

# CORPORATE SOCIAL RESPONSIBILITY

## WORKING TOGETHER FOR A SUSTAINABLE FUTURE

The way a business conducts itself as part of the community is always under scrutiny. Companies are required to make real, measurable contributions both to their stakeholders and the community. QSR is aware that a single action can have deep and far-reaching consequences for everyone, and that is why it takes its CSR responsibilities very seriously.

In our third CSR report, the Group is proud to say that it has been consistent in sticking to its planned activities, which were in accordance with the framework of the Group's newly-established foundation, Yayasan Amal Bistari (YAB). With the incorporation of the foundation, QSR succeeded in boosting the effectiveness and organisation of our CSR endeavours, as well as creating awareness and understanding of the Group's activities.

QSR continued to work on strengthening local communities, promoting equal opportunities in the workplace, developing human capital, enhancing customers' experience and improving the lives of those around us. CSR was once again the hallmark of QSR's business.

## COMMUNITY

The Malaysian community has always been one of our largest beneficiaries as well as one of our greatest fans. Their tremendous support has been a key factor in the development of our CSR commitment. During the year, QSR continued working with the Group's existing partners in the education and sports sectors, with the bulk of our contribution going to the underprivileged. Many orphans, elderly people and single mothers benefited from various programmes and, as always, it is these programmes that form the heart of our CSR initiatives.



## NEWSPAPER-IN-EDUCATION (NIE)

Pizza Hut worked with its long-running partner in education, The Star, for the 14<sup>th</sup> consecutive year, in an effort to improve English language literacy standards among school children in Malaysia through the Newspaper-in-Education (NIE) programme. More than 40,000 entries were received for Mag Inc 2010, of which about 900 were video clips. The three-month contest was divided into primary, lower secondary and upper secondary categories, with the Grand Prize winners receiving pre-university scholarships worth RM100,000 and an all-expenses-paid trip to Cambodia.

## CATUR BISTARI CHALLENGE AND CATUR BISTARI D'TV

For the third year running, the KFC Catur Bistari Challenge 2010/2011 garnered an overwhelming response from Malaysians, with the state level playoffs being held throughout Malaysia in October and November and the finals in January 2011. There were more than 1,000 finalists from all walks of life, including participants from the state level Catur Bistari Challenge playoffs, as well as individuals from government agencies, the private sector, higher educational institutions, schools and uniformed bodies. Players competed for the chance to win RM150,000 worth of prizes, the Grand Prize winner receiving a Proton Persona. QSR was also part of the highly rated television game show programme, Catur Bistari D'TV, whose premier season drew huge audiences.

## BRINGING CHEER TO THE CHILDREN

Children were very much part of the Group's CSR plans in 2010. The International Children's Day celebrations saw KFC supporting the Children's Safety Campaign and giving out food and goodie bags to more than 3,200 children. Later, during the Christmas season, Pizza Hut worked with the Media Prima team to bring festive joy to 42 children from two homes.

## SPORTS

Pizza Hut's sponsorship of a four-sided mobile glass court continued for the third year, and the brand was featured prominently during international squash championships such as the Malaysian and KL Opens. Meanwhile, the Group's futsal teams competed with the best in the I-Futsal tournaments organised by Harian Metro.

The KFC-sponsored Malaysian Yacht Association continued to hold regattas throughout the country in places such as Langkawi, Penang and Negeri Sembilan. The regattas attracted international participation with entrants from countries such as Australia, New Zealand, Brazil, Mexico, USA, South Korea, Cambodia, Sri Lanka, India and Hong Kong.

Other sports-based initiatives were KFC's involvement in the Johor FC football team and QSR's support of the Malaysian Super League. The Group was also a major sponsor of the 13<sup>th</sup> SUKMA Games held in Melaka. Another highlight of the year occurred when the QSR kite flew high among kites from all over the world at the International Kite Festival in Bandar Dato' Onn, Johor.

## MUSIC

The Group sponsored the Wind Orchestra Competition, the Malaysia National Band Competition, and the Malaysia World Marching Band Competition. These first two competitions saw talented bands from schools around Malaysia challenging each other, while the third competition attracted internationally renowned marching bands.



### KFC AND PIZZA HUT'S FEEDING PROGRAMMES

Pizza Hut carried out its nationwide charitable pizza deliveries during Chinese New Year and in the month of Ramadhan, with pizzas delivered each time to more than 7,500 residents of close to 100 orphanages, old folk's homes and charity homes throughout Malaysia.

For the last 17 years, KFC's Projek Penyayang has been a major fixture in our CSR calendar. More than 12,800 less fortunate Malaysians in more than 150 homes benefited from this quarterly programme. Of this number over 11,000 were from Peninsular Malaysia with the remainder coming from Sabah and Sarawak.

### "BE THE MOVEMENT" CHARITY WALK

Pizza Hut and KFC Malaysia made significant contributions to a RM1.5 million fund raised during the World Hunger Relief Programme 2010. The nationwide community programme ran from August to September at all KFC and Pizza Hut restaurants throughout Malaysia.

