. With our proven track records of successful contract execution, our Company remains active in the procurement of projects.

We participated in the International Fire Conference & Exhibition Malaysia to promote our product and services. (insert photo of roadshow).

Although we have not conducted any former customer satisfaction surveys, our project team had always welcomed feedback which would provide us with insights into customers' expectations that enabled us to develop and deliver better products and services. Knowing what customers expect from us makes it easier for us to strengthen and market our product and services.

2. Environmental

i. Environment friendly

We recognize the needs and important of environment protection. As a responsible corporate citizen, the Group has initiated various measures to promote a "greener" mindset among our employees and stakeholders. Employees are encouraged to cut down wastage on energy, water and paper consumption.

3. Social

i. Employees

CME recognizes that our employees are a key assets and ensures a safe working environment for all its employees and promotes a balance and healthy lifestyle. In line with this objective, we committed to the following:

	Welfare	Our Commitment
a.	Health and safety	<ul style="list-style-type: none"> Workplace safety is our utmost priority, we provide safety handbook to all level of employees to improve and enhance awareness amongst staff, especially those who work with the factory. The Group, through CME Sport Club, promotes a balance and healthy lifestyle for the employees and their immediate family. We contributed to CME Sport Club for various outdoor activities, recreational and sport activities for the benefit of its members.
b.	Employee welfare	<ul style="list-style-type: none"> Equal opportunities for career advancement based on performance to all employees irrespective of gender, age or ethnicity. Fair and competitive compensation and benefits. Complies with local statutory requirement to contributes to the Employees' Provident Fund, social security protection and annual leave provision. Provides medical benefits for outpatient, accident insurance, hospitalization and surgical insurance coverage to employees and their family members.

c.	Continuous training	<ul style="list-style-type: none"> • We recognized that continuous training are important to increase the competency of our employees. We provided both internal training and also send employees for external training. Among the trainings attended were: <ul style="list-style-type: none"> i. Induction Training on ISO 9001:2015 Quality Management Systems ii. An Overview & Analysis of MFRS/IFRS iii. Corporate Reporting in Malaysia - MFRS and Non-Financial Disclosures (Part 3) iv. Niosh Oil & Gas Safety Passport v. Niosh TNB Safety Passport