

# Best Practice in the Workplace



GAB Employees with the workplace related awards won by the Company in the last 2 years.

Our dedicated workforce is the major building block of our success. We are able to sustain our market success and continued growth path because of our committed and highly skilled staff. We have therefore set ourselves the ambition to be the leading Malaysian employer of choice. We want to attract the best and the brightest, and offer them a good and challenging working environment, which gives them the freedom to develop and fulfil their potential.

Our Human Resources Director is a member of the Management Team, and we have introduced a "7 HR Pillars" framework, on which all of our policies and programmes are based.

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## Our HR Pillars

### HR PILLARS

### GAB DEVELOPS, VALUES AND SUPPORTS EMPLOYEES

### KEY INITIATIVES IMPLEMENTED

#### Grows People

We are passionate about our employees being given every opportunity to reach their full potential. We want our people to have careers with us. In their career journey, each employee has a career development plan encompassing training and development, to encourage and enable their growth. We believe that our passion for developing people will enable us to attract and retain top Malaysian talent and that this will have a direct and very positive benefit on our company's performance.

We are building a pipeline of new talent through a Management Trainee programme. This programme complements existing talent development initiatives already in the organisation.

- Career advancement internally and regionally
- Personal and development plan for staff
- GAB Academy has trained our people and frontline staff of our outlets

#### Pays Well

We believe that a fair day's work deserves a fair day's pay. We benchmark ourselves against a peer group of international and local Malaysia based FMCG businesses and aim to always remunerate at or above the median range of this group. Furthermore we encourage and reward over-delivery through formal and informal incentive programmes. We strive towards being one of the top paymasters.

- Salary benchmarking with industry peers
- Reward good performance through healthy bonus payouts and promotions

#### Cares for People

We believe that people produce their best results when provided a great environment in which to work. We provide a great working environment in GAB, ensuring our work spaces are ones that we are proud of. We ensure we have competitive employee benefits and we actively encourage a healthy work life balance for all staff.

- Diversity and flexi-hours
- Nursing rooms for working mothers
- Making health and safety a priority
- HR Wellness programme
- Drink Sensibly programme for employees

#### Fair & Reasonable

We believe in treating others as we ourselves would like to be treated. As such we ensure that all GAB employees are treated fairly and reasonably. We appraise performance objectively and everyone knows how they are rated. Our employment policies, terms and conditions and grievance and disciplinary procedures are fair, clear and balanced. Furthermore we ensure that opportunities to progress in the organisation are given to employees, independent of race or gender.

- Trained all employees on Code of Conduct
- Reviewed appraisal ratings
- Hiring talent from within first

#### Great Two Way Communication

We believe that great communication is vital to both great team work and great performance. We encourage open, honest and direct two way communication at all times. Our senior managers are role models for this and we work hard to create connections for everyone in the business and opportunities for all to have their say.

- Regular breakfast meetings
- Townhall meetings and regular management briefings
- Employee newsletters
- Annual Employee values survey

#### Delivers Great Performance

We continue to improve the way we work by increasing efficiencies within business units through fostering more teamwork, enhancing focus on our core competencies, aligning manpower requirements and streamlining our policies to the ever-changing needs of the organisation.

- TPM Programmes to improve work processes, quality and performance
- Sales Reorganisation for greater efficiency
- Implementation of projects to reduce paper-work and improve efficiency
- Sharing of best practices within our global network of breweries

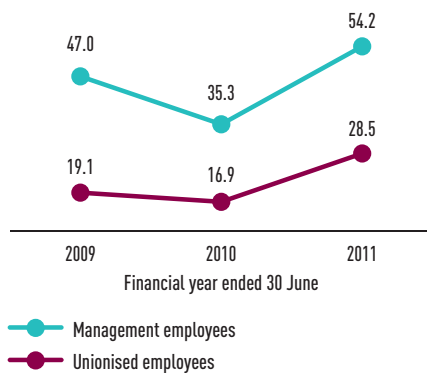
#### Lives its Values

We believe that our values give us our identity and are the cornerstones upon which our relationships are built. We work tirelessly to ensure that our actions are always consistent with our values.