To commemorate this fund-raising effort and as a show of support, more than 5,000 people comprising KFC and Pizza Hut employees, family members and members of the public, took part in a "Be The Movement" charity walk, which was held in the heart of the country's administrative centre, Putrajaya. Part of the proceeds went to the World Food Programme with the rest benefiting local charities.

# CORPORATE SOCIAL RESPONSIBILITY

## MALAYSIAN ARMED FORCES

The Group continued to support the men and women of the Malaysian military. Working together with the Malaysian Government, we provided food and necessities to more than 14,000 members of the Armed Forces serving within the country and on foreign soil.

## HEARING IMPAIRED COMMUNITY CARE STORES

KFC Malaysia continued to support the speech and hearing impaired community through its Community Care Stores. In 1986, KFC Malaysia became the first in the world to open and operate a restaurant run entirely by speech and hearing impaired staff, and today there are four such stores throughout the country with the latest being opened in Taman Masai, Johor in November 2010. The project, which has been the pride of KFC for the past 25 years, was undertaken in an effort to give this often neglected group of people the opportunity to be independent, and today has 60 staff under its employment.

## TABUNG PENYAYANG KFC

The Tabung Penyayang KFC fund was founded in 1997 for the sole purpose of helping deserving children and the needy through various CSR programmes. Tabung Penyayang KFC's proceeds are generated two ways: ten cents from every Chicky Meal sold are donated to the fund; and since August 1999, collection boxes have been placed in every KFC restaurant nationwide, thereby enabling KFC's patrons to make donations. Tabung Penyayang KFC continued to make regular contributions to local charities or support various CSR programmes.



## TIJARAH RAMADHAN

QSR had the privilege of sponsoring three episodes of *Tijarah Ramadhan*, a television programme dedicated to featuring companies which donate to the underprivileged. Three poverty-stricken families from Sabah, Perak and Melaka were chosen and their plight was highlighted on television. In addition, representatives from KFC, Pizza Hut, RasaMas and Kedai Ayammas visited the families and made donations in both cash and kind.

## MARKETPLACE

### HALAL INITIATIVES

*Halal* compliance is integral to the success and continued development of the Group. Hosted by MITI and organised by the Malaysia External Trade Development Corporation (MATRADE) for the seventh consecutive year, the Malaysian International Halal Showcase (MIHAS) draws hundreds of exhibitors. KFCH 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 been a constant participant in Halal Food Standards Realisation (HAFSTAR) events organised throughout the country. The HAFSTAR programme has been developed by the Halal Development Corporation (HDC) and the Department of Standards (SIRIM) to promote Malaysian *halal* standards and to regularise and discuss the standard procedures for handling, processing and storing food based on shariah and Malaysian standards.

**ENTREPRENEUR DEVELOPMENT**

The entrepreneurial spirit starts with students and QSR works towards fostering this spirit through its Gerak Usahawan Siswa programmes. The goal of this initiative is to foster an interest in business and a passion for entrepreneurship among university students. In 2010, 30 forums were organized in institutes of higher learning, where speakers shared their experience in the world of business and encouraged students to embark on their business journey.

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

**WORKPLACE**

The Group has a constantly expanding workforce. QSR team is made up of individuals who are driven to succeed and dedicated to customer service. Over 31,000 people all over the country go to work every day striving to be the best in the business and the Group owes many of its success stories to them.



**RESTAURANT MANAGERS' CONVENTIONS**

KFC and Pizza Hut restaurant managers were treated to a well-deserved reward when they attended the annual Manager Conventions held at Club Med, Bintan, Indonesia. Awards and recognitions were given out before participants took time out to enjoy the wonderful weather and various outdoor activities.

**PEDOMAN 2010**

QSR's annual Pedoman was once again held at the Persada Johor International Convention Centre, Johor Bahru. The one-day event was attended by Restaurant Managers from KFC, Pizza Hut, RasaMas and Kedai Ayammas, 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 KPIs. The Group also took the opportunity to recognise long-serving employees and staff who were being promoted, and to engage in an open dialogue between management and staff.

# CORPORATE SOCIAL RESPONSIBILITY

Some of our employees have spent their entire working lives with us. QSR's Long Service Awards, held during Pedoman, recognise their loyalty and reward them with saving bonds from BSN as a sign of our appreciation and gratitude.

## CHAMPS CHALLENGES

KFC and Pizza Hut organised the National Champs Challenge in Johor Bahru with the best of the best of our Restaurant Managers and staff coming together to compete in the final round and emerge as National Champions. The Group's National Champions went on to represent Malaysia at the Regional Champs Challenge held in Manila, the Philippines, where the Malaysian contingent battled it out against 400 participants from 11 countries in the Asia Pacific region.

