

ANNEXURE - A: BUSINESS RESPONSIBILITY REPORT

About the Report

This Business Responsibility Report provides an overview of the Company's sustainability program for the fiscal year 2014-15. The Company has identified issues material to the business prioritised through effective stakeholder engagements and aligned across the 9 principles enunciated in 'National Voluntary Guidelines (NVGs) on the Social, Environmental and Economic responsibilities of Business' of the Ministry of Corporate Affairs. As per SEBI requirement, the top 100 listed companies based on market capitalization at BSE and NSE need to include Business Responsibility reports as part of their Annual Report.

Vision & Mission

Our Vision

Create value for the organization and stakeholders through sustainable means, enhance quality of life across the socio-economic spectrum and be recognized as a leader in the domain we operate in.

Our Mission Statement embodies the following objectives:

- To be the recognized leader in our target markets.
- To be the preferred employer wherever we operate and recognize the value of our human assets.
- To be the partner of choice for customers, suppliers, stakeholders and other creators of innovative concepts.
- Inclusive growth.

1. Ethics, Transparency and Accountability

United Breweries Limited (UBL) is committed to meet its business needs without compromising on ethics and accountability. To conduct every aspect of our business responsibly and sustainably, we rely on:

1. Strong leadership.
2. Practise of our core values.
3. A well-articulated Enterprise Risk management framework and Code of Business Conduct.
4. Practices that seek to sustain and enhance long-term competitive advantage of the Company.
5. Commitment to achieve our social, environmental and economic goals.

Operations of UBL are managed and controlled under the Chairmanship of Dr. Vijay Mallya, and through a professional Board of Directors. The strategic and execution fronts of UBL's operations are driven by team of highly qualified and competent professionals having vast experience and expertise in their relevant fields. In performing their respective functions, the Directors and employees:

- Act with integrity, probity, honesty, transparency and with utmost good faith.
- Actively assist in implementing the Company's Objectives to create an organization that is responsive, positive and driven by business and social needs.

The Company strictly adheres to ethical and legal standards while pursuing its objectives. The Company has a separate policy on Code of Business Ethics & Conduct which lays down guidelines for ethical and lawful business conduct critical to Company's success.

The Code inter alia covers the following aspects:

- Compliance with Laws, Rules and Regulations;
- Conflict of interest;
- Insider trading;
- Competition and fair dealing;
- Discrimination and harassment;
- Health and safety;
- Confidentiality;
- Protection and proper use of Company assets and proprietary information, and
- Reporting any illegal or unethical behaviour.

In line with the Statutory requirement, the Company has adopted a Code for fair disclosure of unpublished price sensitive information and also a Whistle Blower Mechanism in order to adhere to the high standards of ethical, moral and legal conduct of business operations.

2. Product & Sustainability

Sustainability is not an option but a business imperative for the company. We look at sustainable practices as an opportunity to apply our core strength for social good, and to constantly innovate to create winning solution. Our principles of sustainability guide our interaction with stakeholders in our day-to-day activities.

Sustainable Development is an integral part of the Company. A series of sequential steps towards sustainable development has guided us to reach where we are today. We began with a materiality mapping exercising and the issues identified therein were shared with functional heads and employees across department besides key business associates to get an impartial and efficient view.

Our sustainability agenda is focused on themes – Social Contract, Resource Intensity and Green Innovation. Key Responsibility Areas (KRAs) of our key managers are geared towards improving sustainable initiatives like carbon footprint, waste management, reduction in water consumption, etc.

The Company has a range of marketable products that rely more on intellectual assets. The responsibilities of all stakeholders at each stage of the value chain are clearly articulated. Intellectual property is the most valued aspect of our brands.

While not compromising on quality of its product, UBL ensures that packaging of its product does not have adverse impact on environment and where possible recycled glass bottles are used.