- We work to ensure that all our actions are consistent with our values
- We work to ensure that all our business partners are aware of and aligned with our Vision and Values

## Best Practice in the Workplace

### Average training hours per employee



### Encouraging Personal Development

Our employee turnover rates are low by industry standards – approximately 8% a year and evenly spread by gender and region. The under-30s tend to have a slightly higher turnover rate, but we believe this is to be expected. At the other end of the spectrum, we have a high retention for more senior staff, with some working for GAB for up to 30 years. We also ensure that all employees, regardless of age and position, have a personal and career plan development, with ongoing skill-upgrading, ranging from English language and computer training to study loans for those who wish to pursue higher education goals.

### CAREER ADVANCEMENT INTERNALLY AND INTERNATIONALLY

Our hiring policy is designed to ensure that talented and loyal staff has the opportunities to progress internally. We encourage internal promotions before considering external candidates as this ensures that all employees are given a fair opportunity for career advancement. Our network within the Diageo Group and Asia Pacific Breweries Limited also gives employees a unique opportunity for international postings.

### DIVERSITY AND WORK-LIFE BALANCE

We wish to attract a workforce which reflects the diverse country in which we operate. We understand that the most effective way to attract and retain the best employees is to create a culture where everyone can succeed, regardless of age, gender, race or religion. Remuneration and promotion is based on ability and performance. We operate a relatively flat organisation, which tries to offer each employee development opportunities adjusted to the unique needs and aspirations of the individual.

Our team is highly diverse, with a high proportion of females in management roles. In certain areas, such as sales, it is challenging to attract women, as they are often wary of the travel and hours involved. Likewise we recognise that there are those who prefer not to work for a company producing alcoholic beverages for religious reasons.

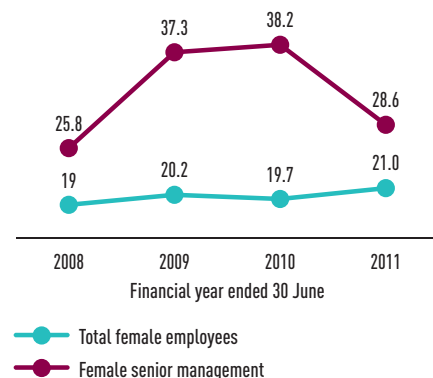
Because of these limitations, our labour pool is smaller than that of other consumer goods manufacturers and we have to offer outstanding opportunities to those that choose to work for us. We work hard to meet the needs and expectations of

“Gen Y” – the under-30-year-olds who value personal development, flexibility and a strong sense of values. Likewise, we want to create an environment which accommodates employees’ desires for a good family life and a healthy work-life-balance.

As a result we have established Wednesday as a “leave work early day” across the organisation. In all roles where feasible – including outstation staff, we encourage employees to leave work by 6pm.

All our female employees on maternity leave have returned to work as planned and we believe that our work-life-balance commitments make this possible. However, we have gone further to accommodate the immediate needs of new mothers, by offering nursing rooms at our headquarters where most of our female staff is based.

### Percentage of female employees (Total and senior management)



Note: The decrease in the female proportion of Senior Management is due to a Sales Department reorganisation in 2011 which led to promotions in the sales force, which are predominantly male.

**GREAT TWO-WAY COMMUNICATION**

On-going dialogue between employees is instrumental to creating the culture of pride and personal ownership which we wish to foster at GAB. Our Managing Director, Charles Ireland, takes an active role through the "Breakfast Meetings", designed to enable employees across the Company to ask questions on all types of topics. There are also townhall meetings and regular management briefings, to ensure that all staff is fully aware of direction and plans. We produce a periodic employee newsletter and a range of other publications designed to enable information-sharing across the Company and regions.

**LISTENING TO FEEDBACK**

Since 2007, we have conducted an annual employee survey and from 2008, we have used a Values survey from Diageo, which provides our employees with the opportunity to provide anonymous feedback to Management. This helps us to benchmark ourselves against our peers internationally, understanding where we are doing relatively well and where we can improve.

We received a 94% response rate in FY2011 as compared to the previous year's 89%, and recorded a 10% increase in the number of comments received.

In general, the findings were similar to the previous year's with an overall slight decline in scores. In response, seven focus group meetings were held with the three departments with the lowest scores to gain a better understanding on the issues. Action plans have been formulated to address the issues highlighted.

