

# Our Commitment to Stakeholder Engagement



## PROACTIVELY ENGAGING AUDIENCES

GAB recognises that different groups of stakeholders are interested in different aspects of our business and that we need to listen, respond and engage with each of these groups. To ensure continuous alignment with our diverse stakeholders, we are committed to open, honest and targeted dialogue with them through various platforms. Below are some of the initiatives we have set in place to promote goodwill, build rapport and solicit constructive feedback from our stakeholders.

### Shareholder, Analyst and Media Engagement

GAB maintains close contact with our shareholders, analysts and the media. We provide regular updates on the Company and our performance and gauge this group's feedback as to how we can be a better company. We publish financial and non-financial information relating to our operations in a timely and consistent manner through various mediums such as press releases, regular briefings and via our website at [www.gab.com.my](http://www.gab.com.my). The Investors section on our website offers interested parties a wealth of timely information including financial highlights, dividend payments history and almost real-time share prices, among other important details. Analyst and

media briefings are held shortly after the publication of our quarterly and full-year results, while one-on-one briefings are also held on an ad-hoc basis upon request.

At each Annual General Meeting (AGM), the Board presents a report on the performance of the Company and holds a question and answer session to give shareholders the opportunity to seek clarification and share their thoughts and opinions with the Board. A press conference hosted by the Chairman, Managing Director (MD) and Finance Director (FD) is also held immediately after each AGM to respond to media queries.

We are making good headway in efforts to keep shareholders abreast of company developments and performance. A recent survey conducted indicated that our shareholders do indeed see the Company as providing good returns on investment and as being socially responsible. The results of this survey are readily available on our corporate website. The results of this survey further showed that our shareholders are pleased with our Annual Report and our AGM and we will endeavour to further improve our communications as part of our efforts to deliver satisfaction to investors.

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### Trade Partner Initiatives

To better understand the needs of our customers, we have developed an Annual Customer Satisfaction Survey for our trade partners. Implemented by GAB's Sales and Marketing teams, this survey seeks concrete customer feedback to help us design marketing and sales programmes that are relevant and complementary to our customers' businesses. This feedback is also helping make us a better business partner and extending our market reach. On top of this, GAB's MD and FD go on road shows to meet distributors on an annual basis.

The inaugural Dragon Mission education fund raising campaign in FY08 was a bold new initiative that delivered excellent results and helped cement our relationship with our business partners. Fund raising was initiated through two channels – refreshment outlets and supermarkets. Refreshment outlet owners were given the opportunity to select the Chinese vernacular schools they wanted to raise funds for and we provided the mechanism and channel for the contributions to flow to these schools. At supermarkets, consumers contributed through the purchase of our brands. Our initial ambition of raising RM1 million for Chinese education met with overwhelming response from both consumers and the trade and resulted in a staggering RM2 million in just a six-week period.



### Industry Initiatives

The duty-paid malt liquor market (MLM) is subject to sales and excise duty taxes and Malaysia has the second highest taxes on beer in the world. This has resulted in high beer and stout prices that have adversely affected consumption levels and caused the market to decline in the past few years. GAB, through the Confederation of Malaysian Brewers Berhad (CMBB), holds regular dialogues with the relevant Government agencies to highlight the issues faced by the industry in this area. We also communicate with the relevant authorities through various trade organisations.

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### F&B Forum Organised by CMBB

Following the numerous woes faced by the food and beverage (F&B) industry, GAB together with the CMBB initiated and organised a business forum entitled "F&B Industry - Crisis Looming?" on 28 July 2008. Several trade groups from the F&B industry, including independent organisations, came together to discuss the impact of the high cost of raw materials and inflation as well as the cost of living on the F&B business. The groups also debated how this was affecting growth, livelihood, employment, tourism and the nation's economy. The effect of prevailing and deteriorating economic conditions on the F&B industry and on SMEs (such as distributors, coffee shops and materials suppliers which form the backbone of the F&B industry), was also discussed.

### Balanced Representation

Officiated by YB Dato' Jacob Dungau Sagan, the Deputy Minister of International Trade and Industry and moderated by Stewart Forbes, Executive Director for the Malaysian International Chamber of Commerce and Industry (MICCI), the event was attended by a wide variety of representatives from the Government, various industries and organisations, as well the media. The panellists comprised various representatives from the industry groups who gave presentations on the state of their respective businesses before the forum was opened for discussion and questions from the floor. The panellists included representatives from CMBB, Aseambankers, Deloitte Consulting (SEA), Malaysian Budget Hotels Association, Sid's Pubs Sdn Bhd and the Selangor Restaurant Keepers' Association.

### Issues and Recommendations

Several issues were raised by the F&B panellists and the following recommendations were made in the form of a CMBB memorandum to the Ministry of Finance:

#### RECOMMENDATION #1:

##### **Freeze or lower excise duty on beer and stout**

This was based on the belief that any increase in excise duty would adversely affect the brewery industry, tourism, employment and government revenue.

#### RECOMMENDATION #2:

##### **Increase enforcement against the smuggling of beer and stout**

This was supported by examples of enforcement practices in other nations and the potential impact of not curbing smuggling locally. The CMBB also reiterated its offer to help the Government curb such illegal activities.

### Positive Outcome

In the Government's Budget 2009 announcement, the beer and stout industry was spared a further increase in excise duty for the coming year. The CMBB has welcomed this news as a positive move in the light of challenging times ahead for the industry. It sees the Government's act as a prudent one as another round of excise duty increase would have exerted tremendous pressure on the industry that is already operating in an extremely difficult and challenging environment. An increase would also have put further pressure on the F&B industry, which is already facing a serious downturn.

As a member of the CMBB, we hope that the Government will consider maintaining the current duty level for the next few years to allow the industry to remain competitive.