

# GO BEYOND SUSTAINABILITY

Achieving greater heights in our drive  
to manage Sustainability.

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## MANAGING DIRECTOR'S MESSAGE

"In MFM, sustainability means being aligned towards the future and being successful over the long term. We seek to create value added supply chain activities in the spirit of Global Reporting Initiatives (GRI)."

**TEH WEE CHYE**  
Managing Director

Dear Stakeholders,

As one of the market leaders in food manufacturing industry, MFM Group seeks to achieve its strategic business goals, whilst complying with all applicable laws and regulations. MFM Group aims to accomplish the high standards of environmental and social matters while leading the business as an all-inclusive provider.

Our approach to sustainability keeps evolving, guided by what is crucial to our stakeholders. For this report, we embraced a structured Materiality Assessment (MA) approach that supports us to determine the impact of sustainability matters upon our various stakeholders. We engaged with our Senior Management to identify and assess the Materiality Sustainability Matters with regard to our Group.

In the following pages, we will be reporting our sustainability initiatives in 2017 concentrating on the impact upon our community, environment, business and people.

### COMMUNITY

Within the community, we endeavour to deliver positive and sustainable change to the lives of the underprivileged, focusing on bridging the education gap while encouraging volunteerism value among our people. Community responsibility is well integrated into our Group.

We have facilitated the Strategic Partnership between Universiti Putra Malaysia (UPM) and University of Arkansas (UARK), USA which resulted in the signing of a Memorandum of Agreement (MOA). MFM provides scholarship for selected students to spend one year at UARK. MFM also collaborates with UPM in research and development projects in relation to poultry integration.



Strategic Partnership between UPM and UARK

Furthermore, we have been instrumental in enabling the Strategic Partnership between University of Malaya (UM) and Kansas State University (KSU), USA in providing Bachelor's Degree in Milling Science & Technology, Feed Science & Technology and joint research project between UM and KSU in grain quality management and storage.



Strategic Partnership between UM and KSU

## ENVIRONMENT

In MFM, we are committed to reduce our environmental footprint by fostering water conservation, reducing emission and having livestock waste management.

In 2017, the average energy consumption of our poultry integration achieved an energy saving of 3.46% per MT. Our Group continues to address energy efficiency solutions such as the replacement and upgrading of lighting system from Metal-halide lamp to Light Emitting Diode (LED) and switching off power when they are not needed.

MFM had focused on livestock waste management as raw livestock waste may cause environmental greenhouse gas emission. In September 2017, we commissioned our RM2.4 million Composting Plant to convert raw chicken manure to organic fertiliser using fermentation technology with a processing capacity of 10 MT/day.

## BUSINESS

In May 2017, MFM achieved a milestone as we joined the accolades of BrandLaureate BestBrands award winners for the "Most Valuable Brand" in 2016/2017 under the "Food Manufacturing" category.



BrandLaureate BestBrands "Most Valuable Brand" in 2016/2017 under the "Food Manufacturing" category.

In October 2017, we received an award for the "Most Improved Service From IR Team" from Malaysian Investor Relations Association (MIRA) as recognition for our efforts in Investor Relations (IR) practices.



"Most Improved Service From IR Team" Award by MIRA

## PEOPLE

We believe that our people are our greatest assets. We treat each other with respect and work together as one big MFM family. Our working culture and values ensure that our people focuses on quality, unity and continuous improvements.

Significant resources have been committed by MFM Group on learning and growth programmes to equip our people in our drive to achieve our business objectives and strategies as well as our sustainability goals.

**TEH WEE CHYE**  
Managing Director





# OUR SUSTAINABILITY TASK FORCE



Malayan Flour Mills Berhad

In order to formalise our Group's Sustainability Framework, we have formed a Sustainability Task Force that will enable the Group to deliver sustainable value creation for all our stakeholders.

Our Sustainability Task Force is led by our Managing Director, Mr. Teh Wee Chye to ensure reliable decision-making process for our Group in achieving greater sustainability.

Sustainability risk management is integrated into our Group's risk assessment and is spear-headed by our Task Force which assesses the risk all year round and publishes the Sustainability Statement annually.

## Our Sustainability Team

### TOP MANAGEMENT

Our Managing Director chairs the Sustainability Task Force and is involved in reviewing sustainability strategies.

### BUSINESS UNITS

Our business units implement and manage sustainability initiatives.

### TASK FORCE

Our Task Force comprised of the Group Internal Audit & Risk Management team who is responsible for driving sustainability reporting initiatives.



# Embracing Sustainability in Our Group

## VISION

To build a sustainable business and continuously add value to all stakeholders.

## SCOPE

Our employees are responsible to embrace and INTEGRATE SUSTAINABILITY PRACTICES in the Group.

## OBJECTIVE

This Sustainability Policy aims to integrate a concept of sustainable development into the organisation's activities to establish and promote sound practices.

## SUSTAINABILITY POLICY GOVERNANCE

PDCA (plan-do-check-act) is a repetitive four-stage model for continuous improvement in business process management.

The well-known Plan-Do-Check-Act Cycle is incorporated into our sustainability initiative so as to continuously review policy and to take action for improvement.

This policy will be reviewed periodically to ensure best practices by the Sustainability Task Force.







## ➤ Our Group makes every effort to deliver sustainable solutions throughout our business operation.

In embracing good sustainability practices, MFM Group focuses on managing its social and environmental impact and seeks to improve operational efficiency and natural resources stewardship.

As wheat-related and poultry products would always remain as an essential part of food consumption worldwide, MFM is dedicated in constantly creating added value not only to shareholders but for society as a whole. Moving forward, MFM is committed to managing Economic, Environmental, Social (EES) and Governance matters, guided by MFM's Code of Conduct and related Policies, Standards & Guidelines.