## MANAGEMENT ASSOCIATES PROGRAMME

As part of QSR's efforts to train young Malaysians and incorporate them into the Group's work culture, the Group continued with its Management Associate Programme. The aim of this talent management and succession planning initiative is to recruit new graduates to become part of the Group's permanent staff.

## HARI MEKAR - QUALITY DAY

For the fourth year in a row, QSR was crowned the Overall Champion at the Grand Finals of the Hari Mekar organised by JCorp. The Group was represented by winners of the Group-wide annual QSR Hari Mekar competition held at Port Dickson, Negeri Sembilan.



## THE ENVIRONMENT

Sustainable development is a vital aspect of CSR. The world we live in changes day by day and every decision we make has an impact on the environment and on future generations. The essential human need for clean air, water, and food is a collective responsibility, and we must constantly be aware of how our every move can potentially affect the environment. As a dedicated corporate citizen, QSR is committed to exploring ways in which the Group can reduce its environmental impact without compromising operational standards or shareholder value.

## RECYCLING PROGRAMME

In 2010, the QSR Group worked with Mutiara Johor Corporation to carry out a recycling programme aimed at educating the local community about the importance of recycling and raising awareness of the importance of healthy lifestyles and habits.

### AYAMAS PORT KLANG

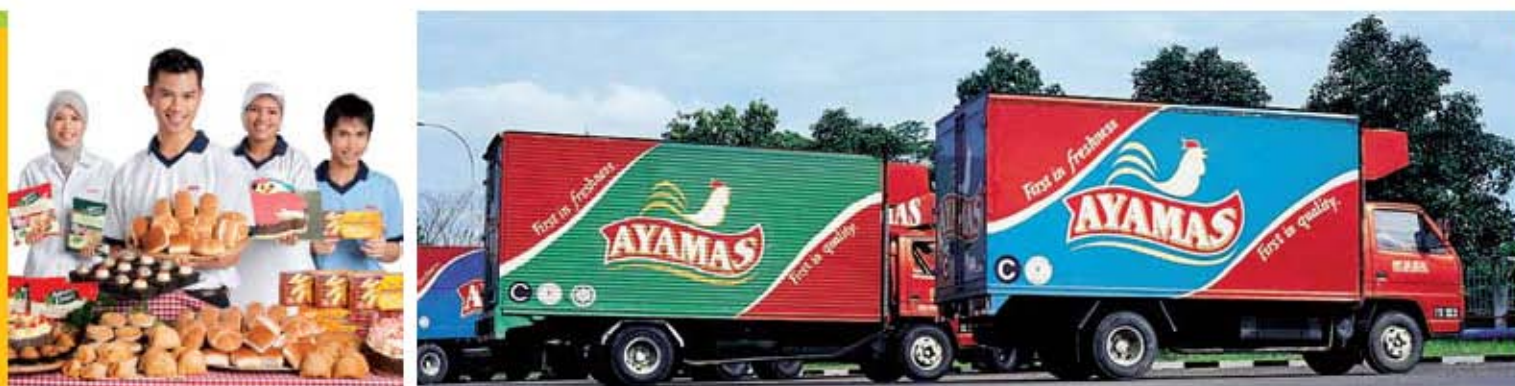
The waste water treatment plant at Ayamas Port Klang was set up in 1988 and treats the final waste water discharge in compliance with the Department of Environment Malaysia (DOE) Standard B for discharge. This plant, which has been upgraded numerous times at an approximate cost of RM5 million to date, employs two main waste water treatment processes – a Continuous Processor and a 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 2009 after the opening of the plant. Built at a cost of RM2 million, the system treats the final waste water discharge in compliance with the DOE Standard A for discharge. Using the SBR Process, this plant treats 800 cubic metres of final waste water discharge daily.

### BAKERY & COMMISSARY

QSR has set up a waste water treatment plant at Kompleks KFC Glenmarie, which houses the Bakery and Commissary division. The plant uses a Biological Treatment System that treats the final waste water discharge in accordance with the DOE Standard B for discharge by means of an Up-Flow Anaerobic Sludge Bed (UASB) and an Alternative Intermittent Cyclic Reactor (AICAR). The approximate cost of the project was RM1.5 million.



### REGION FOOD INDUSTRIES

Commissioned and built in 2004, this waste water treatment plant uses a chemical and biological treatment Continuous Processor complying with the DOE Standard B for discharge to treat final waste water discharges at a rate of 250 cubic metres per day.

### CORPORATE SOCIAL RESPONSIBILITY FOR THE FUTURE

The changing nature of CSR in the region has resulted in a more interactive society and QSR stakeholders now play an important part in its CSR initiatives. Today, Asia Pacific's sustained and rapid economic growth is creating new avenues for programmes at an unprecedented rate. To capitalise on these opportunities, the Group will work with a variety of partners, communicating and collaborating across borders on issues of mutual interest.

One thing is certain: under the umbrella of YAB, CSR at QSR will continue to expand to the benefit of all involved.