

United Breweries Limited

CSR Policy

October 2023



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A. PHILOSOPHY

UBL is committed to operate and grow its business in a socially responsible way. We aim to bring about sustainable development by balancing the commercial and economic progress with the social and environment development.

We strive to reduce the impact of our business on the surrounding environment. Our CSR initiatives are focused on improving the quality of lives of the communities residing in the vicinity of our breweries.

B. GUIDING PRINCIPLES

1. Conduct our operations with integrity and respect for the interest of all our stakeholders in alignment with our Code of Business Conduct.
2. Leverage our resources, expertise, services, relationships and influence, for the benefit of our communities and our community partners.
3. Regularly monitor outcomes of our initiatives and publicly report on our progress in a transparent and effective manner.

C. PURPOSE

This policy will serve as a guiding document containing approach and direction given by the board, considering the recommendations of the CSR Committee, defining guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan. The CSR policy would function as a self-regulating mechanism for the UBL's CSR activities and enable adherence to laws, ethical standards, and best practices in this regard.

D. SCOPE

This policy will apply to all projects/programs undertaken as part of the UBL's Corporate Social Responsibility activities and will be developed, reviewed and updated by reference to relevant codes of corporate governance and international standards or best practices. This policy is also in line with Section 135 of Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014, as amended from time to time ("the Act").

E. GOVERNANCE

The oversight of CSR projects and the approval of the CSR Policy will be within the purview of the Board and recommended by the CSR Committee. An annual action plan in pursuance of this CSR policy will also be shared with the board as per CSR committee recommendations. The Board shall ensure proper implementation of the CSR Policy along with monitoring and reviewing CSR Activities undertaken by the Company and provide inputs as and when required. The Board shall satisfy itself that the CSR funds disbursed are alignment to the CSR Policy of the Company and have been utilized for the purposes and in the manner approved by it. The CFO or appropriate authority shall certify the same to the effect. The Board shall also ensure appropriate disclosures pursuant to the Act and Amendments thereof in the Annual Reports and UBL website in prescribed formats. In case of ongoing project, as defined under the Companies (CSR Policy) Amendment Rules 2021, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

1. CSR COMMITTEE

As per the Companies Act 2013, the Company must set up a Corporate Social Responsibility Committee with representation by a minimum of three Directors of the Board, with at least one of them being an Independent Director. The CSRC will be responsible for formulation and approval of the company's CSR Policy, the activities to be undertaken and monitoring the CSR Policy and programmes on a regular basis. The CSRC will meet at least twice a year to evaluate, approve, take an account of the progress, and suggest way forward for all our CSR initiatives.

The members of the UBL CSR Committee 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

The following are the key activities performed by the Committee:

- 1) To approve UBL's CSR strategy, policy and goals and revision thereof, as may be required and recommend to the Board, an Annual Action Plan pursuant to the Act.
- 2) To recommend the amount of expenditure to be incurred on such CSR activities / projects within the Board approved budget plan.
- 3) To monitor the UBL's CSR policy and performance from time to time to ensure it meets the mandatory CSR compliance requirements.
- 4) To review the CSR projects/initiatives from time to time and recommending any alteration in annual action plan, if any, to the Board
- 5) To ensure legal and regulatory compliance from a CSR viewpoint
- 6) To ensure reporting, communication and appropriate disclosures to stakeholders on the UBL's CSR projects/initiatives
- 7) To ensure that the surplus arising out of the CSR projects or programs, or activities do not form part of the business profit of the Company and unspent amount if any are treated as per the guidance of the CSR Act.
- 8) To carry out any other roles and responsibilities as is mandated by the Board from time to time and / or enforced by any statutory authority including any modification or amendment as may be applicable.

2. IMPLEMENTATION PROCESS

UBL shall implement its CSR programme either directly or through partnerships with reputed non-profit organisations having expertise in the selected thematic areas.

The CSR initiatives shall be centrally driven by the Head-CSR & Sustainability at the Corporate Office under the leadership of the Director, Corporate Affairs. The responsibility of identification of project opportunities and allocation of funds would rest with the corporate office. The Brewery HR leads will support in the monitoring of local community interventions.

F. UBL CSR FOCUS AREAS

The following focus areas have been carefully chosen to maximise the output of the corporate social responsibility initiatives:

