

Who We Are

Our World and Our Vision

Guinness Anchor Bhd (GAB) is the market leader of the Malaysian beer and stout industry. We operate across Peninsular Malaysia, as well as Sabah and Sarawak, with a workforce of 561 employees. GAB produces, sells and markets leading brands: Tiger, Guinness, Heineken, Anchor Smooth, Anchor Strong, Kilkenny, Anglia Shandy and Malta. We also market imported brands Paulaner, Strongbow and Sol. The majority of our employees are based at our headquarters - the Sungei Way Brewery in Selangor, which started operations in 1965.

Our vision is **GAB is an Icon in Business. Respected the world over for delivering exceptional growth in People, Brands and Performance.** We want to be an example to others – in Malaysia and beyond – delivering continuous growth against a background of excellent people, iconic brands and stellar operational and financial performance.

We believe that we are on our way to achieving this: This year, we celebrate 10 consecutive years of growth. For the financial year ended 30 June 2011, we reported revenues of almost RM1.49 billion – an increase of 9.6% from 2010 (RM1.36 billion). Our pre-tax profits were also significantly higher at RM243 million (2010: RM205 million).

	Financial year ended 30 June									
	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000
Revenue	1,488,720	1,358,633	1,285,423	1,194,602	1,072,112	976,013	952,113	886,208	796,595	788,060
Profit before taxation	242,883	204,991	191,178	168,898	152,159	142,211	140,519	129,254	107,363	93,718
Taxation	61,505	52,300	49,190	43,041	39,598	14,014	32,551	30,835	29,357	21,317
Profit after taxation	181,378	152,691	141,988	125,857	112,561	128,197	107,968	98,419	78,006	72,401
Dividends	163,133	135,944	123,860	109,873	99,239	91,354	90,871	91,837*	84,831*	82,655*
Net Dividend per stock unit (sen)	54.0	45.0	41.0	36.4	32.8	30.2	30.1	30.4*	28.1*	27.4*
Earnings per stock unit (sen)	60.0	50.5	47.0	41.7	37.3	42.4	35.7	32.6	25.8	24.0
Reserves	365,567	319,879	291,252	260,285	234,060	213,246	176,403	159,064	146,200	124,748
Shareholders' funds	516,616	470,928	442,301	411,334	385,109	364,295	327,452	310,113	297,249	275,797
Net assets per stock unit (sen)	171.0	155.9	146.4	136.2	127.5	121.0	108.0	103.0	98.4	91.3

* Includes special dividends



OUR BRANDS

Our world-renowned portfolio of brands drives our market growth. Perfectly brewed to meet various consumer preferences, our diverse beer, stout, cider, shandy and non-alcoholic malt drink brands champion the traditions of quality, excellence and consistency that GAB is respected for.

OUR OPERATIONS

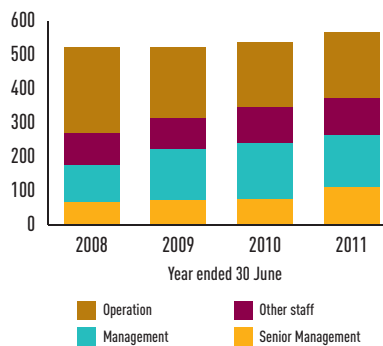
At our brewery in Selangor, close to Kuala Lumpur, we produce a range of well-known beer and stout brands, in bottles, cans and kegs. Through our 16 sales offices, we distribute our products through our network of distributors to bars, restaurants and the retail trade across Malaysia. Our relationship with the trade extends across a vast range of services – from promotions and marketing, to technical support of cooling systems and the collection and recycling of kegs and bottles.



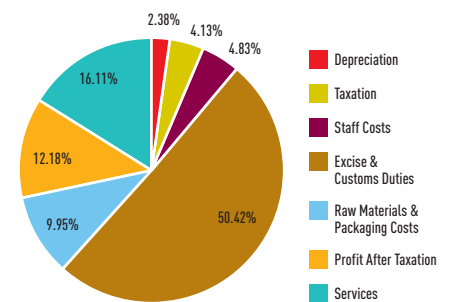
OUR PEOPLE

Our employees are at the centre of everything we do. We have 561 employees, 31 of whom are based in East Malaysia. 99% are Malaysians. 35% work in the brewery and logistics functions, and we also employ a significant number of highly skilled managers in sales, marketing, engineering, human resources and finance who help to develop, sell and market our brands.

