

JAN-APR 2019

Our CMS

N E W S L E T T E R



CAHYA MATA SARAWAK



中国交建
CHINA COMMUNICATIONS CONSTRUCTION

PPES WORKS CCCC JV

secures construction of RM466.68 million
Bintulu-Jepak Bridge

13 March 2019

In a 70:30 joint venture between PPES Works (Sarawak) Sdn Bhd and China Communications Construction Company (M) Sdn Bhd (CCCC), PPES Works CCCC JV Sdn Bhd received and accepted a Letter of Acceptance (LoA) from the Sarawak State Government for Package 5: Proposed Construction and Completion of the Proposed Bintulu-Jepak Bridge crossing Kuala Kemena in Bintulu for the contract sum of RM466,679,497. The bridge measures approximately 1,048 metres long with a four-lane double carriageway, a cable-stayed bridge complete with a flyover over Jalan Tun Ahmad Zaidi, Jalan Tun Razak and the Jalan Abang Galau traffic junction with an approximate 4-km connecting road. The LoA was awarded on 13 March 2019 with a 48-month tenure contract, commencing 3 April 2019 and targeted for completion on 2 April 2023.

CMS REPORTS IMPROVED EARNINGS FOR 1Q 2019

Year-on-year pre-tax profit (PBT) up 10% to RM62.44 million

15 May 2019

CMS reported improved earnings for its financial performance for the first quarter ended 31 March 2019 (1Q 2019) with a total revenue of RM418.18 million (18% increase from RM354.99 million) and a pre-tax profit (PBT) of RM62.44 million (10% increase from RM56.96 million) in comparison to the preceding year's quarter (1Q 2018). This was coupled with a 5% increase to RM40.76 million (1Q 2018: RM38.98 million) in profit after tax and non-controlling interests (PATNCI) and a higher earnings per share (EPS) of 3.80 sen versus 3.63 sen from the corresponding three-month period of last year. The improvement in the financial performance during this period was mainly due to the strong performance by its traditional core businesses, namely Cement, Construction Materials & Trading and Property Development Divisions.

For 1Q 2019, CMS reported a higher PBT of RM11 million for Cement Division (67% increase from RM6.57 million) due to higher revenue as sales volume of both cement and concrete products increased by 9% and 70% respectively. Construction Materials & Trading Division reported a strong PBT of RM20.98 million (128% higher from RM9.19 million), Construction & Road Maintenance Division reported a lower PBT of RM15.33 million (15% decrease from RM18.13 million) despite 17% higher revenue due to 4% lower overall gross profit margin as a result of cost revisions in project and higher road maintenance costs. Property Development Division reported a PBT of RM15.08 million (654% increase from RM2 million) which was attributable to a recognition of profit of RM10.90 million from a land sale, higher number of condominium units sold and higher rental income from unsold apartments. For its share of profit from associates, the Group recorded a lower share of RM13.35 million (1Q 2018: RM36.05 million) due to lower contribution by the majority of the Group's associates.



COPE wins TOP 3 EXIT OF THE YEAR

1 March 2019

On 11 December 2018, Private Equity International, a global private equity publication with offices in London, Hong Kong and New York shortlisted COPE Private Equity Sdn Bhd's (COPE) exit from *Serba Dinamik* as Exit of the Year under its Asia-Pacific category.

COPE made its investment in *Serba Dinamik* in June 2013 and fully divested its stake in January 2018. Over the period of COPE's investment, *Serba Dinamik* grew its revenue 4.9-fold and net profits 5.3-fold. As at 31 December 2018, the market capitalisation of *Serba Dinamik* was RM5.50 billion.

The award was voted by industry peers and the winners were announced on 1 March 2019, with COPE winning third position alongside industry behemoths Barings Private Equity Asia (AuM: USD11.0 billion) and Partners Group (AuM: USD75.0 billion).

CMS: TOP 10 EMPLOYERS OF CHOICE 2019

9 April 2019



CMS grabbed fourth placing for the JobStreet.com Top 10 Employers of Choice 2019 during the HR Networking Event Sarawak jointly organised with Unimas and JobStreet, on 9 April 2019. Over 1,125 Sarawakian job seekers participated in the online survey which highlighted the key factors such as career development and company reputation.

CMS WINS GOLD AT GLOBAL CSR AWARD

4 April 2019



CMS clinched Gold at the 11th Global CSR Summit & Awards 2019 for the CSR Leadership Category. The award entails the contributions of an organisation in all aspects of CSR regardless of environment, sustainability, community partnerships and education, just to name a few. Since the introduction of CMS 'Doing Good' programme 17 years ago, CMS has contributed 363,926 man-hours across 393 different projects. The Global CSR Awards 2019 is Asia's Most Prestigious Recognition Awards programme for CSR. It recognises and honours companies for their outstanding, innovative and world-class products, services, projects and programmes which demonstrate the company's leadership, sincerity and on-going commitment in incorporating ethical values, legal requirements compliance, respect for individuals, communities and the environment they operate in. Congratulations CMS Family!

