

REMUNERATION POLICY



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Approved By:	Board of Directors
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United Breweries Limited

Registered Office:

UB TOWER, UB CITY, # 24, VITTAL MALLYA ROAD,
BANGA LORE – 560001 KARNATAKA, INDIA



1. Introduction

The Company considers human resources as its invaluable assets. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and the Listing Regulations in order to pay equitable remuneration to the Directors, KMPs and employees of the Company and to harmonise the aspirations of human resources consistent with the goals of the Company.

2. Definitions

“**Act**” means the Companies Act, 2013 and the Rules framed thereunder including any amendments, modification, Circulars/Notifications issued thereunder;

“**Board of Directors or Board**” means the Board of Directors of United Breweries Limited, as constituted from time to time;

“**Committee**” means Nomination and Remuneration Committee of as constituted by the Board in accordance with the Act and Listing Regulations.

“**Company**” means United Breweries Limited;

“**Key Managerial Personnel/(KMP)**” means Managing Director, Chief Financial Officer and Company Secretary, or any one of them as defined under the Act;

“**Listing Regulations**” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendments, modification, Circulars/Notifications issued thereunder.

“**Senior Management**” shall mean and include such employees of the Company in the senior management as defined under the Act/Listing Regulations from time to time.

All the words and expressions used in this Policy, unless defined herein, shall have meaning ascribed to them under the Act and Rules framed thereunder, Listing Regulations and any other applicable law for the time being in force or as may be amended from time to time.

3. Appointment and removal of Directors, KMP and Senior Management

The proposals for appointment of Directors, KMP and Senior Management shall be placed before the Committee to ascertain the integrity, qualification, expertise and experience of the person for appointment and to make appropriate recommendation to the Board.

A person proposed to be appointed as KMP and in Senior Management position should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient /satisfactory for the concerned position.



While considering appointments of Directors, the Committee shall take into consideration the composition of the Board prescribed under the Act and Listing Regulations. The Committee shall ensure that the Board comprise of Directors having expertise in different areas / fields as may be considered appropriate for the business of the Company. In structuring Board composition, diversity shall be one of the criteria which shall be considered from various aspects including but not limited to gender, age, educational background, professional experience, skills and knowledge. This will not apply in case an existing Director retires by rotation under the provisions of the Act and seeks reappointment at Annual General Meeting of the Members.

Appointment of Independent Directors shall be subject to compliance of provisions of Section 149 of the Act read with Schedule IV and Rules thereunder and the Listing Regulations.

The Committee may recommend to the Board, with reasons to be recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions of the Act and Listing Regulations and in compliance of any statutory restriction or Order of a Court / statutory authority.

4. Remuneration of Directors

Overall remuneration of Directors shall be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company taking into consideration the business environment, benchmark with the companies of similar size and operations and consistent with best practices in the industry.

Overall remuneration of Directors shall be within the limits prescribed under the Act which shall be reviewed by the Committee for making appropriate recommendation to the Board. Approval of the Members shall be obtained by the Company for remuneration of Directors, as may be applicable under the Act.

Any insurance taken by the Company for Directors of the Company for indemnifying them against any liability, legal costs, losses, etc., the premium paid on such insurance policy shall not be treated as part of the remuneration payable to Directors.

The remuneration of Directors and any changes therein shall be placed before the Committee for approval and making appropriate recommendation to the Board. The criteria for fixing remuneration of Directors shall be as under:

4.1 Remuneration of non - executive and Independent Directors

- (a) Non-executive and Independent Directors are entitled to sitting fee for attending the meetings of the Board and Committees thereof. Sitting fees shall be paid to non-executive Directors within the limit prescribed under the Act and approved by the Board from time to time. The non-executive and Independent Directors are also entitled to reimbursement of expense incurred by them for participation in the meetings of the Board and Committees thereof. Expenses on travel, boarding/lodging, hotel stay and incidental expense for attending meetings of the Board or Committees thereof in India or Overseas shall be governed by the Directors Travel Policy approved by the Board or as may be amended from time to time.



- (b) Non-executive and Independent Directors shall also be paid, at the discretion of the Board, every year a remuneration/commission up to one percent of the net profits of the Company, in terms of the Act and Rules framed thereunder including any statutory modifications or re-enactment thereof from time to time.

The aggregate commission payable to the non-executive and Independent Directors shall be recommended by the Committee to the Board and the total commission payable shall be apportioned amongst the non-executive Directors as may be determined by the Board in the manner it deems fit.

- (c) Non-executive and Independent Directors shall also be eligible for reimbursement of costs incurred by them for attending any work for and on behalf of the Company either in India or overseas. Expenses incurred towards travel, stay, airport transfers and miscellaneous expenses for such activities shall be reimbursed as per the Directors Travel Policy.

4.2 Remuneration of executive / whole time Directors

- (a) Remuneration of executive / whole time Directors shall be as per the limits prescribed under the Act. Their remuneration shall be placed before the Committee for making appropriate recommendation to the Board for approval. The remuneration shall be subject to the approval of the Members of the Company and Central Government, if applicable. This criteria shall also apply to any revision in remuneration or change in terms of appointment of existing Directors on account of annual/bi-annual revisions.
- (b) All allowances, perquisites, amenities, facilities, incentives and benefits shall be as per the Rules and policies of the Company as applicable to executive / whole time Directors including expatriate Director and as may be recommended by the Committee to the Board and approved by the Board, Members and Central Government, if applicable.

5. Remuneration of employees including KMP (other than executive/whole time Directors) and Senior Management

- 5.1 The remuneration, compensation and benefits criteria for employees including KMP (other than executive/whole time Directors) and Senior Management is aligned with the Company's strategic objectives and aims at attracting and retaining the best performers in the industry. The criteria is based on the underlying key principle of providing an attractive, flexible and market based compensation program that is relevant to the role of the employee and also linked to performance of the organization and employees.
- 5.2 The benchmark for remuneration as determined by the Company is reasonable and sufficient to attract, retain and motivate the KMP and Senior Management of the quality required to meet standards of performance to run the Company successfully. The relationship of remuneration to performance is clear, meets performance benchmark and involves a balance between fixed and incentive pay reflecting short and long term performance objectives.



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- 5.3 KMP, Senior Management personnel and other employees shall be paid remuneration as per the compensation benchmark of the Company as may be revised through the annual salary review process from time to time. All allowances, perquisites, amenities, facilities, incentives and benefits shall be as per the Rules and policies of the Company.
- 5.4 The remuneration of KMP and Senior Management personnel and any revision therein shall be placed before the Committee for review and making appropriate recommendation to the Board.
- 5.5 Remuneration of other employees shall be as per fitment in each Grade and annual increments shall be as per the appraisal system of the Company carried out annually by the Department Head and approved by the Managing Director of the Company.

6. Amendments / Modification

Any amendment / modification to this Remuneration Policy may be made by the Committee or the Board from time to time.

7. Dissemination

This Remuneration Policy shall be disseminated on the website of the Company viz., www.unitedbreweries.com as may be statutorily required.

