



Sustainability Report 2023
Varun Beverages Limited



GROW CONSISTENTLY.
SUSTAIN CONSTANTLY.

Contents

ABOUT THE REPORT

Grow Consistently, Sustain Constantly	01
About the Report, Scope and Boundary	02
Executive Vice Chairman's Message	04

CORPORATE OVERVIEW

Growing and Sustaining Our Numbers	06
Growing with the Fundamentals.	
Sustaining Our Organizational Prodigy.	10
Interplay of Growth and Sustenance	
Words from our Chairman	12
Growing Since 1990s Sustaining for Ages.	14
Growing Portfolio Sustaining Customer Delight.	16
Growing Footprints Sustaining Market Share.	18
Subsidiaries, Associates & Joint Ventures	20
Membership Associations & Business Relationship	21
Growing Credibility Sustaining Executional Excellence	22
Growing with Financial Sustenance	24
Guiding the Growth Sustaining the Momentum	32

SUSTAINABILITY REPORT

Consistent Actions for a Sustainable Tomorrow	34
Our ESG Team	36
Stakeholder Communication:	
Involving those who Matter Most	40
Materiality Assessment for Sustainable Action	42

Environment

Protecting the Environment	48
Replenishing Earth	50
Conserving Water:	
A Long-term Commitment to Sustainability	52
Water Bodies: Impact Assessment	54
Plastic Waste Management and Recycling	60
Enhancing Energy Performance	64
Sustained Climate Action: Reducing our Carbon Footprint	66
Sourcing with Care	72

Social Initiatives

Sustaining an Empowered Workforce	78
Employee Health & Safety	88
Augmenting Product Safety and Quality	92
Consumer Health and Nutrition	95

Governance

Upholding Sound Governance Standards	100
Information System and VBL Code of Conduct	112
Risk and Opportunities Management	114
CSR Initiatives: Making a Sustainable Difference	117
Sustainable Tax Practice: Furthering Our ESG Commitment	121

International Territories

Growing Beyond Boundaries - Sustaining Our Impact	126
Awards & Recognition	134
Corporate Information	135

GRI INDEX

GRI Index	136
GRI Assurance statement	147



Grow Consistently. Sustain Constantly.

At Varun Beverages Limited (VBL), we embrace growth as an enduring journey characterized by continual evolution. Our commitment to sustained growth is woven into the very fabric of our ethos, reflecting a profound dedication to sustained progress amidst change.

Through strategic expansions in both manufacturing capacity and geographic reach, we demonstrate our pursuit of operational excellence, poised to meet the dynamic needs of our diverse consumer base. With a diverse portfolio of non-alcoholic beverages, we extend our influence across borders, fostering meaningful connections between cultures and communities. Yet, our pursuit of growth is not just about expansion; it is deeply rooted in our commitment to sustainability. Anchored by principles of environmental stewardship, social responsibility, and corporate governance, every expansion undertaken by VBL is guided by a conscious effort to positively impact both the planet and society at large.

As our journey evolves, it is defined by the harmonious balance between expansion and responsible stewardship. Our actions today are driven by a commitment to shaping a better tomorrow for generations to come.



Read or download
the report at:
www.varunbeverages.com

About the Report, Scope and Boundary

As we embark on the second year of reporting our business performance alongside sustainability metrics, our commitment to cultivating sustainable practices and position it at the core of our business strategy remains resolute.

ESG: Our Approach

Being a responsible corporate citizen, we understand the long-term impact that diverse aspects may have on our business and the communities that we operate in as well as recognize the need to manage such issues for delivering higher value to our consumers. To achieve this, we actively engage with our consumers, employees, communities, government, and other stakeholders, enabling suitable handling of the issues and taking sustainable action.

Refer to Page 40 for more information on how we engage with our stakeholders.

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.

In presenting this information, we aim for comprehensive transparency, relying on the integrity and robustness of the disclosed data to provide consolidated insights. This report showcases our progress in communicating various sustainability initiatives to our stakeholders, symbolizing the

collaborative efforts within our organization to advance our sustainability goals. As we continue this journey, our team, in collaboration with leadership, has carefully reflected and consolidated our commitment and efforts toward sustainability.

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

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.

Reporting Guidelines and Principles

This report discloses the sustainability initiatives taken by Varun Beverages Limited across the identified material topics and captures their impact on our stakeholders. Our performance against such initiatives have also been measured and recorded. We have also gathered comprehensive data on the measures followed





by us as a responsible corporate citizen, a trusted beverage business, a people-centric organization, and a sustainability advocate.

We have also made disclosures of our data and processes in line with SEBI's new mandate through our Business Responsibility and Sustainability Report exclusive of our ESG report.

Details of it can be found in our Business Responsibility and Sustainability Report.

Content of the Report

We have identified 10 specific areas in which our ESG issues can be classified. These are Water Management, Carbon Footprint & Emissions, Product Safety & Quality, Consumer Health & Nutrition, Corporate Citizenship, Employee Health & Safety, Packaging Lifecycle Management, Business Performance, Corporate Governance, and Business Ethics.

Scope and Boundary of Reporting and Reporting Period

The Report covers financial and non-financial information and activities and its subsidiaries of Varun Beverages Limited for the period January 1, 2023 to December 31, 2023. This Sustainability Report 2023 with GRI Index is externally assured by an independent assurer, Deutsch Quality Systems (DQS) (India) Pvt. Ltd in accordance with:

ISAE 3000 (Revised): International Standard on Assurance

Engagements (Assurance on Non-Financial Information)

ISO 14064:2019 Part 3:

Specification with guidance for the verification and validation of greenhouse gas statements (Assurance Statement - Refer page no. 146).

The financial information has been audited by M/s. J.C. Bhalla & Co. and M/s. O.P. Bagla & Co LLP, our joint statutory auditors.

The reporting scope and boundary for our disclosures, unless otherwise stated, covers the operations of Varun Beverages Limited.

Geographies Covered

Our entire operations in India and International markets.



Executive Vice Chairman's Message

Dear Stakeholders,

Varun Beverages considers sustainability to be of utmost importance; not just as a crucial element to meet its regulatory requirements and propel business growth but also as a significant contributor to safeguard the planet and life on it. Our ESG principles, therefore, remain the guiding force behind the way we do business. We are proud to have consistently met our ESG goals in the past few years and remain committed to forge sustainable pathways for the future, in collaboration with our valued stakeholders.

Varun Jaipuria
Promoter, Executive Vice-Chairman and
Whole-time Director



Sustainable action has never been more critical. Today, the need for embracing sustainability transcends beyond - combating climate change and creating social equality - to foster innovation, build trust and steer long-term profitability. In this evolving business landscape, Varun Beverages, along with refreshing billions of consumers through its ever-expanding portfolio of beverages, prioritizes environmental stewardship, social responsibility and robust governance practices.

Together, these will help us meet our ESG Goals of optimizing carbon footprints, promoting social equity, and adding more value to our employees, vendors, suppliers and other stakeholders.

Grow Consistently. Sustain Constantly.

Growth and sustainability are mutually inclusive concepts at Varun Beverages; one cannot happen without the other. In this context, our business strategy and growth enablers are closely tied to our ESG priorities and its key pillars: Environmental Protection, Social Capital, Human Capital Development, Business Model & Innovation, and Leadership & Governance. Prioritizing the material aspects under each of these pillars help us to consistently focus on most significant sustainability issues and create long-term value for our stakeholders.

This report covers the sustainability initiatives taken and progress made in CY 2023 in detail. Flipping through the

pages will give you an insight on the processes initiated and actions taken across environment, social and governance aspects of our ESG policy. It also defines our plans for the future, establishing our ambitious goals to recycle plastic waste by 2025, achieve water positivity as well as improve our renewable energy share by 2030.

Demonstrating Environmental Stewardship

Refreshing billions of consumers comes with the responsibility to ensure that we leave minimum environmental footprints as we do so. As a responsible business, we take significant initiatives to optimize resource efficiency, reduce and manage waste and increase our share of renewable energy.

Reduce, reuse and recycle served as a key mantra across the value chain in CY 2023. Continued engagement with GEM Enviro Management Pvt. Ltd. built up awareness about waste

As a responsible business, we take significant initiatives to optimize resource efficiency, reduce and manage waste and increase our share of renewable energy.

management and pushed waste collection. In addition, alliance with Deutsch Quality Systems (India) Private Limited enabled measurement and improvement in the Company's carbon footprint and water footprint assurance.

Achieving water positivity through focused initiatives for water stewardship, including pond adoption, maintenance and rejuvenation, continued to remain a key priority during the year. This resulted in positive water recharge and reaped multiple benefits for the farmer community. Emphasis on responsible sourcing of raw materials from suppliers who follow PepsiCo's Global Supplier Code of Conduct also helped us to achieve desirable environmental and social impact.

Upholding Social Responsibility

Our deep-rooted commitment and care for our employees, contractors, and consumers reflects through a bunch of health, safety and quality measures that we took throughout the year. An ESG-linked incentive framework was implemented to steer our employees to follow sustainable practices and contribute to the Company's ESG goals. Consistent efforts towards building a safe, nurturing and inclusive work-environment supported by continuous training and development resulted in a culture of diversity, performance and growth. Equal efforts were placed towards boosting employee health and wellness.

Safety is paramount to us. DuPont Safety Solutions was engaged for implementing best practices in safety at all of our manufacturing plants in India. A robust safety strategy supported by an incident management system, continuous trainings, and strict vigilance has also been put in place to drive zero incidents at workplace. An Employee Passport and Contractor Safety

Management System further tracks and ensures contractor safety.

Manufacturing and distributing safe and high-quality products forms the core of our social responsibility. Year after year, we have successfully achieved this goal with our commitment to responsible and ethical sourcing and manufacturing practices; conformation with global quality standards; transparent product labelling; and sustainable marketing strategy. Persistent focus on aligning with the changing needs of our consumers have also inspired us to provide an assortment of product mix with healthier and low sugar beverage options for refreshment.

Robust Governance Practices

Our robust governance framework and well-structured policies and practices serve an instrumental role in driving ethical conduct, accountability and transparency within the system and all its stakeholders. We take pride in expanding the reach of our rigorous policies to include contractors and suppliers, prioritizing an ESG-centric approach. A crisis management team has also been formed and is regularly trained to ensure business continuity in case of an adversity. Our commitment to corporate governance has garnered many awards and accolades.

Our sustainability agenda includes uplifting the underprivileged and beneficiaries from economically weaker sections through initiatives that provide them better access to education, health and livelihoods. In the education sphere, we collaborated with Shiksha Kendra School to provide free education and related resources to 32,500+ underprivileged students.

Ten AARU Clinics in India and one in Nepal were set-up near our manufacturing sites with the objective of providing free healthcare services to marginalized communities

Our robust governance framework and well-structured policies and practices serve an instrumental role in driving ethical conduct, accountability and transparency within the system and all its stakeholders.

residing in the rural areas. 110,000+ beneficiaries received free medical assistance, medicines and underwent diagnostic tests under this initiative. Pravah, another initiative by VBL, empowered the unemployed youth through skill development and provision of sustainable livelihood opportunities. 17,000+ youth were trained under this initiative.

Paving the way for a Sustainable Future

For the world to become a better place, each of us needs to take consistent sustainable action. Our steadfast commitment to sustainability in the recent years is demonstrated through our initiatives and their significant impact. Through an indomitable spirit and continuous innovations, we aspire to steer our ESG journey further and inspire several others to pave the way towards a brighter, more sustainable future.

Together, let us make responsible decisions and take conscious action to protect our environment and create equal and consistent opportunities for the communities we live and operate in.

Warm Regards,

Varun Jaipuria

Promoter, Executive Vice-Chairman and Whole-time Director

Growing and Sustaining Our Numbers

Our operational excellence affirms our leadership in the beverage industry. Committed to sustained growth, we drive forward, fostering an inclusive stakeholder-driven culture.



PepsiCo's International Bottler of the Year 2022

Award received for operational excellence, strong governance principles, and sustainability endeavors



**1.4
Billion+**

Target Consumers

**3.8
Million+**

Retail outlets catered

**6
Countries**

Geographical presence

**₹32.64
Billion**

Capex



**13,500+
People**

Total employee count

**913
Million**

Cases sold*
(Grew by 13.9% in CY 2023)

40

State-of-the-art production
facilities around the globe

**₹21,018
Million**

Net profit (35.6% growth registered
compared to CY 2022)

100%

rPET (recycled plastic) bottle
Piloted

**1.54
Times**

Water usage ratio achieved
in CY 2023 (With a target of
1.40 in 2025)

**A unit case is equal to 5.678 liters of beverage
divided in 24 bottles of ~ 237 ml each*



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.