MIRI-MARUDI ROAD REHABILITATION

near completion

29 January 2019

The Miri-Marudi Road Rehabilitation project is ahead of schedule and nearing completion. Now in its final stages, the key focus area will be to ensure that the road meets or exceeds the applicable road safety standards. CMS Roads Sdn Bhd reported that as of 25 January 2019, the upgrading works of the 43.2 km Miri-Marudi Road is ahead of its original 30-month schedule by 3%, with more than 98% of the road rehabilitation completed. January was a milestone for the project especially with our team who overcame adverse weather conditions including flash floods and braved the rough terrain, yet delivering its promise on a smooth ride for residents travelling back for the Chinese New Year holidays.

CAHYA MATA SARAWAK BERHAD

44th Annual General Meeting

30 April 2019





GREEN WAYS TO MANAGE WASTE

9 January 2019

CMS Cement Division paid a courtesy call to YBhg Datu Haji Ismawi Bin Haji Ismuni, Chief Executive Officer of Regional Corridor Development Authority (RECODA) on 9 January 2019. The purpose of the visit was to brief RECODA on its proactiveness in managing the challenges faced by industries and assisting in waste management in Sarawak. Through its Research and Development (R&D) efforts, the Division has been increasingly sourcing for scheduled wasted generated by various industries in Sarawak as alternative raw materials or fuels and has since made solid progress. The Division was represented by Hisham Mohmurad Amin, General Manager of Sustainability (Alternative Materials & Fuel), Alzian Kassim, Quality and R&D Manager, Mohd Jamal Ahmad, Plant Manager and Catriena Peter, Sustainability Executive.



CMS INCREASES STAKE TO 60% IN

MPAS

14 January 2019

Samalaju Industries Sdn Bhd increased its equity stake in Malaysian Phosphate Additives (Sarawak) Sdn Bhd (MPAS) from 49.94% to 60% following its subscription of 64.24 million new ordinary shares for a total cash consideration of RM64.24 million. MPAS was set up as a joint venture company to construct and operate an integrated phosphate complex in Samalaju Industrial Park, Sarawak. The construction work of the plant is currently on-going and the first phase, comprising three plants, is targeted to be completed by end of 2020. These plants will have an annual production capacity of 48,000 metric tonnes (MT) of Yellow Phosphorous, 75,000 MT of Technical Grade Phosphoric Acid and 60,000 MT of Food Grade Phosphoric Acid. Commenting on the subscription, CMS Group Chief Executive Officer – Corporate, Dato Isaac Lugun, said: “This is a strategic move to increase our footprint in the Sarawak Corridor of Renewable Energy (SCORE). The increase in our stake in MPAS is also in line with our growth strategy for our strategic investments to drive the next wave of growth for the CMS Group. In particular, the aim of this growth strategy is for our traditional core businesses and our strategic investments to equally contribute to double the Group’s earnings in the next five years.” The project, which is estimated to cost RM1 billion, is being constructed on 350 acres of land near the Samalaju deep-water port.



CMS AWARDS SIX SWINBURNE STUDENTS

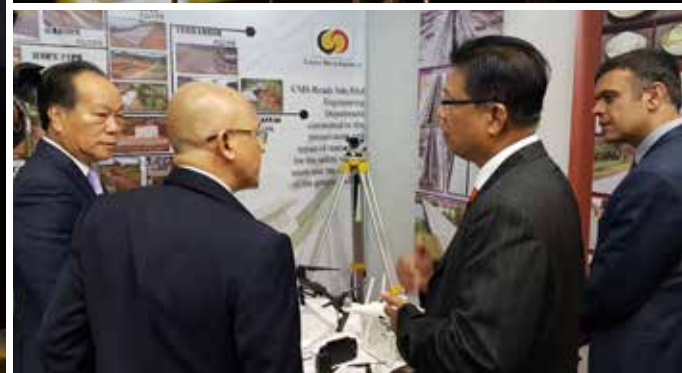
20 March 2019

Thirty-one students from Swinburne University of Technology (Sarawak Campus) were recognised for their exceptional achievements at the Best Student Awards ceremony on 20 March 2019. As one of Swinburne Sarawak's industry partners, CMS presented awards to six Engineering students, not only for their academic excellence but also for their exemplary non-academic achievements.

'PERFORMANCE-BASED CONTRACTS' workshop with IRF and CMS

25 March 2019

The International Roads Federation (IRF) and CMS co-organised a 2-day workshop titled 'Performance-Based Contracts' (PBC) with the tagline 'Spurring Growth, Connecting Sarawakians' at the Borneo Convention Centre Kuching. By bringing together the industry leaders in the field of PBCs to discuss strategies, it marked a major milestone towards a new standard and benchmark in quality for the management and maintenance of roads. The event was officiated by the Assistant Minister for Coastal Road, YB Datuk Haji Julaihi Bin Haji Narawi and comprised presentations by industry experts in PBCs.



SPURRING GROWTH, CONNECTING SARAWAKIANS

PROMISING DAYS AHEAD

Sarawak is set to register higher economic growth as well as achieve more balanced economic development under the State's RM11.914 billion budget for 2019 – its largest to date. Over 75%, or RM9.073 billion of the funds have been allocated for development expenditure, while the remainder, totalling RM2.841 billion, have been earmarked for operating expenditure. Encompassing socio-economic and rural transformation initiatives, walkabout projects as well as initiatives under the Digital Economy, the development-based and rural-focussed State Budget 2019 aims to stimulate a higher level of economic activity and economic progress for Sarawakians as well as to connect her people on several levels.

