



Bottling the Change

Sustainable Sips
for a Better Tomorrow

Sustainability Report CY 2022



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About the Report

Guided by our commitment to sustainable growth, we are pleased to present our Sustainability Report. This document, crafted with transparency in mind, reflects our dedication to open communication with stakeholders. Focused on socially and ecologically responsible expansion, this report delves into our operational endeavours.

Our pursuit of a future filled with greater joy is spotlighted in the 2022 ESG Report. Beyond updates on crucial matters, this report outlines the proactive measures implemented by the management and local teams. It also encapsulates our company's rules and procedures, reinforcing our initiatives and objectives while promoting utmost honesty and transparency in the marketplace.





Scope & Report Boundary

The report encompasses non-financial information and activities of Varun Beverages Limited for the period January 2022 to December 2022. Unless specified otherwise, our disclosures extend across the entirety of our operations in India.

Reporting Reference

This report is prepared in accordance with the GRI reporting standard. The foundation of this report rests on the principles of transparency, consistency, reliability, completeness, and materiality as outlined by the GRI reporting standards. Additionally, the report aligns with the United Nations Sustainable Development Goals (UN SDGs) recommendations. In compliance with SEBI's new mandate, our Business Responsibility and Sustainability Report, which is voluntarily disclosed, is distinct from our ESG sustainability report.

This report serves as a platform to showcase our Environmental, Social, and Governance (ESG) initiatives and accomplishments for the reporting year, along with outlining our future roadmap.



Data Validation and Assurance

This sustainability report has undergone external assurance, meeting the standards of Type 2 assurance of the AA1000 Assurance Standard (AA1000AS v3). The assurance process involved physical verification at various factories, offices, and corporate departments, along with virtual assessments at multiple locations to validate the provided data.

In presenting this information, we strive for holistic transparency, relying on the disclosed data's integrity and robustness to offer consolidated insights. This report marks our progress in communicating various sustainability initiatives concerning our stakeholder groups, symbolising collaborative efforts within us to advance our sustainability goals. As we embark on this journey, our team, in tandem with leadership, has meticulously reflected and consolidated our commitment and endeavours toward sustainability.

For detailed disclosure mapping, refer to the GRI index in the report's appendix. The report is also accessible on our company website: www.varunbeverages.com. We value our stakeholders and the bond we share. Kindly direct your concerns and feedback on this report to complianceofficer@rjcorp.in.





Executive Vice Chairman's Message



Varun Jaipuria

Promoter, Executive Vice-Chairman and Whole-time Director



Committed to Creating a Better, More Sustainable Future for the Planet

Dear Stakeholders,

We understand that a sustainable, inclusive and resilient value system is vital to the future of humanity. At Varun Beverages, our purpose and strategy are centered around our commitment to ESG principles. We have made significant strides in our ESG performance in the past few years, as we remained committed to working with our stakeholders across the value chain to build sustainable pathways forward.

Now, more than ever, we need to find viable ways to meet the needs of current and future generations. We connect economics with ecological value to make a meaningful difference. Today, as we refresh billions of our consumers daily with a vast portfolio of high-quality, fresh beverages catering to all age groups — we also ensure a sustainable ecosystem with a positive impact on the planet through our initiatives focused on environmental, social, and governance agendas.





Towards a Net Zero Tomorrow

We have formalised our ESG strategy and commitments into four key pillars and strategic areas of action: Environmental Protection, Human Capital Development, Community, and Governance. Our core values lay the foundation for seeking and creating value in our key ESG pillars. We are embedding ESG into our company's policies to drive continuous progress. These sustainability metrics have been incorporated into our strategic and operational goals. Our key focus areas reflect how we, as a team, are working to deliver solutions to key challenges and create lasting value for our customers, communities, employees, and businesses.

In the following pages, you will read about meaningful developments in our environmental and social initiatives and our governance framework. Furthermore, with earlier milestones achieved, we are now working on more ambitious plans, which encompass positive water balance and plastic waste management goals for 2025; reduction of carbon emissions, and enhancement of renewable energy goals for 2030.

Our Environmental Initiatives

We implemented sustainable practices to strengthen the ecological foundation of our planet. We are also constantly looking for newer ways to become good stewards of the environment. Throughout the year, we actively worked on improving the sustainability of our operations, reducing carbon emissions, and expanding our efforts to use renewable sources of energy, water stewardship, and recycle plastic waste. Moreover, our key areas also include supply chain management and responsible sourcing to procure raw materials from suppliers who have undertaken robust sustainability measures in their respective operations.





Our Social Initiatives



We aspire to be a model for inclusion and diversity, while also ensuring the safety, health, and wellness of our employees. As a manufacturer, we bolster a culture of sustainability by facilitating product safety and quality at each step – production, sale, and consumption. Likewise, as we optimise our mix of products, we provide a portfolio of great tasting and healthy beverages with nutrition benefits that have the greatest potential to scale and grow.

We spent the year fostering a collaborative, deeply rooted, and thriving culture of caring for our employees. We remained focused on creating an inclusive, safe, and engaging workplace where every employee has the opportunity to learn, grow, and remain healthy.

We care deeply about our customers and the communities in which we operate. We have actively engaged with DuPont Safety Solutions for implementing best practices in safety at larger manufacturing plants over a period of 18 months and have adopted a “train the trainer” approach to cascade the process to other plants.

Our Governance Framework

With a strong corporate governance structure, we strive every day to further strengthen our policies and practices, and enhance compliance and transparency to our shareholders and stakeholders. We have inculcated a visionled governance framework by expanding the scope of our robust policies to contractors and suppliers with an ESG focus. Furthermore, our corporate governance practices and enhanced disclosures have won many accolades. VBL was honored with the prestigious title of "PepsiCo's International Bottler of the Year 2022." Also, VBL achieved the accolade of being recognized as the best bottler in the AMESA Region

for three consecutive years 2020, 2021 and 2022 for operational excellence, business efficiency, and sustainability initiatives.

We are also carrying out various activities as part of our CSR initiatives. Since 2003, we have imparted free education to 30,000+ children of economically weaker sections by sponsoring evening education at DPS Schools through SHIKSHA KENDRA, an initiative by the DPS Society. Further, through the initiative ‘Pravah,’ we provide a structured, sustainable, and scalable framework to 16,000+ unemployed youth from marginalised families, empowering them to join the mainstream workforce.

In the healthcare domain, we have launched ‘AARU Clinic,’ with an aim to provide free access to medical assistance to the underprivileged and economically weaker sections of society. Till date, there are 10 centers in India and 1 in Nepal. As on CY2022 there are 2 AARU centers in Kosi & Bhiwadi.





The ESG Journey Continues

We have made significant progress on the ESG front, but there's still a lot to do. Our achievements are only the beginning of long-term goals and achievements. There is a long road ahead, and we need to take immediate action. As we move forward on our ESG journey, our mission is to generate long-term value and build an even better company.

As demonstrated, we remain steadfast in our commitment to act and operate. Moving forward, our mission is to create value with measurable outcomes that drive and deliver sustainable growth. We will strive to maintain a key position in the sustainability space, continuing to drive improvement, while also encouraging others to join the movement to build a sustainable future.

Warm Regards,

Varun Jaipuria

Promoter, Executive Vice-Chairman and Whole-time Director





All About VBL

Our steadfast resolve to promote a more responsible corporate ethic and restore the planet in a sustainable manner is the driving force behind all that we do. Refreshing 1.4 billion+ customers, representing 1/6th of the global population, we offer a diverse range of beverages suitable for all ages. Our commitment to accurate execution and innovation, along with our strategic focus on growing our brand portfolio, highlights our drive for long-term success. Simultaneously, our unwavering commitment to enhancing the world is evident in the strong integration of ESG concepts into our business practices. Our unwavering commitment to promoting projects that enhance environmental sustainability and social impact allows us to generate value consistently. With a focus on the future and a willingness to adapt, we are prepared to take on challenges and continue to expand.

Among PepsiCo franchisees, we take great pride in being the world's number two outside of the US. Producing, distributing, and selling a wide variety

of drinks is under our purview. These include carbonated drinks, fruit pulp/juice-based drinks made with fruit pulp or packaged drinking water, sports drinks, and energy drinks. Our considerable reach allows us to communicate with a combined population of more than 1.4 billion, as our operations span six nations across two continents.





Our influence extends across 6 countries – 3 in the Indian Subcontinent (India, Sri Lanka, Nepal) and 3 in Africa (Morocco, Zambia, Zimbabwe)

Manufacturing



31

Domestic Manufacturing Units



6

International Manufacturing Locations



3 Million +

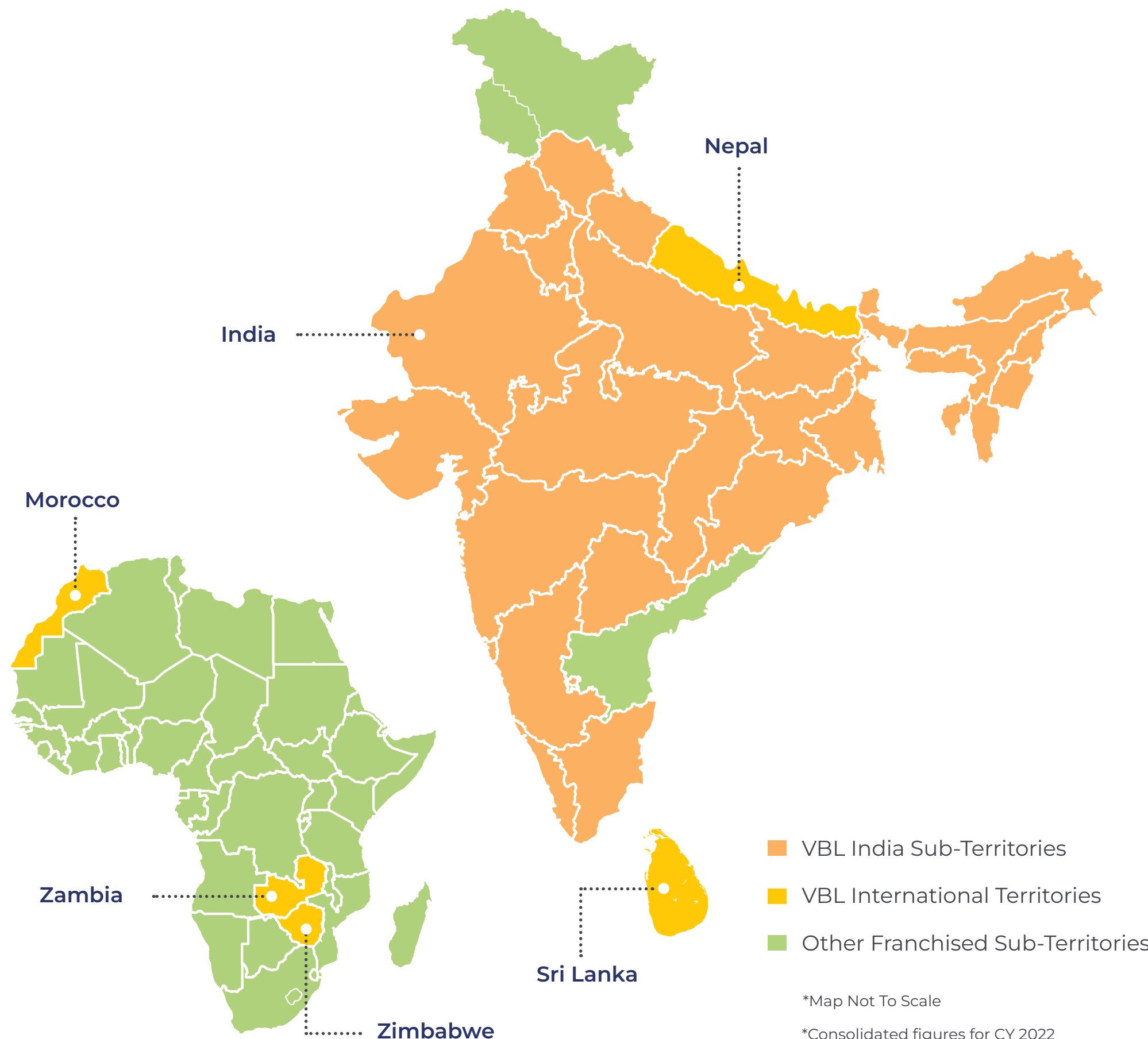
Retail Outlet Coverage



18.01

Capex (₹ billion)

Our prominent presence in 27 Indian states and 7 Union Territories, formed through a strong 31-year collaboration with PepsiCo, accounts for almost 90% of PepsiCo India's beverage sales volume. Accessibility is guaranteed by our extensive reach, which extends to over 3 million retail establishments. To further establish our global presence, we have also expanded our footprint to five foreign nations.





Vision

We will be the most admired beverage company in all our markets.



ESG Mission

As we refresh billions of consumers with our extensive range of beverages catering to all age groups, we shall ensure a sustainable ecosystem with a positive impact on our planet and well-being.





Values





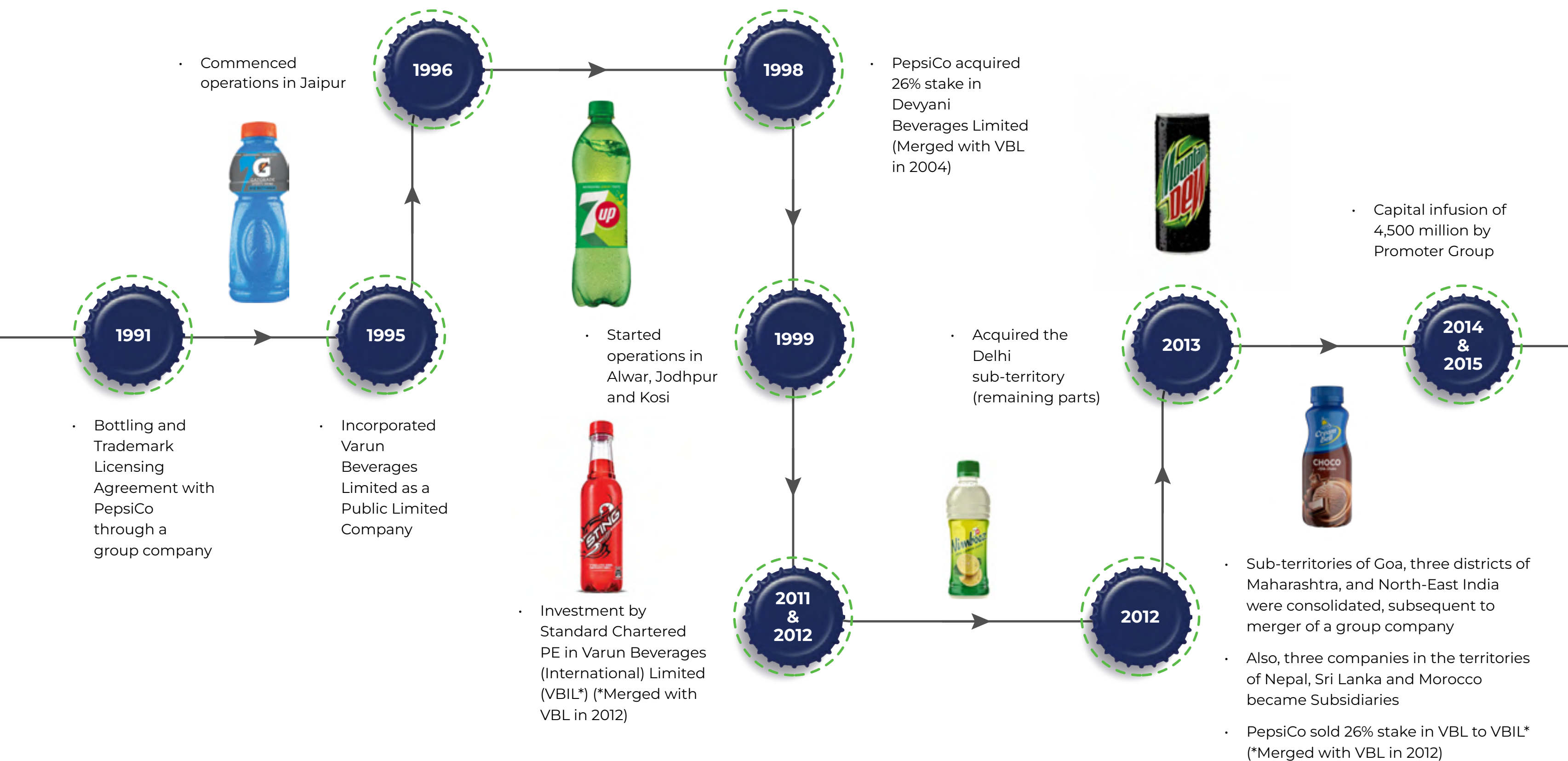
Subsidiaries, Associates & Joint Ventures

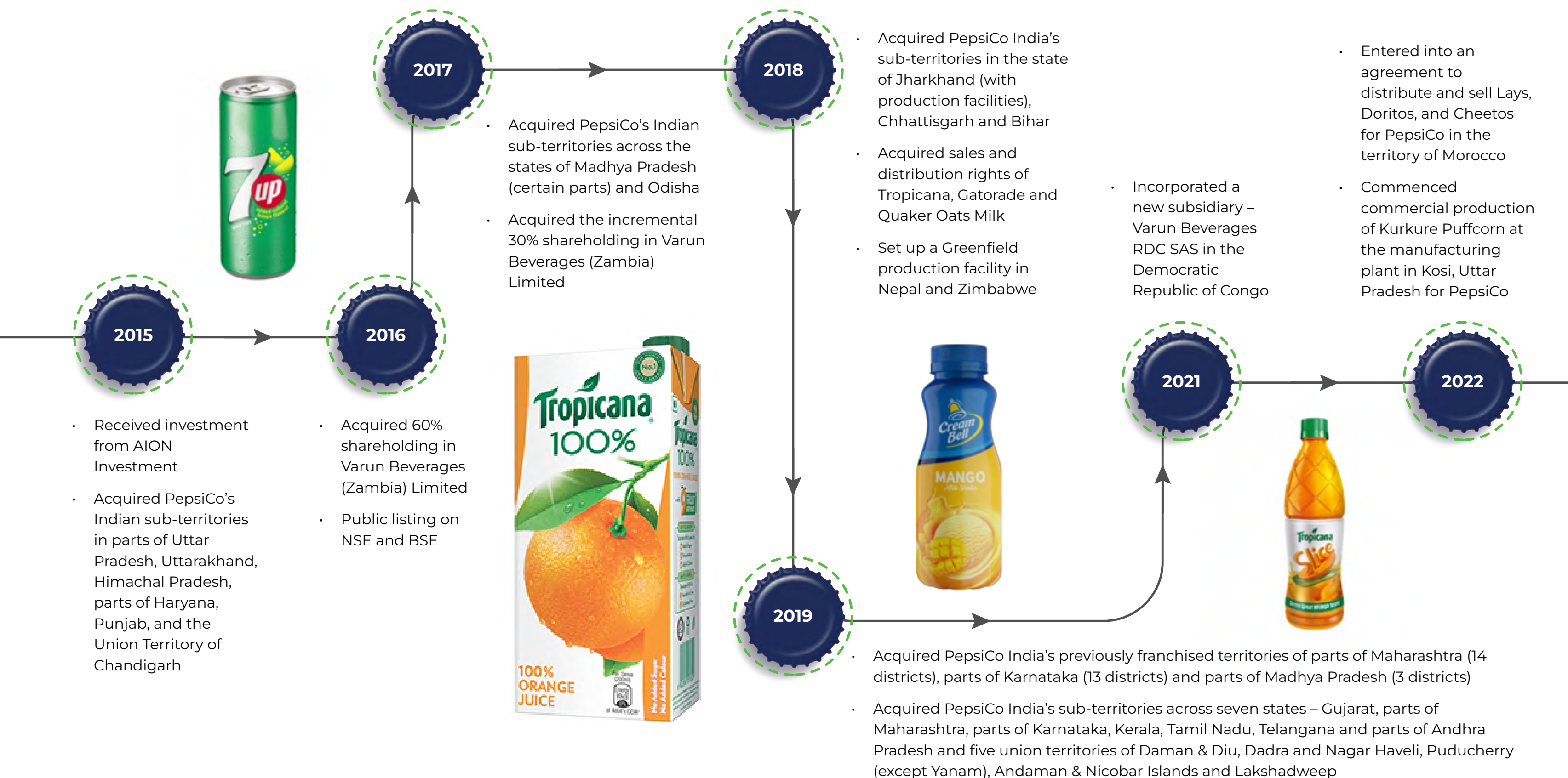
	Name of The Holding / Subsidiary / Associate / Companies / Joint Ventures (A)	Indicate Whether Holding / Subsidiary / Joint Venture / Associate	% of Shares Held by Listed Entity
01	Varun Beverages (Nepal) Private Limited	Subsidiary	100.00
02	Varun Beverages Lanka (Private) Limited	Subsidiary	100.00
03	Ole Springs Bottlers (Private) Limited (step-down subsidiary)	Subsidiary	100.00
04	Varun Beverages Morocco SA	Subsidiary	100.00
05	Varun Beverages (Zambia) Limited	Subsidiary	90.00
06	Varun Beverages (Zimbabwe) (Private) Limited	Subsidiary	85.00
07	Lunarmech Technologies Private Limited	Subsidiary	55.04
08	Varun Beverages RDC SAS	Subsidiary	99.90
09	Varun Beverages International DMCC	Subsidiary	100.00
10	IDVB Recycling Operations Private Limited	Joint Venture	50.00
11	Clean Max Tax Private Limited	Associate	26.00

Membership Associations & Business Relationship

	Name of the Trade & Industry Chambers / Associations	Reach of Trade & Industry Chambers / Associations (State / National)
01	Federation of Indian Chambers of Commerce and Industry	National
02	PHD Chamber of Commerce and Industry	National
03	PET Packaging Association for Clean Environment	National
04	The Associated Chambers of Commerce and Industry of India	National
05	Action Alliance for Recycling Beverage Cartons	National
06	Confederation of Indian Industry	National









Geographical Presence

Manufacturing Proficiencies

As of 31 December 2022, we operate 31 plants across our territories, all equipped with state-of-the-art technologies.

Manufacturing Facilities

INDIA

- | | |
|------------------|----------------------|
| Pathankot | Cuttack |
| Phillaur | Kolkata |
| Nuh | Guwahati Unit I & II |
| Panipat | Goa |
| Greater Noida I | Tirunelveli |
| Greater Noida II | Dharwad |
| Jainpur | Bharuch |
| Bazpur | Begusarai |
| Sathariya | Aurangabad |
| Sathariya II | Mahul# |
| Kosi | Nelamangala |
| Sandila | Palakkad |
| Jodhpur | Mamandur |
| Bhiwadi | Sangareddy |
| Mandideep | Sri City |
| Jamshedpur | |

Manufacturing Facilities

INTERNATIONAL

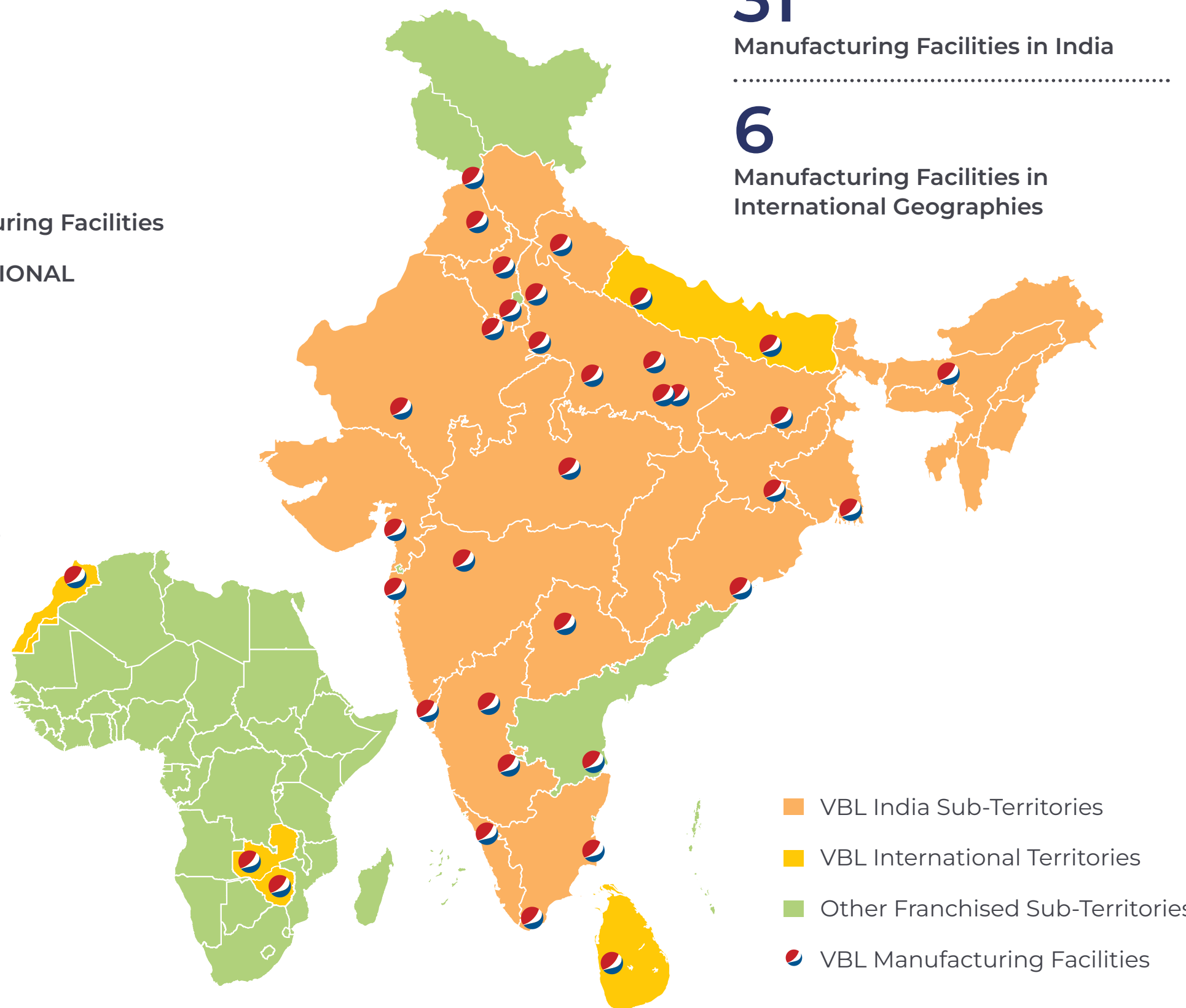
- Nepal I
- Nepal II
- Sri Lanka
- Morocco
- Zambia
- Zimbabwe

31

Manufacturing Facilities in India

6

Manufacturing Facilities in International Geographies



*This report scope covers only the Indian subcontinent



Awards & Achievements



2020, 2021 and 2022
PepsiCo's Best Bottler
in AMESA region



India Achievers' Award
for Best Corporate
Governance
2022



2022
Responsible Business Award
for Best Corporate
Governance



PepsiCo's International
Bottler of the Year
2022



2022
Business Leader Awards
for Best Corporate Governance
Practices



Golden Peacock
Award for
Corporate Governance



PepsiCo Award for
Bigger-Better-Stronger
Partnership
2021



2018-22
CFI.CO (UK) for the 4th
Consecutive Year for Best FMCG
Corporate Governance (India)



Business Brand Award for Best
Corporate Governance
2022



2022
Golden Peacock
National Quality Award





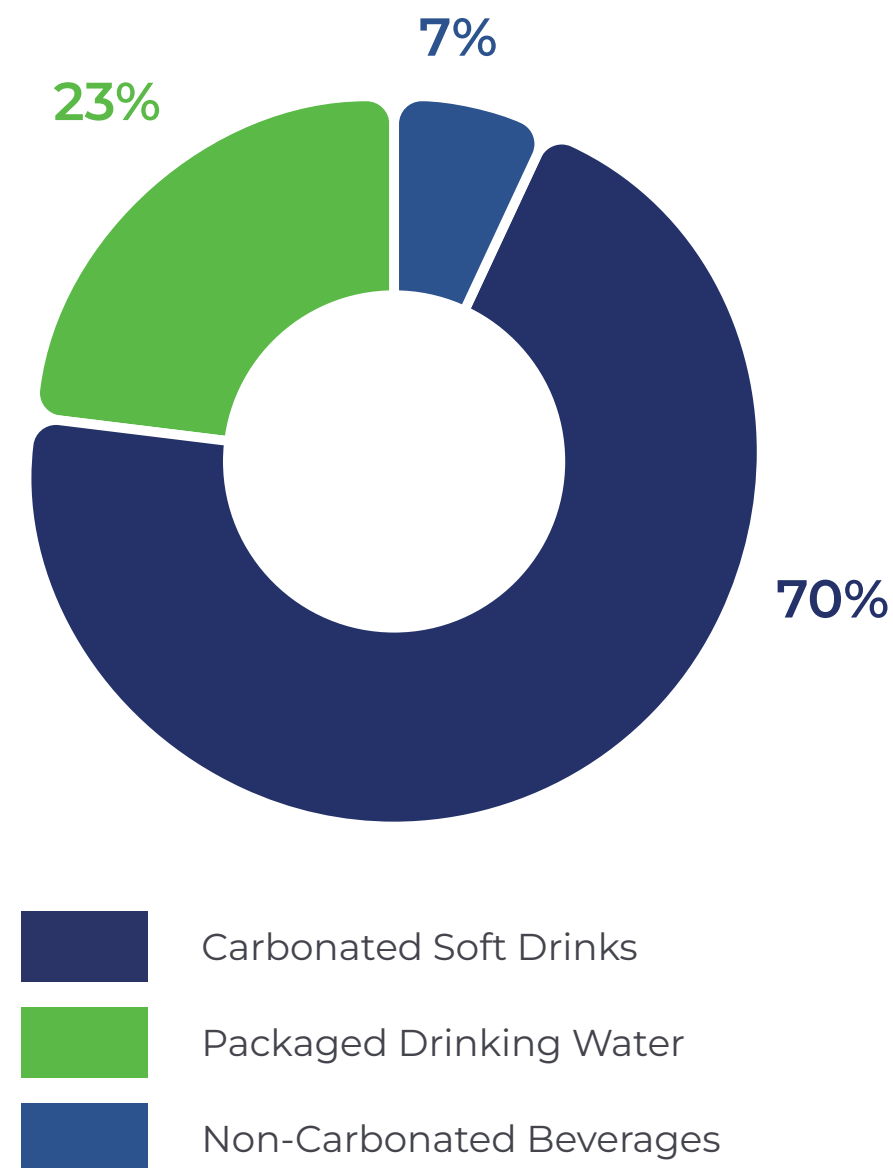
In our comprehensive sustainability report, we spotlight four pivotal themes integral to our commitment: Governance, Community Involvement, Environmental Protections, and Diversity and Inclusion. Our shared commitment to these principles guides our work to solve critical problems and provide long-term benefits to our clients, neighbours, workers, and companies.

Our Mission:

As we refresh billions of consumers with our extensive range of beverages catering to all age groups, we shall ensure a sustainable ecosystem with a positive impact on our plant and well-being

Driven by our commitment to sustainability, we strive for continuous enhancement in our ESG-related accomplishments. Having successfully reached our milestones in CY 2022, we are now steering towards more ambitious initiatives. These include our 2025 objectives focused on water positivity and plastic waste management, as well as our 2030 goals aimed at reducing carbon emissions and augmenting our reliance on renewable energy.

