



A KCPM Company

SUSTAINABILITY REPORT 2022-2023




**SUSTAINABLE
TOGETHER**





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About this report



Welcome to the inaugural QSR Brands (M) Holdings Bhd ('QSR Brands', 'QSR', or the 'Group') sustainability report detailing our sustainability performance for the 2022 and 2023 calendar years.

Frameworks and standards

This report has been prepared with reference to the 2021 Global Reporting Initiative (GRI) Standards and the applicable indicators for the GRI 13 Agriculture, Aquaculture, and Fishing Standards for our upstream businesses. In developing this report, we also referred to the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) on a voluntary basis and have mapped our material topics and focus areas against the applicable United Nations Sustainable Development Goals (SDGs).

Assurance

We contracted Grant Thornton Consulting Sdn Bhd to provide independent limited assurance on the data and disclosures of selected material sustainability indicators in this report, specifically under the topics of corporate governance, environmental impact, workforce, food safety and quality, supply chain, animal welfare, technology, and data privacy and security.

▷ [Assurance statement \(p.88\)](#)

Scope, boundaries, and reporting period

The scope of this report covers active operations under our control in Malaysia, specifically our core businesses as follows:

- **Downstream:**
QSR Stores Sdn Bhd, Kentucky Fried Chicken (Malaysia) Sendirian Berhad, Pintas Tiara Sdn Bhd, Pizza Hut Restaurants Sdn Bhd, and PHD Delivery Sdn Bhd
- **Upstream and Midstream:**
Ayamas Integrated Poultry Industry Sdn Bhd, Ayamas Food Corporation Sdn Bhd, Integrated Poultry Industry Sdn Bhd, Ladang Ternakan Putihekar (N.S.) Sdn Bhd, Region Food Industries Sdn Bhd, QSR Manufacturing Sdn Bhd, and QSR Trading Sdn Bhd

Unless otherwise noted, performance data is from 1 January 2022 to 31 December 2023 and is augmented with historical data where relevant. For this first report, our scope excludes our operations in countries outside of Malaysia, specifically Brunei, Cambodia, and Singapore as well as entities that are not core to our main revenue-generating business (i.e. entities contributing less than 1% of the total Group revenue, with the exception of those that are critical for supporting our restaurant business as mentioned above).

Our sustainability journey and achievements



¹ For KFC Bachok outlet.

- Embarked on partnership with FatHopes Energy to collect used cooking oil for recycling into biofuel
- Launched surplus food donation programme with the Kechara Soup Kitchen as part of Yum!'s Harvest Programme
- Began facilitating students with industrial placements through 2u2i Programme

2021

2019



- Set up our Board Sustainability Committee



2022



- Established a dedicated sustainability division under Group Corporate Governance
- Conducted our first materiality assessment
- Completed our first EcoVadis Assessment (for year 2021)
- Completed a preliminary assessment of our carbon inventory (initiated by our investor, CVC Capital Partners)
- Developed QSR's inaugural Sustainability Framework and five-year strategy
- Launched our flagship talent development programme, GROW

CEO/MD statement



Dear stakeholders,

Sustainability is a guiding principle rather than a mere buzzword for us at QSR Brands. It drives our efforts to stay relevant in a rapidly changing world while making a positive impact on the environment and communities in which we operate. I am pleased to present QSR Brands' inaugural sustainability report covering 2022 and 2023, which documents our sustainability journey as we strive to become ASEAN's leading food-technology company.

Nehchal Khanna

*Chief Executive Officer / Managing Director,
QSR Brands*

Maintaining our tradition of creating cherished moments

We take great pride in being an integral part of the communities we serve. From the joy of family dinners and birthday celebrations to the comfort of a familiar meal, our iconic brands, KFC and Pizza Hut, have cultivated cherished memories across generations. KFC Malaysia in fact celebrated its 50th Anniversary in Malaysia in 2023, an amazing feat in the food and beverages sector.

We remain dedicated to strengthening community ties as we advance on our journey towards sustainable growth. In 2022, we initiated a comprehensive transformation anchored on three interlinked pillars: Business Transformation, Digital Transformation, and Cultural Transformation. Sustainability is seamlessly integrated within each of these pillars as we enhance our agility to embrace emerging trends and catalyse meaningful change.

Business Transformation: Redefining business success

The COVID-19 pandemic prompted a thorough reassessment of operational approaches across our downstream, midstream and upstream businesses. This led us to embark on a business transformation, guided by our Transaction Velocity Framework that steers our innovation and commercial initiatives. We have also integrated sustainability principles in the Framework to enhance resource efficiency and productivity while ensuring customer satisfaction, positive social impact, and environmental stewardship.

Apart from that, initiatives such as selling our spent cooking oil for biodiesel production, store costs optimisation and implementing energy conservation measures not only exemplify our commitment to sustainability, but also unlock additional business value and optimise our operations, contributing to the resilience and growth of our business.

CEO/MD statement

Digital Transformation: Harnessing technology and innovation

Our early investments in digitisation and technology proved invaluable in helping us navigate the challenges of the pandemic, facilitating transformative changes in our operations and customer engagement strategies. In 2021, we transitioned to mobile applications for KFC and Pizza Hut orders while strengthening partnerships with food aggregators. Innovations such as self-serve kiosks, smart kitchens, and increased automation in food preparation were introduced at our restaurants. We also expanded the QSRMart online marketplace for our QSR Trading division. Consequently, **technology-driven sales surged from 5% of our annual sales pre-pandemic to 30% in 2023 across both KFC and Pizza Hut.**

Continuous enhancement of our digital capabilities and data-driven initiatives remains paramount as we strive to maintain our position as an industry leader. Our focus remains on uncovering new opportunities through deeper customer insights/analytics, optimising resource allocation, and fostering ongoing innovation.



In 2022, we initiated a comprehensive transformation anchored on three interlinked pillars: Business Transformation, Digital Transformation, and Cultural Transformation. Sustainability is seamlessly integrated within each of these pillars as we enhance our agility to embrace emerging trends and catalyse meaningful change.

Culture Transformation: Valuing our people

I firmly believe that for a company to undergo transformation, its people must first live the transformation themselves. In 2022, we introduced our Flywheel, with our corporate new vision, purpose, and core values to effect organisational change and drive value creation. Prioritising our employees' professional growth while supporting their well-being, we launched our flagship talent development initiative, GROW, to nurture the next generation of leaders, and an exclusive micro-credential degree programme in partnership with *Universiti Sains Malaysia (USM)* to support our employees' tertiary education. We also introduced the Earned Wage Access programme in collaboration with Paywatch, enabling our employees to access a portion of their earnings before conventional payday to cater to their immediate financial needs.

Additionally, we recognise the importance of retaining and attracting new talent, and are dedicated to fostering a modern work environment that promotes diversity, equity, and inclusivity. To this end, I have seen tremendous progress, with **women now representing 65% of our leadership team and 44% of our total workforce.** We have also been running a well acknowledged and dedicated programme to employ people with disabilities since 1986 and continue to lead the industry in such practices.

Given the size and reach of our operations and the popularity of our products, we are dedicated to sharing our prosperity through charitable and social programmes. Our KFC Add Hope programme has helped to alleviate hunger among underprivileged children since its inception in 1997, and our *zakat* contributions have exceeded MYR 60 million over the past decade. In certain states where we operate, we have received *zakat* refunds, enabling us to directly distribute these funds to *asnaf* through *wakalah* arrangements. Over the last two years, MYR 3.76 million have been directed towards 70,886 recipients through these efforts.





About QSR

QSR Brands is headquartered in Petaling Jaya, Malaysia. We are a private company with integrated poultry operations and a halal food and restaurant business ecosystem across Malaysia, Brunei, Singapore and Cambodia.² As one of the major franchisee of YUM! Brands (“YUM!”) in Asia, we operate 774 KFC and 475 Pizza Hut restaurants and various supporting enterprises in Malaysia, ensuring a seamless supply of high-quality halal-compliant products and ingredients.

Our operations comprise a network of upstream and midstream businesses supplying our restaurant outlets. These include poultry farming and processing facilities, bakery and commissary operations, sauce manufacturing units, and a robust trading arm. Our integrated approach guarantees a reliable supply chain — providing our restaurants with premium ingredients while also allowing us to offer select products directly to consumers.

² Our businesses outside of Malaysia (Brunei, Singapore, and Cambodia) and non-core revenue-generating entities are not within the scope of this report.

The QSR brand

In late 2022, we refreshed our core values, vision, and purpose, guiding our business practices and operating principles to cultivate a high-performing organisation while fostering a positive work culture. We are committed to providing excellent service and high-quality products at every customer touchpoint, including our websites, mobile apps, or in-store environments.



CUSTOMER FIRST

We deeply understand our customers' needs to exceed their expectations

We start with the customers in mind in everything we do

GROW PEOPLE AS BUILDERS

We proactively create opportunities to realise our full potential

We bring an ownership mindset to everything we do

BE BOLD TO INNOVATE

We challenge the norm to create actionable positive change

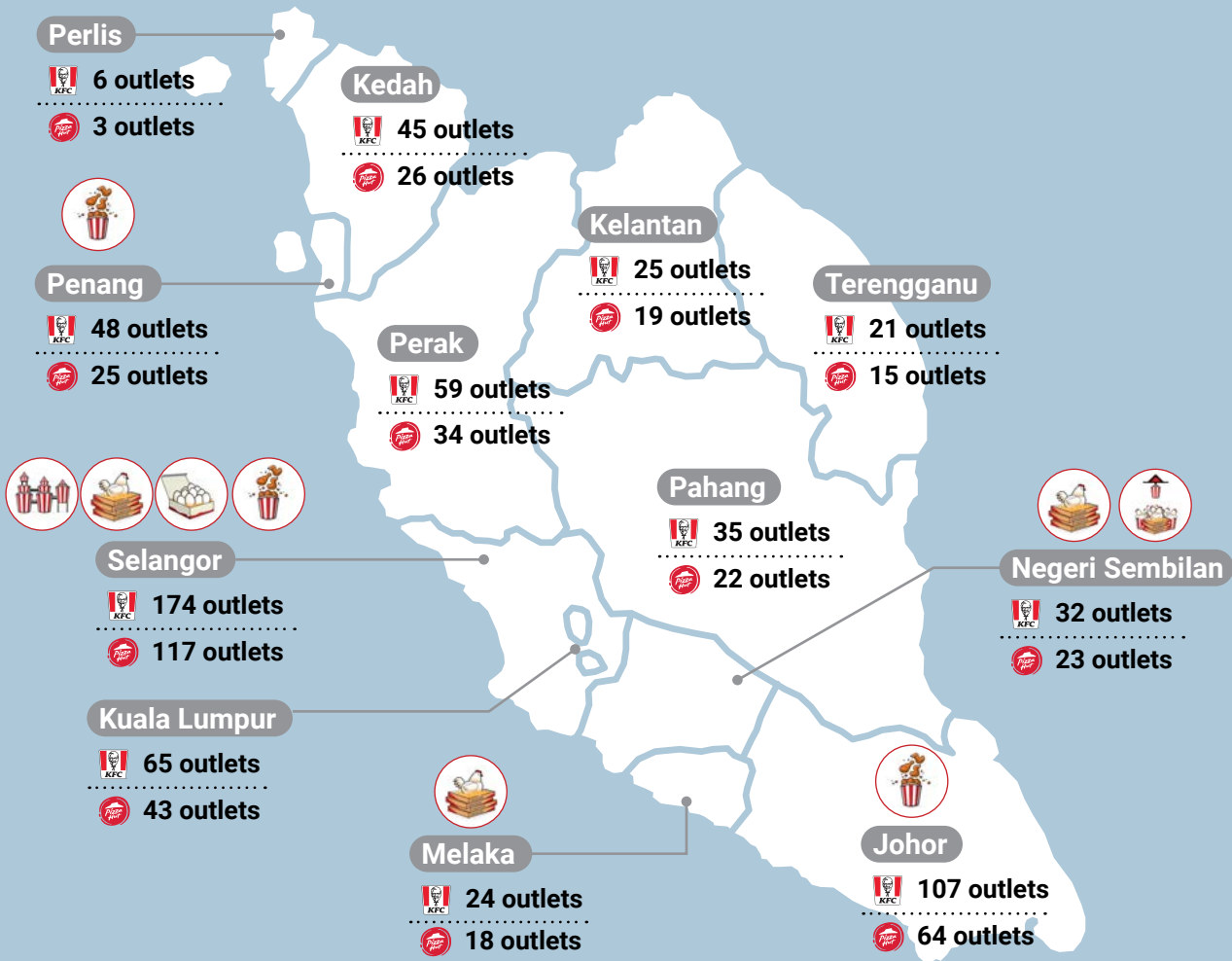
We have the courage to explore and learn from mistakes

NEVER GIVE UP

We keep trying until we reach our goals

We never stop learning to be the best

About QSR

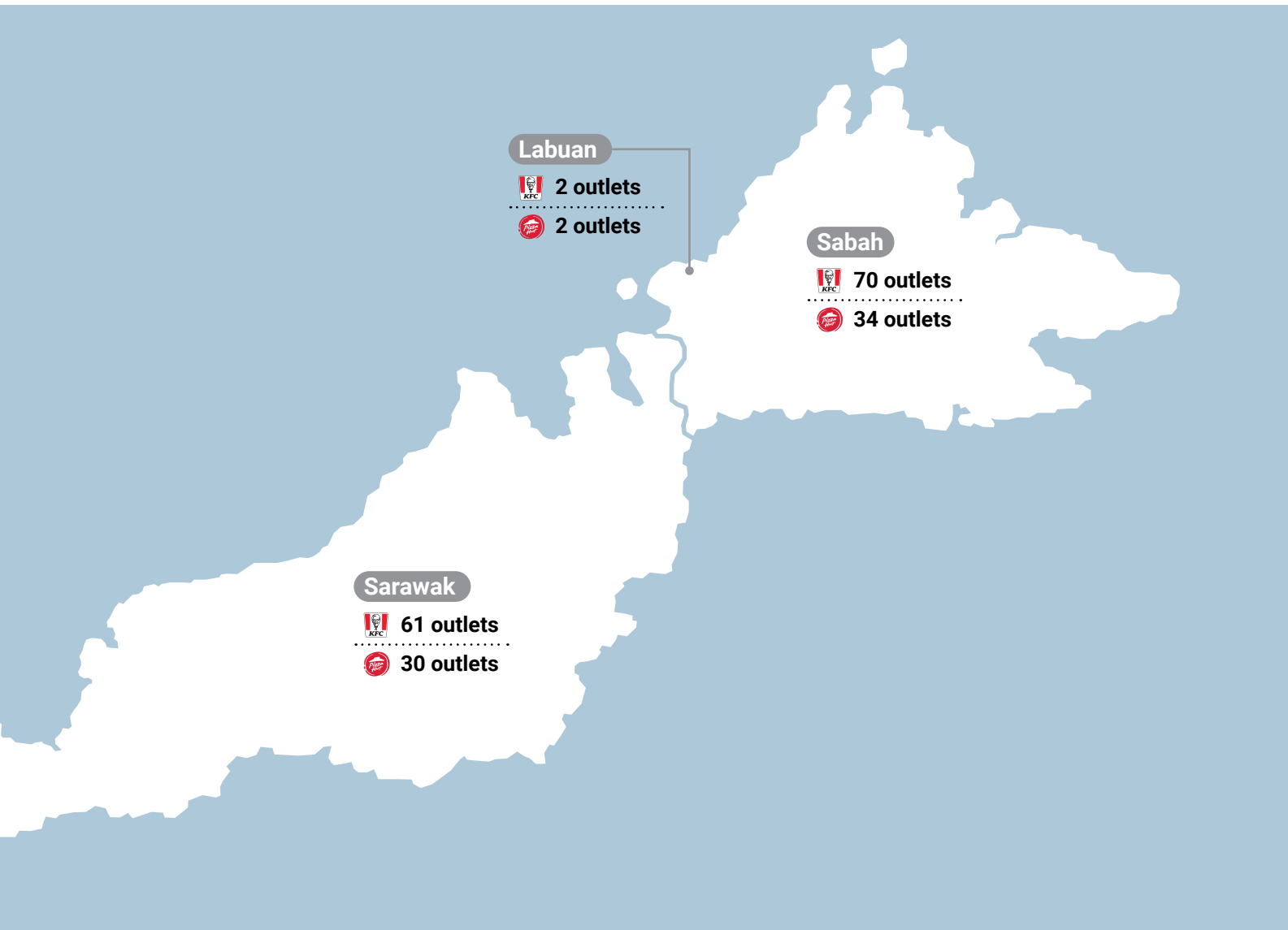


Operational overview

 <p>Official franchise of Yum! Brands</p>	<p>1 bakery and commissary operations in Glenmarie, Shah Alam, supplying our restaurants</p>	 <p>774 KFC outlets</p>	 <p>475 Pizza Hut outlets</p>
 <p>Halal integrated poultry and manufacturing</p>	 <p>1 feedmill at North Port Klang Capacity: 162,000 t/year</p>	 <p>4 breeder farms in Bangi, Alor Gajah, Tampin & Linggi Total capacity: 52 mil hatching eggs/year</p>	

Notes:

1. This excludes our KFC and Pizza Hut outlets outside Malaysia (Brunei, Singapore, and Cambodia), as well as our non-core revenue generating businesses
2. Abbreviations: DOC, day-old-chicks; mil, million.



Malaysia's leading sauce producer with 1 sauce manufacturing facility in Port Klang



Operating the marketing, trading and distribution of our own brand (Life, Ayamas, Fatboi) and third-party products

Employing **>21,000** people across the group



1 hatchery at Salak Tinggi

Capacity: 38.4 mil DOC/year



1 broiler farm in Mantin

Capacity: 245,000 DOC Input/cycle



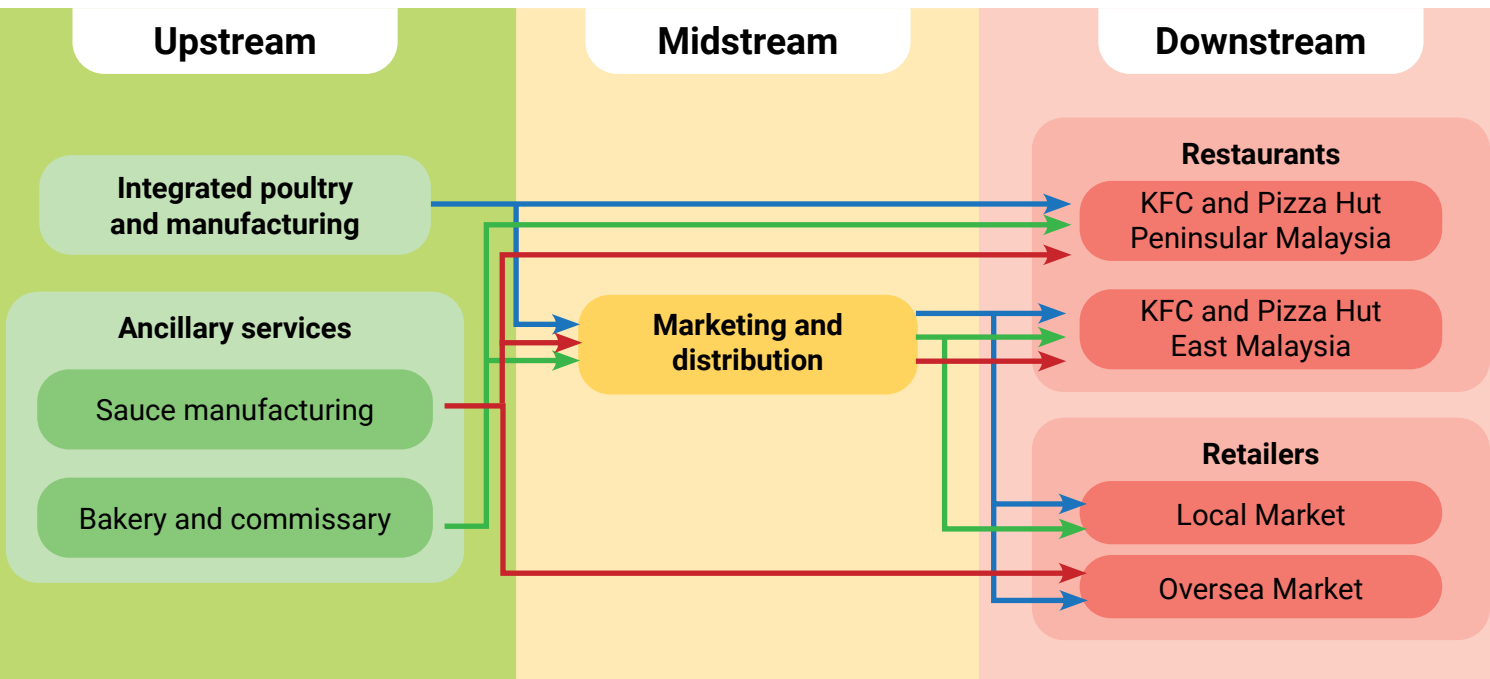
3 poultry processing plants

(Port Klang, Bukit Mertajam, Bandar Tenggara)

Total capacity: 145,000 birds/day

(see [About this report \(p.4\)](#)).

About QSR



Integrated poultry and manufacturing



We are one of Malaysia’s leading suppliers of raw and chilled poultry products. Through our integrated poultry business encompassing Ayamas Integrated Poultry Industries Sdn Bhd (AIPI), Ayamas Food Corporation Sdn Bhd (AFC) and other upstream operations spanning hatchery to retail, we gain greater control over our supply chain, including cost efficiency, food quality and safety, and halal compliance.

Our integrated poultry process:



Feedmill

Our feedmill supplies high-quality feed for our poultry.



Breeder farms

Breeder farms produce a regular monthly supply of hatching eggs for our hatchery and are the source of our high-quality poultry.



Hatchery

The hatching eggs from breeder farms are hatched into day-old chicks at our hatchery.



Broiler farms

Day-old chicks (hatchlings) are supplied to broiler farms, and raised to the desired weight.



Poultry processing

We operate end-to-end halal poultry slaughtering and processing facilities. Our primary product is the ‘9-piece cut’ we supply to our KFC outlets.

Note: We also work with contract broiler farms which exclusively supply our poultry.

