



COMPACT METAL INDUSTRIES LTD

SUSTAINABILITY REPORT 2018



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ABOUT THIS REPORT

We are pleased to present the annual Sustainability Report of Compact Metal Industries Ltd (“CMIL”, the “Company”, and together with its subsidiaries, the “Group”) for the financial year ended 31 December 2018 (“FY2018”). This report is prepared in compliance with the requirements of Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules 711A and 711B, and references the Global Reporting Initiative (“GRI”) Standard, Core option. The Group has chosen to report using the GRI Standards because it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures. Moreover, the structured framework promotes reporting a full and balanced picture of the Group’s material matters and the management of its impact.

This report highlights the key environmental, social and governance related initiatives carried out throughout a 12-month period, from 1 January 2018 to 31 December 2018. For FY2017, we only covered the Group’s aluminium business in Malaysia and the Sustainability Report as the cement business was acquired in October 2017. In line with the Group’s continued commitment to environmental sustainability, we have included both the aluminium business with operations in Malaysia and the cement business with operations in Tajikistan and Kazakhstan in this FY2018 report as follows:

Operations in Malaysia:

- Compact Metal Industries Sdn Bhd (“CMISB”)
- Selaco Aluminium Bhd (“SELACO”)

Operations in Tajikistan:

- International Manufacturing Company Chzhungtsai Mohir Cement LLC (“IMCCMC”)
- Mohir Cement LLC (“MCL”)

Operation in Kazakhstan:

- Alacem LLP (“ALACEM”)

BOARD’S STATEMENT

Recognising the importance of sustainability, the Board of Directors (“Board”) leads the sustainability efforts at the Group. The Board has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of these factors. We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your comments and suggestions to contactus@internationalcementgroup.com.

29 May 2019

CORPORATE PROFILE

OVERVIEW

For many years, the Group's principal business has been in the manufacturing and marketing of aluminium windows and doors for residential properties and sale of aluminium extrusions and related products. The Group has been facing strong competition in its aluminium business in recent years as a result from falling gross margins of our projects and increases in the prices of raw materials.

With a view of diversifying, the Group expanded into the cement business to broaden its revenue stream and improve its growth prospects upon approval obtained from shareholders in March 2015.

In October 2017, the Group successfully completed the acquisition of 65% equity interest in International Manufacturing Company Chzhungtsai Mohir Cement LLC, a limited liability company incorporated in the Republic of Tajikistan. This strategic acquisition allowed us to achieve an immediate business and operational presence in the cement market in Central Asia, aligned with the Group's focus of tapping on business opportunities in the production, distribution and sale of cement in emerging markets.

The core businesses of the Group are as follows:

Cement

IMCCMC has a total annual design production capacity of 1.2 million metric tonnes of cement and is one of the major cement producers in Tajikistan, with a leading market position in the Khatlon Region. We are investing in additional facilities in Tajikistan which has been completed in Q2 of FY2019 and is expected to bring cost savings to our cement business in Tajikistan.

We are constructing a cement plant with an annual design production capacity of 1.2 million metric tonnes of cement in Kazakhstan which is expected to be completed in FY2019.



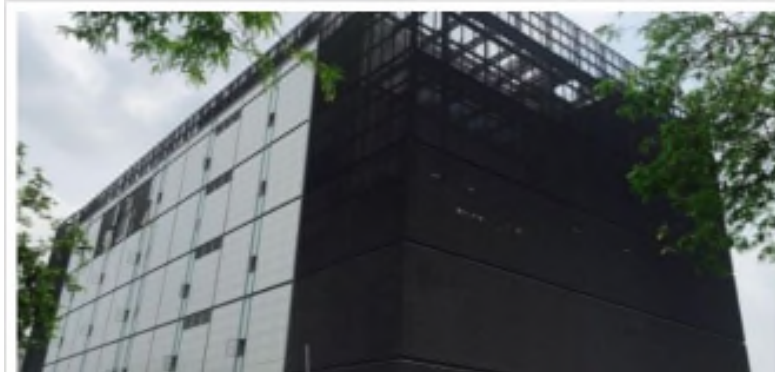


Aluminium

We are an established industry player in the manufacturing and marketing of aluminium windows and doors for residential properties and sale of aluminium extrusions and related products.



Aluminum Window frames for HDB flats



INTERNAL RESTRUCTURING EXERCISE

The Group undertook a scheme of arrangement pursuant to Section 210 of the Companies Act in where Compact Metal Industries Ltd transferred its listing status to International Cement Group Ltd. on 8 March 2019. The internal restructuring exercise allows the Group to ringfence direct operating risks, segregate business segments and geographical areas of operations. The exercise also allows the Group to achieve ease and flexibility to acquire new businesses as well as expand or divest existing business segments as and when opportunities arise.

LOOKING FORWARD

In FY2019, the Group will continue our focus on completing the construction of a new cement plant in Almaty, Kazakhstan. Almaty is the biggest city in Kazakhstan and also the Central Asia Region. This cement plant will supply the cement market demand of Almaty city, Almaty Region and Hurgos port near the border to China. We expect to begin commercial operations of the plant by end of FY2019 and will update shareholders progressively.

On 11 March 2019, International Cement Group Ltd. announced its intention to acquire a 69.83% interest in a cement plant in Namibia, Africa with an annual production capacity of 1.0 million metric tonnes. This marks the Group's first foray into Africa and is aligned with the Group's strategy to diversify into the African cement market. In addition to the approval of the shareholders, the proposed acquisition is subject to the approval of the SGX-ST. The Group will update shareholders progressively.