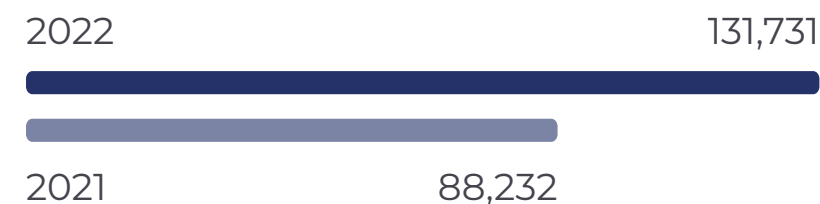
Segment-wise Sales Volume CY 2022



Economic Highlights

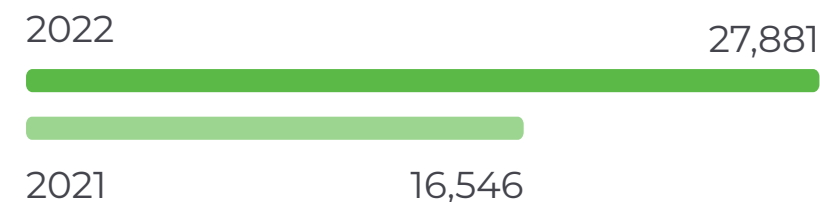
Key Financial Highlights

Net Sales (₹ Million)



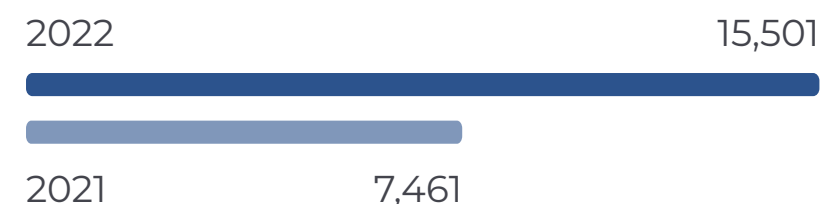
49.3% ↑

EBITDA (₹ Million)



68.5% ↑

Profit After Tax (₹ Million)



107.8% ↑

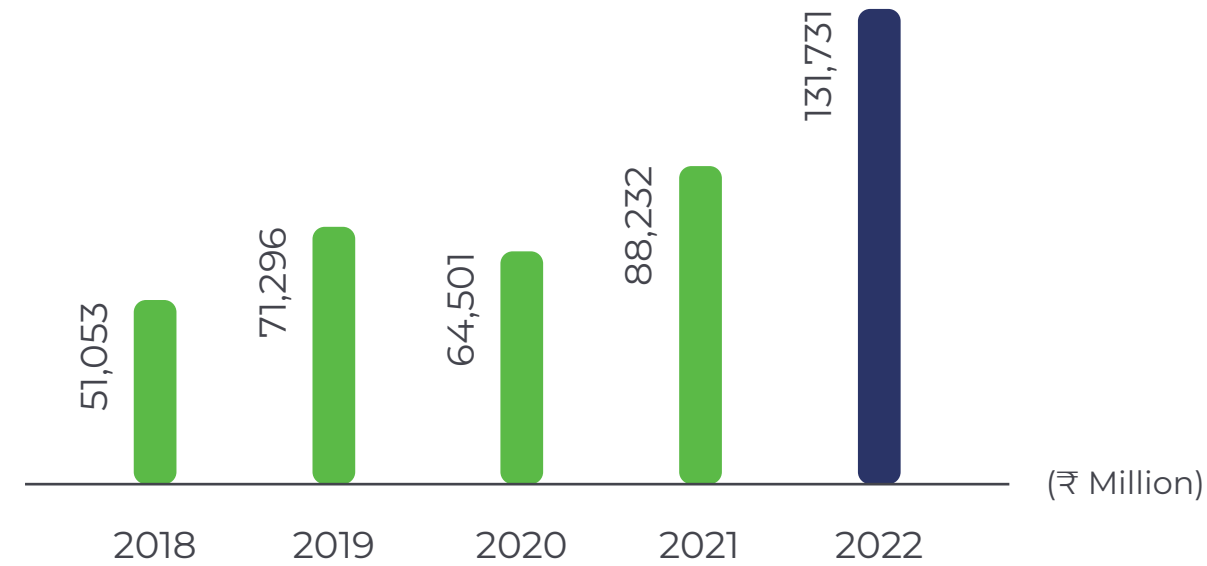
*Consolidated figures for CY 2022



5-year Financial Highlights

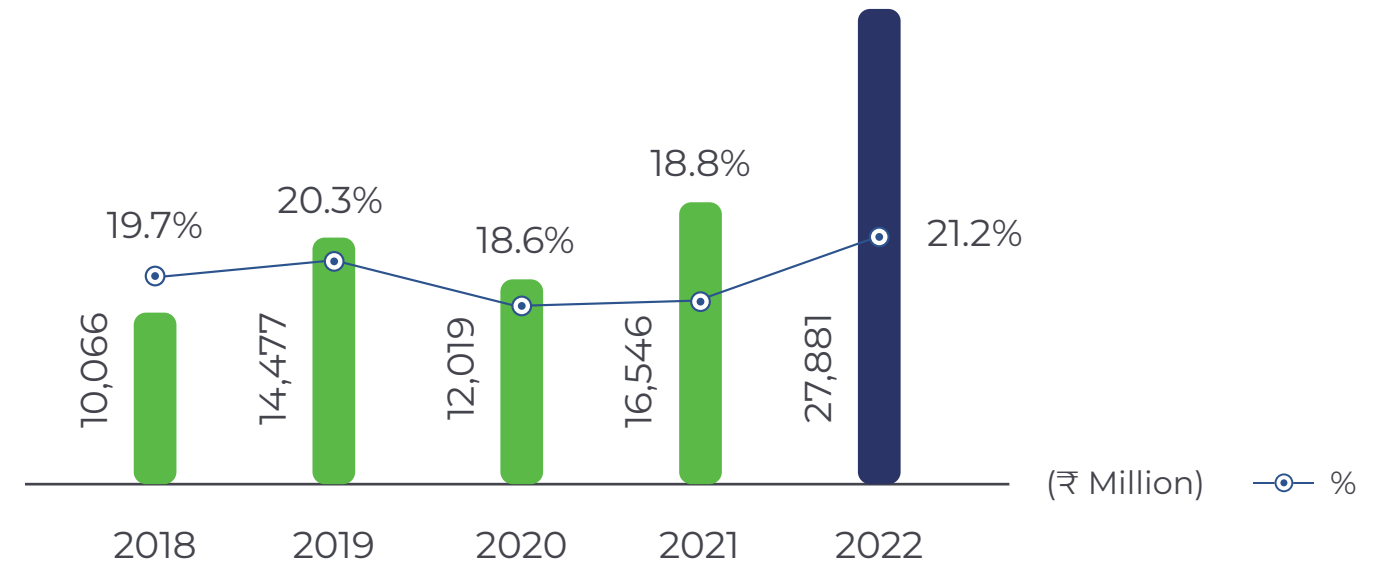
Net Revenue

CAGR 2018-22: 26.7%



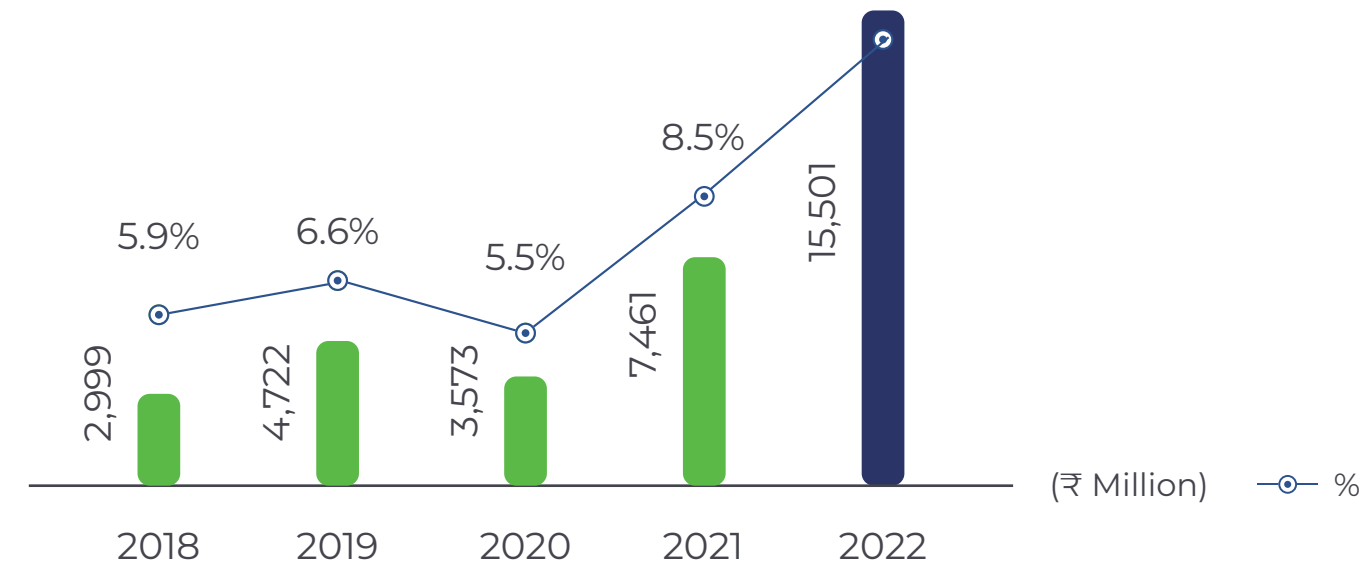
EBITDA and EBITDA Margin

CAGR 2018-22: 35.1%



PAT and PAT Margin

CAGR 2018-22: 50.8%



Net Worth and Net Debt Equity Ratio

CAGR 2018-22: 26.9%



*Consolidated figures for CY 2022



Environmental highlights

Our Focus Areas and Future Roadmap for ESG

2022 Highlights



Becoming Water Positive

1.70 litres

Of water used per litre of Beverage Production

(Improvement of 10% over 2021)

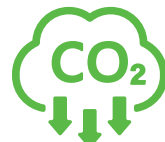


Recycling Plastic Waste

80%

Recycling of used PET bottles

(10% increase over 2021)



Carbon Footprint

36%

Reduction of carbon emissions/ litre over base year - 2020

(29% reduction over 2021)



Enhancing Renewable Energy

21 mn

Units from Renewable Resources

(~17% increase over 2021)

Roadmap to 2025

- Sustaining water recharge of **more than 2.00x**
- Reducing water usage ratio from 1.92x in 2020 to **1.60x by 2025**

Roadmap to 2025

100% recycling of used PET bottles **by 2025** (66% in 2020)

Roadmap to 2030

Reducing carbon emissions per litre of beverage produced by **50% by 2030 over base year - 2020**

Roadmap to 2030

Increasing contribution from renewable energy to **25% by 2030** (v/s 7% in 2020)



GHG Emissions (in MT)

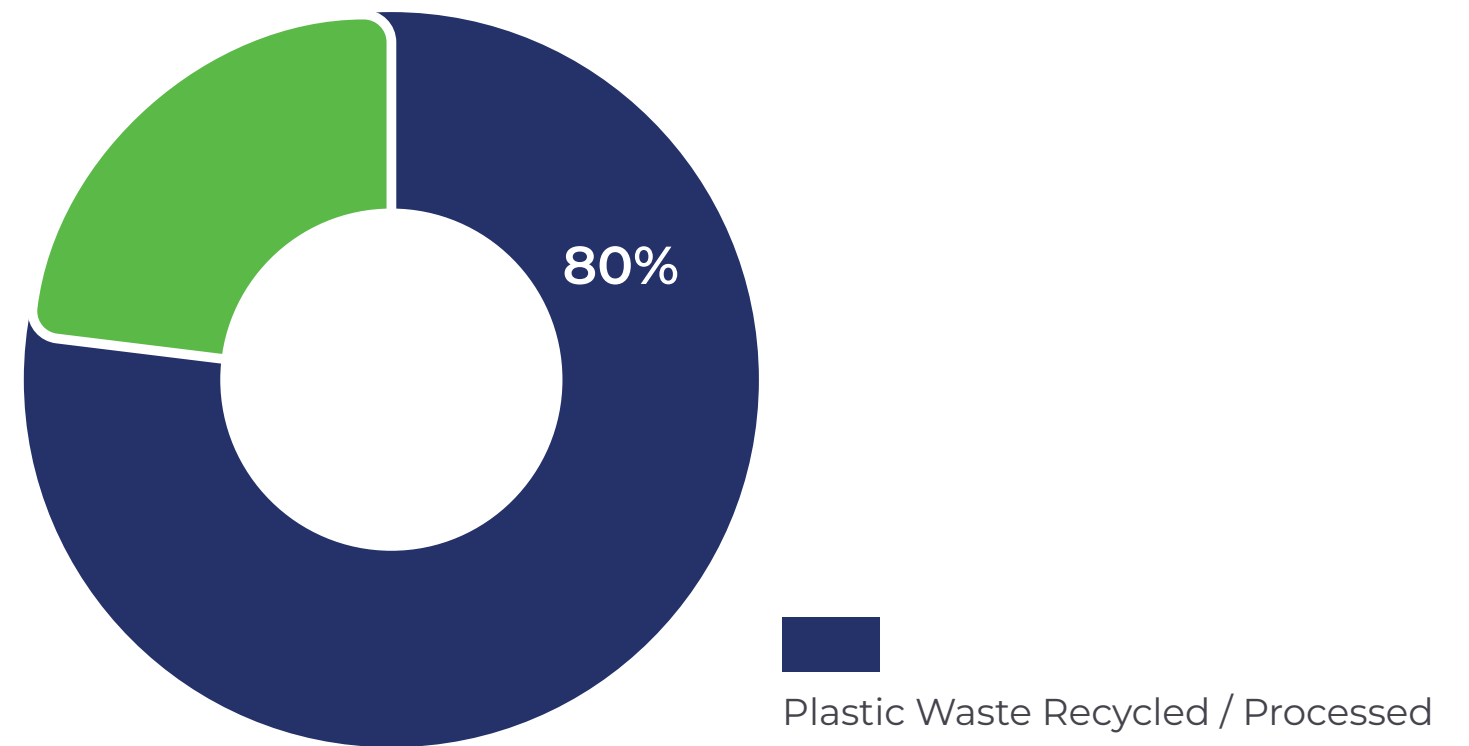
Emissions	Units	GHG Emission (CY 2020)	GHG Emission (CY 2021)	GHG Emission (CY 2022)
Scope 1	tCO ₂ e	26,835	32,654	51,945
Scope 2	tCO ₂ e	1,29,105	1,78,439	2,24,446
Scope 3	tCO ₂ e	5,34,762	6,21,245	5,80,419

Parameters	CY 2022	CY 2021
Plastic Generated	1,47,521	95,824
Plastic Recycled	1,18,392	65,768
% Recycled Against Total Generated	80%	70%

Parameters	CY 2022	CY 2021
Hazardous Waste	1,152	795

	CY 2021 (kwh units)	CY 2022 (kwh units)
Renewable Energy Generated	18 mn	21 mn

Plastic Waste Recycled / Processed - 80%





Social Highlights

Number of Stakeholder Grievances (received and resolved) 21-22:

	CY 2021	CY 2022
Total Stakeholder Complaints	1156	1707
Total Stakeholder Complaints Pending	10	21

Turnover Rate

Turnover Rate	CY 2020		CY 2021		CY 2022	
	Male	Female	Male	Female	Male	Female
Permanent Employees	21%	27%	16%	22%	20%	18%
Permanent Workers	15%	20%	5%	3%	5%	3%

Total Employees (No.)	CY 2021	CY 2022
Permanent Employees and Workers	7965	8636

	CY 2021	CY 2022
Total Training Hours	4,19,065	4,93,415





Business Growth

Sustainable business growth is paramount for long-term viability and success. It not only provides enhanced financial stability, but also facilitates investments in innovation, technology, and skilled personnel. As revenues expand, there is a heightened capacity for research and development, ensuring competitiveness in a rapidly evolving market. Furthermore, growth often results in economies of scale, driving down production costs and enhancing overall efficiency.

Operationally, we remain committed to exploring new product categories to stay ahead of market trends and evolving customer preferences. Notably, during the past year, our energy drink, Sting, demonstrated exceptional performance across diverse geographical regions. Additionally, recent launches in the value-added Dairy segment have garnered positive consumer response.

In summary, we are confident in our ability to deliver robust and sustained growth in the future. This confidence stems from exceptional performance during the year, the normalisation of the environment, and expanded capacities to meet high demand expectations.





Economic Performance

Our financials are presented using a calendar year format. Tracking the company's performance annually gives a more comprehensive view, taking into consideration the seasonality of the soft drinks market. Sales typically peak during the summer. Majority of the company's income usually comes in between months of April and June, when the fiscal year begins to wind down.

We had an impressive year in 2022, showing substantial improvement in all major metrics. Our unwavering commitment to our business and the restoration of routine everyday activities drove strong demand, even though the previous two peak seasons were disrupted by the pandemic. Therefore, the sales volume increased by an astounding 43.6% compared to the previous year.

After reporting INR 66,530.44 million in CY 2021, our net revenue in CY 2022 was INR 107,395.82 million, marking a significant rise. Our sales in India grew at a rapid pace, and in other important overseas countries, sales were up by double digits. A whopping 16,845.02 million Indian rupees (INR) was made in profit before taxes this year, up from 6,815.22 million INR last year.

In addition, PAT showcased outstanding growth, jumping 159.4 percent from Rs 4,894.87 million in CY 2021 to INR 12,701.99 million in CY 2022.

Investors had faith in us, as our market value reached 859.6 billion rupees as of December 31, 2022. An interim dividend of 1,623.87 million shares, or INR, was declared to our shareholders in December 2022.

Significant growth in out-of-home consumption was led by increased travel, reopening of offices, and the general market opening, providing major support from the broader macro-environment. In a proactive move, we expanded our network of key distributors and set up new infrastructure. By taking this strategic step, we were able to increase our portion of the growing market and boost our presence in the underserved South and West regions.

Financial Input (Figures in ₹)



55.17 Billion

Shareholders Fund



35.48 Billion

Debt



6.50 Billion

Equity



13.48 Billion

Capital Expenditure



79.72 Billion

Operating Cost

*As per standalone financial statement



In line with the guidelines of dividend policy, the Board of Directors recommended a final dividend of Rs. 1.00 per equity share. With this, the total dividend declared for the year ended 31st December 2022 stands at Rs. 3.50 per equity share. Total cash outflow for dividend pay-out would be Rs. ~2,273 million for CY 2022. The main segments, which contribute over 90% of the total turnover, can be summarised as follows:

Details of Business Activities (Accounting for More Than 90% of the Turnover)

Description of Main Activity	Description of Business Activity	% of Turnover of The Entity
Manufacturing of Beverages (NIC Code - 1104)	Manufacturing of carbonated, non-carbonated beverages and packaged drinking water	95.66



Economic Value Generated (Total Revenue- Net ED)

	Economic Value Distributed	CY 2022	CY 2021	CY 2020
A	Direct Economic Value Generated (Refer note 1)	1,07,395.8	66,530.4	49,484.4
B	Economic Value Distributed	93,558.6	61,145.0	48,448.6
	Employee Wages and Benefits	9,204.7	7,411.2	6,950.6
	Operating Costs (Refer note 2)	79,718.5	50,685.1	37,276.5
	Payments to providers of capital (Refer note 3)	3,166.4	2,634.0	3,211.9
	Payments to Governments (Refer note 4)	1,383.9	347.2	934.5
	Community Investments (CSR)	85.0	67.5	75.0
C	Economic Value Retained = Direct Economic Value Generated Less Economic Value Distributed	13,837.3	5,385.4	1,035.9

- Note:**
1. Revenue generated including other income and movement in regulatory deferral balance
 2. Operating cost includes Raw material consumed, Purchase of finished goods, increase/decrease in WIP, depreciation & other expenses excluding CSR
 3. Payment to providers of capital includes finance cost paid and dividend paid to shareholders
 4. Payments to government includes Corporate tax (excluding Interest u/s 234A/234B/234C) for the financial year



Our Business Initiatives

We are undertaking significant initiatives to explore new avenues for expansion and growth.

1. Commenced Commercial Production at Greenfield Facilities

During the year, we established the following new manufacturing facilities in India

- A facility in Bihar to manufacture carbonated soft drinks, juice-based drinks, and packaged drinking water
- A backward integration plant in Jammu & Kashmir to manufacture plastic preforms and closures
- A manufacturing line in Kosi Uttar Pradesh for production of Kurkure Puffcorn for PepsiCo

2. Agreement to Distribute & Sell “Lays, Doritos, and Cheetos” in Morocco

During the year, the Board of Directors approved the proposal for Varun Beverages Morocco SA, a wholly-owned subsidiary of the company, to enter into an agreement to distribute and sell PepsiCo’s snack products namely “Lays, Doritos and Cheetos” in the territory of Morocco.

3. Commencement of Commercial Production of Kurkure Puffcorn

Reference co-manufacturing agreement dated 28th February 2022, the manufacturing plant in Kosi, Uttar Pradesh commenced commercial production of Kurkure Puffcorn for PepsiCo India Holdings Private Limited.

4. Credit Rating

During the year CY 2022, CRISIL (an S&P Global Company) has upgraded the long-term rating for bank loan facilities as CRISIL AA+/Stable from CRISIL AA/Positive and reaffirmed the rating for short-term instruments as CRISIL A1+.

5. Awards & Accolades

We were awarded “Best Bottler in Africa, Middle East and South Asia (AMESA) sector” of the year 2021 by PepsiCo during the year. This annual award recognises the quality standards, commitment towards sustainability, support to local community, customer service, and volume performance of PepsiCo’s bottling partners. The award is a testament to our operational expertise, end-to end execution capabilities, governance practices, and strong performance track record.

In addition, we received the following three prestigious Corporate Governance Awards in CY 2022:

- Capital Finance International for Best FMCG Corporate Governance India 2022
- Business Brand Awards for Best Corporate Governance Practices
- CNBC TV18 - Incredible Brands of India Awards for Best Corporate Governance of the Year

6. Bonus Issue

During the year under review, we have issued and allotted 216,516,540 Bonus Equity Shares in the proportion of 1:2 (i.e. one equity share for every two equity shares) to the eligible members whose names appeared in the Register of Members/list of beneficial owners as on the record date fixed for this purpose.





Amplifying Strengths, Multiplying Outcomes

With enhanced consumption trends across markets, we continued to implement strategic initiatives to solidify our market position as a key player in the global beverage industry. We remain confident in continuing our journey of sustainable value creation for all the stakeholders.

Sustaining Operational Efficiency Through

Manufacturing	31 state-of-the-art manufacturing facilities
Distribution & Warehousing	Depots, owned vehicles, primary distributors
Customer Management	Visi-coolers; local level promotion and in store activation
In-Market Execution	Reaching out to every 6th person in the world; Responsible for growth in categories and volume
Cost Efficiencies	Backward integration; production optimisation; innovative packaging
Cash Management	Working capital efficiencies, disciplined capex management, acquiring new territories





Sustainability at VBL

In today's global business landscape, sustainability has emerged as a critical focal point, and we as a beverage company are recognising our role in promoting environmental responsibility. As consumers become more environmentally conscious, we face the imperative to integrate sustainable practices into our operations. From sourcing raw materials to manufacturing processes and packaging, a commitment to sustainability not only aligns with ethical considerations but also contributes to long-term resilience and a positive brand image. This shift toward sustainability sets the stage for transformative practices that prioritise environmental stewardship, social responsibility, and economic viability.

As ESG touches every area of our business, the leadership at VBL is strongly involved in instilling ESG priorities throughout the business to move towards a sustainable future. With increasing demand for transparency and associated regulatory risks, we not only optimised the team to achieve success in ESG efforts but created an ESG team with representation from across the

organisation's functional areas. The Board has constituted an ESG Committee to navigate our ESG journey and identify opportunities and risks to our operations, reputation, and corporate responsibility. The Steering Committee identifies the existing capabilities and strengths, identifies gaps in processes and data, and creates a comprehensive roadmap to execute the overall ESG strategy.







Role of the Cross-functional ESG Taskforce

The cross-functional team spearheads the development and execution of our ESG strategy, adopting a coordinated approach to address evolving ESG demands and aligning cross-functional perspectives. Through collaborative efforts, the team shares expertise, diverse perspectives, and works collectively to devise and implement a cohesive ESG strategy for VBL. The Taskforce establishes a shared language, approach, and understanding of the business, setting foundational principles and concepts related to ESG. It plays a pivotal role in ensuring comprehensive coordination, consistency, and accuracy across regulatory reporting and stakeholder communication.

Our ESG report strategically emphasises four key action areas: Environmental Protection, Inclusion & Diversity, Community, and Governance. These focal points underscore our collaborative team efforts to address vital challenges and create enduring value for our customers, communities, employees, and businesses.

Within the framework of Environmental Protection:

- Oversee and guide the implementation of the Environmental Policy across the organisation

- Regularly review the environmental performance and establish targets for continuous improvement
- Ensure compliance with relevant environmental laws, regulations, and international standards
- Promote awareness and understanding of environmental issues among employees, stakeholders, and suppliers
- Encourage innovation and the adoption of sustainable technologies and practices
- Consider environmental risks and opportunities in strategic decision-making processes





ESG Governance

The ESG Committee for Sustainability Reporting, comprising the highest governance body, is nominated and approved by the Board members. This Board-level committee is composed of the Executive Vice-Chairman, two Whole-time Directors, and an Independent Director. The committee operates without a fixed tenure, and members collaboratively determine the duration, roles, and responsibilities of each member.

Representatives of the ESG committee provide quarterly presentations on sustainability-related initiatives to the Board of Directors. In monthly ESG meetings, feedback from the broader Board is discussed and implemented. External subject matter experts are also invited for knowledge sharing, fostering the adoption of industry best practices.

The Steering Committee, overseen by the highest governance body (i.e., the ESG Committee for Sustainability Reporting), evaluates existing capabilities and strengths, identifies gaps in processes and data, and creates a comprehensive roadmap to execute the overall ESG strategy. All critical concerns addressed to the highest governing body are thoroughly discussed, and the subsequent course of action to resolve these concerns is collectively determined.

The Board-level ESG Committee shall have the following responsibilities:

- Approve the Company's ESG strategy (the 'ESG Strategy') including related targets and incentives
- Provide oversight of the execution of the ESG Strategy and the Company's progress on its long-term ESG commitments and targets
- Provide oversight of the key policies and programs required to implement the ESG Strategy
- Provide advice and direction to the Company's management on implementation of the Company's ESG Strategy
- To identify opportunities and risks to the Company's operations, its reputation, and its corporate responsibility





We have a cross functional steering committee that reports to the ESG committee which provides advice and direction to our management on the implementation of our ESG Strategy.

Our sustainability goals drive us to continually improve on our ESG related accomplishments. Having achieved our milestones of CY 2022, we are now working towards new, more ambitious plans, including our 2025 goals on water positivity and plastic waste management and our 2030 goals on reducing carbon emissions and enhancing renewable energy.

Road Map	
2025	2030
Sustaining Water Recharge of more than 2.00x	Reducing carbon emissions per litre of beverage produced by 50% by 2030 over base year - 2020
Reducing Water Usage Ratio from 1.92x in 2020 to 1.60x by 2025	Increasing contribution from renewable energy to 25% by 2030 (v/s 7% in 2020)
100% recycling of used PET bottles by 2025 (66% in 2020)	

At VBL, we acknowledge the paramount importance of cultivating a sustainable, inclusive, and resilient value system for the betterment of humanity's future. Our unwavering commitment to ESG (Environmental, Social, and Governance) principles lies at the heart of our purpose and strategy. Over the recent years, we have made significant strides in elevating our ESG performance, propelled by our dedication to collaborate with stakeholders across the entire value chain, constructing sustainable pathways forward. In today's context, it is more critical than ever to explore practical means to address the needs of both current and future generations.

We are earnestly committed to bridging economics with ecological value, striving to make a positive impact on our planet. As we refresh the lives of numerous consumers daily with our diverse array of beverages, tailored for all age groups and upheld by the highest standards of quality and freshness, our mission remains steadfast in establishing a sustainable ecosystem through dedicated environmental, social, and governance initiatives.



Our Governance & Leadership

Our diverse board and its committees diligently oversee our business operations with the primary goal of augmenting stakeholder value. Functional Committees, each comprising members with pertinent expertise, play a crucial role in this oversight. An annual evaluation of the Board and senior management is conducted to track progress on overarching organisational objectives.

Corporate policies are transparently accessible to all stakeholders, fostering openness and accountability. Additionally, our employees have facilitated channels to interact with senior management, providing them with a platform to voice suggestions and opinions, thereby contributing to a culture of continuous improvement and engagement.





Leadership Team - BOD



Mr. Ravi Jaipuria

Promoter &
Non-Executive Chairman



Mr. Varun Jaipuria

Promoter, Executive Vice
Chairman &
Whole-time Director



Mr. Raj Gandhi

Whole-time Director



Mr. Rajinder Jeet Singh Bagga

Whole-time Director



Dr. Naresh Trehan

Independent Director



Dr. Ravi Gupta

Independent Director



Mr. Pradeep Sardana

Independent Director



Ms. Rashmi Dhariwal

Independent Director



Ms. Sita Khosla

Independent Director



Key Managerial Personnel

Name of the Directors	Designation
Mr. Raj Gandhi	Whole-time Director
Mr. Rajesh Chawla	Chief Financial Officer
Mr. Ravi Batra	Chief Risk Officer & Group Company Secretary



Committees

Committee Name	Name	Designation
Audit, Risk Management and Ethics Committee	Dr. Ravi Gupta Rashmi Dhariwal Sita Khosla	Chairperson Member Member
Stakeholders Relationship Committee	Sita Khosla Rashmi Dhariwal Raj Gandhi	Chairperson Member Member
Nomination and Remuneration Committee	Rashmi Dhariwal Dr. Ravi Gupta Ravi Jaipuria	Chairperson Member Member
Investment and Borrowing Committee	Raj Gandhi Rajinder Jeet Singh Bagga Rashmi Dhariwal	Chairperson Member Member
Environmental, Social and Governance Committee	Varun Jaipuria Raj Gandhi Rajinder Jeet Singh Bagga Pradeep Sardana	Chairperson Member Member Member
Corporate Social Responsibility Committee	Ravi Jaipuria Varun Jaipuria Raj Gandhi Dr. Naresh Trehan Rashmi Dhariwa	Chairperson Member Member Member Member
Share Allotment Committee	Raj Gandhi Varun Jaipuria Rashmi Dhariwa	Chairperson Member Member



At VBL, we actively engage with our stakeholders through various channels, including quarterly investor calls, annual reports, and social media. Monthly ESG meetings serve as a comprehensive platform for reviewing all our ESG initiatives, paving the way for future plans and strategies.

We firmly believe in a holistic approach to good governance, incorporating both top-down and bottom-up perspectives into various facets of our ESG strategy. To ensure the integration of our sustainability strategy across the organisation, we have implemented several mechanisms, coupled with transparent reporting and robust measurement of our progress.

Our commitment to sound business principles, ethical behaviour, accountability, and transparency cultivates an innovative and collaborative culture within our organisation. The implementation of our ESG policy serves as a guiding framework for overseeing policies, programs, and associated risks related to environmental, social, regulatory, and public policy matters. This includes tracking progress against our ESG goals.

We proactively evaluate and review information concerning social and environmental trends, maintaining oversight over ESG goals and human rights practices. This proactive approach enables us to address issues that may impact our business, shareholders, the broader stakeholder community, or the general public.

Training For Board Of Directors In CY 2022

Trainings	Percentage of Directors Attended
Key developments, sustainability initiatives, regulatory updates, review of policy and procedures.	100%





Nomination and Remuneration

Our Remuneration Policy establishes the criteria for the appointment and remuneration of Directors/Key Managerial Personnel, outlining the qualifications, positive attributes, and independence criteria for Directors. It also encompasses the performance evaluation criteria for both Executive and Non-Executive Directors, including Independent Directors, as mandated by the provisions of the Companies Act and the SEBI (LODR) Regulations.

The Remuneration Policy considers various factors during evaluation, including but not limited to a Director's participation, contribution, commitment, effective deployment of knowledge and expertise, management of stakeholder relationships, integrity, confidentiality maintenance, and independence of behaviour and judgement.

Throughout the Financial Year 2022, the Nomination and Remuneration Committee convened eight times, ensuring a thorough review of matters under its purview. The terms of reference and composition of the committee align with the requirements of Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations, along with compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Name of Director / KMP and Designation	Remuneration of Director / KMP for Financial Year 2022	% Increase in Remuneration in Financial Year 2022	Ratio of Remuneration of Director to Median Remuneration of Employees in Financial Year 2022
Mr. Ravi Jaipuria, Non-Executive Chairman	73.46	Not Comparable	Not Applicable
Mr. Varun Jaipuria, Executive Vice-Chairman & Whole-time Director	54.69	13.02	147.81
Mr. Raj Gandhi, Whole-time Director	56.60	-11.33	152.97
Mr. Kapil Agarwal, Whole-time Director	237.21	Not Comparable*	Not Applicable
Mr. Rajinder Jeet Singh Bagga, Whole-time Director	52.45	28.77	141.76
Mr. Rajesh Chawla, Chief Financial Officer	9.61	Not Comparable#	Not Applicable
Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary	13.30	18.11	Not Applicable



Nomination and Remuneration Committee Responsibilities


The Nomination and Remuneration Committee serves as a vital pillar in ensuring the effective functioning of the organisation, encompassing a multitude of responsibilities. Foremost, the committee is entrusted with establishing criteria for evaluating the qualifications, positive attributes, and independence of directors, while also formulating recommendations regarding the remuneration policy for directors, key managerial personnel, and other staff members.

An integral role played by the committee is advocating for diversity within the Board of Directors, emphasising a composition that reflects a diverse range of skills, experiences, and backgrounds. We place priority on hiring candidates from local communities, ensuring a connection with the operational locations and leveraging talent well-versed with local dynamics.

The committee actively identifies individuals meeting the criteria for directorship and senior management positions, presenting recommendations to the Board for appointments or removals. Furthermore, it outlines the methodology for the effective evaluation of the Board's performance, our committees, and individual directors, overseeing the implementation and compliance of these evaluations.

Responsibilities also extend to deciding on the tenure extension of independent directors based on performance evaluations. Lastly, the committee assumes the responsibility of developing policies and systems to ensure compliance with relevant laws in both India and abroad. This includes regulations such as the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices in the Securities Market) Regulations, 2003.

Details of Remuneration / Salary / Wages Per Annum For CY 2022

	Male		Female	
	Number	Median Remuneration / Salary / Wages of Respective Category (In Million)	Number	Median Remuneration / Salary / Wages of Respective Category (In Million)
Board of Directors (BOD)	3	54.69	-	-
Key Managerial Personnel	2	11.45	-	-
Employees other than BOD and KMP	4,606	0.46	190	0.56
Workers	3,781	0.31	54	0.24



Performance Evaluation Criteria For Directors & KMPs

Our Remuneration Policy meticulously defines the criteria for the appointment and remuneration of Directors/Key Managerial Personnel. This includes the parameters for determining qualifications, positive attributes, and independence of Directors, as well as criteria for the performance evaluation of both Executive and Non-Executive Directors, including Independent Directors. The policy is designed in accordance with the provisions of the Act and the SEBI (LODR) Regulations.

Performance evaluation of the highest governance body encompasses the assessment of progress in achieving ESG goals, the overall performance of VBL, and recognition and rewards received, both domestically and internationally. These merit-based evaluations contribute to a comprehensive understanding of the effectiveness and impact of the highest governance body.