KEEPING THE MOMENTUM GOING

As the State's leading infrastructure facilitator and a prime mover in the Sarawak growth story, Cahya Mata Sarawak Berhad (CMS or the Group), too is playing its part to spur economic growth and connect Sarawakians. The Group continues to leverage on its healthy balance sheet, local knowledge, experienced management team, proven strategies and a synergised portfolio of Sarawak-based businesses to maximise its participation in the State.

Being a leading proponent of the State's growth story, CMS continues to identify strategies that are helping to build and strengthen linkages between markets, businesses and communities, as well as create real value for its diverse stakeholders. Today, CMS continues to create value for the State through its involvement in the highly anticipated Miri-Marudi Road Rehabilitation Project. Connecting towns and people, the project is not only on track but progressing well ahead of its original 30-month schedule. The project is also directly addressing one of Sarawak's biggest challenges – that of reducing the development gap between the rural and urban areas, not only in terms of infrastructure, but also by way of improving access to markets and lifting the level of income among Sarawak's rural communities.

Group subsidiary, CMS Roads Sdn Bhd, has been tasked with completing this important project. Having successfully rolled out the road surfacing component of the project, CMS Roads expects to complete the extensive upgrading of the road by early 2Q 2019. This is a huge milestone for the company which continues to prove itself as a major asset to Sarawak as it keeps the roads it is tasked with safe for all users.

CMS ROADS – THEN AND NOW

A homegrown company with some 15 years to its name, CMS Roads is entrusted by the State government to manage and maintain specific State Roads. Roads that are well-built, managed and maintained are essential conduits for bringing communities together. They also help increase trade and improve inter-state efficiencies. CMS

Roads' roots go back to 1994 when PPES Road Maintenance Sdn Bhd was established. At that time, PPES Works (Sarawak) Sdn Bhd held a 51% equity stake in the company. The following year, the company was renamed Sara Road Maintenance Sdn Bhd. In 2000, as part of the Public Works Department's (better known as *Jabatan Kerja Raya* or JKR) Road Maintenance Privatisation, Sara Road Maintenance Sdn Bhd was awarded a pilot contract by the State to maintain 813 km of State Roads in Kuching and Samarahan for two years. Having proven its ability during the trial period, Sara Road Maintenance Sdn Bhd was subsequently awarded a 15-year contract in January 2003 for the management and maintenance of 2,366 km of State Roads in Sarawak. This was a hugely important moment for the company.

In July 2004, Sara Road Maintenance Sdn Bhd was renamed CMS Roads Sdn Bhd. Subsequently, between 2005 and 2008, the two minority shareholders cashed out, making CMS Roads Sdn Bhd a wholly owned subsidiary of the CMS Group. By January 2014, the length of State roads under the contract had increased to 4,100 km. To date, CMS Roads is tasked with maintaining 6,262 km or about 18% of the total length of State Roads in Sarawak, while the balance continues to be maintained by JKR and other local authorities.

A STRONG FOCUS ON QUALITY AND OUTCOMES

Today, CMS Roads continues to strengthen its working relationship with JKR and deliver on its responsibilities in an effective manner. Its contract with JKR is a "Performance-Based" one and is the first of its kind in Malaysia. Unlike a normal "Quantity Based" contract (QBC), this Performance-Based Contract (PBC) is results-oriented and focuses on quality and outcomes. It requires CMS Roads to achieve a predetermined performance indicator for each category of work before any payment is received. PBCs are widely used in developed countries and are recommended by the World Bank for the preservation and maintenance of road assets.

By way of example, a PBC would require the contractor to ensure all potholes are patched and all blocked drains are cleared, within applicable periods; whereas under a QBC, the contractor is obligated to patch up to a certain percentage of the pavement area, and to clear the drains, in fixed cycles.

The benefits of a PBC to the Government are quite clear:

- Annual savings of 10-20%;
- Faster and better response time;
- Higher maintenance standards through the PBC system;
- Annual budgeting is easier thanks to fixed rates for both routine maintenance and instructed works, i.e., those over and above planned routine work;



- Transfers the obligations and risks of works management from the State to the contractor; and
- Makes it easier for CMS Roads to incorporate new technologies and equipment.

To measure performance under the PBC, annual management and maintenance targets are set in advance between CMS Roads and JKR. This is then independently verified. The contract covers the carriageway pavement, verges, drains, selected bridges and "road furniture" including destination signs. Performance relating to the condition of pavements is then independently measured and reported in the Road Maintenance Index (RMI).

The table below illustrates the increasing road length that JKR has entrusted CMS Roads to maintain based on the company's ability to perform (as evidenced by the increasing RMI rate).