► For more information, see: <https://qsrbrands.com/halal-integrated-poultry-and-manufacturing/>

About QSR

Ancillary services

Sauce manufacturing



Since 1998, QSR has operated Region Food Industries Sdn Bhd, manufacturing our Life brand sauces, marinades, salad dressings, and ready-to-eat soups. Our five-acre Port Klang facility is equipped with two fully automated bottling lines with a monthly capacity of up to 3,400 metric tonnes, supplying Life sauces to our restaurants, supermarkets, and other food operators.

Bakery and commissary

We operate QSR Manufacturing Sdn Bhd in Glenmarie, Shah Alam, as a Yum!-certified supplier producing bakery and commissary products, including buns, pizza dough, coleslaw, sanitised vegetables, and dairy products supplied to our KFC and Pizza Hut restaurants.

▶ For more information, see: <https://qsrbrands.com/ancillary/>

Marketing and distribution



Our marketing and distribution arm, QSR Trading Sdn Bhd (QSRT), is the distributor of our Life, Ayamas, and Ayamas Kitchen brands and also markets and distributes third-party brands in Malaysia. Additionally, QSRT coordinates and facilitates poultry delivery from our upstream business units in East Malaysia.

Our restaurants



KFC

QSR introduced the first KFC restaurant in Malaysia in 1973. As a Yum! Brands franchisee, we have grown KFC to 774 outlets nationwide and established it as a go-to destination for delectable fried chicken and delicious meals that appeal to local tastes and preferences.



Pizza Hut

Another member of the Yum! Brands family franchised to QSR, Pizza Hut opened its first outlet in Malaysia in 1982. With a varied menu of pizzas, sides, and desserts, Pizza Hut has earned a prominent place in the hearts of Malaysian consumers, with 475 outlets nationwide.

Our approach to sustainability

Our sustainability strategy

QSR is proud to play a vital role in the communities we serve that goes beyond our mission to provide high-quality products and services to our customers. We take seriously our responsibility to maximise our positive impacts while minimising harm, while recognising that our environmental, social, and governance (ESG) goals must go beyond responding to issues as they arise.

In 2022, we developed a comprehensive sustainability strategy setting out our key focus areas. The strategy, which was approved by the Board Sustainability Committee and the QSR Board of Directors, functions as a comprehensive blueprint for integrating sustainability into the Group's business and operations over the next five years. This strategy was formulated based on our 2022 materiality assessment results and involved consultations with internal stakeholders as well as selected external stakeholders. Key external stakeholders included our franchisor, Yum! Brands, and our investors and shareholders, such as Johor Corporation (JCorp), CVC Capital Partners, and the Employees Provident Fund (EPF) Malaysia. We also mapped it against the United Nations Sustainable Development Goals (SDGs) to align our efforts with the global sustainability agenda.

The strategy is built on four pillars: **Environmental Resilience, People Oriented, Food Value, and Data Driven**; which are backed by our critical strategic enabler to strengthen **Corporate Governance**. Combined with our materiality assessment and commitment to transparency and reporting, the strategy will guide the Group's activities as we advance our sustainability journey over the next five years.



Our approach to sustainability



QSR SUSTAINABILITY STRATEGY 2023-2027



Corporate Governance

Strengthening corporate governance and promoting ethical behaviour

- Corporate governance
- Ethics and compliance
- Transparency and reporting



Environmental Resilience



Minimising carbon footprint through low carbon energy, waste management and environmental protection

- Climate impact
- Sustainable packaging
- Water consumption
- Waste management



People Oriented



Uplifting communities, providing healthcare and ensuring well-being of people; empowering employees and advancing diversity and inclusion

- Customer service
- Labour practices
- Employee health, safety, and wellbeing
- Food accessibility and affordability
- Diversity and inclusion
- Community support
- Employee engagement and development



Food Value



Serving safe and nutritious food made from quality ingredients that are sourced responsibly

- Food safety and quality
- Sustainable sourcing and supply chains
- Public health and responsible marketing
- Animal welfare



Data Driven



Using data to make decisions that guide measurable and responsible business practices

- Data privacy and security
- Digitalisation and technology



Our approach to sustainability

Materiality

QSR conducted our first materiality assessment in 2022, in alignment with the topics in the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) Standards, and through consultations with key internal teams. In Q3 2023, we benchmarked the identified topics against peers’ performance and identified key issues facing the industry and our markets. We also interviewed two external stakeholders who are our investors and shareholders to understand their sustainability-related expectations of our business and the markets in which we operate.

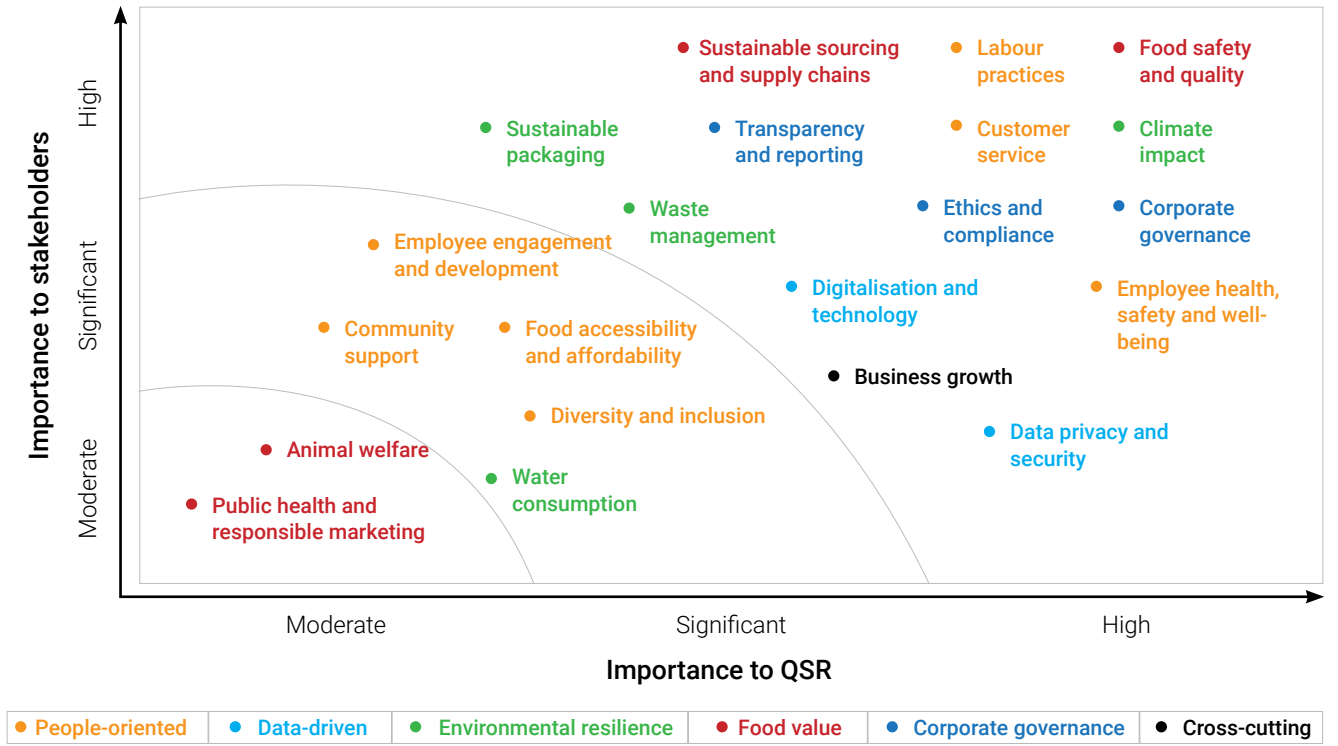
We identified a total of 21 material issues for QSR Brands and re-mapped them to the pillars of our Sustainability Strategy. These material issues are presented in the following materiality matrix based on their relevance to internal and external stakeholders. These guidelines will help us prioritise our reporting and support our strategy. We aim to update our materiality assessments every two to three years to accurately reflect our changing priorities and focus areas.

Materiality process



Our approach to sustainability

Materiality matrix 2023



Our approach to sustainability

Material topic definitions

Material issue	Description	Scope of QSR operations impacted	
		Downstream	Upstream/ Midstream
Business growth	Strategically expanding and developing business operations to generate sustainable value for stakeholders	✓	✓
Corporate governance			
Transparency and reporting	Publishing transparent and clear disclosures aligned with sustainability frameworks and stakeholder expectations; engaging stakeholders on sustainability measures, programmes, and progress	✓	✓
Corporate governance	Upholding high corporate governance standards by ensuring that organisational processes and practices are properly directed and controlled to facilitate effective decision-making	✓	✓
Ethics and compliance	Upholding the highest standards of ethics and integrity; ensuring freedom from corruption; complying with all relevant laws	✓	✓
Environmental resilience			
Climate impact	Reducing energy consumption and greenhouse gas (GHG) emissions across all operations; adapting to climate-related risks for operations and in our supply chains due to extreme weather	✓	✓
Sustainable packaging	Using more eco-friendly packaging at restaurants and midstream products; increasing availability of eco-friendly packaging for consumer use at our restaurants	✓	✓
Waste management	Reducing food and other waste at restaurants and in factory processes; recycling and reusing waste where possible	✓	✓
Water consumption	Improving water efficiency and finding ways to reduce water consumption	✓	✓
People-oriented			
Labour practices	Upholding labour rights in line with laws and frameworks	✓	✓
Diversity and inclusion	Creating a culture that champions inclusivity and diversity	✓	✓
Employee health, safety, and wellbeing	Providing safe working conditions for all employees; maintaining the highest standards of health and safety; prioritising employee welfare	✓	✓

Our approach to sustainability

Material issue	Description	Scope of QSR operations impacted	
		Downstream	Upstream/ Midstream
Employee engagement and development	Active engagement with employees to build a QSR community; attracting, retaining, and upskilling employees	✓	✓
Community support	Driving social purpose initiatives to support communities through corporate social responsibility (CSR)	✓	✓
Food accessibility and affordability	Serving communities and addressing needs such as food security, supply shortages, and affordability; supporting government-led initiatives	✓	✓
Customer service	Prioritising customer needs and delivering high levels of customer satisfaction	✓	✓
Food value			
Food safety and quality	Maintaining the highest food safety and quality standards in alignment with global certifications and frameworks, including hygiene measures and halal certification	✓	✓
Sustainable sourcing and supply chains	Upholding high standards in sourcing key ingredients and exploring sustainable sourcing options; engaging further with raw ingredient suppliers to ensure they meet QSR and Yum! Brands quality standards	✓	✓
Public health and responsible marketing	Addressing public health concerns by offering more nutritionally balanced foods; responsibly marketing and labelling food items and packaging to help customers make informed choices; offering menu items that reflect consumers' lifestyle choices	✓	✓
Animal welfare	Ensuring high chicken welfare standards, including humane treatment and proper handling before and during production		✓
Data-driven			
Digitalisation and technology	Improving digital platforms for contactless delivery and takeaway services; digitalising processes for efficiency; using data and analytics to optimise operational performance and inventory planning	✓	✓
Data privacy and security	Protecting data privacy and implementing systems to minimise cybersecurity threats	✓	✓





Our approach to sustainability

Contributing to the UN SDGs

Our material issues are aligned with 11 United Nations Sustainable Development Goals (SDGs) and 16 SDG targets, highlighting how our measures contribute to the national and global sustainability agenda. QSR will implement and monitor initiatives that will contribute to these goals and targets at the national level.

SDG	SDG target	Material issue and objectives	QSR Pillar
 SDG 1 1 NO POVERTY	1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	Community support: Financially contributing to communities in need as part of our CSR initiatives	People-oriented
		Diversity and inclusion: Hiring members of local communities in remote areas where people may be economically disadvantaged	People-oriented
 SDG 2 2 ZERO HUNGER	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round	Food accessibility and affordability: Implementing programmes that provide accessible and affordable meals	People-oriented
		Community support: Investing in programmes addressing hunger, including the UN World Food Programme, soup kitchens, and emergency food assistance during disasters	People-oriented
 SDG 4 4 QUALITY EDUCATION	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	Community support: Offering academic programmes and experiential training at KFC restaurants to post-secondary students through the 2u2i initiative	People-oriented
	4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	Diversity and inclusion: Adopting inclusive employment practices for persons with disabilities Employee engagement and development: Investing in training programmes for employees with disabilities	People-oriented People-oriented
 SDG 5 5 GENDER EQUALITY	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Diversity and inclusion: Empowering women in the QSR workforce through gender-specific programmes for expectant mothers, women managers, etc	People-oriented
 SDG 8 8 DECENT WORK AND ECONOMIC GROWTH	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Labour practices: Respecting local minimum wage standards; upholding labour rights and equality in our employment practices; providing a grievance mechanism, etc	People-oriented
	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Employee health, safety, and well-being: Upholding high standards of health and safety; investing in employee well-being	People-oriented
 SDG 9 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	Digitalisation and technology: Investing in enhanced digital platforms for contactless delivery and takeaway services; digitalising processes to improve efficiency	Data-driven
		Data privacy and security: Protecting data privacy and implementing systems to minimise cybersecurity threats and data leak prevention	Data-driven
 SDG 10 10 REDUCED INEQUALITIES	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	Diversity and inclusion: Creating inclusive employment practices for people with disabilities and expanding job opportunities in rural areas	People-oriented

Our approach to sustainability

SDG	SDG target	Material issue and objectives	QSR Pillar
	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	Waste management: Improving waste management initiatives at our upstream operations Water consumption: Improving water efficiency and finding ways to reduce water consumption; treating wastewater Animal welfare: Upholding high standards of chicken welfare, including humane treatment and proper handling before and during production and compliance to halal slaughtering principles Food safety and quality: Maintaining the highest food safety and quality standards in alignment with global certifications and frameworks, including hygiene measures and halal certification	Environmental resilience Environmental resilience Food value Food value
	12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses	Waste management: Reducing food and other waste at restaurants; investing in programmes addressing food loss	Environmental resilience
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Sustainable packaging: Transitioning to eco-friendly packaging and increasing its availability at our restaurants	Environmental resilience
	12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	Public health and responsible marketing: Addressing public health concerns by offering more nutritionally balanced foods; responsibly marketing and labelling food items and packaging to help customers make informed choices; offering menu items that reflect consumers' lifestyle choices	Food value
	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Climate impact: Investing in energy and GHG-reduction measures in stores	Environmental resilience
	16.5 Substantially reduce corruption and bribery in all their forms	Ethics and compliance: Upholding the highest standards of ethics and integrity; ensuring freedom from corruption; complying with all relevant laws	Corporate governance
	17.14 Enhance policy coherence for sustainable development	Transparency and reporting: Publishing transparent, comprehensible disclosures aligned with sustainability frameworks and stakeholder expectations; engaging stakeholders on sustainability measures, programmes and progress Sustainable sourcing and supply chains: Working with suppliers to uphold high sourcing standards and exploring sustainable sourcing options; engaging with suppliers to ensure they understand and meet QSR and Yum! Brands' quality standards	Food value

Note: While the material topics of Business Growth, Customer Service, and Corporate Governance have not been aligned to any SDG goals, we continue to implement programmes to uphold our commitments under these focus areas.

Our approach to sustainability

Transparency and stakeholder engagement

Transparency and reporting

We strive to be proactive and constructive in reporting our sustainability performance to our stakeholders. This inaugural sustainability report is available on our corporate website and is a crucial first step in communicating our sustainability agenda and data to our stakeholders. Moving forward, we will improve alignment with the Global Reporting Initiative (GRI) Standards and explore other sustainability standards as expected by our stakeholders. These include the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations and the Sustainability Accounting Standards Board (SASB) standards.

As part of the requirements set by our investors, CVC Capital, we conducted our second EcoVadis Assessment in 2023 for year 2022. **The Assessment indicated a marked improvement score of 36 which was 8 points higher than in 2021, most notably due to scores awarded for the environment and ethics (governance) categories.** There is still room for improvement in both those categories as well as the labour and human rights, and sustainable procurement aspects, which we will take into consideration in our strategies and target-setting.



Reporting requires two-way engagement with investors

Commentary by Zaidatul Zurita Abdul Rahman, Head of Sustainability, Johor Corporation (JCorp)

Sustainability reporting is essential for investors like JCorp because it helps us understand the focus areas of our investee companies. It should document and demonstrate progress against specific targets and key performance indicators (KPIs), showing that they are adequately monitored and managed. JCorp requires investee companies to report on sustainability even if other stakeholders or regulators do not mandate it. At the very least, investee companies must align their reporting with reputable standards, including the GRI and TCFD recommendations, and adopt frameworks like the Greenhouse Gas (GHG) protocol for carbon accounting.

I am pleased that QSR is engaging with stakeholders for this sustainability report. Maintaining a two-way dialogue between our respective sustainability departments is crucial to our success. Our ultimate goal is to align our investee companies' sustainability strategies with ours to ensure that reporting and direct engagement result in meaningful action instead of a prescriptive box-checking exercise. JCorp is proud of this constructive approach and will continue to pursue an active partnership with QSR.

About: JCorp is an investment holding company, and QSR is one of its food and beverage sector investee companies. Zaidatul heads JCorp's sustainability division and will oversee JCorp's ESG Framework implementation in the coming years.

Our approach to sustainability

Stakeholder engagement

The following table is an overview of our interactions with relevant stakeholder groups:

Stakeholder group	Objective of engagement	Method of engagement
Board of Directors	Review performance and strategies to ensure our businesses are managed ethically and in compliance with applicable laws	<ul style="list-style-type: none"> Board meetings O Performance reviews A
Employees	Communicate matters of employee wellbeing and ensure employee satisfaction	<ul style="list-style-type: none"> Intranet/Qatalyst O Newsletters M Training and employee programmes AH Townhalls/meetings AH Events and activities AH Performance reviews A
Customers	Gather customer feedback and suggestions to ensure customer satisfaction	<ul style="list-style-type: none"> Customer service D Customer satisfaction surveys O Membership/loyalty programmes O Social media O Roadshows/product launches AH
Supply chain partners	Maintain quality and efficiency at our operations and ensure that food safety, human rights, labour, and other standards important to our business are met	<ul style="list-style-type: none"> Regular correspondence (calls/emails) O Audits A AH Roadshows/product launches AH
Industry associations	Share industry knowledge, discuss industry-related issues, and identify areas for collaboration	<ul style="list-style-type: none"> Discussions A O AH Collaborations A AH Community development and CSR programmes O
Regulators and government bodies	Ensure we abide by applicable laws, contribute to national priorities and engage in industry related dialogues	<ul style="list-style-type: none"> Site visits AH Audits A AH Discussions AH
Franchisor	Align our menus, quality standards, programmes and sustainability measures with global franchise strategies and initiatives	<ul style="list-style-type: none"> Audits A AH Meetings AH
Media	Communicate with the public	<ul style="list-style-type: none"> Press/news releases AH Media engagement and visits AH

Frequency: M = Monthly Q = Quarterly D = Daily A = Annual O = Ongoing AH = Ad hoc

Our public engagement channels include:



Our website



LinkedIn



Facebook



Instagram

Our Industry affiliations

As a responsible Malaysian food and beverage operator with a broad reach, we work with retailers, peers, and other businesses to drive industry growth nationally, while remaining responsive to sector trends and needs. QSR is a proud member of the Malaysian Retail Chain Association (MRCA) and the Malaysian Franchise Association (MFA). In 2023, we committed to the Ten Principles of the United Nations Global Compact (UNGC) on human rights, labour, environment, and anti-corruption. This commitment involves integrating these principles into our operations, collectively driving towards the Sustainable Development Goals, and actively participating in initiatives that advance the UN's development objectives.





CORPORATE GOVERNANCE

We are committed to conducting business ethically, fairly, and transparently in accordance with the highest standards of corporate governance. We have established a robust corporate governance framework and are committed to fostering a culture of compliance that values personal and corporate integrity, accountability, and continuous improvement while delivering sustainable value for our stakeholders.

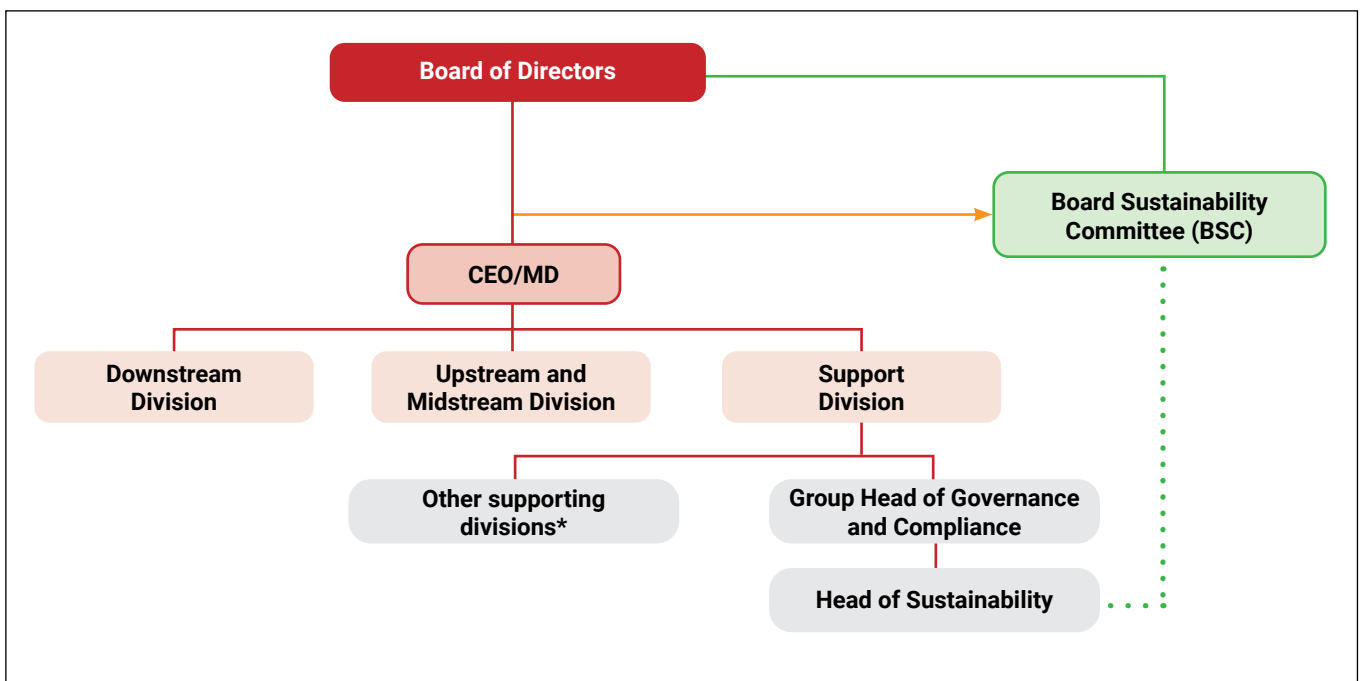
Corporate Governance

Our [Board of Directors \(qsrbrands.com\)](https://qsrbrands.com) comprises our Chairman, Chief Executive Officer (CEO)/Managing Director (MD), nine Non-Executive Directors, and two Alternate Directors, among which five are independent. It is diverse in terms of gender, ethnicity, and nationality, and includes five women and three non-Malaysians. Our Board members, led by our Chairman, have extensive expertise spanning various domains and are responsible for reviewing, monitoring, and guiding our sustainability strategy. Our Board Charter is available on our website at <https://qsrbrands.com/corporate-governance/>.