VBL Board Practices

The Corporate Governance framework of is based on the following broad practices:

- Engaging a diverse and highly professional, experienced and competent Board of Directors with versatile expertise in industry, finance, management, and law
- Deploying well defined governance structures that establish checks and balances and delegate decision making to appropriate levels in the organisation
- Adoption and implementation of fair, transparent and robust systems, processes, policies and procedures
- Making high level of disclosures for dissemination of corporate, financial and operational information to all our stakeholders

Having strong systems and processes to ensure full and timely compliance with all legal and regulatory requirements and zero tolerance for non-compliance.





Ethical Business Conduct and Other Policies

To comply with the provisions of Regulation 17(5) of SEBI (LODR) Regulations, we have adopted “Code of Conduct for Board of Directors and Senior Management”. Code is available on the website of the Company at <https://varunbeverages.com/wp-content/uploads/2023/03/19-Code-Of-Conduct-For-Board-Of-Directors-and-Senior-Management-Revised.pdf>

On the basis of declarations received from Board Members and Senior Management Personnel, the Executive Vice Chairman & Whole-time Directors have given a declaration that the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code during the CY 2022.

Every element of our global operations and staff behaviour is based on PepsiCo's Principles of Business Conduct. These values are based on a firm belief in doing business ethically and responsibly. One of the most important ideas is that PepsiCo will always do what's legally required of it, no matter where it does business. The firm's determination to be a good corporate citizen is displayed in our dedication to complying with all applicable local rules and regulations.

The importance of maintaining the confidentiality of sensitive information belonging to PepsiCo and our partners is emphasised in PepsiCo's business



practices. Trust is fostered and proprietary data is safeguarded by this commitment. On top of that, PepsiCo is a firm believer in honest and lawful business practices, and it puts a premium on fair competition. This necessitates a pledge to act with honesty and integrity in all dealings involving VBL.

At VBL, we promote diversity, inclusiveness, and treating all employees with respect. Encouraging an environment where every individual can develop, we steadfastly pledge to provide a workplace free from discrimination, harassment, and abuse.

Furthermore, we guarantee fair pay, acceptable hours, and extensive benefits because we care deeply about our employee's welfare. The business is committed to protecting workers' rights, including the ability to organise unions and bargain collectively, and it denounces the use of forced or child labour in any form. When evaluating suppliers, we ensure to ask about any instances of forced or underage labour.

In 2022, we are pleased to announce that none of our suppliers were involved in any instances of forced or child labour. We are dedicated to procuring raw ingredients and packaging materials exclusively from PepsiCo's approved suppliers. PepsiCo conducts a rigorous certification process for all of our suppliers, and we are no exception.



Anti-corruption and Anti-bribery

We consistently monitor and communicate with our employees to raise awareness about avoiding involvement in any corrupt practices. These communications are regularly disseminated through internal channels and are also published on our official website as part of our policies. The policy commitments extend to all organisational activities and are communicated to stakeholders via email and the official website.

While we do not offer transition assistance programs for continued employability post-retirement or termination, we invest in training sessions for senior and middle-level employees. These individuals play a crucial role in developing processes and procedures to prevent corrupt practices within the organisation.

To fortify our commitment against corruption, we have established anti-corruption policies and procedures, which are effectively communicated to our business partners. In our risk assessment, 100% of operations are thoroughly evaluated for corruption-related risks, and the assessment did not identify any significant risks. Our unwavering commitment to ethical business practices and compliance with relevant laws and regulations is further ensured through the following practices:

Communication and Transparency:

Effectively communicating our anti-corruption policies and procedures to all business partners, including suppliers and third parties, is a pivotal measure in cultivating a culture of transparency and integrity. By making these policies publicly accessible on our website, we underscore our unwavering commitment to transparency in our operations.

Non-disclosure Agreements (NDAs):

Requiring third parties to sign Non-disclosure Agreements (NDAs) that mandate compliance with our anti-corruption policies is a prudent and proactive measure to safeguard our organisation against potential corruption risks. These NDAs serve as legally binding agreements, providing a robust framework to reinforce our expectations for ethical behaviour.

Due Diligence:

It is crucial to undertake thorough due diligence on our business partners, particularly those operating in high-risk areas or industries. This diligent approach ensures that our partners align with and uphold our steadfast commitment to anti-corruption measures and ethical business practices. By rigorously assessing and vetting our business partners, we strengthen the foundation of integrity and reinforce our dedication to fostering a business environment built on ethical conduct.



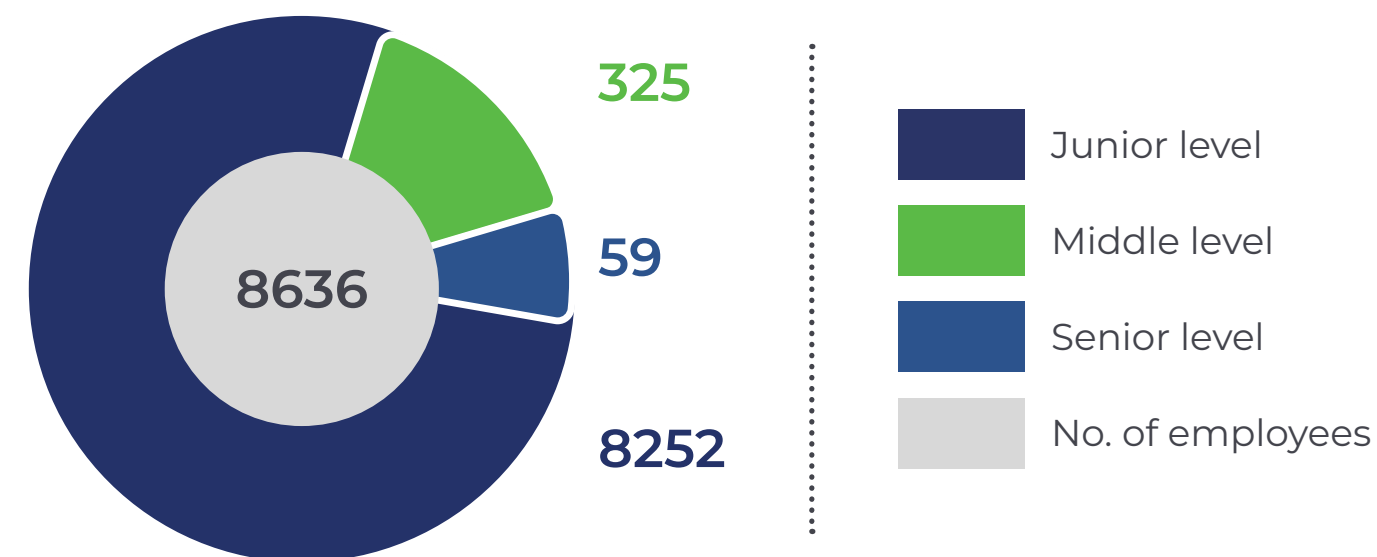


Training and Awareness:

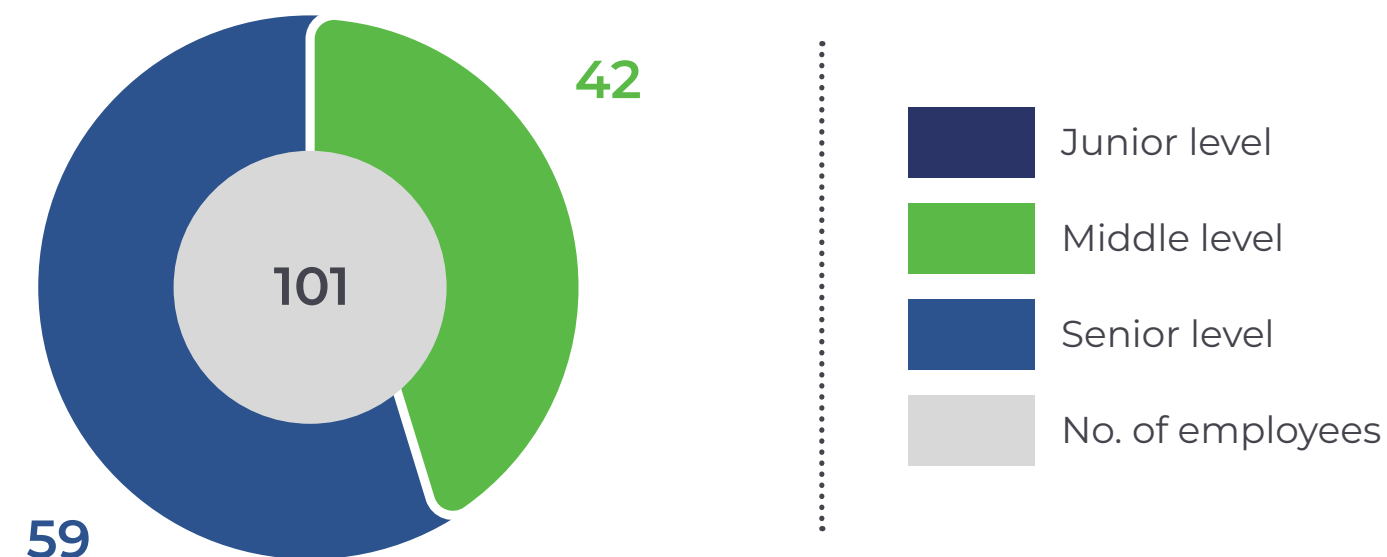
Implementing routine training and awareness initiatives for both our employees and business partners is paramount. These programs play a crucial role in ensuring that everyone within our organisation comprehensively understands the intricacies of our anti-corruption policies and procedures. By fostering a culture of awareness, these initiatives become instrumental in preventing instances of corruption and unethical behaviour, thereby fortifying the ethical fabric of our workplace and business ecosystem



Total number of employees that the organisation's anti-corruption policies and procedures have been communicated to



Total number of employees that have received training on anti-corruption





Monitoring and Reporting:

Establishing robust systems to monitor and report any potential violations or suspicious activities associated with our anti-corruption policies is imperative. It is crucial to create a structured framework that not only detects but also effectively addresses any deviations from our ethical standards. Ensuring transparency, we need to provide clear and accessible reporting channels for both employees and business partners, empowering them to voice concerns or raise suspicions without hesitation. This proactive approach reinforces our commitment to maintaining the highest standards of integrity and ethical conduct within our organisation.

Continuous Improvement:

Continuously reviewing and updating our anti-corruption policies and procedures is essential to adapt to changing regulatory requirements and evolving risks. Conducting periodic risk assessments becomes crucial in identifying areas where additional measures may be needed to enhance our preventive measures.

These proactive steps are taken to not only prevent corruption but also to safeguard our reputation and showcase a steadfast commitment to ethical business practices. Anti-corruption efforts are not just mandated by legal requirements in numerous jurisdictions; they are fundamental for maintaining the trust of our customers, partners, and the public.

Moreover, we are deeply committed to environmental responsibility, conducting operations with care and strict compliance with environmental laws and regulations. Sustainability is at the core of our mission, with a strong emphasis on maintaining accurate financial records and upholding food safety standards. These commitments underscore our dedication to product quality and

integrity. PepsiCo extends these values to our suppliers, promoting adherence to the Supplier Code of Conduct.

Additionally, we are vigilant about potential conflicts of interest and have clear policies regarding gifts and entertainment. We ensure that land acquisitions align with IFC Performance Standards, demonstrating a commitment to responsible land use.

We actively foster a culture that encourages reporting any suspected violations of our Code of Business Conduct, emphasising the importance of accountability and ethical responsibility throughout the organisation. These principles collectively define our unwavering commitment to ethical, legal, and sustainable business practices, exemplifying our dedication to being a responsible global corporation.



No legal actions pending during the reporting for anti-competitive behaviour, anti-trust, and monopoly practices in CY 2022



Our Policies



Fair Remuneration Policy

We have fair remuneration policy to ensure that all entry level employees are paid above minimum wages. We give priority to hire the candidate at all levels from the locations of operations to capture local community talent who are well aware of the situations of these areas and can easily get onboarded and serve the organisation.



POSH Policy

This policy applies to all individuals, whether employed directly or indirectly, on various employment terms (including volunteers), working at any VBL location. It addresses sexual harassment occurring both within and outside the company premises, including during work-related travel or stay arrangements provided by the company.



Anti-bribery Policy

Officials are prohibited from giving or receiving bribes to any Government Officials or any other person or entity, including any person or entity in the private or commercial sector, if the payment is intended to induce the recipient to misuse his or her position and thereby give an unfair advantage to VBL.



Policy on Diversity of the Board of Directors

The company values board diversity, believing it enhances strategic and commercial effectiveness. A diverse board leverages varied perspectives, knowledge, experience, and gender for better guidance. The nomination committee ensures a transparent appointment process based on merit to strengthen corporate governance, achieve results, promote sustainability, and enhance the company's reputation. It identifies qualified individuals with diverse backgrounds for board appointments, adhering to regulatory requirements for board composition.



The Vigil Mechanism Policy

The Vigil Mechanism encourages directors and employees to report genuine concerns regarding unethical behaviour, fraud, leakage of sensitive information, or policy violations. The company upholds the highest ethical and legal standards and assures protection to those reporting misconduct. It also allows access to the Chairperson of the Audit and Risk Management Committee in exceptional cases. However, it doesn't excuse breaches of confidentiality or false allegations.



Risk Management Policy

Under the Companies Act, 2013, the Board of Directors must report to shareholders about the development and implementation of a risk management policy, identifying any elements of risk that could potentially threaten the company's existence. The Audit Committee, as specified by the Board, includes evaluating risk management systems among its responsibilities. Independent Directors play a role in providing impartial judgment, particularly in risk management matters, ensuring the robustness and defensibility of these systems. The management acknowledges various risks, which are not exhaustive but indicative, based on their perception and potential mitigation.



Archival Policy

Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR)"], requires every listed company to disclose on its website all such events or information which has been disclosed to stock exchange(s) under this regulation for a minimum period of five years and thereafter to archive the same as per the archival policy of the Company which will be hosted on the company's website.

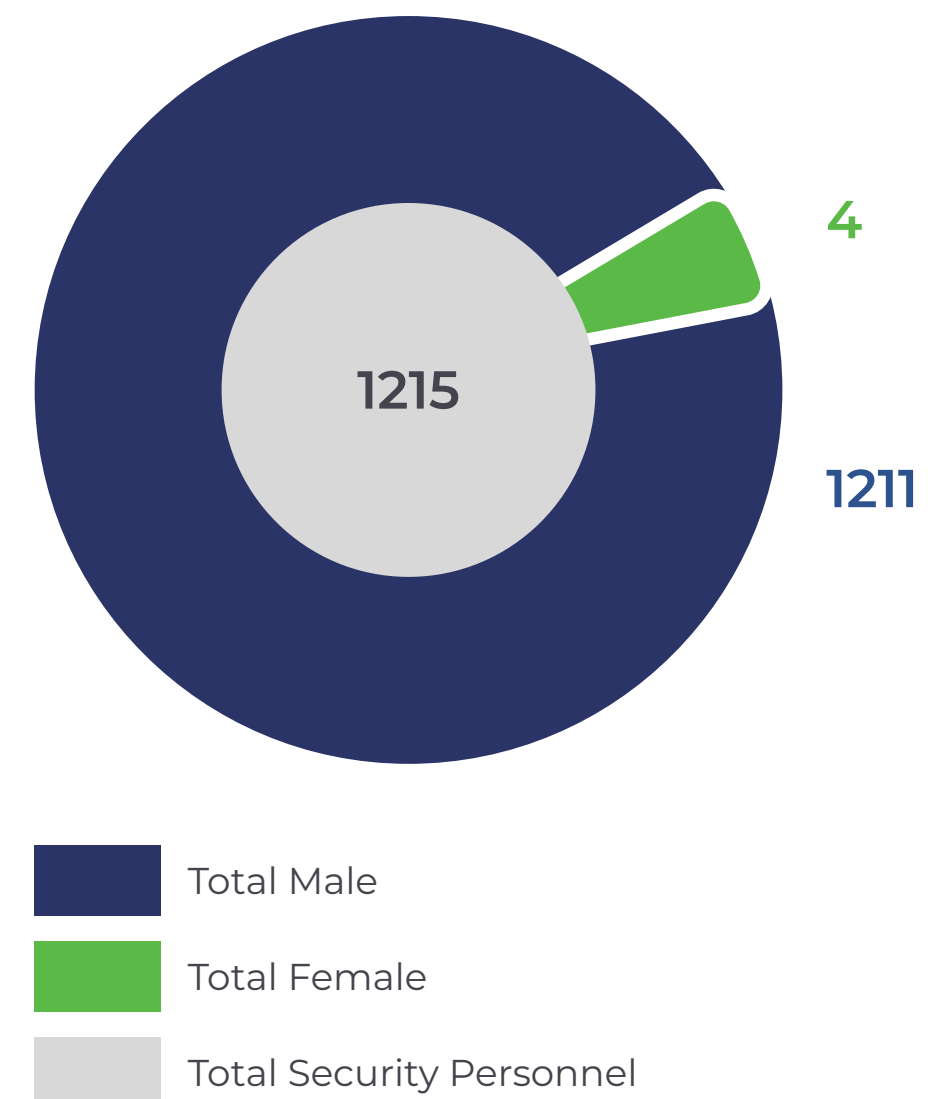




Employees and workers who have been provided training on human rights issues and policies of the entity.

Category	CY 2022			CY 2021		
	Total (A)	No. Of Employees / Workers Covered (B)	% (B/A)	Total (C)	No. of Employees / Workers Covered (D)	% (D/C)
Employees						
Permanent	5744	2,183	38%	5117	1,842	36%
Other than permanent	5508	2,644	48%	4611	2536	55%
Total Employees	11252	4,827	43%	978	4,378	45%
Workers						
Permanent	2892	1,475	51%	2848	1595	56%
Other than permanent	8820	3,969	45%	6775	2,575	38%
Total Workers	11712	5,444	46%	9623	4169	43%

All the security personnel are hired from third party security agencies and are provided training on the organisation's human rights policies or specific procedures and their application to security at the time of the induction.





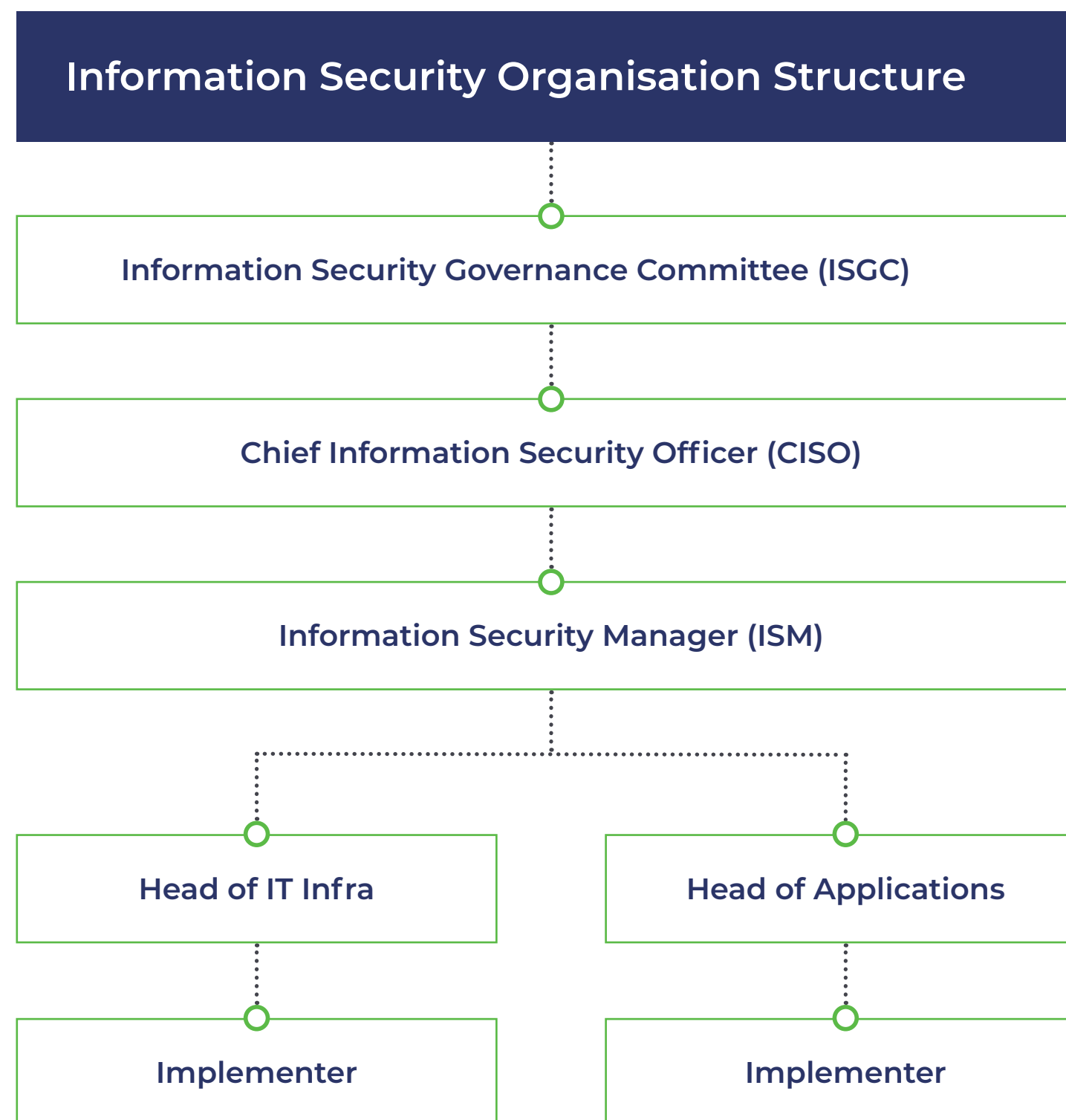
Information System and Digitalisation

In our unwavering commitment to information security, we have strategically implemented an Information Security framework designed to establish, execute, monitor, and continually enhance our organisation's information security posture. This comprehensive framework not only sets explicit objectives but also provides a holistic direction for action. It reflects our management's resolute commitment to information security, carefully considering business requirements, legal and regulatory implications, and contractual obligations.

Aligned with industry best practices, our framework encompasses the intricate interplay of business processes, human resources, and technology. It operates under the guidance of meticulous policies and procedures, ensuring robust governance and adherence to the highest standards in the industry. By integrating industry best practices, we fortify our information security framework, making it a dynamic and resilient safeguard against evolving threats.

It's noteworthy that our commitment to information security has resulted in zero complaints from external entities, attesting to our proactive approach to safeguarding data privacy and cyber security. This achievement is not only a testament to our dedication but also positions us as a leader in adopting industry-best practices for securing sensitive information.

Followed by the Information Security Organisation Structure, the flow chart of hierarchy is depicted below:





Information, a precious asset for VBL, holds intrinsic value, regardless of its origin or nature. The triad of confidentiality, integrity, and availability forms the bedrock of trust and confidence, pivotal for both our customers and the informed decision-making process. In a steadfast commitment to safeguarding our information and information systems, we have instituted an Information Security Management System (ISMS) in accordance with ISO/IEC 27001, meticulously documented in our Information Security Manual.

The overarching objective of our ISMS is intricately aligned with the broader business objectives of the organisation. We ensure that our SMART (Specific, Measurable, Achievable, Realistic, and Time-bound) objectives for ISMS are clearly defined, providing a roadmap for success. Regular reviews and adjustments to these objectives are conducted as necessary, reflecting our commitment to adaptability and continuous improvement.

By adhering to international standards and maintaining a dynamic ISMS, we have not only secured our information but also aligned our information security practices with the strategic goals of the organisation, fostering a resilient and adaptive approach to safeguarding our invaluable information assets.

Code of conduct encourages employees to

- ✓ Respect employees' right to freedom of association and collective bargaining
- ✓ Maintain accurate financial books and business records
- ✓ Deliver products and services meeting applicable quality and food safety standards

Code of conduct refrain employees from

- ✗ Practicing any sort of bribery
- ✗ All kinds of violations of the Code



Disciplinary Action

When an individual violates the established rules and regulations, disciplinary action can be implemented to ensure accountability and maintain a productive and ethical environment. The specific disciplinary actions at VBL are determined based on the nature and severity of the violation.



Commitment to Code of Conduct by



Board Members



Employees



Legal Action

In instances of corruption, theft, embezzlement, or any other unlawful behaviour, we reserve the right to pursue legal action.



Senior Management





Fine and Penalties

Monetary	NGRBC Principle	Name of the Regulatory/ Enforcement Agencies/ Judicial Institutions	Amount (INR)	Brief of the Case	Has an Appeal Been Preferred ? (Yes/No)
Settlement	1	Adjudicating Officer Securities and Exchange Board of India	5,590,000	Pursuant to the Settlement Application filed by Mr. Ravi Jaipuria under the provisions of SEBI (Settlement Proceedings) Regulations, 2018, SEBI vide Order dated June 21, 2022 disposed off the Adjudication Proceedings against him upon payment of ₹55,90,000 without admission of guilt/default.	No
Penalty	1	Adjudicating Officer Securities and Exchange Board of India	300,000	The Adjudicating Officer of SEBI in exercise of the powers conferred under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, imposed a penalty of ₹3,00,000/- (Rupees Three Lacs Only) on Mr. Rajinder Jeet Singh Bagga for violation of provisions of regulation 7(2)(a) of SEBI PIT Regulations, 2015	No



Grievance Redressal Mechanism (GRM)

Our Grievance Redressal Mechanism (GRM) is a comprehensive framework designed to address grievances and concerns from a spectrum of stakeholders, encompassing security holders, employees, and consumers. The significance of this mechanism lies in its role of upholding transparency, accountability, and sustainability within our operations. It serves as a pivotal tool in fostering an environment where concerns are heard, addressed, and resolved, contributing to the overall robustness and integrity of our business practice.



99% complaints were resolved successfully, out of 1237 registered in CY 2022

The GRM Policy at VBL is a cornerstone for cultivating a culture steeped in transparency, trust, and elevated governance standards. It serves as a dedicated platform, inviting employees, distributors, contractors, and suppliers to voice genuine concerns pertaining to corruption, fraud, collusion, obstruction, or breaches of laws and company policies. Emphasising protection against retaliation for whistleblowers, the GRM provides a direct line to the CFO, Chief Compliance Officer, or Legal Head. Complaints are promptly investigated by designated officers or an Ethics Committee, typically concluding within 30 working days. Quarterly reportsonfindingsaresubmittedtotheBoard'sAudit, Risk Management, and Ethics Committee, ensuring accountability and continuous improvement.

1. Stakeholders' Relationship Committee:

This Committee plays a pivotal role in handling and resolving the concerns raised by security holders of the company. It encompasses a broad spectrum of issues, ranging from complaints related to the transfer or transmission of shares to matters such as non-receipt of annual reports and declared dividends. Additionally, the committee conducts reviews of the services provided by the Registrar and Share Transfer Agent. Our primary focus is to safeguard the interests of the company's shareholders, ensuring that their concerns are

promptly and effectively addressed.

2. Employee Grievance Redressal:

Maintaining an open line of communication, all employees are encouraged to engage with the management to address their concerns, fostering a healthy and productive work environment. Complementing this approach, we have a dedicated Prevention of Sexual Harassment (POSH) policy to specifically address issues related to workplace harassment and discrimination. Notably, in CY 22, we recorded zero employee complaints, reflecting the effectiveness of the existing mechanisms in place.

3. Consumer Complaints and Feedback:

We boast a robust mechanism for receiving and addressing consumer complaints and feedback. This well-defined process ensures that consumer concerns and grievances receive prompt attention, emphasising courteous and respectful treatment. The mechanism involves lodging complaints through a toll-free number, subsequently reviewed and investigated by dedicated teams. To address the root causes and prevent recurrence, corrective and preventive actions are implemented. Regular tracking and reviews of complaints contribute to a culture of continuous improvement.



4. Sustainable Reporting: Fostering Ethical Governance and Stakeholder Well-being

• Nurturing a Culture of Transparency & Trust:

Embedded in our sustainability reporting framework, the GRM Policy at VBL is designed to nurture a culture of transparency, trust, and ethical governance. It provides stakeholders, including employees, distributors, contractors, and suppliers, with a dedicated platform to voice genuine concerns related to corruption, fraud, obstruction, or policy violations. We encourage open communication, ensuring protection against retaliation for individuals using this mechanism

• Addressing Stakeholder Concerns: A Comprehensive Approach:

Beyond addressing internal concerns, our GRM extends to shareholders, consumers, and the wider community. The committee responsible for addressing the grievances of security holders ensures the protection of shareholders' interests, addressing issues such as share transfers, dividend receipts, and services provided by the Registrar and Share Transfer Agent.

In the context of sustainability, our GRM reinforces our commitment to ethical

governance, creating an inclusive and accountable environment for all stakeholders. This holistic approach aligns with our sustainability goals, promoting well-being and satisfaction among our stakeholders. Our reporting framework integrates the principles of sustainability with a focus on fostering a positive impact on both our internal and external communities.

5. Transparency:

The resolute commitment of our company to transparency in addressing grievances and concerns from a diverse range of stakeholders isn't merely a corporate obligation; it's a cornerstone of our sustainable reporting objectives. At VBL, transparency stands as an integral element within our Environmental, Social, and Governance (ESG) principles, underscoring our dedication to nurturing a sustainable and responsible business ethos.

Aligned with our sustainable reporting aspirations, transparency is positioned as a foundational ESG principle. By proactively handling grievances and concerns, we showcase our allegiance to ethical governance and responsibility, establishing a robust and transparent reporting framework. Our devotion to transparency transcends perfunctory

compliance, viewing it as a catalyst for building trust and fostering enduring relationships with our diverse stakeholders.

In the realm of sustainable reporting, transparency emerges as a potent force for driving positive change. It not only allows us to spotlight our achievements but also illuminates our challenges and ongoing improvement endeavours. Upholding elevated standards of transparency fortifies the credibility of our sustainability reports, rendering them trustworthy and invaluable resources for our stakeholders.

Our commitment to transparency isn't a mere checkbox on a list of corporate practices; it's a strategic choice that resonates with our values and sustainability objectives. Through candid communication, we empower stakeholders with a holistic comprehension of our operations, initiatives, and impact, solidifying our standing as a conscientious corporate entity in the global landscape.





Tax Strategy

At VBL, our commitment to tax compliance forms the bedrock of our long-term and sustainable business strategy. We diligently adhere to all tax regulatory requirements, ensuring timely and accurate periodical filings and comprehensive reporting in accordance with applicable tax laws.

Our approach is fortified by a state-of-the-art compliance tracking tool, featuring a pre-defined escalation matrix. This tool leaves no room for error, emphasising our steadfast commitment to maintaining zero tolerance for any form of non-compliance. We have implemented a robust vigil mechanism that enables the reporting of any concerns related to unethical or unlawful behaviour, thereby safeguarding the organisation's integrity in all matters pertaining to tax.

This proactive stance underscores our dedication to ethical business practices, reinforcing the principles that guide our operations and contributing to the long-term sustainability of our business.





Accounting and Governance

Our dedicated team of tax experts plays a pivotal role in ensuring the proper accounting of taxes across various fronts, including input, output, corporate, and withholding taxes. We meticulously adhere to applicable laws and accounting standards, placing a premium on accuracy and transparency in our tax accounting processes.

In response to any changes in tax laws, our internal tax team conducts thorough reviews and assessments to understand their implications on business transactions. Subsequently, we circulate updated Standard Operating Procedures (SOPs) to relevant stakeholders, facilitating the seamless implementation of these changes. This proactive and adaptive approach ensures that our tax practices align with the evolving regulatory landscape, promoting financial integrity and compliance within our organisation.

Tax Planning with Business Rationale

We at VBL, prioritise transparency in our tax practices, incorporating a clear procedure for tax risk management and assessment. This robust framework is an integral part of our comprehensive tax planning strategy. As a fundamental principle, we refrain from adopting aggressive tax positions,

maintaining a stance of zero tolerance for non-compliance and tax evasion.

Our approach to tax incentives is grounded in alignment with our overarching business objectives. We judiciously avail ourselves of tax incentives in our respective jurisdictions, ensuring that these incentives align with our strategic goals. This principled approach underscores our commitment to ethical and responsible tax practices, fostering trust and compliance in the regions where we operate.

Engagement with Tax Authorities

Our proactive engagement with tax authorities is a cornerstone of our tax strategy. We consistently collaborate with tax authorities, offering comprehensive support to facilitate a deeper understanding of our business model and tax positions within the framework of relevant legal authorities. Our tax team is committed to the objective of positioning VBL as 'the most trusted and tax-compliant company' in the regions where we operate.

This proactive engagement not only demonstrates our commitment to openness and cooperation but also contributes to building a positive reputation for VBL as a responsible corporate entity, fostering

trust and credibility with tax authorities and stakeholders alike.





Tax Technology

In today's environment of online governance, tax technology is playing an important role in sustainable growth of every organisation. We have been making substantial investments in tax technology to ensure proper recording and reporting of all transactions through the system.

1. Vendor Management:

At VBL, we prioritise a robust vendor management process that ensures transparency, compliance, and accuracy in our business relationships. Our approach involves a thorough onboarding process for new vendors, emphasising the importance of strong Know Your Customer (KYC) documentation. We conduct comprehensive verification of historical compliances under the Goods and Services Tax (GST) laws, reinforcing our commitment to regulatory adherence. To enhance precision in our transactions, we meticulously map all vendors with the correct Harmonised System of Nomenclature (HSN)/Service Accounting Code (SAC) and GST rates. Additionally, for service vendors, we ensure accurate mapping with the correct withholding tax codes, facilitating proper deduction of withholding tax while recording transactions in our books of accounts. This meticulous process not only ensures

compliance but also fosters a transparent and trustworthy relationship with our valued vendors.

