

United Breweries Limited

CSR Policy

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1. PHILOSOPHY

At UBL, responsible growth is our guiding principle. We believe in achieving sustainable development through harmonious balance between commercial success, social wellbeing, and environmental stewardship.

Our Corporate Social Responsibility (CSR) efforts prioritise empowering communities, enriching their lives, minimizing our environmental footprint and fostering positive change.

2. GUIDING PRINCIPLES

1. **Do the right thing, for everyone:** This emphasises operating ethically and considering all stakeholders, in alignment with the company's Code of Business Conduct.
2. **Empowering communities:** This principle highlights using UBL's resources and capabilities to create positive impacts in local communities and partnering with organisations to amplify efforts.
3. **Continued progress, shared success:** This emphasises ongoing monitoring and evaluation of CSR initiatives, ensuring transparency and accountability by publicly reporting progress and achievements at regular intervals.

3. PURPOSE

UBL's CSR policy acts as a roadmap for its social responsibility initiatives. It outlines the Board's vision and direction, incorporating recommendations from the CSR Committee. This roadmap establishes guiding principles for selecting, implementing, monitoring, and reporting on CSR initiatives, and it helps formulate the annual action plan. Ultimately, the policy serves as a self-governing framework to ensure UBL's CSR efforts comply with relevant laws, ethical standards, and industry best practices.

4. SCOPE

UBL's CSR policy applies to each, and every initiative or programme undertaken as part of its commitment to CSR. This policy will be regularly reviewed and updated to reflect best practices, relevant corporate governance codes, and international standards. It also aligns with the requirements outlined in the Section 135 of the Companies Act, 2013, and the Companies (Corporate Social Responsibility) Rules, 2014, as amended (collectively referred to as "the Act").

5. GOVERNANCE

The Board of Directors, will oversee CSR projects, approve the CSR Policy, and receive an annual action plan for implementation basis the CSR committee recommendations. The board will play a crucial role in overseeing the effective execution, monitoring, review, of CSR projects and provide necessary inputs on CSR. The Board needs to ensure that the disbursed funds align with this policy and are used as approved. The Chief Financial Officer (CFO)/ Director- Finance or designated authority will certify this compliance. Furthermore, the Board will make appropriate disclosures on UBL's website, and their Annual Reports as mandated by the Act and its amendments. For ongoing projects, as defined in the Companies (CSR Policy) Amendment Rules 2021, the Board will monitor progress against approved timelines and yearly allocations, making modifications if necessary for smooth completion within the permissible timeframe.

6. CSR COMMITTEE

(i) Composition

The UBL Corporate Social Responsibility Committee (CSRC) is established in accordance with the Companies Act 2013, comprising at least three Board Directors, including one Independent Director. The current members of the CSRC are:

- Ms. Geetu Gidwani Verma, Chairperson
- Mr. Vivek Gupta, Member
- Mr. Radovan Sikorsky, Member
- Mr. Christiaan A J Van Steenberg, Member
- Ms. Kiran Mazumdar Shaw, Member

(ii) Responsibilities

The CSRC plays a crucial role in overseeing UBL's CSR initiatives, with key responsibilities including:

- **Developing and approving CSR strategy:**
 - Formulate and approve UBL's CSR strategy, policy, and goals, including revisions as needed.
 - Recommend an annual action plan aligned with the CSR policy to the Board for approval.
- **Budget management:**
 - Recommend the amount of expenditure allocated for CSR activities within the Board-approved budget.
- **Compliance and monitoring:**
 - Monitor UBL's CSR policy and performance to ensure compliance with mandatory CSR requirements.
 - Regularly review CSR projects and recommend adjustments to the annual action plan, if necessary.
- **Legal and regulatory compliance:**
 - Ensure adherence to legal and regulatory requirements concerning CSR.
- **Stakeholder communication:**
 - Oversee reporting, communication, and appropriate disclosures of UBL's CSR projects and initiatives to stakeholders.
- **Surplus management:**
 - Ensure that any surplus arising from CSR activities does not contribute to the company's business profit. Unspent amounts will be managed as per the CSR Act's guidelines.
- **Additional duties:**
 - Fulfil any additional roles and responsibilities assigned by the Board or mandated by statutory authorities, including any relevant modifications or amendments.

The CSRC meets at least twice a year to evaluate, approve, and monitor progress on all CSR initiatives, ensuring their alignment with UBL's commitment to responsible and sustainable business practices.