SUSTAINABILITY APPROACH

OUR SUSTAINABILITY APPROACH



STAKEHOLDER ENGAGEMENT

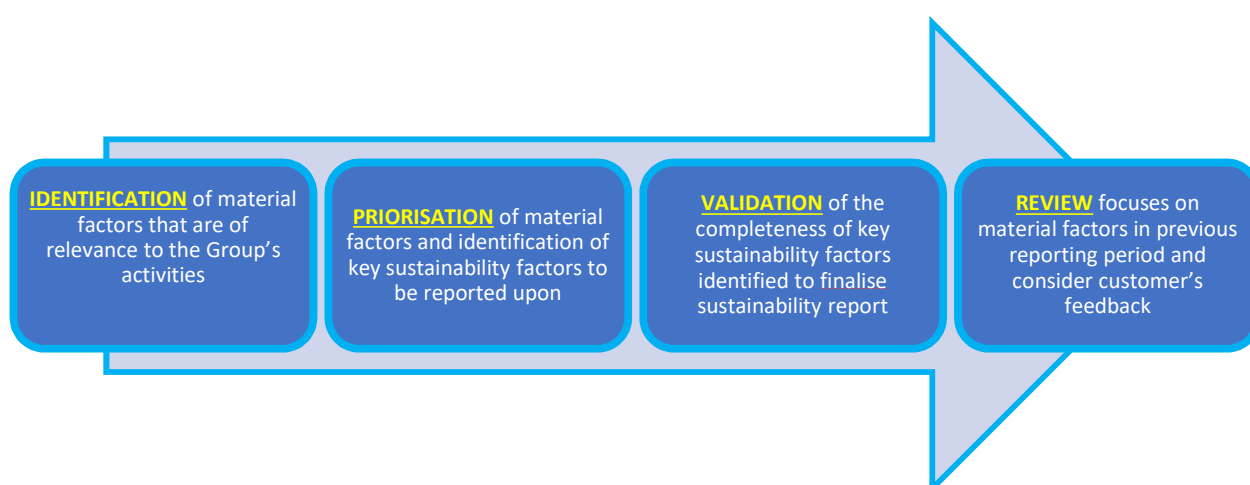
An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, customers, suppliers, employees, investors and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships. The following sets out our engagement platforms with our stakeholders:

Stakeholders	Key topics and concerns	Means of communication and exchange	Actions taken
Employees	<ul style="list-style-type: none">Protecting employees' basic rights and interestsPromoting capability enhancementBroad choices for career developmentSense of belonging and identity	<ul style="list-style-type: none">Open dialoguesTeam bondingDisclosure of relevant information	<ul style="list-style-type: none">Safeguarding employees' legal rights and interestsProviding fair opportunities and platforms for work, learning and promotionCareer planningFulfilling individual values

Stakeholders	Key topics and concerns	Means of communication and exchange	Actions taken
	<ul style="list-style-type: none"> Sharing outcomes of corporate development 		<ul style="list-style-type: none"> Creating a happy environment
Customers	<ul style="list-style-type: none"> Providing high quality products Providing high quality services Protection of rights and interests Timely delivery 	<ul style="list-style-type: none"> Email queries and feedback Seeking customer opinions Market feedback 	<ul style="list-style-type: none"> High quality raw materials Technological innovation Development of customer service system Customer satisfaction survey
Suppliers and service providers	<ul style="list-style-type: none"> Products and services Fair business conducts Honest transactions Timely performance of contracts Win-win by cooperation Compliance and comparable pricings 	<ul style="list-style-type: none"> Face to face meet-up Annual review Contracts and agreement Assessment being an approved vendor 	<ul style="list-style-type: none"> Exploring new areas for cooperation Responsible procurement Disclosure of procurement information Enhancing common beliefs
Investors / Shareholders	<ul style="list-style-type: none"> Honesty and integrity Regulated operations Profitability 	<ul style="list-style-type: none"> Group annual report Annual general meeting with investors 	<ul style="list-style-type: none"> Ensuring compliance with laws and regulations

MATERIAL ASPECTS ASSESSMENT

An important part of our sustainability journey begins with the identification of relevant aspects. Relevant aspects are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in the sustainability report. The assessment process is as shown below:



We conducted a materiality assessment during the year with the help of an external consultant. Going forward, materiality review will be conducted every year, incorporating inputs from the engagements with key stakeholders.

To determine if an aspect is material, we assessed its potential impact on the economy, environment and society and influence on the stakeholders. Together with senior management and our external consultant, aspects were identified and prioritised through internal workshops, peer reviews and social impact assessments on site. Applying the guidance from GRI, we have identified the following material aspects:

<div><div><u>Economic</u></div><div>Economic Performance</div><div>Anti-Corruption</div></div>	<div><div><u>Environment</u></div><div>Effluents and Waste</div><div>Energy</div><div>Emissions</div><div>Environmental Compliance</div><div>Supplier Environmental Assessment</div></div>
<div><div><u>Social</u></div><div>Occupational Health and Safety</div><div>Training and Education</div><div>Employment</div><div>Diversity and Equal Opportunity</div><div>Local Communities</div><div>Socioeconomic Compliance</div></div>	<div><div><u>Governance</u></div><div>Corporate Governance</div><div>Enterprise Risk Management</div></div>

ECONOMIC

ECONOMIC PERFORMANCE

The Group's revenue increased by 178% from \$41.1 million in FY2017 to \$114.1 million in FY2018 and profit before tax increased by \$30.8 million from \$0.3 million in FY2017 to \$31.1 million in FY2018. The increase was due to revenue contribution from IMCCMC, offset by a decrease from the aluminium segment due to a decline in sales from projects and sale of aluminium related products.

Aluminium

The Group believes that focus on financial sustainability is critical and we are fully committed to the highest standards of corporate governance. FY2018 was a challenging year and revenue decreased by 25% from \$25.7 million in FY2017 to \$19.3 million in FY2018, and loss before tax increased from \$2.9 million in FY2017 to \$5.0 million in FY2018.

Cement

Our annual cement production has increased from 0.3 million metric tonnes in FY2017 to 1.2 million metric tonnes in FY2018, and revenue increased by 84% from \$15.4 million in FY2017 to \$94.8 million in FY2018, and profit before tax increased by almost seven fold from \$5.2 million in FY2017 to \$36.2 million in FY2018. As at 31 December 2018, the total assets of this segment amounted to \$219.5 million.

For details on financial results, please refer to our Annual Report 2018 Financial Statements, pages 40 to 128.

ANTI-CORRUPTION

In our dealings with our customers, we get our employees to strictly uphold the Group's policy on anti-corruption/bribery clauses. We may also ask our suppliers through a supplier questionnaire on whether they have anti-corruption clause with their upstream suppliers. Meanwhile, the Group has formulated directives and regulations, provided anti-commercial bribery trainings, executed anti-commercial bribery commitment letters and taken a number of other measures targeting at the risk of commercial bribery, to ensure that its business activities are carried out on the premise of lawfulness and compliance.

In FY2018, the Group was not involved in any litigation cases concerning corruption, bribery, blackmailing, fraud and money laundering (FY2017: nil).

WHISTLE BLOWING

Our whistle blowing policy provides a mechanism for employees and external parties to report concerns over alleged wrongful acts. The policy is posted on various locations in the office so that employees are well aware of the policy. Employees can expose fraudulent practices by reporting phone calls, mailboxes, and WeChat. Anti-fraud teams provide anonymous protection to the whistleblowers. If the whistleblowers are verified to be true, cash rewards will be given to whistleblowers.

There were no whistle blowing cases in FY2018 (FY2017: nil).

Our goal is to maintain zero incident of corruption. We will regularly review policies on whistleblowing and anti-corruption.

ENVIRONMENT

As a responsible environmental group, we will continue to maintain our core focus well into the future and our proactive commitment to environmental awareness and stewardship.