2. Identification and Recording in Correct Ledger:

We employ a robust identification process facilitated by our SAP system, beginning with the issuance of Purchase Orders (PO) that include accurate Harmonised System of Nomenclature (HSN) or Service Accounting Code (SAC) and the corresponding tax code. This meticulous approach is fundamental to our commitment to compliance and accuracy in financial transactions. Our internal team is responsible for scrutinising each transaction and exercising stringent controls over the entitlement of input tax through the system. This meticulous oversight ensures that there is no wrongful availment of input tax credit, in strict adherence to the Goods and Services Tax (GST) laws. By implementing this comprehensive process, we not only uphold regulatory compliance but also reinforce our dedication to responsible financial practices within the organisation.

3. System Generated Sale Invoices, E-invoices and E-way bills:

We have seamlessly integrated our SAP system with the government's E-invoicing portal and E-way bill portal, demonstrating our commitment to staying at the forefront of technological

advancements and compliance requirements. Our system is meticulously configured to enforce compliance with GST laws, ensuring that no invoice can be generated without the mandatory inclusion of an E-invoice and E-way bill. This integration not only streamlines our invoicing processes but also exemplifies our proactive approach to embracing digital solutions for efficient and compliant business operations.

4. Reporting on GST Portal:

At VBL, we prioritise accuracy and compliance in our financial reporting, including Goods and Services Tax (GST) returns. Our robust system generates a sales register that serves as the foundation for filing GST returns for all outward supplies. This meticulous process ensures that each recorded outward supply is accurately reported, and the corresponding tax liability is correctly determined. By leveraging technology and systematic reporting, we demonstrate our commitment to transparent and compliant financial practices, contributing to our overall governance and accountability standards.



Stakeholder Engagement and Materiality Assessment

At VBL, we recognise the importance of meeting stakeholder expectations for fostering holistic and long-term growth. To achieve this, we initiated a thorough evaluation to identify critical issues affecting both stakeholders and the company. During the reporting year, we conducted a materiality assessment using a structured method.

Additionally, we are committed to addressing and resolving the grievances of security holders, encompassing complaints related to the transfer/transmission of shares, non-receipt of annual reports, non-receipt of declared dividends, and the review of services provided by the Registrar and Share Transfer Agent.

This approach reflects our dedication to transparency, accountability, and sustainable practices, ensuring that the concerns of our stakeholders are appropriately addressed and aligned with our commitment to responsible corporate conduct.








Stakeholder Engagement Framework

Internal / External	Stakeholders	Methods of Engagement	Objectives of Engagement	Frequency of Engagement
Internal	 Management	Interviews, Board Meetings	Business Performance Business Ethics Supply Chain Management Carbon Footprint & Emissions Energy Management Waste Management Resource Use & Conservation	Quarterly
	 Employees	Facilitated Discussions, Surveys, Townhall meetings, Leadership meetings, Email, Employee Engagement Activities, Webinars	Occupational Health & Safety Freedom of Association Diversity & Inclusion Talent Management Community Engagement Employee Engagement & Development Human Rights & Fair Labour Practices	Need based



Internal / External	Stakeholders	Methods of Engagement	Objectives of Engagement	Frequency of Engagement
External	 Suppliers	Individual and broad-based communications, Supplier trainings, assessments, and remediation processes	Product Safety & Quality Human Rights & Fair Labour Practices Responsible Sourcing Sustainable Agriculture Packaging Lifecycle Management Regulation & Taxation Environmental Stewardship Diversity & Inclusion	Need based
	 Retails/Consumers	Surveys, Corporate websites, Marketing activities & communication, social media	Product Labeling Responsible Marketing Consumer Health & Nutrition Corporate Citizenship Product Safety & Quality	Need based
	 Industry Association	Surveys, Annual & Sustainability Reports, Ratings, rankings and other indices, social media	Business Performance Innovation and R&D Human Rights & Fair Labour Practices Sustainable Initiatives	Annually



Approach to Materiality Assessment

Deutsche Quality Systems (India) Pvt. Ltd. (DQS) established a dedicated process to identify stakeholders, develop engagement strategies, pinpoint material elements, and interpret outcomes. The materiality assessment unfolded through two closely aligned workstreams:

- Conducted surveys among five stakeholder groups to determine priority material aspects
- Engaged stakeholders to understand their perspectives and concerns

Impact Assessment Ratio:

Evaluated nearly 29 metrics to gauge the potential impact of our business on identified material aspects.

It's crucial to note that the material aspects highlighted in this assessment are subject to change over time due to evolving internal and external circumstances. This rigorous process underscores our commitment to transparency, stakeholder engagement, and responsible business practices at VBL.





Identifying Material Aspects

After reviewing other relevant materiality assessments in the Beverage Industry, together with DQS, we developed a list of material aspects relevant to us. These material aspects were defined and categorised into five pillars.

ESG Topics	Material Topics	SDGs
Environment	Water Management	SDGs 6
	Carbon Footprint	SDGS 7
	Energy Management	SDGS 11
	Waste Management	SDGS 13
	Ecological Impact	SDGS 14
Social	Product Safety & Quality	SDGS 1
	Consumer Health & Nutrition	SDGS 2
	Corporate Citizenship	SDGS 3
	Human Rights and Fair Labour Practices	SDGS 4
	Product Labelling	SDGS 5
	Responsible Marketing	SDGS 6
	Sanitation and Hygiene	SDGS 7
	Data Privacy and Information Security	SDGS 8
	Rural Livelihood and Generation	SDGS 10

ESG Topics	Material Topics	SDGs
Human Capital	Employee Health & Safety	SDGS 3
	Diversity equity and Inclusion	SDGS 6
	Employee Engagement and development	SDGS 8
	Talent Recruitment and retention	SDGS 10
Business Model and Innovation	Packaging Lifecycle Management	SDGS 8
	Business Performance	SDGS 9
	Responsible Sourcing	SDGS 17
	Supply Chain Management	
	Innovation & R&D	
	Sustainable Agriculture	
	Resource Use & Conservation	
Leadership and Governance	Corporate Governance	SDGS 11
	Regulation and Taxation	SDGS 16
	Advocacy and Public Policy	SDGS 17
	Business Ethics	





Approach to Stakeholder Engagement

Identifying key stakeholders and strategies of engagement

Together with DQS, we identified five key internal and external stakeholder groups that can directly influence our decision-making, and should be engaged in the materiality assessment. We identified key ESG-related issues and formulated issue-wise improvement targets for itself, which have been duly communicated to all the stakeholders. DQS and we collaboratively identified five pivotal internal and external stakeholder groups that possess the capacity to directly influence our decision-making processes. These stakeholder groups were actively engaged in the materiality assessment, aligning with our commitment to transparency and inclusive decision-making. During this process, key ESG-related issues were identified, and we established specific improvement targets for each issue. Clear communication channels were established to disseminate these improvement targets to all stakeholders, fostering a culture of shared responsibility and accountability.

We meticulously categorised and delineated stakeholder groups based on their degree of

influence over and/or impact on our business, as well as their interest in the material aspects under assessment. Recognising the diversity in access and time commitment required for engaging with distinct stakeholder groups, we implemented a tailored communication strategy. This approach is universally extended to our investors, suppliers, employees, all key customers, local communities, and NGOs, ensuring effective and targeted communication across the spectrum of stakeholders

The stakeholder survey incorporated a Likert scale to assess the priority level assigned to each material aspect. By averaging the responses within each stakeholder group and subsequently across all groups, an overall priority score was determined for each material aspect. The results summarise the top ten material aspects identified by key stakeholders. These include Water Management, Carbon Footprint & Emissions, Consumer Health & Nutrition, Packaging Lifecycle Management, Responsible Sourcing, Product Safety & Quality, Business Performance, Corporate Citizenship, Human Rights & Fair Labour Practices, and Business Ethics. These aspects collectively form the focal points for our strategic initiatives and improvement targets.





Impact Assessment

To complement stakeholder responses, DQS conducted a quantitative evaluation of the potential impact of the beverage industry on each identified material aspect. The objective was not to assess our current performance in these aspects but rather to gauge the industry’s current impact. This, in turn, provides insights into the opportunities for us to enhance industry performance.

DQS meticulously reviewed definitions for each material aspect, identified relevant metrics, and assessed industry performance using reputable resources. The results were averaged and normalised on a scale of 1 to 10. A higher score indicates greater potential for us to make a substantive impact in areas where the industry is underperforming.

After evaluating nearly 29 metrics, material aspects were assigned scores based on their potential impact on the beverage industry. This process culminated in identifying the top ten material aspects for the impact assessment

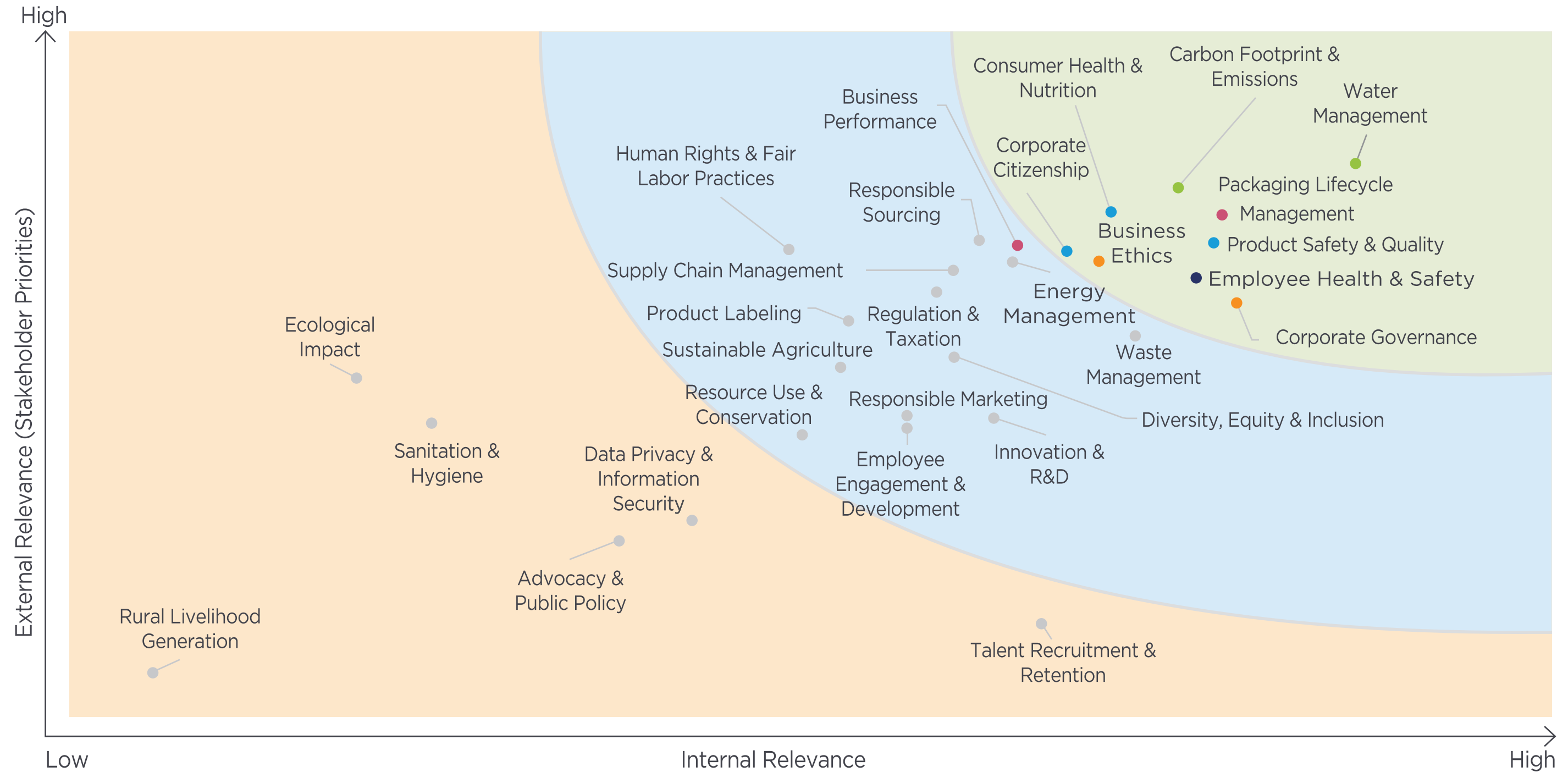


Pillar	Pillar Material Aspects	Ranking
Environment	Water Management	1
	Carbon Footprint & Emissions	2
Social Capital	Product Safety & Quality	4
	Consumer Health & Nutrition	5
	Corporate Citizenship	9
Human Capital	Employee Health & Safety	6
Business Model and Innovation	Packaging Lifecycle Management	3
	Business Performance	10
Leadership and Governance	Corporate Governance	7
	Business Ethics	8



Materiality Matrix

After plotting results from the stakeholder engagement and impact assessment, material aspects that are both high priorities for stakeholders and have the highest potential for us to impact or influence were identified.





Operational Excellence

Management Systems (for Material Topics Mentioned)

Water is a critical resource in the bottling plant industry, serving as an essential component in our production processes. Understanding the significance of water in our operations, we are dedicated to preserving, revitalising, and replenishing water sources. Our initiatives include minimising water withdrawals at our bottling plants, partnering with farmers to adopt sustainable practices, and improving access to safe water and sanitation in communities neighbouring our plant locations.

Our strategic vision involves a continuous increase in water recharge levels, aligned with the growth in our production volumes. This includes enhancing our water usage ratio and expanding our portfolio of ponds to support rejuvenation, maintenance, and the creation of additional water bodies. We are committed to sustaining and improving our current water recharge ratio of 2:1 (water recharge: water drawn), reinforcing our dedication to responsible water management practices.





Currently, our beverage production process requires only 1.70 litres of water for every 1 litre of the final product. This represents a notable 10% improvement compared to the water usage efficiency in 2021. Our commitment to resource efficiency underscores our dedication to reducing our environmental impact in the production of quality beverages.

In an era marked by growing environmental awareness and global challenges like climate change, biodiversity loss, and resource depletion, we have implemented ISO 14001 across all our facilities to tackle these urgent issues. Our commitment extends beyond mere regulatory compliance, emphasising continuous environmental improvement. This proactive environmental management approach yields tangible benefits such as waste reduction, energy conservation, and cost savings.

Key initiatives reinforcing our commitment to environmental sustainability include:

Recycling PET materials, with a dedicated PET recycling line (rPET) to minimise environmental impact.

Exclusive use of 100% green energy for all processes, complemented by energy-efficient equipment design. Examples include blowers with a 45% energy-saving feature, AQflex conveyors with a 70% reduction in energy consumption, and shrink wrappers with a

52% energy-saving feature.

Furthermore, a considerable number of our suppliers hold ISO 45001:2018 certification, emphasising occupational health and safety standards. This certification underscores our dedication to providing a safe and healthy workplace, preventing work-related injuries and illnesses, and continually enhancing our occupational health and safety performance.

Our commitment to operational excellence, encapsulated by standards such as OHSAS 18001 and ISO 45001:2018, exemplifies our steadfast dedication to a sustainable future, seamlessly blending environmental responsibility with strategic business growth.





Risk & Opportunities

Risk Management at VBL

We take a proactive approach to risk management through a robust internal control system and clearly defined escalation protocols. This ensures key risks are not only identified and quantified but also analysed and managed effectively. We have a comprehensive matrix outlining ownership, reporting deadlines, and mitigation strategies for each major risk area. Continuous monitoring and mitigation efforts are actively undertaken, employing real-time data analysis and proactive interventions to stay ahead of potential issues. To uphold the highest standards of governance, we have instituted a meticulous review mechanism involving the Audit, Risk Management & Ethics Committee, Internal Auditors, and Statutory Auditors.

We recognise the dynamic nature of the business landscape and are dedicated to adapting our risk management strategies accordingly. By fostering a culture of continuous improvement, we strive to enhance our resilience and fortify our position in the market. As the business landscape continues to

evolve, we remain steadfast in our commitment to refining and optimising our internal control processes to meet the highest standards of corporate governance.





We have formulated a detailed risk management policy which includes:

- Framework for identification of internal and external risks
- Measures for risk mitigation including systems and processes for internal control of identified risks
- Business continuity plan
- Evaluate and review the risk management plan, the risk management system, including risk policy, risk process (risk identification, assessment, mitigation and monitoring), cyber security processes and risk registers laid down by the management
- Recommendation for appointment, removal and terms of remuneration of the Chief Risk Officer





Key Risks and Mitigation Plan

Risk	Description	Mitigation Plan
Demand Risk	A cyclical downturn can lead to a slowdown in the Company's target markets and impact its sales velocity.	Over the years, we have demonstrated our ability to drive significant growth in sales volumes by aiming to provide the right brand, the right price, the right product, and the right channel. In addition, the business is present in relatively under-penetrated markets with favourable demographics, climatic conditions and a rising population which should witness steady demand growth. Furthermore, our wide range of product portfolio enables it to cater to diverse consumer segments.
Business Agreement Risk	We rely on strategic relationships and agreements with PepsiCo. Termination of agreements or less favourable renewal terms could adversely affect profitability.	Over the last three decades, we have partnered with PepsiCo, consolidating our market relationship with them, increasing the number of territories and sub-territories, producing, and distributing a wider range of PepsiCo beverages, adding multiple SKUs into the portfolio, and expanding our distribution network. The proven ability of the business to substantially strengthen the market share of PepsiCo enables it to be a reliable partner. The business maintains a symbiotic relationship with PepsiCo, working closely as active development partners, investing in joint projects and business planning with a focus on strategic issues. In 2019, the bottling appointment and trademark license agreement for India with PepsiCo India has been extended till April 30, 2039, from October 2, 2022, earlier.



Risk	Description	Mitigation Plan
Regulatory Risk	Regulations on consumer health and the risk of our products being targeted for discriminatory tax and packaging waste recovery may adversely impact business.	We proactively work with PepsiCo, and the government and regulatory authorities to ensure that the facts are clearly understood and that our products are not singled out unfairly. We adhere to sustainable manufacturing practices and take the environmental issues related to packaging waste recovery/recycling, water management and greenhouse gas emissions very seriously. We consistently work along with stakeholders to establish sustainability solutions that focus on protecting the environment, including NGOs and the communities in which it operates. PepsiCo's strategy of introducing healthier and "zero sugar" variants of products also augurs well for our future. We have undertaken certain sustainability initiatives such as engaging with GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles, and with Deutsch Quality Systems (India) Private Limited for measurement and improvement of our carbon footprint as well as water footprint assurance.
Business Viability Risk	The inability to integrate the operations of, or leverage potential operating and cost efficiencies from, the newly acquired territories and sub-territories may adversely affect our business and future financial performance.	The clear strategy and financial requirements ensure that all the future acquisitions or collaborations are value-added and in compliance with the acquisition guidelines of the Board. We also spend considerable management time and financial resources to ensure performance of the newly acquired activities, develop local market strategies (including for possible cultural and language barriers), and assimilate business practices to ensure business viability.



Risk	Description	Mitigation Plan
Consumer Preference Risk	Failure to adapt to changing consumer health trends and address misconceptions about the health effects of soft drink consumption may adversely affect demand.	In order to remain relevant, our sales team works closely with PepsiCo to assess evolving consumer habits and continually concentrate on product innovation and increasing product range. In addition, the new product plan of PepsiCo lays more emphasis on healthy products with zero / limited calorie content and sugar content.
Raw Material Risk	An interruption in the supply or significant increase in the price of raw materials or packaging materials may adversely affect our business prospects, results of operations and financial condition.	An integral part of our strategy is to maximise cost efficiencies, focusing on actively reducing the cost of goods sold, minimising operating expenses efficiently and increasing cash flows. Hence, we have pursued many programs for this purpose, including backward integration and consolidated sourcing of materials. It also leverages on the scale of operations to achieve better bargaining power with suppliers, resulting in better working capital management. We focused on optimally utilising our assets to help achieve higher operating efficiency and to amortize overhead costs on a wider case. In addition, we continue to invest in innovative solutions to boost operational efficiencies and work processes in our activities, ensuring consolidated operational data from production, scheduled sourcing, and superior monitoring of the supply of goods from manufacturers to the retail point of sale.



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Risk Management Framework

Risk Identification

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Risk Analysis

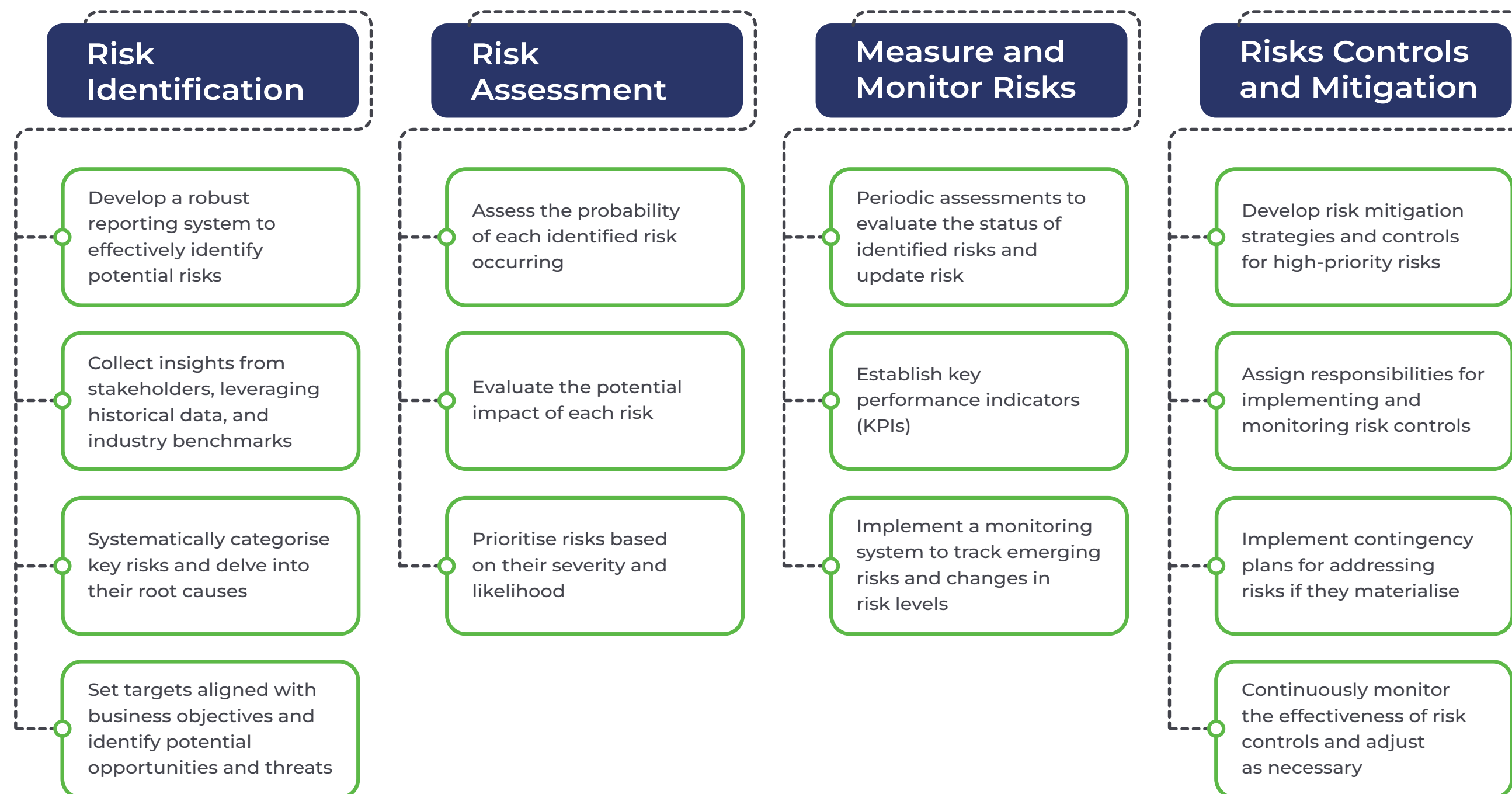
Risk Controls and Mitigation





At VBL, we adhere to all the tax regulatory compliances, periodical filings and reporting for all the applicable tax laws to ensure a long-term and sustainable business. Our robust compliance tracking tool comes with a pre-defined escalation matrix which ensures there is zero tolerance for any non-compliance.

Risk Management Framework





Climate change is impacting all businesses in various ways. Given the unprecedented nature of these risks over which we don't have any control, an organisation needs a clearly defined, robust strategy to handle those risks in an optimal manner.

At VBL, we have adopted a comprehensive and interconnected approach for evaluation of climate-related risks and to build a contingency plan through our existing initiatives to address and mitigate these risks. This approach emphasises the importance of considering all aspects of the organisation and its operations when dealing with climate-related challenges. We have assessed some of the significant climate related risks.

Risk	Description	Mitigation Plan
Sustainable Packaging Costs and Market Availability	The cost of recyclable materials, such as recycled PET (rPET) and aluminum, can affect packaging costs. Increased prices may impact our sustainability efforts, especially if these materials are essential for eco-friendly packaging.	We are making substantial progress toward achieving our Mission 2025 commitment of 100% recycling rates. This includes efforts to increase the overall packaging collection rate, indicating a commitment to responsible waste management.
	In areas with high plastic consumption, inadequate collection and recycling infrastructure can be a challenge. This may affect our ability to source recycled materials or manage our packaging waste effectively.	Additionally, we are focused on increasing the use of recycled PET in our PET bottle packs, emphasising a shift towards more sustainable packaging materials. Our target is to achieve 30% usage of r-PET in our total plastic consumption.
	Supply constraints or high costs can pose challenges to access to high-quality recycled materials (like rPET) at reasonable prices	We are working with GEM Enviro Pvt Ltd for recycling plastic waste, conducting awareness programs for communities, uplifting the lives of rag pickers, etc.
	Managing packaging-related emissions and waste is vital for achieving sustainability commitments, such as Net Zero.	
	To maintain a positive brand image and meet customer expectations as consumer preferences are increasingly leaning towards environmentally friendly products and packaging.	



Risk	Description	Mitigation Plan
Water Usage and Replenishment	Identifying regions and areas that are experiencing water scarcity due to factors like population growth, climate change, and over-extraction of water resources.	Exploring and implementing 150+ process improvements and solutions for efficient water usage. We have set the target to reduce our usage ratio 1.50x by 2025.
	Analysing the impact of climate change on water availability, including changes in precipitation patterns and the frequency of droughts and floods.	We have to meet regulatory requirements related to water replenishment, ensuring they contribute to overall water resource conservation. However, we are very much ahead of the regulations.
	Recognising the importance of maintaining water availability for local communities' water requirements in over-exploited and critical zones as per CWGB.	We have adopted 116 water bodies in the vicinity of our manufacturing plants which help to replenish groundwater reserves. We are committed to keeping our groundwater recharge twice the total water we use for our beverage production.
		Industries may implement sustainable sourcing practices to reduce their water footprint and use resources more efficiently.



Risk	Description	Mitigation Plan
Carbon Footprint Management	Increased concentrations of greenhouse gases in the atmosphere trap heat, resulting in global warming.	We have set our target to reduce our GHG emissions by 50% over base year 2020 by 2030 under our strategic sustainability approach.
	Climate change driven by carbon emissions can disrupt ecosystems and threaten biodiversity.	Aligning our future business growth targets with our carbon footprint initiatives.
	Governments may use carbon footprint assessments to set emission reduction targets, implement regulations, and incentivise greener practice.	Increasing sustainable packaging mix to reduce usage of future requirements.
	Changing perceptions of community about greenwashing.	Engaging with stakeholders, including employees, suppliers, and communities, is often a crucial part of successfully implementing carbon footprint commitments.



Protecting The Environment

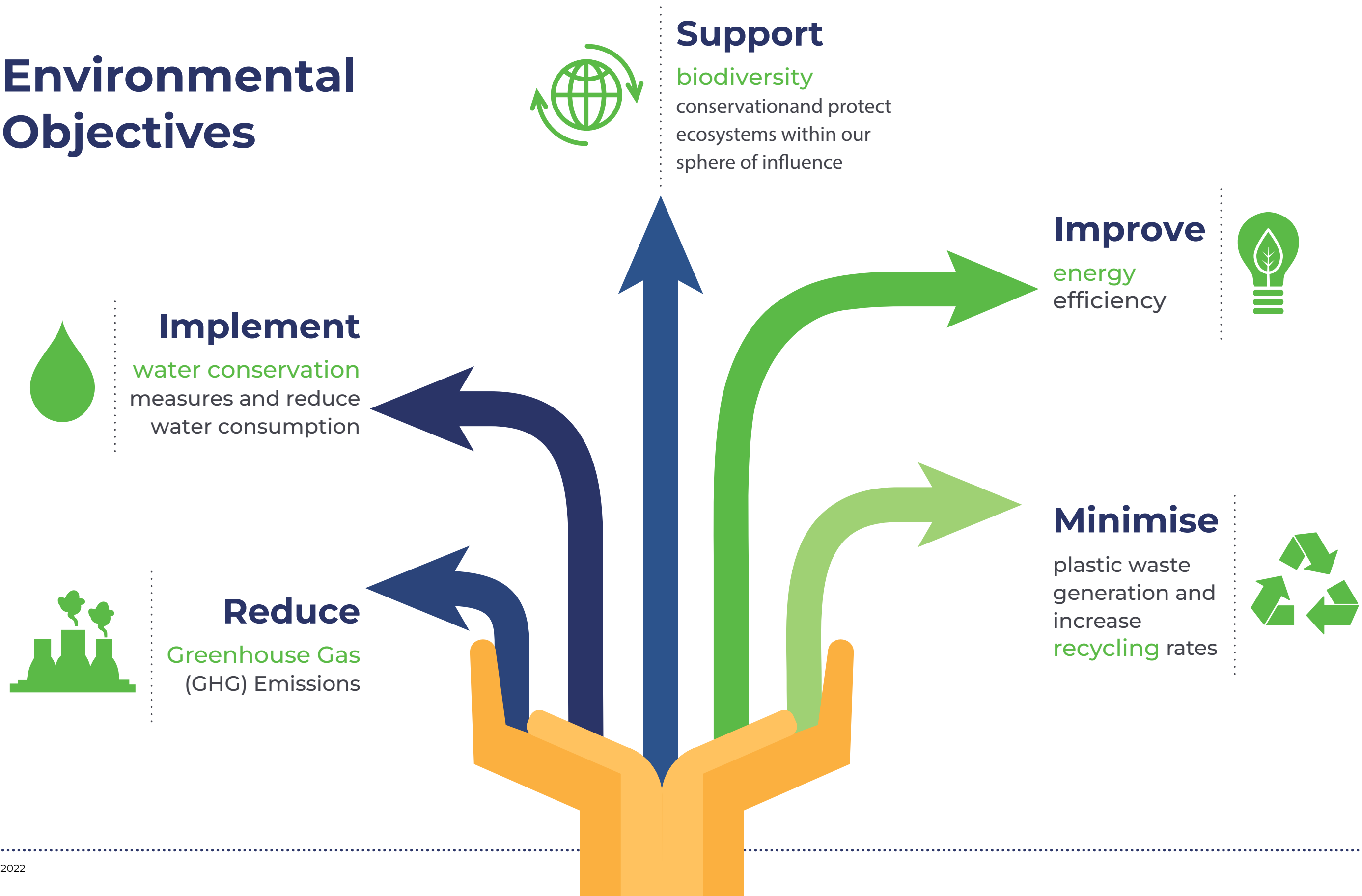
At VBL, preserving the environment and the surroundings stands as a core priority. We are unwavering in our commitment to upholding the highest environmental standards and best practices in all our activities. This dedication extends to vigilant monitoring, transparent reporting of our environmental performance, and the implementation of regular environmental audits.

Our proactive engagement with stakeholders is a testament to our commitment to building trust and collaborating on resolving environmental issues. We firmly believe in minimising our environmental footprint while consistently maintaining operational excellence. To achieve this goal, we have implemented a diverse range of initiatives and mitigation strategies that underscore our dedication to environmental sustainability.





Environmental Objectives





Environmental Performance Reporting

Regular environmental performance reports are prepared by the ESG Committee and presented to the Board of Directors. These reports include progress toward achieving environmental objectives, key performance indicators, and other relevant metrics.

	Initiatives Undertaken	Details of the Initiative	Outcome of the Initiative
01	Plastic Waste Management	Engaged Gem Enviro Management Pvt. Ltd. for phased implementation (up to 100%) recycling of used plastic waste from end users	Recycling of plastic waste
02	Water Conservation	Engaged DQS which verifies water mass balance. We also undertook several other initiatives towards water conservation and water recharge	Reduction in wastage of water and recharge of water

03

Initiatives Undertaken	Details of the Initiative	Outcome of the Initiative
Reduced Grammage of Plastic Closures and Preforms (used for PET Bottles) Over the Years	Packaging innovations introduced by PepsiCo India Holding in India through Global R&D and best practices	Reduction in plastic usage
Use of Fuels Like Biomass for Steam Generation, Usage of Solar Energy	We are proactive in adopting new technologies that use cleaner fuels of energy. Commissioned a solar power at our manufacturing plant at Nuh and Greater Noida and redesigned the power generation units at many locations	Reduction in Greenhouse Gases
Installation of Effluent Treatment Plant	Plants have installed online monitoring systems in Effluent Treatment Plant as well as Boiler emissions for all time compliance which is being monitored by CPCB on a real time basis	Effluents are treated and discharged under prescribed limits thereby remaining well within the prescribed norms and consent conditions

04

05



Energy Management

As part of our journey toward Net Zero, we are actively transitioning to renewable energy sources to meet our energy requirements, with a commitment to expanding our renewable energy portfolio. At each of our manufacturing and office premises, we are dedicated to increasing the use of renewable energy. Our conscious efforts include adopting sustainable practices and integrating innovation into our production processes.