Growing with the Fundamentals Sustaining Our Organizational Prodigy

Varun Beverages Limited (hereinafter referred to as ‘we’ or ‘our’) occupies a prestigious position in the beverage industry as one of the largest franchisee of PepsiCo globally (outside the USA). With a diverse portfolio encompassing non-alcoholic, carbonated, and non-carbonated beverages, we serve nearly 1/6th of the world’s population through our extensive national and international presence.

About us

We have been maintaining a successful business association with PepsiCo over three decades. To expand our business further, we are increasing our number of licensed territories and sub-territories to produce and distribute a wider range of PepsiCo beverages. Currently, our operations span six countries across the Indian sub-continent and Africa, collectively serving over 1.4 billion customers.

Enduring Partnership with PepsiCo

32+
Years

Of business association

Accounting for
90%+

PepsiCo beverages sale volume in India

Demand creation and delivery

Based business model

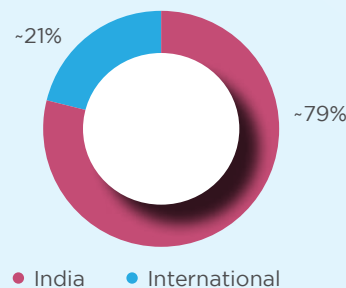
5 International countries

Presence across

Our primary market stronghold lies within India, where a substantial ~79% of our revenue originates, with the remaining earnings stemming from diverse international markets. Seeking to bolster our footprint within the African market, VBL has entered into a binding agreement to acquire 100% stake in The Beverage Company (Proprietary) Limited (BevCo) in South Africa for carrying out manufacturing and distribution activities and incorporated a new subsidiary ‘VBL Mozambique, SA’ in Mozambique to carry on the distribution business of beverages. Through these strategic endeavors, we aim to consolidate our standing and reinforce our market presence within the dynamic beverage industry.

Performance Indices

Contribution to Net Revenue



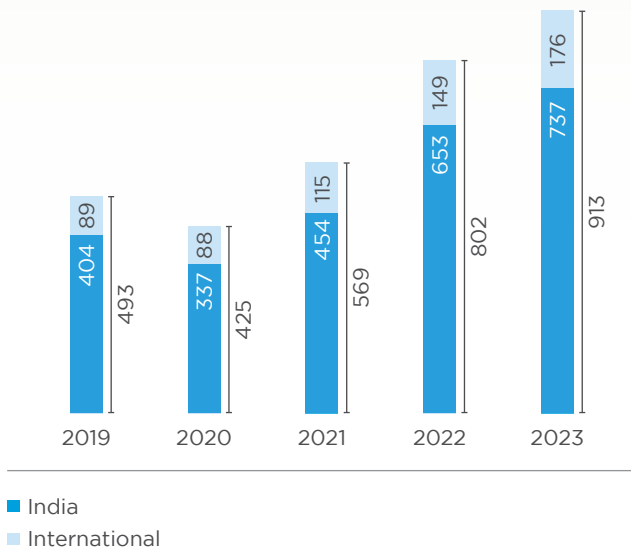
22.5%

Registered revenue CAGR between 2019-23



Growth in sales volume (In Million Cases)

2019-23 Sales Volume CAGR - 17%



Sustainability Ingrained

We elevate concepts such as commitment, growth, and sustainability to a level where they extend seamlessly to our surrounding environment and society. Within this sphere, every endeavor we undertake aims for inclusive growth, enriching both our organization and the broader community. This philosophy of holistic well-being serves as our guiding principle, anchoring us to our responsibilities and grounding our actions in the pursuit of collective prosperity.



Interplay of Growth and Sustenance

Words from our Chairman

Dear Shareholders,
It gives me immense pleasure to place before you the 29th Annual Report of the Company.

Ravi Jaipuria
 Promoter & Non-Executive Chairman



Overview of the Year

CY 2023 has been a year marked by healthy operational and financial progress for Varun Beverages Limited (VBL). Despite the abnormally high unseasonal rains in the peak season, we are pleased to conclude CY 2023 on a strong note. The performance is a testament to the resilience and adaptability of the Company in navigating dynamic market conditions.

One of the key objectives this year was to build upon the strong demand we experienced in CY 2022. To this end, we embarked on a strategic expansion program, commissioning multiple greenfield and brownfield facilities across India. Along with this, we also expanded our distribution network and chilling infrastructure. These strategic investments have not only fortified our manufacturing footprint but also opened avenues into previously untapped markets, allowing us to extend our reach and enhance our market presence.

The year saw us achieving an impressive YoY volume growth of 13.9%, reflecting the strong and consistent demand for our products. Our proactive approach in expanding our product portfolio, particularly with the addition of the energy drink ‘Sting’, and our endeavors in Dairy, Hydration, and Juice segments, have played a role in assisting this growth. Financially, the year was equally successful, with a healthy increase in our top line by

21.8%. Our EBITDA and PAT also saw strong growth of 29.5% and 35.6% respectively, underscoring our financial strength and operational efficiency.

Strategic Expansion and Future Initiatives

As we move into CY 2024, VBL continues to build on the strong operational foundation laid during the year. We successfully commissioned new production facilities at Bundi; Rajasthan and at Jabalpur; Madhya Pradesh, as well as expanded our capacity at six existing locations namely Pathankot, Kosi, Bharuch, Tirunelveli, Begusarai and Guwahati. The commissioning of multiple greenfield and brownfield beverage manufacturing lines in CY 2023 was a significant step in enhancing our operational capabilities. These expansions are vital for meeting increasing consumer demand and tapping into new market opportunities and have set the stage for our continued growth in the beverage industry.

Central to our expansion strategy for CY 2024 is the further development of manufacturing facilities, with a focus on adapting to evolving consumer preferences and market trends. We are particularly concentrating on increasing our production capacities in the juices and value-added dairy products segments. Moreover, an integral part of our growth strategy involves continuously strengthening our distribution network and chilling infrastructure. This is essential for enhancing our presence in existing and under-penetrated markets.

Sustainability Initiatives

At VBL, we are deeply committed to integrating sustainability into every aspect of our operations. Our approach to sustainability is comprehensive, addressing environmental, social, and economic dimensions. We strive to minimize our environmental footprint through initiatives such as investing in PET recycling, enhancing energy efficiency, and improving water conservation in our manufacturing processes. These efforts are not only part of our endeavor to achieve a net positive environmental impact but are also aligned with PepsiCo's global PEP+ objectives.

A highlight of this year's sustainability initiatives is our participation in a groundbreaking project with PepsiCo India. In a significant move towards environmental stewardship, PepsiCo India has introduced 100% recycled plastic PET (excluding label and cap) bottles for certain carbonated beverages. As a key partner of PepsiCo, VBL takes immense pride in actively participating in this transformative initiative.

Furthermore, our commitment extends to social responsibility. We engage in meaningful community development projects, focusing on education, health, and well-being, aimed at uplifting local communities and contributing to their sustainable development. Ensuring the well-being of our employees and fostering an inclusive, safe work environment is also a crucial part of our sustainability ethos.

Acquisition of the Beverage Company (BevCo)

This year represents a landmark achievement in our international operations, VBL has entered into a binding agreement to acquire 100% stake in The Beverage Company (Proprietary) Limited (BevCo) in South Africa. Valued at approximately ZAR 3 Billion (-INR 13.20 billion), the acquisition is a significant step towards expanding our presence in the African market. BevCo holds franchise rights from PepsiCo Inc. in South Africa, Lesotho and Eswatini, along with distribution rights for Namibia and Botswana.

This acquisition, which aligns perfectly with our strategic goals, offers an excellent opportunity to significantly enhance our presence in the African market — a region known for high demand for soft drinks and favorable demographics. The integration of BevCo into VBL's operations is expected to yield substantial synergistic benefits in the future.

Recognitions

This year, VBL has been distinguished with the prestigious title of "PepsiCo's International Bottler of the Year 2022". This esteemed recognition, which we are proud to receive for the second time, underscores our unwavering commitment to operational excellence, robust governance practices, and sustainability initiatives. The International Bottler of the Year award

from PepsiCo is the highest annual honor bestowed upon a bottling partner, acknowledging VBL's exceptional all-around market performance and our significant investments in enhancing operations and capabilities.

Dividend & Share-Split

At VBL, managing our business efficiently for the benefit of all stakeholders is a cornerstone of our philosophy. A critical element in delivering value to our shareholders and securing their long-term confidence is through a consistent and transparent return of capital. In alignment with this approach, our Board of Directors established a formal dividend distribution policy following the Company's listing in November 2016.

For CY 2023, adhering to the guidelines of this dividend policy, the Board of Directors recommended a total dividend of ₹ 2.50 per equity share with a face value of ₹ 5 each. This decision aligns with our commitment to consistent shareholder value creation and reflects our solid financial performance over the year.

Additionally, we decided to sub-divide/split the existing equity shares of VBL to broaden our shareholder base and increase the accessibility of our shares to a diverse range of investors. Each equity share, previously with a face value of ₹ 10 fully paid-up, were divided into two shares, each having a new face value of ₹ 5 fully paid-up.

Message to Stakeholders

As we reflect on this year's achievements, we extend our sincere gratitude to our stakeholders for their support and trust. Your confidence in VBL has been a driving force behind our success. As we continue to navigate through dynamic market environments, we remain committed to delivering sustainable growth and value. Our focus on innovation, strategic expansion, and sustainability initiatives is firm, and we are dedicated to upholding our standards of excellence. We look forward to a future of continued success and shared prosperity.

Vote of Thanks

We express our deepest appreciation to our shareholders, investors, bankers, and creditors for their support and belief in our vision. A special thanks to our dedicated employees, whose tireless efforts and commitment have been instrumental in our achievements. We are also immensely grateful to our Board of Directors for their guidance and strategic insights, helping steer the Company towards new opportunities and sustained growth. Your collective contributions have been invaluable in our journey, and we look forward to your continued partnership.

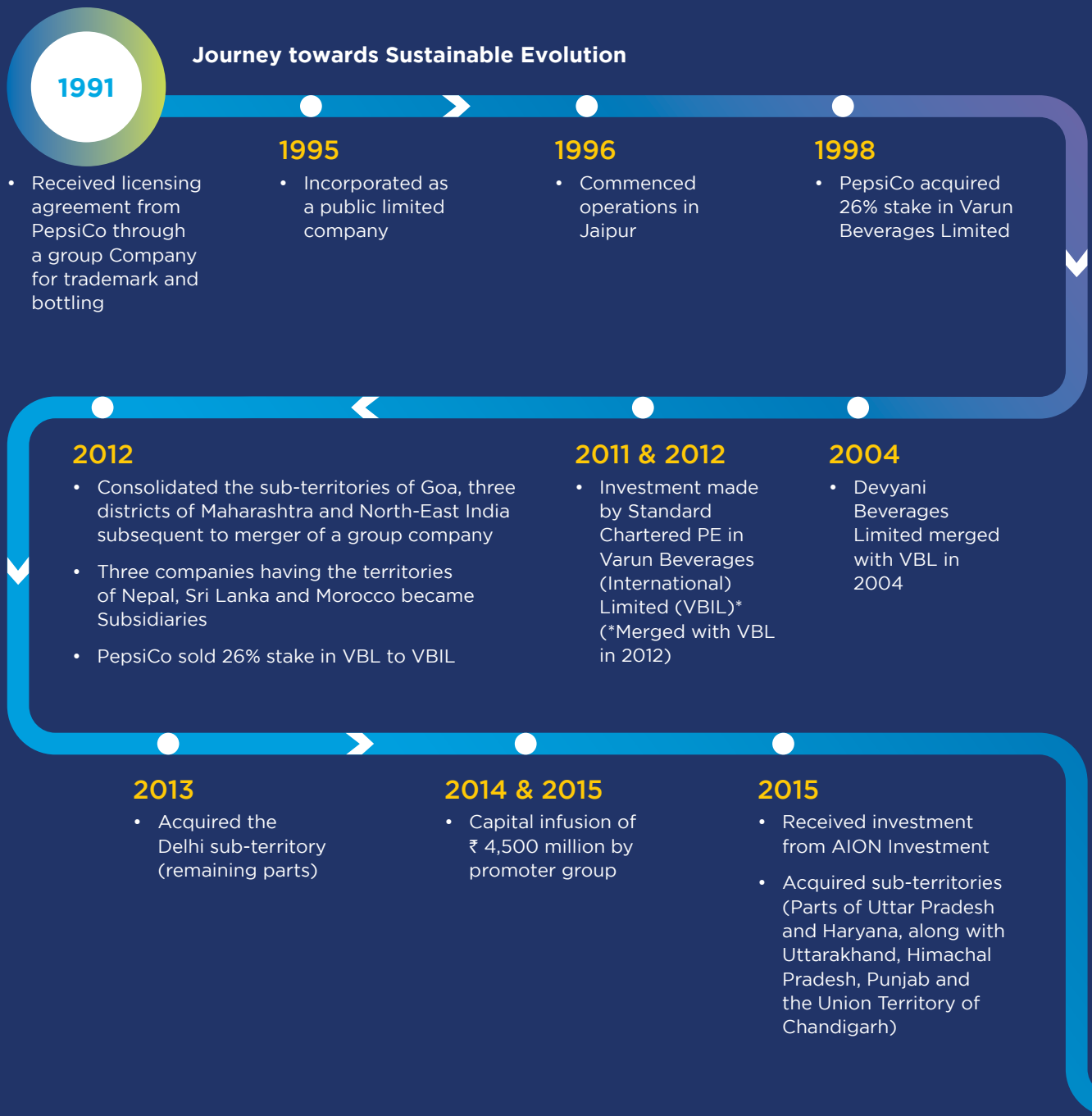
Warm regards,

Ravi Jaipuria

Promoter & Non-Executive Chairman

Growing Since 1990s Sustaining for Ages

Since our foundation in the 1990s, our focus at Varun Beverages Limited has always been on attaining sustained growth. Our journey is a testament to the importance we place on maintaining healthy relationships with our stakeholders. For over three decades, we have continually evolved, strategically curating every endeavor to deliver value both internally and externally. This approach allows us to maximize our reach and foster a culture of inclusive and sustainable growth.