## OUR POLICY & MANAGEMENT APPROACH TO SUSTAINABILITY

Our Group has identified and prioritised key issues related to EES and Governance for both Flour Division and Poultry Division as follows:

 <b>ECONOMIC</b>	 <b>ENVIRONMENTAL</b>	 <b>SOCIAL</b>	 <b>GOVERNANCE</b>
<p>To have good <b>STRATEGIC MANAGEMENT</b> &amp; wisely utilise our <b>FINANCIAL RESOURCES</b></p>	<p>To comply with the regulatory requirements &amp; standards in relation to <b>ENVIRONMENTAL CONCERNS</b></p>	<p>To provide our customers with <b>SAFE PRODUCTS</b> that adhere to Government's legislation &amp; requirements</p>	<p>To abide by the <b>REQUIREMENTS OF ALL LAWS</b> &amp; industry's best practice</p>
<p>To advance <b>SUSTAINABLE PROFITABLE GROWTH</b> whilst satisfying our ethical, legal &amp; contractual obligations</p>	<p>To <b>RAISE AWARENESS</b> among our employees &amp; the whole supply chain in order to act in an <b>ENVIRONMENTALLY-RESPONSIBLE MANNER</b></p>	<p>To <b>EMPOWER OUR EMPLOYEES</b> by offering training, motivation, career advancement &amp; <b>SUPPORT DIVERSITY</b> in workforce</p>	<p>To adopt good <b>ETHICAL PRACTICES</b> through our <b>CODE OF CONDUCT</b></p>
<p>To help our community <b>SURVIVE &amp; PROSPER</b> economically</p>	<p>To integrate <b>ENVIRONMENTAL MATTERS</b> into our business decisions</p>	<p>To provide a <b>SAFE &amp; HEALTHY WORKPLACE</b> &amp; take care of employees' well-being</p>	<p>To ensure an <b>APPROPRIATE GOVERNANCE SYSTEM</b> is in place to oversee the strategic development &amp; performance that relates to the maintenance of a <b>SUSTAINABLE BUSINESS</b></p>
<p>To provide ample <b>JOB OPPORTUNITIES &amp; JOB SECURITY</b></p>	<p>To ensure that <b>ENERGY &amp; WATER</b> are <b>UTILISED EFFICIENTLY</b> &amp; consumption is being monitored</p> <p>To <b>RECYCLE, REDUCE</b> or <b>REUSE</b> the waste or resources where practicable</p> <p>To reduce <b>CARBON FOOTPRINT</b> through <b>ENERGY EFFICIENCY &amp; CONSERVATION PRACTICES</b></p>	<p>To encourage <b>OPEN COMMUNICATION, IDEAS &amp; INNOVATION</b></p> <p>To engage actively with <b>CIVIC PROJECTS, CHARITY EVENTS</b> &amp; the local communities through our corporate social initiatives</p>	<p>To ensure <b>PROPER RISK MANAGEMENT &amp; INTERNAL CONTROL SYSTEM</b> are in place</p>

To acknowledge key issues under EES and Governance, MFM upholds its philosophy in terms of “QUALITAS” which represents quality of its production and service, “CONSILIUM” that represents unity of staff and management and the pursuit of “PROGRESSUS” which represents progress in various aspects.



The approach to tackle challenges linked to establishing solid sustainability practices is by having approved Statement on Corporate Governance, Terms of Reference of Board Committees, Board Charter, Whistle Blowing Policy and Code of Conduct which are made readily available to stakeholders via our Company’s website (i.e. <http://www.mfm.com.my/>). The Code of Conduct serves to ensure that all employees carry out their duties with utmost integrity.

Apart from that, MFM has ventured into developing sustainable waste management system for Poultry Division by setting up a Composting Plant to convert chicken manure into dry organic fertiliser.





# Scope & Boundary of our Statement

This Sustainability Statement represents MFM's inaugural efforts in disclosure of sustainability initiatives from 1 January 2017 to 31 December 2017. The facts and figures published within the Sustainability Statement are in accordance with Reporting Principle and Guidance for Defining Content in the GRI-G4 Sustainability Reporting framework as per Bursa Malaysia Securities Berhad (Bursa Malaysia) Main Market Listing Requirements.

Henceforth, our Group would progressively disclose related information required by Bursa Malaysia for the Sustainability Reporting of our Group.

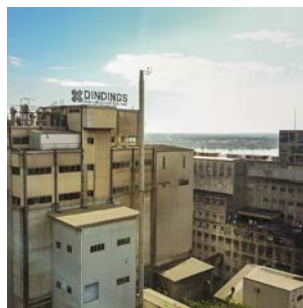
For the inaugural year, our Group only disclosed the material matters relating to the Flour and Poultry businesses carried out by MFM and its active subsidiaries in Malaysia and Vietnam as follows:



MALAYAN FLOUR  
MILLS BERHAD  
(MFM)

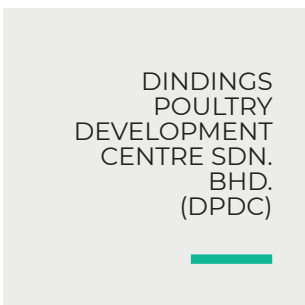
VIMAFLOUR LTD

MEKONG FLOUR  
MILLS LTD



MFM FEEDMILL  
SDN. BHD.  
(MFMF)

DINDINGS SOYA &  
MULTIFEEDS SDN.  
BERHAD  
(DSM)



DINDINGS  
POULTRY  
DEVELOPMENT  
CENTRE SDN.  
BHD.  
(DPDC)



DINDINGS  
POULTRY  
PROCESSING  
SDN. BHD.  
(DPP)





# Key Stakeholders & Engagement Involved

Our Group has continually engaged each stakeholder to address their concerns.

We have summarised our engagement platforms with the various stakeholders and the related outcomes from each engagement.



## SHAREHOLDERS

Engagement through AGM, Quarterly Reports, Annual Reports, Shareholders' Circulars, Announcements, Analyst Briefings & Corporate Website.

Their concerns are financial performance and returns, going concern and positive investment growth.



## HUMAN CAPITAL

Engagement through Town hall meetings, Employee Portal, Learning & Development programmes and Corporate events.

Their concerns are career development, work life balance and employee welfare.



## MEDIA

Engagement through media briefings, events, press conferences and internet.

Their concerns are Group's performance and updates.



## CUSTOMERS

Engagement through service satisfaction, customer appreciation and social media platforms.

Their concerns are quality of product, market availability, product prices and values.



## SUPPLIERS & SERVICE PROVIDERS

Engagement through compliance with ISO Standards, suppliers' evaluation (audit) and quotation from suppliers.

Their concerns are payment and up-to-date information about the Group.



## GOVERNMENT & REGULATORS

Engagement with relevant Authorities.

Their concerns are tax issues, pricing issues, labour practices, health issues, transparency and accountability.



## COMMUNITY & NGOS

Engagement through internship programmes, charity events and volunteer programmes.

Their concerns are community living, care and development.



## COMPETITORS

Industry competition and market forces.

Their concerns are price competition, new business opportunity, innovation and creativity.

