

CORPORATE SOCIAL RESPONSIBILITY



QSR BRANDS – SOCIALLY RESPONSIBLE, COMMUNITY SPIRITED

QSR Brands Bhd plays a major role in Malaysian society. As a company, we own a large piece of the food and beverage industry and are therefore in constant contact with the consumers at large. The communities in which we operate and serve depend upon us to be as hospitable and reliable as possible, and to understand their requirements. As such, we are always inspired to seek out ways with which we can improve and enrich our consumers' lifestyles, and meet their ever changing needs. Our stakeholders such as our employees, investors, customers as well as the people in the surrounding business and residential areas need to know that the value of our company and brands are constantly being enhanced. As a caring and reliable sustainable corporate citizen, we recognise our responsibility towards the well being of the communities. We have therefore developed a corporate vision which focuses on a sustainable long term strategy that will be financially viable to the Group, while enhancing our consumers' lifestyle and quality of life.

Sustainability is one of the key areas in which we need to maintain strength. On a day-to-day basis, at QSR we work closely with everybody who in some way or another is integral to the success of our business including suppliers, governmental and NGO bodies and our shareholders as we believe there is an irrefutable link between sustainable activities and business results.

Sustainability and reliability are not only dependent upon responsible businesses and people development skills but also on how we help communities thrive, and how the surrounding communities in turn perceive us. And we do this as part of our "Business Jihad", dedicating our business to always serve a higher cost – because in the end the success of our business is not all about how much we get, but more importantly how much we give out in return. It is about Corporate Social Responsibility (CSR).

At present, our involvement in the Corporate Social Responsibility (CSR) arena involves four main focal areas in the framework:

- The Community
- The Marketplace
- The Workplace
- The Environment

Our CSR aims are simple yet pertinent. We are committed towards strengthening local communities, promoting equal opportunity in the workplace, people development efforts, and enhancement of our customers' wellbeing and comfort. We also do our best to undertake a more environmentally conscious business approach.

THE COMMUNITY

The community is our number one priority. From helping the orphans to enhancing the lives of the elderly and less fortunate, QSR remains a community focused corporation at heart.

Some of our community-related initiatives managed in 2008 included:

- **Pizza Hut Nationwide Charity Deliveries**

Pizza Hut carried out its largest nationwide pizza deliveries twice during Chinese New Year and in the month of Ramadan with pizza delivered to over 8,000 residents from 120 orphanages, old folks and charitable homes all over Malaysia.

- **Newspaper-in-Education (NIE)**

In an effort to improve English language literacy among school children in Malaysia, Pizza Hut continued to partner with The Star English daily in the latter's Newspaper-in-Education programme. Close to 94,000 students from 362 schools participated in the Going Green Campaign 4 Rewards in 2008. This programme has proven fruitful in many ways, with students across the country having benefited from their exposure to Pizza Hut and the major English daily.

- **Be The Movement – Walk For Charity**

KFC and Pizza Hut Malaysia in support of Hunger Relief Period 2008 raised RM1 million from the sale of wristbands and donations nationwide. The campaign culminated in a charity walk held at Lake Gardens, Kuala Lumpur and attended by over 1,200 QSR employees with their family and friends.

- **Buka Puasa With Staff and The Less Fortunate**

Our annual buka puasa session with the staff at Ayamas Port Kang saw a turnout of over 1,200 employees who were joined by 200 orphans who also received goodies and duit raya were then treated to lots of food from KFC, Pizza Hut and RasaMas.





- **Yacht Regattas, I-Futsal, Mobile 4-Sided Glass Squash Court, International Kite Festival**

The KFC sailing team raced alongside other competitors at all regattas organised by the Malaysian Yacht Association in Langkawi, Penang and Sabah amongst others while our futsal teams competed with the best for the championship of the Harian Metro organised I-Futsal tournaments. Elsewhere, Pizza Hut sponsored the Squash Racquet Association of Malaysia with a brand new four-sided mobile glass court for the International KL Open Championships. But the highlight of the year was when the QSR kite flew high with kites from all over the world at the International Kite Festival in Pasir Gudang, Johor.

- **Tijarah Ramadhan**

This television programme dedicated to featuring companies donating to the underprivileged had QSR sponsoring two episodes in 2008. Two poverty stricken families from Kg Simunjan, Sarawak and Larkin, Johor were chosen and their plight was highlighted on television. In addition, representatives from KFC, Pizza Hut, RasaMas and Kedai Ayamas visited these families and extended donations in the form of cash and kind.