To assess and validate our carbon footprint emissions for all manufacturing facilities in India, we collaborated with DQS, a renowned independent field expert in accordance with ISO 14064:2006 and GHG protocol standards. DQS India, as the Indian subsidiary of DQS Holding GmbH, brings international expertise to this crucial aspect of our sustainability initiatives.

Continuing this commitment, we are actively implementing energy-saving measures across our offices, warehouses, and manufacturing facilities. Our pursuit of certifications serves as a testament to our unwavering dedication to energy efficiency and sustainable practices.





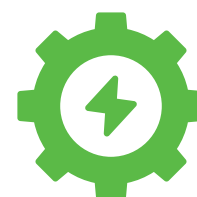
Initiatives for Energy Efficiency

- Increase in Energy Efficient Machines
- Increase in Energy Efficient Visi-Coolers
- Beverage filling at ambient temperature leading to huge power savings in refrigeration
- Use of frequency drive in ammonia and air compressor which saves electric energy
- Use of frequency drive in boiler for ID and FD fan which saves electric energy
- Heat recovery from hot compressed gases and used for heating water
- Replacement of CFL/FTL lamps with LED lamps
- Improving efficiency on critical resources like water and energy by doing water recoveries and optimising energy consumption
- Installation of steam-operated pump trap - SOPT for better steam condensate recovery across all units

Our commitment to energy conservation has yielded significant results, evidenced by a consistent reduction in the overall energy consumption across our operations. We meticulously account for all electricity consumed, considering contributions from the grid, DG set, and renewable sources in our intensity ratio calculations.

In the pursuit of sustainability, the integration of renewable energy sources has led to the generation of 21 million kWh units. This achievement not only showcases our commitment to reducing our environmental impact but has also directly contributed to a decrease in energy consumption sourced from the electricity grid.

As a measure of efficiency, our energy intensity per rupee of turnover for the calendar year 2022 stands at 0.003. This ratio is calculated by dividing the total energy consumption by turnover in rupees, providing a clear indication of the amount of energy consumed per unit of financial output. This metric serves as a tangible representation of our ongoing efforts to align environmental responsibility with business operations.



3 million KWh units savings in energy consumption achieved as a direct result of conservation and efficiency initiatives





Parameter	CY 2022	CY 2021
From Renewable Sources		
Total electricity consumption (A) (in kWh)	20,962,123	18,314,016
Total fuel consumption (B) (biomass briquette KG)	74,120,237	61,246,682
Energy consumption through other sources (C)	-	-

Parameter	CY 2022	CY 2021
From Non-renewable Sources		
Total electricity consumption (D) (in kWh)	282,808,077	192,864,368
Total fuel consumption (E) (HSD Diesel in Litres)	5,531,857	3,704,334





GHG Emissions

In our commitment to contribute to a sustainable and low-carbon future, we have surpassed our initial target of a 36% reduction in carbon emissions by 2022, using the base year 2020. Our focus now turns to our ambitious 2030 goal: a 50% reduction in absolute greenhouse gas (GHG) emissions and an increased contribution of electricity from renewable sources by 25%. To ensure the accuracy and transparency of our progress, all ESG data undergoes third-party audits.

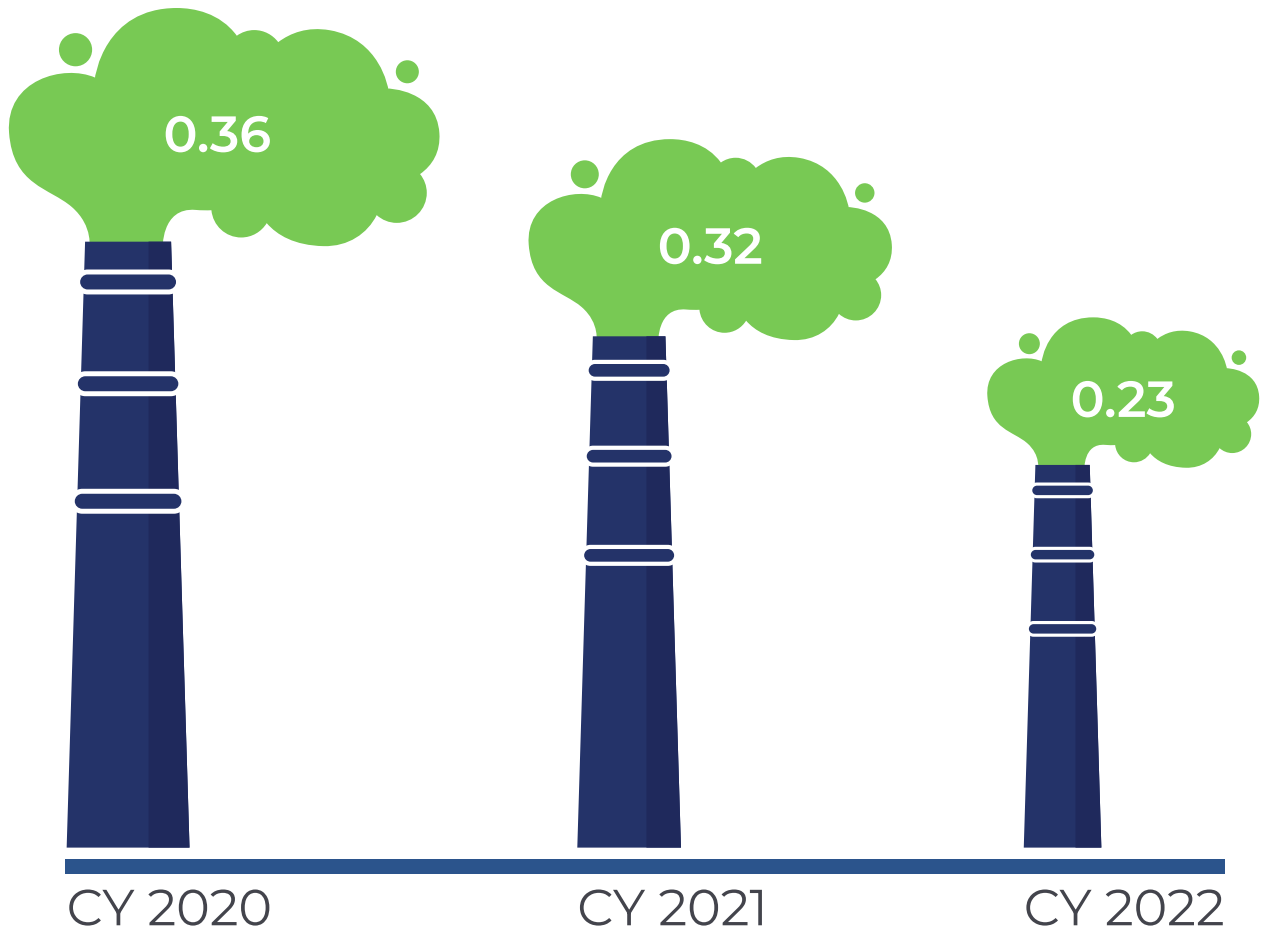
As part of our ongoing efforts, we actively implement strategies to conserve electricity, optimising our usage across our operations. We invest resources in energy conservation initiatives designed to enhance the efficiency of our electricity consumption. Beyond emission reduction within our operations, we are committed to embracing innovative technologies and processes that drive decarbonisation in our industry.

A key initiative involves supporting our distributors in reducing their carbon footprint by transitioning to Electric Vehicles (EVs) for last-mile product distribution. We are investing in a fleet of over 600 EVs, ensuring sustainable and environmentally conscious distribution of our beverages. This substantial effort is expected to save approximately 1 million tons of carbon emissions annually. It's a challenging journey, given the complexities of the beverage industry, but our determination to succeed remains unwavering. Our intensity calculations per litre of beverage produced consider the total beverage production, incorporating CO2 emissions in the assessment.

Scope	Unit	GHG Emission (CY 2020)	GHG Emission (CY 2021)	GHG Emission (CY 2022)
Scope 1	tCO ₂ e	26,835	32,654	51,945
Scope 2	tCO ₂ e	1,29,105	1,78,439	2,24,446
Scope 3	tCO ₂ e	5,34,762	6,21,245	5,80,419

GHG Emission

Intensity of GHG emissions per litre production of beverages (KgCO2e/Litre)





Parameter	Units	CY 2022	CY 2021
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO2 equivalent per Rupee	2.61	3.20
Total Scope 1 and Scope 2 emission intensity	Grams of CO2e/litre	74.13	81.80
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO2 equivalent per Rupee	5.48	9.42
Total Scope 3 emission intensity	Grams of CO2e/litre	155.67	240.73

Particulars	CY 2021 Emissions	CY 2022 Emissions
Scope 1	tCo2e	tCo2e
BRIQUETTE (Boiler)	9,780	3,027
HSD (DG Set + Plant Forklift)	9,632	14,478
CO2 leakage* (For CSD)	6,215	8,686

Particulars	CY 2021 Emissions	CY 2022 Emissions
Emission from Gas Charging AC System	3,242	6,442
Firewood (Boiler)	327	642
Company Owned Vehicles (Scope 1) Outside the Plant Boundary	158	88
LPG GAS (Forklift)	100	2,370
Emission Due to Recharging of Fire Extinguisher (Type 2, CO2)	2	3
PNG	0	561
Transportation of FG (Primary)	3,198	15,650
Total Scope 1	32,654	51,945
Scope 2		
Grid Electricity	1,78,439	2,24,446
Total Scope 2	1,78,439	2,24,446



Particulars	CY 2021 Emissions	CY 2022 Emissions
Scope 3		
MEM-Equipment Electricity Emission- Visi coolers	5,45,622	4,60,439
MEM-Equipment Refrigerant Emission- Visi coolers	26,750	27,506
Transportation of FG (Third Party)	24,046	33,088
Transportation of FG (Secondary - Diesel)	9,778	19,150
Road Travel	8,074	8,388
Transportation of RM (inward)	4,102	26,726
Transportation of FG (Primary)		
Warehouse Electricity Consumption	1,399	1,252
Paper Consumption (Rims)	752	925
Air Travel	339	991

Particulars	CY 2021 Emissions	CY 2022 Emissions
Transportation of FG (Secondary - CNG)	338	1,948
Electricity Consumption - DG Set kWh	42	0
Rail Travel	3	8
Total Scope 3	6,21,245	5,80,419
Overall Emissions	8,32,339	8,56,810

Our GHG Emissions Initiatives:

Optimising Network Route	Optimising Existing Fleet	Using Alternative Fuels
To service market more efficiently	Improving efficiency by reducing static weight and better aero-dynamics	Moving to lower carbon intensive fuels
Less miles driven to result in lesser fuel consumption	Maintaining and servicing trucks for better performance	Electrification using renewable electricity



Change Enablers

Renewable energy and improve energy efficiency:

1. Increasing Renewable Energy Contribution:

- We are expanding our reliance on renewable energy sources, primarily through the installation of rooftop solar panels and engaging in open-access Power Purchase Agreements. These initiatives aim to significantly boost the share of renewable energy in our overall energy consumption.

2. Emissions Reduction through Efficiency Measures:

- We are committed to reducing emissions by enhancing energy efficiency. This involves the deployment of state-of-the-art, energy-efficient machinery and continuous process improvements aimed at minimising the units of electricity consumed.

3. Best Practices for Energy Efficiency:

- Implementing best practices for energy efficiency is a priority. This includes optimising chillers, air compressors, and employing high-efficiency motors and drives. The transition to energy-efficient LED lighting further contributes to our sustainability goals.

4. Vending and Cooling Strategies:

- We are actively evaluating options and expediting the deployment of energy-efficient visi-coolers. This includes the adoption of inverter-based technology, improved insulation, and the use of environmentally friendly refrigerants.
- Establishing robust mechanisms for tracking and recording the utilisation of coolers ensures efficient management and resource allocation.

Through these initiatives, we are not only embracing renewable energy but also adopting comprehensive strategies to minimise our environmental impact, contribute to emission reduction, and promote sustainable practices across our operations.





Towards Carbon Reductions

We are committed to addressing our environmental impact by implementing a comprehensive environmental action plan that encompasses both direct and indirect emissions for the calendar year 2022. Our organisational carbon footprint for CY 2022 is measured at 8,56,810 metric tons of CO₂ equivalent (MTCO₂e).

We recognise the importance of contributing to the industry-wide transition to a low-carbon economy. To achieve this, we are dedicated to undertaking measures that will result in a reduction of our carbon footprint in the coming years. These efforts align with our commitment to sustainability and our role in mitigating the challenges posed by climate change.

Through ongoing initiatives and strategic planning, we aim to play a proactive role in minimising our environmental impact, promoting sustainable practices, and fostering a greener, more resilient future. The reduction of the carbon footprint reflects our dedication to environmental stewardship and our commitment to operating as a responsible and sustainable corporate entity.



A. Use Of Renewable Energy

(Scope 2: Emission Reduction Strategy)

To mitigate Scope 2 emissions, we are actively implementing a combination of strategies aimed at enhancing the adoption of low-carbon and non-carbon energy sources. These strategies include:

1. Installation of Renewable Energy:

We are investing in the installation of renewable energy sources at our sites. This includes the deployment of technologies such as solar panels to generate clean and sustainable energy.

2. Power Purchase Agreements (PPA) with Renewable Energy Providers:

We are entering into Power Purchase Agreements with renewable energy providers or plants through open-access. These agreements enable us to source a significant portion of our energy from renewable sources.

By adopting this combination of strategies, with a specific focus on energy supply for Scope 2 reduction, we aim to establish a short-term carbon reduction program. This initiative underscores our commitment to transitioning towards sustainable and environmentally friendly energy sources, contributing to a lower-carbon and more resilient future.



B. Reduction Of Energy Consumption

(Scope 1 and Scope 2: Emission Reduction Strategy)

We recognise the importance of reducing energy consumption at the source and are actively implementing strategies to achieve this goal. These measures include:

1. Energy Efficiency in Buildings and Plant-level Projects:

We are focusing on enhancing energy efficiency within our buildings and implementing projects at the plant level to optimise energy consumption.

2. Detailed Energy Audit:

We conduct comprehensive energy audits to identify high-energy-consuming processes and systems. This allows us to pinpoint areas where improvements and optimisations can be made.

3. Electrical Safety Audit:

We perform electrical safety audits to calculate electrical leakages in the system. This ensures the safety of electrical systems while also identifying opportunities for energy savings.

4. Adoption of Green Industry Practices:

We are committed to curbing emissions related to growth through the adoption of green industry practices. This includes incorporating sustainable

and environmentally friendly processes into our operations.

5. Knowledge Exchange, Training, and Awareness Campaigns:

We emphasise the exchange of knowledge, training programs, and awareness campaigns to instill energy saving practices among employees. This approach promotes a culture of energy efficiency throughout our organisation.

6. Replacement of Old Equipment:

We are actively replacing outdated equipment with the latest energy-efficient technologies. This not only improves our overall operational efficiency but also reduces energy consumption.

By implementing these measures, we aim to achieve a significant reduction in energy consumption, demonstrating our commitment to sustainability and responsible resource management.





C. Other Carbon related Reduction

Initiatives:

(Scope 1 and Scope 2: Emission Reduction Strategy)

We are actively exploring options to offset our remaining carbon emissions by assigning a clear cost to carbon. Here are key considerations and recommendations:

1. Gold Standard Projects:

We will explore carbon offset projects approved by the Gold Standard. These projects directly benefit the communities impacted by our operations. By supporting Gold Standard projects, we contribute to our community investment strategy, delivering positive outcomes to local communities worldwide.

2. Gold Standard A/R Requirements:

We may consider Gold Standard A/R (Afforestation/Reforestation) projects, which involves planting trees on land that does not meet the definition of a forest at the start of planting. These projects can adopt various silvicultural systems, including conservation forests and forests with selective harvesting.

3. Energy Star Certification:

We are encouraged to utilise Energy Star-certified products, such as lighting, heating, computers, printers, and more. For instance, Energy Star-rated computers are known to consume 40-50% less electricity than regular computers. This initiative contributes to improving sustainability performance and reducing energy consumption.

4. Biodiversity Conservation:

We will contribute to existing building campuses by creating biodiversity zones. This involves enhancing natural habitats to support biodiversity. An integrated approach to biodiversity conservation can focus on reducing carbon and energy intensity, improving air quality, and enhancing water management.

By incorporating these recommendations, we will enhance our sustainability efforts, promote environmental stewardship, and make meaningful contributions to local communities and global biodiversity conservation.





Waste Management

As a beverage company, we recognise our duty to prevent plastic waste from entering the environment and instead, strive to uphold our value as a reusable resource through the implementation of circular economy solutions. Our objectives focus on diminishing the reliance on plastic sourced from non-renewable origins and fostering the recycling of used PET bottles. Our commitment extends beyond conventional recycling practices; we are dedicated to developing innovative, sustainable solutions and investing in the circular economy. By prioritising recyclability and optimising the efficiency of our plastic packaging, we aim to create lasting solutions that contribute to a more sustainable and environmentally responsible future.



Waste Generated (MT)	CY 2022	CY 2021
Plastic	147,521	95,824
E-waste	Quantity not recorded but safely disposed through authorised vendors	
FPET	-	-
Battery	-	-
Radioactive	-	-
Other Hazardous-Sludge	1152	795
Other Non-Hazardous Waste	-	-
Total Waste Generated	-	-
Waste Directed to Disposal (MT)		
Incineration		
Landfilling		
Other Recovery Options	1,152	795
Disposal Total	1,152	795



Waste Diverted from Disposal (MT)	CY 2022	CY 2021
Recycled	1,18,392	65,768
Reused	-	-
Other Recovery Options	-	-
Total	1,18,392	65,768
% Recycled Against Total generated	80%	70%

We are not directly disposing of any such waste, therefore there is no such case of non-hazardous waste diverted from disposal on the basis of recovery operations.

The generation of waste within our operations primarily stems from the disposal of used PET bottles post-consumption of our beverages. It's important to note that there is no direct plastic waste generation in our manufacturing operations, which are meticulously designed to minimise waste. Both upstream and downstream activities in our supply chain are structured to avoid any significant waste generation. The entirety of waste in our context is thus concentrated at the end-consumer level, prompting us to focus our sustainability efforts on this critical aspect of the product lifecycle.

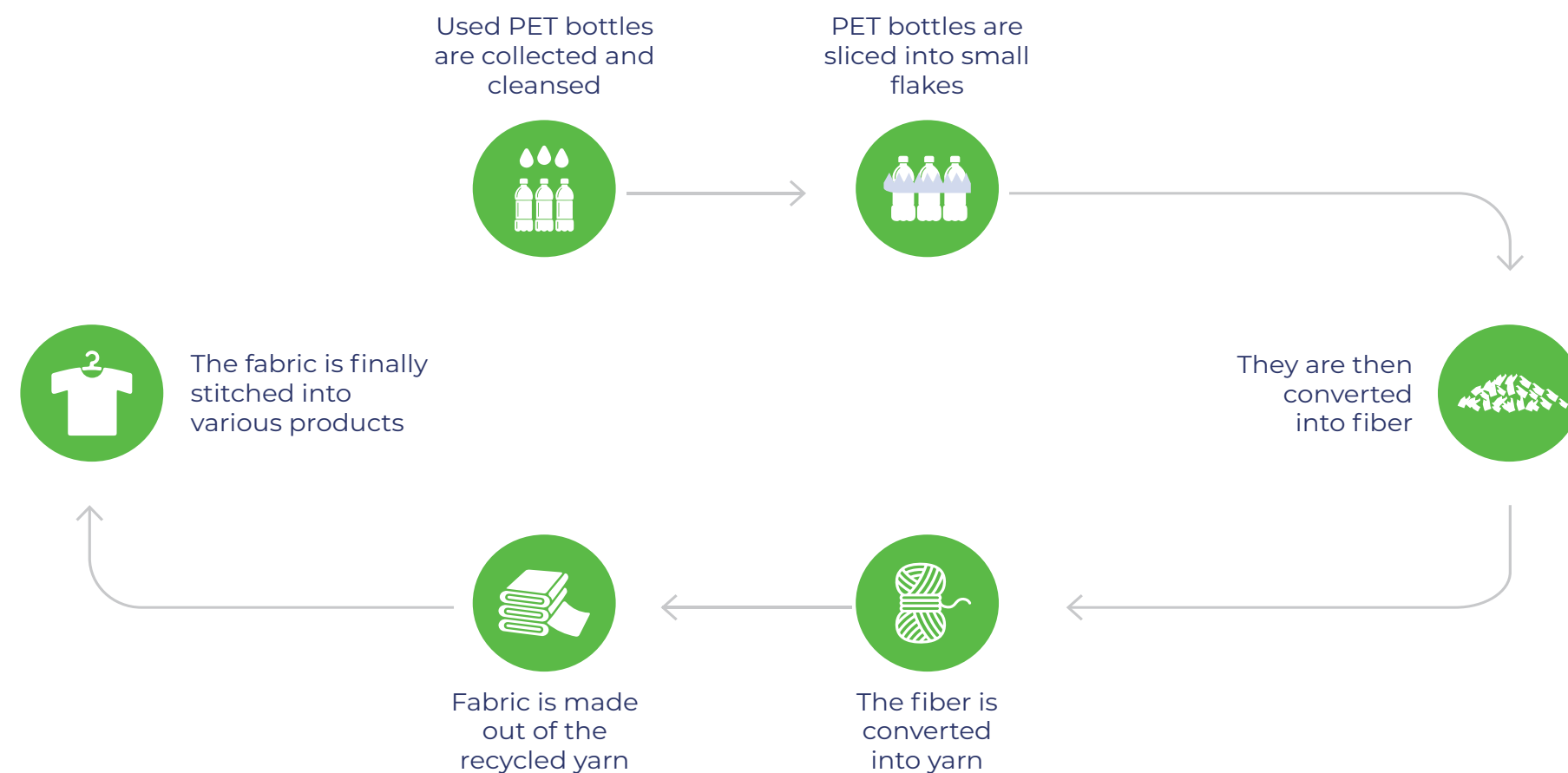




Waste Reduction and Material Conservation Initiatives:

We have partnered with GEM Enviro Management Private Limited to implement a phased program for the collection and 100% recycling of used PET bottles. Headquartered in Delhi, GEM Enviro is distinguished as a Producer Responsible Organisation (PRO) officially recognised by the Central Pollution Control Board (CPCB). Their expertise lies in the collection and recycling of packaging waste, coupled with the promotion of eco-friendly products crafted from recycled materials. Notably, GEM Enviro transforms used PET bottles into innovative items like T-shirts and bags, demonstrating their commitment to sustainable practices and the circular economy.

Recycling Process of Plastic Waste





Key Enablers – Moving beyond Compliance

1. Waste Collection Initiatives:

- Implemented a comprehensive waste collection strategy by deploying dustbins and reverse vending machines, directly engaging end-users in the process.
- Conducted targeted collections from various institutions, including hotels, banquet halls, and exhibitions, ensuring a systematic approach to waste retrieval.

2. Awareness Programs on Plastic Waste Disposal:

- Executed awareness programs with over 680 participants, reaching out to Nagar Nigam, sanitation staff, ragpickers, and their families in Uttar Pradesh, Rajasthan, and Haryana.
- Employed diverse initiatives, such as Swachhta Abhiyan, informative talks, slogan writing, displays, and distribution of PET-recycled products, fostering a culture of responsible waste management.

3. Ragpickers Awareness Program:

- Launched an impactful Ragpickers Awareness Program, dedicated to improving the livelihoods of ragpickers.

- Offered fair compensation for collected waste, ensuring dignified working conditions and fostering healthier environments for these individuals.
- Directly impacted over 500 ragpickers, providing not only economic empowerment but also contributing to a cleaner, pollution-free environment.



Additional Sustainability Initiatives:

- Collaborated with government agencies to

promote awareness of clean city initiatives, emphasising proper plastic waste collection and disposal practices.

- Installed bottle crushing machines in strategic locations, facilitating convenient and eco-friendly disposal methods.
- Conducted skill development programs to empower individuals in waste management and related sectors.

- Distributed recycled merchandise, including t-shirts, masks, safety kits, and food items, encouraging the use of products made from recycled materials.

- Established a joint venture with IDVB Recycling Operations Pvt. Ltd. for the recycling of used PET bottles, further reinforcing the commitment to a circular economy.

These initiatives collectively represent a holistic approach toward waste management, community empowerment, and environmental sustainability, aligning with our

vision for a cleaner, greener, and more socially responsible future.



Water and Wastewater Management

Being Water Positive Matters

The global community is currently at a critical juncture, demanding environmental stewardship from every sector. One of the most pressing concerns is the escalating strain on water resources due to factors such as population growth, economic development, and the changing climate. Recognising the gravity of the situation, we, as a beverage company, acknowledge the imperative to uphold the right to water for all individuals potentially impacted by our operations. This commitment extends not only to our employees but also to the communities in close proximity to our activities. In an era of heightened pressure on global water resources, our dedication to responsible water management reflects our commitment to environmental leadership and sustainable practices.



Today, we need only 1.70 litres of water per 1 litre of final product for beverage production, an improvement of 10% over 2021

Water, as the fundamental ingredient in beverage production, plays a pivotal role in our operations. We source water from various channels, including groundwater, surface water, and, in water-stressed regions, through collaboration with water boards. Following stringent cleaning and filtering procedures, the water is utilised in the production of our beverages. Importantly, 100% of the water discharged from all our manufacturing facilities across India undergoes treatment in effluent treatment plants, ensuring that the quality of discharged water meets established standards.

At VBL, we are guided by our pioneering commitment to not only use water responsibly but to go beyond by replenishing more water than we extract for our beverage manufacturing. Our targets extend to enhancing water efficiency, identifying impactful opportunities for freshwater replenishment, and integrating wastewater treatment into our production processes. This holistic approach underscores our dedication to sustainable water management, aligning our practices with environmental responsibility and the broader goal of ensuring water availability for future generations.



Role of ESG Committee in Water Management:

1. Board Level Responsibility for Water Management:

The Vice-Chairperson Mr. Varun Jaipuria who is also member of ESG Board Level Committee holds the ultimate responsibility for overseeing the implementation of our water management strategy and ensuring its alignment with our overall environmental objectives. He is tasked with:

- Setting clear water management goals and performance targets
- Allocating necessary resources for effective water conservation and efficiency programs
- Regularly reviewing and reporting on water management strategy and performance to the Board of Directors and stakeholders
- Collaborating with relevant departments to integrate water management into broader business practices

2. Steering Committee Responsibility for Water Management:

The Steering Committee plays a pivotal role in implementing and monitoring the water management strategy. Their responsibilities include:

- Developing and refining water management policies, procedures, and guidelines

- Allocating departmental resources to support water efficiency initiatives
- Regularly reviewing and updating water performance metrics
- Communicating water management goals and progress to employees and stakeholders
- Ensuring compliance with relevant water regulations and standards





Reduce Water Consumption; Improve Water Efficiency

At the core of our commitment to environmental stewardship, we have made a resolute promise to reduce our water consumption in the region and ensure a one-to-one replenishment of the water we utilise. Our goal extends beyond mere reduction; it is to minimise the adverse impact associated with water use comprehensively. In regions facing perennial water stress and scarcity, we actively manage our freshwater demands, striving to be conscientious stewards of this critical resource.

Our dedication to water efficiency is not static; we are proactively exploring avenues to enhance our water management practices further. Recognising both the responsibility and opportunity we hold, we aim not only to fulfill our commitment but also to lead the industry in areas where our expertise can catalyse meaningful change. This pledge reflects our unwavering resolve to contribute positively to the sustainability of water resources and make a lasting impact on the environmental landscape.





Water Recharge and Usage

Our commitment to responsible water management is exemplified by our rigorous practices regarding water discharge. We ensure that 100% of the water discharged from all our manufacturing facilities across India undergoes treatment in effluent treatment plants (ETPs) to guarantee the requisite quality of discharged water. Our steadfast efforts toward water recharge have yielded impressive results, achieving a water recharge ratio exceeding two times, even amidst substantial growth in sales volumes during CY 2022.

The quality of treated effluent from our units surpasses the stipulated standards set by Indian benchmarks. Regular monitoring and testing of treated water samples from ETPs, both internally and externally by accredited testing laboratories, ensure the maintenance of high-quality standards. Obtaining No Objection Certificates (NOC) from pollution control boards for all our units underscores our commitment to adhering to the prescribed standards for water discharge, as outlined by the Central Pollution Control Board (CPCB) and the Ministry of Environment, Forest and Climate Change (MoEFCC).

To uphold stringent control measures, our ETPs' final discharge (treated water) undergoes continuous monitoring through an online effluent monitoring

system. This system provides real-time data on treatment parameters, enabling our plant teams to assess and review the performance of the effluent treatment plants.

In alignment with our dedication to sustainability, we remain committed to treating 100% of the wastewater generated by our plants and actively engage in rainwater harvesting on our properties. This integrated approach not only reduces our water intake but also maximises groundwater recharge, a practice we diligently maintain at twice the rate of our consumption. Our unwavering commitment to responsible water practices reflects our vision for sustainable business operations and environmental stewardship.

01

Efforts to access water from handpumps decreased significantly

02

Accessibility to water in ponds improved

03

Wells showed increase in water level throughout the year

04

Time required for irrigation from borewells decreased





Sources Showing Increase in Water Level



Hand pump



61%



Water body



50%



Farm pond



31%



Dug well



55%



Borewell



81%

*Impact Assessment study by CSR Box at Sandila plant

Our Enablers for Water Stewardship



Improve Water Recharge

- **12.79 billion litres**
rainwater recharged back to ground
- Adopted **116** ponds and check dams
- **50%**
ponds rejuvenated in water-stressed zones



Reduce Water Usage

- Adopted **150+** process improvements
- Connected all filters (ACF / PSF) for water recovery
- Optimised drainage timing at ACF / PSF
- Bottle washer recovery in glass lines
- Reuse ETP water in utilities
- Improved RO efficiency wherever RO recovery is less than designed recovery
- Sensors / foot operated taps for hand wash at plants



Promoting Water Resilience

Recognising clean water as a fundamental human right and a critical factor for thriving biodiversity, we wholeheartedly embrace our responsibility to conserve, reuse, and recycle water. Our commitment extends towards maintaining our cleanliness for the well-being of future generations. Throughout our value chain, we are dedicated to minimising our water impact through strategic initiatives.

In our pursuit of responsible water management, we have collaborated with DQS India to undergo certification for our water footprint assurance. This process serves to validate the effectiveness of our initiatives aimed at water conservation and recharge during the calendar year 2022. The audit conducted by DQS India encompassed all our manufacturing plants in India, ensuring a comprehensive assessment of our water management practices. For previous years, our water management efforts have been audited by TUV India Pvt. Ltd., reaffirming our longstanding commitment to transparency and accountability in water sustainability practices.

This certification process not only reflects our ongoing dedication to water stewardship but also underscores our commitment to measurable and impactful initiatives. By engaging with reputable certification bodies, we aim to demonstrate our

accountability and contribute to the broader global effort to secure access to clean water for all and safeguard biodiversity for a sustainable future.

Water Withdrawal	CY 2021	CY 2022
Water withdrawal by source	Units million litres	Units million litres
Surface water (total)	1,490	1,928
Groundwater (total)	3,366	4,393
Other water (>1,000 mg/L total dissolved Solids)	-	-
Total water withdrawal		
Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	4,856	6,321



Intensity	CY 2022	CY 2021
Water use Intensity by Revenue generated (Beverage production mn litres / total turnover mn)	0.04	0.04
Water use Intensity	1.70	1.89



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In CY 2022, 6.32 billion litres of water have been consumed. The total volume of water consumption in areas of water stress is reported to be 1198 million litres. Water discharged to ETP, treated and reused in plants in CY 2021 was 2290 million litres which increased to 2593 million litres in CY 2022

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Water Conservation Initiatives:

Given India's tropical climate and abundant rainfall, a significant portion of this natural resource often flows into the ocean without contributing to the Earth's water reservoir. We acknowledge this and actively harnesses rainwater through various initiatives aimed at recharging groundwater levels, ensuring responsible and sustainable water usage.

Our rainwater harvesting systems play a pivotal role in capturing and utilising nature's bounty. In tandem with rigorous wastewater management practices, we prioritise responsible water usage throughout our operations. Continual process improvements underscore our commitment to operational efficiency while minimising our water footprint.

As part of our strategy for sustainable growth, we are dedicated to increasing water recharge levels as our business expands. This involves enhancing water usage efficiency and concurrently expanding our portfolio of ponds for revitalisation, upkeep, and the creation of additional water bodies. Our continuous commitment to maintaining and improving our current water recharge ratio of 2:1, indicates that we replenish twice the amount of water used, serving as a testament to our unwavering dedication to water sustainability.

Furthermore, the construction of ponds in villages and on plant premises has led to an increase in water storage. This not only contributes to groundwater recharge but also reflects our commitment to community and environmental well-being. Through these initiatives, we strive to be a responsible steward of water resources, fostering sustainability and resilience in the face of evolving environmental challenges.





Impact Assessment of Water Ponds and Biodiversity Methodology and Sample Approach

This certification process not only reflects our ongoing dedication to water stewardship but also underscores our commitment to measurable and impactful initiatives. By engaging with reputable certification bodies, we aim to demonstrate our accountability and contribute to the broader global effort to secure access to clean water for all and safeguard biodiversity for a sustainable future.