3. Employees' well-being

We at UBL believe that every organization has access to the same resources, but what creates a difference for a market-leading existence is its employees. Employees form the backbone of our Company and an optimal blend of organic and inorganic growth. We believe in capability development in scale and depth of our human capital platform and we have surpassed our targets. Our engagement with employees is designed to bring in discretionary effort along with rational commitment in order to perform and deliver.

UBL adds value to its employee engagement initiatives through outcome based training and rewarding excellence. Career development is business focused and takes into account individual needs. Transfers, promotions, relocations across roles and national territories ensure that we maintain diversity in thoughts and execution, and at the same time engage employees on work that adds value to them.

Annexures contd.

Our agility in the market and in our performance is driven through our continuous focus on individual agility by engaging Stepathlon, a third-party provider focusing on employee health and wellness. We continued our association with Stepathlon this fiscal also and encouraged our employees to be a part of it. In this engagement, UBL employees have taken the initiative to a new height by helping the Company being recognized as “Stepathlon 2014 Most Active Company in the FMCG category.” This engagement covered 520 employees taking a pedometer-based walk across our locations, covering a total measured distance of 3,35,784 kilometers in a 100-day walkathon to stay fit and agile towards a performing organization.



Talent Acquisition

Human Resources at UBL maintain and manage contemporary platforms, fairness and equity and a keen process focus towards talent acquisition in a volatile, complex, uncertain and ambiguous talent market. Recruitment practices are controlled and monitored in UBL not just as a Staffing mechanism where the purpose is to establish a formal process by which committed work is matched to unit resources and qualified individuals are recruited, selected, and transitioned into assignments – but as a mature process with defined goals, commitments, abilities, practices and measurements. UBL HR function keeps keen and measured focus inter alia on:

1. Recruitment and retention of skilled employees and picking up talent from premier institutes to refresh its talent pool.
2. Acquiring talent through multi-level interviews with zero conflict of interest and an automated cloud based recruitment application.
3. Bringing in a select mix of external subject matter experts in order to infuse continuous best practices, out of box thinking and application.
4. Professional equation with suppliers and vendors on the talent space.

