

Management Review

Supply Chain Highlights

Since the implementation of the TPM Programme, the team has achieved strong results, which reflects the Supply Chain's vision to be the best brewery in its class globally.

ENSURING QUALITY PRODUCTS AND PERFORMANCE

GAB's Total Productive Management (TPM) Programme has been central to the Company's success in improving the performance of our people and processes, as we strive to achieve a zero loss environment.

Now into its seventh year of implementation, the TPM Programme covers all aspects of our operations and engages all personnel from top management to frontline employees. Based on the Heineken model, it embeds a zero loss mindset, enhancing all aspects of our operations through training, constant evaluation, evolution and revision of processes.

The TPM tools are applied across all areas of operations and have become an integral part of the work culture with initiatives introduced to empower employees to manage and resolve problems as well as keeping them vigilant and mindful.



In the areas of Logistics, Commercial and Finance, the TPM programme helps to improve efficiency, enable accurate decision-making, guide planning and produce better results in whatever we do.

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Environment

During the year under review, several initiatives were undertaken to reduce the Company's overall energy consumption. These included the installation of new equipment as well as the implementation of good practices to conserve electricity.

- A new Variable Speed Drive (VSD) air compressor was installed to reduce the electricity consumption of the compressed air plant, as well as to ensure uninterrupted supply of compressed air to the production lines especially during peak production times.

- 29 units of highbay mercury lamps in the packaging and brewing sections were replaced with energy saving induction lamps. The new lamps consume 50% of the energy expanded by the mercury lamps, reducing electricity consumption by 33,408kwh per year.
- A frequency inverter controlled pump at the Effluent Treatment Plant was installed to control pump speed and further reduce electricity consumption.

In addition to the new equipment, several initiatives were introduced to further reduce electricity consumption. These include:

- Curbing signage lighting at premises to 7 hours from 12 hours previously.
- Installation of timers at isolated areas which will only turn for 10 minutes at a time when required.

- Rewiring of lightings and switches at packaging and utilities in smaller groups to enable turning on lights only in areas that are required.
- Shutting of hand valves for air and steam for packaging and brewery operations respectively during production downtimes.

Quality

Product quality remains a top priority. We are continuously improving our processes to ensure we deliver the highest possible product quality. Our key performance indicators focus on process capability and the number of complaints received for our bottled and canned products. Both these areas have shown continuous improvements.

Operations

The TPM programme has ensured that GAB continues to maintain its high performance standards with continuous levels of improvements year-on-year. Our Root Cause Failure Analysis (RCFA) teams allow for a faster and more efficient approach to problem solving in the production process.



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Achieving Excellence and Recognition

For the fifth year running, GAB won the Guinness League of Excellence Award, cementing its position as the best Guinness brewery outside of Ireland. GAB is the only brewery in the world to achieve this feat. The winning streak is proof of the continuous improvements we have made in delivering world-class levels of performance, stemming from the consistent quality improvement and stringent adherence to world-class specifications.

The year under review also saw GAB bag the Giant Supplier of the Year Award 2011, which recognises suppliers who have performed in sales turnover, executions and activation, service levels by supplier, supports, brand shares, profits, business relationship and publicity.

To cap off another year of innovation and improved efficiency, GAB was one of only three breweries in the Asia Pacific region to receive the Heineken Laboratory Star System Certification. Our GAB Quality

Assurance (QA) and Satellite Laboratories were granted the official Heineken Laboratory Star System Certificates, in March 2011, after fulfilling all the requirements of a very stringent audit process. This Heineken certification is equivalent to the ISO 17025, the main standard used to certify testing and calibration laboratories. With these certifications, our laboratories are certified to be reliable to deliver quality and accurate results.

CONTINUOUSLY IMPROVING OUR OPERATIONS

Safety and Health Measures

The safety and security of GAB employees remain a top priority for us. Our security measures are constantly monitored, to ensure that all security and safety equipment are functioning properly.

During the year, we also created an enclosure for the malt treatment area to prevent dust from spreading and posing a safety hazard to other areas.

Capital Expenditure

A total of RM33 million was invested in FY11 to improve brewery efficiency and operations, energy conservation, product quality, logistics, safety measures and traffic flow in order to maintain the world-class levels at which GAB performs.

Two of the main expenditures for the year were the upgrading and adaptation of the racking plant, and the installation of the new Empty Bottle Inspector (EBI).

The upgrading and adaptation of the existing racking line was carried out to support the conversion to Euro Kegs from the existing Comet Kegs. Using Euro Kegs will result in lower production costs and provide for higher potential returns in the future.

The objective of the new EBI, meanwhile, is to ensure product quality by minimising the possibility of foreign or dirty bottles passing through the inspector. Further, the new EBI will also be able to support future innovation projects.



Conservation of Resources

We see the preservation of the environment through sustainable business practices as central to our philosophy of being a responsible company, and we constantly take measures to reduce our carbon footprint and impact on the environment.

These include improvements in CO2 recovery from the production process, as well as reduction in specific water, electricity and thermal energy consumption. Since 2010, the brewery has been self-sufficient in terms of CO2 usage, which has led to cost reductions and reduced overall business environmental impact.

ISO Accreditation

GAB was the first brewery in Malaysia to receive the Hazard Analysis Critical Control Point (HACCP) from the Ministry of Health in 2002, and the ISO 9001:2008 certification, having fulfilled the additional requirements to update from ISO 9001:2000 in 2010.

For the year under review, GAB once again successfully renewed both certifications.

ACHIEVING EXCELLENCE WITH TPM

The TPM programme is at the core of our continued success and we are constantly looking at ways to improve and consolidate our processes and business operations. A key component of the programme is the training of Process Control Leaders, which empowers employees to contribute and provide input for continuous improvement activities.

By instilling the TPM mindset in every aspect of our operations, we aim to create a conducive working environment and a sustainable business model in which employees are able to evolve and grow with the Company.

We continue to make progress towards our corporate vision of being an Icon in Business and our departmental vision of becoming the best brewery in our class in the world.