Year	Road Length @ December	Road Maintenance Index (RMI)
2003	2,366	60.54
2004	2,366	64.29
2005	3,829	67.32
2006	3,782	70.37
2007	4,039	73.44
2008	4,722	74.94
2009	4,670	74.14
2010	4,532	75.58
2011	4,588	75.88
2012	4,972	75.58
2013	5,058	77.56
2014	5,440	77.12
2015	5,526	81.53
2016	5,706	83.20
2017	5,848	84.79
2018	6,262	84.50

(Source: Annual Road Condition Survey Report by *Konsultant Timur*)

CMS ROADS' SPHERE OF INFLUENCE

CMS Roads sphere of influence is spread across the State via the company's Road Maintenance Units (RMUs) that are located at Kuching, Sibul, Bintulu, Miri, Limbang and Lawas. The location of the RMUs enable teams to be closer to the areas under their care. With the addition of RMD Sg Asap in the

Northern Region, CMS Roads will altogether have a total of 18 RMUs and four Road Maintenance Depots (RMDs) in its stable. CMS Roads takes great pride in that its workforce of 804 employees is made up totally of Sarawakians. Several staff have been with the company since its privatisation some 18 years ago and they have good things to say about their time on board CMS Roads.

Abdul Rahim Jamal, a Senior Regional Manager at CMS Roads who has served the company for 16 years, had this to say about the maintenance contract: "The PBC model allows both the client and the contractor some flexibility in managing the necessary maintenance activities. It also encourages innovation and enables us to get things done more effectively and efficiently."

Kelvin Ng, an Acting Regional Manager, who has been with the company since 2000 at the time of its privatisation, had this to say: "In this company, I have been well taken care of. What I couldn't achieve in my last job, I've been given the chance to do here. The company really appreciates me, my strengths and my contributions."

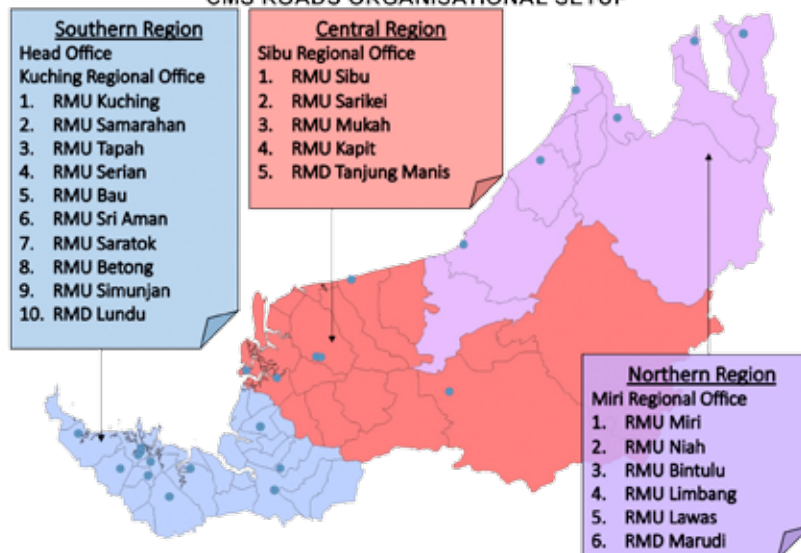
Anding Unchit, an Operations Executive, has been with the company for 15 years following 18 years of service with JKR. He said, "We try to keep the roads open all the time for the benefit of the *rakyat*. We are all one big happy family at CMS Roads and the company takes good care of us. The facilities and benefits are there, including medical and many other benefits such as for those married with children. We are also provided the appropriate attire and training to do the job right, with a strong concern for the safety of the workers and road users."

Jee Meng Tong is a Senior Operations Executive who works in the Southern Region. He has been on board CMS Roads for 12 years and had this to say: "Our size and scale as an organisation means that external factors such as late payments don't hinder our very important work. We also have the best equipment and machinery, as well as extensive experience, having been in this field for 15 years. We are familiar with all the road systems in Sarawak. Personally, here at CMS Roads, I enjoy better pay and the work-life balance is also very good. The company really cares about our welfare. I'm very happy to be with CMS."

Peter Mandie is an Operations Executive who has had some 18 years of experience working with CMS Roads. Prior to that, he held relevant Government positions dating back to 1983, including with JKR.



CMS ROADS ORGANISATIONAL SETUP



He said, "CMS Roads is well equipped with the right machinery and has a strong and loyal team. We know every inch of every road throughout the State that is under our contract. I believe only CMS Roads has all this information and experience."

In addition to its primary road maintenance activities, CMS Roads actively subcontracts portions of routine work such as drain clearing and grass cutting activities to local entrepreneurs through a proper tendering system. This too is helping to create employment opportunities and spur economic activity throughout the State.

BRINGING INNOVATION INTO PLAY

Today, CMS Roads is leveraging on the latest technology and its extensive track record to see the Miri-Marudi Road Rehabilitation project and other important infrastructure projects through to their full completion. Bringing to the table quality, expediency and world-class technology, coupled with some hardy Sarawakian resilience to tackle the challenges of adverse weather conditions and tough terrain, CMS Roads continues to prove itself time and time again.

To date, the company has invested heavily in 620 units of equipment and machinery to the tune of RM109 million to carry out its maintenance work in an effective and efficient manner. The investments include items such as work trucks, tipper trucks, excavators, backhoe loaders, motor graders, fuel and water tankers, plus stabiliser machines, pavers, cement spreaders, vibrating rollers, pneumatic rollers and tandem rollers, among other things. The recent addition of four Road Scanners and a state-of-the-art Falling Weight Deflectometer (FWD) to measure the bearing capacity of pavement which then the residual lifespan of pavement can be determined, has taken CMS Roads' maintenance efforts up several notches.