EFFLUENTS AND WASTE

Due to our business nature, there are effluents generated from the production process. We monitor effluents every day to ensure compliance with government regulations. Waste water disposed into the nearby waters are checked daily to ensure that they are within the safety limits.

Type of waste	Total weight	Disposal Method
Sludge	71 tonnes (FY2017: 79 tonnes)	Sludge will be sent to a waste management centre which has incineration plant, solidification plant, physical & chemical plant, secured landfill and clinic waste treatment centre. Sludge from the coating division will be disposed by an authorised collector twice a year.
Waste water	243,800 litres (FY2017: 316,800 litres)	Water used for Aluminium surface preparation is treated by qualified waste water consultant. Treated water sample is lab tested to ensure compliance with environmental requirements for discharge to the public water system. The Group reuses the treated water as water curtain which evaporates during the coating process.
Sewage and waste	120,000 tonnes fly ash and 40,000 tonnes of clinker (FY2017: nil)	<p>The cooling water of production equipment is fully recovered and recycled after cooling tower and treatment. There is no loss of water resources throughout the production process. The sprinkler method of self-owned well water is used to irrigate the plant area, which saves water resources. Water generated from the production process is reused after filtering and treatment, and there is no sewage discharge.</p> <p>Wood, paper and plastic packaging materials such as refractory materials, equipment components and other packaging materials, as well as combustible waste generated in the production area, are all burned in the high-temperature rotary kiln to increase the heat required for calcination. Construction waste, testing cement blocks, replacement refractory brick castables are added as mixtures to cement ingredients to realise waste and utilise waste effectively.</p> <p>Our Group utilises the fly ash burned by raw coal in local thermal power plants. It consumes more than 120,000 tonnes of fly ash every year and saves more than 40,000 tonnes of clinker. This not only solves the problem of environmental pollution caused by the disorderly stacking of local fly ash, but also contributes to energy saving and consumption reduction of enterprises.</p>
Waste rock	60,000 tonnes (FY2017: 40,000 tonnes)	During the limestone mining process, the waste rocks will be recycled and blended into cement.
Coal gangue	1,000 tonnes (FY2017: 5,000 tonnes)	The coal gangue with excessive hardness and low calorific value in the process of raw coal grinding is utilised comprehensively, and more than 1,000 tonnes of coal gangue is added to the raw materials every year.

The Group has also established policies and procedures for handling other solid and liquid waste generated:

- Waste generated must not be stored more than 6 months, or 20 tonnes in the designated area.
- Wastes should be packed with suitable packaging to prevent contamination of the surrounding (for example: ink and waste sludge must be kept in jumbo bags, while used metal drums must be stored on pallet).
- The date on which waste is collected must be shown on a label on the waste packaging.
- Waste packages must be stowed properly to prevent them from spillage or leakage of the waste.
- Waste storage area is locked and only accessed by authorised personnel handling the waste.
- Waste is collected and disposed by certified waste collectors.

During FY2018, there is 1 (FY2017: nil) incident of non-compliance with safety and environmental requirements prescribed by Malaysian environmental laws and regulations. The pH reading from Industrial Effluent Treatment System of the plant at a subsidiary, SELACO, was pH10 on 9 March 2018, above the prescribed limit of pH9. This led to a fine of 1,000 Malaysian Ringgit for discharging of waste water at pH 10.

We target to maintain the level of effluents and waste that is compliance with the government standards.

ENERGY

Our cement plant employs state-of-the-art technologies in the cement production process which include the new suspension preheater (“NSP”) dry process, requiring less energy to produce cement, and this is more fuel-efficient and more environmentally friendly than non-NSP technologies.

The major characteristic of NSP technology is the pre-heating of raw materials which ensures that they are substantially decomposed prior to their mixing and feeding into the rotary kiln. This pre-heating process greatly enhances the efficiency of calcination and formation of clinker in the rotary kiln and reduces the energy consumption in the production of clinker.

The plant was designed to provide for a comprehensive corporate governance framework to ensure efficient environmental protection in its processes which includes pollution mitigation measures.

We use energy only when needed. Regular checks are conducted on the entire plant to ensure the lights were switched off when not in use. Printing of paper is minimised and paper is recycled for internal use. From time to time, the meetings focusing on energy conservation and consumption reduction are held, aiming to solve technical issues encountered during daily operations.



In FY2018, to further save energy, reduce cement manufacturing costs, enhance market competitiveness, achieve energy-saving targets and sustainable development of production and environment, we managed to save energy and reduce consumption by focusing on high-tech transformation. Measures on improvement of energy efficiency were as follows:

1. Carried out AC frequency conversion speed regulation of the cooling fan of the grate cooler – By regulating the motor speed, the operating efficiency of the motor was greatly improved, and the energy loss was effectively reduced.
2. Utilised high-tech to transform the existing production process by upgrading the third-generation grate cooler into the “fourth-generation step-type” grate cooler – This further reduced heat loss, improved heat utilisation efficiency, and effectively reduced energy consumption.
3. Effectively used the enhanced cement grinding aid to reduce the consumption of cement clinker – The usage of cement grinding aid per tonne could save about 40 tonnes of clinker and 40,000 tonnes in total each year.
4. Set up research team and conduct monthly evaluation to tackle the power and coal consumption issues in the clinker processing and cement manufacturing processes, and ensured that the operation of the equipment was at full capacity to maximise the output of the equipment.

After a year of effort in FY2018, the cement operations has shown remarkable energy saving results, reduced 3 million kwh of electricity per year and 1,500 tonnes of raw coal as compared to FY2017.

In FY2019, we target to further enhance energy management, reduce energy consumption, enhance energy management system, improve employees' awareness of energy conservation, develop corrective measures, implement remediation and implement timelines for root causes identified, so that energy wastage problems can be alleviated.

We aim to reduce our consumption of electricity by 2% amounting to 3.5 million kwh in FY2019.

EMISSIONS

Effective control of dust and gas emissions is not only the need of the local residents' green mountains and green waters, but also the embodiment of corporate social responsibility, as well as cost savings and waste reduction. We use the advanced equipment for our production lines to ensure that dust and gas emissions are within a controllable range. Our equipment is well-equipped with an energy saving and environmental-friendly precipitator and bag filter which reduces the dust emission by 50,000 tonnes every year. By operating the rotary kiln and raw material mill simultaneously at the same time, the raw materials will absorb carbon dioxide, sulphur dioxide, nitrogen oxides and other gases, which can reduce the gas discharge by more than 20,000 tonnes per year. After running the kiln synchronously and humidifying and stopping spraying, it can save more than 48,000 tonnes of tap water per year.



