

# CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The MBf Group recognises the need to uphold its corporate social responsibilities (“CSR”) and had put into practice numerous initiatives throughout the year in its conduct of business. The major initiatives undertaken by the MBf Group in furtherance of its corporate social responsibilities categorised under the four (4) areas namely the workplace, the community, the market place and the environment are :-

## THE WORKPLACE

The MBf Group has more than 10,000 employees worldwide and recognises the valuable role played by each of its employees. In cognizance thereof, the MBf Group has ensured a conducive workplace for a harmonious and productive workforce with a strong sense of belonging. The Group Human Resource Department continuously reviews the remuneration structure of its employees in order to stay competitive in the respective markets. The MBf Group encourages its staff to pursue continuous education programs for self improvement and to enhance productivity. Training funds at 0.5 % of the personnel costs were set up by certain subsidiaries whilst others made statutory contributions to staff development funds and set up schemes to reimburse cost of tuition fees and text books to employees pursuing approved academic courses. Funding had been made for recreation activities to promote staff interaction and bonding with the view to improve teamwork.

The subsidiaries in the South Pacific, namely W.R. Carpenters (South Pacific) Limited (“Fiji Group”) and W.R. Carpenters (PNG) Limited (“PNG Group”) which operate in a multi-cultural society in Fiji and Papua New Guinea respectively, practice gender equality for all employees as evidenced by the balanced number in male and female employees. The PNG Group had upheld its Child Labour policy established in February 2008 to eliminate harmful child labour in its operations whilst the Fiji Group has an Occupational Health and Safety Committee at all major premises to effectively deal with issues such as sexual harassment and work hazards at the work place.

The PNG Group also has policies governing the welfare of its employees which include staff assistance schemes which are available to employees in financial difficulties and there is a group discount policy in place whereby all employees are entitled to discounts on items and products purchased from any company in the PNG Group.

## THE COMMUNITY

As a caring and responsible corporate citizen, the Group’s subsidiaries continued with their support of charitable and environment causes.

MBF Cards in the year 2009 contributed approximately RM240,000 to the following charities :-

- Treat Every Environment Special Sdn Bhd (“Trees”), Society for the Prevention of Cruelty to Animals (“SPCA”), Malaysian Nature Society (“MNS”), National Kidney Foundation (“NKF”) and Pure Life Society in support of nature and the environment out of its Gaia Visa Card program;
- Budimas Charitable Foundation in support of welfare organisations such as the orphanages, abused children and children shelter homes out of its Budimas Card program; and
- Selected Chinese School Education Funds for the Mandarin speaking public to promote Chinese arts and culture via its Xuan MasterCard program.

MBf Printing Industry Sdn Bhd (“MBf Printing”) had supported the annual fund-raising activities for underprivileged children organised by one of its major customers, McDonalds Malaysia. The company being in the food industry has stringent compliances imposed by its customers who are major global market players and strong supporters of CSR initiatives. For instance, MBf Printing is only permitted to buy its paper from selected suppliers who are in support of environment protection. In addition,

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MBF Printing has to comply with stringent procedures and is subject to regular audits by its major customers with regards to employment practices, workplace protection and handling of products.

The Fiji Group was engaged in community projects and provided assistance to the underprivileged in society. It was the sponsor of the "All-Rounder Scholarship" scheme at the University of the South Pacific, which offered scholarships to students excelling in sports in the Pacific region and those pursuing graduate studies at the University. Other major community and charitable projects undertaken in the year were :-

- Sponsorship of Fiji domestic netball tournament
- Sponsorship of various sporting tournaments and competitions
- Donations to various charitable organisations and apolitical NGOs
- Annual hosting of Christmas festivities for the underprivileged children.

The PNG Group provided adequate supply of drugs and medical supplies to rural clinics. Nurses carried out health awareness campaigns for employees, dependants and surrounding local communities. It is also a member of the Business coalition against HIV/AIDs and continues to work actively in the HIV/AIDS awareness program.