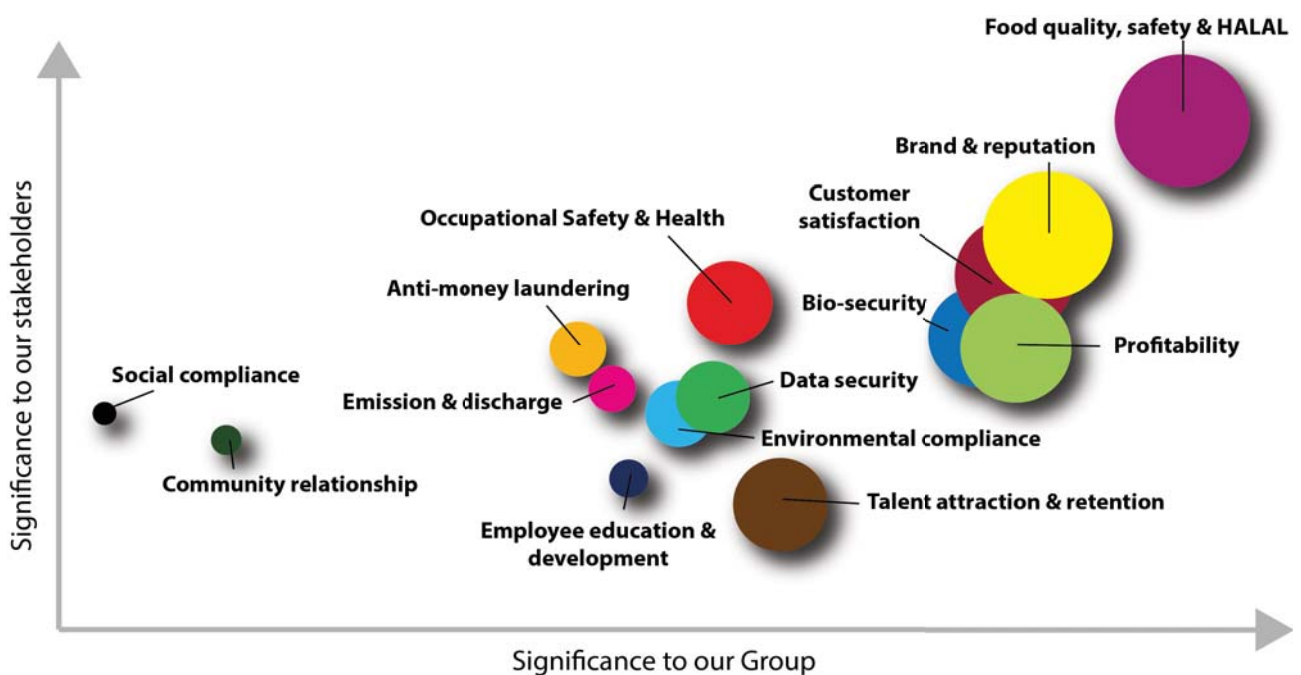


## Our Material Matters

In 2017, the Group embraced a structured Materiality Assessment approach guided by the Sustainability Reporting Guide and Toolkit in identifying and prioritising potential Economic, Environmental and Social risks and opportunities which may affect the Group's business and stakeholders.

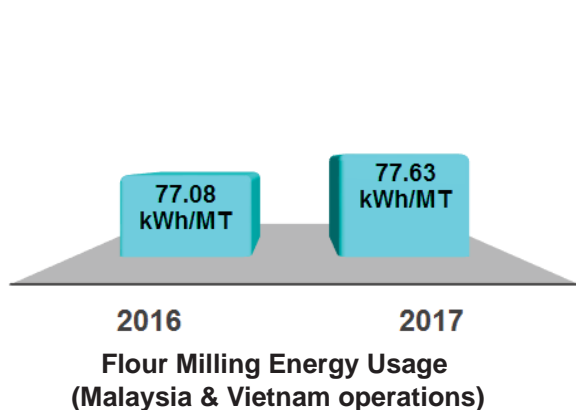
The Materiality Assessment was conducted through a workshop involving our senior management.

### Materiality Assessment

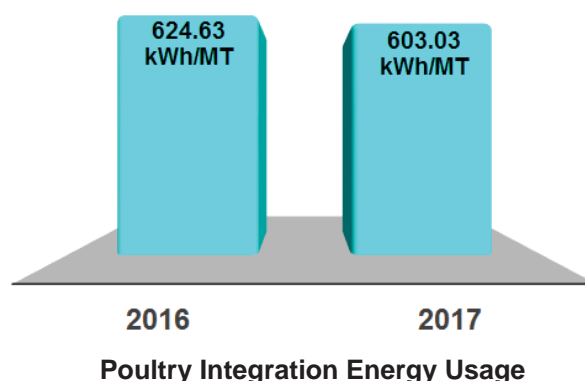


# Sustaining our response to climate change

Conserving energy is not just about saving on electricity costs. As one of the market leaders in flour manufacturing and poultry industry, minimising energy consumption is one of the top priorities in our effort to conserve energy in order to reduce carbon footprint.



Energy consumption of our flour mills has increased marginally by 0.55 kWh/MT from 77.08 kWh/MT in 2016 to 77.63 kWh/MT in 2017 due to certain upgrading works being carried out for plant improvement.



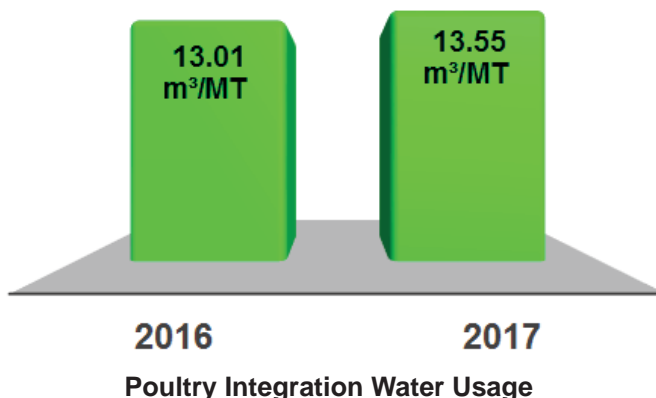
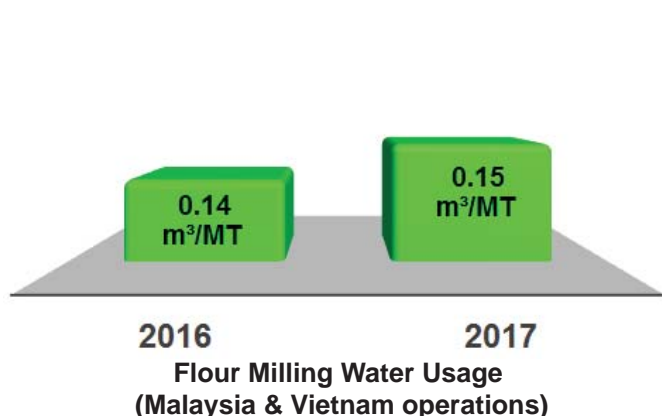
The energy usage of our poultry integration has achieved energy saving of 3.46% from 624.63 kWh/MT in 2016 to 603.03 kWh/MT in 2017.