Employees by type (2011: 561 employees)



Analysis of Group Revenue for financial year ended 30 June 2011



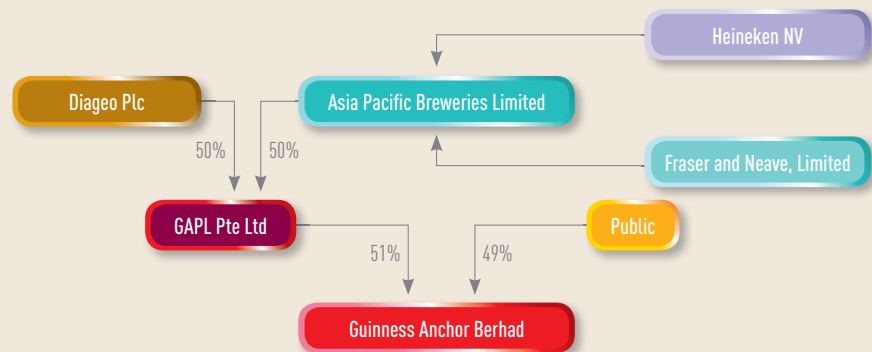
Economic distribution of income

By far our biggest expenditure cost is excise and customs duties, which account for more than 50% of our costs. In addition, we invest a significant proportion in services, such as advertising and promotion, marketing and communications, which support our brands.

Ownership

GAB is listed on the main market of Bursa Malaysia. The largest shareholder is GAPL Pte Ltd, a joint venture between two of the world’s leading alcoholic beverage brands Diageo Plc (Diageo), listed in the London Stock Exchange and Asia Pacific Breweries Limited, a company listed on the Singapore Stock Exchange.

GAB Ownership Structure



Who We Are

Corporate Governance

Our Board of Directors is the highest governing body at GAB and has the overall responsibility in leading and determining the Group's strategic direction. It provides effective oversight of the conduct of the Group's businesses, ensuring appropriate control systems are in place, as well as regularly reviewing such systems to ensure their adequacy and integrity.

BOARD DIVERSITY AND COMPOSITION

The Board is currently composed of nine members, with four committees – Audit, Executive, Remuneration and Nomination. There are eight non-Executive Directors, four of whom are independent. The Chairman, Tan Sri Saw Huat Lye, is independent, and the Managing Director, Charles Ireland, is the only Executive Board member. The Board comprises nationals from Malaysia, Singapore, the UK, New Zealand and Ireland. There is one woman on the Board. All Directors have extensive Board experience, combining an impressive array of commercial, legal, financial and public affairs skills.

BOARD TRAINING AND EFFECTIVENESS

The Nomination Committee is charged with overseeing the effectiveness of the Board and the Board Committees. This includes a review of the size, composition and skills required and contribution of individual Directors in relation to the effective

decision-making of the Board. It considers any potential existence of conflicts of interest of any present Directors or any new Directors who may be nominated, with the business of the Company. The Nomination Committee also ensures a continuous education programme for Directors. In 2011, the Board's annual training programme comprised Global Grocery Retail Trends and Implications for F&B Retail Account Management, Commodity Trends and Impact as well as Malaysia's New Economic Policy (Economic Transformation Programme/10th Malaysia Plan).

In addition, The Nomination Committee conducts an annual Board Effectiveness Evaluation via questionnaires, which assesses the effectiveness of the Board and Board Committees along with Directors' self and peer assessment.