In November 2021, we established a dedicated Board Sustainability Committee (BSC) to support the Board of Directors in overseeing and driving QSR's long-term sustainability strategy. Comprising three individuals appointed by the Board of Directors, the BSC oversees the strategic implementation of sustainability initiatives and practices and their integration into our business operations as well as makes recommendations and advises the Board of Directors on the Group's strategic direction.

At the operational level, a dedicated sustainability team is established to drive the execution of sustainability initiatives and practices throughout the organisation. The Group Sustainability Division, led by the Head of Sustainability, reports to the Group Head of Governance and Compliance, who in turn reports to the CEO/MD. The Head of Sustainability also reports directly to the BSC, ensuring full management input and oversight.

QSR sustainability governance structure



*Other supporting divisions: Group Finance, Supply Chain Management, Digital, Group People Management Office, Data Management, Talent Management, Audit, Corporate Communication, Secretarial Affairs, MD's Office - inclusive of Strategy & Project Management Office (PMO)

Corporate governance

Ethics and compliance

QSR is committed to ethical business practices and is guided by our Code of Conduct and Ethics. We value integrity, honesty, and accountability in our operations. Our zero-tolerance policy prohibits direct and indirect fraud, bribery, and corruption by or on behalf of our employees, Board members, any persons or companies acting for or on behalf of the Group.

Overview of key policies:

1 **Code of Conduct and Ethics** ([qsrbrands.com](https://www.qsrbrands.com))

The code outlines the main principles and standards of behaviour and business conduct for all employees and Board members. It covers conflicts of interest, anti-bribery measures, corruption, confidentiality, corporate disclosure, gifts, and hospitality. It is to be read in conjunction with other related policies, procedures and guidelines.

3 **Whistleblowing Policy & Procedures**

This policy ensures that all employees are afforded various channels and means to report on any illegal, unlawful or unethical conduct or breaches of the Company's Code of Conduct and Ethics and ensures that the Company is obligated to investigate and take appropriate actions.

6 **Gift and Hospitality Policy**

QSR employees are prohibited from directly or indirectly giving or receiving exorbitant gifts or any form of unjustified hospitality from business or commercial prospects while performing their official duties. This policy outlines our commitments to preventing, reducing, and eliminating corruption, abuse of power, breach of trust, conflicts of interest, and omissions resulting from gifts or hospitalities received.

2 **Anti-Fraud, Bribery & Corruption Policy** ([qsrbrands.com](https://www.qsrbrands.com))

This policy covers fraud, bribery, and corruption in all their forms. It outlines our commitment to adhere to the T.R.U.S.T. Principles in compliance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018. It delineates our responsibilities for combating corruption, conducting risk assessments, implementing controls and preventive measures, as well as monitoring and enforcement mechanisms. Additionally, it outlines training and communication approaches to ensure awareness and provides guidance on addressing these issues should they arise in the course of business operations.

4 **Conflict of Interest Policy**

This policy ensures that actual, potential, and perceived conflicts of interest are identified and managed effectively, protecting the reputation of the Group and its business interests. It offers guidance on identifying, declaring, and managing conflicts of interest should they arise.

7 **Assets Declaration Policy**

This policy applies to senior managers and all higher-level executives, who must declare their assets to preserve integrity, openness, and transparency.

5 **Sponsorships and Donations Policy**

Sponsorships and donations are a valuable component of QSR's community engagement, reputation management, and marketing. This policy defines the limitations and criteria for sponsorships and donations, ensuring they reflect QSR's strategic direction, core values, and brand attributes.

Corporate governance

All employees are trained on our Code of Conduct and Ethics as part of their onboarding, which is available on our Qatalyst platform. **In 2022, we conducted our first Anti-Bribery and Corruption (ABAC) and Conflicts of Interest Notification and Declaration exercise where over 8,000 employees took part, group-wide.** We also launched our annual Corporate Governance and Integrity Day, which included training sessions on ethical behaviour and relevant aspects of the Malaysian Anti-Corruption Commission (MACC) Act.

In 2023, we launched our first self-paced online training on anti-corruption and good business practices, making it compulsory for employees above the managerial level. **More than 87% of our employees received training on anti-corruption in 2023.**

To date, there have been no confirmed incidents of corruption at our operations.



Also see: [Training and development \(p.57\)](#)

Certifications

QSR enforces stringent food safety, quality control and hygiene at every stage from farm-to-fork. Our operations nationwide submit to relevant certification standards and are subject to comprehensive audits. Specifically, our upstream operations hold the following certifications:

- Hazard Analysis and Critical Control Points (HACCP)³: MS1480:2019, MS-1480 LRQA
- International Organisation for Standardisation (ISO): ISO 17025, ISO 9001:2015 QMS
- Malaysian Good Agricultural Practices (myGAP)
- SIRIM Quality Assurance Standards International

Furthermore, we adhere to stringent food safety standards and certifications that are Global Food Safety Initiative (GFSI)-recognised as required by our franchisor Yum!.

Our operations are 100% halal-certified. We have been granted over 1,200 restaurant outlet certificates and 600 menu and product certificates, making us one of Malaysia's leading corporate holders of halal certifications⁴.



Also see: [Food safety and quality \(p.68\)](#)

A trusted name in halal practices

QSR is dedicated to maintaining the highest standards of halal integrity. We strictly adhere to the statutory and regulatory requirements of the Department of Islamic Development Malaysia (JAKIM), the State Islamic Religious Council (MAIN), and the State Islamic Religious Department (JAIN). We abide by all halal food production, hygiene, and animal welfare laws and by-laws to produce and serve *Halalan Toyyiban* products in line with our [Halal Policy \(kfc.com\)](#).

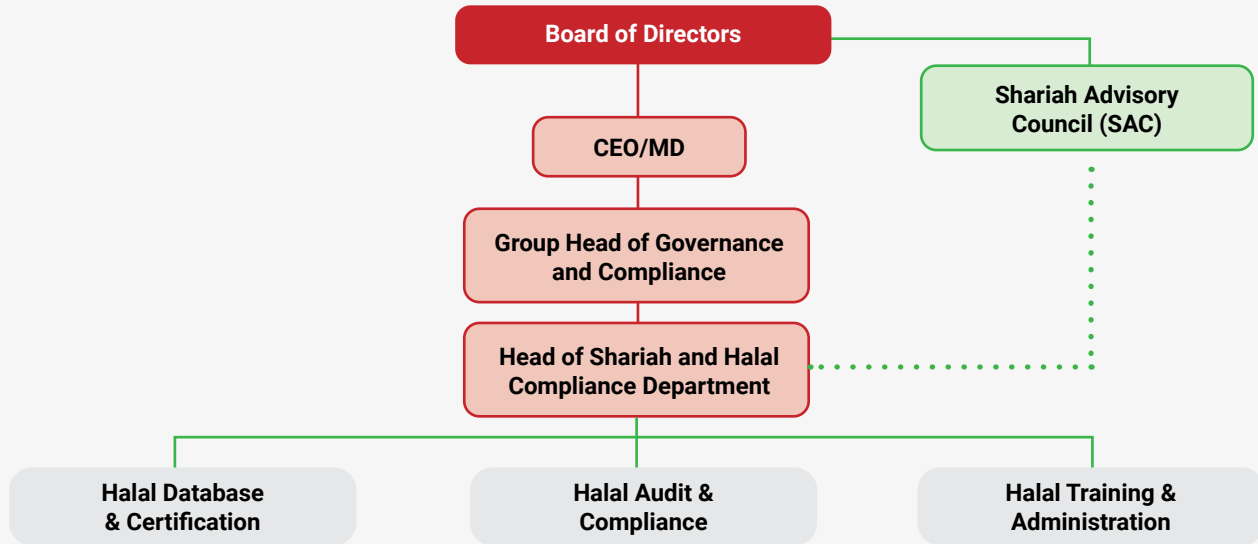
The QSR Shariah Advisory Council (SAC) is a dedicated halal leadership advisory team that oversees our stringent measures. It provides leadership and administrative support to the Board of Directors on halal compliance and Shariah-related matters, oversees the implementation of our Halal Policy, and recommends further development and improvement measures where necessary.

³ Two restaurants are also HACCP-certified as of December 2023 — KFC Alamanda and KFC Genting Grand. Certification will be obtained for other outlets as and when required.

⁴ Our operations include slaughterhouses, manufacturing plants, and logistics facilities under AFCSB, QSRM, and RFI.

Corporate governance

Halal governance structure



Upholding the highest standards of halal practice

Supply chain engagement	All our raw materials are Halal certified and subject to a robust internal audit process managed by our internal halal auditors.	Suppliers must meet various requirements and prove their halal compliance, such as by providing laboratory test results and proofs on animal welfare practices.
Internal assurance system	As an internal control mechanism, we also employ a Halal Assurance System (HAS) to ensure that our entire supply chain and related processes are halal-compliant.	All related documents and information are collected on a centralised database to facilitate monitoring and management.
Compulsory employee training	Technical training on halal practices is compulsory for all staff engaged in operations, and is customised based on their unique scope of work (e.g. at the slaughterhouse or at restaurants according to JAKIM requirements).	All employees directly involved with production process activities are required to attend training on halal awareness.
		We have an Internal Halal Committee comprising of individuals representing each of our operation areas, whose responsibility is to regularly monitor and ensure that we continue to meet certification requirements. These individuals have attended mandatory Halal Competency Training as required by JAKIM.

To maintain halal integrity with customers, we provide avenues for customers to direct their halal-related concerns and complaints. This can be directed to our Shariah and Halal Compliance Department at halal@qsrbrands.com.my, through existing customer feedback channels or through direct contact with Malaysian authorities. We also encourage employees to report any instances of non-compliance to the Shariah and Halal Compliance Department for further action.



Also see: [Customer service \(p.66\)](#)

Corporate governance

Upholding halal excellence

Commentary by Hayazi Darus, Shariah and Halal Compliance Department, QSR

QSR is firmly committed to halal integrity and compliance across all areas of our operations and throughout our supply chain. The unwavering support of our senior management team helps ensure strict adherence to our halal policy. Our highly qualified and dedicated team oversees the full implementation of our halal practices and ensure we comply with all regulatory requirements.

We are dedicated to transparency and trustworthiness and maintain this through documentation that can readily be submitted to authorities as needed. QSR has received various accolades for our industry-leading practices from JAKIM, the Selangor Islamic Religious Department (JAIS), and the Halal Development Corporation (HDC). We take pride in our achievements and will continue to advance halal standards and practices locally and abroad.

About: Hayazi Darus is the Acting Head of the Shariah and Halal Compliance Department at QSR, ensuring full halal compliance throughout the Group. He has worked on behalf of QSR in various national programmes and academic collaborations contributing to the development of Malaysia's halal industry.



Whistleblowing and grievance management

QSR takes any misconduct seriously – whether committed by an employee, supplier, contractor, business partner, or customer. Our Whistleblowing Policy & Procedures is publicly available on our [website \(qsrbrands.com\)](https://www.qsrbrands.com), and to all employees on our Qatalyst intranet, demonstrating our commitment to transparency and ethical practices. The policy guides the reporting and management of unethical conduct and protects whistleblowers, ensuring their identities are kept confidential to allow them to lodge complaints without fear of reprisal or retaliation.

We provide multiple avenues for employees and the public to raise their concerns, including a direct hotline, email, and traditional mail. All whistleblowing cases reported via these channels are processed by the Integrity Officer, who assesses the concern based on information provided in the report. Cases within the scope of the Whistleblowing Policy & Procedures are investigated by our Group Integrity Unit, with support from designated personnel as necessary.

Employment-related complaints and grievances are referred to the Group People Management Office (GPMO) to be addressed in accordance with our Grievance Policy and relevant human resource policies and procedures.

In addition to our whistleblowing channels, employees and stakeholders can report any wrongdoing or improper conduct directly to local law enforcement and regulatory bodies, including the Malaysian Anti-Corruption Commission (MACC), and the police.

In 2022, we updated our Whistleblowing Policy & Procedures to ensure its relevance and alignment with industry best practices. A company-wide campaign was launched featuring posters to raise awareness and encourage the reporting of any concerns or breaches of our policies, including our Code of Conduct and Ethics, that they may encounter.



ENVIRONMENTAL RESILIENCE

Environmental resilience is a central pillar of QSR's sustainability strategy. We are exploring ways to minimise our carbon footprint and reduce our impacts on nature, including improving energy efficiency, adopting sustainable packaging, and implementing better waste and water management practices.

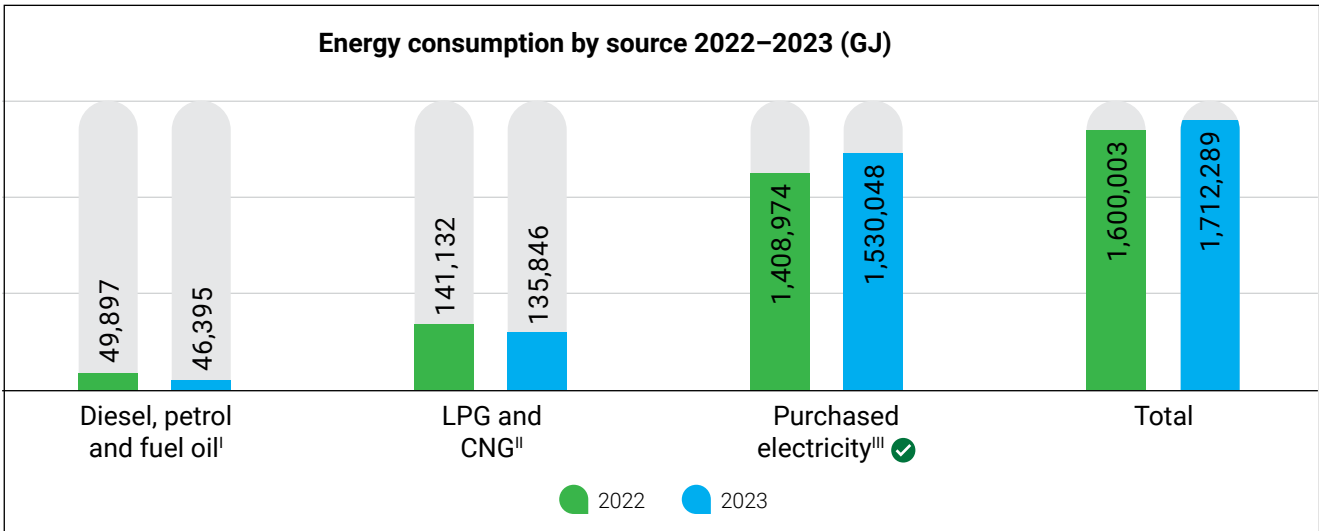
We have started monitoring the environmental impacts of our operations and are looking to improve data collection to comply with the latest reporting standards and stakeholder requirements. This section outlines our baseline reporting for data currently collected throughout our operations. We will expand on environmental metrics and reporting in future sustainability reports.

Environmental resilience

Climate impact

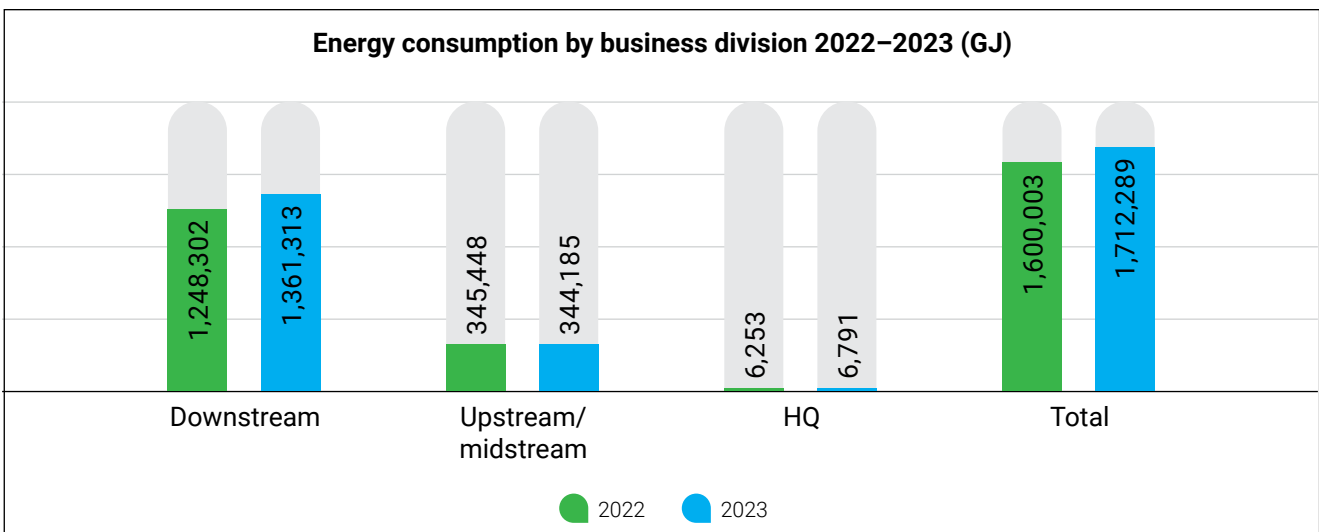
Energy management

Our operations are energy intensive, primarily due to temperature-controlled food handling and our commitment to product quality at every stage—from food processing and maintaining an end-to-end cold chain to transportation and restaurant operations. In 2022, we began tracking energy consumption by source across each site and business division. While our monitoring and reporting processes are still evolving, we have developed a comprehensive understanding of purchased electricity consumption across our operations. We are committed to refining and standardising our data collection methods for greater accuracy and consistency, while actively seeking opportunities to optimise energy usage and reduce our environmental impact.



Notes:

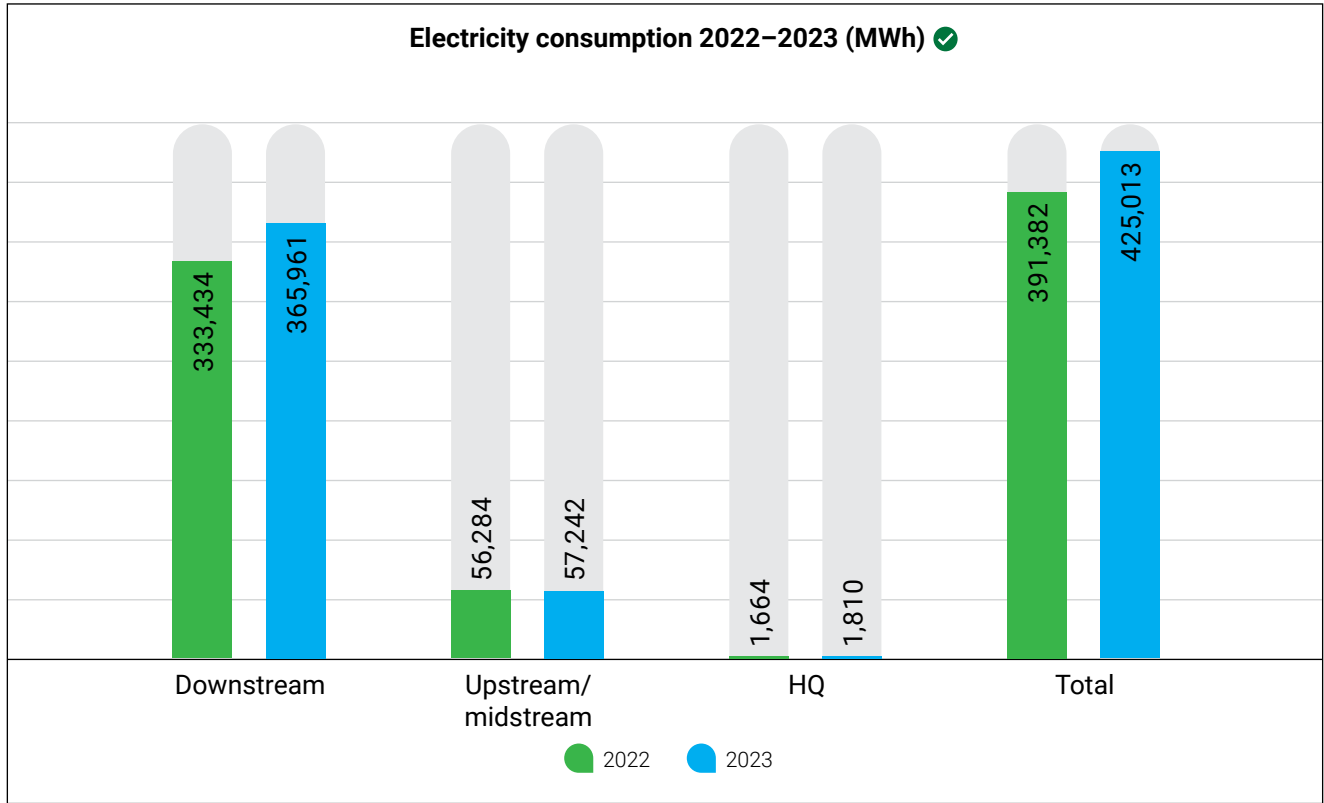
- I. Excludes consumption from RFI and certain AIPI entities (hatchery, breeders, and broilers) due to unavailability of data.
- II. Excludes consumption from AIPI hatchery, breeders, and broilers due to unavailability of data.
- III. Data on purchased electricity for our downstream operations is based on expenditure records.



✓ Limited assurance procedure has been performed on these figures.

Environmental resilience

Purchased electricity constitutes the majority of our energy usage, as we rely on the electrical grid to power all our operations. In 2023, downstream operations accounted for 86.11% of total electricity consumption, while upstream and midstream operations contributed 13.47%.