# Water Consumption

Water management and conservation has been a key area of concern.

Water consumption in our flour mills has increased marginally due to certain upgrading works to improve the plant facilities during the year. Similarly, the water consumption in our poultry integration has increased marginally which was attributed to additional farm houses.

In our poultry processing business, a new rain water harvesting system has been incorporated as part of our newly-designed processing plant.







## Emission & Discharge

Our Group strives to secure effective, sustainable and ecologically sound waste management for many years to come.

### Dust Aspiration Management

Generally, in flour and feed mills, there is a tendency for dust accumulation which may lead to potential risk of dust explosion and air pollution if it is not properly handled. Our flour and feed mills comply with the Malaysia Standard MS1596:2003 of Regulation 4(2) Environmental Quality (Clean Air) Regulations 2014, Standard C Limit of 0.400 g/Nm<sup>3</sup> for control of air pollution and gaseous emissions issued by Department of Environment, Malaysia.

### Waste Management

Waste management plays an important role in protecting the environment and human health. It can help to conserve the beauty of our planet that can be damaged by improper waste disposal. Our Group has established standard operation procedures (SOP) for waste disposal i.e. scrap waste, hazardous chemical waste and others. Further, our Group has implemented a number of training programmes on chemical waste management and disposal procedures including "Safe Chemical Handling" for the workers.

Waste oil and hazardous chemical can cause extensive damage to environment and pose substantial hazards to the lives of animals, plants and humans. Our Group manages waste oil and hazardous chemical disposal properly in accordance with the Environmental Quality Act 1974.

Furthermore, our Group practises recycling activities for certain waste with recycle value (i.e. plastic drum, metal drum, unused wooden pallet and etc.) as part of our efforts to conserve natural resources.



# Sustainable Livestock Waste Management towards Green Environment

## Composting Plant



To combat pollution from the discharge of untreated livestock waste, we invested

***RM2.4 million***

in a manure fermentation technological plant which was commissioned in

***3rd Quarter of 2017***

Direct application of chicken manure into plantation soil may cause environmental emission such as foul odour and encourage breeding platform for pests such as flies. Our new Composting Plant will convert chicken manure into

## Organic Fertiliser

through an effective fermentation process with

**10 tonnes**

processing capacity per day.

Our Composting Plant has an odour filtration system which contains saw dust with carefully selected microorganism which reduces Ammonia emission level,

**thus, complying with Occupational Safety and Health (Use and Standard of Exposure Chemical Hazardous to Health) Regulations 2000.**

Our Composting Plant which is located in Segari, Perak







## Food Quality & Safety

As a food producer, quality and safety of production is vital. Our Group ensures that the highest standards of production processes are implemented.

### FLOUR MILLING

Production of wheat flour by our flour mills are assessed by external governing bodies from time-to-time to ensure supplies of safe quality food to consumers. These assessments contribute in enhancing the responsibility and accountability of MFM to produce safe quality food. Certifications affirm that food safety systems are in place in our flour mills. Other than that, products of our flour mills are certified by JAKIM (Department of Islamic Development Malaysia) as HALAL. This provides assurance that products produced comply with the Islamic dietary requirements. In 2017, our flour mills did not receive any notice or penalty from authorities. Below are the accreditations which MFM has attained:

- ✓ Hazard Analysis and Critical Control Points (HACCP)
- ✓ FSSC 22000:2005
- ✓ MeSTI
- ✓ SIRIM
- ✓ HALAL (certified by JAKIM)







## POULTRY INTEGRATION

### Feed Milling

Our feed mills manufacture high quality feeds and were accredited with Hazard Analysis and Critical Control Points (HACCP). Additionally, our aqua feed mill has been awarded with Fish Quality Certificate by the Department of Fisheries Malaysia certifying that our aqua feed mill complies with the European Union requirement as stated under Regulation 5(1) of the Fisheries (Quality Control of Fish for Export to the European Union) Regulations 2009.

These accreditations are an affirmation that our feed mills applied all required principles of food hygiene in the process of manufacturing feed for broilers, breeders and aquatic animals to achieve the final goal of ensuring the final products i.e. broiler meat and fish meat are safe for human consumption. Due to our efforts in complying with regulations in 2017, our feed mills did not receive any notice or penalty from authorities.

### Poultry Farming

Quality broilers are supplied by our own poultry farms to our poultry processing plant as well as the live bird open market. Our poultry farms have fulfilled the requirements by Department of Veterinary Services and Malaysian Good Agricultural Practices for livestock and have been accredited with MyGAP Certificate from the Ministry of Agriculture and Agro-based Industry.

To maintain excellent hatching eggs (HE) quality, different samples such as viscera and nest swab in chicken houses are collected from birds of various age and sent to an outsourced testing laboratory accredited with MS ISO/IEC17025 & ILAC-MRA. The hygiene of HE would be maintained by a fumigation process right after collection from each farm house. Fumigation process is conducted to prevent microbial contamination which results in poor hatchability and chick performance. Furthermore, samples of drinking water provided to our chicken would be sent to an external testing laboratory accredited with Skim Akreditasi Makmal Malaysia (SAMM) to ensure our water quality complies with the governing standards. In 2017, our poultry farms did not receive any notice or penalty from authorities.

## Poultry Processing

Certifications are essential to our poultry processing business as they provide assurance that our products are safe for human consumption. Our poultry processing plant has been accredited with Hazard Analysis and Critical Control Points (HACCP), Veterinary Health Mark (VHM), ISO 22000:2005, ISO 9001:2008, Good Manufacturing Practices (GMP) for Food and certified HALAL.



Authorities that regulate poultry processing products are the Department of Veterinary Services Malaysia, Department of Islamic Development Malaysia (Halal certifications), to name a few. Any form of non-compliance may result in penalties and interruption to production. In 2017, our poultry processing plant did not receive any notice or penalty from authorities.

## FOOD QUALITY AND SAFETY TRAINING

We believe that awareness and improvement are essential to a successful deployment and training should be conducted strategically for all employees. At our flour mills, we organised extensive training for our employees on food quality and safety including Good Manufacturing Practices Module 1-3, Food Hygiene, Food Safety and GMP Awareness Training & FSSC 22000 (with ISO/TS 22002-1) Awareness Training.



At our feed mills and poultry processing plant, training is one of the crucial elements in maintaining quality and safety standards. In 2017, we provided food safety and health training for our employees in HACCP Awareness, Food Hygiene, Food Safety and GMP Awareness Course, Internal Auditor Training, ISO 9001:2015 Auditor Transition Training Course, Food Handler Training and Understanding & Implementation of HACCP (MS1480:2007).