To facilitate planning, monitoring, execution and reporting, the company has developed a proprietary software which it has labelled "CREAM" (the acronym for CMS Road Engineering Asset Management System). CREAM serves as an effective repository of

information for road inventory and condition data, as well as maintenance history and GIS information. Today, all roads under the contract can be scanned and photographed with GPS coordinates to record their roughness (using the International Roughness Index or IRI), texture, rutting, as well as the longitudinal profile and cross fall. Moreover, each crew member can initiate, manage and report on each assigned activity using an app on smart phones issued to them.

CMS Roads is also proactively pursuing collaborative Research and Development (R&D) activities with JKR and several universities, especially in areas related to new pavement surfacing solutions. The R&D activities to date include cement stabilising activities, the creation of concrete roads incorporating recycled additives, foam, polymer modified bitumen and geogrids, plus noise reduction and soil stabilising elements.

Today, CMS Roads can stand shoulder to shoulder with other leading road maintenance contractors across Malaysia, and in some instances, across the region. Equipped with the vast experience in road maintenance and to some extent, solid construction experience, CMS Roads has taken it upon itself to share this knowledge with other stakeholders. To this end, CMS Roads hosts regular workshops and briefings on relevant topics, such as new surfacing methods and materials. By openly sharing the latest industry developments with others within the road maintenance ecosystem, CMS Roads is certainly playing its part in helping accelerate the State's organic growth.

FOR THE BETTERMENT OF SARAWAK AND HER PEOPLE

CMS Roads recognises that it has a special duty of trust and a responsibility to undertake its work proactively and professionally. The company and its teams are totally committed to not only meeting the expectations of JKR, but also the communities that the roads connect. CMS Roads' dedicated team of Sarawakians take great pride in their work and will continue to ensure that the existing roads under their care, together with the next generation of roads, are maintained in the best possible manner for the benefit of Sarawak and her people.

SUSTAINABILITY AWARENESS SESSION

25 February 2019



CMS organised its first Sustainability Awareness Session on 25 February 2019 to address the Group's strategic response in the changing political landscape. Recently, CMS embarked on a two-pronged strategy to ensure that the Group continues to deliver a robust performance. The first prong calls for CMS to reposition and fortify its traditional core businesses and strategic investments while the second is to reposition and strengthen the CMS Brand. The session was conducted by Mr Andrew Chan, PWC's South East Asian Consulting Services Sustainability and Climate Change Leader and was attended by the CMS Board of Directors and Management team.



ITC PROGRAMME CONTINUES FOR THE 8TH YEAR

2019 marks our 8th round of In-House Training Capability (ITC) Programmes. Here at CMS, various training programmes are provided to cater for the training needs of employees Group-wide. In the first quarter of 2019, Group HR has thus far carried out two ITC programmes, namely the Special Edition ITC Programme for Non-Executive Supervisors: HR for Non HR (18-19 February 2019) and the Special Edition ITC Programme for Non-Executive Supervisors: Effective Communication Skills (25-26 March 2019). Besides gaining new sets of knowledge and skills, the ITC programme is also a time where employees from all divisions can come together to share their experiences, familiarise themselves with one another and to participate in productive yet fun activities. Please stay tuned for more upcoming ITC programmes!



CMS celebrates
**INTERNATIONAL
WOMEN'S DAY**
*showing support by wearing
A Touch of Purple*

8 March 2019





CMS SAFETY MONTH 2019

Unlike previous years when the CMS Safety Month were held in October, CMS began its 7th series this year with the launching of its safety month on 4 April 2019. Organised by the Health, Safety, Security and Environment Department, a series of health-related activities were held throughout April. Activities included talks by various government agencies, site visits and aerobics. This year's theme 'Health is Wealth' not only stresses on the importance of maintaining a healthy lifestyle (physical) but it also focuses on the mental health of all employees.

CMS supports **SARAWAK BLOOD DONOR SOCIETY**

4 January 2019

CMS sponsored 200 packets of Milo to the Sarawak Blood Donor Society, in line with the Company's effort in supporting the community through events such as blood donation campaigns. The items were handed over by Mr Goh Chii Bing, CMS Group Chief Executive Officer – Operations and Mr Jason Lee, Head of Group Corporate Reputation & Communications. The Society's objective is to increase public awareness in promoting blood donation, as well as to champion the interest and welfare of blood donors and members of their organisation. This year, they will be organising monthly blood donation campaigns throughout Sarawak in cooperation with local hospitals' blood bank. For latest updates on their campaign schedules and venues, please browse www.blooddonors.org.my or www.facebook.com/sarawakblooddonors.



EMPOWERING THE YOUTHS OF TODAY, LEADERS OF TOMORROW

30 January - 2 February 2019



The Asian World Model United Nations (AWMUN) held from 30 January to 2 February 2019 presented youths with a golden opportunity to discuss possible solutions to global issues, and striking gold was exactly how Efy Evita and Vanessa Gillian Naen, two UNIMAS undergraduates felt when they were sponsored by CMS to be part of the 1,000 shortlisted delegates attending this exclusive conference in Bangkok. While there, the duo was exposed to global issues which they had to devise strategic solutions before delivering their proposal to the council. Both students returned from Bangkok with an expanded perspective, a growth in self-confidence, enhanced communication and public speaking skills, UN-honed critical thinking skills, and the ability to handle negotiations and diplomatic discussions – all of which would undoubtedly shape them into great leaders in the days to come. The two youths began their journey doubtful of their ability to make a difference in society but are now more inspired than ever to help make the world a better, brighter place. They conveyed their sincere gratitude to CMS for making their trip at AWMUN possible, but the pleasure was all ours because at CMS, we believe in empowering the youths of today and the leaders of tomorrow, and we strive to create a positive difference in the lives we touch.



