

CORPORATE RESPONSIBILITY OVERVIEW 2014



drink sensibly



2014 CR Highlights

01

Drink Sensibly

- Engaged more than 70,000 consumers through DS activations
- Trained more than 12,000 front-line staff
- More than 7,000 DS mobile app downloaded

Lowered electricity consumption by 3.18% to 10kWh/hl

Energy Saving Programme

02

03

W.A.T.E.R Project in Perak

- 41 schools education outreach
- 18 grassroots communities trained on river rehabilitation
- 10 business communities along the rivers
- Almost 800 individuals reached

More than 600 employees and 190 business partners took part in painting 24 schools around the country

Big Day Out 2013

04

ABOUT GAB

Listed on the Main Market of Bursa Malaysia, GAB's principal shareholder is GAPL Pte Ltd based in Singapore. GAPL Pte Ltd is a joint venture company whose ultimate owners are Diageo Plc, a company incorporated in England and Wales, and Heineken Asia Pacific Pte Ltd (HAPPL) (formerly known as Asia Pacific Breweries Limited), a company incorporated in Singapore. HAPPL is 100% owned by Heineken NV through its subsidiary, Heineken International BV.

Vision

To be Malaysia's most celebrated drinks company

Mission

Brewing great moments with great drinks

Guinness Malaysia Bhd incorporated

1964

Sungei Way Brewery officially launched

1966

The brewery receives ISO 9002 certification

1995

The Sungei Way Brewery, which sits on 23.72 acres of land, starts operations

1965

Guinness Malaysia Bhd and Malayan Breweries (Malaya) Sdn Bhd merge to form Guinness Anchor Bhd

1989

The brewery is the first in Malaysia to receive MS 1480:2007 Hazard Analysis Critical Control Point (HACCP) Certification from Ministry of Health

2002



Revenue
(RM'000)

FY14	1,610,587
FY13	1,676,348
FY12	1,623,687
FY11	1,488,720
FY10	1,358,633

Profit after tax
(RM'000)

FY14	198,206
FY13	217,604
FY12	207,399
FY11	181,378
FY10	152,691

GAB wins its first 3 Putra Brand Awards – Tiger (Gold), Heineken (Silver), Guinness (Bronze)

Brewery's ISO certification upgraded to MS ISO 9001:2008

Receives the most number of wins in the Beverage (Alcoholic) category of Putra Brand Awards. Tiger and Heineken (Gold), Anchor (Silver) and Guinness (Bronze)

Another 3 wins at the Putra Brand Awards, making it 16 wins in 5 years

2010

2011

2012

2013

2014

Wins Silver at the Malaysia HR Awards for second year in a row

Wins Distinction Award at Malaysia Corporate Governance Index Awards

Wins for the third time at the Malaysian Dutch Business Council (MDBC) Sustainability Awards for Best Sustainable Supply Chain Management or Logistics Project

Wins ACCA Malaysia Sustainability Reporting Awards

Chairman's Statement



A tripartite agreement was signed between GAB Foundation, Universiti Tunku Abdul Rahman and Global Environment Centre for the W.A.T.E.R Project Sungai Kinta Education Programme in Perak.

Dear Shareholders,

I am delighted to report that Guinness Anchor Berhad (GAB) had another busy year on the Corporate Responsibility (CR) front. Despite the challenging operating environment, our commitment to CR priorities continued and that led to good progress in all four of our strategic pillars namely 'Responsible Marketplace', 'Good Environmental Performance', 'Workplace Best Practices' as well as 'Enriching Communities'.

In terms of Responsible Marketplace practices, GAB continued to lead the responsible alcohol consumption agenda in Malaysia. Financial Year 2014 (FY14) marks our Drink Sensibly initiative's third year and over the short span of time, we were able to launch the country's first sensible drinking phone app which has attracted more than 7,000 downloads to-date. We were also able to reach out to 70,000 consumers to drive home sensible drinking messages through various engagements.

