

1. BACKGROUND OF JOHOR CORPORATION

Previously known as Johor State Economic Development, Johor Corporation (“JCorp”) is a state-owned conglomerate that focuses in contributing to the state and national economic growth through an efficient and effective business model while upholding the community interest. JCorp was established as a public enterprise and a statutory body via Johor Enactment No. 4 1968 (as amended under Enactment No. 5, 1995). The company began its operation on 1st August 1970 with a loan of RM 10 million from Johor State Government, which is partially in a form of land bank. As to date, the asset has grown to RM 20 billion, of which portfolio comprises of four public listed companies and 246 active companies that employ more than 60,000 people. Its activities are governed by a Board of Directors that composes of representatives from the Federal and State Governments. Currently chaired by the Chief Minister of Johor, YAB Dato’ Mohamed Khaled Nordin and helmed by the President & Chief Executive of Johor Corporation, YB Dato’ Kamaruzzaman Abu Kassim, JCorp continues to commit its resources in commercial activities, Johor state development and corporate social responsibility.

As a state-owned conglomerate, JCorp through its Group of Companies is involved in various key strategic sectors namely plantation via Kulim (Malaysia) Berhad, specialist healthcare services via KPJ Healthcare Berhad, food and restaurant services via QSR Brands (M) Holdings Sdn Bhd, property development and investment via Johor Land Berhad, Damansara Assets Sdn Bhd, TPM Technopark Sdn Bhd and Tanjung Langsat Port Sdn Bhd, as well as entrepreneur businesses. JCorp’s function in developing Johor is carried out through 31 industrial development projects across all districts of Johor. This includes Pasir Gudang Industrial Park, Tanjung Langsat Industrial Complex, Sedenak Industrial Park, Muar Furniture Park, Pengerang Industrial Area and Ibrahim International Business District. The projects have to date received a total of RM 71.5 billion investments from 1,791 investors, which effectively create more than 189,000 job opportunities. JCorp through its wholly-owned subsidiary, Damansara Assets Sdn Bhd also provides its expertise in property management in Johor including four public listed commercial properties under Al-Salām REIT comprising KOMTAR JBCC, Menara KOMTAR,

Community Hypermarket @Mart Kempas and KFCH International College at Bandar Dato' Onn.

To drive and support the industrial development activities, JCorp continues to invest in plantation, entrepreneur ventures and oil & gas through its recently privatised subsidiary, Kulim (Malaysia) Berhad. Kulim's interests include 50,999 hectares of plantation land in Malaysia as well as 10,000 hectares in Indonesia, which collectively contribute a total of RM 1.47 billion revenue in 2015. Separately, JCorp is also committed in providing quality healthcare services through KPJ Healthcare Berhad (KPJ), which is the largest provider of private healthcare services in Malaysia with 26 hospitals located nationwide, two hospitals in Jakarta, Indonesia and one each in Bangkok, Thailand and Dhaka, Bangladesh. The specialist healthcare business has generated a total of RM 2.86 billion in 2015 and served more than 2.4 million patients annually. Another key business of JCorp is food and restaurant services under QSR Brands (M) Holdings Sdn Bhd, which is mainly driven by 1,197 KFC and 449 Pizza Hut outlets across the Southeast Asian region. Committed to serve high quality halal food products, the food and restaurant businesses have generated a total of RM 4.06 billion revenue in 2015. Leveraging on the extensive network of properties and restaurant chains, JCorp took a strategic initiative to launch Al-Salām Real Estate Investment Trust (REIT) that is managed by a subsidiary of Damansara Assets Sdn Bhd, Damansara REIT Managers Sdn Bhd. The Al-Salām REIT offered RM 252.36 million shares through an IPO that was listed on Bursa Malaysia on 29 September 2015. As to date, Damansara REIT manages a total of 2.19 million square feet of office spaces and commercial properties listed under Al-Salām REIT namely KOMTAR JBCC, Menara KOMTAR, @mart Kempas, KFCH International College, KFC and Pizza Hut outlets as well as 5 KFC food processing plants.