CMS REWARDS UPSR STUDENTS

25 March 2019

As part of CMS Cement Industries Sdn Bhd's commitment to engage and support the community where it operates in, the Company presented the UPSR Incentive Award to four students of SK St. Augustine, Mambong for their academic achievement. The students, Enielewicz Anak Betram (6As), Muhammad Adeeb Darwis Bin Mazlan (6As), Natasha Leminang Anak Liang (4As) and Shania Pearl Anak Joshua (4As) scored the highest results in the school's UPSR Examination 2018. Each student received a token of RM50 for every 'A' result scored plus a stationery gift hamper. CMS is proud of their achievement - keep up the good work students!

BUILDING SOLID BONDS AMONG MUSLIMS IN SARAWAK

5-8 April 2019



● Mr Jason Lee, Head of Group Corporate Reputation & Communications, and Mr Daud Abdul Aziz, General Manager Group HR of CMS with the recipients from Kuching, Bau and Kota Samarahan.

The *Jawatankuasa Kemajuan dan Keselamatan Kampung* (JKKK) from 38 mosques and suraus in and around Kuching, Kota Samarahan and Bau received contribution from CMS through our Adopt-A-Mosque Programme 2019 on 8 April 2019. This year, a total of 72 mosques and suraus from throughout Sarawak received over RM140,000, which will be used to subsidise their electricity and water bills. Similar cheque presentation ceremonies were held in Sibul, Bintulu and Miri from 5 to 7 April 2019. Through this annual programme, we hope to bring together the Muslim community in Sarawak by exchanging ideas, while fostering strong ties between themselves and CMS. As the saying goes, “Alone, we can do so little; together, we can do so much” – Helen Keller

CMS sponsors lucky draw prizes for WOMEN'S FELLOWSHIP

5 April 2019

Encik Suhadi Bin Sulaiman, Head of Cement Division handed over three units of electrical goods to the Chairperson of the Women's Fellowship St. Augustine Mambong, Madam Angela Sidor for their lucky draw prizes at their upcoming annual sales carnival.



CMS aims to make a long-term difference in 'BUILDING SUSTAINABLE COMMUNITIES'

25 April 2019

Since CMS launched its 'Building Sustainable Communities' initiative under its 'Doing Good' banner in March 2019, the Group has been active in making a long-term difference in uplifting and enhancing the lifestyles and creating growth opportunities for the communities they work with. CMS continued its goodwill by undertaking a school rehabilitation project at SK Engkabang, Saratok. The project which is being spearheaded by PPESW BPSB JV Sdn Bhd will bring massive changes to SK Engkabang by enhancing the school's facilities and providing more classrooms. The school will see seven new classrooms with attached lavatory facilities to accommodate an additional 245 pupils, a hostel block, a single storey teacher's quarters. The total cost of the project is RM2.80 million and will take a year to complete.





CMS ROADS

THE DRIVING FORCE BEHIND REJUVENATION OF KAMPUNG MURUD PLAMAN

30 January 2019

A team of 120 employees led by Senior Regional Manager, CMS Roads Sdn Bhd, Abdul Rahim Jamal worked hand in hand with the villagers of Kampung Murud Plaman in Serian to refurbish their old church which will be converted into a mini library for the children, Sunday school venue, as well as a meeting room for the *Jawatankuasa Kemajuan dan Keselamatan Kampung* (JKKK). They helped to replace the entire roof and painted both the interior and exterior of the old church. The team also made improvements to the compound and the football pitch. On top of that, the Company is organising a book donation drive to stock up the library with books for the children to read. "We are all extremely proud of this project and the way it turned out. Kampung Murud Plaman has turned out to be the perfect pilot project for our new CSR focus of 'BUILDING SUSTAINABLE COMMUNITIES'. This shows that CSR is more than just giving for the short-term; it is delivering life-changing actions for the long-term," said Mr Jason Lee, Head of Group Corporate Reputation & Communications.



CYCLING FOR THE ASNAF

24 March 2019

Thirteen Cahya Cyclists joined many others to help raise awareness for the less fortunate by doing what they do best – cycle! Organised by *Tabung Baitulmal Sarawak* in collaboration with the Sarawak Cycling Association, the Asnaf Health Ride aims to garner public support by using an application downloaded on their smartphones to identify underprivileged (asnaf) communities. Cyclists took on the 20 km Petra Jaya - Jalan Haji Bahrin route and managed to visit two asnaf families along the way. Amongst other activities held was the handover of financial aid to the families.



MUKAH RUN

6 April 2019

Seven employees from CMS Roads Sdn Bhd (RMU Mukah) joined 136 other runners in dashing for the finishing line at Dataran Pehin at the SIDS Mukah Fun Run. Held as a fundraising activity for the Sarakup Indu Dayak Mukah, the organiser of the 5 km run hopes to promote a healthy lifestyle and foster closer relationships within the community through their community-centric run.