7. IMPLEMENTATION PROCESS

UBL's CSR programme will be implemented either directly by the company or through partnership with the CSR implementation partners as defined in the Act.

The CSR initiatives shall be centrally driven by the Head-CSR & Sustainability at the Corporate Office under the leadership of the Director-Corporate Affairs. This team identifies potential projects, allocates resources, and oversees overall progress. To ensure localized relevance, Brewery HR leads will actively monitor community-based interventions, bridging the gap between corporate vision and on-the-ground impact.

By streamlining efforts through central coordination and local engagement, UBL's CSR programme fosters sustainable change while upholding its commitment to responsible corporate citizenship.

8. UBL's CSR FOCUS AREAS

UBL's CSR initiatives prioritise areas with the greatest potential impact on India's future.

(i) Environment-

- a) **Water conservation:** We implement large-scale projects to restore and revitalise water bodies, harnessing rainwater runoff to replenish groundwater levels and alleviate water scarcity. Rainwater harvesting initiatives form a crucial part of this effort.
- b) **Waste management:** We intend to undertake waste management projects, aimed at segregation of waste at source, awareness around waste management, etc. to provide a cleaner environment to the communities.
- c) **Climate-resilient agriculture:** We aim to promote climate-resilient agricultural practices among farmers by providing necessary resources to them, leading to a more sustainable environment.
- d) **Other environmental initiatives:** We are committed to implement other environment-related initiatives as may be required around communities.

(ii) **Women empowerment-** As a diverse and inclusive company, UBL champions women's empowerment initiatives. We cultivate an environment where women can flourish by providing them with the necessary opportunities, support, and resources to achieve their full potential. Skill-based training, accelerator and incubator programs, scholarships, and livelihood opportunities are designed to elevate their socio-economic status and foster personal growth, independence, and a brighter future.

(iii) Community development-

- a) **Safe drinking water:** We understand the daily struggles of communities lacking access to clean drinking water. Through technology and infrastructure development, we aim to equip these communities with reliable access to safe drinking water.
- b) **Other community needs:** UBL is committed to supporting the specific needs of its communities, including during times of disasters. We contribute to projects aligned with Schedule VII of the Companies Act, 2013, or support specific government funds established for such purposes.

(iv) **Address harmful use-** UBL recognises the importance of responsible consumption of alcohol and actively addresses the potential for harmful use. We conduct awareness campaigns, workshops, and training programmes utilising various behaviour change communication methods to empower informed choices.

9. CSR BUDGET

In accordance with Section 135(5) of the Companies Act, 2013 (the Act), UBL is committed to spending at least two per cent (2%) of its average net profits made during the three immediately preceding financial years in some of the identified activities that are listed in Schedule VII. The overall amount to be committed to CSR will be approved by the Board as recommended by the CSR committee through its Annual Action Plan carrying a list of CSR projects or programmes to be taken. The following guiding principles are to be adhered to in terms of CSR Budget outlay and expenditure.

- (i) The administrative overheads shall not exceed five per cent (5%) of the total CSR expenditure of the Company for the financial year. The expenses incurred on Impact Assessment studies shall not exceed two per cent (2%) of the total CSR expenditure of the Company or Rupees Fifty Lacs (INR 50,00,000/-), whichever is higher.
- (ii) Any surplus generated from CSR activities shall not form part of the business profit of the Company and shall be treated as follows:
 - a) Ploughed back into the same project.
 - b) Transferred to a designated Unspent CSR Account and spent in pursuance of CSR policy and Annual Action Plan of the Company.
 - c) Transferred to a Fund specified in Schedule VII, within the prescribed timeline as specified in the CSR Rules.
- (iii) Any unspent amount shall be reported by the Board in its report specifying the reasons for not spending the amount and shall be dealt with in accordance to Section 135 of the Act and rules under Amendments thereof.
- (iv) In case, the Company spends an amount more than the requirement of its CSR obligations in a financial year, such excess amount may be set off against the requirement of CSR spending up to the immediate succeeding three financial years subject to fulfilment of conditions specified under the Companies (CSR Policy) Amendment Rules, 2021 as may be amended from time to time.

10. DISBURSEMENT

UBL recognises that project needs vary. To ensure efficient resource allocation, we will employ two primary funding methods: phased disbursements for long-term projects and lump-sum payments for smaller, well-defined initiatives. The chosen method, along with specific payment terms and timing, will be determined in consultation with the designated CSR Lead (Head-CSR & Sustainability) at the Corporate Office, project teams, and the implementing organisation, as outlined in the project's Memorandum of Understanding.

