

CORPORATE SOCIAL RESPONSIBILITY



CHANGING TODAY FOR A BETTER TOMORROW

While we take pride of yet another successful year, we continue to acknowledge that with success comes great responsibility and that is the reason why Corporate Social Responsibility (CSR) continues to be our corporate priority. We continue to put great emphasis on conducting business in a responsible and ethical way. From improvement on our products and services to helping the communities in which we operate, we continue to seek out ways to enrich the lives of those around us.

Our journey is about a corporation that takes its social responsibility to heart. It is about strengthening local communities, promoting equal opportunities in the workplace, developing human capital, enhancing our customers' experience and improving the lives of those around us. It is about passionate commitment to CSR.

COMMUNITY

QSR has always placed a great deal of emphasis on the community. In 2009, we broke new ground by bringing all our CSR activities under one umbrella body, a foundation that will manage and control all our charity initiatives. We were active in sporting activities, and also continued to work on education campaigns, including entrepreneur schemes for students. Many orphans, elderly people and single mothers benefited from a number of programmes over the past year and it is this that forms the heart of our CSR endeavours.

Yayasan Amal Bistari

QSR recently proposed the incorporation of Yayasan Amal Bistari, a corporate foundation which will be the means through which CSR activities, endeavours and programmes from and in support of all QSR entities and brands are carried out. The foundation will be a non-governmental, not-for-profit organization that campaigns for and supports the six pillars.

- *Halal*
- Education
- Entrepreneur development
- Sports
- National unity
- The less fortunate

Newspaper-in-Education (NiE)

In an effort to improve English language literacy standards among school children in Malaysia, Pizza Hut continued to partner with The Star English daily in the Newspaper-in-Education (NIE) programme. More than 90,000 students from over 350 schools participated in Mag Inc 2009. This programme has proved fruitful in many ways, with students across the country having benefited from their exposure to Pizza Hut and the major English daily. The Grand Prize winners in 2009 received pre-university scholarships worth RM20,000 each.



Catur Bistari Challenge and Cilik Bistari promote entrepreneurship

The state level playoffs of the KFC Catur Bistari Challenge 2009/2010 were held simultaneously throughout Malaysia in the month of October with the finals being held in January 2010. The Catur Bistari Challenge business board game national competition is a QSR corporate social responsibility project held annually to promote entrepreneurship among youths and young adults. It is undertaken jointly with Bistari Young Entrepreneur Sdn Bhd, a member of Johor Corporation Group and the developer and marketer of the board game. About 1,000 finalists competed for the chance to win RM150,000 worth of prizes up for grabs at the national level playoffs held in Persada Johor International Convention Centre. The Grand Prize winner received a Proton Persona.

QSR, Johor Corporation and Bistari Young Entrepreneur Sdn Bhd (BYE), the developers and marketers of Catur Bistari, signed a Memorandum of Agreement (MOA) that will allow KFC to sell the Cilik Bistari board game, a simplified version of Catur Bistari for younger children, at all its outlets. They will also collaborate to promote the Cilik Bistari game, including using KFC and other brand logos and mascots in the game sets. Cilik Bistari uses an interesting approach in teaching children and teens on business ethics, culture and entrepreneurship. The entrepreneurial values and knowledge can be conveyed effectively to the target groups through games.

Yacht regattas, futsal tournaments, squash championships, kite festivals

The KFC sailing team raced alongside other competitors at every regatta organised by the Malaysian Yacht Association. These included Langkawi, Penang and Sabah amongst others. Our futsal teams competed with the best in the JKing Futsal Challenge Johor 2009, as well as I-Futsal championship organised by Harian Metro. Elsewhere, Pizza Hut sponsored the Squash Racquet Association of Malaysia a brand new four-sided mobile glass court for the International KL Open Championships. But the highlight of the year was seeing QSR's kite fly high up in the sky with other kites from all over the world at the International Kite Festival in Pasir Gudang, Johor and Bintulu, Sarawak.

Pizza Hut's Nationwide Charity Deliveries

Pizza Hut carried out its largest round of nationwide charitable pizza deliveries twice during Chinese New Year and in the month of Ramadan, with pizza delivered each time to almost 8,000 residents from close to 97 orphanages, old folks homes and charity homes all over Malaysia. Pizza Hut also brought early Chinese New Year joy to the elderly at the Salvation Army Joyhaven Home when we delivered pizza and launched our nationwide Chinese New Year Charity Delivery as part of our annual charity initiative.



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Projek Penyayang

Projek Penyayang has been a fixture in our CSR calendar for the last 15 years and we continued the tradition this year by giving KFC to the less fortunate, the elderly and orphans throughout Malaysia, every quarter of the year. Over 13,000 people in over 150 homes benefited from this programme in 2009.

We brought joy to orphans and the disabled from the surrounding communities when we celebrated the Festival of Lights with them in conjunction with the 45th Projek Penyayang. KFC was a part of this Deepavali lunch and we gave them goodie bags. We also provided KFC to 153 homes involving 13,215 less fortunate people.

'Be The Movement' Charity Walk

KFC and Pizza Hut Malaysia, in support of Hunger Relief 2009, raised over RM1.1 million from the sale of notepads and Hut's Power Meals nationwide. The campaign culminated in a charity walk held at Padang Merbok, Kuala Lumpur, attended by over 2,500 QSR employees and their families and friends. This is the third year in a row KFC and Pizza Hut are running this Hunger Relief campaign.