2. JCORP'S CORPORATE SOCIAL RESPONSIBILITY

Corporate Responsibility ("CR") is another integral element of JCorp, as it ensures the sustainability of the business through socioeconomic development. Since its incorporation in 1968, JCorp has carried out its CR duties in various focus areas e.g welfare, healthcare and sports and entrepreneurship.

Phase 1: Mosques

JCorp's first involvement in waqf was signified by the endowment of Masjid An-Nur Kotaraya, which adopts the concept of a mosque in a shopping mall, to Majlis Agama Islam Negeri Johor ("MAIJ") in 2000. Through collaboration with MAIJ, JCorp was elected as Special Nazr to manage and administer the endowed mosque. To date, there are six mosques that have been endowed by JCorp to MAIJ.

Phase 2 : Clinics

The adoption of waqf mechanism in conducting CR activities is seen as an effective approach proven by the endowment of mosques. Modelled against waqf initiatives in the Ottoman period, waqf CR in WANCorp was then extended into healthcare sector with the aim to provide health services to the poor. This was realised by the establishment of the first waqf clinic, Klinik Waqaf An-Nur, Pasir Gudang in 2007, under the management of Syarikat Pengurusan Klinik Waqaf An-Nur Berhad. As to date, the chain of 22 Klinik Waqaf An-Nur in Malaysia is supported by professional expertise of KPJ Healthcare Berhad. Since its establishment, a total of 1,146,675 treatments have been carried out to the public from various social and religious backgrounds. Charged with minimal registration fee of RM 5.00, patients are provided with quality service and medicines, as well as dialysis treatment in selected clinics.

As the number of clinics and function of Syarikat Pengurusan Klinik Waqaf An-Nur Berhad grew, the company was then restructured as Waqaf An-Nur Corporation Berhad, a company limited by guarantee as what it is known today. The incorporation of WANCorp as an entity

monitored by the CR Division of JCorp is aimed at managing the endowed assets and shares of JCorp Group.

Phase 3: Equity

On 3 August 2006, JCorp took the first bold step towards becoming the first corporate waqf endowment, a significant milestone in the history of Islamic finance. JCorp endowed its shares to WANCorp, a total of RM 200 million worth of JCorp's shares in private and public listed companies within JCorp Group, which comprised of 12.35 million shares (equivalent to 4.68% of issued shares) in Kulim (Malaysia) Bhd, 18.60 million shares (9.25%) in KPJ Healthcare Bhd and 4.32 million shares (3.57%) in Johor Land Bhd. As such, WANCorp acts as *Mauquf Alaihi* exclusively for the shares and other forms of securities endowed by JCorp.

The waqf management strategy of WANCorp is also strengthened through various corporate initiatives to ensure the optimization of benefit and usufruct of the endowed assets to the society. At its company level, WANCorp is governed by a dynamic board that composes of representatives from MAIJ, JCorp and independent members with distinct backgrounds.

Within a span of ten years, WANCorp continues to receive annual cash dividends from the listed and private companies. Drawing from the dividend received, 70% of the receipts were distributed into a special fund for reinvestment, 25% into a general charity fund and 5% was channelled directly to MAIJ for charity. From the RM 200 million shares endowed in 2005, the net asset value of *ain* (shares) and *manfaat* (dividend) received now stands at a total of RM 789 million. The value creation strategy includes strategic reinvestment into properties, as well as the practice of *Istibdal* that saw the replacement of shares due to privatisation of Johor Land Berhad and Kulim (M) Berhad.

Phase 4 (current) - Inclusiveness

Through the first three phases of waqf in JCorp, the endowment has been exclusive to JCorp Group, whereby the endowed equity and assets were solely made by JCorp. Moving forward, it is proposed for WANCorp to broaden its portfolio abroad as well as to engage other private and public institutions to participate in waqf development.

3. DISTRIBUTION OF MANFAAT

3.1 Education

The *manfaat* received from the endowed shares by JCorp is distributed for the development of education, socioeconomic development and healthcare for the general public. Under education, WANCorp conducts BISTARI, a program that aims to drive the development of young entrepreneurs who are independent, innovative and creative. The program is composed of Tunas BISTARI (for secondary school), Didik BISTARI (for primary school), Catur and Cilik BISTARI (business-themed chess). A total of 1,500 students from 70 secondary schools and 1,000 students from 100 primary schools in Johor were involved in the Bistari Entrepreneurial Programme in 2015. Since its introduction in 1992, a total of 34,135 students have benefited from the BISTARI program. The initiative to nurture entrepreneurial spirit among youth was also extended to higher education students through Siswa BISTARI programme, whereby a total of 26 companies have been established in UiTM Johor since 2004.