1. Framework Implementation:

- Adopted the IRECS Framework (Inclusiveness, Relevance, Expectation, Convergence, and Service Delivery) as the foundational framework
- Executed a primary household survey to gauge the socioeconomic and environmental impact of interventions on villages in proximity to our operations

2. Developing Digital Data Collection Tools:

- Crafted a detailed survey questionnaire through collaboration with our team and secondary references
- Selected the Survey CTO app as the data collection tool, considering features such as

offline data collection, image capturing, and geo-tagging to enhance efficiency and accuracy

3. Pilots and Data Collection:

- Designed the data collection tool, subjected it to multiple rounds of validation and test surveys (conducted in August 2022)
- Commenced the final household (HH) survey on September 1, 2022, leveraging the Survey CTO app for data collection
- Conducted Focus Group Discussions (FGDs) and In-Depth Interviews (IDIs) with relevant stakeholders to gather nuanced insights

4. Sampling Methodology:

- For the primary survey, engaged with over 180 households, ensuring a robust and comprehensive understanding of the community
- Implemented unstructured interviews and FGDs to delve deeper into the socio-economic and environmental impact of the intervention
- Scope of study is limited to Sandila in Hardoi District, Uttar Pradesh.

5. Data Analysis:

- Employed rigorous data analysis techniques to derive meaningful insights from the collected information

- Utilised statistical tools and qualitative analysis methods to interpret the findings and draw conclusive results

6. Reporting and Recommendations:

- Developed a comprehensive report outlining the survey findings, insights from FGDs and IDIs, and a detailed analysis of the data
- Presented actionable recommendations based on the research outcomes, aligned with the IRECS Framework, to guide future interventions and improvements





This methodological approach, encompassing a robust framework, digital tools, and a meticulous sampling strategy, ensures the reliability, validity, and depth of the study, enabling a thorough exploration of the socioeconomic and environmental impacts of our interventions on local communities.

In CY 2022, we took the following steps:

3

Ponds constructed on plant premises

7

Ponds constructed in villages



Socio-economic Impact

- Better access to irrigation facilities
- Increase in crop productivity
- Enhanced crop diversification
- Increased area under irrigation
- Better land productivity and soil fertility
- Increase in green cover and biodiversity
- Increase in water storage and conservation
- Increase in the level of ground water and surface water level
- Increase in livestock productivity and product yield
- Increase in income and savings of the household

Environmental Impact

- Increase in birds and insects
- Increase in riverine/aquatic animals
- Increase in terrestrial animals
- Increase in types of flowers
- Increase in green cover
- Increase in tree/plant species





Our Enablers for Water Stewardship

- **68%**
Ability to take up water-intensive crops
- **87%**
Increase in variety of crops in same season
- **93%**
Ability to take up crops in multiple seasons
- **28%**
Increase in household consumption of crops

Improvement in Quality of Life

- **3%**
Faced personal development
- **31%**
Mental well-being
- **52%**
Material well-being
- **17%**
Better interpersonal relations
- **95%**
Physical well-being

Pond Rejuvenation - Key Takeaways

- **18%**
Farmers took up cropping in lean season
- **44%**
Families stopped migration with water available throughout the year
- **66%**
Households increased area under irrigation
- **66%**
Farmers managed to cut cost on irrigation
- **45%**
Saved money on electricity cost on irrigation
- **65%**
Experienced an increase of up to `50,000 in income

*Impact Assessment study by CSR Box at Sandila plant



Improvement in Environmental Impact

- **38%**
Improved aesthetic beauty of area
- **9%**
Water conservation
- **17%**
Improvement in micro-climatic conditions
- **9%**
Resilience to water logging/floods during rains
- **46%**
Improvement in fertility and quality of soil
- **91%**
Increase in level of surface water sources
- **93%**
Increase in level of groundwater

*Impact Assessment study by CSR Box at Sandila plant



Increase in Biodiversity Observed

- **39%**
Increase in birds and insects
- **15%**
Increase in riverine/aquatic animals
- **72%**
Increase in livestock
- **50%**
Increase in terrestrial animals
- **31%**
Increase in types of flowers
- **90%**
Increase in green cover
- **91%**
Increase in tree/plant species





Enhancing Human Capital

Our organisational identity at VBL is shaped by a distinctive culture deeply rooted in a profound sense of purpose, an unwavering passion for success, and a profound connection to our brands and each other. Central to our ethos is an unwavering commitment to the health and well-being of our people, underscored by progressive policies implemented to ensure their safety.

Our approach to health in the workplace is holistic, acknowledging the multifaceted nature of well-being encompassing physical, psychological, and social dimensions. We actively promote well-being through a diverse array of programs designed to support our employees in making healthier lifestyle choices.

Creating a safe and healthy working environment is a top priority at VBL, and we have fortified our performance management framework to enable our teams to adapt swiftly to evolving consumer and business demands. Our leaders play a pivotal role in setting focused priorities and engage in regular team meetings to review progress, facilitating frequent performance feedback conversations. In the calendar year 2022, 95% of our permanent employees underwent performance appraisals, with 92% of these being male employees. This emphasis on performance evaluation reflects our commitment to nurturing a culture of continuous growth and development.

Our people are not just employees, they are integral contributors to our shared success story. We stand committed to fostering a work environment where each individual can thrive, grow, and contribute their best to our collective journey of excellence.





Highlights



In 2022, we provided jobs directly to 2173 employees.



Female Representation at company level at 2.80%



Median Basic Salary ratio women/men: 1.21: 1 and for workers is 0.78:1

Grade Level Permanent Employee	No. of Employees	Given Performance Appraisal			Not Eligible for Performance Appraisal	Eligible for Appraisal %	Not Eligible for Appraisal %
		Male	Female	Total			
Junior	8252	7624	210	7834	418	95%	5%
Middle	325	303	8	311	14	96%	4%
Senior	59	55	3	58	1	98%	2%
Grand Total	8636	7982	221	8203	433	95%	5%



Improving Employee Experience

At VBL, we are actively shaping a culture characterised by inclusion, togetherness, and authentic interactions. We believe in fostering an environment where our employees can express their true selves, ultimately delivering exceptional results. Our commitment to unlocking the full potential of our people propels us on a journey to cultivate a workplace and culture that not only attracts but also nurtures and retains talent.

Central to our approach is the creation of a purpose-driven and value-centric organisation, offering a myriad of opportunities for our employees. Recognising that our people are our greatest asset, we aim to harness their diverse strengths by fostering a culture of genuine inclusivity, driving superior performance and innovation.

In our reporting practices, we compute the number of employees and workers on a headcount basis. The total number of employees is reported at the end of the reporting period, while the number of workers is computed as an average across the reporting period. This comprehensive approach allows us to accurately capture and reflect the dynamics of our workforce, emphasising our commitment to transparency and accountability in people-related reporting.

At VBL, our culture is not just about what we do, it's about who we are together—a community of individuals united by a common purpose, shared values, and a commitment to creating a workplace where everyone can thrive and contribute to our collective success.

Particulars	Total	Male		Female	
	A	B	B/A%	C	C/A%
Employees					
01 Permanent (D)	5,744	5,533	96%	211	4%
02 Other than Permanent (E)	5,508	5,405	98%	103	2%
03 Total Employees (D+E)	11,252	10,938	97%	314	3%
Workers					
04 Permanent (F)	2,892	2,859	99%	33	1%
05 Other than Workers (G)	8,820	8,092	92%	728	8%
06 Total workers (F+G)	11,712	10,951	94%	761	6%

Particulars for Permanent Employee	Age <30 yrs	30 - 50 yrs	>50 yrs	Total
Female	64	159	21	244
Male	1297	6240	855	8392
Total no. of Employees	1361	6399	876	8636



At Varun Beverages, we bring refreshment to billions of consumers through our extensive portfolio of beverages, we are committed to ensuring a sustainable ecosystem that positively impacts our planet and overall well-being. To operationalise this commitment, we have embraced an Environmental, Social, and Governance (ESG)-led culture in our day-to-day operations.

Our Board has approved a comprehensive ESG-linked incentive framework, applicable to all employees, including Key Management Personnel (KMPs) and members of the Board of Directors. This framework is designed to align our workforce with key ESG-related objectives and foster a holistic approach to sustainability.

Key features of our ESG-linked incentive framework include:

- Identification of ESG-related key issues with formulation of issue-wise improvement targets
- Assigning due weightage to the achievement of respective targets
- Deployment of issue-based targets in an integrated manner, aligning with global benchmarks and adopting best practices from PepsiCo
- Periodic reviews of achievements on these targets to determine incentives, increments, and growth opportunities for our employees

In addition, specific service contracts, severance fees, and notice periods are regulated by the appointment letter provided to each Director upon their appointment or reappointment. Notice periods vary, categorised into 30 days, 60 days, and 90 days, in accordance with defined employee grades. When applicable, collective bargaining agreements specify notice periods and provisions for consultation and negotiation.

By embedding ESG principles into our corporate culture and governance structures, Varun Beverages strives to contribute to a sustainable future while promoting transparency, accountability, and responsible business practices.





Turnover Rate

Permanent Employees

Male

CY 2020



CY 2021



CY 2022



Female

CY 2020



CY 2021



CY 2022



Permanent Workers

Male

CY 2020



CY 2021



CY 2022



Female

CY 2020



CY 2021



CY 2022



Turnover Rate Gender and Age Wise



Total no. of employees exited: 1421



Female



Male



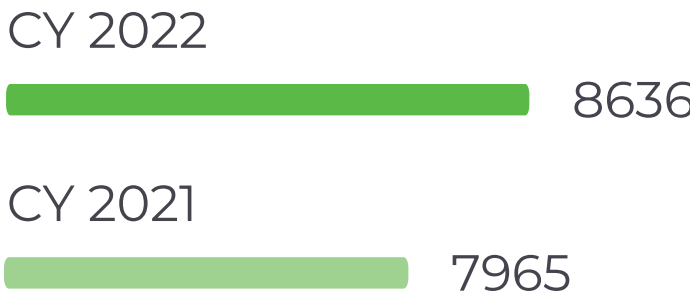
Awareness and Capacity Building

The backbone of our success lies in the dedicated efforts of our workforce, making them one of the most essential levers for our achievements. Recognising the pivotal role they play, we prioritise the training and development of our employees through upskilling and reskilling initiatives.

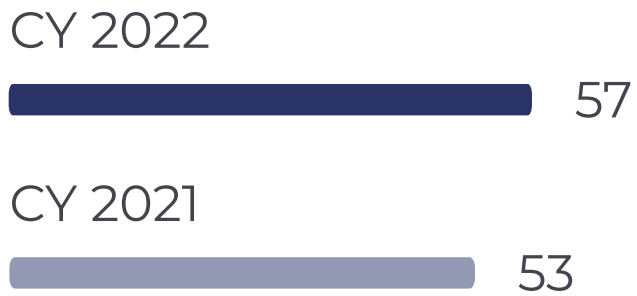
At Varun Beverages, we have embraced a continuous learning culture, embedding it into the fabric of our organisation. This approach enables us to provide ongoing learning opportunities that enhance the speed of performance and contribute to the overall growth of our business. Our focus extends to comprehensive improvement, and we emphasise a diverse range of training sessions to enrich the technical, behavioral, and functional abilities of our employees.

Our commitment to learning and development not only empowers our workforce with the skills needed for their current roles but also prepares them for future challenges and opportunities. By investing in the continuous growth and enrichment of our people, we aim to foster a dynamic, adaptable, and high-performing team that drives the success and sustainability of Varun Beverages.

Total number of employees that participated in training



Average hours of training



Average hours of training per employee category wise



Average Training Hours



Average Training Hours



We take immense pride in the active engagement and commitment of our non-Board of Directors (BoD) and Key Management Personnel (KMP) employees in continuous learning. Notably, they have demonstrated a commendable 100% attendance rate across four training sessions, each addressing critical policies integral to our organisational ethos.

These sessions delved into crucial policies, including Prevention of Sexual Harassment (POSH), Code of Conduct, Insider Trading Regulations, Whistle Blower policies, and the Foreign Corrupt Practices Act (FCPA). The comprehensive coverage of these policies ensures that our employees are well-versed in the ethical and legal frameworks that govern our operations conducted through a 'train the trainer' approach. These training programs were executed at four distinct locations: Gurugram, Lucknow, Mumbai, and Kolkata. This approach ensures that knowledge dissemination is not only uniform but also cascades effectively throughout our diverse operational centers.



The perfect attendance and active participation of our employees underscore their dedication to upholding the highest standards of integrity, compliance, and ethical conduct. This commitment contributes to fostering a workplace culture that values accountability, transparency, and adherence to best practices across all facets of our business.

Trainings (in man-hours)

Health & Safety



Skill Upgradation



Others (includes training related to Environment and Governance)



Total





Diversity and Inclusion

We are deeply committed to cultivating a workplace that champions diversity, equity, and inclusion (DEI). We recognise and celebrate the inherent value that individuals with unique perspectives and experiences bring to our organisation. Our DEI policy is rooted in principles of fairness, respect, and equal opportunities for all employees, fostering a culture that prioritises belonging and growth for every individual.

Diversity:

Encompassing a broad spectrum, diversity reflects the myriad ways in which individuals differ. This includes characteristics such as race, ethnicity, national origin, sexual orientation, socio-economic status, gender identity, religion, language, age, marital status, veteran status, mental and physical abilities, as well as diverse perspectives, ideas, and values.

Equity:

Our commitment to equity revolves around ensuring that every individual, especially those who are marginalised and under-represented in the mainstream, has access to equal opportunities, resources, and support systems. It is about creating a level playing field where everyone can thrive.

Inclusion:

Inclusion is the cornerstone of our DEI philosophy. It is the active effort to foster a sense of belongingness, creating an environment where every individual feels respected, valued, accepted, heard, supported, and empowered—regardless of their background, identity, or characteristics. By championing inclusion, we strive to build a workplace that not only accepts diversity but actively leverages it for collective success.

At Varun Beverages Limited, our DEI commitment is not just a policy; it is a reflection of our core values and an integral part of our organisational DNA. We believe that a diverse, equitable, and inclusive workplace is not only essential for individual

well-being but is also a catalyst for innovation, collaboration, and sustained success.

At Varun Beverages, achieving diversity and inclusion is a key strategic business priority, reflecting our commitment to creating a workplace where every individual can fully unleash their potential. Our DEI commitments underscore our dedication to fostering an environment of equal opportunities, fair treatment, and the elimination of discrimination, bias, and barriers to advancement.



% of female in board	22%
% of men in board	78%
% of women in total Workforce	3%
% of men in total Workforce	97%
Employee under the age of 30yrs	1361
Employee between age 30-50yrs	6399
Employee above the age of 50yrs	876



DEI Commitments:

1. Equal Opportunities:



We promote equal opportunities for all employees, ensuring fair treatment and actively working towards eliminating discrimination and barriers to advancement.

3. Merit-Based Employment:



Employment decisions are based on merit, with a focus on an individual's skills, qualifications, and capabilities, rather than irrelevant attributes or characteristics.

5. Leadership Accountability:



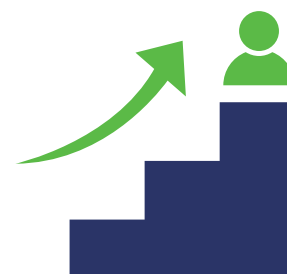
Senior leadership and managers at all levels are held accountable for implementing and upholding these DEI policies, ensuring their integration into day-to-day operations.

2. Respect for Differences:



We uphold a culture of respect for the rights and differences of others, acknowledging and valuing the unique contributions that each individual brings to the organisation.

4. Performance-Based Opportunities:



Developmental and promotional opportunities are determined by performance, ability, and potential, aligning with the needs of the business.

6. Zero Tolerance:



We maintain a zero-tolerance approach toward breaches of the PoSH policy and Diversity and Inclusion policy, treating any misconduct as a serious matter that could lead to disciplinary proceedings.



Workforce Ratio for CY 22:

- The ratio of the basic salary and remuneration of women to men for each employee is 1.21:1
- For workers, the ratio is 0.78:1

These ratios reflect our commitment to gender equity in compensation and serve as a tangible measure of our progress toward creating a more inclusive and equitable workplace. We have remained steadfast in our pursuit of a diverse and inclusive organisational culture that enables all individuals to thrive and contribute meaningfully to our shared success.

Category	FY 2022 (Current Financial Year)						FY 2021 (Previous Financial Year)					
	Total (A)	Equal to minimum wage		More than minimum wages		Total (D)	Equal to minimum wages		More than minimum wages			
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)		
Employees												
Permanent												
Male	5,533	0	0	5,533	100	4790	0	0	4790	100		
Female	211	0	0	211	100	171	0	0	171	100		
Other Than Permanent												
Male	5405	0	0	5405	100	4026	441	11	3585	89		
Female	103	0	0	103	100	77	8	10	69	90		
Workers												
Permanent												
Male	2859	0	0	2859	100	2812	0	0	2812	100		
Female	33	0	0	33	100	35	0	0	35	100		
Other Than Permanent												
Male	8092	0	0	8092	100	4316	4104	95	212	5		
Female	728	0	0	728	100	381	372	98	9	2		



	Average Minimum Wages Monthly (Worker / Associates Category) CY 2022	Average Minimum Wages - CY 2022		
		Unskilled	Semi-skilled	Skilled
Overall Median	24,411	9,713	9,657	11,526

At Varun Beverages, the progress and development of our internal talent are central to our management focus. We are dedicated to providing our employees with ample opportunities to advance their careers. To achieve this, we have implemented a range of talent management programs designed to gain insights into our workforce, identify their strengths, assess development needs, and chart a course for unlocking future growth and development.

Our Talent Management Programs encompass:

1. Insights into People:

These programs delve into understanding the strengths, skills, and potential of our employees. By gaining comprehensive insights, we ensure a nuanced understanding of our workforce.

2. Development Needs Assessment:

We conduct thorough assessments to identify areas for development and growth. This process is

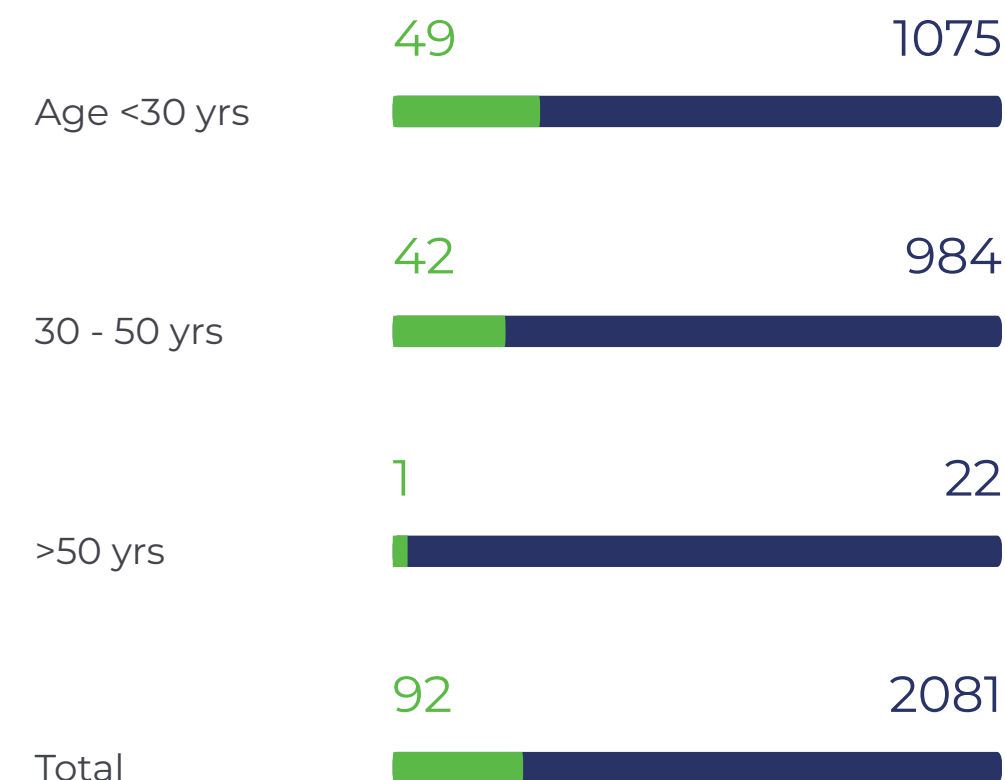
essential for tailoring personalised development plans that align with both individual aspirations and organisational goals.

3. Action Plans for Growth:

Based on the assessments, we formulate action plans that outline the necessary steps to unlock the future growth and development of our employees. These plans are dynamic and responsive to the evolving needs of our workforce.

By maintaining a strategic focus on internal talent progression, we not only ensure the continuous development of our employees but also cultivate a culture of growth and advancement. These initiatives underscore our commitment to nurturing and retaining the best talent within our organisation, contributing to the overall success and sustainability of Varun Beverages.

New Hires



CY 2022: 2173



Female



Male



At Varun Beverages, we are committed to fostering gender diversity and creating an inclusive environment where women's perspectives are integral to all aspects of our business operations. Our approach to diversity extends beyond gender, encompassing individuals from various backgrounds, ensuring equal opportunities for everyone irrespective of gender, caste, or physical ability.

In our manufacturing units, the majority of the workforce is recruited from local communities through contractors or unions operating in those areas. The workforce primarily consists of semi-skilled and unskilled labourers employed in various roles related to manufacturing operations. The seasonal nature of our business influences the workforce composition, leading to fluctuations in numbers from plant to plant. Despite these fluctuations, we actively work towards maintaining a diverse and inclusive workforce. It is our belief that diversity not only enriches our workplace but also contributes to a more dynamic and innovative organisation. We are mindful of the potential impact our operations may have on local communities. As our operations are solely related to the manufacturing of beverages, there are no significant actual or potential negative impacts on the local communities. Throughout the reporting period, we have observed regular hiring and attrition patterns, with no significant fluctuations.

Our commitment to diversity, equity, and inclusion remains a cornerstone of our organisational values, ensuring that we are a workplace where every individual, regardless of background or identity, has the opportunity to thrive and contribute to our collective success.





No cases have been reported during the CY 2022 on discrimination (on grounds of race, color, sex, religion, political opinion, national extraction, or social origin as defined by the ILO, or other relevant forms)





Key Enablers for Managing Social Priorities and Diversity:

1. Fixed Cross-Functional Targets:

- Established cross-functional targets for hiring diverse employees, focusing on gender and differently-abled individuals
- Targeting to double the existing mix (base year 2020) by the year 2025, demonstrating a proactive commitment to diversity

Employee Wellness Enablers to Manage Social Priorities:

1. Full-Body Medical Check-ups and Doctor Consultations:

- Initiated comprehensive full-body medical check-ups for employees, emphasising preventive healthcare
- Provided regular access to doctor consultations to address health concerns and promote overall well-being

2. Visit Health App for Employees:

- Implemented the Visit Health App, offering a convenient platform for employees to schedule doctor consultations and check-ups

- Leveraging technology to enhance access to healthcare resources and support employee well-being

3. Coaching on Mental Health and Wellness:

- Recognised the importance of mental health and wellness
- Provided coaching and support programs to address mental health concerns, promoting a holistic approach to employee well-being

4. Coverage Under Factories and Food Safety Acts:

- Ensured compliance with relevant regulations by covering all workers under the Factories and Food Safety Acts
- Demonstrated a commitment to the safety and well-being of all workers, aligning with regulatory standards

These key enablers underscore our dedication to managing social priorities, fostering diversity, and prioritising employee wellness. By setting concrete targets, implementing wellness initiatives, and ensuring regulatory compliance, we strive to create an inclusive and supportive workplace environment for all our employees.





Employee Benefits



100 % of female employees are covered under the Maternity Scheme.

1. Provident Fund Coverage:

- All employees are entitled to Provident Fund coverage as per the EPF & MISC Provision Act
- Compliance with statutory regulations ensures that employees receive the benefits mandated by the law

2. Employee State Insurance (ESI) Coverage:

- Labour coverage under the Employee State Insurance Act provides additional benefits to employees
- We ensure adherence to statutory requirements related to ESI, contributing to the well-being of our workforce

3. Defined Benefit Gratuity Plan:

- We have a defined benefit gratuity plan governed by the Payments of Gratuity Act, 1972
- We have established a Gratuity Trust, contributing to it and securing an insurance policy to meet gratuity obligations

4. Accumulated Leave as Short-Term Employee Benefit:

- Accumulated leave, expected to be utilised within the next twelve months, is treated as a short-term employee benefit
- We provide leaves as per standards, enhancing employee competence and efficiency

5. Insurance Policy for Gratuity Payment:

- An insurance policy is purchased to provide for gratuity payments to employees

- Annual funding valuations by the insurance company, based on the latest employee data, ensure that any deficit in assets is funded by us

6. Trade Union Formation for Non-Permanent Employees:

- Non-permanent employees, including contractual workers, are allowed to form trade unions
- This supports a collective voice for non-permanent employees, fostering a fair and inclusive work environment

In summary, we demonstrate a commitment to providing statutory benefits to our employees, ensuring compliance with applicable laws and policies. Our approach to employee benefits aligns with regulatory standards while also addressing the specific needs and well-being of our workforce.

Category	CY 2022			CY 2021		
	Total Workers (A)	Total Workers Who are Part of Associations or Unions (B)	% (B/A)	Total Workers (C)	Total Workers Who are Part of Associations or Unions (D)	% (D/C)
Male	2,859	1,717	60	2,814	1,762	63
Female	33	16	48	34	16	47



1. Additional Employee Benefits and Policies: Short-Term Employee Benefits:

- All employee benefits payable or available within twelve months of rendering service are categorised as short-term employee benefits
- This includes items such as salaries, wages, bonuses, etc., which are recognised in the Consolidated Statement of Profit and Loss in the period when the employee renders the related service

2. Company Contributions to Retirement Plans:

- Our contributions to various defined benefit and retirement plans vary by plan, with contributions potentially reaching up to 12% of the Annual Basic Salary
- Some plans may also allow employees to contribute a percentage of their annual basic salary

3. Health and Accidental Insurance:

- 100% of employees and workers are covered under health insurance and accidental insurance benefits
- This comprehensive coverage underscores our commitment to the well-being and financial security of our workforce

Our approach to employee benefits extends beyond the traditional financial components, encompassing aspects of work-life balance, family support, and health and accident coverage. These initiatives contribute to creating a holistic and supportive work environment for all employees.

Parental Leave	CY 2022	CY 2021
Total number of employees entitled to parental leave	8,636	7965
Number of men employees entitled to parental leave	8392	7765
Number of women employees entitled to parental leave	244	200
Total number of employees that took parental leave	8	10
Percentage of women employees that took parental leave	3%	5%
Percentage of permanent women employees that took parental leave and returned to work and retention rate	100%	100%



Occupational Health & Safety

Our believes:

Health & Safety Governance and Initiatives:

Governance Structure:

A comprehensive governance structure is established, featuring a Steering Committee, Corporate Sub-Committees, and Plant APEX Committees. Charters and deliverables for each sub-committee are approved to drive safety improvements across the organisation.

Role of ESG Committee in Healthy and Safety:

1. Board Level Responsibility for Health & Safety: The ESG Board Level Committee including our Vice-Chairperson Mr. Varun Jaipuria plays a pivotal role in establishing the strategic direction, overseeing risk management, and ensuring accountability for health and safety within the social pillar of ESG. The Board level committee is responsible for:
 - Setting the overall strategy and direction of the company and defining the company's social goals, values, and priorities and their implementation.

- Understand and consider the interests and concerns of our key stakeholders, including employees, customers, suppliers, communities, and investors. stakeholders in its decision-making processes.
- Identify, assess, and manage social risks that could impact the company's reputation, brand, and overall performance.





2. Steering Committee Responsibility for Health & Safety:

- The Steering Committee, as designated by the Vice-Chairperson, will play a pivotal role in implementing and monitoring the Health & Safety strategy. Their responsibilities include: Developing comprehensive health and safety policies that align with the company's overall ESG strategy.
- Ensure that health and safety considerations are woven into the company's strategic objectives and decision-making processes
- Providing adequate resources to enable the implementation of robust safety measures and training programs
- Overseeing the establishment and monitoring of key performance indicators (KPIs) related to health and safety and identify areas for improvement and ensure continuous progress
- Initiating training programs, workshops, and communication campaigns to raise awareness and promote a shared commitment to safety
- Developing and monitoring incident response and crisis management plans to mitigate the impact of accidents or unforeseen events

Integrating health and safety metrics and performance indicators into the company's ESG

reporting, that demonstrates a commitment to social responsibility and helps build trust with stakeholders.

Standards and Training:

Standards for Incident Management, Safety Interactions, General Safety Rules, Work at Height, Document Control, and Contractor Safety Management are finalised. Training programs on the Incident Management Standard and Safety Interaction are conducted to ensure awareness and adherence.

Safety Perception Survey:

A Safety Perception Survey is conducted in 10 plants, engaging 4,000 employees and contractors. Insights from the survey contribute to the finalisation of charters for all Plant Committees, ensuring alignment with the needs and perceptions of the workforce.

Cluster Leadership Workshop:

A Cluster Leadership Workshop is organised, bringing together 150+ employees. The workshop serves as a platform for leadership engagement, collaboration, and the dissemination of key safety principles.

Our commitment to health and safety is reflected in the establishment of a robust governance structure, comprehensive standards, and proactive

initiatives. The integration of employee perspectives through surveys and leadership workshops further emphasises dedication to fostering a safe and secure working environment for all.





Work at Height and General Safety Working at Height Standard:

Safety Standards: Working at Height and

General Safety Rules

Working at Height Standard:

- **Principles:**

The standard outlines principles for safeguarding employees working at an elevation difference of 1.8 meters or more.

System Components:

- **Hazard Identification and Risk Assessment:** Identifying potential hazards and conducting thorough risk assessments
- **Planning and Preparation:** Detailed planning and preparation processes to ensure safety during tasks at height
- **Protective Equipment:** Specification and usage guidelines for protective equipment to minimise risks
- **Training and Certification:** Training programs and certification processes to equip employees with the necessary skills and knowledge

- **Inspections:** Regular inspections to assess the integrity and safety of equipment used for working at height
- **Special Requirements:** Addressing any specific requirements for unique situations or tasks



General Safety Rules:

Coverage Areas

- **Reporting:** Procedures for reporting safety hazards, injuries, and incidents promptly
- **Emergency Awareness:** Guidelines to enhance awareness and preparedness for emergency situations
- **Hazardous Material and Chemicals:** Safe handling, storage, and disposal practices for hazardous materials and chemicals
- **Special Procedures:** Clear instructions for tasks requiring special attention or precautions
- **Good Housekeeping:** Emphasis on maintaining a clean and organised workspace to minimise potential risks

Both standards reflect our commitment to ensuring the safety and well-being of our employees. By addressing specific aspects of working at height and establishing comprehensive general safety rules, we prioritise a secure working environment and strive to prevent accidents and injuries.



Incident Management System

We place a paramount focus on ensuring a safe and secure working environment through the implementation of robust safety standards. This commitment is exemplified by the meticulous training conducted for nominated members from each plant, equipping them with the knowledge and skills to champion our safety initiatives. The implemented system encompasses a comprehensive standard for working at height and general safety rules. It delves into specific details such as injury types, a communication matrix for seamless information sharing, and a well-defined process for incident investigation. The roles and responsibilities of individuals involved in incident investigation are clearly outlined, accompanied by established timelines for a thorough inquiry. Our proactive approach extends to continuous improvement, emphasising learning from incidents to enhance safety practices continuously. Through these initiatives, we strive to cultivate a workplace culture that prioritises safety, driving toward the overarching goal of maintaining an injury-free environment.

Safety Interaction System

We continue our steadfast commitment to safety by finalising a comprehensive standard for Incident Management. This strategic initiative involves training nominated members from each plant and actively implementing the Incident Management System to instill a collective understanding and drive towards an injury-free environment. The standard encapsulates a systematic process for leadership to interact with shop floor employees and contractors, fostering safety discussions crucial for a secure workplace. It further delineates the frequency of scheduled interactions by leadership for each plant, ensuring regular engagement in safety matters. The system incorporates a meticulous tracking mechanism for observations and a thorough analysis of trends, allowing for proactive measures and continuous improvement. Through these concerted efforts, our endeavours to cultivate a safety-conscious culture that not only responds effectively to incidents but also proactively works towards preventing them, reinforces our overarching commitment to a secure and injury-free working environment.





Employee Passport and Contractor Safety Management.

We have taken proactive steps to enhance safety and training processes through the implementation of the Employee Passport System. This innovative system is designed to meticulously track and improve training needs for both contractors and employees, ensuring a comprehensive and responsive approach to skill development.

Additionally, we have introduced a structured and thorough methodology to mitigate risks associated with Contractor Safety Management. This approach encompasses key processes, including contractor selection, contract preparation, contract award, orientation and training, work coordination, auditing, and contract evaluation. By systematically addressing each stage of the contractor engagement process, we aim to create a safer working environment for all stakeholders involved.

Recognising Occupational Health & Safety (OHS) and our management system as integral legal requirements, we are dedicated to fostering the growth of the organisation. The commitment extends beyond compliance to a broader vision of promoting Employees' Health & Safety and environmental stewardship for the greater societal interest. We firmly believe in the preventability of occupational injuries, illnesses, and environmental

incidents. To achieve this, we are collectively working towards attaining benchmarked Environment, Health & Safety (EHS) standards at our manufacturing facilities. The implementation of the Environment, Health & Safety Policy, guided by best industry practices and recommendations from DSS (who are engaged in ensuring worker safety), underscores our unwavering commitment to creating a secure and sustainable workplace.