MANAGEMENT STRUCTURE AND REMUNERATION

The Board is assisted in its duties by a strong Management Team, led by the Managing Director. The Executive Director has distinct responsibilities, both for commercial and company performance issues, as well as for relevant aspects of the Company's corporate responsibility strategy. Key developments on social and environmental issues are included in regular reports to the Board. Remuneration and business targets are linked to overall Company

performance, as well as individual performance and compliance with the Company's triple bottom line policies and strategies.

EMBEDDING COMPLIANCE

Our corporate governance structure is supported by a comprehensive risk management and compliance programme – internally known as CARM (Control Assurance & Risk Management), which we have adopted from Diageo. It is a web-based self-assessment programme that requires each business function to evaluate and ensure that it has appropriate controls in place to manage a broad range of risks arising from the day-to-day business activities within the Group. CARM is part of Diageo's compliance with the requirements of the US Sarbanes-Oxley Act. It is not mandatory for GAB to adopt it but we have chosen to do it as part of our control measures and to help improve our corporate governance.

The Head of functions and process owners are required to attend an annual training, conducted by the CARM team, and the programme is audited annually, both by internal and external auditors.

We believe that CARM helps us build a compliance culture, in which our policies and standards are embedded into all business activities. This includes everything from integrity of financial reporting, to health and safety guidelines and dealings with suppliers and sales promotions.

Governance and Management Structure



GAB Board of Directors



ABOVE, FROM LEFT: Tan Sri Saw Huat Lye • Charles Henry Ireland • Dr. Leslie Buckley • Sreesanthan Eliathamby

BELOW, FROM LEFT: Martin Giles Manen • Siobhan Mary Hamilton • Dato' Syed Salleh Bin Syed Othman • Edmond Neo Kim Soon • Edward Mcshane

Corporate Responsibility and Corporate Strategy Go Hand-in-Hand

We understand that corporate responsibility cannot be achieved in isolation, but must be incorporated in everything we do. For every activity and plan, the social, environmental and ethical implications must be identified and addressed. We are committed to addressing issues specifically relating to each step in our value chain, in addition to the aspects which cut across the whole of our value chain, such as employee development, community investment and governance.

We have organised our Corporate Responsibility (CR) activities in four CR pillars based around Bursa Malaysia's CSR Framework of Marketplace, Workplace, Environment and Community. As part of our corporate vision to be an Icon in Business, we believe that it is necessary to excel in each of these areas, achieved through structured frameworks to enable continuous improvement.

Who We Are



We are fortunate to be linked through our ownership structure to some of the leading global companies. This enables us to share good practice and framework for improvement. For example, our employee survey is based on the Values Survey from Diageo and our environmental management system is inspired by the Heineken Utilities Benchmark Model.

Renuka Indrarajah: GAB's Commitment to CR

"Leading companies don't just do CR but they shape the path for others to follow..."*

This is a philosophy that GAB and its Foundation have held steadfastly to in our ways of working. As the market leader of the Beer and Stout industry, we encourage our trade partners and suppliers to operate in a responsible and sustainable manner. We started the GAB Academy 3 years ago to help train the frontline staff of our trade partners on customer service, food-pairing and the sensible serving of alcohol, to help improve the country's food and beverage industry service level. In our Supplier Appreciation event held earlier this year, we included an award category for Corporate Responsibility, in line with our commitment to CR, to encourage our suppliers, the majority of whom are Small and Medium Enterprises (SMEs), to operate in a sustainable manner.

As for the GAB Foundation, when we first embarked on the 3-year journey to rehabilitate Sungai Way in December 2007 through the

WATER Project, we were doing something that had never been done before in this country. Three years have now passed and the WATER Project has successfully empowered the community through engagement and education, to play an active role in rehabilitating the river. In the end, the community has made the difference.

The WATER project has become a showcase for river rehabilitation in Malaysia. We have since published a handbook documenting the learnings and lessons, to share and encourage others to take the same path. We have shared this handbook with the Drainage and Irrigation Department (JPS) and jointly organised a training session for its officials so that they may apply the same model in rehabilitating the rivers across Malaysia. We have also presented the WATER project case study at the World Sustainable Cities Conference and recently, we talked about our CR strategy and CR activities, at the CSR Asia Summit 2011, so that others may learn from our experiences, and adapt and apply them.