As for the aluminium business, gas emissions from the PVDF wet paint coating line and powder coating line are released through respective chimneys. Air emission monitoring is conducted yearly to determine the quantum of solid particles and volatile organic compound through chimneys. This practice is to ensure that Standard Environmental Quality (Clean Air) Regulation 1978, Standard "C", Part V Requirement of Malaysia is met. The Group has complied with this regulation in FY2018 (FY2017: zero non-compliance).

We aim to maintain zero incidents of non-compliance in coming years.

ENVIRONMENTAL COMPLIANCE

It is a continuous challenge to successfully manage environmental issues. Sustainable and responsibilities practices have been incorporated into our business model and implemented throughout the Group. Our products and services meet relevant safety and environmental requirements from our customers and regulatory bodies. The industrial development and the awareness of environmental protection of Tajikistan is relatively weak. However, as a leading international group, we always prioritise environmental protection in terms of design and installation, strictly in accordance with safety and environmental requirements. The harmonious development of the local economy and environment is fulfilled as the social responsibility of the Group.

During FY2018, except for the minor incident and fine as mentioned above for the discharged wastewater, there are no (FY2017: nil) major non-compliance or sanctions.

Our objective is to have zero cases of non-compliance towards safety and environmental requirements.

SUPPLIER ENVIRONMENTAL ASSESSMENT

The Group will continue to reduce its environmental impact and to encourage its stakeholders, such as suppliers and trading partners, to meet the same expectations.

Our procurement team conduct meeting with suppliers regularly and arranges site visits to their offices and mining areas. We recommend suppliers to adopt new mining models and minimise the adverse impact on the environment.

In addition, during the new supplier selection process, we choose companies without outdated technology, processes and equipment and select the new suppliers with taking into consideration of environmental criteria. We also conduct annual evaluation on our key suppliers and ask them to provide us their policies on monitoring and managing of supply chain with regards to environmental issues, efficient use of resources, ethics, training or safety issues.

We aim to continue to include the sustainability related factors in selection, conduct evaluation of suppliers and work together to reduce the adverse environmental impact.

SOCIAL

OCCUPATIONAL HEALTH AND SAFETY

The Group is firmly committed to a policy which enables all work activities to be carried out safely, and with all possible measures taken to remove or at least reduce risks to the health, safety and welfare of workers, contractors, authorised visitors, and anyone else who may be affected by our operations. We ensure that we comply with the various Work Health and Safety Act in the respective countries that we operate in.

We have established a safety management system and set the safety management principle of “Safety first, Prevention first, Comprehensive management, Full participation”.

A Health and Safety Committee has also been established where members meet up regularly to receive reports on health and safety and environmental audits, accident statistics, communications with enforcing authorities, and from relevant sub-groups, and to make recommendations to relevant internal management on any corrective action required.

Safety signs are posted on the walls and CCTV are installed on the gate and next to the road crossings.



In FY2018, to further implement the safety management policy and the principle of "One Role, Duo responsibility, Joint management", we set up a management team which focuses on the standardisation and implementation of the safety system throughout the Group and at all levels with defined responsibilities.

All new employees are required to undergo mandatory safety training and drills to ensure that they are familiar with the machines before they can work without supervision. A health and safety officer is also appointed for each entity to ensure site safety; monitor and assess hazardous and unsafe situations; and develop measures to ensure personal safety. In addition, we also conduct safety briefing and give safety instructions to third party employees, such as the wearing safety helmets.

In FY2018, safety management trainings pertaining to Safety System, Emergency Planning and Documentation and Safety Operation Procedures, were conducted with 2,800 attendees in total. Safety training sessions with 5,300 attendees were organised for the employees from production workshop. The assessments were conducted after the training. This further improved employee's safety awareness and skills so as to achieve the safety targets set for the year.



Given that we value our employees' health and safety as a priority within our organisation, achieving these certifications and implementing the framework of systems required are vital to our organisation. The implementation of these frameworks has enabled us to systematically identify, reduce and mitigate risks involved in the operations within the Group.

During FY2018, we have obtained/renewed following Certificates:

PSB Certification	Quality Management System (ISO 9001 : 2008)
	Product Listing Scheme for Aluminium sliding & casement windows
BCA Certification	Approved Grade CR16(L6) curtain walls, windows and doors
HDB Approved Supplier	Approved supplier in HDB's Materials List(ML)
Singapore Contractors Association Ltd	Trade Registration for Architectural & Finishing (A&F)



The operations in Tajikistan (IMCCMC and MCL) has operated safely for 365 days since January 2018. There were neither major nor minor safety-related incidents in FY2018 (FY2017: nil). Targets for FY2018 were achieved as follows:

- Zero death and serious injury;
- Zero minor injury;
- Zero number of people who are not qualified for safety training or training;
- Zero fire accident.

During FY2018, there were 2 (FY2017: 3) minor incidents at our Malaysian aluminium plant at SELACO, which where two employees had bruises on finger and arm respectively.

We understand that accidents do happen during work and we will strive to reduce the number of accidents in the upcoming year by constantly inspecting our machines and reminding workers to be vigilant at work. We have set the KPI for FY2019, aiming to achieve zero number of accidents and zero direct economic losses from accidents through continuous implementation of the standardisation of the safety system, safety training and emergency management. Detailed KPI has been included in the KPI booklet and responsibilities were announced with letters of declaration signed by designated personnel.



Signing of Letter of Declaration for KPI FY2019

TRAINING AND EDUCATION

We strongly believe that workplace training is an essential way to keep the Group competitive. Training provides the employees with the expertise they need to fulfil their role and aid them in their career progression. By constantly providing training to employees, we are continuously engaging them and this in turns improve employee retention and growth. At the same time, it boosts a feeling of value in the employees and they will feel appreciated and stay longer with the Group. We provide regular training to strengthen teamwork, work efficiency and skills for all level of employees.

List of our training programmes in FY2018 are as follows:

- Forklift Training
- Employment Insurance System (“EIS”)
- Safety Awareness Training
- Internal Quality Audit
- Time Tracking System
- Leave Management System
- Enterprise Management
- Language Training
- Finance
- Statistics Methodology and Practice
- Business Administration
- Safety Management
- Quality Management
- Equipment Management
- Machine and Equipment Inspection and Maintenance

Information on staff training hours is as follows:

Operations in Malaysia (CMISB and SELACO):

Staff Training	FY2018	FY2017
Total number of staff trained	63	164
Total training hours	421 hours	833 hours
Training hours per person	7 hours	5 hours

For FY2019, the operations in Malaysia target to conduct 107 hours of trainings including Internal Quality Auditor, Supervisory Skills, Risk Management ISO9001:2015, Quality Control, Mould Setting & Changing Saw Blade, Implementation of Social Security Organisation (“SOCSSO”) to foreign workers, First Aid & CPR Training and Seminar Keselamatan & Kesihatan Pekerjaan.