**AN AWARD-WINNING WORKPLACE**

Our unique and structured approach to human resources has earned us numerous accolades over the years. This year, we won the Asia Responsible Entrepreneurship (AREA) Awards for "Investment in People". This is the second year that GAB has received the award, the last one was won in 2009. The 2011 AREA awards include nominations from around South-East Asia.

**List of Workplace Awards that we have won recently**

- Area Responsible Entrepreneurship Awards 2009 & 2011 for the category of Investment in People Award.
- StarBiz-ICR Malaysia CR Award 2009 for Workplace Best Practices
- Global CSR Silver Award 2010 for Workplace Best Practices
- Malaysia HR Awards 2010 - Silver Recognition for HR Excellence



## Best Practice in the Workplace

### PROGRESS AGAINST REPORTED TARGETS IN 2010 – WORKPLACE

Targets set for FY2011	Status	Comments
The 7 HR Pillars will continue as the foundation of HR's services to the people. The programmes will be reviewed and improved on a regular basis.	●	
Flexi Time has benefited many of our employees in terms of managing their time at work and their personal lives. This initiative will continue.	●	This initiative continues. In FY2011, we introduced "Go home early Wednesdays" to further encourage work-life balance.
To continue with Health Talks, sports / recreational activities, and 'Fruit of the Month Programme' to reinforce our commitment to ensuring healthier lifestyles and well-being for all our employees. We will continue to introduce employee engagement activities at department level / organisation wide level.	●	We held six lunch and learn sessions in FY2011.
The ICON magazine will be published once in two months and it will continue to be the "voice of employees". HR4U will be published every quarter, staggered with the ICON.	●	The ICON magazine is now a quarterly publication, incorporating HR communications. We have also introduced the quarterly townhalls to encourage more robust and open communication.
We will continue the regular breakfast meetings with the MD. Over time, all GAB staff will have the chance to sit in on these breakfast meetings.	●	We held six breakfast meetings in FY2011, attended by 55 employees.
The 13th Collective Agreement (CA) covers FY2009 and FY2010. <ul style="list-style-type: none"> <li>HR will continue to uphold the Fair and Reasonable Pillar in the next CA negotiation, scheduled in FY2011.</li> <li>HR will also engage the Executive Union in negotiating their first CA in FY2011.</li> </ul>	●	CA negotiations are on-going.
We intend to attract talent at entry and mid level through a revised Management Trainee Programme in FY2011. Training and Development will continue to be a main focus of HR.	●	We had a Management Trainee intake in Q1 of FY2012.
We aim to ensure that everyone is equipped with the correct set of competencies to carry out their jobs. We will pay particular attention to functional skills. Our future leaders will be sent to leadership training.	●	Training and development is on-going.
We will be conducting another Values Survey in FY2011. The results will be shared with all employees.	●	The Values survey was conducted in May 2011.

● Fully achieved   ● Partially achieved   ● Not achieved

## Securing Human Rights in the Workplace

We recognise that employee development and empowerment is only possible if we also adhere to the basic principles enshrined in international labour and human rights law, such as the ILO Core Conventions and the Universal Declaration of Human Rights and its covenants

### AWARENESS OF RIGHTS AND NON-DISCRIMINATION

All employees go through a training programme, which covers our Code of Conduct, our Sexual Harassment policy.

We have a zero-tolerance approach to discrimination of any form. In FY2011, we did not receive any complaints of this nature.

### TRADE UNIONS AND COLLECTIVE BARGAINING

We respect employees' right to form and join unions of their choice. 27% of our employees are covered by collective bargaining agreements with the Union of Beverage Industry Workers with which we have a good, long-term relationship. We have not had strikes or other labour-related operational disruptions over the past three years.

In FY2011, some staff based in East Malaysia stated that they wished to join a union. However, in some areas, local legal frameworks prevent certain types of employees from forming or joining trade unions.

### DECENT PAY AND CONDITIONS

One of our 7 HR pillars is Pays Well. Malaysia does not have a minimum wage. However, the Malaysian Government estimates that the poverty level is approximately RM750-RM900 depending on region.