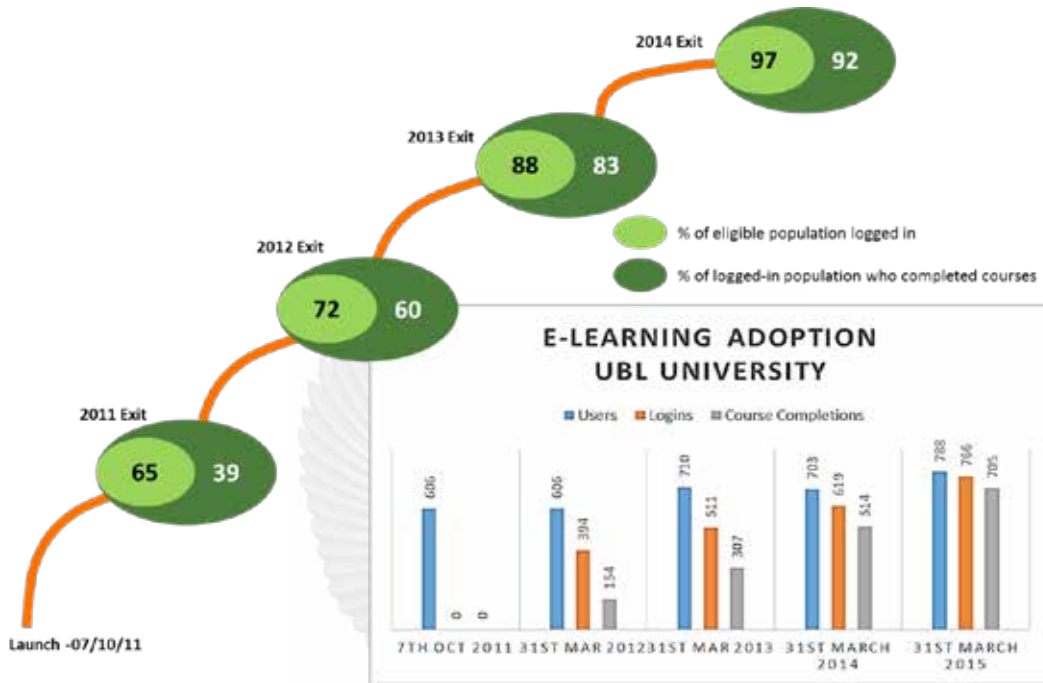
Talent induction and Development

Talent induction and development is as important as production and distribution in the corporate business strategies of knowledge-intensive companies. We believe we have an understanding of the same not just from the importance of attracting and retaining talent, but also having a coherent approach to achieving our talent goals and integrate a system of practices to achieve our workforce objectives.

New recruits are taken through a standard induction training programme, which presents a valuable opportunity for our business to develop high standards of administrative practice. UBL remains to be an equal opportunity employer and our units employ differently-abled people and other diverse demography of population. We do not engage child labour, forced labour or any form of involuntary labour, paid or unpaid.

‘A learning organization is a sustainable organization’, is what we believe in UBL. The primary focus of Training and Development is on removing the gap between the current skills of each individual and the skills required to perform their assignments.

The UBL University in its 4th year is a platform that has high-recall on the employee base. This platform has high-end training programs on Leadership enabled through premium academia interfaces, a self-paced e-learning platform that helps self-skilling for widely dispersed workforce and tracking of skill-based training at multiple locations.



From a pure management perspective, our HR initiatives on learning itself have shown results that has created traction in the external environment. UBL has participated in multiple external forums showcasing best-practices in contemporary learning and knowledge-management methodologies by publishing its success stories as Industry cases, invited by SAP and Skill soft, the national level HR forums.

Organizational practices

In our quest to set up world class manufacturing facilities, we have initiated Project Kavach (“armour” in Hindi) and Project Chamak (“shine” in Hindi) to standardize Safety and Hygiene measures in all our breweries across different locations.

UBL’s Total Productivity Management (TPM) UDAAN has now become the cornerstone of People Engagement. This process is bound to lead UBL towards World Class Operational Excellence in several areas of our operations.

UBL conducts regular organizational climate surveys through external/third parties specialized in designing and analysing surveys, maintaining anonymity and confidentiality. In 2014, an external survey was conducted by Great Place to Work (GPTW) Survey by the Great Place to Work Institute. About 84% of our employees randomly selected by the GPTW Institute to be part of the survey stated that UBL is a Great Place to Work.

UBL conducted programmes on Technical Skills, Functional and Theme based Learning. The program covered details of UBL policy on Prevention of Sexual Harassment at Workplace along with other important aspects. In accordance with law, UBL has constituted Internal Complaints Committees (ICC) across its Units and offices to redress complaints of sexual harassment in order to provide a safe and congenial work environment to its employees.

4. Stakeholders' Engagement

UBL is cognizant of its responsibilities to its shareholders. Our governance framework enjoins the high standards of ethical and responsible conduct of business to create value for all stakeholders. UBL operates in close proximity and in collaboration with its stakeholders, employees and business associates.

At UBL, we consider our business associates, suppliers, stockists and distributors as partners in our success and we remain committed to maximizing value for them. The trust that our business associates place in us is key to our success. UBL encourages its suppliers, stockiest and distributors to support various initiatives taken by the company towards its business responsibility.

We focus Corporate Social Responsibility (CSR) activities primarily in 3 major areas viz., Primary Education, Primary Health and Water Management. UBL's CSR Policy is rooted in the Company's core values of quality, reliability, and trust guided by international standards and best practices and driven by our objectives or goals for excellence in the overall performance and business. Our breweries continuously undertake CSR activities towards community welfare, development and water conservation in the identified areas, in pursuance of guidelines in this regard.

UBL conducts medical camp for school children, senior citizens, pregnant ladies and visually challenged students. Primary health check-up is organized by our Unit at Kalyani at the adopted school campus once in a week by a generalist allopathic medical practitioner.