# Bio-security

Our poultry farm is thoroughly equipped with well-maintained bio-security facilities which allow our poultry farm to have minimal level of biological organisms (i.e. viruses, bacteria, rodents etc.) across our farm borders. Effective bio-security is the most efficient way of disease control and prevention available.

Our farms are staffed with qualified veterinarians on site who are responsible for monitoring flock health, diagnosis and treatment prescription.



MFM has invested RM 231 million as at 2017 in state-of-the-art Closed House System and Hatchery Facilities which incorporate good bio-security measures and practices.



Closed House System adopted by our Breeder & Broiler farms with state-of-the-art ventilation system consists of fan system, air inlets, evaporative cooling system, temperature control and thermostats.

By practising Closed House System, we are able to regulate chicken house temperature, reduce bird stress and have better control of bio-security which led to a reduction in bird mortality and better farm performance.

## OUR BIO-SECURITY MEASURES

- Vehicle shower at the main entrance of the farm.
- All workers must shower and change into designated farm uniform before entering the farm.



- Boot-dip into disinfectant trough before entering farm houses.
- Fencing surrounding farm compound to prevent animals entering the farm.



- Ensure the cleanliness of the Incubation and Hatchery facilities.
- Disinfection of our Incubation facilities and Hatchery rooms with appropriate disinfectants.
- Washing of used egg trays and buggies with high pressured water and then sprayed with appropriate disinfectants.
- Baskets are washed using automatic washing machine and is washed with disinfectants.

# Customer Relationship Management



Developing a healthy relationship with customers is crucial to understand customers' needs in order to improve our services and product quality. We deploy Customer Relationship Management System (CRM) to systematically manage feedbacks from our customers.





We aspire to provide a safe environment to all our employees by mitigating the risk of avoidable danger in the workplace. We care about the welfare of our employees and promote health, safety and well-being in our operations.

# Safety & Health

## S SAFETY OFFICER

Our Safety & Health Officers are in place to conduct regular checks to ensure compliance with statutory regulations, procedures and practices. They investigate any safety & health incidents that happened in the workplace, conduct safety campaigns and provide individual counselling on safety & health related matters.

## C COMPLIANCE

We comply with the Occupational Safety and Health Act (OSHA) 1994, Factories & Machinery Act 1967 and their regulations. Our poultry farm reinforced our commitment towards OSHA by developing a Occupational Safety & Health Administration Manual and implementing Hazard Identification, Risk Assessment and Risk Control (HIRARC).

## Z ZERO PENALTY & FATALITY

In 2017, we did not receive any penalties related to occupational safety and health from relevant authorities. There were no workplace fatality cases in our Group.

## T TRAINING

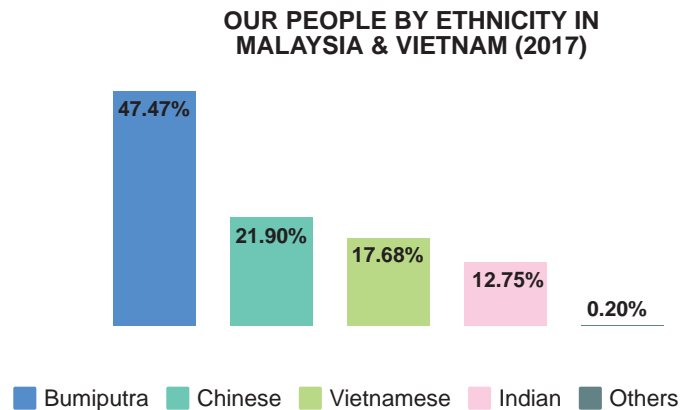
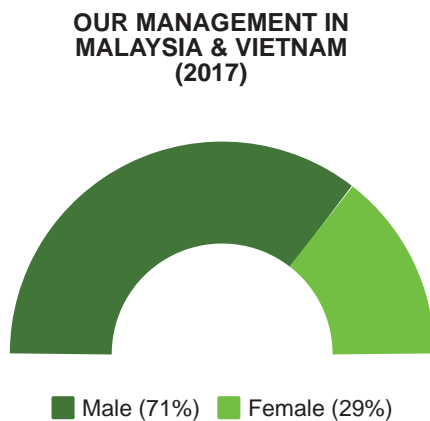
We place high priority on work related health issues and have put in place training programmes which includes Basic Occupational First Aid, Automated External Defibrillator (AED) and Cardiopulmonary Resuscitation (CPR) Training, Authorized Entrant and Standby Person (AESP), Safe Chemical Handling, Hazardous Identification Training, Fire Extinguisher Training, Ergonomic in Workplace Training, Hot Work Awareness, Working at Height Awareness, Machine Handling Awareness, Developing Effective Safety & Health Committee Training, Hand and Finger Injury Awareness Training, Noise Exposure Training to mitigate such hazards.

## Our People

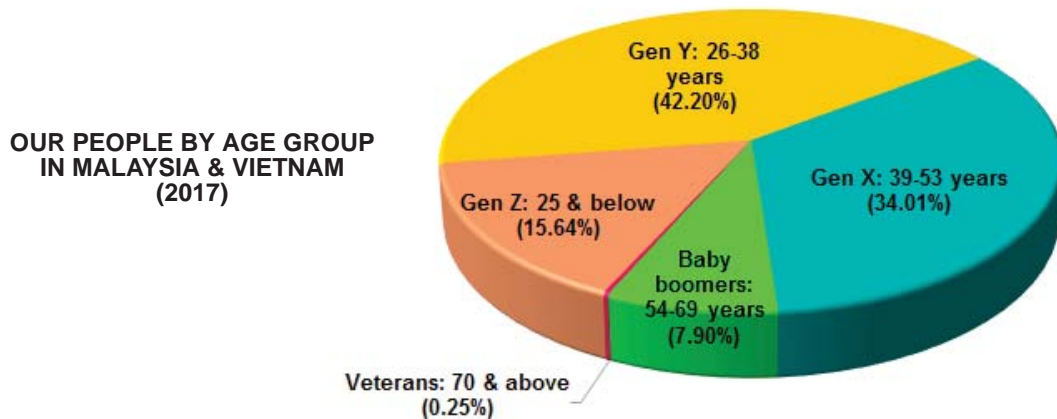
Our Group values workforce diversity as one of the key elements to achieve the Group's vision and mission. We have a diversified workforce which comprises of different gender, age group, ethnicity and cultural backgrounds to harness the multiple perspectives of the working population.



Note: Gender profile data excludes foreigners.



Note: Our people by ethnicity data excludes foreigners.



Note: Our people by age group data excludes foreigners.