We are deeply committed to integrating Environment, Health, and Safety (EHS) values into our business operations, demonstrating a profound respect for the environment while actively striving to protect and restore it. We adopt a multifaceted approach to our EHS strategies:

1. Training and Cultivating EHS Culture:

- Delivering targeted training programs to employees
- Identifying, assessing, and controlling risks systematically
- Encouraging active participation of employees in fostering an EHS culture
- Nurturing a mindset of continuous improvement in EHS practices

2. Optimising Resource Utilisation:

- Strategically optimising the utilisation of social and environmental resources
- Minimising wastages to contribute significantly to sustainable development

3. Regulatory Compliance and Performance Monitoring:

- Establishing and implementing a robust system to comply with regulatory policies, standards, legal regulations, and other requirements

- Conducting regular checks to verify conformance and monitoring EHS performance against established standards

4. Adaptation to Regulatory Updates:

- Proactively recognising and staying abreast of regulatory updates and emerging requirements
- Ensuring effective and timely implementation of solutions to align with EHS management system goals

5. Collaboration with Stakeholders:

- Collaborating with partners, customers, suppliers, government bodies, and other stakeholders to mitigate EHS impacts
- Providing value to customers and consumers in a responsible and sustainable manner

6. Responsibility and Accountability:

- Upholding the interests of the public and regulatory policies while conducting business
- Committing to responsible business practices and ethical considerations

7. Performance Review and Improvement:

- Regularly reviewing our performance in implementing the EHS policy
- Updating the policy as needed to align with evolving needs and standards

8. Plant Workers Safety Committee Meetings:

- Holding regular intervals of plant workers' safety committee meetings, ensuring ongoing dialogue and collaboration to enhance safety measures

This comprehensive EHS approach underscores our dedication to environmental sustainability, employee well-being, and ethical business practices, aligning with our commitment to responsible corporate citizenship.





Training and Emergency Preparedness

Our employees have preventive medical checks throughout the year. We are committed to safeguarding our employees and making sure the workforce is healthy. The majority of our employees participated in the awareness camps and programs that were held throughout the year.

Training on Health and Safety Measures, and Skill Upgradation

Category	CY 2022					CY 2021				
	Total (A)	On health and safety measure		On skill upgradation		Total (D)	On health and safety measure		On skill upgradation	
		Number (B)	%(B/A)	Number (C)	%(C/A)		Number (E)	%(E/D)	Number (F)	%(F/D)
Employees										
Male	5533	1744	32%	3091	56%	4951	1602	32%	2055	42%
Female	211	78	37%	130	62%	166	88	53%	118	71%
Total	5744	1822	32%	3221	56%	5117	1690	33%	2173	42%
Workers										
Male	2859	2204	77%	1996	70%	2814	2303	82%	1889	67%
Female	33	21	64%	14	42%	34	9	26%	7	21%
Total	2892	2225	77%	2010	70%	2848	2312	81%	1896	67%



We prioritise the well-being of our workforce through a holistic approach to occupational health and safety (OHS). We have implemented various programs and initiatives to support and enhance the physical and mental health of our employees:

1. Workers Assistance Programs:

- Addressing personal and emotional challenges through confidential access to counsellors, therapists, and resources.

2. Wellness Programs:

- Offering comprehensive initiatives for overall health improvement, including fitness and nutrition counselling, mental health services, tobacco cessation programs, and weight management initiatives.

3. Health Screenings:

- Organising health screenings, such as blood pressure checks, cholesterol assessments, and blood glucose monitoring, to detect health risks early.

4. Education and Information:

- Providing educational resources on various health topics through workshops and online platforms, covering areas like healthy eating, exercise, stress management, and disease prevention.

5. Flexibility in Work Arrangements:

- Supporting work-life balance through flexible arrangements, enabling employees to better manage their personal health needs.

6. Health Insurance Benefits:

- Offering comprehensive health insurance plans covering preventive care, mental health, and maternity services, with clear communication and easy enrolment processes.

7. Support for Work-Life Balance:

- Encouraging a healthy work-life balance to help employees manage non-work-related health risks effectively.

The implementation of the OHS Management System aligns with Indian regulations, including the Factories Act, Petroleum Act, EPA, and other relevant guidelines. The entire spectrum of our operations, encompassing contractual workers and visitors, falls under the purview of the OHS Management System.

To identify, assess, and minimise work-related hazards and risks, we have established safety procedures and processes in accordance with legal requirements. Regular risk and hazard identification, guided by the principles of Hazard Identification and Risk Assessment (HIRA), is conducted, with corrective actions defined. This

process is aligned with internal OHS management systems and follows the guidance of subject matter experts such as DSS.

Operating procedures are continually evaluated and improved through various committees, with actions and recommendations promptly implemented. Engagement with DSS ensures access to industry best practices in occupational health and safety, reinforcing our commitment to maintaining a safe and healthy working environment.





Occupational Health and Safety Management - Key Initiatives

1. Primary Healthcare Centers:

- Every plant is equipped with a Primary Healthcare Center to provide essential medical services to employees

2. Industry-Related Audits and Surveys:

- Undergoes regular audits and surveys related to the industry to ensure 100% compliance with established standards

3. Access to Non-Occupational Health Services:

- Provides access to non-occupational health and medical services for employees

4. Hazard Identification and Risk Assessment:

- Implements robust processes to identify work-related hazards and assess associated risks, ensuring a proactive approach to health and safety

5. Periodic Inspections for International Standards:

- Conduct periodic inspections by audit organisations to meet international standards, ensuring adherence to globally recognised benchmarks

6. Engagement with DuPont Safety Solutions:

- Initiated Phase 1 by engaging DuPont Safety Solutions to implement best practices in health and safety at six large manufacturing plants over 18 months

7. “Train the Trainer” Approach:

- Adopted a “Train the Trainer” approach to cascade the health and safety program to all other manufacturing plants, promoting knowledge dissemination and ensuring consistent implementation

These initiatives collectively underscore our commitment to fostering a safe and healthy work environment. By integrating primary healthcare facilities, industry audits, non-occupational health services, proactive hazard identification, international standards compliance, and specialised engagement with safety experts, our aim is to establish and sustain best practices in health and safety across our operations.





We ensure that workers feel protected against reprisals through the following mechanisms:

1. Near Miss Reporting Mechanism:

- Implemented a near miss reporting mechanism which encourages worker to report incidents or situations that could have resulted in harm, even if no actual harm occurred. This proactive reporting system helps in identifying potential hazards before they escalate

2. Dedicated HR Resource and Shop Floor Connect:

- Allocate a dedicated Human Resources (HR) resource to facilitate communication between workers and management regarding any concerns related to work-related hazards. This resource serves as a liaison, ensuring effective information flow and quick resolution of reported issues

3. Open Door Policy for Grievances and Hazard Reporting:

- Maintain an open-door policy that encourage workers to freely discuss grievances and report hazards. This policy ensures that workers can approach management without fear of reprisals, fostering a culture of transparency and trust

In addition to these reporting mechanisms, we emphasise the provision of various medical and healthcare services to workers across all manufacturing locations. This commitment underscores holistic approach to worker well-being, integrating preventive measures, reporting systems, and access to necessary medical support. Overall, these initiatives contribute to creating a safe and supportive work environment for all employees.

Workers Assistance Programs (WAPs) are invaluable resources provided by us to support employees in addressing various personal and emotional challenges. These programs aim to enhance the overall well-being of workers by offering assistance in areas such as stress management, anxiety, depression, substance abuse, and relationship issues. Key features of Workers Assistance Programs include:

1. Comprehensive Support:

- WAPs offer a broad spectrum of support, encompassing a range of personal and emotional challenges that employees may encounter in their lives

2. Access to Counsellors and Therapists:

- Employees have access to professional counsellors and therapists who are trained to provide

guidance, counselling, and support tailored to individual needs

3. Confidentiality:

- Maintaining strict confidentiality is a cornerstone of WAPs. This ensures that employees feel secure and comfortable seeking assistance without fear of their personal challenges being disclosed

4. Resource Access:

- WAPs often provide additional resources, such as educational materials, workshops, and self-help tools, to empower employees in managing their challenges

5. Organisation-Facilitated Access:

- We actively facilitate access to WAPs, ensuring that employees are aware of the available resources and encouraging their utilisation

6. Promotion of Services:

- We promote these services to create awareness among employees about the availability of assistance for personal and emotional well-being

7. Holistic Approach:

- WAPs contribute to a holistic approach to employee support, recognising the interconnectedness of personal and professional aspects of life



By offering Workers Assistance Programs, we demonstrate a commitment to the mental and emotional health of our workforce. These programs not only address immediate challenges but also contribute to creating a supportive and resilient work environment.



Wellness Programs

Our multifaceted initiatives within VBL aim to enhance employees' overall health and well-being. These comprehensive programs typically include a range of components to address various aspects of physical and mental health. Key elements of Wellness Programs often encompass:

Fitness and Nutrition Programs:

These programs focus on promoting physical well-being through fitness activities and nutritional guidance. They may include exercise routines, workout sessions, and dietary counselling to encourage healthier lifestyle choices.

Mental Health Services:

Wellness Programs prioritise mental health by providing access to resources and services that support emotional well-being. This may involve stress management workshops, mindfulness sessions, or meditation, often facilitated through platforms like the Visit Health App.

Tobacco Cessation Programs: We actively support employees in quitting smoking or other tobacco-related habits. Tobacco cessation programs provide assistance, counselling, and resources to help individuals overcome addiction.

Weight Management Initiatives:

Wellness Programs include initiatives to promote healthy eating habits and weight control. This may involve workshops, educational sessions, and support groups to assist employees in making informed choices about their diet and maintaining a healthy weight.

The combination of these components creates a

holistic approach to employee wellness, addressing both physical and mental health aspects. Wellness Programs not only contribute to the individual well-being of employees but also foster a healthier and more productive work environment. By offering a variety of resources and support mechanisms, we demonstrate a commitment to the overall health and happiness of the workforce.

Health Screenings:

We prioritise the health and well-being of our employees and workers through regular health screening initiatives organised or sponsored at manufacturing plants. These comprehensive events encompass crucial assessments such as blood pressure checks, cholesterol assessments, and blood glucose monitoring, providing a holistic overview of participants' health. The goal is to detect potential health risks early, enabling timely interventions and preventive measures. We actively encourage employee participation in these screenings through consistent communication, including announcements, posters, and on-site clinics. Beyond promoting a health-conscious culture, these initiatives underscore our commitment to proactive healthcare, fostering a workplace environment that prioritises the overall well-being of our workforce.



Education and Information:

We demonstrate our commitment to our employee's well-being by offering educational resources on diverse health topics. These resources are disseminated through workshops and accessible online platforms, providing employees with valuable information on maintaining a healthy lifestyle. Covering areas such as healthy eating, exercise, stress management, and disease prevention, these educational materials empower individuals to make informed choices about their well-being. Our proactive approach to health education aligns with a holistic strategy to foster a culture of wellness within us, emphasising the importance of preventive measures and overall health consciousness among our workforce.

Flexibility in Work Arrangements:

we recognise the importance of supporting employees' health through flexible work arrangements. By offering options like remote work or flexible hours, we acknowledge that these arrangements can indirectly contribute to the well-being of our workforce. Such flexibility allows employees to manage their work-life balance more effectively, providing the autonomy to address personal health needs and priorities we embrace this approach as part of our commitment to creating a supportive and adaptable work environment

that values the holistic health and welfare of our employees.

Health Insurance Benefits:

We stand committed to the health and well-being of our employees by offering comprehensive health insurance plans. These plans encompass a broad spectrum of medical services, ensuring coverage for preventive care, mental health, and maternity services. We prioritise clear communication and streamline enrolment processes, facilitating easy access to these vital health benefits. By providing extensive health insurance coverage, we aim to create a supportive environment that promotes the overall health and welfare of our workforce, fostering a workplace culture that values the holistic well-being of our employees.

Support for Work-Life Balance:

We place a strong emphasis on fostering a healthy work-life balance for our employees and workers, recognising the positive impact of managing non-work-related health risks effectively. We ensure the well-being of our workforce through the establishment of primary health centers and restrooms at each plant. Rigorous measures are in place, including periodic inspections conducted by certified surgeons and auditing organisations, to confirm that occupational health and safety systems align with international standards. As

part of the Food & Beverage category, we adhere to industry-related audits and surveys, ensuring a 100% compliance rate. We prioritise safety through frequent safety awareness programs, specialised training for operations/technicians, safety audits by both internal and government officials, the formation of safety committees, and regular checks of equipment. These proactive measures underscore our commitment to maintaining a safe and healthy workplace for our employees.



**100% of our plants and offices
were assessed for Health and
Safety Practices & Working
Conditions by entity or statutory
authorities or third parties**



Safety Incident / Number	Category	CY 2021	CY 2022
Lost Time Injury Frequency Rate (LTIFR) (Per One Million-Person Hours Worked)	Employees	-	-
	Workers	-	-
Total Recordable Work-Related Injuries	Employees	1	-
	Workers	2	1
No. of Fatalities	Employees	-	-
	Workers	2	2
High Consequence Work-Related Injury or Ill Health (Excluding Fatalities)	Employees	-	-
	Workers	-	1



We have recorded no fatalities as a result of work-related ill health for employees





A process overview of determining and mitigating work-related hazards that pose a risk of ill-health:

In our unwavering commitment to ensuring a safe and secure workplace, we employ a systematic and comprehensive approach to health and safety. The journey begins with regular inspections, employee feedback, and meticulous analysis of workplace incidents to identify potential hazards that may compromise employee health. Following this identification, we conduct a thorough hazard assessment, evaluating the severity and likelihood of harm associated with each identified hazard, as well as determining the level and duration of exposure for employees. We then implement robust control measures, which may include physical changes to the workplace, equipment, or processes, along with the enforcement of policies and procedures to minimise exposure to hazards. A comprehensive hazard mitigation plan is developed, outlining specific actions, responsibilities, and timelines for the implementation of control measures. We place significant emphasis on employee training and awareness programs, ensuring that employees are well-equipped with knowledge about hazards, safe work practices, and the correct usage of personal protective equipment (PPE). Despite the absence of significant risks or concerns from health and safety assessments, we proactively undertake preventive measures, such as forming a Safety Committee, conducting internal and government safety audits, implementing specialised training programs for operations and technicians, organising frequent safety awareness programs, and conducting periodic equipment checks. These initiatives collectively contribute to our commitment to maintaining a workplace that prioritises the safety and well-being of all our employees.





Contractor Safety

We take all the necessary steps to identify and mitigate health risks. This includes providing proper training, appropriate personal protective equipment (PPE), safety measures and health and safety training to ensure the well-being of contract workers while on the job.

The main types of work-related ill health for contract workers include:

Physical Injuries:

Contract workers may be exposed to various physical risks, including accidents and injuries. These injuries can range from minor cuts, bruises, and strains to more serious incidents like falls from heights, machinery accidents, or even construction site accidents.

Musculoskeletal Disorders (MSDs):

Repetitive or physically demanding tasks can lead to musculoskeletal disorders. These include conditions such as back pain, carpal tunnel syndrome, tendonitis and other strain-related injuries.

Respiratory Issues:

Workers may be exposed to airborne contaminants like dust, fumes and chemicals, which can lead to respiratory problems like asthma, chronic obstructive pulmonary disease (COPD), or pneumoconiosis.

Hearing Loss:

Exposure to loud noise in industrial settings can cause noise-induced hearing loss, affecting the hearing ability of contract workers.

Mental Health Issues: Contract workers, particularly those who are temporarily employed through trade unions, may face stress, anxiety and depression due to job insecurity, irregular hours and the lack of job benefits.

Chemical Exposures: Contract workers may come into contact with hazardous chemicals and substances that can lead to poisoning, skin conditions, or long-term health problems.





Responsible Supply Chain Management

We are working with our suppliers to support their sustainable practices and emission reduction plans.





Our Suppliers and Sustainable Procurement

We have dedicated to integrating sustainability into our products and operations right from the outset. We align our efforts with 10 of the UN Sustainable Development Goals (SDGs), demonstrating a strong commitment to environmental stewardship. The Non-Executive Chairman emphasises the dedication to safeguarding the environment and promoting sustainability across our extensive network, serving over 1.4 billion customers globally through 3 million retail outlets. We invest in PET recycling and implement measures to enhance energy and water efficiency, aspiring to achieve a net positive impact on the environment.

Supply chain management and responsible sourcing are pivotal aspects of our sustainability strategy. We focus on procuring raw materials from suppliers adhering to robust sustainability guidelines, aiming to drive sustainability, transparency, competitiveness, and resilience throughout the supply chain. Ethical sourcing is a core principle, ensuring responsible and sustainable sourcing of products and materials. We incorporate value-driven sustainable practices into our sourcing and procurement operations, recognising the importance of a sustainable supply

chain for the future growth of the business and to achieve a positive impact.

Major ingredient suppliers associated with us are actively working towards their sustainability targets, implementing initiatives to reduce energy consumption, water usage, and enhance waste management. We closely monitor the progress of responsible sourcing goals for key raw material and packaging material suppliers, constituting nearly 90% of total purchases. Although estimating the percentage of sustainably sourced inputs is challenging due to the nature of business operations, we ensure that all suppliers adhere to our Supplier Code of Conduct. This code encompasses provisions related to quality, food safety, sustainability, waste management, and work environment, emphasising labour practices and human rights. Through these concerted efforts, we strive to create a sustainable and responsible supply chain, contributing positively to the environment and society.



100% of the products, raw material/packaging materials suppliers are covered for assessment compliance





Percentage of Input Material Sourced from MSE and Small Suppliers

CY 2022



Directly sourced from MSEs/small producers

CY 2021



Directly sourced from MSEs/small producers

Supplier Code of Conduct

Our commitment to ethical and responsible practices is integral to our business philosophy. We adhere to PepsiCo's Global Supplier Code of Conduct, which outlines expectations for suppliers across key areas, including business integrity, anti-corruption measures, labour practices, health and safety standards, and environmental management. Compliance with this code and other pertinent policies is a prerequisite for suppliers engaged in business with PepsiCo and our affiliates. We emphasise the importance of communication and application of the Code and relevant policies throughout our supply chain, ensuring a unified commitment to ethical conduct and responsible business practices. This approach reflects our belief that ethical behaviour is not only morally right but also essential for the sustained success of our business.

Environmental Impact Assessment

Our suppliers actively engage in responsible sourcing and employ technical interventions to procure raw materials that are less environmentally harmful, aligning with sustainability goals and quality standards outlined in PepsiCo's guidelines. They diligently adhere to statutory regulations related to environmental well-being, ensuring proper disposal of hazardous waste and compliance with air and

water pollution acts. Suppliers are accelerating their environmental sustainability initiatives, focusing on activities such as plantation and renewable energy adoption to mitigate their carbon footprint.

In terms of energy consumption, suppliers are making strides toward sustainability by procuring electricity from the grid and swiftly implementing solar power panels and windmills, reducing reliance on conventional energy sources. Additionally, they prioritise environmental responsibility by using eco-friendly briquettes as fuel in boilers for steam production. Water usage is managed responsibly, with some suppliers opting for third-party water suppliers, while others withdraw water from ground or surface sources based on availability.

As a franchise partner of PepsiCo, our suppliers strictly adhere to the PepsiCo Code of Conduct. Centralised governance body members oversee functions, and any incidents are promptly reported to the governance body. To further strengthen our commitment to sustainability, we have enlisted DQS India to certify our water footprint assurance, validating our initiatives for water conservation and recharge. Additionally, we have engaged CSR Box to conduct an Impact Assessment, providing insights into the local community impacts of our Water Rejuvenation Project.



Social Impact Assessment

Our suppliers adhere to robust policies and practices aligned with human rights, emphasising key areas such as Freedom of Association and Rights to Collective Bargaining, Child and Forced Labour, Gender Equality, and Non-discrimination. Contracts with trade unions are in place, outlining agreed-upon terms and conditions to ensure freedom of association and the right to collective bargaining for all individuals. While our operations and suppliers in the beverage manufacturing sector in India face potential risks to workers' rights, we remain committed to upholding these principles.

Suppliers maintain a clean, hygienic, and employee-friendly environment, prioritising healthy working conditions for all employees and workers. Working hours are in compliance with government norms, set at a maximum of 48 hours per week, with overtime reimbursement provided under special circumstances. Occupational health and safety standards are rigorously enforced to guarantee employee well-being.

Environmental criteria are integral to our supplier screening process, encompassing 90% of our total purchases. Through this assessment, no suppliers with significant actual or potential negative environmental impacts were identified and terminated. Suppliers actively prioritise ESG

considerations in their operations, demonstrating a shared commitment to environmental responsibility and mitigating any potential negative impacts on the environment.



We have assessed almost 90% of our total raw material/packaging materials suppliers and there are no negative social impacts in the supply chain and actions taken





Regular training sessions are conducted at fixed intervals, typically quarterly or half-yearly, to educate employees on company policies, including Prevention of Sexual Harassment (POSH), Occupational Health and Safety (OHAS), and Industrial Hygiene. Well-defined Standard Operating Procedures (SOPs) and policies are readily available to all employees, ensuring accessibility and understanding.

Furthermore, many of our suppliers have obtained ISO 45001:2018 certification, which delineates requirements for an Occupational Health and Safety (OHAS) management system. This certification provides guidance for us to establish and maintain a safe and healthy workplace, preventing work-related injuries and illnesses while actively improving OHAS performance. This commitment to international standards reflects a shared dedication to fostering a secure and conducive work environment for all.



Key Initiatives on Responsible Sourcing by Suppliers:

- Electricity generation from renewable energy sources like solar power and wind power
- Implementing Pressurised Jet Sprays for cleaning purpose instead of direct water usage
- Tree plantation drives to maintain green belt around manufacturing units
- Proper recycling of all kinds of waste like plastic waste, e-waste, hazardous waste
- Installation of energy efficient machineries in production lines
- Use of treated water for gardening and sanitation purposes
- Rainwater harvesting to improve groundwater level
- Installation of water treatment plants
- Adoption of ponds in nearby villages and recharging groundwater
- Using bagasse cane residue as biofuel for generating steam through boilers





Our sustainable procurement approach is underpinned by a comprehensive policy that serves as a guiding framework for all our procurement activities. This policy ensures that our procurement practices align with sustainability principles, contributing significantly to the realisation of our triple bottom line goals. We are deeply committed to the continual improvement of our quality systems across our extensive supply chain network, fortifying our processes and elevating our food safety standards.

At the core of our food safety management systems are risk-based controls meticulously crafted to identify and mitigate potential hazards and risks in both manufacturing and support operations. Every supplier in our network undergoes a stringent certification process overseen by PepsiCo, and we maintain an unwavering commitment to sourcing raw and packaging materials exclusively from PepsiCo-approved suppliers. In line with our mission, we are resolute in our determination to delight customers with safe and delicious products, aiming to spread more joy with every smile our products bring.





ESG Initiatives Taken by Our Key Suppliers

Supplier	Material Supplied	Initiatives Taken
PepsiCo India	Concentrate	<p>PepsiCo has undertaken multiple efforts to promote environmental, social, and sustainable practices, which encompass</p> <ul style="list-style-type: none"> Decreasing energy consumption Minimising water usage Creating rainwater harvesting pits and ponds Implementing a Manure Machine for food waste recycling
Reliance Industries Limited	PET Resin	<p>As part of their Net Zero and New Energy strategies, Reliance has pledged to build a solar energy generation capacity of 20 GW by 2025. This massive capacity will be solely dedicated to meeting their internal energy requirements, providing continuous power (round-the-clock) and intermittent energy for their Green Hydrogen initiatives</p>
DCM Shriram	Sugar	<p>Here are the key initiatives undertaken:</p> <ul style="list-style-type: none"> Utilisation of a rotary dryer for bagasse drying, harnessing waste flue gas from boilers. This innovative approach significantly reduces the moisture content of fresh bagasse, cutting it from 48%-50% to an efficient 12%. This unique endeavour stands as a pioneering effort to curtail fuel consumption Ownership of a Bio-Lab dedicated to the production of bio-fungicides and bio-pesticides, replacing conventional chemical fungicides and pesticides used by farmers for cultivating sugarcane Recognition as the Best Energy Efficient Plant in the sugar sector by the Bureau of Energy Efficiency (BEE), owing to the lowest power consumption per ton of cane processed
Triveni Engineering	Sugar	<p>Diverts B-category heavy molasses to distillery for ethanol blending in petroleum products</p>



Supplier	Material Supplied	Initiatives Taken
Tetra Pak	Packaging Material	Procures 100% paper board from Forest Stewardship Council certified supplier and 100% Aluminium foil from Aluminium Stewardship Initiative member supplier
Tasa Foods	Fruit Pulp	Uses dried mango seeds as biofuel and decomposing fruit waste into manure provided to farmers
SIDEL Blowing Services S.A.S.	Manufacturing Lines	<ul style="list-style-type: none"> Dedicated to ISO 14001 environmental certification for reduced environmental impact and sustainability promotion Commits to PET recycling (notably rPET) to enhance sustainability Utilises 100% green energy, employing energy-efficient equipment for substantial consumption reductions (e.g., 45% less energy with blowers, 70% less with AQflex conveyors, and 52% less with shrink wrappers)
HUSKY Injection Molding Systems SA	Packaging Lines	<ul style="list-style-type: none"> Supports bio-resin use in hot runner applications, optimising systems for reliable production Introduced the UltraMelt platform to minimise melt degradation, oxidation, and discoloration, meeting bio-resin processing needs effectively

We conduct regular training sessions for employees, typically held every six months or quarterly, to educate suppliers on organisational policies, including Industrial Hygiene, Occupational Health and Safety (OHAS), and Prevention of Sexual Harassment (POSH). These policies are clearly defined and readily accessible to all employees, ensuring a comprehensive understanding of the guidelines. Furthermore, a substantial number of our suppliers have obtained ISO 45001:2018 certification. This certification outlines the requirements for an occupational health and safety management system, offering guidance on establishing a

safe and healthy workplace, preventing work-related injuries and illnesses, and proactively enhancing overall occupational health and safety performance.



Our Customers

Our extensive product range caters to individual consumers through a robust network that spans various channels, including distributors, retailers, modern trade outlets, hotels, and restaurants. With a wide-reaching presence, our offerings are easily accessible through a well-established network of over 2400 distributors.





Reaching out to every 6th person in the world



In the marketplace, we have placed a total number of 9,25,000+ visi coolers



Refreshing the world through a portfolio of key beverages and optimising our mix of products and keeping pace with the evolving needs and tastes of our consumers



Offering a range of low sugar, no sugar, hydration beverages for healthy choices



Customer Privacy

We place a paramount emphasis on protecting the data and information of our customers. Our privacy policy is designed to ensure the utmost security of customer data. In adherence to data protection regulations, including the Telemedia Act (TMG), the General Data Protection Regulation (GDPR), and the Federal Data Protection Act (BDSG), we diligently collect, process, and utilise personal data. Thanks to our robust data protection framework, we are pleased to report that there were no instances of consumer data breaches or leaks reported in the previous year.



We have received no complaints from regulatory bodies concerning breaches of customer privacy and losses of customer data

Product Labelling

Quality Assurance

We are dedicated to upholding the highest standards of food safety and quality across all manufacturing and logistics centers. Each site maintains a robust food safety manufacturing system that aligns with PepsiCo's global standards and complies with regulatory requirements in India. The importance of Product Safety and Quality is paramount for us, and we follow comprehensive management systems and policies to ensure these standards are met. Raw materials are sourced exclusively from approved vendors screened according to PepsiCo's Global Labelling Policy guidelines.

All our production facilities strictly adhere to PepsiCo's Global Food Safety Policy, covering aspects such as raw material sourcing, manufacturing processes, storage, and shelf life. In addition to world-class internal testing facilities at each production site, regular Food Safety audits by independent third parties are conducted. Leaders and employees at our manufacturing sites are committed to integrating food safety principles into daily manufacturing processes. Product labels include instructions such as "crush bottle after use," recyclable marks, throw in dustbin marks, and safe and responsible use instructions for energy drinks (Sting), among others.

100%

products are covered by the PepsiCo's Global Food Safety Policy for assessing the health and safety improvement areas

0

Incidents of non-compliance concerning the health and safety impacts of products and service

0

non-compliance incidents relating to marketing communications



Nutrition and Labelling Requirements

We are continuously looking for ways to improve our labelling standards for better consumer awareness. We follow PepsiCo's Global Labelling Policy as well as the applicable laws and regulations in India such as FSSAI guidelines. Our labelling policy in connection with our products is as follows:

- Our products will provide on the side or back of our packaging, nutrition information on the amount of energy (as calories, kilocalories or kilojoules), protein, carbohydrate, total sugars, total fat, saturated fat and sodium per 100g/ml or per serving. Additionally, we will include nutrition information for nutrients for which a health or nutrition claim is made
- Our products will include information on energy (as calories, kilocalories or kilojoules) per 100g/ml or per serving
- We will provide the percentage of the official Guideline Daily Amounts, Daily Values or equivalents for energy, total fat, saturated fat, sodium/salt and total sugars on either the front, side or back of pack in countries where such values are available

We strive to educate our consumers on the use of key nutrients in each product to fit in a balanced

and healthy diet. We will continue to work with industry, governments, and other stakeholders to seek opportunities for providing nutrition information and education to consumers.

Consumer Health and Nutrition

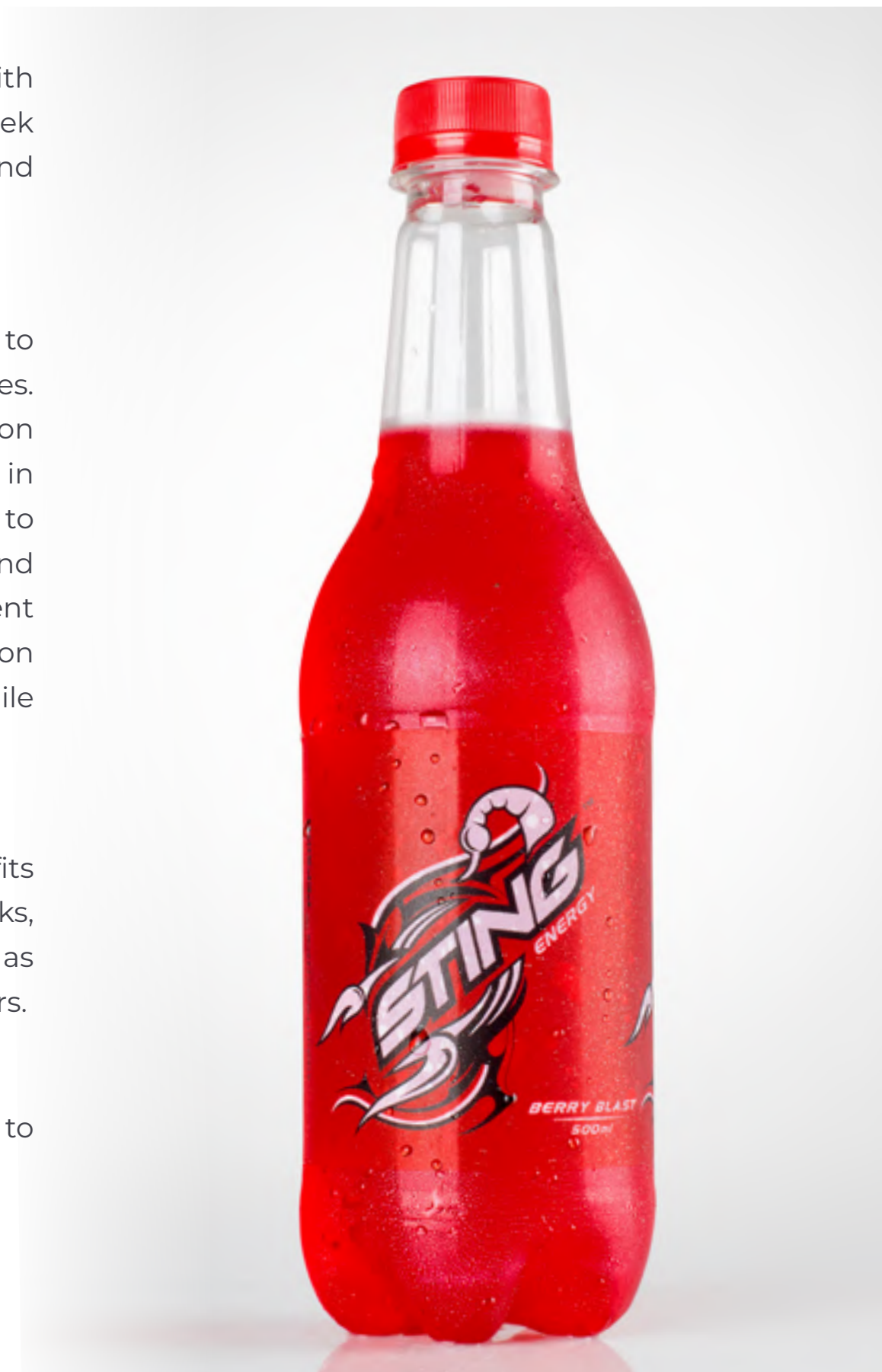
We are committed to optimising our product mix to offer a portfolio of great-tasting and healthy beverages. Our focus is on providing beverages with nutrition benefits that have the potential to scale and grow in the market. In alignment with our commitment to transparency, we ensure that consumers receive clear and comprehensive information about the nutritional content of our products. This approach reflects our dedication to meeting the evolving preferences of consumers while promoting healthier choices.