Medical Camp organized by Unit at Goa



Health Care organized by Unit at Kalyani.

Our unit at Aurangabad adopted a school "Gurukul Vidyamandir" at Bhangsi Mata Gad and provided Doctor facility with free medicines and pathology assistance. About 40 students were benefited through by this initiative. Our Unit at Srikakulam organized an Eye Screening Camp at a school premise in the Bantupally Village benefiting about 120 villagers. Regular medical camps are organised by our units at Ludhiana, Odisha, Aurangabad and Nanjungud where free consultation and medicines are provided.

We are also actively involved with primary schools to provide vocational training to students including the visually challenged students and provided Braille Books and assistive devices. We have also provided free computer education training for higher primary school children and also provided infrastructure support like benches, cupboard for Library, etc.

UBL provides school uniforms, books, stationary, furniture etc. to promote primary education in the vicinity of its brewery locations. Our Mangalore unit distributed uniforms to the children of Anganavadi at Kudumbur. Our unit at Nanjungud provided free computer education training for higher primary school children in Hullimavu and K.S. Hundi Village, near the unit location and around 160 students have undergone the training. On the request of Zilla Parishad High School at Kothlapur, our unit at Kothlapur donated furniture for the school at Malkapur. Our unit at Cherthala, in the seventh consecutive year, distributed school bags, uniforms, umbrellas, shoes etc. to around 120 students of the local Government Local Panchayat School located close to the Brewery.



School Uniform distributed by Unit at Mangalore



Education Support by Unit at Ludhiana



Water Management by Unit at Khurda, Odisha

The CSR activities undertaken by your Company also includes building and maintaining water tanks for providing clean drinking water. Our unit at Mangalore organized drinking water facilities for the Government School benefiting about 250 students by this facility. Our unit at Aranvoyal provided R.O. Water System for the benefit at Government Middle School benefiting about 225 students and 12 teachers.

The Company's unit at Goa has undertaken a project "Spring Water Supply to Village" to facilitate nearby villagers and families. Rainwater harvesting facilities have been implemented across all our units. Our unit at Khurda educated villagers on the benefits from the rain-water harvesting project during summer season. Our

unit at Srikakulam supplied potable water to the cyclone affected villagers and laid a water pipeline for Kambalpet village to supply drinking water to the villagers. About 400 villagers were benefited from the project. Our unit at Nelemangala initiated Rain Water Harvesting project for Bommanahalli village and dug a bore-well to benefit about 350 households in that village. Our unit at Khurda organized tanks for supply of water to nearby villages.

5. Human Rights

We at UBL value the rights of individuals and this is demonstrated through the Company's various Policies and Code of Conduct for management, staff, executive and non-executives. UBL recognizes the need to protect basic human rights of all its stakeholders across its operations and also the role that businesses can play in enforcing this protection at a scale that goes beyond the walls of your Company.

As an organization, we respect Human Rights at the workplace and follow best international practices, which ensure the freedom of association, prohibition of child labour, protection of indigenous rights and prohibition of forced and compulsory labour. Our code of Ethics & Conduct lists out general moral imperatives that embody the importance of respecting and protecting each other's rights. Your Company is committed to provide a safe and congenial work environment to its employees and has adopted a Policy for Prohibition of Sexual Harassment at Workplace (ABHAY). Your Company take cognizance that such harassment constitutes infringement of fundamental rights to work in a safe and healthy environment. One complaint received by your Company during the year was dealt with and resolved.

Your Company complies with all applicable labour laws and ensures that human rights are not violated in the conduct of business. No complaints were received pertaining to human rights violation during the financial year 2014-15.

UBL utilises both natural and manmade resources in an optimal and responsible manner. We have been continuously redefining, reinventing and recharging ourselves for global best practices implementation.

6. Environment

Water

Being water based industry, your Company believes that Water is a precious natural resource and its conservation and recharge is crucial for survival. UBL undertakes various projects to improve water conservation, its quality and availability in the vicinity of its breweries. Your Company continuously monitors the water usage areas and adopts world class technology to follow the following 4R approach.