Note: All purchased electricity data are based on actual consumption figures, except for our downstream operations, where we estimate consumption by converting payable amounts from our General Ledger account. While this approach may introduce some inaccuracy, it serves as an interim solution to manage the large volume of individual restaurant bills until our data collection method are fully refined.



✓ Limited assurance procedure has been performed on these figures.

Environmental resilience

Conserving energy at our restaurants



Since 2013, we have implemented an energy conservation measures (ECM) programme for our restaurants. As an initial proof-of concept, the programme focused on energy-usage monitoring and reduction by transitioning to LED lights, adopting technology solutions for more energy-efficient air-conditioning and freezer/chiller systems, and implementing energy-saving practices for the usage of equipment.



In 2021, we introduced a colour-coding system for our KFC restaurant equipment. This enabled our restaurant crew to easily determine which equipment should remain switched on, or be switched off during specific periods or when not in use. This initiative was particularly beneficial given the heavy reliance on electricity to operate our KFC restaurant kitchens.

Energy saving colour coding sticker

- Turn on at 8AM or upon arrival & off during closing
- Turn on at 8AM upon arrival & off following sequence
- Turn on at start of business & off at close of business
- Specify the on & off time
- Do not off! Remain on

Expanding our ECM programme

In November 2023, we signed a Memorandum of Agreement (MoA) with Seido Solutions Sdn Bhd – a sustainability facility management specialist – at the Asia-Pacific Climate Week (APCW) conference held in Johor to further improve energy efficiency at our restaurants.

This collaboration expands our ECM programme through more advanced technology solutions. It will provide insights on our energy usage, and guide the selection and adoption of various technology solutions across our outlets, such as variable speed drives for air-conditioning, sensors for exhaust hoods, power/voltage optimisers, humidity filters, and solar-powered water heaters.

To ensure successful implementation, we have set a target of enrolling more outlets in the ECM programme in 2024. We will share more on progress in future reports.

GHG emissions

In 2022, QSR underwent a preliminary carbon inventory assessment with the support of our investor, CVC Capital Partners, and their technical partner, Schneider Electric. Utilising the GHG Protocol, this was our first Group-wide exercise to collect emissions data and calculate our Scope 1 and Scope 2 emissions for 2021. The assessment was part of CVC's initiative to determine the total carbon footprint of their portfolio companies. The scope of the assessment included all our KFC and Pizza Hut outlets, some of our upstream and midstream businesses, and our headquarters.

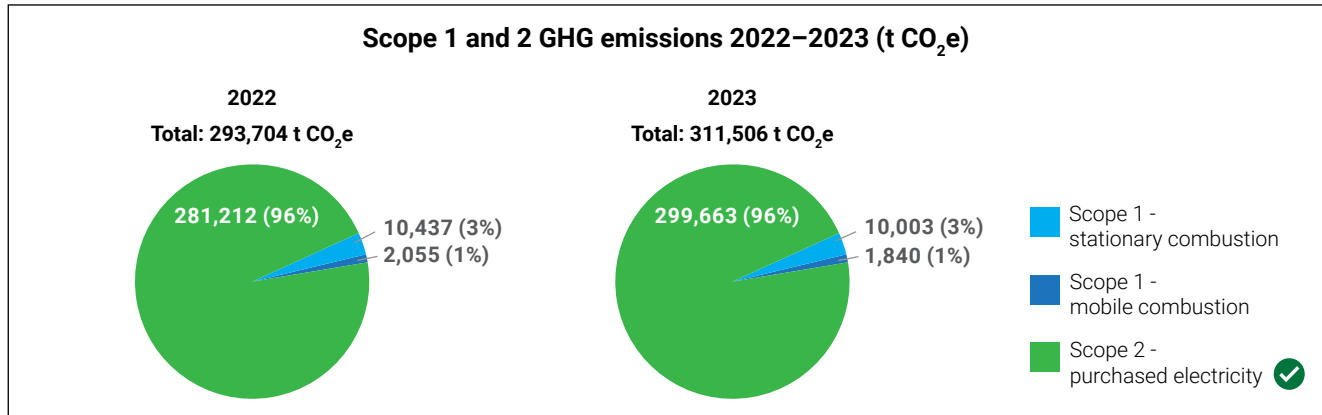
Recognising some of the limitations of the preliminary assessment, we further refined our approach in 2023. By combining actual consumption and expenditure data with conversion factors from governmental sources⁵, we found that our GHG emissions have remained stable at an average of 302,605 metric tonnes of carbon dioxide equivalent (t CO₂e) between 2022 and 2023, with Scope 2 emissions making up 96% of the total in both years.

⁵ Available from: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023> and <https://myenergystatsstg.st.gov.my/documents/d/guest/grid-emission-factor-gef-in-malaysia-2017-2021--1>

Environmental resilience

QSR is committed to enhancing our carbon reporting processes to meet growing stakeholder expectations. We acknowledge that there are existing gaps and areas for improvement, and aim to complete a more

comprehensive carbon inventory in the near future to inform Group-wide reduction targets, sustainability measures and investments by division and location throughout our operations.



Notes:

1. Scope 1 emissions refer to direct emissions from owned or controlled sources; including stationary combustion of fossil fuels in boilers, furnaces and heaters, as well as mobile combustion by vehicles within our operations which are mainly forklifts.
2. Scope 1 mobile combustion data excludes AIPJ hatchery, breeders and broilers due to unavailability of data.



A Green KFC Outlet in Nilai

We strive to reduce our environmental footprint and lead industry efforts in line with the global green initiative. Our KFC Nilai Square outlet, established in 2015, stands as a pioneering example, being the first restaurant in Malaysia and one of the few worldwide to receive certifications from three prestigious bodies:



Green Building Index (GBI) (Malaysia)
– Gold rating



Leadership in Energy and Environmental Design (LEED) (USA)
– Gold certification



Building Construction Authority (BCA) Green Mark (Singapore)
– Platinum Award



Constructed using eco-friendly methods and materials, the outlet is equipped with a solar power system, rainwater harvesting system, low E-glass, and LED light bulbs, while prioritising natural light and ventilation. These allow us to harnessing renewable energy, minimise freshwater consumption, and decrease reliance on artificial lighting and air conditioning.

Since then, we have extended various environmentally friendly elements such as LED Lights and recyclable plastic laminations to all new and renovated KFC and Pizza Hut outlets, and we continue to innovate and implement similar efforts across our operations.

✔ Limited assurance procedure has been performed on these figures.

Environmental resilience

Waste management

We practice responsible waste management and adhere to local regulatory requirements such as the Environmental Quality Act 1974 (Act 127), and the Solid Waste & Public Cleansing Management Act 2007 (Act 672) to ensure safe and proper waste segregation and disposal. All restaurant waste, except for used cooking oil, are collected and disposed of at registered landfills by licensed third-party vendors.

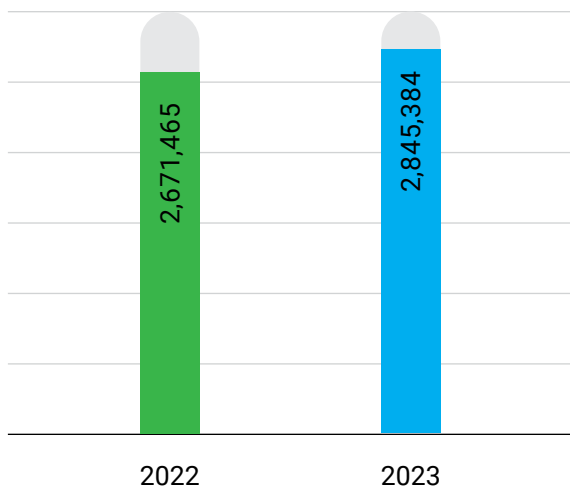
Grease traps are also installed at all our restaurants to prevent fats, oils, and grease from entering the wastewater and sewage system. This helps to mitigate the pollution of waterways and clogging of plumbing systems.



Selling our spent cooking oil for biodiesel

Since 2019, all used cooking oil from our KFC and Pizza Hut outlets has been sold to licensed third-party vendors for recycling into biodiesel, providing an eco-friendly alternative to fossil fuels in multiple industries.

**Used cooking oil recycled
2022–2023 (kg) ✓**



✓ Limited assurance procedure has been performed on these figures.

Reducing food waste at our stores

Minimising unsold food is a key performance indicator for our restaurants. Our operations, supply chain, and marketing teams collaborate closely to plan our inventory and anticipate demand. Through data analytics, we also have digitalised and further streamlined our inventory management processes, helping to reduce food waste before it reaches the plate.

Also see: [Data driven \(p.73\)](#)



The Harvest programme

Yum!'s Harvest food donation programme addresses two pressing community issues: hunger and food waste, by distributing unsold cooked dishes (mainly chicken) from KFC restaurants to those in need. Franchisee stores are required to participate in the programme in collaboration with food banks and non-profit organisations, and must report the quantity of unsold cooked chicken distributed in Yum!'s reporting platform, the Harvest eLog system.

Since 2019, QSR has partnered with Kechara Soup Kitchen to contribute to the Harvest programme, redirecting more than 6,000 kg of unsold cooked food from 24 outlets to communities in need in the Klang Valley.

Moving forward, we plan to expand our outreach efforts and work with more non-profit organisations to broaden our geographical coverage beyond the Klang Valley, thereby maximising our impact.

Environmental resilience

Sustainable packaging at our restaurants



QSR recognises the environmental impacts of packaging in the food and beverage sector, particularly waste and pollution. New regulations, consumer preferences, and changing market standards are driving food operations to adopt sustainable packaging practices. We will strive to align with Yum! Brands' targets for better packaging to:

Eliminate unnecessary plastics

Reduce virgin plastic content by 10%

Move consumer-facing plastic packaging to be reusable, recyclable or compostable by 2025



Our supply chain management (SCM) team actively sources sustainable packaging items. Most of our food contact packaging is made from food-grade recycled material, and almost all paper-based packaging is Forest Stewardship Council (FSC)-certified.



Since 2023, we have replaced all plastic straws with paper alternatives and introduced straw-less lids as part of our ongoing efforts to reduce plastic waste. Additionally, we also replaced our plastic pasta containers with aluminum foil containers and paper lids, and use only biodegradable or compostable carryout plastic bags at our Pizza Hut outlets. We aim to replace plastic cutlery with paper or wood-based alternatives by end of 2025. We will continue to explore more economically viable and sustainable packaging alternatives to further reduce our environmental footprint.



As part of our ongoing efforts to reduce plastic waste, we are streamlining our packaging and plan to transition to paper or wood-based alternatives by 2025. Since 2022, we have phased out the use of plastic straws by introducing straw-less lids. Additionally, we are exploring the replacement of the polyethylene coating on our paper packaging with a water-based alternative to ensure it is readily biodegradable.

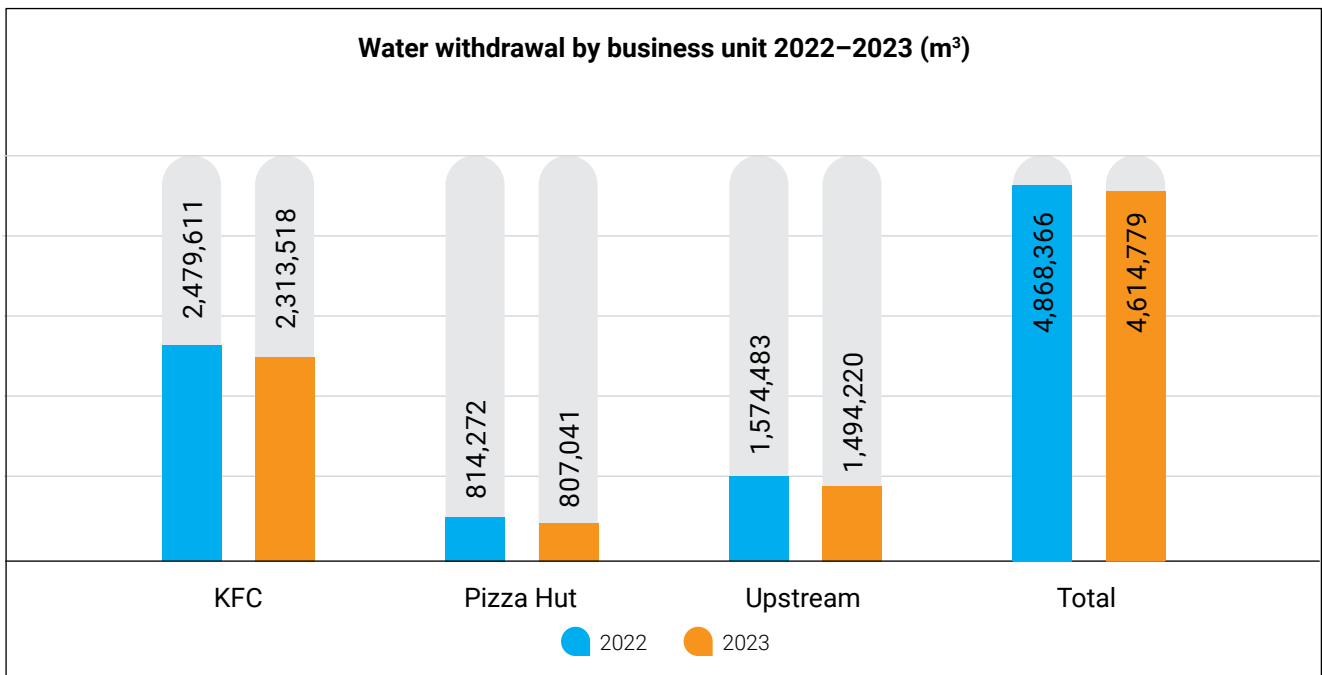


Also see: [Responsible sourcing \(p.70\)](#)

Environmental resilience

Water management

Our operations source all our water from municipal utilities. In 2023, QSR's operations withdrew 4.615 million cubic metres (m³) of water, with 67.62% for our KFC and Pizza Hut restaurants, 32.38% for upstream operations. Due to the greater number of KFC restaurants compared to Pizza Hut restaurants, the volume of water withdrawn for KFC operations is higher. Although both downstream restaurant operations withdraw water for similar purposes, our KFC restaurants require significantly more water for daily operations owing to specific factors such as the handling of raw food ingredients and associated processes.



Notes:

1. Data is derived from average water tariff rates for both KFC and Pizza Hut. We will begin monitoring water withdrawal from source in 2024.
2. Upstream data covers all entities. Data on water withdrawn at our midstream operations is not available.
3. The data shown above excludes a negligible volume of water withdrawn by QSR's headquarter and related office premises.

Wastewater from our upstream plants is treated before being discharged back into nearby waterways within regulatory thresholds, in line with the Fifth and Seventh Schedule of Environment Quality (Industrial Effluent) Regulations 2009 as required by the Malaysian Department of Environment (DoE). A proportion of the treated water is also recycled and reused, contributing to sustainable water resource management.



Environmental resilience

Wastewater treatment highlights



Ayamas Port Klang's wastewater treatment plant can treat up to 3000 m³ of wastewater daily. It utilises a Membrane Bio-Reactor (MBR) featuring an ultra-filtration membrane to produce clean, safe, and odourless treated water. The treatment plant is complemented by a water reclamation plant, which produces Shariah-compliant reclaimed water to be used for non-potable purposes, such as floor washing and landscape gardening, helping to reduce up to 25% of our dependency on the municipal water supply.



Our MYR 2 million wastewater treatment facility at Ayammas Bandar Tenggara in Johor uses a Sequential Batch Reactor (SBR) process to treat 800 m³ of wastewater daily.



Region Food Industries treats about 250 m³ of wastewater daily using a continuous biological and chemical process. It was 5S for Quality Environment Management System certified by the Malaysia Productivity Corporation (MPC) in 2014.



Our Bakery and Commissary division at Kompleks KFC Glenmarie operates its own wastewater treatment plant. Built at a cost of MYR 1.5 million, the facility uses a biological treatment system comprising an up-flow anaerobic sludge bed (UASB) and an alternative intermittent cyclic reactor (AICAR). It can treat up to 180 m³ of wastewater daily.

We continue to explore more ways to conserve and reuse water while maintaining operational efficiency and upholding our environmental responsibility.



PEOPLE ORIENTED

The wellbeing and prosperity of our employees and the communities we serve are the cornerstones of QSR's success. We are committed to fostering a positive workplace environment as outlined in our Code of Conduct and Ethics (CoCE), promoting equal opportunity, prioritising workplace health and safety, and empowering our employees through training and talent development programmes.

In addition, we give back to and uplift the communities where we operate, supporting their local economies. We organise and participate in various activities and partnerships that address food security, support disaster relief programmes, and improve access to essential healthcare.

People oriented

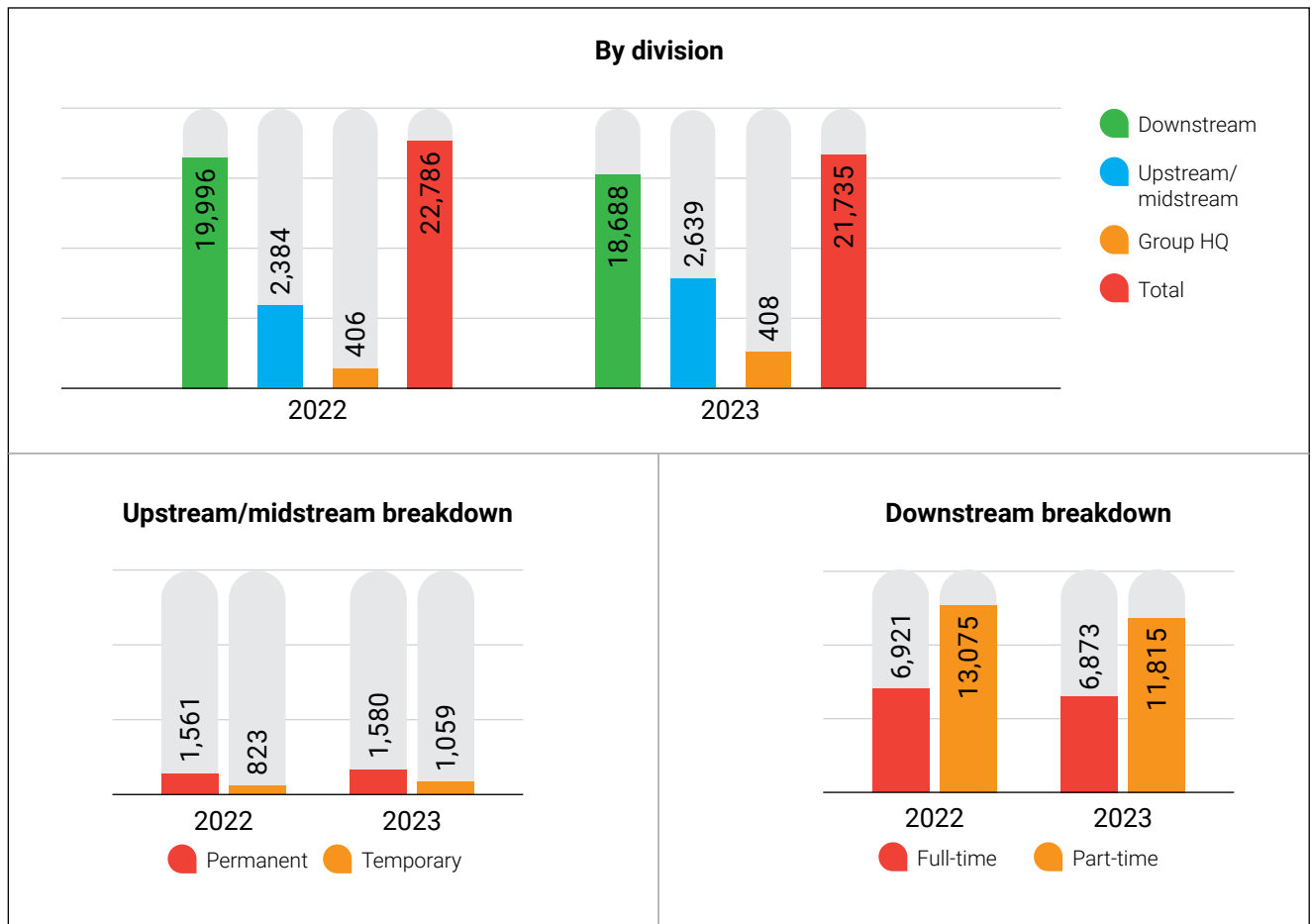
Our workforce

Employee overview

Our headcount in 2023 was 21,735 people, with 86% working at our downstream operations serving at our restaurants. Due to the nature of the restaurant business, we employ many part-time and shift workers at our restaurants, with 63% of our restaurant-based employees work part-time.⁶ This approach permits flexible staffing to manage significantly higher demand during peak hours and periods.

We also employ temporary employees or contract workers, primarily at our upstream and midstream operations, who serve as general workers in our manufacturing facilities. Their numbers typically reflect supply and demand forecasts, typically increasing during high-demand seasons to meet production needs.