Another area which GAB is constantly improving is the reduction of impact our operations have on natural resources. We have in place a stringent tracking process to measure our annual environmental reduction rates. This process is based on Heineken's Utilities Benchmark model. We have reinforced our Energy Saving Programme (ESP) implemented in 2009 to achieve further reduction in utilities consumption across all parts of the Company.

Employees are the key drivers of GAB. It is vital that we are able to attract and retain the best of talents, especially in the face of an increasingly tough operating environment. A key action is to review the Company's benefits scheme. Through the review, a series of benefits enhancements are in place to be implemented over a period of three years. FY14 marks the second year of benefits enhancement and one of the key enhancements is the improved 'Performance Management Scheme' which allows high performers to enjoy greater rewards for their efforts. Through this scheme, we hope to cultivate a high performance culture amongst all employees.

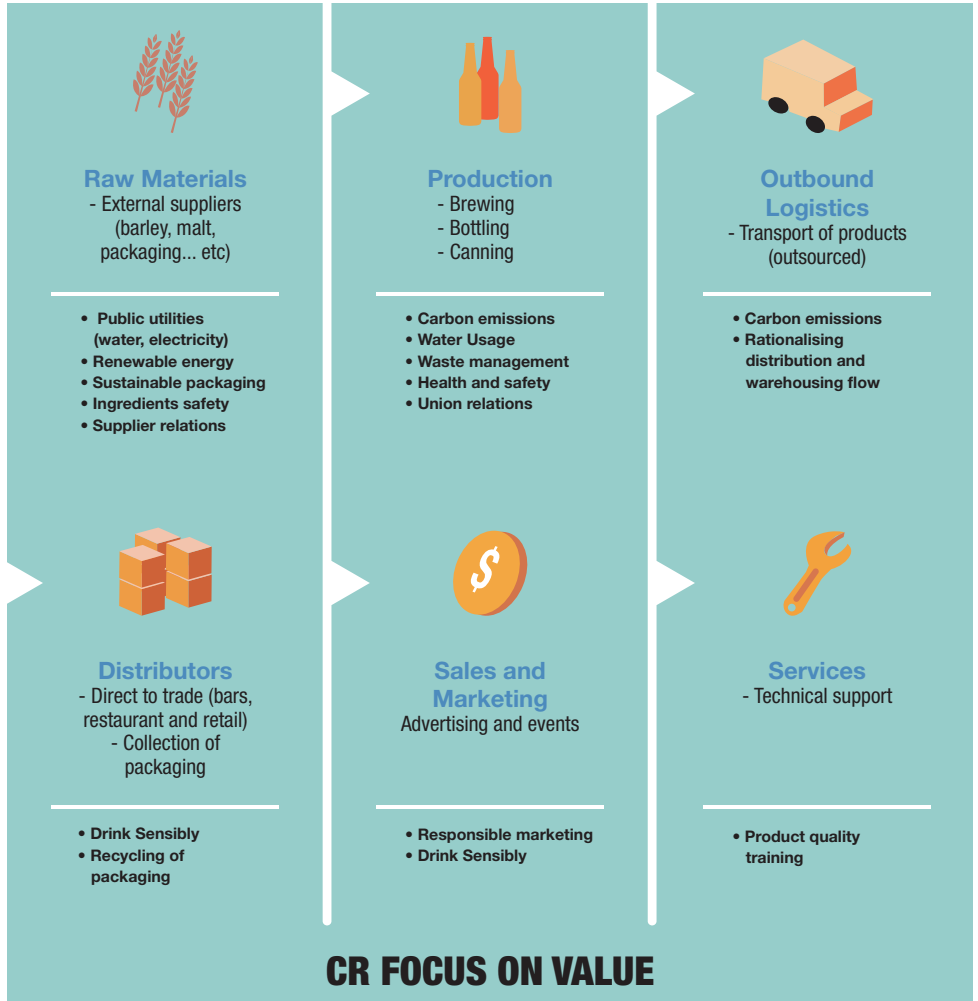
Finally, there is much to say on enriching communities, as I have been very privileged to be directly involved in many of the initiatives especially those that fall under the GAB Foundation. It is really excellent to be able to see the progress that GAB Foundation is making with our Working Actively Through Education & Rehabilitation (W.A.T.E.R) Project in Perak, my home state. Over the past financial year, W.A.T.E.R Project has been able to replicate much of the success it has achieved in Selangor, in Perak, by reaching out to 41 schools, 18 grassroots communities with more than 800 individuals engaged and 10 business communities through a series of workshops and educational programmes. We have also made significant improvements in our *English Enrichment Training Programme* (EETP) which has reached out to even more teachers this year. As for *Big Day Out*, our employees went all out to makeover schools, the theme for last year's company-wide corporate responsibility initiative.