- Reduction of consumption – installation of sophisticated equipment, modification of processes and strict supervision has led to a drastic reduction in the water consumption.
- Recycle and Reuse – reduction of the key pollutants like yeast, trub TDS etc. reduces the load on ETP. Waste water is used for Agriculture. UBL has also collaborated with Agricultural Universities for cultivation of identified crops with waste water from the brewery and irrigation of select soil. Many of the UBL breweries have been using ETP treated water to grow crops like banana, sugar cane, coconut, brinjal etc. inside the brewery premises. We also organise programs from time to time to educate the farmers.
- Recharge and Redistribute Excess Water – rainwater harvesting is an important tool in water conservation. UBL has actively participated in and encouraged rainwater harvesting in almost of its breweries. The rainwater collected is redistributed amongst the community adjacent to the brewery to cater to their water requirement and hence improve their quality of life.

The environmental agenda of reducing environmental impact of Company's operations was achieved by environment management program through a combination of energy and water conservation including rainwater harvesting.

As an environmentally conscious company, we continue to innovate and use efficient technologies to bring down our stain or ecology. Through various initiatives and efforts we were able to reduce our water consumption by 1-2% points on an average, in the reporting year as compared to last year across all our units. We have achieved this despite our increasing production figures.

Water usage areas are monitored, measured and mapped against established standards. UBL initiated the following measures to conserve water:

- Use of RO reject water in vacuum pump & floor cleaning;
- Installation of CRS to use condense water in boiler feed;
- Installation of rain water harvesting at our breweries;
- Most of our Units operate on 'zero discharge' basis and efforts are underway to achieve the same at all our units. We have effluent treatment plants installed across all our Units.
- To add to water conservation, we also have our rain water harvesting projects.

Emission, Waste & Effluents

With regard to other environmental focus UBL has been focusing continuously on alternate methods for improvisation in its waste management and also reduction in Global Financial Crisis (GFC) emission to reduce the overall impact on environment.

The environmental agenda of reducing environmental impact of Company's operation was achieved by environment management program through a combination of energy & water conservation, rainwater harvesting and solid wastes recycling. All the major effluents, waste and emissions are regularly monitored and are well within permissible limits. The broken bottle wastes is recycled through authorized agencies. There is a robust system defined for stage wise monitoring of bottles breakage and efforts are aligned to reduce its generation by modifications/control in equipment.

In this direction, UBL has undertaken following initiatives:

- We have installed bio-fuel based Boilers , resulting in significant environmental benefits by reducing the CO₂ emission in environment.
- To reduce emission with the focus on use of renewable resources like bio-mass fuel, Solar Lights, etc.
- To reduce the environmental impact a mass tree plantation is done at various units of the company.
- Heat Recovery Mechanism

Frost and Sullivan recognized our Golconda unit as a "Challenger-Medium Business" in the Green Manufacturing Excellence Awards 2014.

Occupational Health & Safety

Your Company is focussed on Environment, Health and Safety (EHS). We consider compliance to statutory EHS requirement as the minimum performance standard and are committed to go beyond and adopt stricter standards wherever appropriate. We give priority and attention to the health and safety of employees and train all the employees to work as per the prescribed procedure designed to meet all EHS requirements of the Company.

Your Company has a Policy on Environment, Health and Safety to comply with all applicable health and safety statutory regulations and ensure zero accidents, zero dangerous occurrence, and zero notifiable diseases. EOHS performance was reviewed in operations review with plant leadership team.

Employee Health & Safety highlights:

- Pre-employment medical check-up was introduced for new employees.
- Occupational Health centres provides amenities ranging from basic First Aid to emergency care units.
- Integrated Risk Assessment were carried out to identify and mitigate workplace accidents and other incidents.
- As part of comprehensive training and preparedness approach, functional teams were trained on Health & Safety.
- Scheduled programs held across locations on emergency response, mock evacuation drills.
- Cab pick-up and drop facility for women employees travelling late in the night or early morning.
- Fire Safety Week with National Disaster Response Force officials and demonstrated by their teams.