Operations in Tajikistan (IMCCMC and MCL):

Staff Training	FY2018	FY2017
Total number of staff trained	520	510
Total training hours	30,680 hours	30,090 hours
Training hours per person	59 hours	59 hours

In FY2019, we plan to conduct 40,000 hours of trainings for an average of 60 hours per employee for our operations in Tajikistan.



EMPLOYMENT

The Group has continuously contributed to the development of local transportation, catering, service and other related industries. Since commencement of operations, we have continuously hired from the local labour force of local communities in respective countries. It is not only alleviating the local employment pressure in a timely manner, but also playing a positive role in promoting regional economic development.

DIVERSITY AND EQUAL OPPORTUNITY

We embrace diversity, and at the same time expect employees to be aligned with the Group's vision and strategic initiatives. Even though our staff consists of people with different nationalities and academic qualifications, we strive for fair treatment. We are committed to providing competitive remuneration and benefits to our employees. We are also committed to safeguarding our employees' health and safety against any potential workplace hazards.

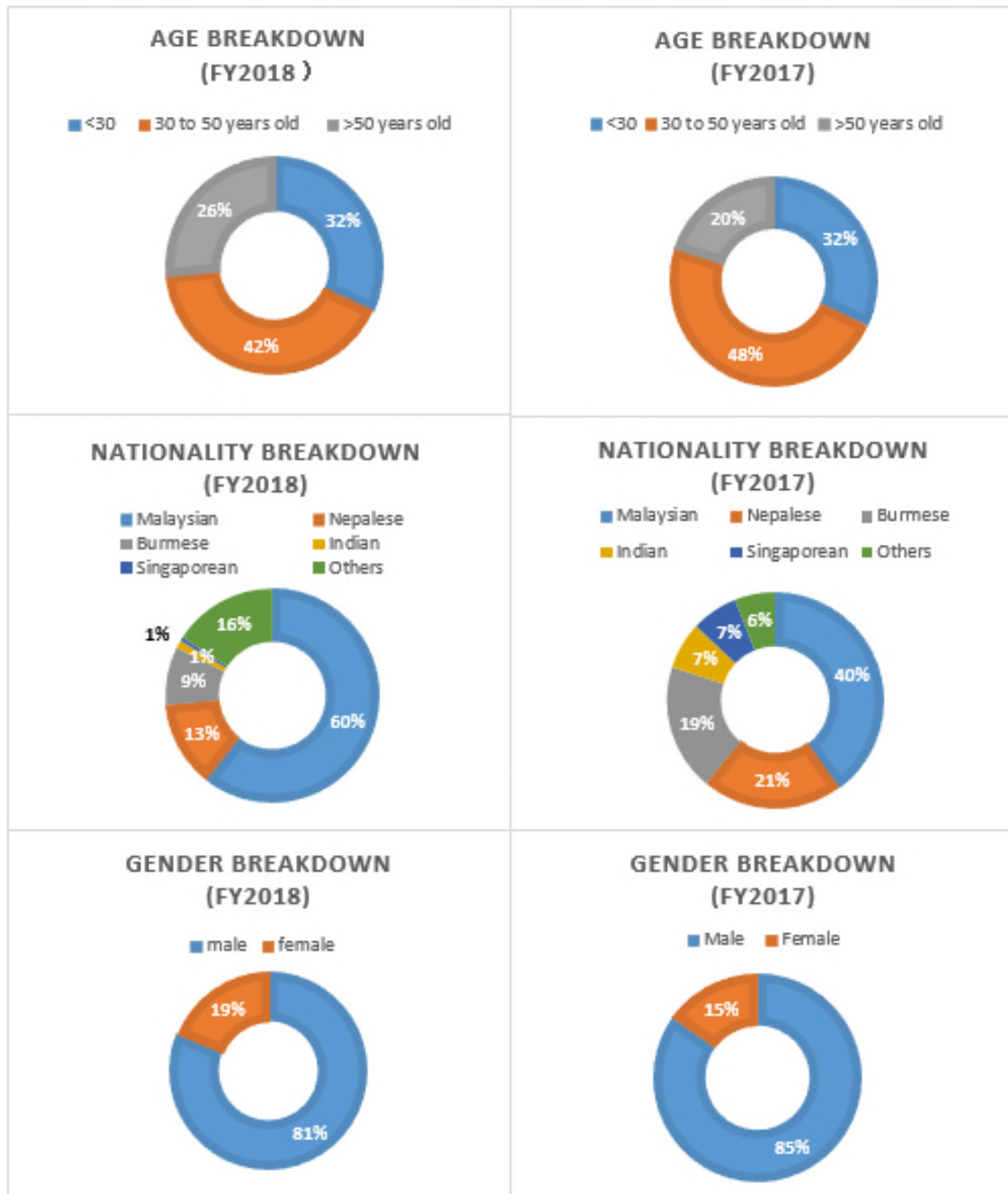
The Group practises fair employment and is committed to eliminating discrimination and encouraging diversity amongst our workforce.

