

# BUSINESS SUSTAINABILITY

Business sustainability refers to the pursuit of a business strategy that drives longer term corporate growth and shareholder value by embedding and managing economic, environmental and social developments / issues into the business model. In many instances, this orientation has been interpreted to mean stakeholders' concerns effectively revolve around the 3Ps-Profit, People and Planet or the Triple Bottom Line.

Given its relatively long corporate citizenship, the MAA Group has strived to meet the expectations of stakeholders in the three aforesaid constituencies.

For the Group, the financial component of the equation is characterised by such initiatives as the disposal of non-core assets, cost rationalisation measures, capital management, establishment of strategic business partnerships, enhancement of distribution channels and measures to enhance operational efficiency. The nature of the initiatives inevitably change over the course of time to reflect developments in the external operating environment as well as internal priorities. The Group utilises the occasion of the annual budget exercise to outline the specific areas of immediate concern, set performance targets and to roll-out identified business / operational strategies. The 5 Year Strategic Plans of the respective operating entities sets out in broad terms, the longer term direction / expectations of each company. A consistent theme in these endeavors is the requirement for the companies to be a credible player in their respective sectors by continuously strengthening revenue streams, being profitable, maintaining a low cost operating structure and being compliant with regulatory provisions.

With regard to the social perspective, the Group has over the years, contributed substantial financial and non-financial resources to the medical and child welfare cause that it supports through MAA Medicare Sdn Bhd and The Budimas Charitable Foundation respectively. As these activities are explained in greater detail in the section on Corporate Social Responsibility (Page 63), it would suffice to say that, by virtue of being flagship causes, the Group is committed to the geographic expansion of both programmes so that a larger number of beneficiaries will have access to the educational, social and economic benefits that they confer.

The Takaful arm of the Group has agreed in principle with its Bancatakaful partner, to contribute to Perbadanan Wakaf Selangor whose funds are currently managed by the latter. The said contributions will be sourced from the profits of the bancatakaful business and will be used by Perbadanan Wakaf Selangor to extent educational scholarships and to meet the health care needs of the needy as well as for investment purposes in order to develop a sustainable income stream.

The Group has also instituted a number of measures aimed at empowering its employees and improving the work environment. Amongst others these include, the introduction of a Whistle-blowing policy, subsidised workshops on self protection techniques for female personnel, flexible working hours, health insurance benefits for the entire Group staff and, access to the in-house gym with its range of sponsored tailored exercise regimes to encourage better work-life balance. However, the most critical component in this package is the yearly budgetary allocation for human capital development. For example in 2012, MAA Takaful incurred a total of RM2.7 million in training expenses. This translated into 19% of its annual wage bill and was well above the regulatory requirement of 3.5%.

With insurance and fund management being principal activities of the Group where the provision of financial advice is a key aspect of the selling process, the Group also has emplaced effective mechanisms to mitigate instances of deceptive marketing in order to protect customer rights. This includes a formalised grievance resolution channel and enforcement of remedial actions against erring parties. MAAKL Mutual's proprietary business ethics code known as "MAAKL 7 Principles of Ethics" is one example of this emphasis.

On the environmental front, the Group has implemented a number of measures that have in no small measure helped to eliminate wastage, minimise demand on resources and reduce the carbon footprint. Leveraging IT capabilities to undertake process automation has been the principal enabling factor in this regard. MAA Takaful's award-winning Innovative Consultant Management System (iCMS) and MAAKL Mutual's Adviser Management System (AMS) stand out. Other notable initiatives include emplacement of a more intelligent workflow processes (iCERT), e-Payment facilities, customer e-Portal (MyAccount) and e-Statements.

Collectively, these measures have streamlined work processes thereby reducing headcount demand, facilitated customer interaction and in the process eliminated the need to be physically present to make enquiries or to resolve issues, extended the geographical reach of the business franchise without having to incur the costs associated with establishing a brick and mortar presence and reduced printing costs. A conservative estimate suggests that these measures have contributed in excess of RM1 million to the Group's bottom line on a recurring basis.