Our standard entry level wages are well above this, ranging from RM1,000-RM2,500 for manual workers. In addition, GAB contributes 16% to the Employee Provident Scheme, a public pension fund. This is above the mandatory level of 12%.

The vast majority of our employees are on a permanent contract, with only 4.3%, less than 30, employed on a temporary contract.

### CHILD LABOUR AND FORCED LABOUR

We operate in a country and an industry with a low risk of child labour. Jobs at GAB generally require a high level of skill throughout our operations. We do not and will not employ anyone below the age of 18, nor will we allow any contractors to employ underage employees whilst on assignment for GAB.

We have not identified any risk of forced or bonded labour. Such practices are virtually unknown for companies who employ local labour in Malaysia.



## Best Practice in the Workplace

### Employee Focus Groups: More Consultation Needed, but Fun Place to Work

#### WHAT IS IT LIKE WORKING FOR GAB?

GAB provides a fun working environment - it is very challenging, but we also celebrate successes. There is a good sense of teamwork. The benefits are good, and the emphasis on work-life balance, flexi-hours, training programmes and good prospects for internal promotions are important. It is nice to be able to engage with the MD through his talks, breakfast meetings and townhall meetings. The Company has a good reputation, so friends and family are often impressed.

The culture has changed over the past years. Before, it would sometimes seem that it was more important "who you knew" rather than what ability you had. Now it is very transparent and based on merit. It is really positive that there is transparency around promotions.

Generally speaking, we feel valued and important. The service award is a great way of recognising loyalty. GAB is a challenging workplace, and it encourages people to develop and deliver to the best of their ability, and rewards are good. There is a good feeling of being part of a good company selling good brands. Compared to other companies, GAB offers a cohesive working culture, and the internal politics are less than other places.

#### WHAT WOULD MAKE GAB A BETTER PLACE TO WORK?

The biggest issue is that some decisions are made without consultation or feedback. It would work better

if there was some pilot testing, so kinks could be worked out. It would also help to identify how it would apply in a particular business unit and adjust it. For example, the work-life balance policy is great for some parts of the business, but for operations on shift-work, it can't be easily implemented. Recently, there have been some decisions made around marketing activity, which have caused problems between sales team and customers. Better consultation on these decisions with the field staff could have prevented a lot of problems and unhappy customers.

The leadership could put more trust in the staff, and allow them more freedom to do their jobs, but there is a tendency for micro-management. Senior management often gets involved in smaller decisions, which shouldn't have to involve them. This can feel a bit disempowering and it might be better if management allowed staff to lead and develop in some areas.

Not all employees are unionised, but it would be good if the Company offered the same benefits for union and non-union employees. For example, some units gets a replacement holiday if public holidays fall on a weekend, whereas others do not. We also think that the retirement benefits could be improved.

#### WHERE CAN GAB DO BETTER IN BEING A RESPONSIBLE COMPANY?

One area for improvement is to have a policy on the use of taxis. When we attend company or client events and this is after working hours, we are allowed to drink. There should be a guideline on drinking and driving in these cases. This is not only for sales team but across the Company.

Projects like "The Big Day Out" and the W.A.T.E.R project are really important. One person can only do so much but a whole company can do so much more. However, the "so what" part of these projects is missing. It is not explained to staff how it relates back to our Company and our products.

Last year, we were not involved much in community projects. Some of us mainly contributed to the community through associations and causes which customers are involved in. Community investment is really important in building relationships with the government and the community.

#### Response from GAB Management

Most feedback received is valid and useful. In some cases though, the information from employees is inaccurate. For instance, all employees do get a replacement holiday for a public holiday which falls on a weekend. This replacement holiday is either the next working day or one additional leave day, depending on the department they are from.

In other cases, policies and provisions requested are already in existence, for example, the use of taxi or the guidelines on drinking and driving.

The underlying issue appears to be some lack of communication. This will be an area for improvement, moving forward.

### Making Health and Safety a Priority

We believe that it is our duty to ensure that our people get home safely in the evening. Our responsibility does not end at the brewery fence, and extends to sales people on the road as well as general promotion of healthy living. This year, sensible drinking and accident prevention have been our strategic priorities.