Serving Nutrition

Offering a portfolio of beverages and hydration benefits through health-based, fruit pulp, and juice-based drinks, energy and sports drinks, dairy-based beverages as well as packaged and purified drinking water to our consumers.

Sharing Information on Nutrition with Consumers

We place clear nutrition information on our packages to help our consumers make informed choices.





Focus on Nutrition

To diversify our product portfolio to meet changing consumer needs and deliver more nutritious choices, PepsiCo is guided by the PepsiCo Nutrition Criteria (PNC), which is also followed by VBL. This represents high nutrition standards guiding reduction of nutrients to limit and the increase of nutrients and food groups to encourage for the entire PepsiCo portfolio.

PepsiCo Nutrition Criteria

The PepsiCo Nutrition Criteria provides nutrition guidelines for our beverages, including nutrients to limit and specific guidelines for food groups and nutrients to encourage. This includes:

STANDARDS FOR NUTRIENTS TO LIMIT

Nutrients that have been well-established as dietary factors that can contribute to the risk of certain non-communicable diseases, when consumed in excess.

For nutrients to limit, the criteria are based on a model diet of 2,000 kcal per day, with saturated fat and added sugars at or below 10% of total energy, sodium at or below 2,000 mg per day, and no industrially produced partially hydrogenated oils (PHOs).

STANDARDS FOR FOOD GROUPS TO ENCOURAGE

- Food groups that have been well-established as contributing to healthier diets
- 100% of the products are assessed for compliance

STANDARDS FOR NUTRIENTS TO ENCOURAGE

Nutrients that have been identified as being commonly under-consumed in a given population. They can vary by market or region and are often called “shortfall nutrients”. contributing to healthier diets.

Guidelines on Sugar Content:

- WHO - 10% of total energy contribution
- The Healthy Choice Standards - Less than 4.5g/100g
- Beverages category for PepsiCo - 1g-7g/100 ml (assuming 1cc liquid weighs 1g)





Customer Satisfaction and GRM

We are committed to prioritising consumer satisfaction through our Consumer Response Program. This program is designed to swiftly address and resolve consumer concerns and grievances, ensuring a courteous and timely response. The mechanism employed by us fosters a consumer-centric approach, establishing a top-down commitment to building trust and enhancing transparency in addressing queries and concerns.

Consumers can lodge their complaints through the Toll-Free number available on product labels and crowns. The PepsiCo Consumer Response System (CRS) representative manages and organises these complaints, forwarding them to us through the Wilke portal. Our Plant team, along with the Consumer Care/Complaint Management System (CCMS) coordinator, reviews the auto-generated email containing relevant complaint details. The investigation involves collaboration between our Plant team, Regional Quality Coordinator (RQC), and CCMS coordinator. Customer Relationship Executives (CRE) promptly address the concerns reported.

A detailed analysis of each reported complaint is conducted by all plants, leading to root cause analysis. Corrective and preventive actions are implemented by the plant team, initiating an

improvement plan to prevent the reoccurrence of concerns and ensuring consumer satisfaction. This comprehensive approach reflects our commitment to continuous improvement and responsiveness to consumer feedback.

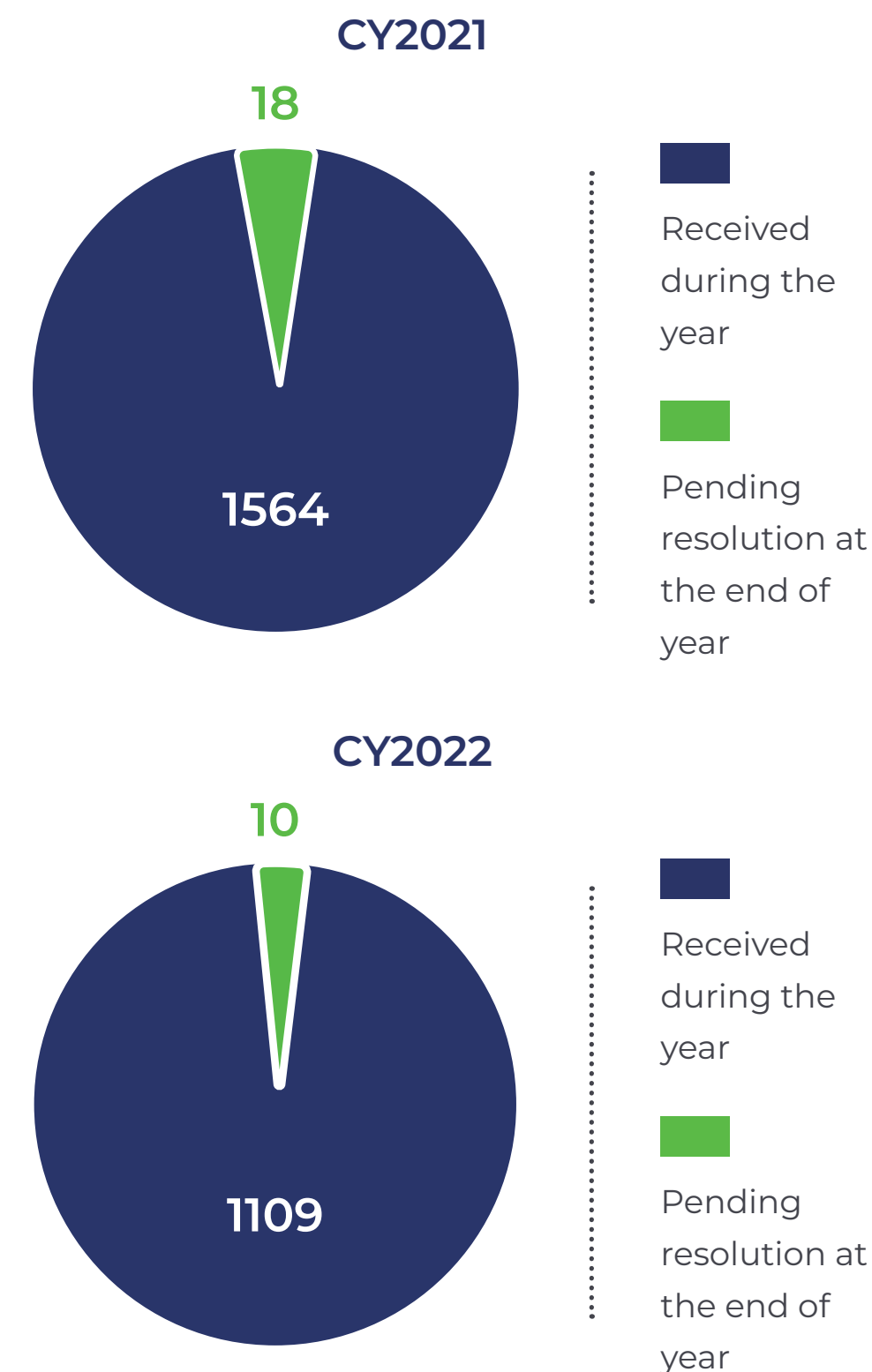
Feedback:

Feedback is sent to PepsiCo CRS team by CCMS coordinator, and Pepsi International (PI) Team connects and responds to consumers, subsequently on SOS basis. The complaints are tracked and reviewed monthly on the basis of its nature, flavour, category and plant.



We have registered no incidents of data loss, leaks or thefts of customer data in CY 2022

No. of Complaints Received Through PepsiCo Customer Care





Community Wellbeing

To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicates the activities to be undertaken by us as specified in Schedule VII of the Companies Act, 2013. The CSR Committee recommends the amount of expenditure to be incurred on the CSR activities and monitors the CSR Policy from time to time. Total community investments under CSR for CY 22 was Rs. 85.04 million.





Highlights



We have provided free education to 30,000+ underprivileged children till now



Upliftment of 16,000+ unemployed youth from marginalised families through various skill upgradation courses



10 Health centres in India and 1 in Nepal to improve and benefit society's economically weaker sections

Composition of CSR Committee

Name of Director	Designation / Nature of Directorship	Number of Meetings of CSR Committee Held During the Financial Year 2022	Number of Meetings of CSR Committee Attended During the Financial Year 2022
Mr. Ravi Jaipuria	Chairman (Non-executive Chairman)	2	2
Mr. Varun Jaipuria	Member (Executive Vice Chairman & Whole-time Director)	2	0
Mr. Raj Gandhi	Member (Whole-time Director)	2	2
Dr. Naresh Trehan	Member (Independent Director)	2	0
Ms. Rashmi Dhariwal	Member (Independent Director)	2	2

We create a positive impact through our CSR Initiatives and promote education, environmental sustainability, and rural development across different sections of the society.



Education

Setting up of Shiksha Kendra

Shiksha Kendra, a school for the under-privileged children, has been set up and is implemented by the Delhi Public School, Gurgaon (DPS). Since 2003, we have provided free education to 30,000+ children of economically weaker sections of the society through Shiksha Kendra, an initiative by DPS Society. All the infrastructure of DPS and other resources such as books, uniform and transportation is made available to the students of Shiksha Kendra. The key motive of the program is to assist under-privileged children to develop themselves into educated, confident and responsible citizens.

Work done:

- Provided free education to 30,000+ children
- Sponsored evening schools at Delhi Public Society for economically weaker sections



AARU Clinic

Mission

To provide free access to medical assistance, i.e., access to medical consultation, essential medicines, pathology and diagnostic tests to people in the community and villages close to the plants, with an aim to improve the overall health index of the communities.

Vision

To predominantly offer free healthcare support to the underprivileged and economically weaker sections of the society by providing easy access to medical care.

Our objective of AARU Clinic is to start Health Centers in rural areas where the manufacturing plants are located. This is a mark of our commitment to improve general health conditions of the under-privileged and benefit society's economically weaker sections. Till date, two such centres have been opened at Kosi and Bhiwadi.

Sustainable and Scalable Framework Through Pravah

Pravah Skill Development Center is an initiative aimed at upliftment of the youth and the society. Through the initiative 'Pravah', we provide a structured, sustainable and scalable framework to

the unemployed youth from marginalised families, adding them to the mainstream workforce.

The Center's mission is to train the maximum skilled workforce to meet domestic regional requirements of a growing economy and become a leading skill development center at a national level. The Center assists in empowering and enriching the learning process. Over 16,000+ students have successfully passed and benefitted from this initiative.

Courses Offered by Pravah Skill Development Center

- Computer Course: To acquaint students with basic knowledge of computers
- English Communication Skills: To help participants understand various aspects of communication and refresh their communication skills
- Fashion Designing: To train students to stitch all types of garments for men, women and children
- Job Assistance: To help students get placed in respective jobs through assistance in job placement
- Beauty Care: To give women an opportunity to pursue their interests



Community GRM

There is regular engagement with representatives from key neighbourhoods across India. Stakeholders suggestions can also be emailed to the Compliance Officer at complianceofficer@rjcorp.in at the time of resolving grievances. There were no complaints registered from the community for the past 2 years.



	CSR Project	No. of Persons Benefited from CSR Projects	% of Beneficiaries from Vulnerable and Marginalised Groups
01	Community Health Care under Aaru Clinics	997	100 % of the projects serve the beneficiaries who are from the underprivileged, marginalised, vulnerable and backward community of society.
02	Education for underprivileged children under the programme Shiksha Kendra	2498	
03	Skills development training under the programme Pravah	645	
04	Animal Welfare	Cannot be ascertained	
05	Maintenance of Public Green Spaces		
06	Water Management Initiatives		



GRI Index

Statement of Use

VBL has reported the information cited in this GRI content index for the period 1st Jan 2022 to 31st December 2022 in accordance to the GRI Standards.

GRI 1 Used

GRI 1: Foundation 2021





GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission		
				Requirement omitted	Reason	Explanation
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	3-4, 9	About the report, About VBL, Across the report			
	2-2 Entities included in the organisation's sustainability reporting	3-4, 9-10	About the report, Geographical presence, About VBL			
	2-3 Reporting period, frequency and contact point	3-4	About the report			
	2-4 Restatements of information	3-4	About the report			
	2-5 External assurance	3-4	About the report, DQS report			
	2-6 Activities, value chain and other business relationships	19-27	Highlights, Business Growth			
	2-7 Employees	105-120	Enhancing Human Capital			
	2-8 Workers who are not employees	105-120	Enhancing Human Capital			
	2-9 Governance structure and composition	33-52	None of the members are from under-represented social groups, Governance & leadership			
	2-10 Nomination and selection of the highest governance body	33-52	Governance & leadership			
	2-11 Chair of the highest governance body	33-52	Our chairman is a non-executive director, Governance & leadership			
	2-12 Role of the highest governance body in overseeing the management of impacts	33-52, 28-32	Governance & leadership, sustainability at VBL			
	2-13 Delegation of responsibility for managing impacts	33-52	Governance & leadership			

GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission		
				Requirement omitted	Reason	Explanation
General disclosures						
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	33-52, 28-32	Governance & leadership, sustainability at VBL			
	2-15 Conflicts of interest	33-52	Governance & leadership			
	2-16 Communication of critical concerns	33-52	Governance & leadership			
	2-17 Collective knowledge of the highest governance body	33-52	Governance & leadership			
	2-18 Evaluation of the performance of the highest governance body	33-52	Governance & leadership			
	2-19 Remuneration policies	33-52	Governance & leadership			
	2-20 Process to determine remuneration	33-52	Governance & leadership			
	2-21 Annual total compensation ratio	33-52	Governance & leadership			
	2-22 Statement on sustainable development strategy	5-8	Vice Chairman's Message			
	2-23 Policy commitments	33-52	Governance & leadership			
	2-24 Embedding policy commitments	33-52	Governance & leadership			
	2-25 Processes to remediate negative impacts	33-52	Governance & leadership			
	2-26 Mechanisms for seeking advice and raising concerns	33-52	Governance & leadership			
	2-27 Compliance with laws and regulations	33-52	Governance & leadership			



GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission		
				Requirement omitted	Reason	Explanation
General disclosures						
GRI 2: General Disclosures 2021	2-28 Membership associations	9	About VBL			
	2-29 Approach to stakeholder engagement	56-63	Stakeholder engagement & materiality assessment			
	2-30 Collective bargaining agreements	33-52, 105-120	Governance & leadership, Enhancing Human capital			
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	56-63	Stakeholder engagement & materiality assessment			
	3-2 List of material topics	56-63	Materiality Assessment: Our materiality matrix includes all our material issues, and they are integrated within the different sections of the SR			
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	19-27, 66-75	VBL Highlights, Business growth, Risk and opportunity sections of SR			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	19-27	VBL highlights, Business growth, Annual report			
	201-2 Financial implications and other risks and opportunities due to climate change	66-75	Risk and opportunity			
	201-3 Defined benefit plan obligations and other retirement plans	23-27, 105-120	Business growth, Enhancing Human Capital, Annual report			
	201-4 Financial assistance received from government	19-27	No share of any government in the shareholding structure, VBL highlights, Business growth, Annual report			

GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission Requirement omitted	Reason	Explanation
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	33-52, 105-120	Diversity Policy, under Governance & Leadership, Enhancing human capital			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	33-52, 105-120	Diversity Policy, under Governance & Leadership, Enhancing human capital			
	202-2 Proportion of senior management hired from the local community	33-52	Governance & Leadership, there are no senior management hiring from local community, though entire senior management is hired within India.			
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	150-153	Community Wellbeing, CSR Policy			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	23-27, 150-153	Business Growth, Community Wellbeing, Annual report			
	203-2 Significant indirect economic impacts	23-27, 150-153	Business Growth, Community Wellbeing, Annual report			
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		Percentage of material directly sourced from MSMEs/ small producers is given to be 5.70%. As a franchise partner to PepsiCo, we and all our suppliers abide by PepsiCo Code of Conduct. Furthermore, all our vendors are screened and approved by PepsiCo. Budget used INR 3487.07 million for MSMEs/ small producers.	The organisation's geographical definition of "Local". The definition used for "significant locations of operation"	Information unavailable/ incomplete	Definition of local, significant locations of operation is not specified



GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission Requirement omitted	Reason	Explanation
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	33-52	Whistleblower/ Vigil Policy, Governance & leadership, Anti-bribery and corruption policy			
	205-1 Operations assessed for risks related to corruption	33-52	Governance & leadership			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	33-52	Governance & leadership			
	205-3 Confirmed incidents of corruption and actions taken	33-52	Governance & leadership			
Anti-competitive behaviour						
GRI 3: Material Topics 2021	3-3 Management of material topics	33-52	Whistleblower/ Vigil Policy, Governance & leadership, Anti-bribery and corruption policy			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	33-52	Governance & leadership			
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	33-55	Tax policy, Tax strategy, Governance & leadership			
GRI 207: Tax 2019	207-1 Approach to tax		Tax strategy under Governance & leadership			
	207-2 Tax governance, control, and risk management	66-75, 33-55	Risk and Management, Tax strategy under Governance & leadership, Vigil mechanism policy			
	207-3 Stakeholder engagement and management of concerns related to tax	66-75, 33-55	Risk and Management Policy, Tax strategy under Governance & leadership, Vigil mechanism policy, Anti- bribery policy			

GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission Requirement omitted	Reason	Explanation
Tax						
GRI 207: Tax 2019	207-4 Country-by-country reporting		Financial statements are in the Annual report			
			Financial statements for all subsidiaries are available on our website. Refer Page 269 of Annual Report, Form AOC-1 for the country wise data.			
			Working on detailing of tax policy. Public Country- by-Country reporting is one of the main targets of this process. We expect to start communicating publicly Country-by-Country data within the next years			
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-32, 89-92, 56-63, 66-75	Sustainability at VBL, Waste management under Protecting the environment, Stakeholder engagement & materiality assessment, Risk & Opportunity,			
GRI 301: Materials 2016	301-1 Materials used by weight or volume					
	301-2 Recycled input materials used	89-92	Waste management under Protecting the environment			
	301-3 Reclaimed products and their packaging materials	89-92	Waste management under Protecting the environment			
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	79-81	Energy section under Protecting the Environment			



GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission Requirement omitted	Reason	Explanation
Energy						
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	79-81	Energy section under Protecting the Environment	Amount of energy consumed for heating, cooling and steam is not provided.	Information unavailable/incomplete	Overall electricity consumption is provided and not process wise bifurcation is shown as there are multiple interlinked processes which make it difficult to segregate the energy consumption
	302-2 Energy consumption outside of the organisation	79-81	Emissions section under Protecting the Environment, DQS Study			
	302-3 Energy intensity	79-81	Energy section under Protecting the Environment			
	302-4 Reduction of energy consumption	79-81	Energy section under Protecting the Environment			
	302-5 Reductions in energy requirements of products and services	79-81	Energy section under Protecting the Environment, Refer to page 54 of Annual Report			
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	64, 93-100	Operational Excellence, Water and wastewater management under Protecting the Environment			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	93-100	Water and wastewater management under Protecting the Environment			
	303-2 Management of water discharge-related impacts	93-100	Water and wastewater management under Protecting the Environment			
	303-3 Water withdrawal	93-100	Water and wastewater management under Protecting the Environment			

GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission Requirement omitted	Reason	Explanation
Water and effluents						
GRI 303: Water and Effluents 2018	303-4 Water discharge	93-100	Water and wastewater management under Protecting the Environment			
	303-5 Water consumption	93-100	Water and wastewater management under Protecting the Environment			
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics				Not applicable	While setting up new projects, VBL obtains the land allotted by government authorities after fulfilling all legal requirements and biodiversity norms relevant to the region.
	304-3 Habitats protected or restored	93-100	Water and wastewater management under Protecting the Environment		Not applicable	
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	82-88	Emissions section under Protecting the Environment, DQS Study			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	82-88	Emissions section under Protecting the Environment, DQS Study			
	305-2 Energy indirect (Scope 2) GHG emissions	82-88	Emissions section under Protecting the Environment, DQS Study			
	305-3 Other indirect (Scope 3) GHG emissions	82-88	Emissions section under Protecting the Environment, DQS Study			
	305-4 GHG emissions intensity	82-88	Emissions section under Protecting the Environment, DQS Study			
	305-5 Reduction of GHG emissions	82-88	Emissions section under Protecting the Environment, DQS Study			
	305-6 Emissions of ozone-depleting substances (ODS)			a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoro-methane) equivalent	Not applicable	There are no such ozone depleting substances released



GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission Requirement omitted	Reason	Explanation
Emissions						
GRI 305: Emissions 2016	305-6 Emissions of ozone-depleting substances (ODS)			b. Substances included in the calculation c. Source of the emission factors used. d. Standards, methodologies, assumptions, and/or calculation tools used.		
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions			a. Significant air emissions, in kilograms or multiples, for each of the following: i.NOx ii.SOx iii. Persistent organic pollutants (POP) iv. Volatile organic compounds (VOC) v. Hazardous air pollutants (HAP) vi. Particulate matter (PM) vii. Other standard categories of air emissions identified in relevant regulations b. Source of the emission factors used.	Information unavailable/incomplete	There are no such emissions recorded & reported

GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission Requirement omitted	Reason	Explanation
Emissions						
GRI 305: Emissions 2016				c. Standards, methodologies, assumptions, and/or calculation tools used		
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	64, 89-92	Operational Excellence, Waste Management under Protecting the Environment			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	89-92	Waste Management under Protecting the Environment			
	306-2 Management of significant waste-related impacts	89-92	Waste Management under Protecting the Environment			
	306-3 Waste generated	89-92	Waste Management under Protecting the Environment			
	306-4 Waste diverted from disposal	89-92	Waste Management under Protecting the Environment			
	306-5 Waste directed to disposal	89-92	Waste Management under Protecting the Environment			
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	136-143	Annual Report, Responsible supply chain in SR			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	136-143	Responsible Supply chain in SR, All our suppliers are screened through a comprehensive certification process by PepsiCo and VBL is committed to source raw materials as well as packaging materials only from the approved suppliers of PepsiCo.	Percentage of new suppliers screened using environmental criteria needs to be reported	Information unavailable/incomplete	We have not disclosed the no. of new vendors registered



GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission		
				Requirement omitted	Reason	Explanation
Supplier environmental assessment						
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	136-143	Responsible supply chain management in SR			
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	56-63, 105-120	ESOP Policy, Annual report, Enhancing human capital, Stakeholder Engagement & Materiality assessment,			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	105-120	Enhancing human capital			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	105-120	ESOP Policy, Annual report, Enhancing human capital			
	401-3 Parental leave	105-120	Enhancing human capital			
Labour/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	56-63, 105-120	Stakeholder engagement & materiality assessment, Enhancing Human Capital			
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	105-120	Notice period are provided into three categories i.e. 30 days, 60 days and 90 days as per the employee grade defined also notice period related to corrective bargaining are included in the agreements, Enhancing human capital section in SR.			

GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission		
				Requirement omitted	Reason	Explanation
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	56-63, 121-135	Stakeholder and Materiality assessment, Occupational health & safety, risk & management sections of SR. Occupational health & safety Policy.			
	403-1 Occupational health 403-1 Occupational health and safety management system and safety management system	105-120, 121-135	Enhancing Human Capital, Occupational health and safety			
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	121-135	Occupational health and safety			
	403-3 Occupational health services	121-135	Occupational health and safety			
	403-4 Worker participation, consultation, and communication on occupational health and safety	121-135	Occupational health and safety			
	403-5 Worker training on occupational health and safety	121-135	Occupational health and safety			
	403-6 Promotion of worker health	121-135	Occupational health and safety			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	121-135	Occupational health and safety			
	403-8 Workers covered by an occupational health and safety management system	121-135	Occupational health and safety section in SR, Annual Report			
	403-9 Work-related injuries	121-135	Occupational health and safety			



GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission		
				Requirement omitted	Reason	Explanation
Occupational health and safety						
GRI 403: Occupational Health and Safety 2018	403-10 Work-related ill health	121-135	Occupational health and safety			
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	105-120, 33-52, 56-63	Enhancing Human Capital, Governance and leadership, Stakeholder engagement & materiality assessment			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	105-120	Enhancing Human Capital			
	404-2 Programs for upgrading employee skills and transition assistance programs	33-52, 105-120	Governance and leadership, Enhancing Human Capital			
	404-3 Percentage of employees receiving regular performance and career development reviews	105-120	Enhancing Human Capital			
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	56-63	Stakeholder engagement & materiality assessment, risk and opportunity			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	105-120	Enhancing Human capital	b. Percentage of employees per employee category in each of the following diversity categories: iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	Information incomplete / not available	No bifurcation on individuals within the organization's governance bodies having other indicators of diversity (such as minority or vulnerable groups).

GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission Requirement omitted	Reason	Explanation
Diversity and equal opportunity						
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	105-120	Enhancing Human capital			
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	33-52, 105-120, 56-63	Governance & leadership, Enhancing Human capital, stakeholder engagement & materiality assessment			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	33-52, 105-120	Governance & leadership, Enhancing Human capital			
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	33-52, 105-120	Governance & leadership, Enhancing Human capital			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	33-52, 105-120, 136-143	Governance & leadership, Enhancing Human capital, Supply chain management			
Child labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	136-143, 33-52	Responsible supply chain management, Governance & Leadership			
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	136-143, 33-52	Responsible supply chain management, Governance & Leadership			
Forced or compulsory labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	136-143, 33-52	Responsible supply chain management, Governance & Leadership			
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	136-143, 33-52	Responsible supply chain management, Governance & Leadership			



GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission Requirement omitted	Reason	Explanation
Security practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	33-52	Governance & Leadership			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	33-52	Governance & Leadership			
Rights of indigenous peoples						
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples		No such incidents reported relating to violations involving the rights of indigenous peoples during the reporting period.			
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	105-120, 150-153	Enhancing Human capital, Community wellbeing			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	105-120, 150-153	Enhancing Human capital, Community wellbeing			
	413-2 Operations with significant actual and potential negative impacts on local communities	105-120, 150-153	Enhancing Human capital, Community wellbeing			
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	136-143	Supply chain management			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	136-143	Supply chain management			
	414-2 Negative social impacts in the supply chain and actions taken	136-143	Supply chain management			
Public policy						
GRI 415: Public Policy 2016	415-1 Political contributions	33-52	Governance and leadership			

GRI standard / other source	Disclosure	Page No. of SR	Location & Additional Content	Omission Requirement omitted	Reason	Explanation
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	136-143, 56-63	Supply chain management, Stakeholder engagement and materiality assessment,			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	144-149	Our Customer			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	144-149	Our Customer			
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics	136-143, 56-63, 33-52	Supply chain management, Stakeholder engagement & materiality assessment, Governance and leadership			
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	146-148	Product labelling under Supply chain management in SR			
	417-2 Incidents of non-compliance concerning product and service information and labelling	146-148	Product labelling under Supply chain management in SR			
	417-3 Incidents of non-compliance concerning marketing communications	146-148	Product labelling under Supply chain management in SR			
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	144-149	Annual report, our customers under supply chain management in SR			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	144-149	Annual report, our customers under supply chain management in SR			



BR. No. 50255790



Independent Assurance Statement

To the Management and Stakeholders of Varun Beverages Limited

DQS India has been engaged by Varun Beverages Limited to provide independent assurance over the Varun Beverages Limited – Sustainability Report CY 2022. The engagement took place from January to February and was concluded on 23rd February 2024.

Objectives

The objective of this assurance engagement was to independently express conclusions on underlying reporting processes and validate qualitative and quantitative claims, so as to limit misinterpretation by stakeholders and increase the overall credibility of the reported information and data.

Scope of Assurance

The assurance encompassed the entire report and focused on all figures, statements and claims related to sustainability during the reporting period January to December 2022. More specifically, this included:

- Statements, information and performance data contained within the sustainability report;
- Varun Beverages Limited management approach of material issues; and
- Varun Beverages Limited reported data and information as per the requirements of the Global Reporting Initiative (GRI) Universal Standards 2021

The assurance engagement was performed in accordance with a Type 2 assurance of the AA1000 Assurance Standard (AA1000AS v3), which consists of:

- Evaluating the company's sustainability framework and processes using the inclusivity, materiality, responsiveness and impact criteria of the AA1000 AccountAbility Principles (AA1000APS 2018), and
- Evaluating the quality of the reported sustainability performance information.

The report has been self-declared to be in accordance with the requirements of the GRI Universal Standards 2021.

Level of Assurance and Limitations

A moderate level of assurance under AA1000AS was provided for this engagement. Information and performance data subject to assurance is limited to the content of the sustainability report.

The assurance did not cover financial data, technical descriptions of buildings, equipment and production processes or other information not related to sustainability or already supported by existing documents, such as third-party audits or certifications and previous Varun Beverages Limited annual reports.

The assurance engagement is not a compliance audit and does not assess or evaluate compliance with applicable laws and regulations.

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Independence and Competences of the Assurance Provider

The DQS Group is an independent professional services firm that provides assurance on sustainability disclosures under the Global Reporting Initiative (GRI), Carbon Disclosure Project (CDP) and other specialized management and reporting mechanisms. Independent verifiers have not been involved in the development of the report nor have they been associated with Varun Beverages Limited sustainability program, data collection or strategic processes.

DQS Group ensures that the assurance team possesses the required competencies, maintains neutrality and performed ethically throughout the engagement. Further information, including a statement of impartiality, can be found at: www.dqsglobal.com.

The management of Varun Beverages Limited was responsible for the preparation of the sustainability data.


Assurance Methodology

The assurance procedures and principles used for this engagement were drawn from the International Standard AA1000AS and methodology developed by DQS, which consists of the following steps:

1. Identifying statements and data sets, which are classified according to the relevant data owners and the type of evidence required for the verification process.
2. Reviewing the Sustainability Report to determine whether the material topics identified during our procedures have been adequately disclosed.
3. Carrying out interviews with key functional managers and data owners to understand the process for collecting, collating and reporting the subject matter as per Global Reporting Initiative (GRI) Standards listed below–
 - Environmental Indicators: Material (301-1, 301-2, 301-3), Energy (302-1, 302-2, 302-3, 302-4, 302-5), Water (303-1, 303-2, 303-3, 303-4, 303-5), Biodiversity (304-3), Emissions (305-1, 305-2, 305-3, 305-4, 305-5), Waste (306-1, 306-2, 306-306-3, 306-4, 306-5), Supplier Environmental Assessment (308-1, 308-2):
 - Social Indicators: Employment (401-1, 401-2, 401-3), Labor/Management Relation (402-1), Occupational Health and Safety (403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10), Training & Education (404-1, 404-2, 404-3), Diversity & Equal Opportunity (405-1, 405-2), Non-discrimination (406-1), Freedom of association and collective bargaining (407-1), Child labor (408-1), Forced or compulsory labor (409-1), Local Communities (413-1, 413-2), Supplier Social Assessment (414-1, 414-2), Customer Health & Safety (416-1,416-2), Marketing and labelling (417-1, 417-2, 417-3), Customer policy (418-1)
 - Governance Indicators: Market Presence (202-1, 202-2), Indirect economic impacts (203-1, 203-2), Procurement practices (204-1), Anti-corruption (205-1, 205-2, 205-3), Anti-competitive behaviour (206-1)
4. Undertook analytical review of procedures, to support the reasonableness of the data during remote verification of data, on a selective test basis, for 31 VBL sites, through consultations with the site team and sustainability team.
5. Assessing the collected information and providing recommendations for immediate correction where required or for future improvement of the report content.

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Evaluation of the adherence to AA1000 AccountAbility Principles

Inclusivity – *People should have a say in the decisions that impact them*

The stakeholder identification and engagement process are well documented and implemented through the Varun Beverages Limited Sustainability program and the Report brings out key stakeholder concerns as material aspects of significant stakeholders. The report is considered to be in line with the principle of inclusivity. Therefore, it is recommended that Varun Beverages Limited should continue with the planned process of direct dialogue with the external stakeholders at determined intervals.

Materiality – *Decision makers should identify and be clear about the sustainability topics that matter*

The Report addresses the range of environmental, social and economic issues that Varun Beverages Limited and its stakeholders have identified as being of material importance. The identification of material issues has considered both internal assessments of impacts, risks and opportunities, as well as stakeholders' views and concerns. The Report fairly brings out aspects and topics and its respective boundaries for the diverse operations of Varun Beverages Limited. The report is considered to be in line with the principle of materiality.

Responsiveness – *Organizations should act transparently on material sustainability topics and their related impacts*

Varun Beverages Limited is responding to those issues that it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The organization and its stakeholders can use the reported information as a reasonable basis for their opinions and decision-making. The responses to material aspects are fairly articulated in the report, i.e. disclosures on Varun Beverages Limited policies and management systems including governance. The report is considered to be in line with the principle of responsiveness.

Impact – *Organizations should monitor, measure and be accountable for how their actions affect their broader ecosystems*

Varun Beverages Limited has implemented systems to monitor and measure its economic, environmental and social impacts. Identified impacts are incorporated into both stakeholder engagement as well as the periodic materiality assessment process. The sustainability report discloses impacts in a balanced and effective way, indicating both realized and unrealized goals. The report is considered to be in line with the principle of impact.

Evaluation of Data Quality

Nothing has come to our attention that causes us to believe that the performance indicators of Varun Beverages Limited within the scope of the assurance engagement are materially misstated. The processes for collecting and consolidating the data are structured in such a way as to enable independent verification.

Through a sampling procedure, the assurance team found that the sites were generally able to provide the required evidence and records to support their claims.

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Conclusion

On the basis of a moderate assurance engagement according to the above-listed criteria, nothing has come to our attention that causes us to believe that the disclosures within the scope of this assurance engagement are materially misstated.

On behalf of the assurance team

23rd February 2024

Bengaluru, India

Dr. Murugan Kandasamy

CEO & Managing Director

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