Another project that the GAB Foundation has taken the lead in is the English Programme. While there are similar programmes by other corporations to improve English proficiency among school children, the Foundation extended the training to the teachers to equip them with the necessary teaching tools. This would, firstly, enable them to develop as teachers and secondly, result in the students benefiting through improved teaching methods. To-date, 29 teachers have completed the training, many of whom have lauded the programme, acknowledging that it has helped them in their teaching and in developing their confidence.

We are only at the beginning of our journey and there is a lot more to be done. We will continue to invest our time and our resources in CR as a business, and through the GAB Foundation, expanding and extending our successful initiatives. We strongly believe that in order to really make a difference, we have to lead by example, shaping the path for others to follow. As the great Mahatma Gandhi once said... "We must be the change we want to see in the World."



The WATER Project booth at the World Sustainable Cities Conference.

About Renuka Indrarajah

Renuka Indrarajah is the Corporate Relations and Legal Director of GAB. She also serves as Director of the GAB Foundation Management Committee. GAB's Corporate Responsibility strategy and the running of the GAB Foundation fall under her purview.

*Note: This was shared by Michael Hastings, Lord Hastings of Scarisbrick CBE – Global Head of Citizenship and Diversity, KPMG International at the ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2011 on 4 October 2011.

Who We Are

OUR IMPACT – RISKS AND OPPORTUNITIES

We can only achieve our vision by aiming for excellence across all of our activities. Within the four pillars of CR, we believe that each holds the key to mitigating risk and leveraging opportunities:

Workplace

- We need to attract and retain the best talent in Malaysia. This is achieved by offering competitive development opportunities and benefits in the market
- Promoting a healthy and safe workplace means that we achieve maximum productivity and avoid costly absences

Marketplace

- Our licence to operate depends on our efforts in marketing our brands responsibly and in driving sensible alcohol consumption
- Delivering transparent and sustained financial performance drives share prices higher and shareholder loyalty
- Product safety procedures are crucial in ensuring that our consumers consume products that are of high quality and safety standards

Environment

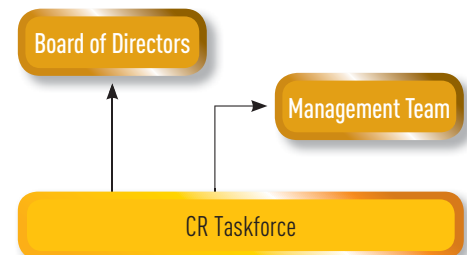
- Efficient use of inputs, such as energy and water, is a vast cost saver and it reduces dependency on fluctuating prices
- Protecting and preserving local waterways is crucial in maintaining access to water and in forging strong relations with communities

Community

The community is made up of our current and future employees, suppliers, shareholders, trade partners and consumers. Their trust and confidence in us are crucial for our continued performance and long-term success

RESPONSIBILITY AT THE SENIOR LEVEL

Every senior manager has distinct responsibilities for relevant aspects of our CR commitments. To ensure that the strategy is coherent, challenging and at the forefront, we have established a CR Taskforce, comprising senior managers from every department within GAB. The CR Taskforce is led by the Corporate Relations and Legal Director, who reports directly to the Managing Director. GAB's Management is updated on CR activities and plans every month while the Board is kept abreast of CR activities at least once in every quarter.



- Charles Ireland – Managing Director
- Renuka Indrarajah – Corporate Relations and Legal Director (Head of Taskforce)
- Ong Ping Ping – Corporate Responsibility Manager
- Charles Chiou – Regional Sales Manager
- Chong Shun Chiun – Manager – Brewing Technical Support
- Justin Sim – Associate Manager
- Peter Khemlani – Marketing Manager
- Avinder Kaur – Manager, Human Resources
- Yong Tian Leon – Sales Finance Controller