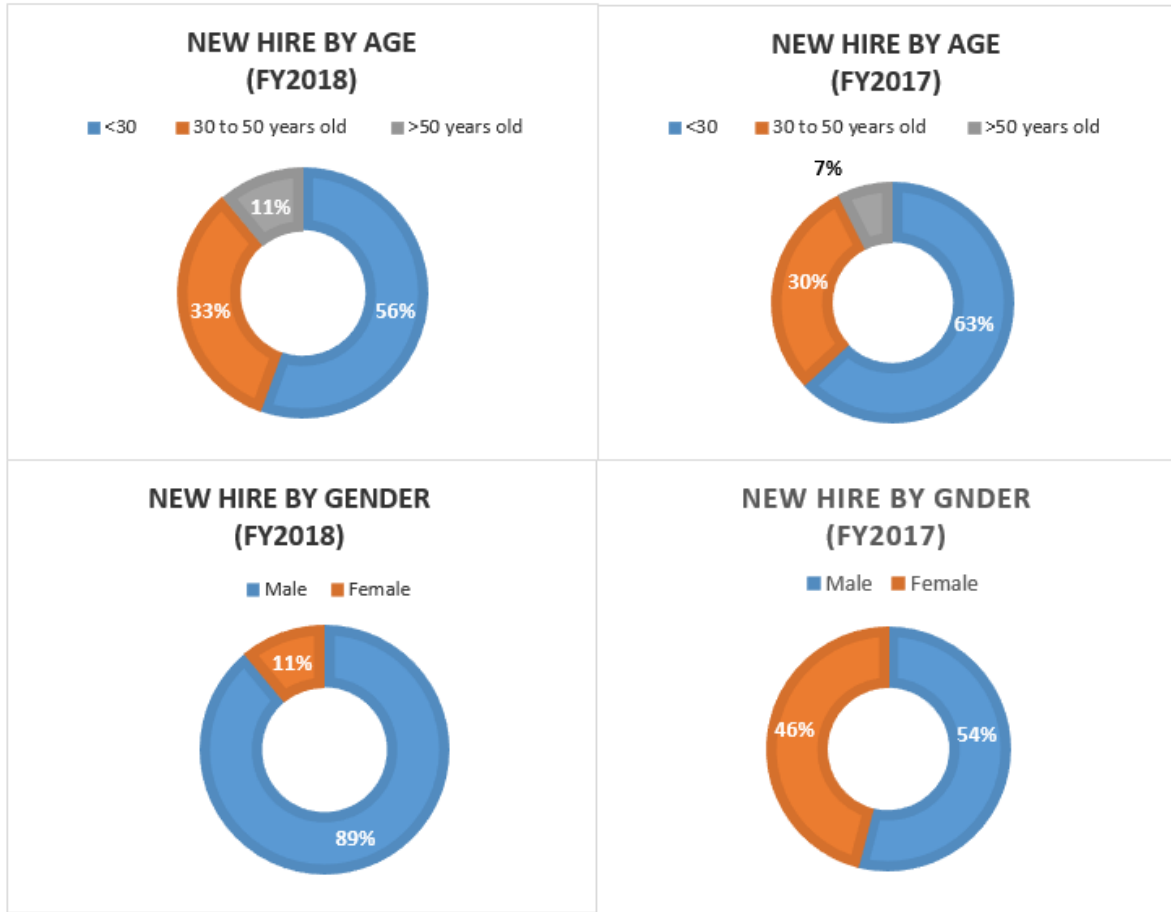
As at 31 December 2018, we had a workforce of 170 (FY2017: 271) employees in operations in Malaysia, 320 (FY2017: 325) employees in operations in Tajikistan and 41 (FY2017: 15) employees in operation in Kazakhstan.

In addition, there were 18 (FY2017: 27) new staff hired in operations in Malaysia, 114 (FY2017: 92) new staff hired in operations in Tajikistan and 16 (FY2017: 6) new staff hired in operations in Kazakhstan.

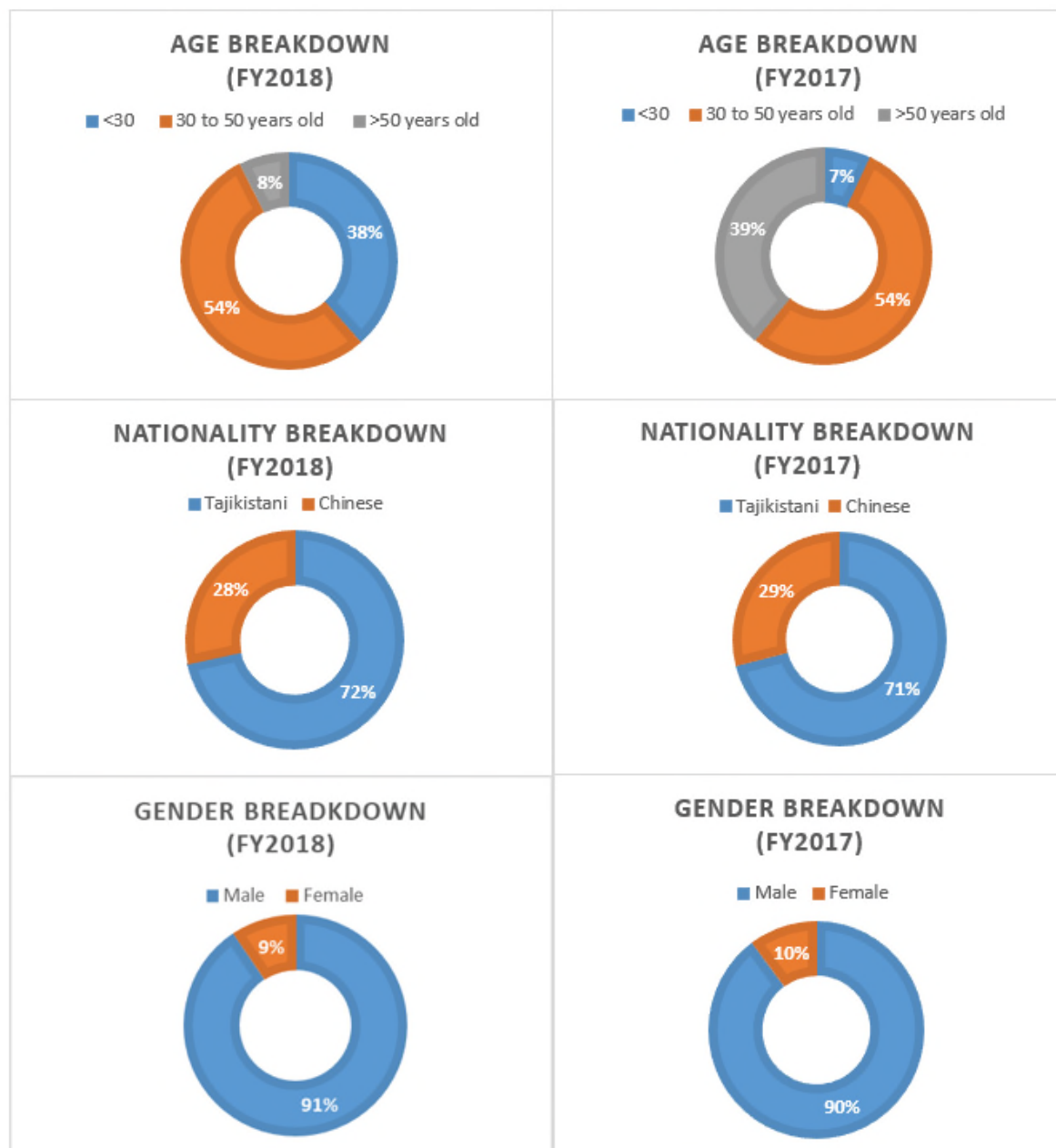
Profiles of our headcount and new hires were as follows:

Operations in Malaysia (CMISB and SELACO):



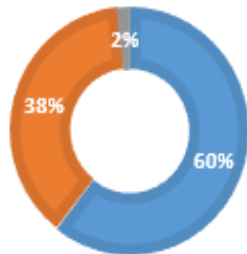


Operations in Tajikistan (IMCCMC and MCL):