I hope you will enjoy reading the highlights of our CR initiatives in this overview. The initiatives which we feature are really only possible because our trustees, staff and partners share our belief that it is vital that we operate in a manner that is responsible and also sustainable.

Dato' Saw Choo Boon
Chairman

CR Focus

At GAB, Corporate Responsibility is an essential part of our business. Across our value chain and at each stage of all our processes, we identify and address potential impacts and contributions to society.



CR Strategy

Our Corporate Responsibility framework is based on four pillars; Responsible Marketplace Practices, Good Environmental Performance, Workplace Best Practices and Enriching Communities. Each of these areas is underpinned by strong management systems and flagship initiatives.

THE FOUR PILLARS OF GAB'S CR STRATEGY AND THEIR PRIMARY IMPROVEMENT FRAMEWORKS			
Responsible Marketplace Practices	Good Environmental Performance	Workplace Best Practices	Enriching Communities
Drink Sensibly	Heineken Utilities Benchmark Model	Creating a great working environment	GAB Foundation - Environment - Education - Community
Code of Marketing Practice			
Malaysian Code on Corporate Governance			
Hazard Analysis Critical Control Point (HACCP)	The W.A.T.E.R Project (by GAB Foundation)	Health and Safety	
ISO 9001:2008 Certification			

Our brand owners and major shareholders support us with technical expertise, operational processes and support systems to shape our Corporate Responsibility efforts. They also inspire us by driving us to meet challenging environmental and social targets.



As a responsible business, GAB is committed to actively adhere to the highest ethical standards in commercial communications while safeguarding consumer interests. Our licence to operate is dependent on responsible brand marketing and in leading the responsible consumption agenda.

Product safety procedures are also a priority and crucial in ensuring that our consumers consume products that are of high quality and meet safety standards.

Code of Marketing Practice

Our Code of Marketing Practice continues to provide strict guidelines which employees and company representatives are to follow when marketing and promoting GAB's products. To ensure that this code is adhered to, we conduct training for our employees as well as company representatives.



Consumers are advised to *Drink Sensibly* and party safely at all GAB major events.

Drink Sensibly

Drink Sensibly (DS) is our core initiative to encourage enjoyable and responsible drinking. FY14 marks the initiative's third year and over the past financial year, we continued to spread sensible drinking messages at all our major events such as *Heineken Thirst* as well as *Guinness Arthur's Day*. To drive home the message of sensible drinking, we also leveraged on our DS mobile app and ran a festive campaign themed "*Be a DS Angel*".

In the three years since we initiated the campaign, we are proud to say that more than 70,000 consumers have been engaged through our DS initiatives while more than 12,000 front-line

staff have been trained in sensible serving and sensible drinking. To date, more than 7,000 consumers have also downloaded our DS mobile app, the first of its kind in Malaysia.

Supplier Engagement

We treat our suppliers as long-term business partners hence apart from performance excellence and integrity; we also expect our suppliers to adhere to our Code of Conduct. As part of our commitment to engage stakeholders, we organise a supplier engagement session once every two years.

RESPONSIBLE MARKETPLACE



GAB's best suppliers were awarded during the *Supplier Engagement* session at the Tavern.

Last year, more than 100 of our suppliers attended the *Supplier Engagement*. This is an increase of 10% in attendance from the previous engagement in 2011. During the session, we reminded them of the importance of the Code of Conduct and shared updates on process changes. We also presented an award called GAB's *Most Responsible Supplier* to reward the supplier who showcased extraordinary involvement in the environment category. This category recognises the supplier with the best community engagement programme, having made significant contributions to the community they operate in.