Employee overview 2022–2023 (no.) ✓



⁶ At our upstream/midstream operations, our employee categories are defined as follows:

- **Permanent Employee:** Full-time employee with a contract for an indeterminate period (i.e. indefinite contract)
- **Temporary Employee:** Full-time employee with a contract for a limited period (i.e. fixed term contract) that ends when the specific time period expires

At our downstream restaurants, employee categories are defined as follows:

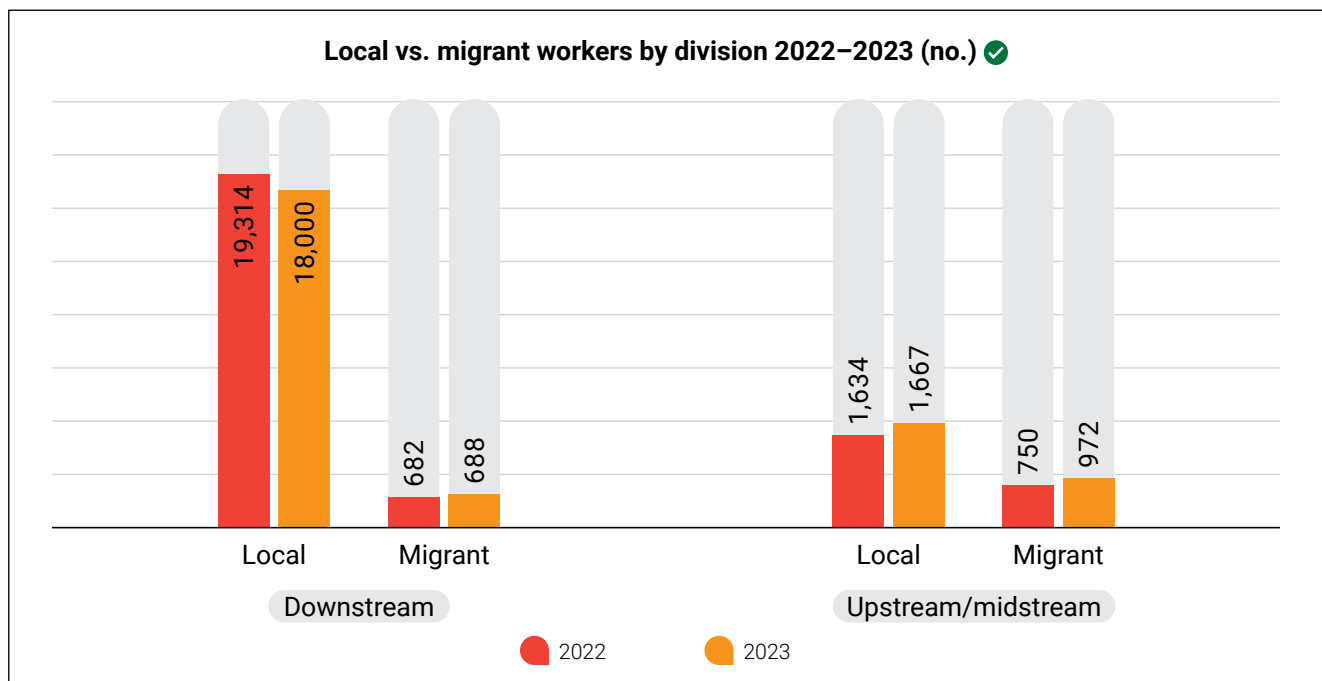
- **Full-Time Employee:** Employee whose included in any category of the First Schedule of Malaysian Employment Act 1955 (including working hours of not more than 8 hours a day or 45 hours a week)
- **Part-Time Employee:** Employee whose included in any category of the First Schedule with average hours of work per week as agreed between him and his employer are more than 30% but do not exceed 70% of the normal hours of work per week of a full-time employee employed in a similar capacity in the same enterprise

✓ Limited assurance procedure has been performed on these figures.

People oriented

Employing local talent

We prioritise recruiting local talent, with 92% of our workforce across our downstream, midstream and upstream operations being Malaysian. We support employment in areas with limited job opportunities and drive the economic growth of local communities, especially through our restaurants located in less developed parts of the country. This approach was also particularly helpful in ensuring the continuity of our operations during the movement control order (MCO) period of the COVID-19 pandemic, where the government imposed hiring freezes on foreign workers. QSR remained largely unaffected due to our relatively small number of employed migrant workers and their existing contracts.



Note: We do not employ migrant workers at Group level operations.

However, in the Upstream segment, migrant workers constituted approximately 37% of the workforce in 2023. This significant representation is attributed to the nature of the upstream business, often categorised as part of the '3D' sector (dirty, dangerous, and difficult) and making it less appealing to local workers.

We prioritise the well-being of all workers, irrespective of nationality, ensuring they are treated with dignity and that their rights are respected in accordance with the law.

People oriented

Wages and benefits

Recognising their hard work and dedication, we provide equitable wages as well as comprehensive benefits for our employees in line with local statutory requirements. We contribute to the Employee Provident Fund (EPF) and Social Security Organisation (SOCSO), and in 2022, QSR raised the salaries of minimum-wage earners to MYR 1,500 per the Malaysia Employment (Amendment of First Schedule) Order 2022 to the Employment Act 1955.

We are committed to fair compensation and continue to explore ways to uplift employees' livelihoods. In 2021, we conducted a benchmarking study on market salary rates with the help of an external consultant. Competitive compensation is pivotal to retaining talent within our organisation and we seek to improve and ensure all employees are fairly compensated for all work delivered.

Both full-time and part-time employees at our restaurants and other operations are provided benefits such as annual and sick leave, accident insurance, natural death scheme coverage, medical allowances, and maternity benefits.⁷ Restaurant staff members are provided free meals during their working hours.

In 2022, we launched an Earned Wage Access (EWA) programme in partnership with Paywatch. This Shariah-compliant financial wellness programme allows employees to access their earned wages ahead of the regular pay cycle, helping them manage their finances more effectively. As of 31 December 2023, 1,299 employees have been approved to access their wages through the programme.

⁷ Other benefits such as life insurance coverage, retirement and retrenchment benefits, travel allowances, health screening, and discounts are available to restaurant management and full-time employees, but not part-time employees.

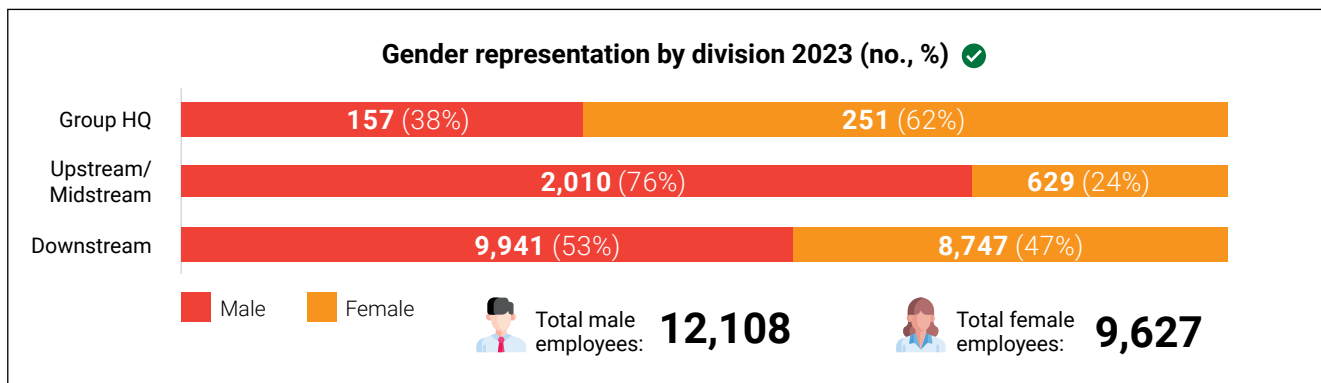
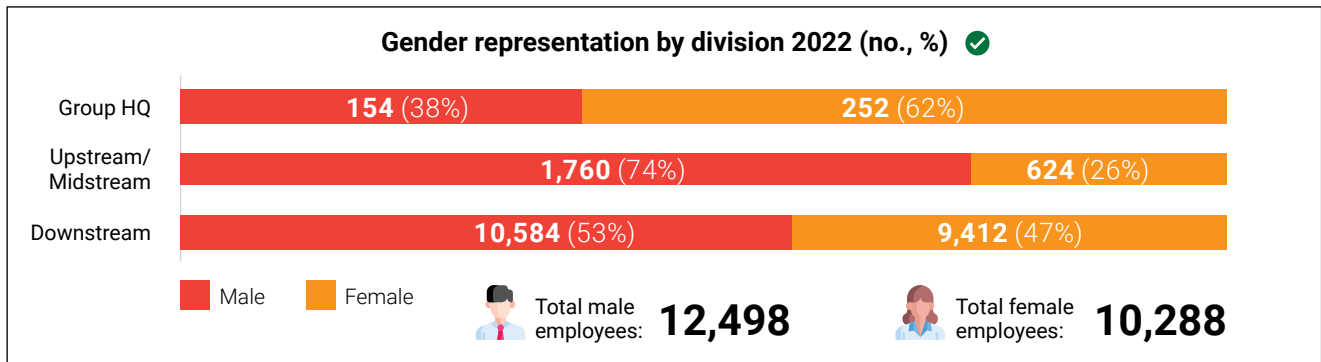
People oriented

Diversity and inclusion

QSR's non-discriminatory employment practices commit us to fostering a diverse and inclusive workplace. Our policies actively champion fairness, respect, and equal opportunity across our operations, including recruitment, retention, working conditions, training, rewards and benefits, career progression, and retirement.

Women in our workforce

QSR is proud of our gender diversity, with women representing over 44% of our workforce on average across our operations. Notably the Senior Leadership Team (SLT)⁸, 11 out of 17 members are female, representing 65%. At entities level, gender is fairly represented at both our headquarters and at our restaurant operations. However, due to the nature of work at poultry farms and processing plants which often involves physical labour, more than 70% of our upstream workforce are men.

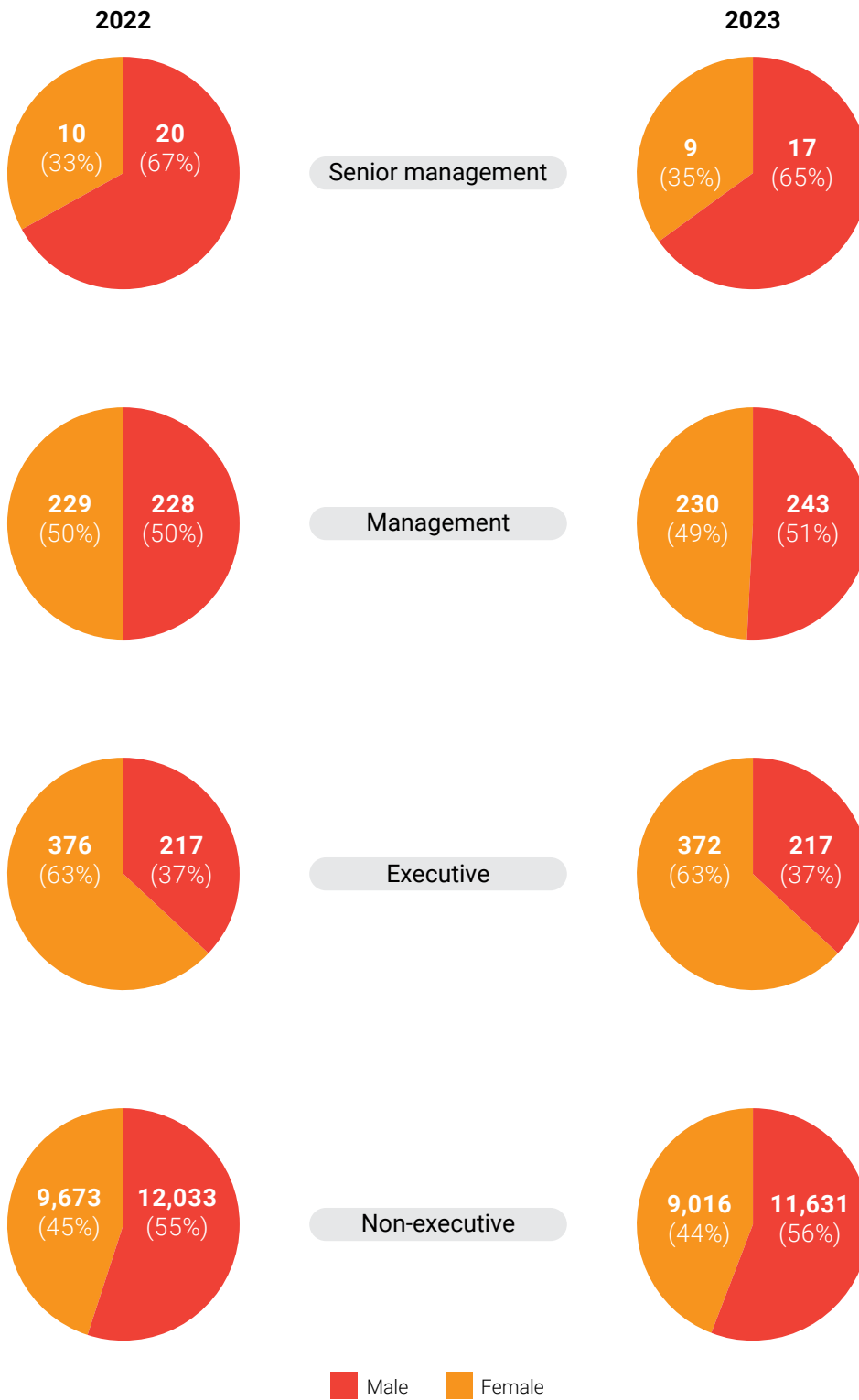


⁸ The Senior Leadership Team (SLT) comprises the MD's direct reports, including Heads of Divisions and Departments.

✓ Limited assurance procedure has been performed on these figures.

People oriented

Gender representation by employee category 2022–2023 (no., %) ✓



✓ Limited assurance procedure has been performed on these figures.



Supporting mothers-to-be during the pandemic

During the pandemic, QSR implemented an emergency programme to protect the health and well-being of frontliners at our restaurants, specifically expectant mothers unable to receive a COVID-19 vaccine. Recognising their vulnerability, we allowed these women to select their workstations to minimise physical interactions with others and ensure their safety.

Additionally, we provided women employees with a three-month maternity leave even before the announcement of the revised Employment Act 1955. We continue to ensure that all expectant mothers receive financial support during their time away from work to care for themselves and their newborns in line with the new regulations.



See also [Wages and benefits \(p.46\)](#)

People oriented



Supporting disabled community members

At our restaurants, we embrace inclusive employment and provide employment opportunities for the disabled community. Since 1982, KFC Malaysia has employed people with disabilities (PWD), and in 1986, we launched Malaysia and Asia's first "Community Care Restaurant" in Kuala Lumpur entirely operated by deaf employees.

First opened at Jalan Imbi, the outlet was later relocated to Jalan Ipoh, and is currently located in Sentul Raya. Working with the Malaysia Federation of the Deaf, we have since opened two more outlets, at Tanjung Aru (Sabah), and Matang (Sarawak). These dedicated restaurants feature equipment and amenities adapted for PWDs, including signage notifying customers about employee disabilities. We staff 83 KFC outlets nationwide with PWDs and organise sign language courses for non-disabled employees to facilitate communication with PWD teams.

While there is no standalone community care outlet for Pizza Hut, it embraces the same principle as KFC, providing a supportive working environment for the PWD. As of 2023, we employ 126 PWDs across our KFC restaurants, including our Community Care Restaurants, and 11 across Pizza Hut restaurants, many of whom have advanced to management roles using our customised training modules.

► For more information, see: [Community care restaurants \(global.kfc.com\)](https://global.kfc.com)

Employee spotlight:



Norsiah binti Hashim
Team Member, KFC Sentul Raya

It has been 42 years since my father recommended I join KFC Malaysia, and what a journey it has been. Throughout the years, I have witnessed firsthand the company's support towards its employees, through frequent recognition and rewards, as well as activities to enhance their skills and talents. Although my family remains my main source of motivation in my career, I am honest in my work and do take pride in my responsibilities, knowing that I'm upholding the good name of the company.

About: Norsiah is a member of the deaf community and is also a mother of five. She is responsible for assisting the restaurant team in preparing orders and interacting with customers at our KFC Sentul Raya Community Care Restaurant.

People oriented

Labour practices

Both our upstream and downstream businesses are labour-intensive. Although technological advancements have enhanced our efficiency, we still require a substantial workforce for daily operations, from food preparation to poultry processing. As a responsible organisation, we are committed to respecting workers' rights and complying with labour standards in accordance with the Malaysian Employment Act, and continuously strive to enhance our practices. Additionally, as a member of the United Nations (UN) Global Compact, we have pledged to align our strategies and operations with the Ten Principles⁹, which include those on human rights and labour-related practices as follows:

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence;

Principle 2:

Businesses should ensure that they are not complicit in human rights abuses;

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

The elimination of all forms of forced and compulsory labour;

Principle 5:

The effective abolition of child labour; and

Principle 6:

The elimination of discrimination in respect of employment and occupation.

Given the sizable migrant workforce, particularly in our upstream business, we recognise the need for more urgent and comprehensive action to safeguard their interests. We aim to adopt a more structured approach to managing our human rights risks, ensuring our workers are treated with dignity and their rights are respected in accordance with the law.

Freedom of association

QSR fully complies with the Malaysian Employment Act and recognises freedom of association as a fundamental human right. All employees are free to join/participate in or organise trade unions without any interference from QSR. At present, 16 of our employees are members of the National Union of Hotel, Bar and Restaurant Workers, Peninsular Malaysia (NUHBRW), and we remain steadfast in upholding human rights across our operations.

⁹ The Ten Principles of the United Nations Global Compact are derived from: the [Universal Declaration of Human Rights \(un.org\)](https://www.un.org/en/development/desa/policy/2000principles/), the [International Labour Organization's Declaration on Fundamental Principles and Rights at Work \(ilo.org\)](https://www.ilo.org/public/libdoc/iloorg/1998/0-1060627000.pdf), the [Rio Declaration on Environment and Development \(unfccc.int\)](https://www.unep.org/rtdoc/rio-declaration/), and the [United Nations Convention Against Corruption \(unodc.org\)](https://www.unodc.org/).

People oriented



Addressing public concerns about migrant worker treatment at Ayamas

In 2023, allegations were made by a human rights activist about the mistreatment of migrant workers at our chicken processing plant, Ayamas Food Corporation Sdn Bhd (Ayamas). We took these allegations seriously, working diligently to investigate and to rectify any misinformation whilst addressing any internal issues and strengthening any identified gaps in our standard operating procedures (SOPs). In the spirit of transparency and towards a mutually beneficial outcome for all concerned, we worked closely with authorities, relevant stakeholders, and the migrant workers concerned to ensure their rights were respected.

Between March and July 2023, 291 migrant workers from Bangladesh and Nepal arrived in Malaysia to work for employers in other sectors, like electronics. However, their employment arrangements fell through. Instead of deporting them to their home countries, the Ministry of Human Resources (*Jabatan Tenaga Kerja* [JTK]) provided them with an option to continue to earn a living in Malaysia by placing them at other companies, approaching Ayamas in the process. Throughout this unprecedented situation, Ayamas did not actively recruit these workers, and we agreed to employ them to support the government's initiative.

During induction, workers were informed about the working conditions and challenges specific to the poultry sector, which differ significantly from those in the electronics sector they initially expected to work in. This information was shared to give workers the option to accept or reject the alternative employment opportunity. At no time were workers threatened with deportation, contrary to the allegations.

In addition to this engagement, Ayamas also communicated all legal provisions, including our policies, SOPs, and details about contracts and pay structures to these workers, with the aim of ensuring transparency throughout the process. To facilitate their integration, all relevant contractual documents and SOPs were translated into the workers' native languages. Furthermore, food and board were provided free of charge during the period before the commencement of the workers' official employment with Ayamas.

QSR and Ayamas continued to work closely with government authorities every step of the way to address the allegations, and went the extra mile to provide an open invitation to the Bangladesh High Commission to visit our facilities and maintain direct contact with their nationals.

People oriented

Employee health, safety and well-being

As a responsible employer, we protect our employee's health, safety and well-being. We fully comply with the Occupational Safety and Health Act (OSHA) 1994. Our Safety and Health Policy commits us to:

Ensure all levels of management are accountable for the safety and health of employees under their leadership

Create a safe and healthy environment for employees, contractors, vendors, and customers at our premises

Provide adequate training and implement appropriate guidelines and procedures to ensure employees can safely handle and operate machinery and equipment in their work environment

Provide safety measures and personal protective equipment to employees so they can safely carry out work

Implement safety and health activities and awareness programmes and ensure employee participation

Review and update the safety and health policy as necessary to comply with current requirements in accordance with government policies



Providing PPE and ensuring safety

We strive to provide a safe and comfortable workplace without compromising on hygiene and cleanliness. All our facilities adhere to strict safety procedures and good manufacturing practices. At our Ayamas operations, all workers are also provided with industry-standard personal PPE and training on its use, and are required to wear PPE at all times without exemption. This is critical not only for us to ensure worker safety, but also to uphold food safety standards and meet certification criteria by preventing product contamination. **In 2023, we updated the PPE SOPs for our Ayamas operations to further ensure worker adherence to safety protocols and PPE usage.**



We have a Safety and Health Committee, represented by employees from various divisions to oversee the implementation of our occupational safety and health (OSH) related initiatives. Based on OSHA requirements, the Committee meets quarterly to facilitate communication between employees and managers in addressing OSH concerns. OSH-related issues are also conveyed to employees through training sessions and internal communication channels to keep our employees well-informed and up-to-date with industry standards and applicable regulations. The topics covered vary based on employees' roles, and include safe machine operation, chemical handling, road safety, and first aid training.

People oriented



Food delivery rider safety

Before the rise of food delivery aggregator businesses, QSR maintained a dedicated delivery fleet. However, since 2012, QSR has pivoted to a new fleet delivery system. At our Pizza Hut restaurants, crew members have the opportunity to “sign up” for delivery assignments, providing them with an additional avenue to earn extra allowances. To enhance the efficiency of our Pizza Hut delivery operations, we launched our Pizza Hut Rider Tracking App in 2019. The app assists our riders by providing all necessary information and functionalities, such as optimal and updated routes based on real-time traffic conditions, and a customer calling option. Meanwhile, our KFC restaurants employ dedicated staff who work as delivery riders.

Even though we no longer operate our own fleet and delivery is no longer a core service, the safety of our employees remains paramount. We ensure that all delivery personnel strictly adhere to our Rider Authority, Responsibilities, and Accountabilities (ARA) guidelines. These guidelines emphasise the importance of maintaining vehicles adequately, driving safely, and adhering to all road and traffic rules and regulations. By prioritising the safety of our delivery riders, we aim to mitigate the occupational risks they face, particularly those related to traffic, and ensure a secure working environment for all our employees.

Promoting active lifestyles

At our headquarters where work is predominantly desk-based, employees are at a heightened risk of adopting a sedentary lifestyle and encountering ergonomic issues. To address this, we provide our employees with open access to our office gym, which is staffed with an in-house personal trainer to promote employee physical and mental well-being.



We take proactive measures to maintain safe facilities and environments. Our Safety and Health committee performs routine risk assessments and health and safety audits, and diligently document all findings, including incident and inspection reports. We also take prompt action to address, remedy, and prevent the recurrence of accidents when they occur as part of our commitment to continuous improvement.