- **Projek Penyayang KFC**

Projek Penyayang has become a fixture in our CSR calendar for the last 14 years, and we continued with the tradition by giving out KFC to the less fortunate, elderly and orphaned throughout Malaysia every quarter. Over 7,800 people in over 150 homes benefited from this programme in 2008.

- **Deepavali at Rumah Hope with KFC**

We brought joy to the children of Rumah Hope when we celebrated the Festival of Lights with them. KFC was a part of this Deepavali dinner and we equipped them for school with brand new schoolbags, stationery and cookies to eat!

- **Catur Bistari @ KFC**

KFC outlets nationwide are now selling the Catur Bistari board game, a game that helps create awareness of our efforts to promote entrepreneurship development by creating interest in business strategies and the value of money. And to further educate the publics, we organised a nationwide Catur Bistari Challenge that received overwhelming response.

Sponsorships in cash and kind were also continually extended during the year to various organisations and charitable bodies.

THE MARKETPLACE

Halal compliance is integral to the success and expansion of our Group and brands. And enhancing the marketplace is part and parcel of a good sound sustainable business. The Malaysian market has a large base of untapped consumers and we are always on the lookout for ways to strengthen our position and the local brands we have in our stable. In order to strive as leaders in our respective fields, we must solidify our positions as preferred brands in the minds of consumers and investors. Therefore, we interact and communicate with our customers, suppliers, governmental and non-governmental bodies and observe how our corporate initiatives and products affect

third parties and the environment. CSR in the marketplace initiatives include product impact management, customer support for the youth, building 'suppliers as partners' business relationships, consistent best practises and standards management, and establishing a respectful consumer environment.

Our marketplace-related initiatives during the year included:

- **World Halal Forum (WHF)**

We once again participated in the forum which features speakers from all areas of the *halal* industry participating in open panel discussions. Speakers include members of the government, industry players, representatives from various NGOs, certification agencies, academics and the food industry across the globe. QSR's participation was in the form of sponsorship and product showcase. Our Chairman, Tan Sri Dato' Muhammad Ali bin Hashim was also invited to speak and share his knowledge and expertise at this international event.

- **5th Malaysia International Halal Showcase (MIHAS)**

Hosted by the Ministry of International Trade and Industry (MITI) and organised by the Malaysia External Trade Development Corporation (MATRADE), MIHAS has since its inception brought in hundreds of exhibitors. QSR once again participated in Malaysia's largest food and beverage exhibition and the world's largest international *halal* trade fair by setting up a booth and promoting our *halal* certified products and services products to the thousands of visitors from all over the world.





- **Singapore International Halal Showcase (SIHAS)**

We exhibited at this international showcase which included a forum on *halal* standards. Our Chairman spoke and presented at this forum.

- **Halal Food Standards Realisation (Hafstar)**

QSR has never failed to participate in every single Hafstar event organised throughout the country. This program has been developed by *Halal* Development Corporation (HDC) and the Department of Standards (SIRIM) to promote Malaysian Halal Standards, regularize and discuss the standard procedures of handling, processing and storing of food based on Shariah and Malaysian Standards. Our Chairman and representatives from the brands are regular speakers at these events.

- **Tunas Bistari, Didik Bistari and Siswa Bistari Entrepreneur Development Programmes**

A collaborative effort with Bistari Young Entrepreneur Sdn Bhd, we have been very actively involved in mentorship programmes and educational lectures that can help develop young Malaysian entrepreneurial talents.

THE WORKPLACE

A company is only as good as the people working in it, and for it. As a people inspired business, we are supported by a 26,000 strong workforce from every single area and department. Our dynamic team is made up of individuals who are the best-in-class in their knowledge, ability, skill and drive for success.

The year under review saw the Group invest RM973,300 for the training and development of over 2,125 staff – from managerial to executive and junior executive levels, in numerous internal and external human capital development programmes. Restaurant operations training modules were also in place throughout the year.

In 2008, People Development highlights included:

- **Pedoman 2008 “Business Jihad”**

Our annual Pedoman was once again held at Persada Johor International Convention Centre, Johor Bahru with the theme of “Business Jihad”. The one day event was attended by all Restaurant Managers from KFC, Pizza Hut, RasaMas and Kedai Ayam as well as support staff from all over the country, highlights included presentations on Human Capital Development, Financial Reviews of the brands and group and the signing of the Key Performance Indicators (KPIs). We also took the opportunity to recognise long serving employees and staff who were being promoted. There was also an open dialogue between the Chairman and staff.

- **National Champs Challenge 2008**

KFC and Pizza Hut organised the National Champs Challenge in Penang with the best of the best from Restaurant Managers and staff coming together to play off intensely in the final rounds to emerge as National Champions and represent Malaysia at the Regional Champs Challenge.