## Talent Acquisition

### Partnership and Engagement with Schools & Universities

MFM Group constantly establishes partnership and engages with schools and universities as part of the Group's commitment for corporate social responsibility to nurture talent at the education institutions level, building sustainable talent pipeline as well as employer's branding. MFM Group also actively participates in numerous major career fairs by providing rewarding career opportunities in the workplace. The details are as presented below:

#### Strategic Educational Partnership Agreement with SMK Methodist (ACS) Sitiawan and SMJK Nan Hwa

In providing students learning experience beyond the classroom, MFM signed a Strategic Educational Partnership agreement with SMK Methodist (ACS) Sitiawan and SMJK Nan Hwa. Among others, MFM organised a 2-week School Holiday Apprenticeship Programme in Flour Milling and Poultry Farming every year for the students. In terms of career exposure, MFM also provides opportunity for students to visit MFM farms & plants and conducts career talk for the students. In addition, MFM implements Students Adoption Programme to provide financial aid to 10 selected less privileged students annually and sponsors Excellent Awards in recognising students who excel in academic and co-curriculum activities.

#### School Holiday Apprenticeship Programme in Flour Milling & Poultry Farming

Students from both SMK Methodist (ACS) Sitiawan & SMJK Nan Hwa participated in the 3rd School Holiday Apprenticeship Programme this year. 10 students from SMK Methodist (ACS) Sitiawan joined the Flour Milling programme at MFM Lumut, while another 10 students from SMJK Nan Hwa joined the Poultry Farming programme at DPDC Batu Undan. By exposing the students to the daily operational systems and processes at the flour milling plant and farm operations in Hatchery and Breeder farm, it allowed them to gain real-life working experience and explore their career aspirations.



#### SMK Methodist (ACS) Sitiawan and SMJK Nan Hwa Award Day

MFM was present at SMK Methodist (ACS) Sitiawan & SMJK Nan Hwa Award Day on 8 April 2017 and 6 October 2017 respectively to congratulate and support the students at the schools. As part of MFM's effort to promote and support education amongst the young ones, MFM through its Students Adoption Programme provided financial aids to 10 students from the schools. In addition, MFM further encouraged and motivated the students at the school by awarding the Top 3 Best Students in Form Four and Form Five with cash prizes.



#### Montfort Boys Town Plant Tour

On 13 April 2017, MFM Lumut Plant hosted a group of 40 students and teachers from Montfort Boys Town, Selangor. The plant tour is to provide the students a real-life experience of the flour milling process and at the same time provide them exposure to the various career opportunities available in the plant. The students and teachers were given a safety briefing before proceeding to a comprehensive plant tour covering the Silo, Milling, Lab, Warehouse, Packaging and Engineering sections.



## Talent Acquisition

### Strategic Partnership between UM and KSU

Being an industrial player, MFM had been instrumental in enabling the Strategic Partnership between UM and KSU in providing Bachelor's Degree in Milling Science & Technology, Feed Science & Technology and joint research project between UM and KSU in grain quality management and storage.

### Strategic Partnership between UPM and UARK

MFM also facilitated the Strategic Partnership between UPM and UARK in signing the MOA. One of the highlights of the MOA is 3+1 Bachelor of Agriculture (Animal Science) Programme, where selected UPM students will spend their final year in UARK, which includes taking elective courses, summer internship, conducting final year project and industrial attachment at big poultry companies in Arkansas. MFM will provide scholarships for selected students to spend one year at UARK. MFM also collaborates with UPM in research and development projects in relations to poultry integration.

### UPM's 40th Convocation and Veterinarian Award Ceremony

MFM was present at the UPM's 40th Convocation and Veterinarian Award Ceremony on 4 November 2017. MFM continues to support education in the country by sponsoring awards to high-achieving students in the Veterinarian studies in UPM to further encourage and motivate them to do well. MFM believes that a strong foundation in education is critical to the development of the country, especially in the poultry industry.

### Collaboration between MFM & Universiti Tunku Abdul Rahman (UTAR)

#### - High Level Career Talk

MFM worked very closely with the Engineering students from the UTAR Sg. Long Campus to organise a High Level Career Talk on 13 February 2017. MFM Senior Management team came out in full force to support the career talk and shared with more than a hundred Engineering students on the latest information and technology in the flour milling and poultry industry. MFM provided lunch and allowed the students the opportunity to network with the Senior Management team.



#### - Engineering & Science Fiesta 2017

MFM is proud to be the Platinum Sponsor to the UTAR Engineering & Science Fiesta 2017. In line with the company's objective to advance the country's education level and extend its support to promote Science, Technology, Engineering & Maths (STEM) in the country, MFM actively participated in the 4-day event covering a technology exhibition, career fair as well as a Corporate Social Responsibility activity to help clean the Sekinchan beachfront.

#### - Agriculture Technology Seminar

MFM also sponsored the UTAR Agriculture Technology Seminar Series 16: Livestock Farming & Sustainability. MFM was pleased to be able to play a part in gathering the industrial experts to share their knowledge and best practices during the seminar. MFM also had an exhibition booth to share the current practices at our own poultry farm to the students, academicians as well as the other industrial experts attending the seminar.



## Talent Acquisition



### Orientation Programme

Information on the Group's vision, mission and history, HR policies, overview of business operations within MFM Group was shared with new employees in the 2-day Orientation Programme. There were 93 new executive employees who had attended the Orientation Programme in year 2017.



### Lumut & Sitiawan Plant Tour

Opportunities were given to the new employees to visit the flour mill in Lumut and poultry processing plant in Sitiawan. The main objective of this plant tour is to enable the new employees to have a better understanding of the production processes for flour and poultry products.

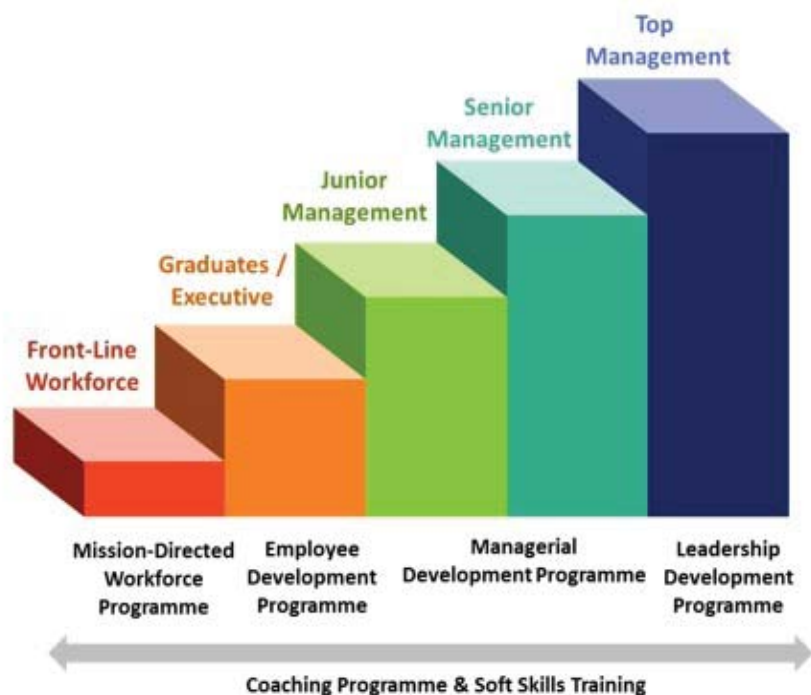
### Breakfast Engagement Session with the Managing Director