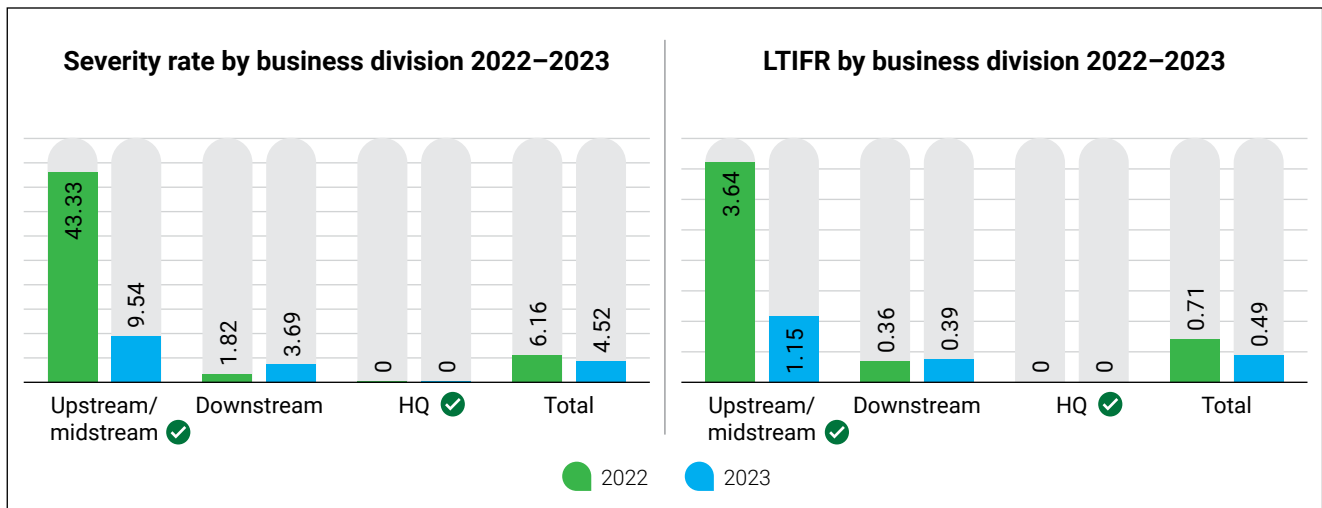
On 25 October 2023, our KFC Bachok outlet in Kelantan was honoured with the National Occupational Safety and Health Award for its outstanding performance and achievements in ensuring workplace health and safety.

People oriented

Accident reporting

We keep track of all accidents across our operations and strive to reduce their occurrence by promptly identifying risks and taking corrective actions. To enhance efficiency, we established a dedicated Safety and Health Unit in 2023 and implemented a comprehensive safety management system to streamline our processes for monitoring and reporting workplace incidents. We have also expanded our safety and health awareness programmes. In addition, we hired certified safety personnel specifically for the upstream division, ensuring a strong focus on monitoring, enhancing, and fully complying with safety and health standards. These efforts have led to positive outcomes, with a significant reduction in both the severity rate and Lost-Time Injury Frequency Rate (LTIFR) in the upstream division in 2023.

However, we also recognise that incident rates in the downstream division are on an upward trend. Building on the lessons learned from our upstream initiatives, we will continue focusing on reducing incidents across all operations.



Notes:

1. LTIFR measures productivity lost due to injury and is calculated as follows: the number of injuries divided by the total hours worked, multiplied by 1,000,000.
2. The severity rate measures the seriousness of accidents and is calculated as follows: the total number of days lost divided by the total hours worked, multiplied by 1,000,000.

Managing employee well-being during and post-COVID-19

During the pandemic, QSR enacted various measures to safeguard our employees and protect our customers. We collaborated with healthcare providers and government agencies to provide private vaccinations for our employees and distributed MYR 73,000 worth of PPE. We also implemented a work-from-home programme for customer-facing and pregnant employees, among others to minimise the risk of COVID-19 transmission.

We also launched initiatives to protect employees' mental health, providing resources such as stress management strategy sharing sessions and mental health talks and tips. Employees can contact their supervisors, managers, and our GPMD to request mental health support.



✔ Limited assurance procedure has been performed on these figures.

People oriented

Employee engagement and development

Investing in our people is fundamental to QSR's success. We engage and maintain open communication with our employees to promote trust and transparency, address their training and development requirements, and balance their career aspirations with our business goals. We have also adopted a multifaceted approach to employee retention tailored to each business division, including employee recognition and career development programmes and competitive rewards and benefits.

We also communicate with our employees and foster a sense of camaraderie through:

Our monthly GPMO E-buzz newsletter, awareness campaigns, webinars and competitions

Informative posts and videos on various communication channels, including Yammer, email, and Qatalyst

Organising special annual events commemorating International Women's Day and Malaysia's National Day, among others

Festive celebrations where employees get together and connect through cultural appreciation, e.g. Hari Raya, Chinese New Year, and Deepavali

In October 2023, we launched our new "Qatalyst" Intranet system, an upgraded version of our former platform "Nadi QSR". Designed to enhance employee engagement and communication, Qatalyst offers a user-friendly interface for our employees. The platform centralises corporate information and data, streamlining resource searches, and also serves to foster a collaborative work environment.



Yum! Brands Regional CHAMPS Challenge

To encourage healthy competition and promote employee engagement, Yum! organises the Yum! Brands Regional CHAMPS Challenge. Every year, teams from our KFC and Pizza Hut restaurants compete against teams from other countries in a series of customer service and product preparation challenges. The competition showcases our workers' skills and talents. It is an opportunity for employees to travel and engage with their international peers, creating memorable and motivational experiences. At the 2023 CHAMPS Challenge, our KFC team won three of the Colonel's Pride Awards for Best Packer, Best Supply Base, and Best Manager, while our Pizza Hut team won Best Cashier. Our Pizza Hut team also won Best Restaurant General Manager and placed Overall First Runner-Up in 2022. We are immensely proud of our team's outstanding skills and performance.



People oriented

Our people agenda and cultural transformation

To transform QSR into a high-performing and dynamic organisation, we support our employees in developing their skills and capabilities, while enriching our talent pool for leadership succession. We also recognise the importance of a healthy organisational culture in fostering employee growth and retention.

Training and development

We employ a hybrid learning approach that combines in-person and online training to ensure employees have the necessary knowledge and skills to fulfil their roles and advance their careers. Our training curriculum covers various technical and compliance-oriented topics, including health and safety protocols and operational fundamentals. We also provide soft skills training on business writing, presentations, and Microsoft applications.

New employees participate in a comprehensive onboarding programme encompassing QSR's Code of Conduct and Ethics, culture, and Core Values, which are made available on the Qatalyst platform.

Specifically for restaurant crews, we offer tailored learning pathways to become proficient in our operational procedures via learning modules on The Vault (KFC) and Hut University (Pizza Hut) employee portals. These online resources allow us to track and assess employee progress and provide continuous learning support for their growth.

We are also exploring a range of programmes aimed at enriching the employee learning experience. Among these are cohort-based programmes designed to foster peer learning and teamwork, ultimately enhancing our employees' skills and boosting productivity.

Key highlights in 2023 include:

MYR 4.397 mil Spent on employee training and development

★ ★ ★
96.98%
Employee satisfaction rate

234
Training programmes conducted

2,754 
Employees attended training

25.07
Average training hours completed by those who attended training



Total KFC employees trained:

15,308



Total Pizza Hut employees trained:

7,084

People oriented

Empowering career progression

QSR employs a comprehensive Performance Management System (PMS) at the Group level. Employees establish their KPIs at the beginning of each year, which are then reviewed and approved by their supervisors, managers, or department heads. At the end of the year, employees complete self-assessments and attend one-to-one yearly appraisal sessions with their immediate superiors. Department heads can then nominate employees for promotions based on these employee performance and competency evaluations.

All restaurant employees have access to a Career Advancement Programme (CAP) that includes certifications, assessments, and skills-based training to facilitate their progression from crew to management positions. This programme comprises practical and theoretical components and is conducted by our field human resources departments on an ad hoc basis.

GROW Leadership Development Programme



In 2022, we launched our flagship talent development programme, GROW, under the auspices of our Group Talent department. This forward-thinking initiative cultivates future leaders by selecting high-performing and high-potential employees across our business divisions and developing their skills and capabilities. The programme also lays the foundation for sustainable business growth and succession planning.

Participants are nominated by their respective supervisors or managers based on their performance and invited to join a eight-month programme that nurtures their leadership skills. The programme features cohort-based learning, including in-person workshops, peer-to-peer coaching and mentoring,

self-reflection sessions, online webinars, and training and assessment through our GROW development centre and business simulations. At the end of the programme, participants are assessed and issued a talent report that provides feedback to help them determine their next career steps and further improve their skills and knowledge.

In 2022 and 2023, 94 employees graduated from the GROW programme, and several were promoted to critical leadership positions within QSR. We plan to implement more cohort-based leadership programmes at the managerial and executive levels as part of our holistic Talent Development Framework and will update our progress in future reports.

People oriented

Micro-credential degree programme

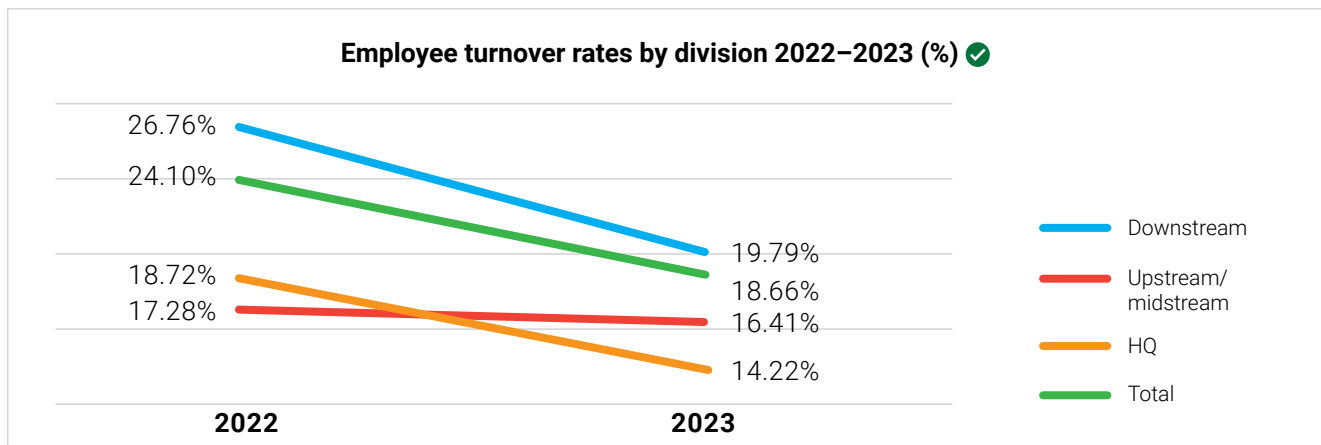


QSR is currently developing on an Education Assistance programme for high-performing employees to help them pursue tertiary education. **In 2023, we launched a strategic partnership with Universiti Sains Malaysia (USM) to develop Malaysia's first fully accredited three-and-a-half-year micro-credential degree programme, exclusively for QSR employees.** This Bachelor of Management (Hons) in Strategy and Organisational Management with a minor in Food Technology is tailored to our employees' specific needs and job requirements, ensuring its relevance and practical applicability. Classes are held online using flexible stand-alone modules that accommodate employees' schedules.

Beginning with the first cohort of 18 employees, QSR will sponsor up to 100 programme participants over the next five years.

Employee retention

Post-COVID-19, employee retention remains an industry-wide challenge. Competition for skilled and engaged workers is fierce. Many restaurants and food establishments vie for a shrinking talent pool, and it is a constant battle to attract and retain the best employees. The emergence of the gig economy and the rise of food delivery services like Grab and Food Panda have introduced competition for riders, further complicating employee retention. QSR's turnover rates have been on a decline since 2022, reflecting our ongoing efforts in employee engagement and development, and creating a supportive work environment to drive employee retention. This reflects our ongoing efforts in employee engagement, development, and fostering a supportive work environment to enhance employee retention.



Note: Turnover rates are calculated based on total employees at the end of the financial year (i.e. 31 December). For our downstream operations, turnover rates are based on full-time employees only and excludes part-time workers who prefer short-term employment opportunities.

✓ Limited assurance procedure has been performed on these figures.

People oriented



Celebrating long-serving employees

In March 2023, we recognised 592 KFC Malaysia employees who had been with the company for ten or more years for their longstanding service. Occupying roles from restaurant operations to senior management, these employees were honoured with the KFC Long Service Award and Certificate of Appreciation. They also received a Bank Simpanan Nasional (BSN) Premium Savings Certificate, allowing them to earn extra interest on their savings.

Employee spotlight:



Rajeswari a/p Chandran,

Senior Executive
Licensing & Fleet
Management,
Group Property

I have been a part of the company for 33 years, and can say that it has been like a second home to me. Back then, I was so proud to join one of the most popular fast-food chains in the country.

I would like to thank QSR for supporting my career, by providing opportunities to improve my communication skills and learn new ones along the way.

About: Rajeswari is responsible for insurance, tax and administrative duties for the Group Property department.



Beh Seong Pheng,

Senior Manager,
KFC Operations

Over my 32 years at the company, I've witnessed significant changes, and I'm particularly impressed by the Digital Department's achievements in modernising the KFC outlets' hardware, software, and infrastructure.

To me, the company culture is innovative, collaborative, and people-centric. My career here has been fulfilling, and I am glad to be a part of the company's continued evolution and growth.

About: Beh joined the KFC Malaysia's Management Information Systems (MIS) department since 1992, and later transitioned to KFC Operations in 2017, where he works on various hardware, software application, and IT-related matters.

People oriented

Supporting communities

Both KFC and Pizza Hut are committed to supporting various Corporate Social Responsibility (CSR) programmes through a combination of company-dedicated funds and customer contributions. Donation boxes are strategically placed in our restaurants, encouraging guests to support these initiatives. Over the years, we have organised special campaigns to champion social causes, including KFC's "Add Hope" to alleviate hunger and Pizza Hut's "Hut to Heart" programme to support the fight against cancer. From 2022 to 2023, a total of MYR 354,220 has been channelled to those in need.

As one of the largest holders of Halal certification in Malaysia, we are cognisant of our responsibility to allocate a portion of our profit to charitable causes. Using the refund from our *zakat* payments, we directly distribute funds to *Asnaf* under the *wakalah* basis. From 2022 to 2023, we contributed a total of MYR 3.76 million through *wakalah*.

▷ See also: [The Harvest Programme \(p.39\)](#)



Established in 1997, Tabung Penyayang KFC Malaysia funds various CSR programmes for the underprivileged by allocating a percentage of revenue and encouraging customer donations via boxes placed in every KFC restaurant. Regular donations support a broad range of charities and homes under the Tabung Penyayang initiative.

Additionally, through Yum!'s Harvest food donation programme, QSR has partnered with Kechara Soup Kitchen since 2019, redirecting over 6,000 kg of unsold food from 24 KFC outlets in the Klang Valley to communities in need.

Moving forward, we aim to consolidate our efforts across brands, implement more impactful, long-term initiatives, and continue our contributions in uplifting communities where we operate and nation building.



Add Hope Malaysia programme

Add Hope Malaysia is an ongoing community outreach initiative that was first initiated in 1997. It is part of KFC's global CSR initiative that aims to highlight and drive support for the effort to end world hunger.

People oriented

Giving back through Islamic principles

QSR upholds and respects Islamic core values and actively partner with religious bodies and government agencies. Examples of our support programmes include:

Giving back to the community through our *Wakalah* fund, such as during Hari Raya celebrations.

Distributing groceries and staple goods to the *asnaf*⁹

In November and December 2023, we joined hands with the Perak Islamic and Malay Customs Council and the Department of Islamic Religion Pahang (JAIP) to distribute 400 boxes of groceries to the *asnaf* in Ipoh, and donations of cash and essential goods to 15 families in need in Kampung Mela, Kuala Lipis.

Fulfilling our business *zakat* obligations every year.

In 2023, we made a *zakat* payment of MYR 493,480 to Lembaga Zakat Selangor.



⁹ *Asnaf* refers to individuals or groups who are eligible to receive alms or *zakat*.

Improving graduate employability through the 2u2i programme

QSR recognises that education is crucial to building a better and more sustainable world. Since 2019, we have partnered with several public and private post-secondary institutions – including Universiti Sultan Zainal Abidin (UniSZA), International Islamic University Malaysia (IIUM), SEGi College, and Universiti Kuala Lumpur (UniKL) – to facilitate industrial placements for students via the [2u2i Programme \(jpt.mohe.gov.my\)](http://jpt.mohe.gov.my).

The 2u2i programme is an initiative of the Ministry of Higher Education (MoHE) Malaysia. It combines classroom instruction with on-the-job training to prepare industry-ready graduates. Under this programme, students are offered a one-year structured industrial placement programme at QSR worth 30 university credit hours as recognised by the Malaysian Qualifications Agency (MQA).

People oriented

2u2i student industrial placements at QSR 2019–2023

Institution	Programme of study	No. of students	Placement date	Status
UniSza	Bachelor of Animal Production and Health	6	November 2019	Completed
IIUM	Bachelor of business administration	4	March 2020	Completed
SEGi College	Diploma in Restaurant Management	8	February 2022	Completed
		1	July 2023	Ongoing
UniKL	Degree in Food Safety and Quality Technology	30	October 2023	Ongoing

Upon completion of their industrial placement, we extend priority employment opportunities to graduate participants who have expressed their interest in pursuing a career at QSR. One of these graduates now works at our KFC Training & Field Human Resources Department at our head office in Petaling Jaya.



Employee spotlight:



Akmal Afiq bin Azmi

Training Officer, KFC Training & Field Human Resources

The 2u2i programme equipped me with hands-on experience and foundational knowledge of the F&B industry. It has also allowed me to gain self-awareness as well as valuable leadership and management skills, which have been instrumental in my development as a professional.

Overall, QSR's focus on providing opportunities for growth, the supportive work environment, and role models who have guided me along the way have inspired and prepared me for employment at the company. I look forward to continuing to contribute to the success of the company.

About: Akmal is a graduate of the inaugural batch of QSR's 2u2i programme. His responsibilities include managing the e-learning platform by ensuring the Global Employee Manager system is updated, conducting digital hub learning workshops for the Restaurant Management Team, compiling and communicating various data certifications to users, as well as creating videos for product training purposes.

People oriented

Bridging school and industry through SLDN

QSR has long been committed to collaborating with the government to leverage our industry expertise for the betterment of the nation's workforce. We were involved in the development of the 2015 [National Occupational Skills Standard \(NOSS\) \(web.dsd.gov.my\)](http://web.dsd.gov.my) for Fast Food Preparation and Services (Level 2), and **in June 2023, embarked on a collaboration with Yayasan Johor Corporation (Yayasan JCorp) together with the Johor State Education Department (JPNJ) to pilot the nation's first National Dual Training System or SLDN (Sistem Latihan Dual Nasional) for upper secondary school students, with a focus on those from the B40 income group.**

The SLDN is an initiative by the Ministry of Human Resources' Department of Skills Development (*Jabatan Pembangunan Kemahiran [JPK]*) to provide vocational education and training to students and improve their employability through strategic collaboration with industry players. Throughout a six-month period, our KFC Field human resources team embarked on meticulous process with JPK to map out the SLDN programme, with six KFC restaurants selected and certified to facilitate the first cohort of participants in Johor¹⁰.

A total of 25 students from *Sekolah Kebangsaan Majidee Baru* and *Sekolah Kebangsaan Tun Syed Nasir Ismail* took part in an eight-month programme specialising in fast food preparation. Students split their time between classes and restaurant work, gaining both theoretical knowledge and practical skills.

QSR rewards participants with training allowances and other incentives to encourage diligence while supporting their financial needs and future educational pursuits. Those who successfully complete the programme will also receive the Malaysia Skills Certificate (*Sijil Kemahiran Malaysia [SKM]*) Level 1, 2 and 3 from the JPK, and a KFC Certificate of Completion from QSR.

We are working to expand our SLDN programme, with plans to scale up nationwide implementation in the next two years. We will provide further updates on progress in future reports.



¹⁰ A total of six KFC restaurants in Johor Bahru are involved, namely KFC Larkin Perdana, KFC Seri Gelam DT, KFC Larkin Terminal, KFC City Square, KFC JB Sentral, and KFC Nusa Bestari.

People oriented

Food accessibility and affordability

As a leading food service company, QSR is aligned with Goal 2 of the United Nations Sustainable Development Goals (SDGs) on Zero Hunger. Our Add Hope Malaysia and *Tabung Penyayang* funds support the United Nations World Food Programme, soup kitchens, and other hunger relief initiatives. In conjunction with Malaysia's national day in 2022, KFC Malaysia distributed a total of 6,500 meals to 65 charity organisations nationwide. We also donate unsold prepared food to needy communities through Yum!'s Harvest programme (see [The Harvest programme \(p.39\)](#)).



Integrated operations to ensure uninterrupted supply to market

Our integrated farm-to-fork poultry operations are a cornerstone of our strategy to ensure we can secure and maintain a stable supply of chicken for our restaurants despite potential market shortages. Thanks to our own production and partnership with a number of exclusive contracted suppliers, we were able to mitigate our risk exposure and continued to avoid reliance on the open market. As a result, we were able to maintain the availability of our fried chicken in-store amidst the market shortages faced in 2022.

In that same year, global supply chain disruptions caused by the Russia-Ukraine conflict led to the limited availability of some imported items on our KFC menu, such as burger patties. We adjusted our menus accordingly, replacing certain items with alternatives of a similar value. During this time, we prioritised open and transparent communication with our customers, acknowledging the inconveniences caused by supply constraints.



Providing affordable meals to communities in need

Amidst the economic repercussions of the pandemic and other global factors, Malaysia experienced a significant rise in food inflation throughout 2022, disproportionately affecting lower-income segments of society. As part of a wider government response to help alleviate this issue, the Ministry of Domestic Trade and Consumer Affairs (KPDN) launched the Menu Rahmah initiative in January 2023 to offer complete lunch and dinner meals at an affordable fixed price of MYR 5 to those in need, especially members of the B40 income group. This was a private industry-led initiative with voluntary participation by food and beverage (F&B) outlets.

QSR took part in the Menu Rahmah initiative, launching our Menu Rahmah meals at 1,227 KFC and Pizza Hut restaurants nationwide in May 2023¹¹. We also launched the Jimat Siang promotion for KFC and Fun Five promotion for Pizza Hut, offering discounts on signature and seasonal items during selected hours, further demonstrating our commitment to food accessibility and affordability for communities in need.