2016

- Acquired 60% shareholding in Varun Beverages (Zambia) Limited
- Got listed on NSE and BSE

2017

- Acquired sub-territories across the States of Madhya Pradesh (certain parts) and Odisha
- Acquired the incremental 30% shareholding in Varun Beverages (Zambia) Limited

2018

- Acquired sub-territories in the State of Jharkhand, Chhattisgarh and Bihar
- Granted sales and distribution rights of Tropicana and Gatorade
- Set up a Greenfield production facility in Nepal and Zimbabwe

2022

- Entered into an agreement to distribute and sell Lays, Doritos and Cheetos for PepsiCo in the territory of Morocco
- Commenced commercial production of Kurkure Puffcorn at the manufacturing plant in Kosi, Uttar Pradesh for PepsiCo

2021

- Incorporated a new subsidiary – Varun Beverages RDC SAS in the Democratic Republic of Congo

2019

- Acquired sub-territories in the parts of Maharashtra (14 districts), parts of Karnataka (13 districts) and parts of Madhya Pradesh (3 districts)
- Acquired sub-territories across seven States*
- Entered into a binding agreement to acquire 100% stake in 'The Beverage Company (Proprietary) Limited', South Africa along with its wholly-owned subsidiaries ("BevCo")
- Incorporated new subsidiary - VBL Mozambique, SA, South Africa, to carry on the business of distribution

2023

*Gujarat, parts of Maharashtra, parts of Karnataka, Kerala, Tamil Nadu, Telangana and parts of Andhra Pradesh and five union territories of Daman & Diu, Dadra and Nagar Haveli, Puducherry (except Yanam), Andaman & Nicobar Islands and Lakshadweep

Growing Portfolio Sustaining Customer Delight

We are committed to enriching our portfolio with products poised for substantial scalability. To achieve this, we have meticulously organized our beverage line-up into 9 key categories, strategically curating global and regional brands with immense potential to scale. Our strategic focus revolves around product categories closely aligned with evolving consumer preferences, driven by burgeoning consumption trends.



Brands that Scaled the Vivid Consumer Preferences

Brands licensed by PepsiCo:

Carbonated Soft Drinks



Pepsi



Pepsi Black



Mountain Dew



Mirinda



7UP

Energy Drink



Sting



Sting Blue



Everess



Dukes

Club Soda

Carbonated Juice-based Drinks



7UP Nimbooz Masala Soda

Fruit Pulp/Juice-based Drinks

Lipton Ice Tea



Tropicana 100%



Tropicana Delight



Slice



7UP Nimbooz



Peach



Lemon

Sports Drink

Packaged Drinking Water



Gatorade Blue Bolt



Gatorade Lemon



Gatorade Orange



Aquafina



Aquavess

Value-added Dairy-based Beverages



Mango Shake



Belgian Choco



Kesar Badam



Cold Coffee



Elaichi



Rose



Butter Scotch

Growing Footprints Sustaining Market Share

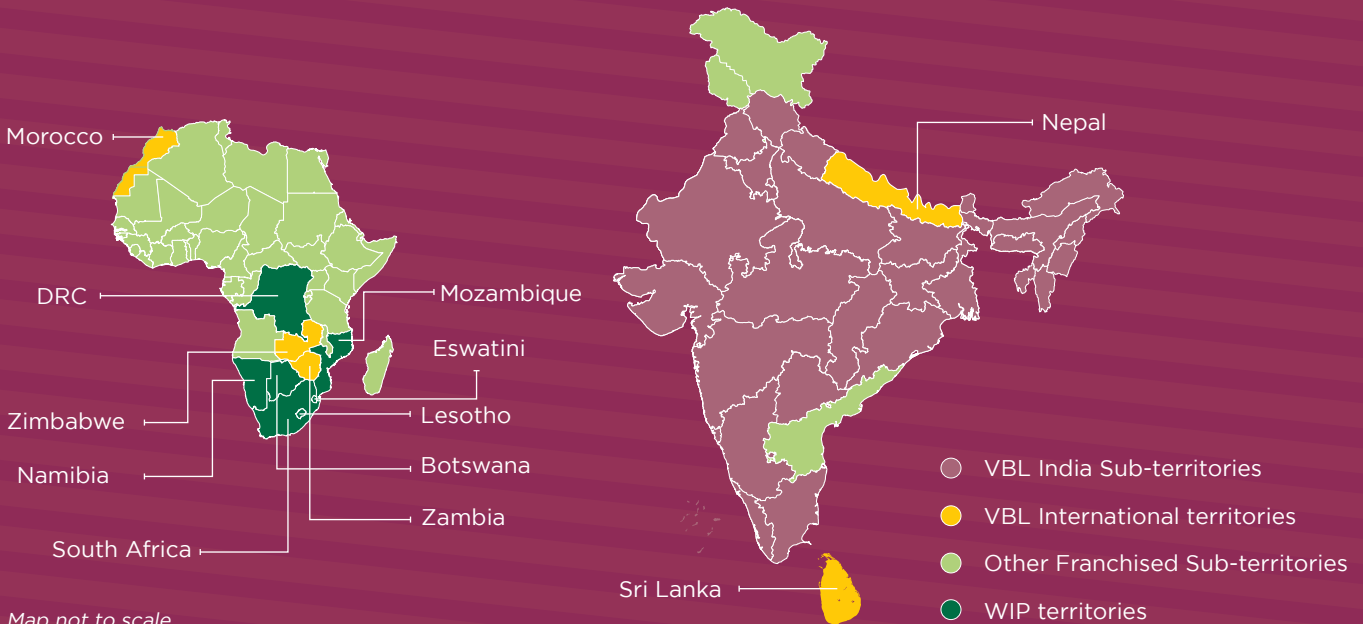
We have established our presence on the global stage, where our products possess favorable dynamics. India serves as our primary playing field, contributing significantly to our overall revenue share. In addition to India, we have successfully penetrated five other international markets, including neighboring Indian subcontinental countries such as Nepal and Sri Lanka, as well as African nations such as Morocco, Zambia, and Zimbabwe.

Continental Presence



Presence Across Sub-territories

- | | | | |
|---------------------|------------------|-------------------|------------------------------|
| 1 Punjab | 10 Manipur | 19 Madhya Pradesh | 28 Tamil Nadu |
| 2 Himachal Pradesh | 11 Mizoram | 20 Odisha | 29 Telangana |
| 3 Uttarakhand | 12 Nagaland | 21 Chhattisgarh | 30 Daman & Diu |
| 4 Delhi | 13 Tripura | 22 Jharkhand | 31 Dadra and Nagar Haveli |
| 5 Haryana | 14 Uttar Pradesh | 23 Bihar | 32 Puducherry |
| 6 Rajasthan | 15 West Bengal | 24 Sikkim | (except Yanam) |
| 7 Arunachal Pradesh | 16 Maharashtra | 25 Gujarat | 33 Andaman & Nicobar Islands |
| 8 Assam | 17 Goa | 26 Karnataka | 34 Lakshadweep |
| 9 Meghalaya | 18 Chandigarh | 27 Kerala | |



Continental Presence

While prioritizing geographical penetration, we also dedicate ourselves to fortifying local infrastructure, including manufacturing units and supply chains, to sustain business operations effectively. Throughout the year, we've successfully commissioned numerous greenfield and brownfield facilities across strategic geographies. Simultaneously, our distribution network and chilling infrastructure have undergone significant expansion. This concerted effort ensures streamlined business management and fosters extensive market reach.

Manufacturing Landscape

We have our manufacturing facilities strategically positioned throughout our operating regions.

40

State-of-the-art manufacturing facilities
(34 in India & 6 in international territories)

Enduring Partnership with PepsiCo

120+

Depots

2,400+

Primary distributors

2,500+

Owned vehicles

1,000,000+

Visi-coolers installed

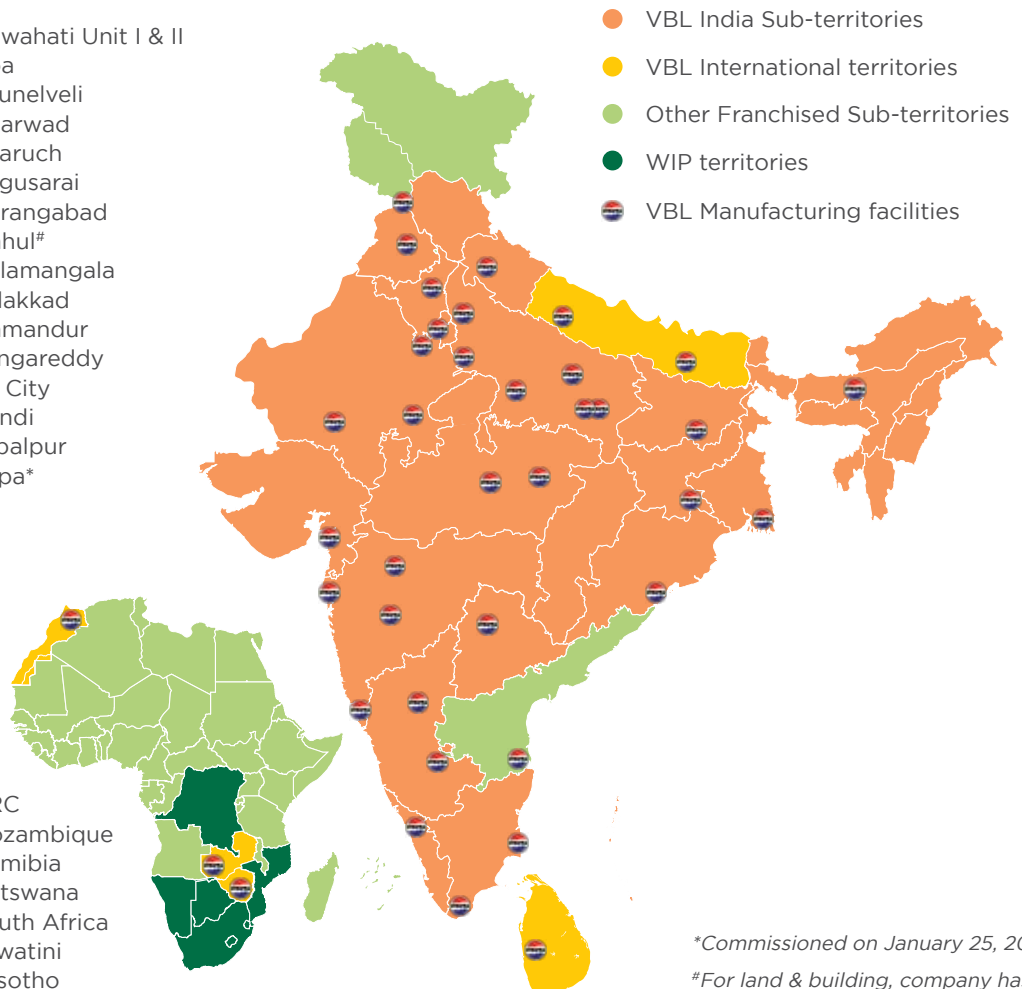
Manufacturing Facilities

India

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

International

- | | |
|-----------|--------------|
| Nepal I | DRC |
| Nepal II | Mozambique |
| Sri Lanka | Namibia |
| Morocco | Botswana |
| Zambia | South Africa |
| Zimbabwe | Eswatini |
| | Lesotho |



Map not to scale

^{*}Commissioned on January 25, 2024

[#]For land & building, company has short-term leasehold rights

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
Varun Beverages (Nepal) Private Limited	Subsidiary	100.00
Varun Beverages Lanka (Private) Limited	Subsidiary	100.00
Ole Springs Bottlers (Private) Limited (step-down subsidiary)	Subsidiary	100.00
Varun Beverages Morocco SA	Subsidiary	100.00
Varun Beverages (Zambia) Limited	Subsidiary	90.00
Varun Beverages (Zimbabwe) (Private) Limited	Subsidiary	85.00
Lunarmech Technologies Private Limited	Subsidiary	55.04
Varun Beverages RDC SAS	Subsidiary	99.90
Varun Beverages International DMCC	Subsidiary	100.00
IDVB Recycling Operations Private Limited	Joint Venture	50.00
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)
Federation of Indian Chambers of Commerce and Industry	National
PHD Chamber of Commerce and Industry	National
PET Packaging Association for Clean Environment	National
The Associated Chambers of Commerce and Industry of India	National
Action Alliance for Recycling Beverage Cartons	National
Confederation of Indian Industry	National



Growing Credibility Sustaining Executional Excellence

In our pursuit of sustaining executional excellence, every operational activity at Varun Beverages Limited is meticulously designed to enhance value for the business and its stakeholders. Our strategies are honed towards achieving operational excellence, driving efficiency and effectiveness across all facets of our operations. The symbiotic relationship we nurture with business associates empower us to thrive within the dynamic market landscape, leveraging synergies for mutual growth and success.