In collaboration with the Education Department of Johor, Tuition Project was conducted in 22 moderate-performing schools in the rural areas. Since its introduction in 2012, the program has benefited more than 1,500 underprivileged and orphan students. As a result of the program, the Primary School Assessment Test (UPSR) results were improved by 33.74%, whereby 137 students achieved more than 2As, as compared to 108 students in 2014. The project is supported by the companies within JCorp Group, namely Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Johor Land Berhad and QSR Brands (M) Holdings Sdn Bhd.

WANCorp also conducts Semarak Jawi™, an innovative corporate responsibility program that aims to preserve the heritage by way of promoting Jawi script reading and writing culture among the younger generation. In collaboration with Utusan Malaysia and through the management by WANCorp and JCorp CR Division, JCorp has initiated the publication of a full Jawi newspaper i.e. Utusan Melayu Mingguan on 16 February 2015. Throughout a period of one year, a total of 10,000 Utusan Melayu Mingguan newspapers were distributed on weekly basis to selected schools and government agencies in Johor. Subsequent to the year-long sponsorship, a six-series Semarak Jawi event involving 975 students and teachers from 153 schools was conducted in 10 Johor districts to promote the utilisation of Jawi literatures through interactive, fun and educational activities. Due to the success of the first year sponsorship, the publication has been renewed and extended online through Utusan Melayu portal for wider readership.

3.2 Socioeconomic Development

Dana Niaga was introduced by WANCorp on 5 May 2007, with the aim to support socioeconomic development by providing seed fund to small and medium entrepreneurs who require capital in starting up or growing their businesses, through a micro-credit concept i.e. *Al-Qardhul Hasan al-Musaghghar*. As to date, a total of RM 615,800 has been disbursed to facilitate 319 entrepreneurs in starting up and growing their businesses.

WANCorp has also supported Mutawwif (Hajj pilgrimage guide) certification program since 2006. The program is conducted through Akademi Mutawwif Sdn Bhd. The demand for Mutawwif services has been increasing among pilgrimage and *umrah* operators, especially during school holidays. As of December 2015, a total of 303 graduates have been certified as Mutawwif through 54 series of training.

Waqaf Komuniti is another program funded by the *manfaat*. The *manfaat* generated is used to purchase properties that are utilised for training programs and income generation activities for underprivileged groups. This includes tailoring centres in Pasir Gudang and Ulu Tiram that provide training to single mothers. The centres have trained 80 individuals and generated more

than RM 130,000 sales since its establishment in 2015.

3.3 Healthcare

Since the first establishment of Klinik Waqaf An-Nur (KWAN) in Kotaraya, Johor Bahru, KWAN continues to expand into 22 clinics nationwide and a waqf hospital in Pasir Gudang. As at September 2016, the clinics and hospital have treated 1,146,675 patients of which 11% or 135,091 are non-Muslims. The chain of KWAN is also equipped with 66 dialysis machines that have benefited a total of 280 kidney patients. Further, several of the KWAN clinics have been accorded with Malaysian Society for Quality in Health accreditation status thereby acknowledging its quality standards.

4. CONCLUSION

Through waqf mechanism, Johor Corporation continues to invest resources to carry out its corporate responsibility by providing professional management capabilities. The initiative of share waqf by JCorp is a testament of its commitment in upholding corporate responsibility. This bold step has allowed JCorp to realize its vision to develop WANCorp as a waqf institution that is now fully driven by business and market demand.

The involvement of WANCorp in corporate waqf institution is viewed as a transformational initiative that reduces the financial burden of the government and its trickling impact to the society, while tackling social problems that hamper the development of the ummah. Further, the institutionalisation of waqf allows organisations and the general public to directly participate in the development of waqf for the benefit of the society at large, regardless of social background and status.