After a thorough review in FY2011, we realised that there were many areas where we could improve health and safety at GAB. This year, health and safety is a major performance indicator for our Supply Chain and Operations Department. Most accidents happen in this area and involve cuts from bottles, accidents with pallets and transport on site.

#### SAFETY

We now have a zero accident target, which we have adopted from Heineken. This is a challenging target, but we need to be ambitious. We are applying Heineken's Total Productive Management (TPM) safety pillar. When we were audited against this system in 2010, we only got a score 41%, and in April 2011, we were re-audited and we hit 64%, so we are making progress.

Our first priority has been clear communication, explaining to all employees how to stay safe. There is now a safety board at the entry point of the brewery and boards that report on how many days were accident free. We have invested almost RM2 million in the amenity block, enabling workers to change into uniforms and personal protective equipment on site.

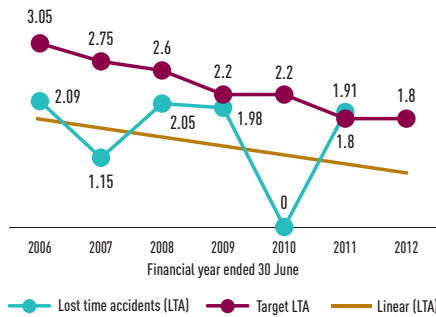
We are also closing our reporting gap. We found that previous data on accidents was often imprecise and not all accidents were reported. We have now introduced better tracking, and require all accidents to be reported monthly.

**HEALTH**

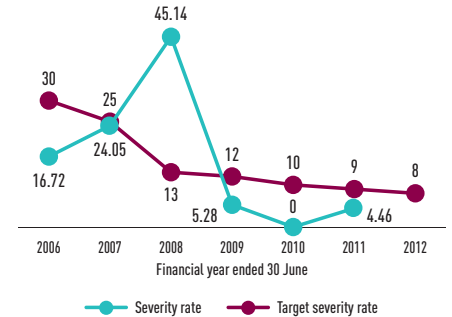
In addition to reducing accidents, we also believe that we can contribute to the general health of our staff. One of our biggest initiatives in the past year has been the introduction and promotion of drinking sensibly among our staff. This includes the introduction of the “no drinking during working hours” policy. This has required some adjustment by our sales teams, as there has been a culture around having a drink with customers to socialise. We have had to communicate with both staff and customers, to ensure they are on board. Ultimately, we believe this policy is the right thing to do, as it protects employees’ long-term health and we want our sales people to act as ambassadors of “Drink Sensibly”. It is also a question of efficiency. Our sales people often visit numerous outlets in a shift, and having a drink in each place affects judgement and productivity.

Our health drive goes beyond alcohol education. Our on-site canteen at the brewery ensures that employees have access to good, affordable food, and we have stringent anti-smoking policies, protecting employees from second-hand smoke. Our HR Wellness Programme was introduced in January to raise awareness on general health topics, such as prevention of communicable diseases and nutrition. We now produce a bi-monthly newsletter on Wellness, have monthly “Lunch ‘n Learns” and give away health and wellness related information.

**Number of accidents per 100 full-time employees**



**Tackling severe accidents (average lost days per accident)**



**PROGRESS AGAINST REPORTED TARGETS IN 2010 – HEALTH AND SAFETY**

Targets set for FY2011	Status	Comments
More safety teams will be launched to reduce risk levels on respective areas when required.	●	11 safety teams were launched in FY2011: <ul style="list-style-type: none"> <li>• 7 safety kaizen teams</li> <li>• 4 safety improvement teams</li> </ul>
To organise training for all members of Safety & Health committee in order to equip them with appropriate knowledge.	●	This training was held from 18 – 19 October 2010.
To finalise safety work procedures in the pilot areas – link to team launch. Then, horizontal expansion to all related areas covering all activities.	●	Done
To carry out HIRAC (Hazard Identification, Risk Assessment and Control) on pilot areas. There will then be horizontal expansion to related areas in the departments.	●	Done
Monthly safety audits to be conducted by individuals	●	Done
Create awareness on the location of the fire extinguishers, hydrant plan, first aid box location and near-misses location.	●	Done

● Fully achieved ● Partially achieved ● Not achieved