Part of the proceeds went in aid to the victims of the Padang, Indonesia earthquake by providing food and drinks worth RM200,000. We also provided on-ground help with immediate emergency relief efforts. This was participated by Briged Waqaf, the emergency relief arm of Johor Corporation.

Buka Puasa with Orphans

Our annual Buka Puasa session was held at Ayamas Port Klang in 2009 and saw a turnout of over 2,500 employees. They were joined by 400 orphans who received goodie bags and food from KFC, Pizza Hut and RasaMas.

Tijarah Ramadhan

QSR had the privilege of sponsoring two episodes of Tijarah Ramadhan, a television programme dedicated to featuring companies which donate to the underprivileged. Two poverty stricken families from Dungun, Terengganu and Nibong Tebal, Penang 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.

MARKETPLACE

Ethical business practices need to be constantly reinforced in the minds of our staff, the public as well as the upcoming generation of future entrepreneurs. *Halal* acquiescence is vital to the success and continued development of our brands and part of a first-class, resolute and enduring business.



Halal Initiatives

Once again we participated in the World Halal Forum, which features speakers from all areas of the *Halal* industry participating in open panel discussions. Speakers included members of the government, industry players, representatives from various NGOs, certification agencies, and academics from 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 Hashim was also invited to speak and share his knowledge and expertise at this international event.

Hosted by the Ministry of International Trade and Industry (MITI) and organised by the Malaysia External Trade Development Corporation (MATRADE) for the sixth consecutive year, the Malaysian International Halal Showcase (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 to the thousands of visitors from all over the world.

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

The entrepreneurial spirit starts with students

This initiative was undertaken in the hope of imparting an interest in business and entrepreneur development amongst university students. Our Chairman and Managing Director spoke at over 30 institutes of higher learning as they shared their experience in the world of business and encouraged the students to make the first step.

The Group collaborates with the Bistari Young Entrepreneur Sdn Bhd in mentorship programmes and educational lectures that help develop young Malaysian entrepreneurial talents. This includes the Tunas Bistari, Didik Bistari and Siswa Bistari Entrepreneur Programmes.

WORKPLACE

Over 28,000 people all over the country go to work everyday striving to be the best in the business. And we owe much of our triumphs to them. Our energetic team is made up of individuals who are the best-in-class in their awareness, capability, proficiency and drive for success.



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Pedoman 2009

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 Ayamas, 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 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.

QSR has many employees serving the company, some of whom have spent their entire working lives with us. This is why we carry out the Long Service Awards to recognise their loyalty and award them with saving bonds from BSN as a sign of our appreciation and gratitude for their work.

Champs Challenges

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

KFC and Pizza Hut Malaysia played host to over 400 participants from 11 countries in the Asia Pacific region as they came to battle it out at the Regional Champs Challenge. Malaysia dominated the awards with KFC winning 15 and Pizza Hut winning seven.

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 was organised to recruit new graduates who have now become part of our permanent staff.

Hari Mekar – Quality Day

We once again held our annual Hari Mekar competition at Glenmarie as teams from throughout the Group battled it out in various categories in an effort to be crowned the Overall Champions. The winners then represented QSR at the Grand Finals of Hari Mekar organised by Johor Corporation and we are delighted to report that QSR was crowned overall champion for the third year in a row.



THE ENVIRONMENT

The world we live in changes day by day and every decision we make has an impact on the environment and future generations. The fresh air we take for granted, the very ground we walk on, the basic human need of clean water – these are all our responsibilities and we need to be aware of how our every move can potentially have an effect on the environment. We have therefore taken steps to understand and minimise the impact of our business on the environment. As a result, QSR is dedicated towards exploring ways in which we can reduce our impact on the environment without compromising operational standards or shareholder value.

Ayamas Port Klang

The waste water treatment plant at Ayamas Port Klang was set up in 1988 and treats the final discharge waste water in compliance with the DOE Standard B for discharge. This plant has been upgraded numerous times at an estimated cost of RM5 million thus far. It operates using two main waste water treatment processes – Continuous Processor and the Sequential Batch Reactor (SBR) Process. The plant currently treats 2,000 cubic metres of waste water discharge per day.

Ayamas Bandar Tenggara, Johor

This waste water treatment facility, located in Johor, began operations in December 2008 after the opening of the plant. Built at a cost of RM2 million, the system treats the final discharge waste water 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 waste water daily.

Bakery

QSR has set up a waste water treatment plant at Kompleks KFC Glenmarie, which houses the Bakery and Commissary division. The plant uses a system that treats the final discharge waste water in accordance with the DOE Standard B for discharge. The proposed treatment process will use the Biological Treatment System, which uses a 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 waste water treatment plant uses a system that treats the final discharge waste water, 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 is an evolving, ever expanding effort which covers a diverse range of areas but clearly focuses on one main objective – to further enrich the lives of the communities in which we operate. Moving forward, we will continue to remain focused on our CSR objectives as we consistently look out for ways to carry out our corporate responsibility initiatives. At QSR, we are optimistic that the sustained CSR initiatives on our part will help preserve our future as the house of some of Malaysia's most favourite brands.