- **Fire Drill at Wisma KFC**

QSR has set up the new Safety and Health Committee and conducted a total of 10 sessions of safety courses beginning July 2008. The first Fire Drill in August 2008 was successfully carried out involving a total of 470 employees and building tenants at Wisma KFC.

- **Long Service Awards**

QSR has many employees serving the company and, some have spent their entire working lives with us. And so we recognised their long service and awarded them with saving bonds from BSN as a sign of our appreciation and gratitude for their work.

- **Food Handler Courses**

Food handler courses were conducted for KFC, Pizza Hut and Ayam restaurant crews under our subsidiary KFCH, a registered Certified Food Handler Training Provider with the Ministry of Health. In tandem with Akademi Latihan Kebersihan dan Keselamatan Makanan (ALKEM), we have increased the number of Certified Trainers for Food Handlers Course from 14 in 2006 to 58 this in 2008. We recorded a total of 17,285 new recruits trained in 2008, with investment amounting to RM224,705.00 in food handling training for the year.

- **Management Associates Programme**

As part of our efforts to train young Malaysians and incorporate them into our work culture, we carried out the first ever Management Associated Programme. This talent management and succession planning initiative recruited new graduates who have now become part of our permanent staff.





- Johor Corporation's organised training programmes**
 QSR took part in numerous programmes organised by JCorp during the year. These included Program Penerapan Budaya, which is aimed at building cultural appreciation and understanding; Intrapreneurship for RasaMas Intrapreneurs certification training modules; and Kursus Peningkatan Perkeranian Profesional, a clerical enhancement programme. Other people development programmes organised included Program Pembangunan Bina Insan Cemerlang, exclusively developed for Muslim Restaurant Managers and Support Executives and above and IT courses for support staff.

THE ENVIRONMENT

The world around us is our responsibility. And as a company that is nationally recognised and is involved in so many aspects of the Malaysian economy, we have a major role to play in helping to sustain and preserve Planet Earth. We are very conscious of how our every move could potentially have an effect on the environment and as such have taken steps to understand and minimise the impacts of our business on the environment. As a result, QSR Brands is dedicated towards exploring ways in which we can reduce our impact on the environment without compromising operational standards or shareholder value.

One of the major environmental challenges that we undertook is waste management for the Group.

Environmental waste water management efforts during the year included:

Wastewater Treatment Initiatives

- Ayamas Port Klang**
 The waste water treatment plant at Ayamas Port Klang was setup in 1988, and treats the final discharge wastewater in compliance with the DOE Standard B of discharge. This plant has been upgraded numerous times at an estimated cost of RM5 million thus far. It operates using two main wastewater treatment processes – Continuous Processor and the Sequential Batch Reactor (SBR) Process. The plant currently treats 2000 cubic metres of wastewater discharge per day.
- Ayamas Bandar Tenggara, Johor**
 This wastewater treatment facility, located in Johor began operations in December 2008 during the official opening of the plant. Built at a cost of RM2 million, the system treats the final discharge wastewater in compliance with the DOE Standard A of discharge. Using only the Sequential Batch Reactor (SBR) Process, this plant treats 800 cubic metres of final discharge wastewater daily.
- Bakery**
 QSR Brands is now in the midst of setting up a Waste Water Treatment Plant at Kompleks KFC Glenmarie, which houses the Bakery and Commissary division. The plant, which is estimated to be completed in May 2009, will use a system that treats the final discharge wastewater in accordance with the DOE Standard B for discharge.

The proposed treatment process will use the Biological Treatment System, which uses an UASB (Up-Flow Anaerobic Sludge Bed) and AICAR (Alternative intermittent Cyclic Reactor). The estimated cost of the entire project is RM1.5 million.

- Region Food Industries**
 Commissioned and built in 2004, this wastewater treatment plant uses a system that treats the final discharge wastewater complying with the DOE Standard B of discharge. Using a chemical and bio treatment continuous processor, the plant treats 250 cubic metres per day.

CORPORATE SOCIAL RESPONSIBILITY FOR THE FUTURE

CSR at QSR Brands Bhd encompasses a wide variety of areas. It is important that we utilise every opportunity to further enhance the quality of lives of the communities we work and serve in. We are more than just a food and beverage based company. We are purposeful in our intent to build a more environmentally caring culture for our stakeholders who come from all walks of life. As such, it is timely that we pursue the development and implementation of plans and ideas in the areas of culture, arts, music, the less fortunate, animals and the environment – to name just a few.

We are convinced that the continued CSR efforts on our part will help preserve and build a better future for all of us.