Distributor Engagement

Over 180 trade partners from 53 distributors attended a two-day *Distributor Engagement* session held on 23 and 24 April 2014. This session is part of our continuous effort to strengthen GAB's relations with our distribution partners who are core to the success of our business. During the session, we shared the Company's strategic direction, challenges and also initiatives going ahead. We hope that by being transparent with our distributors we cultivate mutually beneficial relations for the long term success of our business.



Strengthening ties with our distribution partners is important to GAB to build greater working relationships.

Another key feature of the *Distributor Engagement* session is the “Distributor Service Satisfaction Measure”. It was launched last financial year to measure service quality in order to bridge gaps between expectations and performance and to better understand and improve operational processes. It will be a quarterly exercise by an independent party. The independent party will ensure that objective feedback will be obtained on where we stand as a business partner.

Compliance Roadshow

GAB takes the compliance agenda very seriously and we do expect all our employees to understand, embrace and adhere to the

Company’s Code of Conduct. We acknowledge that whilst employees are made aware of their compliance obligations when they first join the Company, a refresher is needed hence we conduct compliance refreshers on a regular basis.

Our FY14 Compliance Roadshow took place from 17 February to 27 March 2014, with 22 sessions held nationwide. These trainings provided an opportunity for our employees to be reminded of their compliance obligations and at the same time had their queries and concerns addressed.



Environmental Performance



Committed to improving sustainable performance, we implement sound and sustainable environmental practices that are entrenched within our business model and ethos. We set challenging improvement targets to progressively reduce resource consumption, emissions and discharges on a calendar year basis. Our environmental management is benchmarked and supported by Heineken Global, with assistance from their team of environmental and utility specialists.

Energy Saving Programme

An Energy Saving Programme (ESP) is currently in operation at GAB. The purpose of this programme is to ensure there is a comprehensive and systematic approach to reducing utilities consumption. It requires us to measure, control, optimise and monitor all the natural resources related processes in-order to achieve the desired target against the brewery's UBM (Utility Benchmark Module) target. All these are to support the TPM (Total Productive Management) concept which was implemented by the Company several years ago.

Another important agenda for the Company is the continued focus on reduction of electricity, thermal energy and water consumption to improve on our environmental impact, based on Heineken's Utilities Benchmark Models. According to our records, we were able to reduce our electricity consumption against our target. However, we were not able to do the same for thermal energy and water due to a lower production volume last financial year hence the economies of scale that come into play.




		FY13	FY14	(%)
	Thermal energy consumption (MJ/hl prod.)	89.61	93.30	+4.12
	Electricity consumption (kWh/hl prod.)	10.69	10.35	-3.18
	Water consumption (hl/hl prod.)	4.54	4.74	+4.40

Table 1: Energy consumption data for FY13 and FY14.



Workplace Best Practices

Our workforce is the engine that powers our organisation, hence we passionately believe in investing and developing our employees in order for the Company to enjoy long term success.

Employee Benefits

We strive to offer competitive benefits in the marketplace for our employees. Our Benefits Enhancement Strategy focuses on creating new signature benefits unique to GAB while enhancing competitive benefits to stay ahead in the industry. Following an independent market benchmark exercise, the approved recommendations will be implemented over three years. The process began in FY13.

FY13-FY14 Highlights

1. Redesigned 'Performance Management & Rewards System' to cultivate high performance culture
2. Beverage Industry Executive Staff Union (BIEU) shift allowance increased

3. Introduced 'Standby Allowance' for Engineering Technical Executives
4. Appreciation gifts by Management Team to recognise and reward exemplary behaviour demonstrated by an employee

Further details on the benefits enhancement may be found in GAB's Corporate Responsibility Report 2013 (also available online at www.gab.com.my).