Driving Excellence Through

Robust Infrastructure

(Foundation that supports operational efficiency and growth)

Key Co-relation: Manufacturing

40

state-of-the-art production facilities
(34 in India & 6 in international territories)

Extensive Market Share Gain

(Significant expansion in market presence and influence)

Key Co-relation: In-Market Execution

**Experienced
region-specific
sales team**

**Path created for
reaching out to
every 6th person
in the world**

Sturdy Supply Chain

(Resilient network ensuring seamless flow of goods and services)

Sturdy Supply Chain

120+

depots

2,400+

primary distributors

2,500+

owned vehicles

Healthy Margin Expansion

(Sustained growth in profit margins indicating financial strength and stability)

Key Co-relation: Cost Efficiencies

**Production
optimization**

**Backward
integration
(3 exclusive +
10 integrated
plants)**

**Innovation
(Piloted 100%
rPET bottles)**

Excellent Demand Delivery

(Consistent and timely fulfillment of customer expectations)

Key Co-relation: Customer Engagement

Installed

1,000,000+

visi-coolers

VBL

**local level
promotion
and in-store
activation**

PepsiCo

**brand
development
& consumer
marketing**

Prudent ROE Expansion / Future Growth

(Increase in Return on Equity driving sustainable future expansion)

Key Co-relation: Cash Management

**Working capital
efficiencies**

**Disciplined
capex
investment**

**Territory
acquisition**

Symbiotic Relationship that Drives Synergy



PepsiCo - Demand Creation

- Trademarks
- Formulation through Concentrate
- Product & Packaging innovation through investment in R&D
- Consumer Pull Management (ATL) - Brand Development



VBL - Demand Delivery

- Production Facilities
- Sales & Distribution - GTM & Logistics
- In-outlet Management - Visi-Coolers
- Consumer Push Management (BTL) - Market Share Gains

Stakeholders Impacted



Consumers

Delivering wide range of carbonated and non-carbonated beverages to cater the dynamic demands



Investors

Providing best-in-class returns on investment to maintain the ecosystem of trust



Business Partners

Fostering an inclusive growth culture for all-round benefit



Employees

Providing growth opportunities to become the future leader



Environment

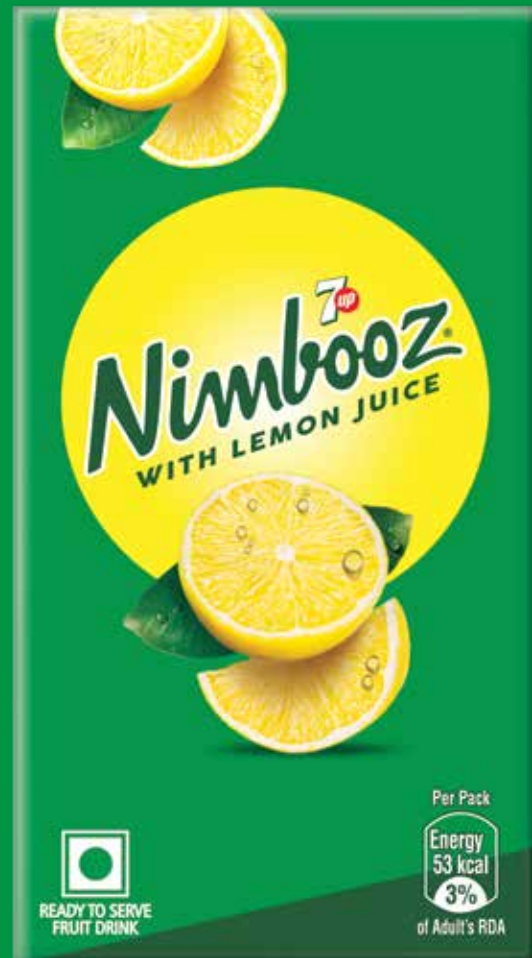
Adhered to prudent water management methodologies to offset the environment footprint

Growing with Financial Sustenance

We have posted prudent financial performance previously. CY 2023 is no exception to that as well. Despite the unprecedented rains in the peak season time, we have achieved a healthy revenue growth of 21.8% compared to CY 2022. The same is reflected in our PAT (Profit After Tax) that grew by 35.6% on a year-on-year basis. This growth is primarily driven by the robust consumption pattern among our consumers which ultimately contributed in gaining 13.9% and 7% increase in consolidated sales volume and net realization per case respectively.

Segment-wise Sales Volume

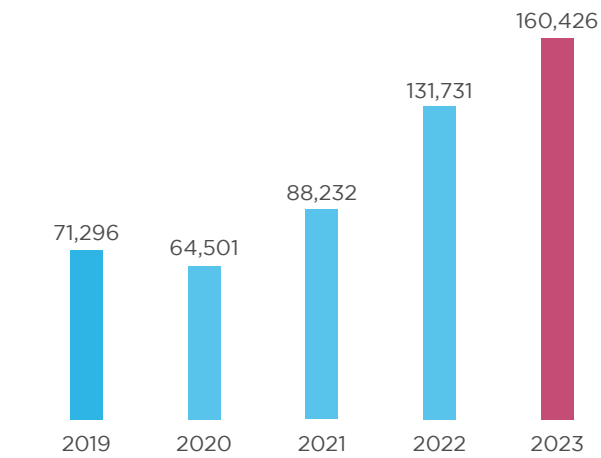
Segments	Carbonated Soft Drinks (CSD)	Juice Based Drinks	Packaged Drinking Water	Total
Sales Volume (Million-unit cases)	656	58	199	913
Share	72%	6%	22%	100%



5-Year Financial Highlights

Net Revenue

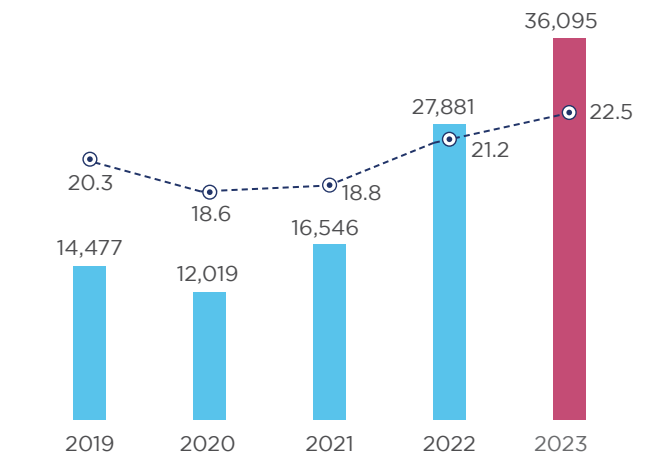
Compound Annual Growth Rate (2019-23): **22.5%**



(₹ in Million)

EBITDA and EBITDA Margin

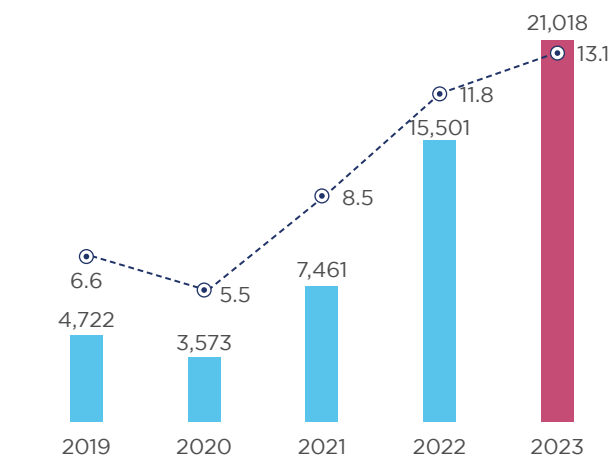
Compound Annual Growth Rate (2019-23): **25.7%**



(₹ in Million) --○-- (%)

PAT and PAT Margin

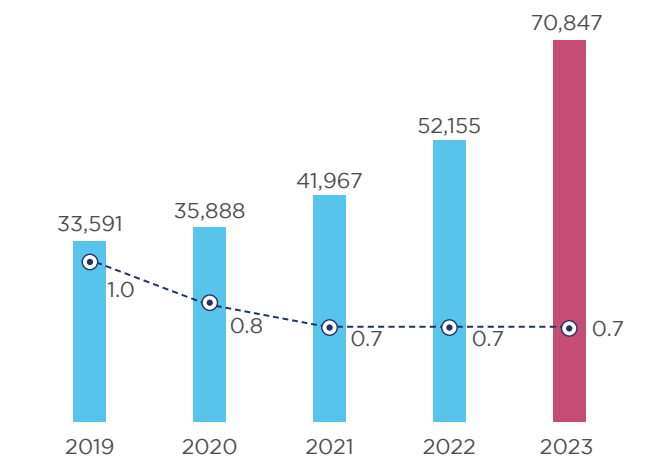
Compound Annual Growth Rate (2019-23): **45.2%**



(₹ in Million) --○-- (%)

Net Worth and Net Debt Equity Ratio

Compound Annual Growth Rate (2019-23): **20.5%**



(₹ in Million) --○-- (%)

Business Growth

Sustainable business growth is essential for long-term viability and success. It enhances financial stability and enables investments in innovation, technology, and skilled personnel. As revenues increase, we have greater capacity for research and development, ensuring competitiveness in a rapidly changing market. Growth also leads to economies of scale, reducing production costs and boosting overall efficiency.

Operationally, we are committed to exploring new product categories to stay ahead of market trends and evolving customer preferences. Notably, our energy drink, Sting, performed exceptionally well across various regions last year. Additionally, recent launches in the value-added dairy segment have received positive consumer feedback.

In summary, we are confident in our ability to achieve robust and sustained growth in the future. This confidence is based on our exceptional performance over the past year, the normalization of the market environment, and our expanded capacities to meet high demand expectations.

Economic Performance

Varun Beverages reports its financials on a calendar year basis. Given that the soft drinks business is seasonal, with the bulk of sales occurring during the summer season, it is best to track the Company’s performance annually. Revenues and profits follow a bell-curve with a significant portion accruing in the April-June quarter.

In CY 2023, VBL recorded a healthy performance, demonstrating notable growth across all key parameters. Despite the unusually heavy unseasonal rains during the peak season, the Company reported strong double-digit volume growth in both Indian and International markets. Consolidated sales volume saw a 13.9% increase, and the net realization per case rose by 7.0% in CY 2023. These factors collectively led to a revenue growth of 21.8% and an impressive PAT growth of 35.6%.

Net revenue from operations reached ₹ 160,425.8 Million, surpassing the ₹ 131,731.4 Million recorded in CY 2022. Total sales volumes for CY 2023 amounted to 912.9 Million cases, a notable increase from the 801.8 Million-unit cases in CY 2022. The Company registered double-digit growth in both its Indian and international operations, recording increases of 12.9%



in India and 18.0% internationally. CSD constituted 72%, JBD 6%, and Packaged Drinking water 22% of total sales volumes in CY 2023. The realization per case increased by 7.0% to ` 175.7 in CY 2023 driven by improvements in the mix of smaller SKUs (250ml) in the Indian markets and higher realization per case in the international markets.