PROGRESS AGAINST REPORTED TARGETS IN 2010 – STAKEHOLDER ENGAGEMENT

Targets set for FY2011	Status	Comments
We will continue with analyst and media briefings.	●	We held analyst and media briefings on our interim and final results.
Our corporate website will be further improved to enhance accessibility and content.	●	Our corporate website is updated regularly to ensure that content is up-to-date and relevant.
We will be carrying out a shareholder engagement exercise at the 2010 Annual General Meeting (AGM).	●	We decided to postpone this to FY2012, and a shareholder engagement exercise will be carried at our 2011 AGM.
We will be seeking more innovative ways to engage with our distributors and engaging with them on an annual basis.	●	We held our Distributor engagement in conjunction with GAB’s annual National Commercial Conference to update our Distributors on our FY2012 plans.
We will make the Trade Engagement event an annual one.	●	A Trade Engagement was held in October 2010.
We will enhance the GAB Academy modules, incorporating participants’ feedback. We will be rolling out to more outlets in FY2011.	●	In FY2011 we introduced additional modules, such as: <ul style="list-style-type: none"> • Making Cents, which equips participants with up-selling techniques and knowledge on beer and food pairing • Teamwork, which enhances their ability to follow orders, give orders and tasks delegation From FY2010 to FY2011, we increased the number of participating outlets by 92.7%

● Fully achieved ● Partially achieved ● Not achieved

STAKEHOLDER ENGAGEMENT

Our licence to operate is based on excellence throughout all our activities. This is achieved through strong and constructive relationships with all our stakeholders.

Over the past few years, our strategies across the business have been increasingly guided by our stakeholders. We use structured surveys, events and meetings, enabling two-way communication with suppliers, employees, customers, shareholders and regulators. We have also recognised that effective community investment is only possible through on-going dialogue with those affected, as well as with Non-Governmental Organisations (NGO) with core skills in the areas that we are trying to impact.

LEARNING FROM OTHERS

We know that we can also learn from other businesses. We are members of two leading business networks – the Business Council for Sustainable Development Malaysia and the CSR Asia Strategic Partner Programme. Through these, we are able to share good practice with other leading businesses and get inspiration for continuous improvement.



Who We Are

A Structured Approach to Stakeholder Engagement

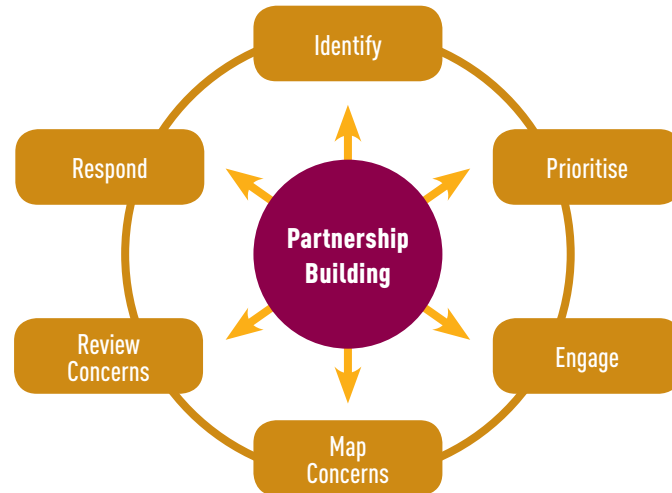
In April 2011, GAB engaged CSR Asia to assist in conducting a series of stakeholder consultations. The objective of the programme was two-fold:

1. To understand the concerns and expectations of GAB's stakeholders in order to address these in the CR strategy of the Company
2. To invite feedback on GAB's 2011 CR Report, to ensure it addressed stakeholders concerns and met their information and disclosure needs.

The engagement was designed in accordance with CSR Asia's proprietary stakeholder engagement framework, which combines the principles set out in ISO26000 and the AA1000 Stakeholder Engagement standard. The framework is developed to include stakeholders and partners, rather than as passive recipients or by-standers to the company's operations. This enables constructive and strategic dialogue through the following engagement cycle.