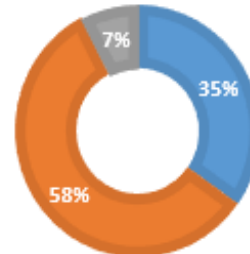
**NEW HIRE BY AGE
(FY2018)**

■ <30 ■ 30 to 50 years old ■ >50 years old



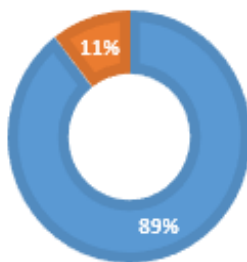
**NEW HIRE BY AGE
(FY2017)**

■ <30 ■ 30 to 50 years old ■ >50 years old



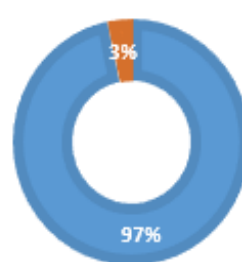
**NEW HIRE BY GENDER
(FY2018)**

■ Male ■ Female

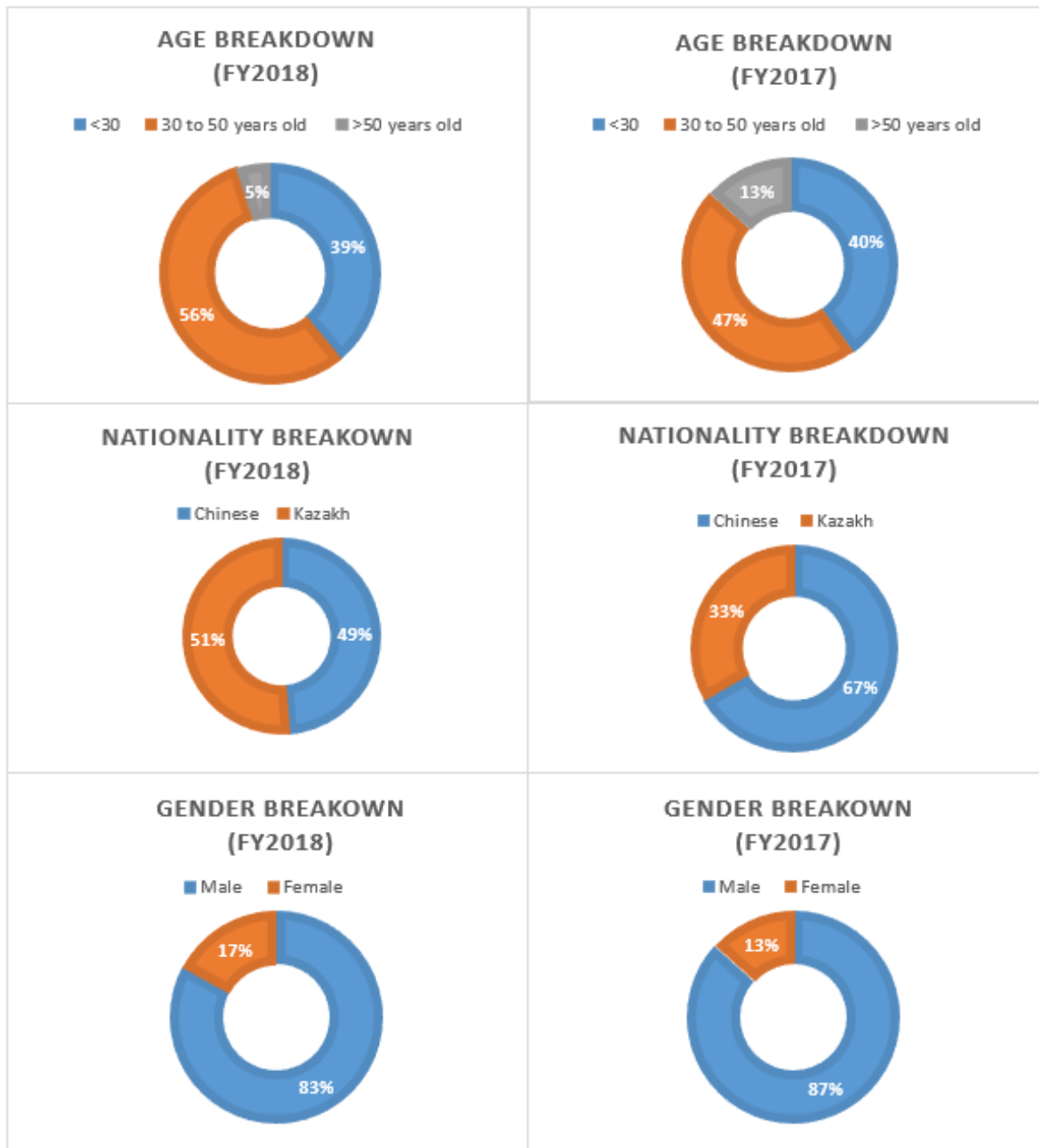


**NEW HIRE BY GENDER
(FY2017)**

■ Male ■ Female

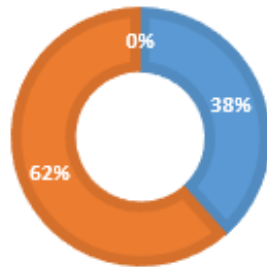


Operation in Kazakhstan (ALACEM):



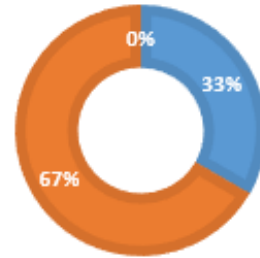
**NEW HIRE BY AGE
(FY2018)**

■ <30 ■ 30 to 50 years old ■ >50 years old



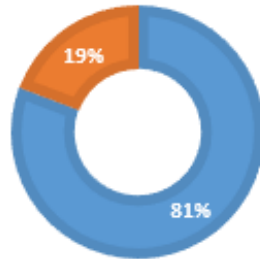
**NEW HIRE BY AGE
(FY2017)**

■ <30 ■ 30 to 50 years old ■ >50 years old



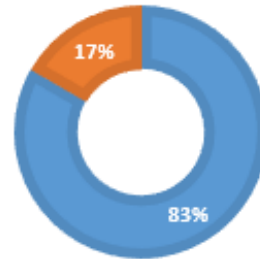
**NEW HIRE BY GENDER
(FY2018)**

■ Male ■ Female



**NEW HIRE BY GENDER
(FY2017)**

■ Male ■ Female



Every employee plays an essential role in our Group and we pay utmost attention to our employee's wellbeing. We achieve success by promoting a collaborative work environment in which everyone is committed to achieve our corporate goals based on open and honest communication while showing care and support for each other. We organise different types of activities for our employees regularly, such as basketball, table tennis, tug-of-war, skipping rope competition, movie screenings, etc. We also set up a table tennis room, billiard room, KTV room, mahjong room and convenience store for employees.





In order to facilitate the employees from travelling to the work, the Group purchased a commuter van and provides transport for staff.