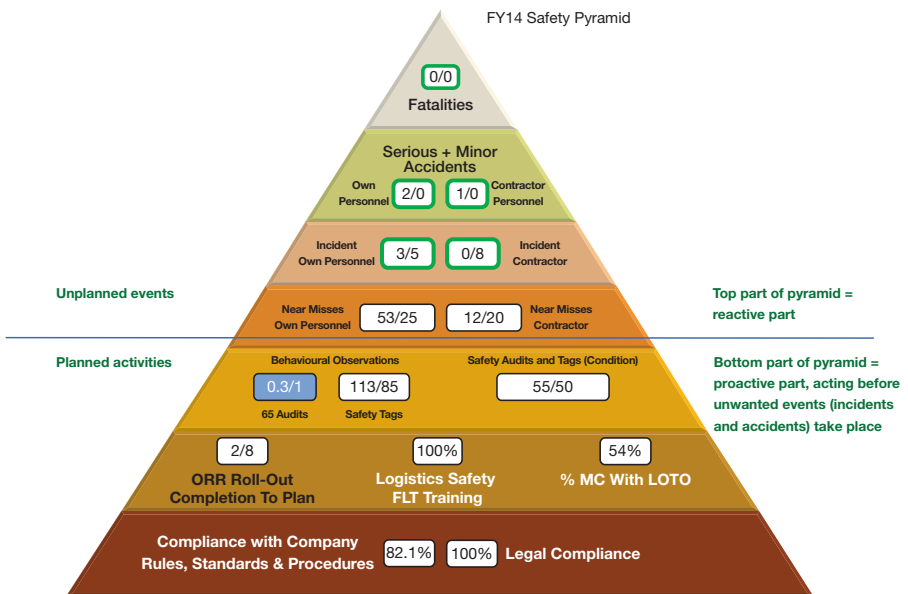
Workplace Safety

One of our key values is 'value and respect each other' and that means caring for one another. We have constantly taken proactive measures to improve staff safety. This ranged from awareness campaigns, an improved near accident reporting process as well as improving operations and machinery.

In September 2013, we launched a *Safety Vision* campaign with the aim of *Achieving Zero Accident* by raising awareness on the importance of safety at work. The campaign consists of two approaches:

i) Safety Pyramid

We ramped up the safety initiative in November 2013 by encouraging our staff to be proactive by reporting near-miss accidents. Reports are then compiled, and potential accident spots, malfunctioning machines or unsafe practices are quickly addressed to prevent accidents from happening.



Ideally, the base of the pyramid, which represents safety initiatives and compliance, should be broad, while the tip – reflecting the number of fatalities and accidents – should be as narrow as possible.

WORKPLACE BEST PRACTICES



The official launch of *Achieving Zero Accident* at GAB's quarterly townhall.

Our staff responded positively to the campaign, as they diligently noted down potential dangers at the workplace. By the end of FY14, we received 65 near-miss reports, up from 14 in FY13. To round off the campaign, a "Hall of Good Practices", featuring safety tips and photos, was set up in May 2014 to remind employees of the importance of safety at work.

ii) Behavioural Based Safety

With the Safety Pyramid, the goal is to have the base – which represents safety initiatives – to be broad while the tip of the pyramid, which reflects the number of accidents occurred, to be as narrow as possible.

The Behaviour Based Safety approach is really about identifying potential risks in real world scenarios. Line managers conduct regular and structured observations of

employees while they are at work at the brewery production floor, and through these sessions apart from identifying potential risks, they are also able to ascertain if the risks are a result of the employee's attitude or the environment which he or she is working in. Based on the observations, the most appropriate intervention is then applied.

In FY14, we managed to maintain 178 accident-free days and also took several measures to elevate safety standards and awareness by increasing the number of signage in the brewery, including mounting signboards at essential areas and safety alerts to keep employees updated on safety related news and information.

Apart from raising awareness on safety, we also actively promote a sensible drinking culture. This initiative also reflects one of our brand owners - Heineken's worldwide commitment to make safety a top priority. During the campaign period, we alerted our employees on the dangers of drinking and driving, emphasising on drinking sensibly and how it relates to road safety. Through this effort, we are reinforcing a sensible drinking mindset among our stakeholders. To promote healthy lifestyles, free healthcare screenings and talks by the National Kidney Foundation as well as free eye and vision examinations were made available to all employees working at our Sungei Way Brewery.