¹¹ The following locations were excluded: KFC's airport, Genting Highlands and Legoland outlets; Pizza Hut's (R&R) Pagoh Rest and Service Area and Genting Highlands outlets.

People oriented

Customer service

QSR values customer satisfaction and places a high priority on engaging with and listening to our customers. We firmly believe that customer dialogue is critical to improving our products and services and provide multiple ways they can share their feedback and concerns, including toll-free hotlines, social media platforms and online surveys. We take immediate action upon receiving customer feedback, ensuring the swift resolution of issues raised. Since the COVID-19 pandemic, we have also swiftly adapted to new realities within our business landscape, particularly to cater to the evolving needs of the tech-savvy consumer.



Adjusting to post-pandemic consumer behaviour

In response to the COVID-19 movement restrictions, we shifted our operational focus from dine-in to delivery, drive-through, and takeaway options, adopted new online payment modes or 'e-wallets' and expanded our e-commerce as well as our own food delivery business and partnerships with third-party food aggregators to serve consumers during the lockdowns.

Post-pandemic in 2022, we observed an increase in restaurant dine-in traffic. However, the initial industry-wide labour shortage and sudden influx of new dine-in customers at the time posed challenges in meeting customer demands. To address this, we intensified employee recruitment and training efforts, and worked with technology suppliers to roll out self-service ordering capabilities and upgrade our backend systems. These included self-service kiosks at KFC Malaysia, and QR-code based self-service ordering at Pizza Hut Malaysia. In 2022, KFC Malaysia also launched enhanced versions of its e-commerce website and application to better serve consumers.

An interesting shift in consumer behaviour was also observed, with consumers increasingly comfortable using online platforms for ordering, even for in-store pickups. Recognising the ongoing preference for takeaway services and growing digital literacy among consumers, we have embraced digitalisation as a core aspect of our business strategy, and will continue to cater to evolving consumer preferences to ensure the highest quality products and services.

▶ See also [Data driven \(p.73\)](#)

KFC Malaysia won the prestigious Putra Brand Awards (PBA) in 2022. Voted on by Malaysian consumers, the PBA is also known as the People's Choice Award and is a testament to our exceptional food and service quality.





FOOD VALUE

QSR recognises our social responsibility to safeguard public health. We take pride in offering safe, nutritious, halal-compliant food made with responsibly sourced, quality ingredients. We also incorporate animal welfare in our value chain and take steps to ensure an ethical production process that prioritises animal well-being.

Food value

Food safety and quality

As a food and beverage (F&B) operator, ensuring food safety and quality throughout our farm-to-fork operations is not only crucial for our business but also a responsibility to consumer and public health. We are guided by our Quality Management System (QMS), which employ strict measures to maintain the highest food safety and quality standards. As a Yum! franchisee, we also adhere to the Yum! Food Safety and Quality Audit (FSQA) criteria for the sourcing of the raw materials, in line with Global Food Safety Initiative (GFSI)-benchmarked standards.¹²

To further ensure food safety and hygiene, and in compliance with Ministry of Health (MOH) requirements, all restaurant employees must attend a mandatory [Food Handler Training Programme \(hq.moh.gov.my\)](http://hq.moh.gov.my). They must also be vaccinated against typhoid upon employment and every three years. Our quality assurance staff is certified by the MOH to ensure proficiency in implementing and monitoring food safety and quality criteria per applicable regulations. We also adapted the Hazard Analysis Critical Control Point (HACCP) certification criteria into an online Digital Success Routine checklist, ensuring our restaurants can manage all physical, biological, and chemical hazards. Our food safety and quality measures include the following:



Temperature and Shelf-Life Control

Our products are cooked at high temperatures that greatly exceed the minimums set by the World Health Organization (WHO) and per our strict temperature and shelf-life control measures, ensuring they are safe for consumption.



Product Handling

We follow strict procedures to minimise the risk of cross-contamination of raw and ready-to-eat (cooked) products at our operations.



Sanitation and Hygiene

We conduct routine hygiene inspections at all our facilities and operations to ensure they meet regulatory standards and provide employees with proper handwashing facilities and training. We use only food-safe equipment and utensils for food preparation and sanitise all implements before use per our standard daily procedure. Ready-to-eat products are handled with disposable gloves



Supplier Quality Monitoring

We regularly review and monitor our suppliers and require them to submit relevant reports to demonstrate adherence to our strict quality standards.

¹² The GFSI is the most widely accepted food safety standards and certifications-benchmarking program in the world, managed by the Consumer Goods Forum (CGF). In 2022, Yum! became a member of the CGF and committed to transit to 100% GFSI-recognised certification for all suppliers and distributors (See: [Responsible sourcing \(p.70\)](#)).

Food value



Innovating through R&D at QSRT

QSR Trading (QSRT) operates a dedicated research and development (R&D) team that strives to meet consumer expectations by improving existing products and innovating to create new ones. In 2023, we launched our Ayamias Kitchen brand, producing healthy and high-quality cooking essentials for Malaysian households with original design manufacturing through partners who meet our stringent criteria. We are committed to advancing product safety, quality, and nutritional value to provide our customers with the best food options and experiences.

- For more information, see: <https://qsstrading.com.my/>
- See also: [Responsible sourcing \(p.70\)](#)

Pest management

Maintaining proper hygiene and cleanliness at all our facilities allow us to significantly reduce the incidence of pest infestations. We have implemented additional pest management measures at our restaurants, such as installing flycatchers and engaging licensed vendors for treatments. At our restaurants, on-the-ground staff regularly monitor for pest findings, while quarterly reviews are held together with our Operation team, Quality Assurance team, and pest control vendors to review pest control performance and any necessary corrective actions. We use only pesticides approved by the Department of Agriculture, and our Quality Assurance Team files Material Safety Data Sheets for emergency purposes.

Audits to ensure excellence

Our Quality Assurance team manages product quality and food safety, ensuring we meet Yum! Brands specifications and requirements. We conduct regular internal audits to ensure ongoing compliance with regulatory and certification standards, in addition to independent external audits required by our franchisor, Yum! Brands, and regulatory bodies like the Department of Veterinary Services and Ministry of Health. We also maintain a stringent internal audit process to guarantee full halal compliance.



Also see: [Certification \(p.31\)](#) and [Responsible sourcing \(p.70\)](#)

Food value

Responsible sourcing

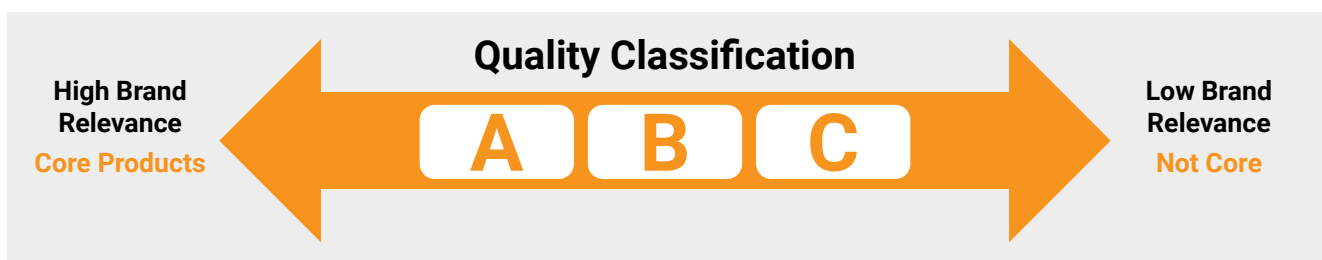
Our farm-to-fork operations allow us to effectively manage and oversee internal food and food ingredient suppliers within our supply chain. However, we also work with external suppliers to maintain a diverse sourcing network, and for packaging materials, storage and distribution products and services, and transportation services. We prioritise sourcing from local suppliers for optimum supply chain efficiency and to support local businesses. **In 2022 and 2023, more than 70% of our spending was on local suppliers.**

All our suppliers must comply with Yum! Brands' FSQA requirements and criteria, including on shelf life, weight, size, and storage parameters, as well as microbiological, chemical, and physical standards. All suppliers must also be certified against a GFSI-recognised food safety standard or certification, and/or other national and international standards, including:

- Brand Reputation through Compliance (BRC) Global Standard
- Food Safety System Certification (FSSC) 22000
- International Featured Standards (IFS)
- Forest Stewardship Council (FSC)-certification (paper/packaging suppliers)
- Global Food Safety Standard
- Good Agricultural Practices (GAP) by Global G.A.P.
- Good Aquaculture Practice by the Singapore Food Agency
- GSI Safe Quality Food Certification (vegetable and raw material suppliers)
- Roundtable on Sustainable Palm Oil (RSPO) certification (palm oil suppliers)

In addition to requiring the relevant certifications, we assign a product food safety risk classification and product quality classification to every supplier based on the ingredient, product, or service supplied. For example, chicken is a core commodity for QSR and is also perishable and temperature-sensitive. Therefore, chicken suppliers are assigned a Class 1 food safety rating and an "A" quality risk rating. Suppliers must comply with performance requirements relevant to their risk ratings and will be delisted if they fail to meet them.

Our quality assurance and supply chain management teams regularly monitor and audit our suppliers to ensure compliance with our requirements. Their findings are submitted to Yum! Brands and evaluated by a Yum!-appointed third-party auditor for continuity approval. Our Shariah & Halal Compliance Department independently audits suppliers' halal compliance.



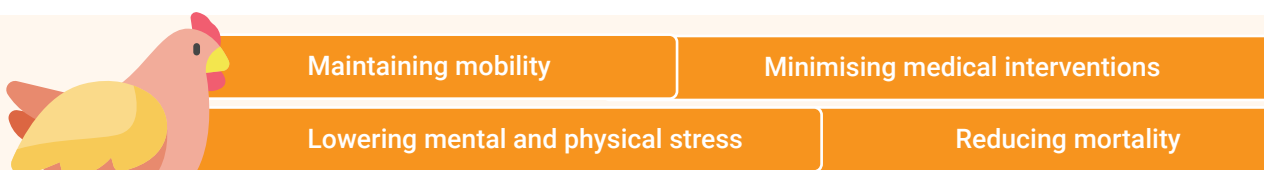
Food value

Animal welfare

Animal welfare is a top priority for QSR, reflecting compassion for and the ethical treatment of non-human living beings, contributing to healthier livestock, and improving the quality of our food products. We are committed to animal wellbeing, thus ensuring our chickens' health, and adhere to the [Yum! Brands Global Animal Welfare Policy \(yum.com\)](https://yum.com) comprising the five following freedoms:



Since 2020, KFC has established global Key Welfare Indicators (KWI) to assess the overall health and welfare of chickens raised for its restaurants. These indicators encompass:



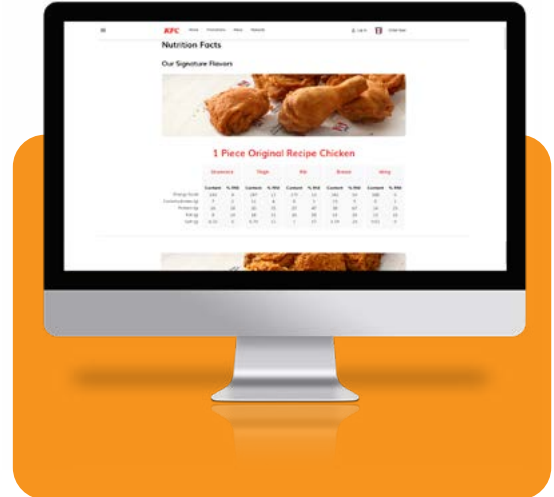
To meet the KWI, all KFC franchisees must collect and report quarterly data on the average liveability, average density, use of antibiotics, stunning methods, and provision of enrichments with regards to the poultry sourced. Indicators to meet are country- and industry-specific.

At our Port Klang processing plant, our Quality Assurance department submits quarterly KWI reports to Yum! online. Our processing plant is also equipped with an on-site ISO/IEC 17025 accredited microbiology laboratory.

Food value

Public health and responsible marketing

As one of Malaysia's largest food businesses and restaurant operators, we recognise our responsibility in championing public health. We are committed to promoting our products in a responsible manner, empowering consumers to make informed choices about their diets. QSR abides by Ministry of Health regulations on packaging and nutrition labelling for our branded products. We recognise the negative health perceptions associated with certain foods, however, we believe in moderation and that maintaining a balanced diet is key to overall well-being. Furthermore, in response to evolving consumer preferences for healthier dietary options, we have taken the voluntary step of providing nutritional information for our KFC menu items. This information is readily accessible at our restaurants and on the [website \(kfc.com\)](http://kfc.com) to help our customers make informed food choices and plan nutritious meals.



Our food technologists constantly experiment with new flavours and concepts to provide our customers with healthier menus and nutritious products. We are cognisant of increased consumer awareness of sanitation and hygiene since COVID-19 and have taken several measures to address customer concerns.

➤ Also see: [Pest management \(p.69\)](#)

Using non-hydrogenated palm oil

We use 100% Roundtable on Sustainable Palm Oil (RSPO)-certified, non-hydrogenated palm oil for our fried products. Non-hydrogenated palm oil is naturally free of trans fats which can increase "bad" cholesterol levels (LDL) and lower "good" cholesterol levels (HDL), contributing to heart disease and other health issues¹³. This makes non-hydrogenated palm oil the healthier choice for consumption.



The KFC pressure fryer method

We cook KFC chicken in pressure fryers, resulting in lower oil retention and higher moisture retention in the end product¹⁴ than traditional methods, also reducing fat and creating a juicier mouthfeel.

¹³ Available at <https://www.heart.org/en/healthy-living/healthy-eating/eat-smart/fats/trans-fat>

¹⁴ Available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3550909/>



DATA DRIVEN

The food and beverage sector has undergone rapid digital transformation catalysed by the COVID-19 pandemic. In line with our vision to become a leading food technology company, QSR has long embraced digitalisation in our operations to elevate our brand experience. With continuous advancements in technology, we are cognisant of the rising cybersecurity threats and recognise our responsibility to protect sensitive information using strict data privacy and security measures.

Data driven

Our digital transformation

Since 2018, QSR has embarked on a digital transformation journey to provide digital first brand experience for our customers while optimising our restaurant employee's efficiencies. Our initial focus was to establish a solid foundation by enhancing the internet connectivity of our restaurant outlets, improving our omni-channel touchpoints, refining our point-of-sale (POS) systems, and offering the convenience of brand accessibility via our E-commerce and mobile apps. These efforts laid the groundwork for our success in today's market, enabling us to navigate through the COVID-19 pandemic and the subsequent post-pandemic period with minimal disruptions.

The application of cutting-edge technologies like artificial intelligence (AI), leveraging on a combination of off-the-shelf and custom digital solutions implemented across the Group, allow us to make accurate predictions by collecting and modeling operations data, leading to more informed decisions and swift adaptation to changing market demands. Some of the digital solutions that we have implemented include:

Business processes			
	<ul style="list-style-type: none"> ● KFC and Pizza Hut digital commerce and mobile apps ● Open platform integration with partners and food aggregators 		<ul style="list-style-type: none"> ● New POS ● Data platform ● State-of-the-art Back-of-the-House systems for kitchen efficiency
Customer experience	<ul style="list-style-type: none"> ● Customer data platform ● Customer experience management ● Omnichannel frontend digitalisation ● POS transformation ● Commerce engine 	Employee experience	<ul style="list-style-type: none"> ● Back-end operations ● Digitalised labour management ● Supply chain integration

Digitalisation not only enhances operational efficiency, but also contribute to a smaller environmental footprint. At our KFC restaurants, employees use a Digital Success Routine checklist to efficiently and accurately complete routine tasks, including food safety and quality checks. Similarly, at our Pizza Hut restaurants, we implemented HutBot – a mobile application (app) and digital platform for managing routine operations. These tools also allow our regional managers to centrally monitor operations across multiple sites, ensuring consistent high standards are held across our operations.

In addition, smart kitchens equipped with automated processes as well as AI-based food preparation and control help to streamline the restaurant workflow. Food orders are broken down into individual items and ingredients, and prepared in batches with other items that use the same cooking process, such as deep frying. This allows for more efficient use of equipment and resources, and helps to ensure prompt delivery of quality meals to customers.

Furthermore, digitalisation reduces reliance on manual paper processing, and facilitates more accurate supply chain and inventory planning based on data analytics. This reduces wastage across our operations by optimising order quantities and resource allocation, minimising overstocking while contributing to cost savings.

Data driven

Strengthening our digital touchpoints

During and since the COVID-19 lockdowns, we have bolstered our digital touchpoints to effectively cater to customer needs and preferences. This included our websites as well as our own food delivery business and partnerships with third-party food aggregators, which also required investments in backend infrastructure such as the API and delivery management system.



KFC Malaysia offers consumers the convenience of placing orders using our self-serve¹⁵ restaurant kiosks, as well as online through our website, and our mobile app launched in 2022. The app offers practical features, including our loyalty programme and digital vouchers. Similarly, Pizza Hut customers can place their orders using self-serve QR codes at our restaurants, our website, and our mobile app.

From 2019 to 2023, we saw a 15% average annual increase in mobile app monthly active users (MAU) for KFC Malaysia, and a 50% increase for Pizza Hut Malaysia. We are pleased with the success of this programme: where digital and online channels now generate more than 32% of KFC Malaysia's annual revenues and 50% of Pizza Hut's.



In 2021, we embarked on a digital transformation exercise for QSR Trading (QSRT), redefining our business model and market approach. As part of this shift, we expanded the reach of our e-commerce platforms and launched our QSRT Mart mobile application and [website \(qsrtrading.com\)](https://qsrtrading.com), allowing customers to purchase our products online or offline while enjoying a seamless omnichannel experience. We also started complementing physical advertising campaigns with digital marketing to amplify customer outreach and increase sales. **As of December 2023, QSRT boasts a robust customer base exceeding 15,000 active customers.**

As we continue on our digitalisation journey, we are intensifying efforts to enhance our enterprise system and brand experience. This involves leveraging data to empower both customers and employees, particularly our restaurant crew that work at the back of the house. While we maintain relevance, ensure ease of access, and provide unique offerings to customers, we are also increasing our employees' technological literacy so that they can upskill and utilise digital tools to simplify workflows, contributing to improved operational efficiency and productivity. Additionally, we have invested in cloud-based productivity services to encourage collaboration and flexibility, alongside our cybersecurity measures, which are critical for protecting our digital assets and data.

¹⁵Roughly 80% to 90% of KFC Malaysia customers place self-service orders and typically spend more than customers who order at restaurant counters.

Data driven

Data privacy and security

More than ever, we rely on digital tools for our everyday operations. Technical advancements have increased the likelihood of cyberattacks, requiring robust cybersecurity measures to protect our business. QSR adheres to strict security protocols and invests in robust cybersecurity tools to protect company, supplier, and customer data and prevent unauthorised access to our systems and other potential breaches.

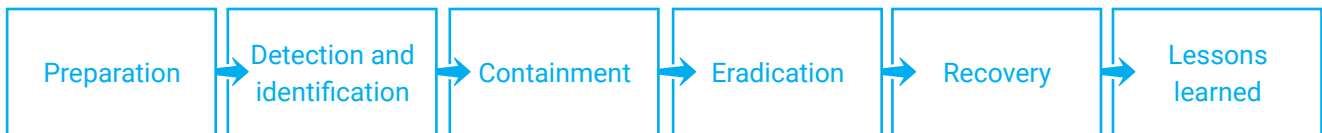
Managing information security

Our 2022 IT & Information Security Policy commits us to managing security risks using robust tools and technologies in compliance with applicable regulations, including the Malaysia Computer Crime Act 1997 and the Personal Data Protection Act 2010. We inform all QSR employees, vendors, contractors, and third-party service providers of this policy and require them to abide by it.

In 2023, our Board Risk Committee approved the Technology Disaster Risk Management and Cybersecurity Escalation process. There were no reports of information security breaches for the years under review.

Information Security Incident Response

To minimise the impact of potential breaches and facilitate timely recovery, we have established the following information security incident response plan:



We use industry-standard encryption tools to encrypt all confidential and personal data in transit and at rest, including communications from external web services to internal QSR systems, between devices and wireless access point, on open and public networks, and virtual private networks. We also conduct regular risk assessments to ensure our cyber security measures are up-to-date.

Data loss prevention

In April 2023, we launched a data loss prevention (DLP) initiative as part of QSR's overall information security strategy. Adopting a DLP system as part of our Cybersecurity Defence Ecosystem will provide our Information Security team complete visibility into all IT assets, including data at rest, data in motion, and data in use. The system will allow us to:

- Protect information assets, including sensitive data, from unauthorised access, use, and disclosure
- Identify potential vulnerabilities and threats and take action to detect and prevent cybersecurity incidents and data breaches before they occur
- Comply with regulatory requirements
- Secure network endpoints to prevent data misuse
- Achieve cost savings by reducing the financial impact of data breaches and data loss incidents.

Our DLP system went live in September 2023.

Data driven

QSR has implemented various policies to protect both our proprietary information and customer data:

Information and Document Retention Policy

Our Information and Document Retention Policy governs the retention and disposal of all business-generated information. It covers internal and external communications and correspondence, financial data, reports, market studies, contracts, employee data, customer databases, and other information, even when not mandated by law. The retention period varies, depending on the type of document and its purpose. We dispose of information that is no longer needed using secure methods under the supervision of designated persons to safeguard against data leaks. All IT devices are subject to our Digital Department's data wiping and destruction procedures before recycling or disposal.



Privacy policies

Our KFC, Pizza Hut, and QSRT Mart privacy policies are available on our websites and inform our customers and stakeholders on how we collect, manage, and protect their personal data. They also clearly outline customer rights to their personal data, including on access, correction, modification, limitation of processing, and deletion from our databases.

Electronic and Digital Signature Policy

We also adopted an Electronic and Digital Signature Policy in response to remote work practices made common by the COVID-19 pandemic. We replaced physical signatures with QSign which is a digital signature platform that complies with the Malaysian Digital Signature Act 1997.

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GRI Content Index

The Global Reporting Initiative (GRI) is a widely adopted multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators. It has been designed to enhance the global comparability and quality of information on environmental and social impacts, thereby enabling greater transparency and organisational accountability. This sustainability report has been prepared with reference to the 2021 GRI Standards and the GRI 13 Standards for Agriculture.