MBf Bank in Tonga participated and provided support to the following purpose-designed activities and programs:

- Health Driven Programs – namely,
  - Annual Open Heart Operations
  - Annual AIDs Awareness
  - Annual Breast Cancer Awareness
- Tourism Driven Programs – namely,
  - Annual National Tourism Festival Heilala Week (single largest festival in Tonga)
  - Youth Programs
- Social Awareness Programs – namely,
  - Ashika Ferry Disaster (a national disaster where 76 lost their lives)
  - Women & Children Crisis Centre
  - Law Week
- Sports Programs – namely,
  - National Rugby League – Participation in the recent World Cup in Sydney
  - National Ladies Rugby
  - Various Primary & Secondary School Sports Programs

## THE MARKET PLACE

The MBf Group continued to prioritise customer satisfaction and upheld its commitment in providing quality services to its customers at the most affordable prices. It maintains the highest ethical standards in its business policies, procurement and investment practices. The MBf Group prescribes to four (4) dimensions of "quality" in its delivery of services to its customers, namely, timely response, empathy, assurance and warm approach.

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MBf Printing, in line with its customers' quality standard requirements in maintaining food grade quality packaging, has adopted procurement practices with the appointment of qualified suppliers who meet the following criteria :-

1. Produce food-grade coated carton box boards/paper boards;
2. Subject direct raw materials to food sanitation standards; and
3. Use water-based solvents and solutions.

The Fiji Group has a very strict code of conduct policy to ensure all dealings are done in an open and transparent manner. On 15 November 2009, Carpenters Fiji Ltd, a subsidiary which is a key player in Fiji was admitted to TRACE INTERNATIONAL as a corporate member of good standing and reputation.

The PNG Group vigorously applies sound food quality principles to its food processing facilities. It upheld the Hazards and Critical Control Points certification for all its tea processing factories attained in 2008. The coconut oil produced underwent quality tests for fatty-free acids. Each division has a Quality Assurance Manager to oversee their quality control programs.

MBf Bank maintains a simplistic fee structure in the market and retains its position as the low cost leader in the banking industry in Tonga. The MBf Bank continues to reflect the MBf Group's corporate values in meeting the customers' needs and its continuing growth is a clear testimony of the market's positive reception of MBf Bank's core values.

## THE ENVIRONMENT

The MBf Group is supportive of all preventive measures taken by the local authorities in the protection of the local ecology. The Group's philosophy is for its operations to prevent harm to the environment, and to preserve it to the best of its ability. In addition, the Group plays its part in managing its internal environment through waste management, energy savings and water conservation.

The Fiji Group advocates preventing further degradation of the environment. There are policies and practices in place for safe disposal of pollutants from the Service Station and Workshop operations and to save power consumption through a scheme called PowerSavers. The Fiji Group had also lobbied the Fijian Government through the Fiji Motor Traders Association for the importation of low sulphur diesel fuel, which is less harmful to the environment. This was legislated and became law effective from 1 July 2009. Morris Hedstrom, the largest supermarket operator in the country, through its own initiatives, introduced bio-degradable and environmentally friendly shopping bags, instead of the plastic bags previously in use.

The PNG Group had installed an Environmental Management System as a management tool to develop, implement, achieve and maintain environmental programs. There were programs initiated to achieve environmental sustainability through waste recycling and due to concerns of global warming, it had implemented a group approach on developing energy conservation tips. Consideration for renewable timber resources is also a priority as the PNG Group has a strong presence in commercially operated Balsa plantations, which is a leading edge product that has minimal impact on the environment and is bio-degradable.

MBf Bank believes in responsible lending and is mindful of all associated activities, carbon footprints and its impact on the island's environment. In supporting all preventive measures taken by the local authorities in protecting the local ecology, MBf Bank participated and provided support to purpose designed activities and programs such as the various "clean up programs" by the Waste Authority.