During the fiscal year, gross margins increased by 137 basis points to 53.8% from 52.5%, primarily driven by the softening of PET chip prices, notwithstanding a slight uptick in sugar prices. Resultantly, due to the augmented realization per case and improved gross margins, EBITDA improved by 29.5% to ` 36,094.9 Million, accompanied by an improvement in EBITDA margins by 133 basis points to 22.5% in CY 2023.

Financial Input

₹ 70.85 Billion

Shareholders Fund

₹ 6.50 Billion

Equity

₹ 116.50 Billion

Operating Cost

₹ 51.89 Billion

Debt

₹ 32.64 Billion

Capital Expenditure

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	95.36



VBL India 2023 ESG Achievements

Economic Value Generated (Total Revenue- Net ED)	CY 2023	CY 2022
Direct Economic Value Generated (Refer note 1)	1,60,425.8	1,31,731.4
Economic Value Distributed	1,41,083.4	1,14,891.3
Employee Wages and Benefits	14,465.9	12,166.4
Operating Costs (Refer note 2)	1,16,504.7	97,763.3
Payments to providers of capital (Refer note 3)	4,954.5	3,485.1
Payments to Governments (Refer note 4)	4,988.9	1,383.9
Community Investments (CSR)	169.4	92.6
Economic Value Retained = Direct Economic Value Generated Less Economic Value Distributed	19,342.4	16,840.2

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.



Key Business Developments – 2023

1. South Africa territory M&A opportunity

- The Company has entered into a binding agreement to acquire 100% stake in the business conducted by The Beverage Company (Proprietary) Limited, South Africa along with its wholly-owned subsidiaries (“BevCo”), with an option to accept minority coinvestment from large equity fund, subject to regulatory and other approvals (if any) including but not limited to PepsiCo Inc. and Competition Commission South Africa.
- BevCo is engaged in manufacturing and distribution of licensed (PepsiCo Inc.) and own-branded non-alcoholic beverages in South Africa. It holds franchise rights from PepsiCo Inc. in South Africa, Lesotho and Eswatini. Additionally, it possesses distribution rights for Namibia and Botswana.
- BevCo’s own brands account for ~85% of total sales volumes. These includes a popular energy drink – “Reboost” - and the other CSD brands such as “Refreshhh”, “Coo-ee” and “Jive”.
- The proposed transaction, at an Enterprise Level, is valued at ~ZAR 3 Billion (~₹ 13.20 Billion; 1 ZAR = ₹ 4.4). BevCo achieved net revenue of ZAR 3,615 Million (~` 15.90 Billion) in FY 2023.

2. Formation of New Subsidiary in Mozambique:

- Incorporation of a new subsidiary, ‘VBL Mozambique, SA’, in Mozambique, South Africa to engage in the distribution of beverages.

3. Acquisition of stake in Lunarmech Technologies Private Limited:

- On October 16, 2023, the Company acquired 5.03% shareholding in Lunarmech Technologies Private Limited for a purchase consideration of ₹ 100 Million. Following the acquisition, the Company now holds 60.07% of the effective equity share capital of

Lunarmech Technologies Private Limited, which manufactures plastic closures for VBL.

4. Commencement of Commercial Production at 2 Greenfield facilities and Brownfield Expansion at 6 facilities:

- For CY 2023 season, the Company commissioned new production facilities at Bundi, Rajasthan and at Jabalpur, Madhya Pradesh, as well as expanded capacity at six existing locations namely Pathankot, Kosi, Bharuch, Tirunelveli, Begusarai and Guwahati.

5. Commencement of Commercial Production at Greenfield facility in CY 2024:

- Following the year ended December 31, 2023, the Company commenced commercial production, including backward integration, at its new greenfield production facility in Supa, Maharashtra.

6. Production of 100% rPET (recycled plastic) bottles for carbonated beverages:

- During the year, the Company introduced 100% recycled plastic (rPET) bottles for Pepsi Black in specific sub-territories. As a growth partner of PepsiCo, VBL takes immense pride in actively participating in this transformative initiative and collaborating to build a greener future for generations to come.

7. Credit Rating:

- In CY 2023, CRISIL (an S&P Global Company) reaffirmed the Company’s long-term rating for bank loan facilities as CRISIL AA+/Stable.

8. Awards & Accolades:

- During the year, VBL received the esteemed recognition of PepsiCo’s International Bottler of the Year 2022. This outstanding accomplishment further validates VBL’s dedication to operational excellence, strong governance principles, and sustainability endeavors.

2023 ESG Achievements

1.54 Liters

of water used per liter of beverage production (Improvement of -9% over 2022)

86%

Recycling of used PET bottles (6% points increase over 2022)

44%

Reduction of carbon emissions/liter over base year - 2020 (12% reduction over 2022)

~58 Million

units from renewable resources (-176% increase over 2022)

Aspirational goals for tomorrow



Water Positivity

Sustaining Water Recharge of more than **2.00x**

Reducing Water Usage Ratio from 1.92x in 2020 to **1.40x** by 2025



Plastic Waste Management

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



Carbon Footprint Reduction

Reducing Carbon Emissions per liter of beverage produced by **50%** by 2030 over base year - 2020



Enhancing Renewable Energy

Increasing contribution from Renewable Energy to **25%** by 2030 (Vs **7%** in 2020)

GHG Emissions (in MT)

Emissions	Units	CY 2023	CY 2022
Scope 1	tCO ₂ e	42,930	51,945
Scope 2	tCO ₂ e	210,408	224,446
Scope 3	tCO ₂ e	581,930	580,419
Total Emissions	tCO₂e	835,268	856,810

Parameters	Units	CY 2023	CY 2022
Plastic Generated	in MT	175,292	1,47,521
Plastic Recycled	in MT	150,982	118,392
% Recycled Against Total Generated		86%	80%

Parameters	Units	CY 2023	CY 2022
Hazardous Waste	in MT	1,426	1,152

	Units	CY 2023	CY 2022
Renewable Energy Generated	in Mn kWh units	58	21

Social Highlights

Number of Stakeholder Grievances (received and resolved) 22-23:

Stakeholder Grievances	Units	CY 2023	CY 2022
Total Stakeholder Complaints received	Nos.	1226	1707
Total Stakeholder Complaints Pending	Nos.	3	21

Turnover Rate

Turnover Rate	CY 2023		CY 2022		CY 2021	
	Male	Female	Male	Female	Male	Female
Permanent Employees	19%	15%	20%	18%	16%	27%
Permanent Workers	4%	0%	5%	3%	5%	3%

Total Employees	Units	CY 2023	CY 2022
Permanent Employees and Workers	Nos.	9973	8636
Non-Permanent Employees and Workers	Nos.	16845	14328
Total Employees and Workers	Nos.	26818	22964



Guiding the Growth Sustaining the Momentum



Ravi Jaipuria

Promoter & Non-Executive Chairman



He is the Promoter & Chairman of the Company and has over four decades of experience in conceptualizing, executing, developing and expanding food, beverages and dairy business in South Asia and Africa. He has an established reputation as an entrepreneur and business leader and is the only Indian Company's promoter to receive PepsiCo's award for International Bottler of the Year, awarded in 1997. He was also awarded the 'Distinguished Entrepreneurship Award' at the PHD Chamber Annual Awards for Excellence 2018.



Varun Jaipuria

Promoter, Executive Vice-Chairman and Whole-time Director



Mr. Varun Jaipuria is the Promoter & Executive Vice Chairman of the Company. He has been actively working with the Company since 2009 and has been instrumental in comprehensive development of Company's business including acquisitions and integration of acquired territories. Under his leadership, Varun Beverages was awarded PepsiCo's International Bottler of the Year in 2023 and Best Bottler in AMESA (Africa, Middle East and South Asia) sector in 2021 in recognition of Company's operational excellence, governance practices and sustainability initiatives. He attended Bachelor's degree program in international business from the Regent's University, London. He is a Harvard Alumni and had attended Program for Leadership Development (PLD), 2018-2019 batch from Harvard Business School, Boston.



Raj Gandhi

Whole-time Director



Mr. Raj Gandhi is working as Whole-time Director of the Company. Out of his total 43 years of experience, 31 years of experience is with the RJ Corp Group. He is instrumental in formulating company's strategy towards diversification, expansion, mergers and acquisitions, capex planning including capital/fund raising. He enjoys longstanding relationship with institutional investors and lenders. He is a qualified Chartered Accountant of 1980 batch and also did management program with Harvard Business School, Boston.



Rajinder Jeet Singh Bagga

Whole-time Director



He holds a master's degree in mechanical engineering from the Indian Institute of Technology, Kanpur. He has been associated with the Company since 1996 and is currently heading technical operations since 2003. He has an experience of 27 years with the Company in managing technical operations and execution of projects. Prior to this, he was associated with Eveready Industries India Limited for approximately 10 years and was last working in the capacity as their production manager.



Dr. Ravi Gupta

Independent Director



He holds a Bachelor's degree and a Master's degree in commerce from the University of Delhi. He also holds a Bachelor's degree in law from the University of Delhi, a diploma in labor law from the Indian Law Institute, a Master's degree in business administration from the Faculty of Management Studies, University of Delhi and a doctorate in philosophy for his thesis on 'Country Risk Analysis in Investment Financing Decision Making' from the University of Delhi. He was employed as an Associate Professor in the commerce department of Shri Ram College of Commerce, University of Delhi. He was appointed by the Government of India as a member of the committee constituted for simplification of Income Tax Act. He was also nominated by the government to the Central Council of the Institute of Chartered Accountants of India. He is Founder and President of Tax Law Educare Society, a non-profit making voluntary organization, with the main objective to educate general public and professionals on Taxation, Law and Allied Matters for last 15 years.



Sita Khosla

Independent Director



She holds Bachelor's of Arts degree from St. Stephen's College and LLB from the Faculty of Law, University of Delhi and is enrolled with the Bar Council of Delhi. She practices in the areas of corporate, contract and commercial laws since 1992. She has been involved in providing advice on a wide range of issues from company formation, corporate governance and regulatory compliance to mergers and acquisitions, corporate restructuring, joint ventures, foreign investments, exchange control regulations and securities laws. She has acted as India legal advisor to major players in the civil aviation sector including international commercial airlines, MRO organizations and ground handling operators in respect of their operations in India.



Rashmi Dhariwal

Independent Director



She holds a bachelor's degree in Arts from the University of Delhi and is a practising advocate at the Calcutta High Court since 1978. She is also the chairperson of a non-profit organization called Prayatn which provides education to underprivileged children. She has also worked in several leading firms in India including Khaitan & Co, Calcutta and Delhi, Mulla & Mulla, Mumbai and also in the Philippines.



Abhiram Seth

Independent Director



Mr. Abhiram Seth is a graduate in Economics from Delhi University and Masters in Management Studies from Jamnalal Bajaj Institute, Bombay University with specialization in marketing. He is the Managing Director of Aquagri since 2008 that is focused on promoting Aqua Agriculture through self-help groups amongst the coastal communities. He started his career with Hindustan Lever Limited in 1975 where he worked in the Sales and Marketing function and then moved on to the MGF group, where he looked after the industrial gases business. Since 1993, he was the Executive Director - Exports and External Affairs for PepsiCo India and in 2001, at PepsiCo he took on additional responsibility of driving the sustainability agenda and external affairs.



Anil Kumar Sondhi

Independent Director



Mr. Anil Kumar Sondhi is B.Tech from IIT Delhi and Master of Business Administration from Faculty of Management Studies, Delhi University. He has more than 45 years experience in the areas of Projects, Manufacturing & Technical operations of process industry. He has worked as Director - Projects, Director - Quality & Food Safety for PepsiCo India Holdings Pvt. Ltd., Chief of Technical Operations & Supply Chain for NourishCo Beverages Pvt. Ltd. (Tata PepsiCo JV) and Vice President - Operations of Safe Water Network. During the early years of career, he worked for manufacturing as well as projects for heavy chemicals like Acids, Oleums, Caustic Soda, Chlorine, Edible Oils, Fats and Calcium Carbide with Shriram Industrial Enterprises Limited.

Key Skills, Expertise and Competencies

- Leadership / Operations
- Strategic Planning
- Industry Experience, Technical, Research & Development and Innovation
- Global Business
- Finance & Legal
- Corporate Governance, Compliance & Risk Management

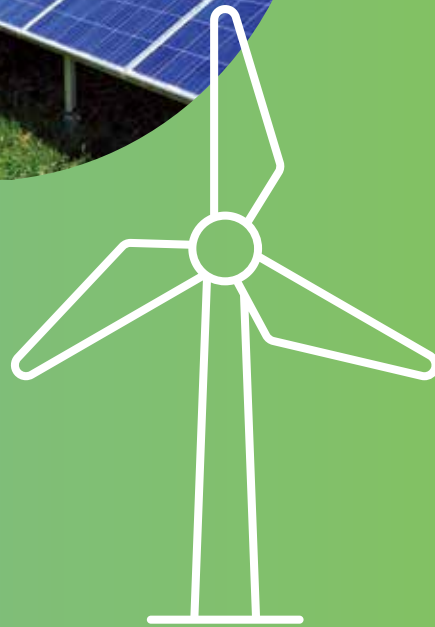
Consistent Actions for a Sustainable Tomorrow





Deeply embedded into our business ethos, sustainability is our guiding force. Over the years, we have intricately woven sustainable practices into the fabric of our diverse businesses and consistently fostered global partnerships to spearhead the transition towards a sustainable economy and society.

