



# Management Review - Supply Chain Highlights

## ELEVATING PERFORMANCE VIA TPM

GAB has set its sights on becoming an icon in business and we are bringing into play world-class processes and technologies as well as a strong culture of excellence to ensure we accelerate towards our goal. Our Total Productive Management (TPM) programme, now into its fourth year of implementation, continues to be the best representation of our efforts to elevate our performance.

### A Zero Loss Culture

Based on the global Heineken TPM programme and guided by regional Heineken TPM consultants, GAB's TPM programme has done much to inculcate a zero loss culture among our people. Our employees have grasped the importance of improving key performance indicators (KPIs), reducing overtime and other costs, while increasing production.

Those on the shop floor are responsible for their respective areas of work and for ensuring that every loss in time, productivity, material or product is

recovered for a better yield. They are quick to resolve problems and are focused on eliminating the root causes of problems to avoid future recurrences. As a result, our bottling, canning and kegging production lines all showed over 10% improvement in total efficiency over FY08.

### A Way of Life

TPM has indeed become a way of life at GAB. Carefully structured TPM training ensures that the TPM mindset is continually cultivated throughout all areas of the work process. Our training modules encompassed the areas of discipline and basic maintenance, among others, as well as involved educational trips to other breweries and manufacturing facilities to understudy their TPM operations and integration efforts.

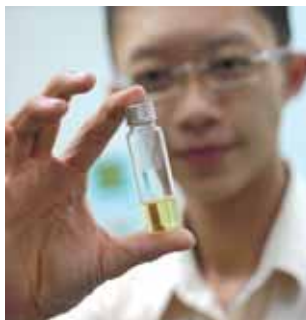
Our TPM efforts have delivered good results and in FY08 we improved our standing in relation to other breweries around the world. GAB received the highest scores in the region for the percentage of KPIs achieved.

## DRIVING EFFICIENCY, ELIMINATING WASTAGE

Under the TPM programme, several effective initiatives have been brought into play to enhance workplace efficiency and eliminate wastage thereby lowering our overall costs.

### Physical Enhancements

GAB's automated and integrated brewery is already doing much to significantly improve our overall efficiency and raise productivity. In order to maintain our position as a world-class facility, we made a capital investment of around RM30 million in our operations in FY08, which included an initiative to support increased market demand for our lager products. As such, three new fermentation and storage tanks were constructed to improve our fermentation capability. This initiative has helped improve the freshness of our beer and is ensuring that our beers reach consumers in perfect condition, especially when demand is at its peak during the festive seasons.



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Past efforts to improve our facilities have included the relocation and refurbishment of our control room so that all our production managers, supervisors and operators are in one central location. This has gone a long way in improving communications, reducing time lags and increasing efficiency. The recent renovations to our headquarters and our Technical Block and the ensuing open-plan environment have also done much to encourage more face-to-face communication and foster faster decision making. We envisage that the open-plan approach will be rolled out across all offices in all sales regions over the next two years.

### The 5S Programme

GAB's 5S programme which calls for all employees to "Sort, Set in order, Shine, Standardise and Sustain" advocates the elimination of waste through better organisation of the workplace. Its effective implementation has resulted in a more conducive working environment.

### Precise Forecasting

Accurate demand forecasts for our products guide us in relation to the volume that we need to produce and deliver to each region so that we do not over-supply or under-supply our markets. Such information ensures that GAB's sales, brewing, packaging and supply planning departments utilise the precise amount of raw materials, resources and manpower to produce the right volume of beer in line with market needs.

### Conservation Efforts

In line with our commitment to being an environmentally friendly company, we have reduced our dependence on fuel oil by connecting to the national natural gas pipeline. Our efforts in this area are beginning to pay off. From a cost perspective, we will make

savings in the long run as we lower our dependence on more expensive fuel oil. On the environmental protection front, the use of natural gas means that we are reducing the emission of carbon dioxide into the atmosphere.

In addition, we have systematically improved our operations as a whole by reducing our dependency on water and electricity, resulting in a double digit reduction in water and electricity consumption. Going forward, we will continue to focus on eliminating wastage and improving operational efficiency so that we produce more in less time, using fewer resources.

### CONTINUING TO CULTIVATE EXCELLENCE

GAB's efforts at developing a culture of excellence throughout our organisation continue to bring us international recognition on the product front and we continue to be ranked among the best breweries within our brand owners' global network.

For the second consecutive year, GAB won the coveted Guinness League of Excellence Award for the best quality Guinness brewed outside of Ireland. Judging in this highly competitive annual competition among Guinness' breweries involves an elaborate and meticulous process all year round by an independent panel at the Guinness Brand Technical Centre in Dublin, Ireland. This award is only made after reviewing quality benchmarks across a number of measures at the 47 breweries around the world.

It entails the Centre's laboratory analysing unmarked samples from breweries around the world to evaluate their compliance with the original Dublin-brewed Guinness recipe. This is followed by the blind-taste

test in which the 25-member panel tastes the samples and ranks them for compliance. In the packaging evaluation, the Guinness bottles and cans are inspected in terms of looks, labels and packaging. All this is done every month for an entire year and the data is collated for statistical evaluation to determine the winners in each of the three regions in the Guinness brewing world. For 2007, GAB was awarded the highest scores in the Asia Pacific Region and the Rest of World categories.

GAB was also a first-time winner of the international Tiger Quality Award as well as the Tiger In-market Quality Award for 2008. The latter evaluated us on our product's freshness, packaging quality and serving standard. We were also a close runner-up in Asia Pacific for the Diageo Market of the Year Award. All these awards serve to show that GAB is on the right path towards achieving our vision of becoming an icon in business.

### ENSURING UNINTERRUPTED OPERATIONS

Safety and security measures are of prime importance at GAB and we continue to introduce new safety and security measures at our premises, within the brewery and in the office areas. This is critical for ensuring a smooth, uninterrupted work flow that optimises our production process.

As part of our efforts to improve safety and security measures, we have built a separate car park for visitors and operations staff. This segregates traffic from our main corporate and technical buildings and improves traffic flow. It has also enhanced our logistics movements, whereby there is now a one-way route for all incoming and outgoing trucks to and from the brewery.



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On the delivery and logistics fronts, our goal is to get our products to our distributors and onto the shelves as quickly and as cost-effectively as possible. We aim for a 100% success rate every time to ensure our products reach our customers at the specified time and date and in the exact quantity ordered. Our new-look trucks and better packaging are doing much to enhance our brand image as well as enhance our efficiency.

The year under review saw us once again receiving ISO 9001:2000 accreditation and the Ministry of Health's Hazard Analysis Critical Control Point (HACCP) certification. We were the first brewery in the country to receive these two internationally recognised standards for safety and quality in 2002 and have been successful in having them renewed every year.

All in all, our culture of excellence and TPM initiatives are taking us much closer towards tangibly achieving our vision of being an icon in business.