Enriching Communities



Sungei Way as at April 2014 - water quality maintained at Class III since 2010.

GAB remains committed to enriching the communities that reside where we operate from to cultivate long term relations. Our community investment activities are spearheaded by the GAB Foundation. Our community investment activities revolve around the Foundation's three pillars of environmental conservation, educational support and community enrichment. We monitor our progress in these areas carefully and report this regularly, publicly and transparently to our stakeholders.

Environment

The flagship initiative under this pillar is the Working Actively Through Education and Rehabilitation (W.A.T.E.R) Project.

We continued our involvement in Perak in partnership with Global Environment Centre (GEC), with the support of Perak local authorities. The initiative replicates the W.A.T.E.R Project initiative at Sungei Way, a tributary of Sungai Penchala in Selangor. Starting June 2012, we extended our W.A.T.E.R Project initiative to three tributaries of Sungai Kinta – Sungai Senam, Sungai Buntong and Sungai Kledang - in Perak.

ENRICHING COMMUNITIES



W.A.T.E.R Project Sungai Kinta Education Programme is a three-year project funded by GAB Foundation in partnership with Global Environment Centre (GEC), with the support of Perak local authorities. Tributaries which will be under this project are Sungai Senam, Sungai Buntong and Sungai Kledang.

This three-year project also involves Universiti Tunku Abdul Rahman (UTAR), which together with the Foundation and GEC signed an agreement for the W.A.T.E.R Project Sungai Kinta Education Programme. Under this agreement, UTAR students have been engaging and educating communities in the Sungai Kinta basin on the importance of protecting the river.

Back in Selangor, the W.A.T.E.R Project continues to engage with the community of Sungei Way. In its seventh year, we continue to maintain the water quality of Sungei Way at Class III which is suitable for living organisms.

Key data (W.A.T.E.R Project Perak):

- I. Education institution outreach - 41 schools through training programme
- II. Grassroots outreach - 18 community training programmes on oil and grease trap as well as river rehabilitation organised
- III. Business Community outreach – 10 business communities along Sungai Senam, Sungai Buntong and Sungai Kledang area
- IV. Close to 800 individuals reached



Engaged participants during one of the creative teaching workshops.

Education

The Foundation continued to enhance its *English Enrichment Training Programme* (EETP) to focus on improving the language proficiency and teaching methods of local English teachers, with the objective of empowering teachers to create greater impact amongst students. In March 2014, our third EETP took place where we reached out to 74 teachers from 37 schools in Kedah, Perak, Negeri Sembilan, Malacca, Sabah and Sarawak during an intensive four-day training programme. This was followed by supplementary English classes for Year 1 to Year 3 students over the span of 22 weeks facilitated by the trained teachers, benefitting over 1,500 students.

Community

Big Day Out is a one-day event that is held concurrently throughout the country with employees carrying out a community activity of their choice. Initiated in 2010, this is specifically organised by employees and involves GAB's business partners throughout Malaysia. It is part of GAB's efforts to be more involved in the communities in which we operates in.

ENRICHING COMMUNITIES



Employees repainting premises of a school during the *Big Day Out 2014*.

Last September's *Big Day Out* was themed "School Makeover", and the initiative saw more than 600 employees and 190 business partners taking part. GAB Foundation also partnered with global paints and coating company Akzo Noble Paints (M) Sdn Bhd to sponsor paints to 24 schools around the country, giving their buildings a new lease of life. Besides that, over 5,500 students also benefitted from contributions of reading materials, stationery supplies, uniforms, sports equipment and other school necessities.

Our Company operations had to come to a halt on *Big Day Out* to enable all employees to focus on their team activities and making a change in others' lives. This showcases the Company's commitment and seriousness in making a difference to the Malaysian community.

For more information on GAB Foundation, please visit www.gabfoundation.org or www.facebook.com/GABFoundation

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