CMS Supporting AUTISM AWARENESS

29 April 2019

Kuching Autistic Association (KAA) has garnered good support from the community over the years and this year's Kuching Run for Autism was no different. Despite the rain, 129 CMS runners were amongst the over 3,000-crowd who gathered at MBKS to participate in the 3 km and 7 km categories. On the shorter route, participants were seen running with their umbrellas while some parents walked with their toddlers in tow. To increase awareness on autism, creative work by the autistic children such as paintings, beadwork, and other handicrafts were on display. With this year's tagline – Autism: See the Ability, KAA hopes the society will see and believe that each autistic child has his/her own unique ability.





RECYCLING BREAKS CMS RECORD!

18 January 2019

A recycling campaign organised by CMS Group Internal Audit Department early in the year managed to collect a whopping 7,866.40 kg (worth RM2,954.92) from 250 employees who arrived early with their car trunks filled to the brim with newspapers, cardboards, mixed papers, plastic bottles and aluminium cans. The response was so overwhelming that the collection truck had to return for a third time to transport the entire load to the recycling centre. This indeed was a record-breaking figure for CMS HQ! CMS organises recycling campaigns regularly to create awareness on the importance of reducing, reusing and recycling among its employees.



QUARTERLY RECYCLING AT MAMBONG

1 February 2019

CMS Cement Industries Sdn Bhd conducts its Recycling Campaign on a quarterly basis and the first was held before the Chinese New Year holiday at their plant in Mambong, Kuching. 81 employees brought in recycled paper (2275.6 kg), scrap iron (30 kg), plastics (27 kg) and used electrical appliances (63 kg) weighing a total of 2395.6 kg. The individual contribution may be small, but with our continuous efforts in recycling, we hope to collectively create an impact on the environment in the long run. The proceeds of RM789.70 were channelled to their staff welfare fund.

SUSTAINING THE WETLANDS

16 February 2019



Ninety-five CMS employees planted 600 mangrove seedlings and 300 propagules at the Kuching Wetland National Park, a 15-minute boat ride from the Samariang Batu Jetty at Petra Jaya, Kuching. The CMS Mangrove Tree Planting Programme was initiated in 2016, in collaboration with the Forest Department Sarawak to create awareness on the importance of conservation and preservation of the environment. The mangrove forest at the park is vital to the ecosystem as it provides a breeding sanctuary for marine wildlife. The Irrawaddy dolphin, proboscis monkey, crocodile and stork species on migration from Siberia can be seen in these areas.

The site was compromised when the riverbed was deepened during the construction of the flood mitigation channel years ago. The area is submerged during high tides and is suitable for mangroves. A vast area is now covered with thriving mangroves trees, thanks to the continuous effort of volunteers working together with the Forest Department Sarawak. Two species of mangroves were planted – the *Bakau Minyak* and *Bakau Kurap*. It was difficult to move around the muddy ground due to rainfall the previous day, but that did not defer volunteers, as they tugged and pulled to help each other out of the muddy terrain and planted all the seedlings.

FREE HEALTH SCREENING FOR EMPLOYEES

28 March 2019



CMS Cement Division organised a Blood Donation Drive for employees based at the Pending Plant which included free health screenings (blood pressure, blood glucose level and body mass index) and a health talk. Thirteen employees who came between their work shifts donated blood while 15 others attended a health talk on 'Dietary Management for Adults' by Ms Bibiana Chee, the dietician from Normah Medical Specialist Centre. They were reminded that to provide proper nutrition for our bodies, it is important that we maintain a healthy diet.



DONATE REGULARLY to save lives!

27 April 2019

CMS Blood Donation Drive was held in April this year to coincide with our CMS Safety Month. Blood Donation Drives were also held regularly at other subsidiary companies and is one way of giving back to the community as regular supply of blood is needed by hospitals and medical centres to save the lives of patients in need. Always ready are our regular donors, as well as a number of first-timers who turned-up with their family for moral support. Thank you to our 55 successful donors and the medical team from Sarawak General Hospital who assisted on that day.

CMS DONATES MATERIALS AND MAN-HOURS FOR CHURCH

23 March 2019



Two lorries carrying limestone aggregates were transported to Sibul Jaya Methodist Church to surface the area behind the church, which is often used as an outdoor kitchen for the congregation of 1,800 churchgoers' activities. Twenty-seven employees from CMS Premix Sdn Bhd who are based in Sibul and Sarikei volunteered to carry out this *gotong-royong* activity. The men took on the heavy task of loading and shovelling gravel onto wheelbarrows while the ladies cleaned the interior of the Church to give it a sparkling shine. Reverend Resa Nyalu, the Church's Pastor expressed his gratitude to our CMS team for the help rendered. CMS Premix also donated 30 tonnes of aggregates for this CSR activity.



BRINGING SMILES TO THE ELDERLY

24 March 2019

Twenty-two compassionate employees from CMS Cement Industries Sdn Bhd dropped by the Sibul Benevolent Society Nursing Home for a *gotong-royong* session to help give the old folk's home a clean, secure and comfortable living space. Our employees spent the day cleaning windows, mopping floors and ensuring that the living area was squeaky clean. Our employees did not leave empty-handed either, as a special bond with the nursing home is now in place along with a heightened social awareness on our community's responsibility towards our *Warga Emas*. To maintain a skilled workforce that whole-heartedly supports the work of NGOs, CMS is committed in organising more activities centered around caring for communities that are in need and to remind ourselves that an act of kindness can go a long way.