With an aim to certify all its operational locations with the Integrated Management System–Occupational Health Safety and Environment, UBL has got externally accreditation for its units by TUV NORD. This standard is the foundation of the overall health, safety and environmental framework of UBL.

All our Breweries have been designed using eco-friendly construction materials and principles of design and technology selection have been made to reduce energy consumption by applying green manufacturing principles. Many of our breweries have developed a green belt around them by planting trees.

UBL Palakkad won the first place under the “Medium Scale Category A” award from Kerala State Pollution Control Board for pollution control.

7. Policy Advocacy

UBL practices proactive advocacy with an aim to bring about a positive impact in the business eco-system and communities. At UBL, we recognize the role we can play in larger policy debates to drive change for the greater good. We contribute responsibly to relevant public policy discourses by being members/signatories to several trade and industry associations. UBL has membership with All India Brewer’s Association (AIBA). AIBA acts as an additional interface for us to voice our opinions on relevant policy issues to governments, regulatory institutions and similar bodies including industry chambers.

Through the above association, we actively engage with regulatory authorities along with our Industry peers on issues and policies to both promote as well as protect the interest of our stakeholders and the industry at large. As a member of AIBA, we engage with policy makers with utmost responsibility in crafting public policies that aim towards common good of our stakeholders.

8. Inclusive Growth

UBL supports inclusive growth and equitable development. UBL engages with the community in which it operates to promote their overall wellbeing and help them with their livelihood.

The Company constantly works towards creating and implementing programmes aimed at development of community. We leverage our business activities to deliver on our commitment to sustainable development. Our initiatives include innovative projects that foster sustainable growth by providing primary education, primary health and water management.

Towards its endeavour of inclusive growth, the Company procures goods and services like transportation, packaging materials, housekeeping, contract labours and the like from communities located in the vicinity of the breweries of the Company.

UBL has continued its collaboration with various agricultural research institutes for development of high yielding varieties of barley suitable for Indian conditions. In continuation of its endeavour to empower the farmers, UBL has educated the farmers not only to enhance cultivation of barley but also to improve its availability for malting, arrest decline in barley growing areas and to make barley a profit yielding competitive crop.

9. Customer Value

UBL has given top priority to providing, high-quality, efficacious and affordable product to its customers/consumers. The very nature of our business enable us to place customer well-being at the core of our operations. Customer satisfaction is of prime importance to us to build long-term, mutually beneficial relationship with our customers. We are well connected with our customers/consumers. By understanding what they need, we are well equipped to develop our products that offer superior value to them.

Products manufactured and marketed by UBL have always been recognized for their international quality and have been bestowed with various awards for their quality year on year.

Kingfisher Beer has been chosen as one of the 100 Most Valuable Brands 2014, by World Consulting & Research Corporation (WCRC) – Asia’s No 1 Brand Rating & Ranking Company. Kingfisher Premium is ranked 14th in the list of Top Most Valuable Indian Brands and is the only beer brand that featured on the prestigious list. Kingfisher Premium has also been recognized as the ‘Most Differentiated Brand’ for setting trends and delighting our consumers.

The UBL SAP Project has been recognised at this year’s 9th Annual CIO 100 Awards Symposium, a prestigious event held annually to recognize the efforts of IT function in delivering exceptional business value through the use of information technology.

UBL displays product information on the label for the benefit of the customer and for creating awareness, over and above what is mandated by the local laws. This additional information is provided to enhance the value customers can derive from the product and to ensure safe and appropriate use.

Only scientifically verified information and claims are conveyed on the label. The additional information on the product labels relates to various active ingredients contained in the product, their proven clinical benefits, customer grievance redressal mechanism. An active consumer cell contact number, email address and physical correspondence address are also printed on the packaging for consumers to contact UBL in case of any clarifications, queries or complaints.