CODE OF CONDUCT

The Group sets out the expected code of conduct in its employee handbook and ensures compliance with labour and employment laws, including working hours. Furthermore, the Group does not discriminate against anyone because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion, among others. An Equality and Diversity Policy has been established where the Group is committed to promoting equality and diversity and in ensuring that individuals are treated fairly and valued. The Group recognises that it has clear obligations towards all employees to ensure they are treated fairly. Non-compliance in relation to discrimination must be reported to the manager, human resources or through our whistle blowing system.

In FY2018, there was zero complaint of discrimination and annual turnover is less than 10%.

We aim to maintain zero incidents of complaints on discrimination and continue to have diversity and equal opportunities for employees.

LOCAL COMMUNITIES

The Group embraces the philosophy of giving back to the community by encouraging proactive involvement in the Group's various corporate social responsibility ("CSR") initiatives and environmental conservation programs. Contributing time and resources, we are committed to aid the development and improvement of the society in which we live and work.

Since 2014, IMCCMC has donated US\$2 million to build a primary school in Yovon, Tajikistan and US\$5 million to enhance the local basic education, entertainment facilities for the children in this town. We have also donated two ambulances to the Yovon Central Hospital.

In FY2018, we assisted in the construction of a school in Dushanbe and donated 50 tonnes of cement for the construction of Kurgan Bridge and Yovon Highway.

During the construction of cement grinding station in Tajikistan in FY2018, we visited the Kurgan Nursing Home three times and made a donation of TJS 45,000.



CUSTOMER PRIVACY

The Board is of the view that cyber security and data privacy are important in safeguarding both the Group's data and that of our customers, suppliers, business partners and employees. The Group takes measures to guard against protecting confidential information for both our internal and external stakeholders.

SOCIOECONOMIC COMPLIANCE

We pride ourselves in having good corporate governance and observing compliance with applicable laws and regulations. The Group is committed to conduct the business with integrity and to safeguard the interest of all our stakeholders, both internal and external.

Our goal is to be compliant to all laws and regulations. During FY2018, there were no (FY2017: nil) significant fines or non-monetary sanctions for non-compliance with laws and regulations.

REWARDS

Since first introduction of our cement brand two years ago, we rapidly built up our reputation and won the recognition of local customers. In FY2018, our operations in Tajikistan received the following awards:



QUALITY PRODUCT AWARD



ECONOMIC CONTRIBUTION AWARD



LEADING CONSTRUCTION
MATERIAL ENTERPRISE

GOVERNANCE

Lawful and compliant business conduct are the fundamentals of an enterprise and it starts with our production and operation activities. The Group is committed to building an excellent enterprise, strictly abiding by state laws and regulations, diligently implementing and executing industry-related policies. We also adhere to business ethics, build stringent management systems and decision-making processes and reduce system constraints. At the same time, we identify controls over key processes and continuously improve our internal control systems to regulate the Group's production and business conduct.

In FY2018, the Group further focused on enhancing its capabilities of governance. Specifically, it sought legal support service for significant decisions at the head office, focusing on strengthening guidance, coordination and supervision of any major disputes at the subsidiary level, and carried out activities to increase awareness for preventing legal risks among all employees.

Please refer to the FY2018 Annual Report pages 17 to 31 on details of the Code of Corporate Governance.

ENTERPRISE RISK MANAGEMENT ("ERM")

ERM is an integral part of good corporate governance as well as resource management. A thorough and comprehensive ERM framework enables the Group to identify, communicate and manage its risks and exposures in an integrated, systematic and consistent manner. For details on ERM, please refer to our Annual Report, page 25.

We aim to perform risk assessment annually and disclose in accordance with SGX-ST requirements.

GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference / Description
GRI 101: Foundation 2016		
GENERAL DISCLOSURE		
GRI 102: General Disclosures	102-1	Name of organisation Compact Metal Industries Ltd
	102-2	Activities, brands, products and services Annual report, Page 1
	102-3	Location of headquarters Annual report, Page 15
	102-4	Location of operations Annual report, Page 5
	102-5	Ownership and legal form Annual report, Page 5
	102-6	Markets served Annual report, Pages 10 - 13
	102-7	Scale of the organisation Annual report, Page 5
	102-8	Information on employees and other workers Social, Pages 21 to 29
	102-9	Supply chain Stakeholder Engagement, Pages 6 to 7 Supplier Environmental Assessment, Page 15
	102-10	Significant changes to the organisation and its supply chain There were no significant changes.
	102-11	Precautionary principle or approach Not applicable
	102-12	External initiatives Not applicable
	102-13	Membership of associations None
	102-14	Statement from senior decision maker Board Statement, Page 2
	102-16	Values, principles, standards and norms of behaviour Governance, Page 32
	102-18	Governance structure Annual report, Pages 17 to 31
	102-40	List of stakeholder groups Stakeholders Engagement, Pages 6 to 7
	102-41	Collective bargaining agreements None
	102-42	Identifying and selecting stakeholders Stakeholders Engagement, Page 6
	102-43	Approach to stakeholder engagement Stakeholders Engagement, Pages 6 to 7
	102-44	Key topics and concerns raised Stakeholders Engagement, Pages 6 to 7
	102-45	Entities included in the consolidated financial statements Annual Report, Pages 10 to 13
	102-46	Defining report content and topic boundaries About this Report, Page 2
	102-47	List of material topics Material Aspects Assessment, Pages 7 to 8
	102-48	Restatement of information None
	102-49	Changes in reporting None
	102-50	Reporting period About this Report, Page 2
	102-51	Date of most recent previous report 4 December 2018
	102-52	Reporting cycle Annual
	102-53	Contact point for questions about the report About this Report, Page 2
	102-54	Claims if reporting in accordance with the GRI Standards About this report, Page 2
	102-55	GRI content index GRI Content Index, Pages 33 to 34
	102-56	External Assurance We may seek external assurance in the future.
MATERIAL TOPICS		
GRI 201: Economic performance	201-1	Direct economic value generated and distributed Economic, Page 9
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures Economic, Pages 9 to 10

GRI Standard	Disclosure	Reference / Description
GRI 302: Energy	302-1	Energy consumption within the organisation Environment, Pages 12 to 13
GRI 305: Emissions	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions Environment, Page 14
GRI 306: Effluents and waste	306-1	Water discharge by quality and destination Environment, Pages 11 to 12
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations Environment, Page 15
GRI 308: Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria Environment, Page 15
GRI 401: Employment	401-1	New employee hires and employee turnover Social, Page 21
GRI 403: Occupation Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities Social, Pages 16 to 18
GRI 404: Training and Education	404-1	Average hours of training per year per employee Social, Pages 19 to 20
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees Social, Pages 21 to 29
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs Social, Page 30
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area Social, Page 31