Breakfast Engagement Session provides a platform to foster a culture of open two-way communication. New employees were given opportunity to share their thoughts with the Managing Director, Mr. Teh Wee Chye. Everyone was encouraged to share what they like about the Group, overall experience and suggestions for improvement during the session.

## Functional and Leadership Development

To build an effective talent pool and develop employees' leadership capability, MFM Group has implemented a series of development programmes covering front-line workforce, fresh graduates/executives, junior management, senior management and top management, which include Mission-Directed Workforce Programme, Employee Development Programme, Managerial and Leadership Development Programme.

In addition, the Group embarked on a Coaching Programme since year 2015 to inculcate a coaching culture across the board. With a pool of coaches within the Group, the employees learn and grow through coaching. Soft-skills trainings are also conducted in-house for all levels of employees within the Group to enhance their job performance.



## Functional and Leadership Development

### Mission-Directed Workforce (MDW) Programme

MDW Programme is designed to equip front-line workforce with the skills to drive continuous improvement, waste elimination and the principles of LEAN throughout the organisation. We apply the following key strategies:

- Focus on simultaneous improvement of quality, speed and cost effectiveness.
- Establish close links with customers and suppliers throughout the value chain.
- Drive both linear, continuous improvement as well as non-linear breakthrough improvements in their workplace.
- Eliminate all forms of waste.
- Apply leadership practices that promote teamwork, continuous learning, engagement and flexibility.

The process is line-driven and provides supervisors and their teams with the tools and skills to implement these practices in areas identified to be of greatest business needs.

Mini business teams are established at the front-line whereby each team develops its own mission and measures of success. Goals for each mini business are defined in terms of Quality, Speed, Cost Effectiveness, Safety, and People to ensure alignment with the overall business strategy and goals.

A sense of ownership, engagement and accountability is driven to the front line where members take full responsibility for their business results and the improvement thereof, through the mini business concept.

### Employee Development Programmes

In building a sustainable talent pipeline for the businesses within the Group, MFM has implemented the following Employee Development Programmes to provide a career path for the fresh graduates to groom them towards Management level by undergoing a robust learning & development programme:

- Production Engineer Development Programme (Flour)
- Production Engineer Development Programme (Feed)
- Product Consultant Development Programme (Flour)
- Technical Sales Executive Development Programme (Aquaculture)
- Commodity and Trade Analyst Development Programme



### Managerial & Leadership Development Programme

Top management and identified talents throughout the MFM Group have embarked on a structured 3-year Managerial and Leadership Programme from year 2015 to 2017. The programme was designed to create a higher sense of personal leadership awareness, enable mindset shifts and strengthen the 4 pillars of leadership behaviours, i.e. trust, authenticity, commitment and responsibility.



## Functional and Leadership Development

### Coaching Programme

As part of our continuous employee development, MFM Group conducted a Coaching Programme for 40 employees in year 2017. Throughout the 6-month coaching journey, the coachees were coached in achieving their business goals, team goals and personal goals; while the coaches also benefited as they built their coaching capability internally. This is a very experiential journey where both coaches and coachees benefited by learning from each other, besides fostering closer relationship.



### Soft Skills Training

#### Change for Greater Success

A total of 21 sessions were conducted benefitting a total of 455 employees since Change for Greater Success was first launched. This programme was designed to help employees to overcome change. A positive attitude leads to greater success. It enables people to focus on changing the way we see things and the way we deal with people and the way we interpret things. The Group believes in developing “Great Employees → Great Team → Great Organisation”. Monthly sharing of the principles was being conducted by members of the senior management team to inculcate an effective paradigm in the workplace and personal life.

### Team Synergy

It is vital to recognise the importance of shared interdependence, cooperation, shared vision, open communication and creative ideas, in order to be in line with MFM Vision “To Be A Leading Food Manufacturing Enterprise In The Region”. The three most important factors to creating an effective team is “Diversity + Creativity + Focus = Team Synergy”. Through this programme, everyone will see teamwork as one of the most important aspects to success.



### The Art of Negotiation Programme

The Art of Negotiation Programme enables all sales-related personnel to align in terms of communication with customers (both internal and external), understanding sales and its processes, body language and negotiation. This programme will provide skills to further develop sales approach and closing a negotiation successfully.

## Employee Engagement & Retention

MFM Group believes unity of employees and management is essential to a successful enterprise, as expressed in one of the core values, i.e. Consilium. As part of the initiatives to foster employee engagement and retention, MFM organised a series of engagement sessions with employees, including annual town hall meeting, annual dinner, annual festive celebration, monthly and quarterly engagement with senior management team, breakfast engagement and comprehensive orientation programme for new employees, as well as many other fun-filled activities. MFM also conducted remuneration benchmarking exercise as one of the retention strategies to ensure the competitiveness of current remuneration practices and the sustainability of the current salary range structure and benefits policy.



### MFM Town Hall

In providing a platform for senior management to engage and foster closer relationships with the employees, MFM organises town hall session annually. This year, the town hall session was participated by 210 employees from Malaysia, Vietnam and Indonesia. The Managing Director and Business Unit Heads shared the Group's past year achievements and upcoming business objectives and strategies for their respective areas. A Question & Answer session was incorporated to encourage two-way communication.

### Malaysia Cultural Day

In conjunction with Malaysia Day and Mid-Autumn Festival, MFM organised Malaysia Cultural Day on 15 September 2017 which aims to promote diversity and increase understanding between cultures, at the same time engage and build relationships between employees and the management team. On top of delicious local delicacies that were served, Best Malaysia Traditional Costume and Lantern Making Competition were held. Throughout the competitions, employees showcased their creativity and crafted their own unique and fascinating MFM lanterns with recycled materials.