Consistent efforts during the year helped us to improve energy and water efficiency and recycle plastic waste, in alignment with our objective of achieving carbon positivity.



Our ESG Team

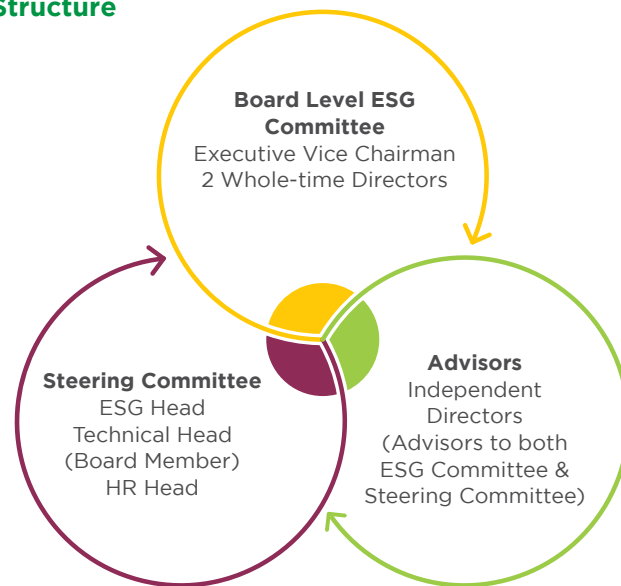
Synergy to sustain constantly

Environment, Social and Governance (ESG) is not just a consideration for us; it is our top priority. To sensitize and instill its importance within our businesses and their multifaceted aspects, our ESG team is handpicked and represented by people from diverse business functions across the organizational structure. Their extensive experience and varied exposure empower us to seamlessly navigate through the increasing demand for transparency and associated regulatory risks, alongside enhancing the effectiveness of our ESG efforts.

An ESG Committee, constituted by the Board, identifies the Company’s risks and opportunities, and charts VBL’s ESG journey, its reputation and its corporate responsibility. The Company’s existing strengths and capabilities as well as the existing gaps within the system, process and data is identified by the Steering Committee. Based on these, the Steering Committee develops a strategic ESG roadmap and executes it responsibly.

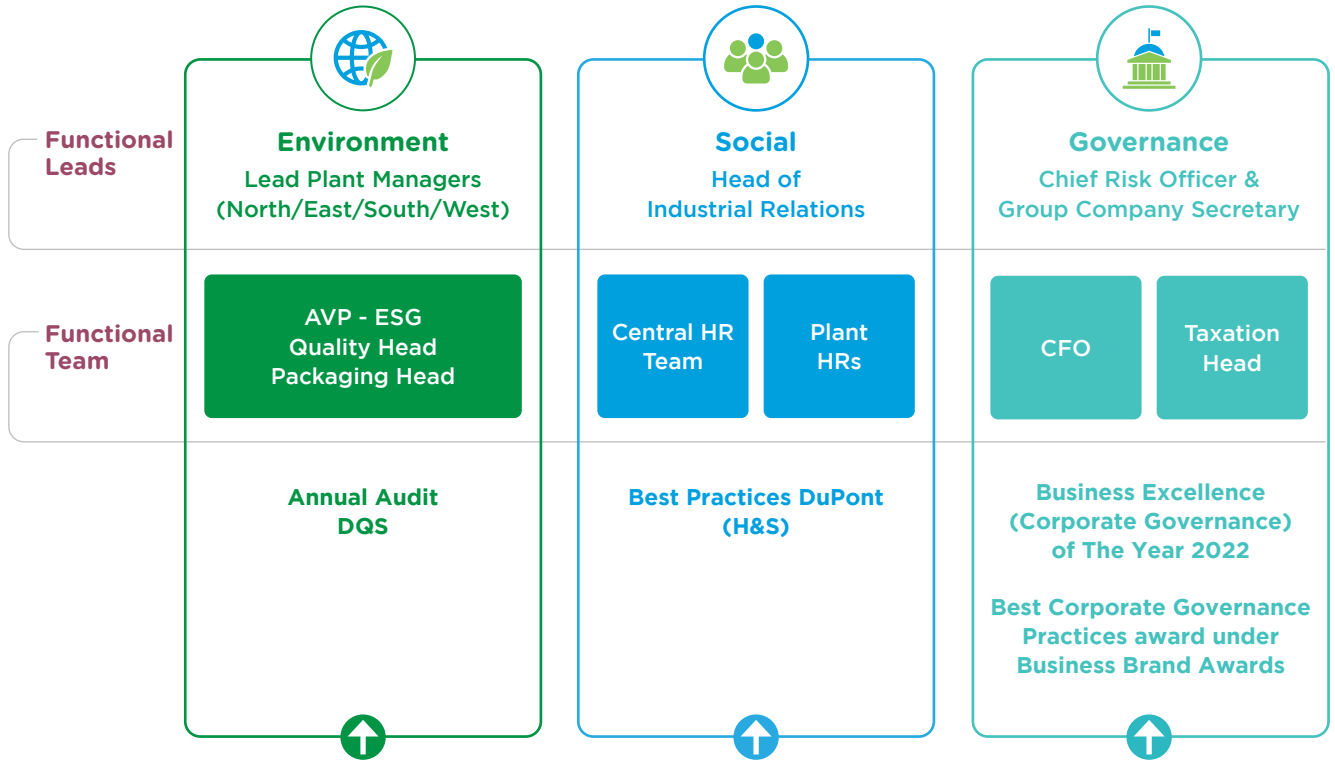
The ESG Committee holds a critical role in championing ESG principles within the organization. At the Board level, Vice-Chairman Mr. Varun Jaipuria, also a member of the ESG Board Level Committee, shoulders ultimate responsibility for overseeing the implementation of all the ESG initiatives including water stewardship, improving energy efficiency, waste management and water management strategy, ensuring its alignment with broader environmental objectives. Furthermore, the Board-level committee actively shapes strategic direction, oversees risk management, and fosters accountability for health and safety and diversity within the social pillar of ESG. Meanwhile, the Steering Committee assumes a pivotal role in executing and monitoring the water stewardship, improving energy efficiency, waste management, diversity and health & safety strategy. Their concerted efforts ensure the organization navigates challenges adeptly, mitigates risks, and upholds its commitment to sustainable practices. Through the collective dedication of both the Board-level and Steering Committee, the organization reinforces its pledge to responsible business practices and comprehensive sustainability across all facets of its operations.

ESG Structure



Overall Management: ESG Head & Investor Relations Head





Different Teams. One Goal.

At VBL, the unified objective of sustainable growth binds people from different teams and diverse functions. Together, they play a crucial role in the successful implementation of the Company’s ESG strategy and elevating its outcome. Backed by individual strengths and experiences, our unique taskforce enriches the ESG journey through their varied perspectives and expertise.

The cross-functional representatives collaborate to develop a shared understanding of the ESG strategy and concepts, formulate the foundation principles, and unanimously implement the ESG initiatives. The collective harmony paves way for uniform and seamless communication with our shareholders and accurate reporting to the regulators.

Strategic ESG Priorities

To mitigate the key challenges and make a positive, long-term difference to our people, planet and



businesses, we have identified four key areas of action - Environmental Protection, Inclusion & Diversity, Community and Governance. These comprise our strategic ESG priorities and guide us in our efforts to create a better world.

Our Mission

While refreshing billions of consumers with a vast portfolio of beverages touching all age groups, we shall ensure a sustainable ecosystem with a positive impact on our planet and well-being.

Key ESG Priorities





The ESG way of doing business

Embedding our ESG priorities into our daily processes and policies underscores our commitment to create a sustainable ecosystem for our stakeholders. Having made considerable progress on our ESG milestones in CY 2023, we have crafted an aspirational roadmap for the future. This includes our 2025 goals for reducing plastic waste and achieving water positivity and 2030 goals for reducing our carbon footprint and enhancing renewable energy.

2023 ESG Achievements

1.54 Liters

of water used per liter of beverage production (Improvement of ~9% over 2022)

86%

Recycling of used PET bottles (6% points increase over 2022)

44%

Reduction of carbon emissions/liter over base year - 2020 (12% reduction over 2022)

~58 Million

units from renewable resources (~176% increase over 2022)

Aspirational goals for tomorrow



Water Positivity

Sustaining Water Recharge of more than **2.00x**

Reducing Water Usage Ratio from 1.92x in 2020 to **1.40x** by 2025



Plastic Waste Management

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



Carbon Footprint Reduction

Reducing Carbon Emissions per liter of beverage produced by **50%** by 2030 over base year - 2020



Enhancing Renewable Energy

Increasing contribution from Renewable Energy to **25%** by 2030 (Vs **7%** in 2020)

Stakeholder Communication: Involving those who Matter Most

Consistent dialogues with our key stakeholders play an instrumental role in staying abreast and relevant to the current and evolving business needs, thereby creating a powerful strategy for collective and sustainable growth.

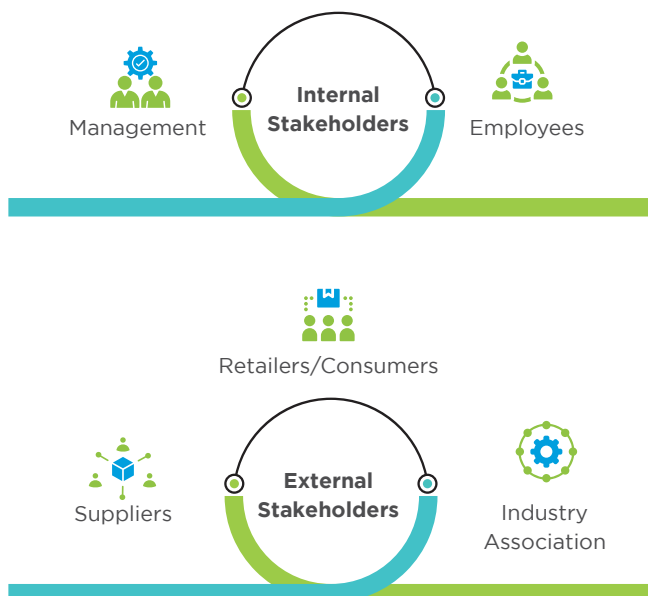
Safeguarding the interest of our stakeholders and creating sustained value for them is a priority at Varun Beverages. To ensure this and align our ESG strategy with their ever-changing needs, we encourage an open and honest communication with our key stakeholders. Ongoing conversations, other than paving way for mutual trust and respect, help us to make the right choices

and significantly contribute towards the advancement of a sustainable society and planet.

Five key stakeholder groups have been identified and engaged in materiality assessment. The groups comprise a healthy mix of internal and external stakeholders, capable of directly participating and influencing the Company’s decisions.

Separate communication strategies and engagement patterns with each stakeholder group have been thoughtfully chartered by the Deutsch Quality Systems, depending upon their accessibility and available time. A comprehensive list of ESG-related key issues and issue-wise improvement targets have also been set and communicated to the stakeholders.

Key Stakeholder Groups



- Identify and prioritize materiality issue by conducting a materiality analysis
- Deploy standard reporting frameworks to report impact
- Set realistic, clear and measurable goals with the help of industry standard framework
- Ensure that the sustainability strategy is well-aligned with the business goals
- Engage teams and empower them to make decisions based on sustainability strategy



Stakeholder	Engagement Pattern	Key Concerns	Frequency of Engagement
 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 communications, Employee engagement activities, Webinars	Occupational Health & Safety Freedom of Association Diversity & Inclusion Talent Management Community Engagement Employee Engagement & Development Human Rights & Fair Labor Practices	Need Based
 Suppliers	Individual and broad-based communications, Supplier trainings, assessments, and remediation processes	Product Safety & Quality Human Rights & Fair Labor Practices Responsible Sourcing Sustainable Agriculture Packaging Lifecycle Management Regulation & Taxation Environmental Stewardship Diversity & Inclusion	Need Based
 Retailers/ Consumers	Surveys, Corporate websites, Marketing activities & communication, Social media	Product Labelling 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 Labor Practices Sustainable Initiatives	Annually

Materiality Assessment for Sustainable Action

With the objective to identify material aspects crucial to our overall performance and sustainability impact; moreover, shift our focus on key ESG areas in line with our business goals, a materiality assessment was conducted by the Company. The assessment was aligned with the GRI principles and conducted in collaboration with Deutsch Quality Systems (DQS).