IDENTIFICATION AND PRIORITISATION

GAB gave CSR Asia access to organisational charts and the results of surveys conducted with suppliers and employees. In collaboration, a map of relevant stakeholders was devised and these were prioritised in a matrix balancing the impact of GAB's activities on the stakeholders versus the strategic importance of stakeholders to the business of GAB. The composition of each stakeholder group can be found in the individual commentaries published throughout this report.



ENGAGEMENT

An engagement methodology for each stakeholder group was devised. In general, CSR Asia advises companies to step back from the engagement process, to ensure that stakeholders feel at liberty to express their opinions freely and to avoid the tendency to defensiveness which may occur when stakeholders misunderstand or misrepresent the Company's activities. Where practical, this principle

was applied. In addition, all group discussions were conducted under Chatham House Rules, where opinions cannot be attributed to individuals. The main outcomes of each engagement was summarised by CSR Asia and circulated to stakeholders for comments and approval, and shared with GAB. Summaries are included in the report, except where key outcomes were commercially sensitive, or highly situation-specific or where personal issues were raised.

Stakeholder	Method	Presence of GAB team	Outcome summarised in report
Senior Management	One-on-one interview	Yes	No
Employees – brewery	Focus group and survey	No	Yes
Employees – East Malaysia	Focus group and survey	No	No
Suppliers	Focus group and survey	No	Yes
Government agency	One-on-one interview	Yes	No
Steering committee – WATER project	Focus group	No	Yes
Child development expert	One-on-one interview	No	Yes
Parent representative	One-on-one interview	No	Yes
Investors/analysts	One-on-one interview	No	Yes
Distributors	Q&A session with MD	Yes	No

REVIEWING AND RESPONDING

GAB reviewed all stakeholder comments and concerns, and prepared the CR report based on this review. To ensure that stakeholders had a final opportunity for dialogue, the draft report was reviewed by selected representatives from the stakeholder groups. This gave GAB an opportunity to discuss concerns and decide whether to include reference to the issues raised. Final amendments to the report were made based on these discussions.

EVALUATION OF THE STAKEHOLDER CONSULTATION, LIMITATIONS AND RECOMMENDATIONS FOR FURTHER OUTREACH

The project includes a wide and diverse range of stakeholders representing both positive and critical voices. However, it was not possible to include all stakeholders. There is some level of self-selection, as stakeholders who are highly critical of the Company or its operations may choose not to participate. The timeline involved also created some limitations. For 2012, CSR Asia has made two recommendations for further engagement:

1. Work towards identifying stakeholders who are indirectly affected by the operations of GAB. This could include further community engagement, organisations and/or local businesses not selected as suppliers to GAB.
2. Invite all suppliers and all employees to volunteer for the focus groups. This would reduce the bias towards those stakeholders already engaged.

Although these recommendations may further evolve GAB's tremendous efforts in engaging stakeholders, we commend the responsiveness of the Company. Overall, we believe the stakeholder engagement has been conducted in a robust and credible manner, ensuring that a representative range of views have been heard – both positive and negative. We also believe that the stakeholder categories selected are the most immediately important stakeholders to ensure GAB's business success, licence to operate and positive contribution to society.

August 2011, Kuala Lumpur, Malaysia

Rikke Netterstrom

Executive Director, CSR Asia

About CSR Asia

CSR Asia is a leading provider of CSR advisory services, training and research in the Asia-Pacific region. We provide advisory on reporting to companies in Asia. We have also conducted research and ratings for organisations such as the ACCA MaSRA, ICRM-StarBiz Awards and Bursa Malaysia. We are the licenced provider of data for the Asian Sustainability Rating™, which rates the disclosure of the top 750 listed companies across the Asian stock exchanges.

The team involved in the engagement has previously conducted stakeholder engagement and developed stakeholder assurance for a diverse range of organisations, including The Body Shop International, Wilmar International, The European Red Cross and Talisman Ltd. The Project Director was also involved in the development of the leading AA1000 Stakeholder Engagement standard.

CSR Asia's involvement in this report does not constitute formal assurance. Our role is limited to providing expertise and guidance on the appropriate use of standards, verification bodies and stakeholder input. We do not undertake audit of data, nor guarantee the accuracy of report content.