### Innovation Awards

To instil innovative culture, an Innovation Award Competition was introduced to encourage employees to spawn new and creative ideas in their workplace for continuous improvement. The Best Innovation Award for year 2017 Innovation Award Competition was won by DPP Sitiawan. The winning project titled "Fillet Tendon Stainless Steel Stand" has fulfilled all five criteria for the best innovation, i.e. creativity, business impact, teamwork, analysis of business benefits and implementation.





# Corporate Social Responsibility

In MFM, we acknowledged that Corporate Social Responsibility (CSR) is vital to our current and future success as a business. We take CSR seriously and have created strategies, governance structures, corporate policies and codes of conduct that help to embed corporate responsibility into our daily operations. This is demonstrated in the way we deal with our customers, employees and the wider community where we operate which include good ethical behaviour, concern for employees, care for the environment and community involvement.

## CUSTOMER/CONSUMER RELATIONS

### PRODUCT DEMONSTRATION

#### Product Demonstration during Ramadhan in May 2017 at Aeon Bandaraya Melaka and Aeon Kinta City, Ipoh

In conjunction with the Ramadhan month, MFM held a roadshow at Aeon Bandaraya Melaka for 4 days from 4 May 2017 to 7 May 2017. Additionally, the same event was also held at Aeon Kinta City, Ipoh on 14 May 2017. The objective of these events was to promote and build brand awareness of MFM flour to consumers via product demonstration to create crowd momentum.



#### Product demonstration at Kim Wah Food Ingredients, Kluang

On 5 May 2017, MFM Pasir Gudang's Product Consultant & Customer Service team had conducted a product demonstration and food tasting at Kim Wah Food Ingredients, Kluang. 3 recipes were demonstrated namely pineapples cookies, snow almond cookies and buttermilk chocolate pound cake.





# Corporate Social Responsibility

## DISTRIBUTORS' CONVENTION

DPP had organised its Distributors' Convention in Guangzhou, China from 22 November 2017 to 25 November 2017. DPP's future strategic directions, marketing and branding activities were shared with its distinguished business partners. Mock cheque incentives were given on the day to the distributors as recognition of their efforts and achievement during the year. All distributors benefited from the useful information shared with them and the incentives motivated them to serve customers better.



## COMMUNITY ENGAGEMENTS

### FUND RAISING

#### Shang Wu School, Penang Fund Raising

On 21 May 2017, DPP had participated in school fund raising activities organised by Shang Wu School, Penang. All funds raised from the sales of Ayam Dindings products were contributed to the school.



#### Food Fair

DPP had participated in Pay Fong Middle School's Food Fair from 17 June 2017 to 18 June 2017. DPP engaged and sponsored the food fair with its Ayam Dindings products. All proceeds from the fund raising exercise were contributed to the school.



# Corporate Social Responsibility

## SRJK (C) Aulong, Taiping Fund Raising Event

On 1 September 2017, DPP had participated in school fund raising activities organised by SRJK (C) Aulong, Taiping. DPP sponsored its Ayam Dindings Roast Chicken. DPP had received astounding response from the crowd. Moreover, all proceeds from the sales of DPP's products were contributed to the school.



## Sitiawan 1st Settlement Museum Carnival

On 16 September 2017, DPP took part in the above fund raising event held at Sitiawan Settlement Museum and had sponsored its Ayam Dindings products. Due to overwhelming response from the crowd, DPP's products were quickly sold off.



## Senamthon Carnival

SK (P) Methodist 1, Brickfields organised "Senamthon Carnival" on 8 October 2017. DPP participated and sponsored its Ayam Dindings products.





## Corporate Social Responsibility

### Sekolah Semangat Maju, Sitiawan – Fund Raising

On 28 October 2017, DPP sponsored its Ayam Dindings products to Sekolah Semangat Maju, Sitiawan. All proceeds from the sales of DPP's products were donated to the school.



### Sin Chew Carnival

On 29 October 2017, DPP participated in "Sin Chew Carnival" fund raising event organised by SJK (C) Bukit Beruang. All proceeds from the sales of DPP's products were contributed to the school for its upgrading and installation of multimedia equipment in the classrooms.



### Karnival Jualan

On 1 November 2017, DPP participated in "Karnival Jualan" fund raising event organised by SJK (C) Kur Seng, Sitiawan. All proceeds from the sales of DPP's Ayam Dindings products were donated to the school.





# Corporate Social Responsibility

## Penyayang Orang Tua

On 14 May 2017, DPP had organised the “Penyayang Orang Tua” event along with an NGO in Penang. DPP sponsored the event with Ayam Dindings products. All proceeds collected were contributed to the participating NGO.



## Hari Raya Makan - Makan with Mentally Challenged Children

On 6 July 2017, DPP had organised a “Hari Raya Makan-Makan” to share love and joy with intellectually disabled children in a Penang Mentally Challenged School. DPP team had cooked and sponsored its Ayam Dindings products.



## Hari Raya Berbuka Puasa for Peringkat DUN Bemban with fakir Miskin, Warga Emas and Anak Yatim

On 13 June 2017, DPP had sponsored Ayam Dindings products in conjunction with “Hari Raya Berbuka Puasa” for old folks and orphanages in Dewan Terbuka Jeperum Bemban, Melaka.



# Corporate Social Responsibility

## Project Go Rotary 2017 for Old Folks

Rotary Club of Tampin organised an event named "Projek Hormati Warga Emas" on 24 September 2017. DPP's products were cooked and distributed to the elderly.



## Sambutan Hari Rehabilitasi Sempena Hari OKU Sedunia

On 16 December 2017, Persatuan Rakan Celik PIPI (Physical, Intervention, Psychological, and Intellectual) had launched the "Sambutan Hari Rehabilitasi Sempena Hari OKU Sedunia" in Hospital Sultan Ismail, Johor Bahru. DPP participated in the event and sponsored its Ayam Dindings products.



## Contribution to Vietnamese Fatherland Front of Ba Ria - Vung Tau Province

In 2017, Mekong Flour Mills Ltd. had contributed 50,000,000 VND to the Vietnamese Fatherland Front of Ba Ria - Vung Tau Province towards the construction of a solidarity house.





# Corporate Social Responsibility

## Social Education Programme with Hoa Sua Baking School in Vietnam

The Hoa Sua Baking School in Vietnam is dedicated to help disadvantaged young people with an opportunity to learn French culinary skills. In December 2017, Vimaflour Ltd participated in the baking class organised by Hoa Sua Baking School to teach the students to have a better understanding of flour characteristics. Vimaflour sponsored certain baking equipment and flour to Hoa Sua Baking School.



## Plant Tour for Hoa Sua Baking School

In 2017, Vimaflour Ltd hosted a group of students from Hoa Sua Baking School to provide the real factory experience together with state-of-the-art equipment used in production.