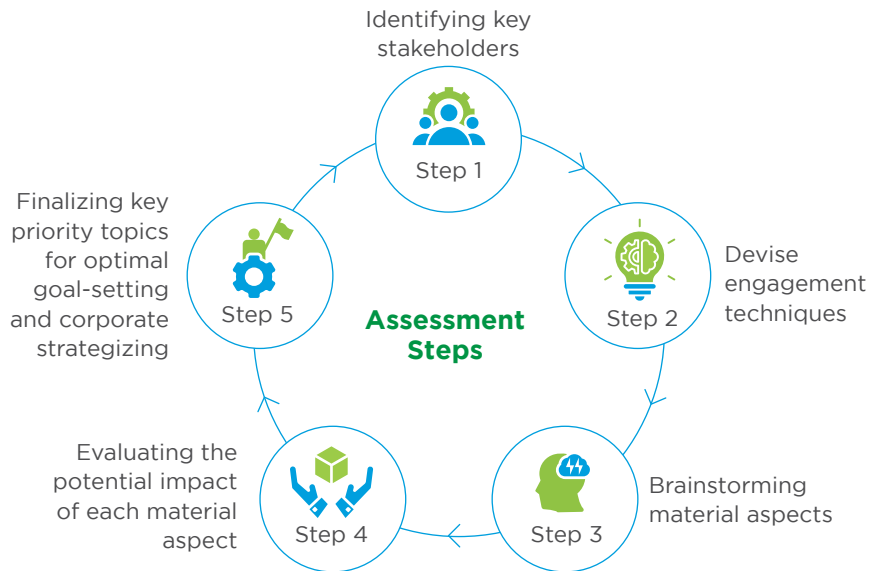
About DQS

DQS India is an internationally reputed independent field expert and the Indian subsidiary of DQS Holding GmbH, one of the leading Management System Certification, Assessment and Training organizations globally.



Key Goal

Determining economic, social, and environmental aspects material to the Company.



Consistent Re-evaluation

The evolving business landscape and changing stakeholder concerns warrant recurrent re-evaluation of material topics to ensure that they remain consistent with the latest corporate goals and industry demands. In view of this, we are committed to hold continuous dialogues with our stakeholders and realign the material aspects periodically.

Finalizing Material Aspects: The Process

VBL, in collaboration with DQS, took a two-pronged approach to

conclude the material aspects – stakeholder engagement and impact assessment. Once the five key stakeholder groups were identified, they were diversely engaged and surveyed. This fructified in developing an understanding about the material aspects that were most significant for each group. 29 metrics of these were selected to assess their potential impact on our businesses. The metric and material aspects may however change over time depending upon different internal and external factors.

The 5 Pillars of Material Aspects: VBL’s ESG Focus Areas

The identified material aspects can be distinctly divided into 5 categories in alignment with GRI and United Nations Sustainable Development Goals (UNSDG’s). At VBL, we call it the ‘5 pillars of material aspects’ – Environmental, Social Capital, Human Capital, Business Model & Innovation, and Leadership & Governance.

A comprehensive review of various materiality assessments conducted within the beverages industry has been crucial in the selection process.



Environmental

- Water management
- Carbon footprint
- Energy management
- Waste management
- Ecological impact

UNSDG's Catered to:



Social Capital

- Product safety and quality
- Consumer health and nutrition
- Corporate citizenship
- Human rights and fair labor practices
- Product labelling
- Responsible marketing
- Sanitation and hygiene
- Data privacy and information security
- Rural livelihood and generation

UNSDG's Catered to:



Human Capital

- Employee health and safety
- Diversity, equity and inclusion
- Employee engagement and development
- Talent recruitment and retention

UNSDG's Catered to:



Business Model & Innovation

- Packaging lifestyle management
- Business performance
- Responsible sourcing
- Supply chain management
- Innovation and R&D
- Sustainable agriculture
- Resource use and conservation

UNSDG's Catered to:



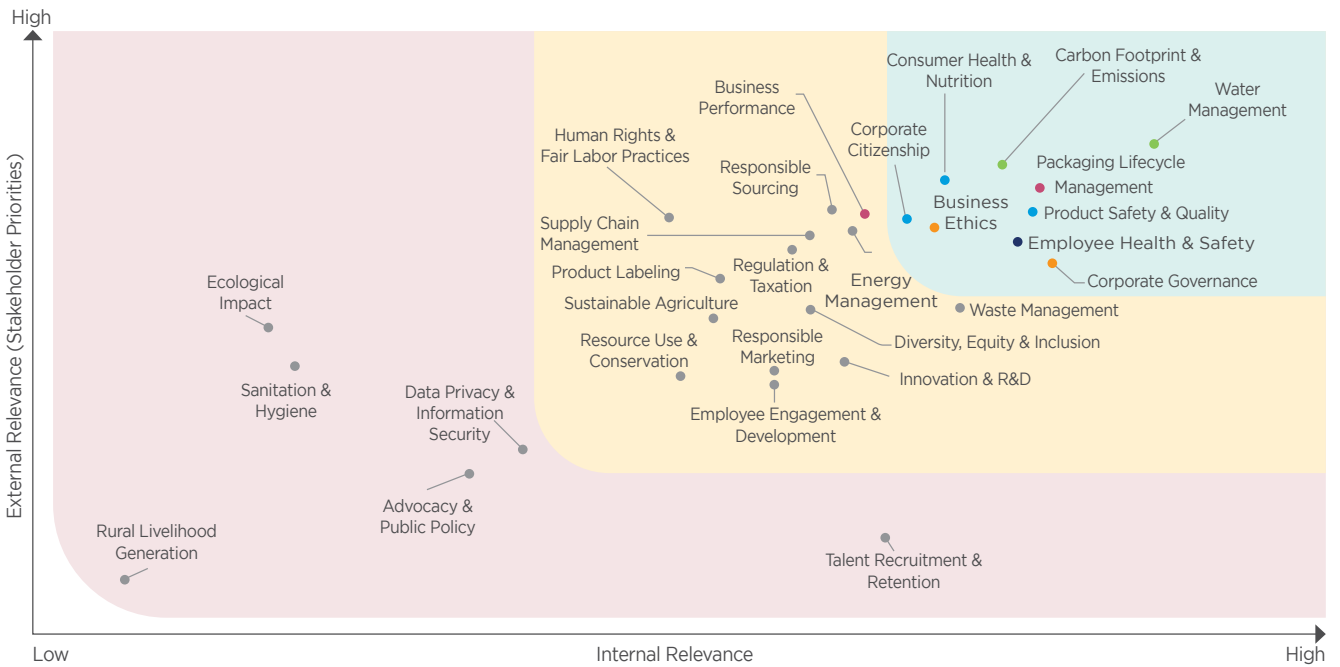
Leadership and Governance

- Corporate governance
- Business ethics
- Regulation and taxation
- Advocacy and public policy

UNSDG's Catered to:



Materiality Matrix



Ranking

Pillar	Material Aspects	Ranking
Environmental	Water Management	1
	Carbon Footprint & Emissions	2
Social Capital	Product Safety & Quality	4
	Consumer Health & Nutrition	5
	Corporate Citizenship	9

● Environment ● Social Capital

Pillar	Material Aspects	Ranking
Human Capital	Employee Health & Safety	6
Business Model and Innovation	Packaging Lifecycle Management	3
	Business Performance	10
Leadership & Governance	Corporate Governance	7
	Business Ethics	8

● Human Capital
● Business Model and Innovation
● Leadership and Governance



Environment



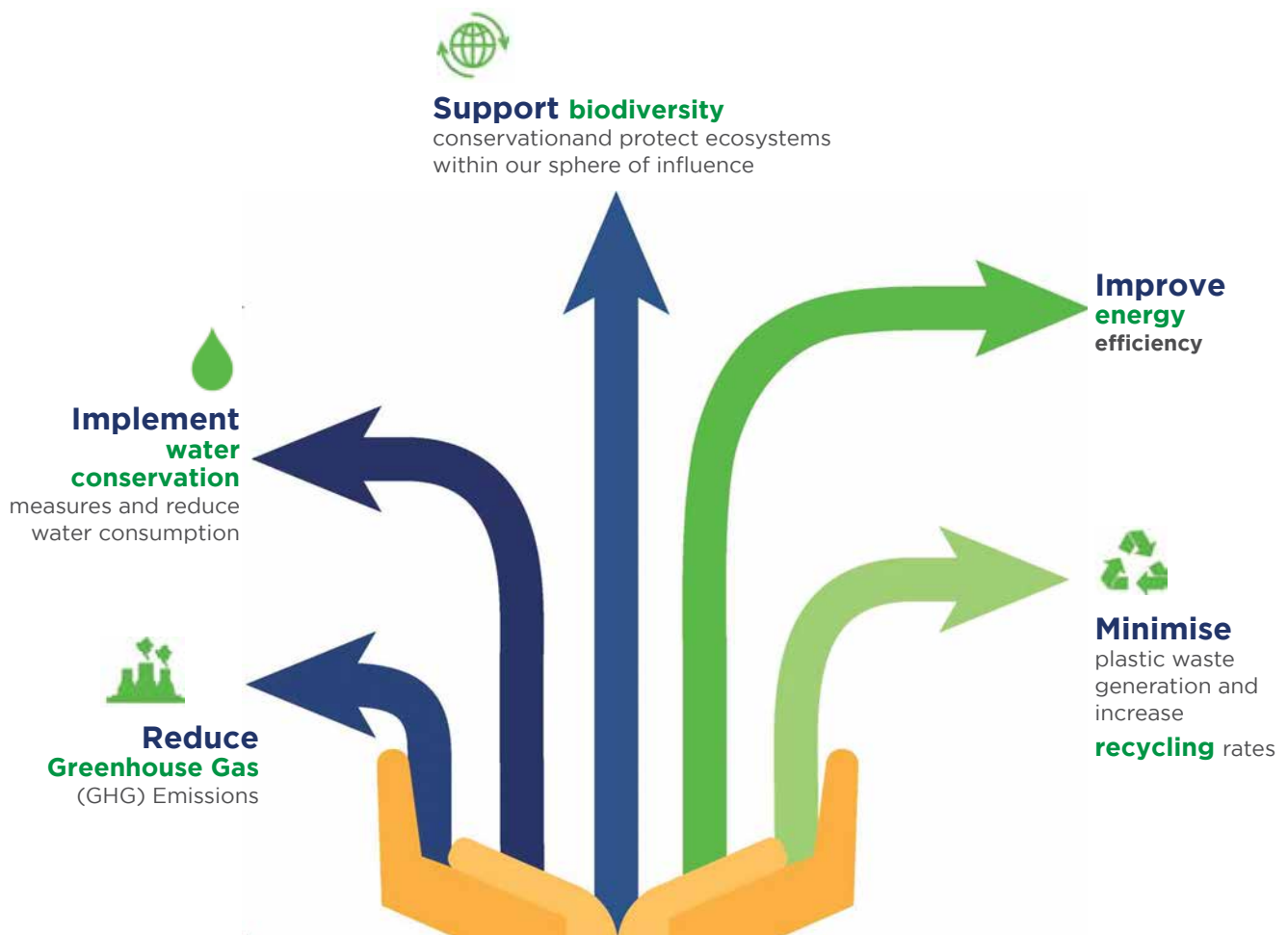


Protecting the environment

At VBL, environmental preservation is a core priority. We are steadfast in our commitment to maintaining the highest environmental standards and best practices across all our activities. This dedication includes vigilant monitoring, transparent reporting of our environmental performance, and conducting regular environmental audits.

Our proactive engagement with stakeholders reflects our commitment to building trust and collaborating on environmental issues. We are dedicated to minimizing our environmental footprint while maintaining operational excellence. To achieve this, we have implemented a variety of initiatives and mitigation strategies that underscore our commitment 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
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
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
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



Replenishing Earth

Water is vital for existence. Unarguably, one of the most precious gifts on Earth, it demands responsible management and preservation.



India receives adequate rainfall every year. Most of the rainwater freely flows back into the ocean without adding much to the Earth's groundwater level. Being an environmental steward, Varun Beverages takes assorted measures to harvest rainwater and replenish the groundwater table.



We remain committed to enhance the water recharge levels in proportion to our growth in volume. It will be steered through key emphasis on reducing the water usage adding to the water bodies and strengthening our portfolio of ponds for rejuvenating, maintenance and upkeep.



It has been our constant endeavor to recharge double the water than we consume in producing our beverages, nurturing sustainable balance in Earth's underground reservoirs.