- 1. Water**- Water conservation and access to safe drinking water is paramount for India due to its critical role in sustaining life, agriculture, industries, and ecosystems. India faces a growing water crisis due to a rapidly increasing population, urbanization, industrialization, and climate change. Insufficient and unevenly distributed rainfall exacerbates the problem. Efficient water management and conservation practices are essential to ensure a sustainable water supply for the present and future generations. Through our CSR interventions we aim to address the rising water crisis in our co-communities by focusing on:
 - a) Water Conservation**: UBL's water conservation program aims at identifying and implementing large-scale projects to enable water replenishment and recharge through construction/rejuvenation of water bodies. These projects put the run-away rainwater to effective use and help improve the ground water levels which ultimately relieves the community of its water woes. Rainwater harvesting is an important part of this initiative and has been implemented at various places.
 - b) Safe Drinking Water**: UBL understands that many communities still endure the daily struggles to access safe drinking water. Its initiatives are aimed at equipping the communities around its breweries with technology that ensures them of water safety and security.
- 2. Address harmful use**- Sensitisation and awareness generation for drinking alcohol responsibly is a key thematic area for UBL to try and address any possible harmful use. UBL aims to create awareness through trainings, workshops and other various other behaviour change communication methodology under this thematic area.
- 3. Women Empowerment**- Being a truly diverse and inclusive company, UBL is committed to championing women empowerment initiatives within this focus area. Our objective is to cultivate an environment where women can not only thrive but also excel by providing them with the necessary opportunities, support, and resources to ensure their success. Our approach involves empowering women through skill-based training, accelerator and incubator programs, scholarships, and various livelihood opportunities. These initiatives are designed to elevate their socio-economic status, fostering personal growth, independence, and a more equitable future.
- 4. Community Development**- UBL responds to the local needs of its co-communities by supporting specific community requirements including during times of distress like natural disasters. Such support would be provided through projects which fall under any other activities as mentioned under Schedule VII of Companies Act , 2013; or by supporting specific funds set up by the Govt. as made eligible under the Act and amendments thereof.

G. CSR BUDGET

In accordance with Section 135(5) of the Companies Act, 2013 (the Act), UBL is committed to spend at least 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 list of CSR projects or programs approved to be taken. The following guiding principles to be adhered to in terms of CSR Budget Outlay and Expenditure –

1. The administrative overheads shall not exceed five percent (5%) of the total CSR expenditure of the Company for the financial year

2. The expenses incurred on Impact Assessment studies shall not exceed (2%) of the total CSR expenditure of the Company or 50 lacs, whichever is higher.
3. 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.
4. 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.
5. In case, the Company spends an amount more than requirement of its CSR obligations in a financial year, such excess amount may be set off against the requirement of CSR spending up to immediate succeeding three financial years subject to fulfilment of conditions specified under the Companies (CSR Policy) Amendment Rules, 2021 as maybe amended from time to time.

H. DISBURSEMENT

The disbursement of funds will be either in tranches drawn down form or one-time payment depending on the nature and requirement of the project. The terms, conditions and timing of disbursement will be discussed and agreed to with the CSR Department and project teams and will typically form part of the Memorandum of Understanding with the entity implementing the project.

I. 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:

1. 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.

2. 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.

3. 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 organizations. 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 check and agree to provide necessary documents and disclosures as may be required.

4. 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 organization, 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 Unit 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.

5. Project Approval Process:



6. Special Requests:

To cater to community requests which need immediate intervention, and if they are valued under 20 lakhs we follow the below mentioned process of approval:



J. MONITORING AND EVALUATION

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

- 1 **Concurrent monitoring:** Our NGO partners and the brewery HR team helps us with concurrent on ground monitoring of the projects. The NGOs monitor real-time data and impact of CSR projects and report to us on a monthly basis during the monthly update calls. This allows for immediate adjustments and evidence-based decision-making.
- 2 **Field visits:** The CSR team at HO makes periodic visits to all project sites to ensure the project activities are being implemented as planned.
- 3 **Beneficiary feedback:** We encourage beneficiaries and communities to provide input on the projects' 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.

K. IMPACT ASSESSMENT

A third party will be appointed to review CSR interventions at regular frequency to quantify and communicate the social benefits of our projects and ensure unbiased evaluation of the ground impact. Further impact assessments will be mandatorily undertaken for CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR through web link.

L. 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 MCA portal within the prescribed due date. Further the reports must carry required disclosures, wherever possible giving the bifurcation of direct beneficiaries and indirect beneficiaries. Further, the beneficiaries must be calculated as below:

- a) The beneficiary number should only be considered for activities that were implemented in the financial year of the reporting period and not for the overall project. For example, if 3 ponds are rejuvenated during a multi-year project out of which only installed / initiated work on 1 pond in the reporting year, then only beneficiaries of that 1 pond will be considered while reporting in tables or at specific places, however in a detailed description complete beneficiary impact may be recorded with sufficient disclosures and details in the narrative.
- b) The calculation for beneficiaries where the entire community of the village is benefitting for example pond rejuvenation/check dam construction/RO plant installation, the entire village population would be considered as per the latest population data available at the time of reporting.
- c) Double counting of beneficiaries will be avoided at all time. For example if implementing two community level activities like pond rejuvenation and RO plant installation in the same village and in the same year then the entire village population must only be considered once.

- d) For activities like training of farmers, awareness generation for VWC, the beneficiaries will be considered direct beneficiaries who were a part of this activity. These individual beneficiaries would be highlighted separately in the narrative (even if they have been counted as part of our other community interventions). However, while reporting total number of beneficiaries this group must be counted only once.

M. 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.