Litter-free beach for MUKAH KAUL FESTIVAL

6 April 2019



Volunteers from CMS Roads Sdn Bhd (RMU Mukah) helped the Melanau community clean up the Oya beach in preparation for the Mukah Kaul Festival held on 28 April 2019. The day began early for the team of volunteers as they carried out work to tidy up and whip the beach area into shape for the festival whereby any rubbish found were collected and disposed, and every fallen tree or loose chunks of wood by the beach area were removed for the safety of visitors. The team's road-maintenance skills were also put into good use when they help to level the ground surrounding the grandstand and paved a road from the Mukah river estuary leading up to the festival site. After eight long hours of working under the sun, Oya beachgoers had a litter-free beach for the various activities organised for the festival.



HELPING SG ASAP FIRE VICTIMS

23 April 2019

A tragedy on 15 April 2019 left 407 residents of Sg Asap Resettlement Scheme homeless after two blocks of longhouses in Uma Bawang caught ablaze. To help the fire victims in their time of need, 22 employees from CMS Cement Industries Sdn Bhd got together to collect 205.50 kg of used clothes. Together with 60 kg of rice, the donations in-kind were handed over to Mdm Phylis Lahei of Uma Bawang longhouse.

MACC (AMENDMENT) ACT 2018

Riding the wave of change

Corporate Governance is a process and structure implemented by companies and businesses to achieve business prosperity and sustainability while ensuring corporate accountability, with the ultimate objective of realising long-term shareholder value, taking into account the interests of all stakeholders. In order to realise a comprehensive and rigorous anti-corruption corporate culture, there is an urgent need for Malaysian companies and businesses to put in place preventive measures that reinforce ethical leadership, good governance, transparency, accountability and respect for the rule of law in their operational procedures.

Earlier in 2018, the Malaysian Anti-Corruption Commission (Amendment) Bill 2018 was passed by the Parliament, thus making companies and their Board and Management liable for corruption compared to only perpetrators previously. This can result in severe penalties, be it in the form of significant fines and/or imprisonment up to 20 years.

What does this mean for companies like CMS? At the foremost, preventive measures should be actively put in place before the new Act comes into force in June 2020. As such, measures and steps must be taken to demonstrate that we have in place adequate procedures designed to prevent associated persons from undertaking corrupt practices. In simpler terms, directors, officers and management are deemed to have committed the same offence unless they are able to prove that the alleged corruption was committed without their consent and they have exercised due care to prevent the occurrence.

The implications for the average employee at CMS is twofold:

At the individual level, the new act penalises commercial organisations where an associated person, to put in layman terms, involved in any form of corruption activities. Associated person is defined not only as a director, partner but also employee or person who performs services for or on behalf of the organisation. Such broad definition has been opted to permit a more expansive interpretation of the circumstances and possible scenarios, to account for corporate corruption in various guises. As such, every employee should be aware of the implications and repercussions of being involved in corruption/bribery practices, in any form.

Secondly, as this new act has now been expanded to include penalization of organisations as a whole (at time of writing, it is understood that these penalties will be heavier for corporate offences), it is imperative that organisations start to put in place anti-corruption compliance programmes, i.e code of conduct, whistle blower policy, trainings for new/present employee, corruption risk assessments. This would mean a thorough organisation cultural transformation and it needs to be cascaded down all the way to each level of the organisation for it to be meaningful and successful. As such, with any organisational change, we need to create awareness at all levels before any policy or programme can be successfully implemented.

Adequate procedures, based on guidelines issued by the Prime Minister's Department, to be implemented to prevent the occurrence of corrupt practices in organisations revolve around five key principles as below:

1. Top Level Commitment
2. Risk Assessment
3. Undertake Control Measures
4. Systematic Review, Monitoring and Enforcement
5. Training and Communication

In addition, the Corporate Integrity System Malaysia (CISM) Value Chain has been introduced as a framework for Malaysian companies and businesses attempting to achieve corporate integrity. Implementation of this system would require all stakeholders to proactively take ownership and maintain a long-term commitment.

In light of all these new and recent developments, we should expect significant measures to be undertaken to strengthen our corporate governance framework as we progress steadily into the second half of 2019. The deadline for implementation of the corporate liability provision of the MACC Amendment Act 2018 is fast approaching i.e. June 2020.

Group Internal Audit Department hopes that with our article, it serves as a short introductory message to pique interest amongst the readers of the newsletter, and act as a precursor to the impending measures and action plans that the Group is planning to undertake to equip ourselves within the two-year implementation period given.

Failure is not an option!!



On behalf of everyone at Group Corporate Reputation & Communications, thank you so much for your support & energy. We couldn't have done it without you.

Jason Lee

Head, Corporate Reputation & Communications

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4 AUGUST 2019
WISMA MAHMUD

3KM 5KM 10KM*
RM40 RM45 RM50
6:45 AM 6:30 AM 6:15 AM

* TOP 10 PRIZES FOR 10KM MEN & WOMEN

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