11. PARTNER SELECTION PROCESS

UBL implements its major CSR projects through established NGOs with expertise in the desired thematic areas and a good connect with the local community. A partner selection involves the following broad steps:

(i) Partner identification

Identifying a pool of organisations that can be possible partners is the first step in finding an appropriate partner for implementing a CSR project. A preliminary identification of the probable partners is done using secondary research, references from professional network and networking at conferences and conclaves.

(ii) Partner assessment

The prospective partners are introduced to the basic objective of the project which is usually a broad idea at the stage of partner identification. Based on mutual willingness to work on the chosen thematic area, the dialogue is taken further. Discussions are held to understand the work ethics of the NGO, their processes and systems. They are encouraged to share their experiences

and learning of similar projects. Relevant project related documents are requested from the NGO to establish a better understanding of their work and experience.

(iii) Due diligence and background checks

UBL conducts due diligence of the potential partners before entering into any formal agreement. The purpose of due diligence is to ensure that the Company is partnering with legitimate, effective, and accountable organisations. The due diligence process includes reviewing the NGO's mission and objectives, track record, financial situation, governance structure, and reputation. The company may also conduct interviews and site visits. The company only partners with NGOs that have passed the due diligence process. The selected organisations would also have to provide details as required by the Company for background checks and agree to provide necessary documents and disclosures as may be required.

(iv) Proposal discussion and shortlist

Once partners are shortlisted, proposals are invited based on which discussions are held. Every component of the proposal is thoroughly discussed and deliberated upon. The shortlisted partners meet/virtually present about their organisation, their capabilities and experience. Based on this discussion, selected partners go through UBL's internal procurement process. The selected partner is then presented by the CSR team to the CSR committee for approval. Once approved the committee recommends the partner to the Board for final approval.

The final selection is followed by introducing the NGO team to the team at the nearest brewery (HR and Brewery Head) around which the projects are proposed. The NGO highlights its experience and expertise in the meeting. The baseline assessment procedure is explained to the brewery team. Discussions on the expectations from the project as well as sharing of experience with the local community (by the brewery team) are held during this meeting.

The brewery team and the NGO, together, decide the priority villages where the baseline assessment is to be conducted. Basis the baseline report, the final project is identified, planned, and implemented.

12. PROJECT APPROVAL PROCESS:



13. SPECIAL REQUESTS:

To cater to community requests which need agility and immediate intervention, we will follow the below mentioned process of approval:



The Board is subsequently informed of the approved projects in their next meeting.

14. MONITORING AND EVALUATION

A robust system of monitoring has been put in place to ensure effective implementation of planned CSR initiatives:

- a) **Concurrent monitoring:** Our NGO partners and the brewery HR team helps with the concurrent on-ground monitoring of the projects. The NGOs monitor the implementation, and on-ground outputs and outcomes of CSR projects and report to us every month during the monthly update calls. This allows for immediate adjustments and evidence-based decision-making.
- b) **Field visits:** The CSR team at HO makes periodic visits to all project sites to ensure the project activities are being implemented as planned.
- c) **Beneficiary feedback:** We encourage beneficiaries and communities to provide input on the project's effectiveness and suggest improvements during the field visits from all stakeholders. Periodic feedback is also collected in written, video and audio formats by the NGO and shared with us.

15. IMPACT ASSESSMENT

Impact assessments will be mandatorily undertaken for CSR projects having outlays of Rupees One Crore (INR 1,00,00,000/-) or more, and which have been completed not less than one year before undertaking the impact study. A third party may also be appointed to review other CSR interventions at a regular frequency to quantify and communicate the social benefits of our projects and ensure unbiased evaluation of the ground Impact. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR through the web link.

16. REPORTING

UBL reports the progress on key CSR project activities to the CSR Committee twice in a year and subsequently to the Board. The Company reports its CSR performance in its annual report as per the statutory formats prescribed, while also giving additional details in the integrated Sustainability & Responsibility report published annually. UBL also files disclosure in Form CSR-2 on the MCA portal within the prescribed due date. The beneficiary numbers UBL reports are calculated as per its internal SOP and includes both direct and indirect beneficiaries.

17. AMENDMENTS TO THE CSR POLICY

The Board of Directors of the Company shall have the powers to revise/modify/amend this Policy from time to time, as the Board may think fit, based on the recommendations to be made by the CSR Committee to confirm to the revision/ amendment, if any, to be made to the CSR Rules by the MCA, under the Companies Act 2013.