Statement of use	QSR has reported with reference to the GRI Standards for the period of 1 January 2022 to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022

General disclosures		
GRI standard	Disclosure	Location/reason for omission
GRI 2: General Disclosures 2021	2-1 Organizational details	About QSR, p12
	2-2 Entities included in the organization's sustainability reporting	About this report, p5 About QSR, p12
	2-3 Reporting period, frequency and contact point	About this report, p5 Contact, p96
	2-4 Restatements of information	This is QSR's first sustainability report
	2-5 External assurance	About this report, p5
	2-6 Activities, value chain and other business relationships	About QSR, p12 Responsible sourcing, p70
	2-7 Employees	Our workforce, p44
	2-8 Workers who are not employees	Information unavailable
	2-9 Governance structure and composition	Corporate governance, p28 QSR Board of Directors (qsrbrands.com)
	2-10 Nomination and selection of the highest governance body	Information unavailable
	2-11 Chair of the highest governance body	Corporate governance, p28
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate governance, p28
	2-13 Delegation of responsibility for managing impacts	Corporate governance, p28
	2-14 Role of the highest governance body in sustainability reporting	Materiality, p20 Corporate governance, p28
	2-15 Conflicts of interest	Ethics and compliance, p30
	2-16 Communication of critical concerns	Whistleblowing and grievance management, p33

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GRI standard	Disclosure	Location/reason for omission
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	Information unavailable
	2-18 Evaluation of the performance of the highest governance body	Information unavailable
	2-19 Remuneration policies	Information unavailable
	2-20 Process to determine remuneration	Information unavailable
	2-21 Annual total compensation ratio	Information unavailable
	2-22 Statement on sustainable development strategy	CEO/MD Statement, p8
	2-23 Policy commitments	Our approach to sustainability, p18 Ethics and compliance, p30 Employee engagement and development, p56
	2-24 Embedding policy commitments	Our approach to sustainability, p18 Ethics and compliance, p30 Employee engagement and development, p56
	2-25 Processes to remediate negative impacts	Whistleblowing and grievance management, p33
	2-26 Mechanisms for seeking advice and raising concerns	Whistleblowing and grievance management, p33
	2-27 Compliance with laws and regulations	Ethics and compliance, p30
	2-28 Membership associations	Stakeholder engagement, p27
	2-29 Approach to stakeholder engagement	Materiality, p20 Stakeholder engagement, p27
2-30 Collective bargaining agreements	Freedom of association, p51	

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Material topics				
GRI standard	Disclosure		Location/reason for omission	GRI sector standard ref. no.
Material topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality, p20	
	3-2	List of material topics	Materiality, p20	
Business growth				
GRI 3: Material Topics 2021	3-3	Management of material topics	About QSR, p12	13.22.1
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Information unavailable	13.22.2
Corporate governance				
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate governance, p28	
<i>See also: GRI 2-9 to 2-21 above</i>				
Ethics and compliance				
GRI 3: Material Topics 2021	3-3	Management of material topics	Ethics and compliance, p30	13.26.1
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Information unavailable	13.26.2
	205-2	Communication and training about anti-corruption policies and procedures	Ethics and compliance, p30	13.26.3
	205-3	Confirmed incidents of corruption and actions taken	Ethics and compliance, p30 No confirmed incidents of corruption at our operations.	13.26.4
<i>See also: GRI 2-27 above</i>				
Transparency and reporting				
GRI 3: Material Topics 2021	3-3	Management of material topics	Transparency and reporting, p26	
Climate impact				
GRI 3: Material Topics 2021	3-3	Management of material topics	Climate impact, p35	13.1.1 13.2.1
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	Information unavailable as we have not yet identified financial implications from climate-related risks and opportunities.	12.2.2
GRI 302: Energy 2016	302-1	Energy consumption inside of the organization	Energy management, p35	
	302-3	Energy intensity	Information unavailable	
	302-4	Reduction of energy consumption	Information unavailable	

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GRI standard	Disclosure	Location/reason for omission	GRI sector standard ref. no.
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	Information unavailable	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG emission, p37	13.1.2
	305-2 Energy indirect (Scope 2) GHG emissions	GHG emission, p37	13.1.3
	305-3 Other indirect (Scope 3) GHG emissions	Information unavailable	13.1.4
	305-4 GHG emissions intensity	Information unavailable	13.1.5
	305-5 Reduction of GHG emissions	Information unavailable	13.1.6
	305-6 Emissions of ozone-depleting substances (ODS)	Information unavailable	13.1.7
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not applicable to QSR operations	13.1.8
Sustainable packaging			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable packaging at our restaurants, p40	
Waste management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste management, p39	13.8.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste management, p39	13.8.2
	306-2 Management of significant waste-related impacts	Waste management, p39	13.8.3
	306-3 Waste generated	Information unavailable	13.8.4
	306-4 Waste diverted from disposal	Waste management, p39	13.8.5
	306-5 Waste directed to disposal	Information unavailable	13.8.6
Water consumption			
GRI 3: Material Topics 2021	3-3 Management of material topics	Water management, p41	13.7.1

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GRI standard	Disclosure	Location/reason for omission	GRI sector standard ref. no.
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water management, p41	13.7.2
	303-2 Management of water discharge related impacts	Water management, p41	13.7.3
	303-3 Water withdrawal	Water management, p41	13.7.4
	303-4 Water discharge	Information unavailable	13.7.5
	303-5 Water consumption	Information unavailable	13.7.6
Labour practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our workforce, p44	13.16.1 13.17.1 13.18.1 13.20.1 13.21.1
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Wages and benefits, p46 All minimum wage earners are paid equally, regardless of gender	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part time employees	Information unavailable	
	401-3 Parental leave	Although data is not available for this report, we provide maternity leave and benefits for women employees	
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Information unavailable	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Information unavailable	13.15.4
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Freedom of association, p51	13.18.2
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Information unavailable	13.17.2

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GRI standard	Disclosure	Location/reason for omission	GRI sector standard ref. no.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Information unavailable	13.16.2
GRI 13.21: Living Income and Living Wage	13.21.2 Percentage of employees and workers who are not employees whose work is controlled or covered by CBAs that have terms related to wage levels and frequency of wage payments	Information unavailable	
	13.21.3 Percentage of employees and workers who are not employees whose work is controlled is paid above living wage	Information unavailable	
Diversity and inclusion			
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate governance, p28 Diversity and inclusion, p47	13.15.1
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Corporate governance, p28 Diversity and inclusion, p47	13.15.2
	405-2 Ratio of basic salary and remuneration of women to men	Information unavailable. All females are paid the same as their male counterparts, according to their level of employment	13.15.3
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Information unavailable	13.15.4
GRI 13.15: Non-discrimination and Equal Opportunity	13.15.5 Describe differences in employment terms and approach to compensation based on workers' nationality or migrant status	Information unavailable	
Employee health, safety and well-being			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee health, safety and well-being, p53	13.19.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee health, safety and well-being, p53	13.19.2
	403-2 Hazard identification, risk assessment, and incident investigation	Employee health, safety and well-being, p53	13.19.3
	403-3 Occupational health services	Information unavailable	13.19.4

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GRI standard	Disclosure	Location/reason for omission	GRI sector standard ref. no.
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee health, safety and well-being, p53	13.19.5
	403-5 Worker training on occupational health and safety	Employee health, safety and well-being, p53	13.19.6
	403-6 Promotion of worker health	Employee health, safety and well-being, p53	13.19.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee health, safety and well-being, p53	13.19.8
	403-8 Workers covered by an occupational health and safety management system	Employee health, safety and well-being, p53	13.19.9
	403-9 Work-related injuries	Employee health, safety and well-being, p53	13.19.10
	403-10 Work-related ill health	Information unavailable	13.19.11
Employee engagement and development			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee engagement and development, p56	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee retention, p59	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee engagement and development, p56	
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee engagement and development, p56	
	404-3 Percentage of employees receiving regular performance and career development reviews	Information unavailable, however, all employees receive yearly performance review	
Supporting communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	Supporting communities, p61	13.22.1
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Supporting communities, p61	13.22.3
	203-2 Significant indirect economic impacts	Information unavailable	13.22.4

Appendices

GRI standard	Disclosure	Location/reason for omission	GRI sector standard ref. no.
413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Supporting communities, p61	13.12.2
	413-2 Operations with significant actual and potential negative impacts on local communities	We do not currently assess potential negative impacts on local communities	13.12.3
Food accessibility and affordability			
GRI 3: Material Topics 2021	3-3 Management of material topics	Food accessibility and affordability, p65	13.9.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Food accessibility and affordability, p65	13.12.2
	413-2 Operations with significant actual and potential negative impacts on local communities	We do not currently assess potential negative impacts on local communities	13.12.3
GRI 13.9: Food security	13.9.2 Report the total weight of food loss in metric tons and the food loss percentage, by the organization's main products or product category, and describe the methodology used for this calculation	Information unavailable	
Customer service			
GRI 3: Material Topics 2021	3-3 Management of material topics	Customer service, p66	
Food safety and quality			
GRI 3: Material Topics 2021	3-3 Management of material topics	Food safety and quality, p68	13.10.1
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Food safety and quality, p68 We do not assess health and safety impacts of our products and services but ensure product safety and quality through strict audits and compliance with regulations	13.10.2
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Food safety and quality, p68	13.10.3

Appendices

GRI standard	Disclosure	Location/reason for omission	GRI sector standard ref. no.
GRI 13.10: Food safety	13.10.4 Report the percentage of production volume from sites certified to internationally recognized food safety standards, and list these standards	Food safety and quality, p68	
Public health and responsible marketing			
GRI 3: Material Topics 2021	3-3 Management of material topics	Public health and responsible marketing, p72 Food safety and quality, p68	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Public health and responsible marketing, p72	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Information unavailable	
	417-3 Incidents of non-compliance concerning marketing communications	Information unavailable	
Animal welfare			
GRI 3: Material Topics 2021	3-3 Management of material topics	Animal welfare, p71	13.11.1
GRI 13.11: Animal health and welfare	13.11.2 Report the percentage of production volume from sites of the organization certified to third-party animal health and welfare standards, and list these standards	Information unavailable	
Responsible sourcing			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible sourcing, p70	13.23.1
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Responsible sourcing, p70	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	We do not currently screen suppliers using environmental criteria	
	308-2 Negative environmental impacts in the supply chain and actions taken	Information unavailable	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Information unavailable	

Appendices

GRI standard	Disclosure	Location/reason for omission	GRI sector standard ref. no.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Information unavailable	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	We do not currently screen suppliers using social criteria	
	414-2 Negative social impacts in the supply chain and actions taken	Information unavailable	
GRI 13.23: Supply chain traceability	13.23.2 Describe the level of traceability in place for each product sourced, for example, whether the product can be traced to the national, regional, or local level, or a specific point of origin (e.g., farms, hatcheries, and feed mill levels)	Information unavailable	
	13.23.3 Report the percentage of sourced volume certified to internationally recognized standards that trace the path of products through the supply chain, by product and list these standards	Information unavailable	
	13.23.4 Describe improvement projects to get suppliers certified to internationally recognized standards that trace the path of products through the supply chain to ensure that all sourced volume is certified.	Information unavailable	
Digitalisation and technology			
GRI 3: Material Topics 2021	3-3 Management of material topics	Data driven, p74	
Data privacy and security			
GRI 3: Material Topics 2021	3-3 Management of material topics	Data privacy and security, p76	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information unavailable	

GR13 Topics not material to QSR

GRI 13.4:	Natural ecosystem conversion
GRI 13.5:	Soil health
GRI 13.6:	Pesticides use
GRI 13.13:	Land and resource rights

Assurance statement



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Independent Limited Assurance Report on Subject Matter Information in QSR Brands (M) Holdings Bhd's Sustainability Report 2022-2023

We, Grant Thornton Consulting Sdn Bhd ("Grant Thornton") were engaged by QSR Brands (M) Holdings Bhd ("QSR") to provide limited assurance on selected material sustainability indicators ("Subject Matter Information") as reported by QSR in its Sustainability Report for the year ended 31 December 2022 and 31 December 2023 ("Sustainability Report").

The scope of our work was limited to the material sustainability matters presented in the Sustainability Report and did not include coverage of data sets or information unrelated to the data and information underlying the Subject Matter Information below and their related disclosures; nor did it include information reported outside of the Sustainability Report.

Limited Assurance Conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information presented in the Sustainability Report has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of this report.

Subject Matter Information

The scope of our work was limited to assurance over selected material sustainability indicators reported in the QSR's Sustainability Report, as presented below.

Underlying Subject Matter	Scope
1. Corporate Governance	
<ul style="list-style-type: none"> • Transparency and reporting; • Corporate governance; • Ethics and compliance 	Downstream, Upstream and Midstream and HQ
2. Environmental resilience	
<ul style="list-style-type: none"> • Climate impact <ul style="list-style-type: none"> a) Energy management <ul style="list-style-type: none"> i) Purchased Electricity b) GHG emissions; <ul style="list-style-type: none"> i) Scope 2 GHG emissions • Sustainable packaging • Waste Management 	Downstream, Upstream and Midstream and HQ
	Downstream

Assurance statement



Independent Limited Assurance Report on Subject Matter Information in QSR Brands (M) Holdings Bhd's Sustainability Report 31 December 2022 and 31 December 2023 (cont'd)

Subject Matter Information (cont'd)

The scope of our work was limited to assurance over selected material sustainability indicators reported in the QSR's Sustainability Report, as presented below (cont'd).

Underlying Subject Matter	Scope
3. People oriented	
<ul style="list-style-type: none"> • Our workforce • Diversity and inclusion; • Labour practices; 	Downstream, Upstream and Midstream and HQ
<ul style="list-style-type: none"> • Employee health, safety, and wellbeing; <ul style="list-style-type: none"> i) Number of work-related fatalities 	Downstream, Upstream and Midstream and HQ
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ii) Lost time incident frequency rate and severity rate 	Upstream and Midstream and HQ
<ul style="list-style-type: none"> • Employee engagement and development <ul style="list-style-type: none"> i) Employee turnover rates by division 2022-2023 	Downstream, Upstream and Midstream and HQ
<ul style="list-style-type: none"> • Food accessibility and affordability; • Customer service; 	Downstream, Upstream and Midstream and HQ
4. Food value	
<ul style="list-style-type: none"> • Food safety and quality • Sustainable sourcing and supply chains • Public health and responsible marketing • Animal welfare 	Downstream, Upstream and Midstream and HQ
5. Data-driven	
<ul style="list-style-type: none"> • Digitalisation and technology; • Data privacy and security 	Downstream, Upstream and Midstream and HQ

Our assurance is with respect to the year ended 31 December 2022 and 31 December 2023 Subject Matter Information only and we have not performed any procedures with respect to earlier periods or any other information included in the QSR's Sustainability Report and, therefore, do not express any conclusion thereon.

Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which QSR is solely responsible for selecting and applying.

The reporting criteria adopted for reporting the Subject Matter Information are based on QSR's sustainability reporting guidelines along with their definitions and calculation methodologies as disclosed within the Sustainability Report ("Reporting Criteria").

Assurance statement



Independent Limited Assurance Report on Subject Matter Information in QSR Brands (M) Holdings Bhd's Sustainability Report 31 December 2022 and 31 December 2023 (cont'd)

Board of Directors and Management's Responsibilities

The Directors and Management of QSR are responsible for:

- the design, implementation and maintenance of internal control relevant to the preparation and presentation of Subject Matter Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or establishing suitable Reporting Criteria;
- measuring or evaluating and presenting the Subject Matter Information in accordance with the Reporting Criteria; and
- the preparation of the Sustainability Report and the Reporting Criteria and their contents.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information has been prepared in accordance with the Reporting Criteria;
- forming an independent limited assurance conclusion, based on the work we have performed and the evidence we have obtained; and
- reporting our limited assurance conclusion to QSR.

Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Assurance standards and level of assurance

We performed a limited assurance engagement in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits and Reviews of Historical Financial Information* ("ISAE 3000 (Revised)"), and in respect of the greenhouse gas emissions information included within the Subject Matter Information, in accordance with International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements* ("ISAE 3410"). These standards requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks which vary in nature from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not report a reasonable assurance conclusion.

Assurance statement



Independent Limited Assurance Report on Subject Matter Information in QSR Brands (M) Holdings Bhd's Sustainability Report 31 December 2022 and 31 December 2023 (cont'd)

Work performed

Considering the circumstances of the engagement our work included, but was not restricted to:

- assessing the suitability of the Reporting Criteria as the basis of preparation for the Subject Matter Information;
- conducting interviews with management and relevant staff at group level and selected business unit level concerning sustainability strategies and policies for material issues, and the implementation of these across the business operations;
- assessing the risk of material misstatement of the Subject Matter Information, whether due to fraud or error, and responding to the assessed risk as necessary in the circumstances;
- conducting interviews with relevant management of QSR and examining selected documents to obtain an understanding of the processes, systems and controls in use for measuring or evaluating, recording, managing, collating and reporting the Subject Matter Information;
- conducting interviews with sites, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria;
- performing analytical procedures for consistency of data with trends and our expectation;
- performing selected limited substantive testing including agreeing a selection of the Subject Matter Information to corresponding supporting information;
- considering the appropriateness of a selection of selected unit conversion factor calculations and other calculations used by QSR to prepare the Subject Matter Information including by reference to widely recognised and established conversion factors;
- considering the organisational boundary of QSR for the reporting of Subject Matter Information;
- evaluating the overall presentation of the Subject Matter Information; and
- reading the Sustainability Report and narrative accompanying the Subject Matter Information in the Sustainability Report with regard to the Reporting Criteria, and for consistency with our findings.

Inherent limitations

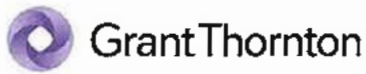
Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Sustainability Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Sustainability Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Intended use of this report

This limited assurance report, including our conclusion, is made solely to QSR in accordance with the terms of the agreement between us. Our work has been undertaken so that we might state to QSR those matters we are required to state to them in an independent limited assurance report and for no other purpose. We have not considered the interest of any other party in the Subject Matter Information.

To the fullest extent permitted by law, we do not accept nor assume responsibility and deny any liability to any party other than QSR for our work or this report, or for the conclusion we have reached.

Assurance statement



Independent Limited Assurance Report on Subject Matter Information in QSR Brands (M) Holdings Bhd's Sustainability Report 31 December 2022 and 31 December 2023 (cont'd)

Intended use of this report (cont'd)

Our report is released to QSR on the basis that it shall not be copied, referred to or disclosed, in whole (save for inclusion in the QSR's Sustainability Report 31 December 2022 and 31 December 2023) or in part, without our prior written consent.

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke.

Grant Thornton Consulting Sdn Bhd
Kuala Lumpur
Date: 22 November 2024

Glossary

2u2i | An initiative of the Ministry of Higher Education (MoHE) Malaysia to prepare industry-ready graduates through a structured industrial placement programme.

Artificial intelligence (AI) | Designed to simulate human intelligence, AI systems can process large amounts of data, analyse patterns, and make autonomous decisions, and can range from simple rule-based algorithms to advanced machine learning models that can improve their own performance over time.

Asnaf | Individuals or groups who are eligible to receive alms or *zakat*.

B40 | The group of households comprising the bottom 40% of Malaysian income earners

Ecovadis | A sustainability rating platform that evaluates companies' environmental, social, and ethical performance. It provides businesses with a comprehensive assessment and rating, helping them monitor and improve their sustainability practices and performance in the global supply chain.

Farm-to-fork | QSR's integrated business operations that encompasses all stages of food production, from agricultural production at the farm (poultry operations) to consumption by the end consumer (restaurants).

Global Food Safety Initiative (GFSI) | A business-led initiative aimed at continually enhancing food safety management systems to instil trust in the provision of safe food to consumers globally. It serves as a forum for cooperation among various stakeholders linked to global food services and supply chains, and evaluates certification programmes related to food safety.

Global reporting initiative (GRI) | A multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators.

Greenhouse gas (GHG) | Atmospheric gases that trap heat in the Earth's atmosphere, contributing to the greenhouse effect and global warming. Common greenhouse gases include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and fluorinated gases.

Halal | An Arabic term that translates to "permissible" or "lawful" in English. In the context of food and consumer products, halal refers to items that are produced, prepared, and consumed in accordance with Islamic law (Shariah). This includes adherence to specific guidelines and regulations outlined in Islamic scriptures.

Industrial Revolution 4.0 (IR 4.0) | Refers to the ongoing automation and digitisation of traditional manufacturing and industrial practices. It encompasses the integration of advanced technologies, such as artificial intelligence (AI), robotics, the Internet of Things (IoT), big data analytics, and cloud computing into industrial processes to optimize efficiency, productivity, and flexibility.

International Standards Organization (ISO) | An independent, non-governmental organisation that develops voluntary, consensus-based international standards. ISO certification helps organisations demonstrate that they meet customer and stakeholder needs.

Movement control order (MCO) | A restriction measure implemented by the Malaysian government to curb the spread of COVID-19. It involves strict regulations on movement, including travel restrictions, closure of non-essential businesses, and limitations on public gatherings.

Nongovernmental organisation (NGO) | This report uses the term to refer to grassroots campaigning organisations focused on environmental or social issues.

Original Design Manufacturing | A business model where a company designs and manufactures a product as per the specifications provided by another company, typically a brand or a retailer, who then sells the product under its own name.

Qatalyst | QSR's intranet system designed to boost employee engagement and communication, streamline resource searches and promote a collaborative work environment.

Roundtable on Sustainable Palm Oil (RSPO) | A globally-recognised certification scheme for sustainable palm oil.

Sistem Latihan Dual Nasional (SLDN) | An initiative by the Malaysian Ministry of Human Resources to provide vocational education and training to students and improve their employability through strategic collaboration with industry players.

Sustainability | A term expressing the long-term balance between social, economic and environmental objectives. Often linked to sustainable development, which is defined as development that meets the need of current generations without compromising the needs of future generations.

Sustainable Development Goals (SDGs) | A United Nations blueprint to achieve a better, more sustainable, and inclusive future addressing global challenge, including poverty, inequality, climate change, environmental degradation, peace, and justice.

Shariah | A comprehensive legal framework derived from the teachings and principles of Islam. It encompasses a wide range of laws and regulations governing various aspects of life, including personal conduct, family matters, commerce, finance, and governance.

Zakat | A mandatory charitable giving or almsgiving practice in Islam. It involves the giving of a portion of one's wealth or income to those in need, typically given to support the welfare of the less fortunate and to uphold social justice within the Muslim community.

Publication date:

19 DECEMBER 2024

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