What we achieved:

12.95 Bn Liters of water recharged in CY 2023 against 6.39 Bn Liters consumed (2.02 times recharged in CY 2023)

Our target:

Sustain/surpass **2.0** times of Water Recharge: Water Drawn

Conserving Water: A Long-term Commitment to Sustainability

Worldwide, water levels are depleting. Swelling global population, rapid economic development, urbanization and climate change are straining the natural balance in water bodies, calling for urgent and sustainable action. As a beverage company that values an individuals’ entitlement to water, we focus on optimizing water efficiency, treating wastewater effectively, rejuvenating fresh water sources, and replenishing more water than we consume in manufacturing of beverages.

Key Highlights 2023

1.54 Liters
of water per 1 liter of final product for beverage production (~9.0% Improvement since 2022)

2.02 times
Water Recharge Ratio

12.95 Billion
Liters Water replenished in 2023

124
Water Bodies adopted & maintained

Water Conservation: Key Focus Areas

We have identified four core areas to realize our water conservation goals. They are:



Rainwater harvesting



Adoption and maintenance of ponds & check dams



Wastewater management



Process improvements

Focused Initiatives for Water Stewardship

Reduce. Reuse. Recycle.

The triple-sided strategy focused on reduce, reuse, and recycle forms the cornerstone of our water management and conservation strategy. Key measures include reducing water consumption per liter of beverage produced and cutting down wastage; improving water efficiency through reuse and multiple process improvements; and rainwater harvesting to recycle and replenish groundwater levels.

Additionally, freshwater demand in perennially water-stressed areas is being actively managed by VBL without putting further burden on the underground reserves.

Concentrated efforts are also being made to minimize the negative impacts of water on the environment, ecosystems and human health. 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.

Staying Water Positive

Sustainable water management fosters meeting the current water needs while ensuring adequate water reserves for our future generations. Aligned with this, we are committed to remain water positive and replenish more water than we consume. In 2023, we consumed only half of the replenished water for production.

The Right to Clean Water

For every living thing to enjoy access to clean water, we must use it responsibly. In this context, we are fostering water resilience and making extensive efforts towards reducing water usage and increasing efficiency across our value chain.

Wastewater Management

It’s our responsibility to ensure that the water discharged from our plants back into the ecosystem is of sufficient quality. To fulfil this, 100% of the water discharged from all VBL’s manufacturing facilities across India is treated in effluent treatment plants.



33
Total manufacturing plants in India as of CY 2023

Categorization done by “Central Ground Water Authority”

26
Plants are categorized as Safe/Semi-Critical/ Use Surface Water

7
Plants categorized as ‘Critical’ or ‘Over exploited’

Contribution made to overall production

84%
Plants are categorized as Safe/Semi-Critical/ Use Surface Water.

Out of the 33 plants in India, 7 plants fall in “over-exploited” / “critical” category of Central Ground Water Authority of India which contributed only 16% of total production in CY 2023. The balance 26 plants contributed ~84% of the total production in CY 2023.

Water Audit

To monitor our water footprint and validate our efforts and outcome towards water stewardship, water audit is regularly conducted by DQS India. All products at all our manufacturing plants in India are covered under the scope of this audit.

Audit Report Key Findings

	Water consumption (In Billion Liters)	Beverage production (In Billion Liters)	Water usage ratio	Water recharge (In Billion Liters)	Water recharge ratio	No. of water bodies adopted
CY 2019	4.12	2.12	1.94 times	7.22	1.75 times	103
CY 2020	3.74	1.95	1.92 times	10.19	2.72 times	108
CY 2021	4.86	2.57	1.89 times	11.10	2.28 times	110
CY 2022	6.32	3.72	1.70 times	12.79	2.02 times	116
CY 2023	6.39	4.14	1.54 times	12.95	2.02 times	124

Strategic Drivers for Achieving Water Sustainability in 2023

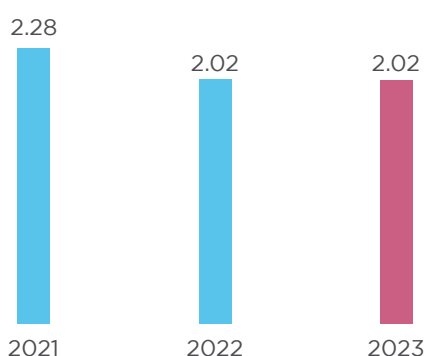
Positive water recharge	Reducing water usage
12.95 Billion Liters rainwater recharged back to ground	Implemented process improvements such as:
Adopted 118 ponds and 6 check dams	Connected all filters (ACF/PSF) for water recovery
47% ponds rejuvenated in water-stressed zones	Optimized drainage timing 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
	Completed Air Scoring across all manufacturing plants

Continuing Water Efficiency

(In Million Liters)

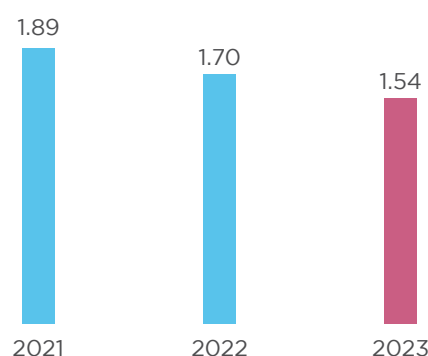
	CY 2023	CY 2022
Water withdrawal by source		
(i) Surface water	1,826	1,928
(ii) Groundwater	4,571	4,393
(iii) Third-party water	-	-
(iv) Seawater/desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (i + ii + iii + iv + v)	6,397	6,321
Total volume of water consumption	4,143	3,728
Water intensity per rupee of turnover (Water consumed/turnover)	0.033	0.035
Water intensity (Liters of water consumed per liter of beverage produced)	1.54	1.70

Water Recharge Ratio[^]



[^]Total water recharged per liter of water consumed

Water Usage Ratio^{*}



^{*}Liters of water consumed per liter of beverage produced

Target sustain above 2.00

Target 2025 min. 1.40

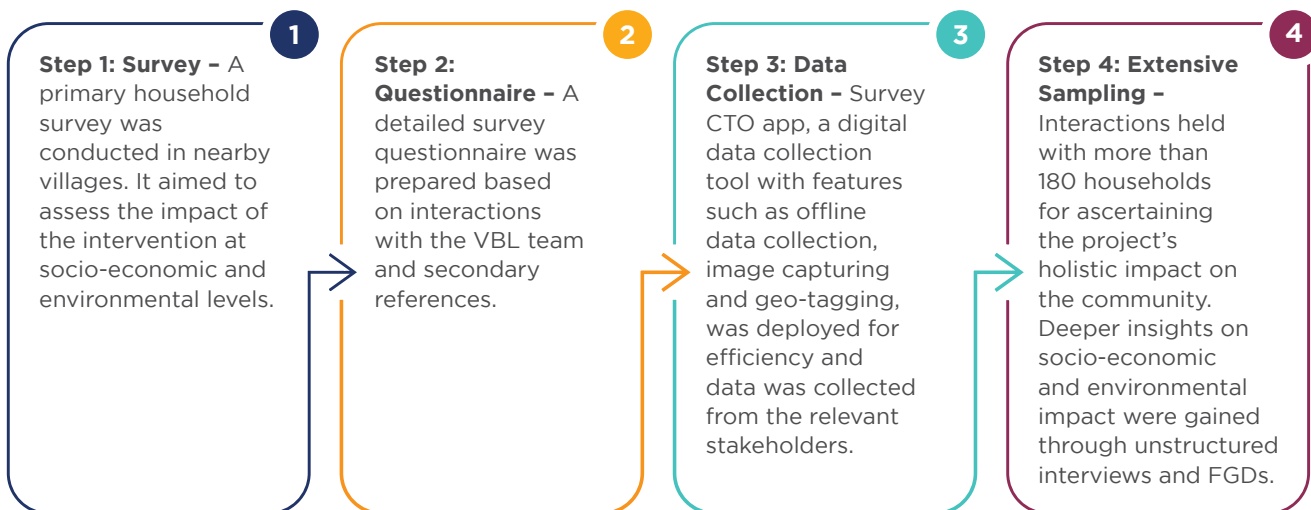
Water Bodies: Impact Assessment

Aligned with our water conservation efforts, we have adopted 118 ponds and constructed 6 check-dams for their maintenance and rejuvenation. This report aims to assess the current situation of such ponds and analyze the impact of Water Rejuvenation Project on the life and livelihoods of local communities in one of our manufacturing plant in Sandila.

Framework

The IRECS Framework (Inclusiveness, Relevance, Expectation, Convergence and Service Delivery) was implemented for impact assessment.

The Process



The Impact

Construction, deepening and maintenance of ponds by VBL created a significant socio-economic and environmental impact. It considerably eased and improved the lives of communities, while providing sustained opportunities for farming and livelihood. The measures also steered biodiversity and improved water level in Earth's natural reservoirs.

1. Socio-Economic Impact

In an agrarian community like ours, ponds serve as a crucial source of water for irrigation and directly impact the livelihood of our farmers, other than facilitating groundwater recharge and boosting biodiversity.

Efforts towards construction and maintenance of ponds led to -

- 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 level of ground water and surface water level
- Increase in livestock productivity and product yield
- Increase in income and savings of the household

Impact



Small and marginal farmers reaped multiple benefits

68%

Ability to take up water-intensive crop

93%

Ability to take-up crops in multiple seasons

87%

Increase in variety of crops in same season

28%

Increase in household consumption of crops

Key metric reflecting improved quality of life

3%

Experienced personal development

17%

Improved inter-personal relations

31%

Mental well-being

95%

Physical well-being

52%

Material well-being

Greater Earnings. Enriched Living

As communities enjoyed the benefits of additional income, they utilized it to further improve their income, quality of life, education, health, and interpersonal relationships. Savings and asset building percentage also improved in view of a better and secured future.

19%

Savings

19%

Investment in additional income generation activities

56%

Social & family functions

10%

Better food & household consumption

63%

Child education

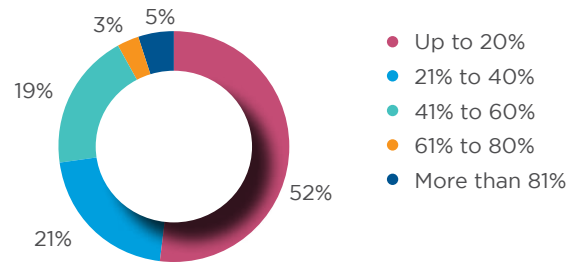
60%

Family health & well-being

31%

Purchase of household assets

Improved crop yield



Change in cropping pattern

	Before	After
Spices	13%	16%
Oilseeds	54%	57%
Flowers	3%	2%
Fruits	4%	9%
Vegetables	37%	49%
Commercial	21%	22%
Pulses	54%	56%
Cereals	100%	100%

Key takeaways

Several farmers took up the practice of cultivating cash crops in pre-monsoon

Several farmers adopted farming of commercial crops such as maize and peppermint

Several households took up subsistence farming of fruits and vegetables

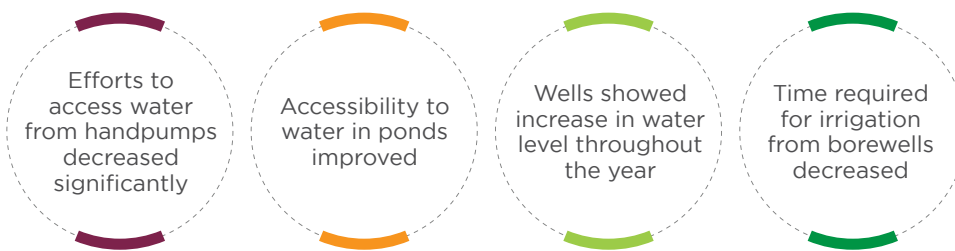
2. Environmental Impact

Ponds serve as important habitats for various aquatic species and boost diverse forms of life, positively contributing to biodiversity and ecological balance. Prominent increase in green cover, improvement in groundwater level, reduction in soil erosion and sedimentation, and improvement in micro-climate are a few other benefits of our pond rejuvenation initiatives.

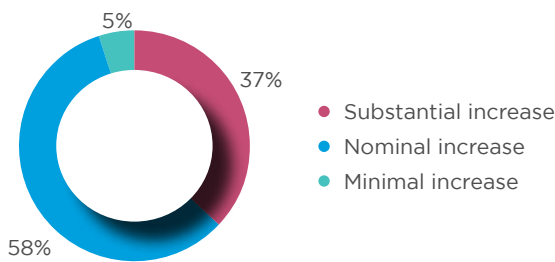
Efforts towards construction and maintenance of ponds led to -

- 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

Impact



Improvement in groundwater level



Sources showing increase in water level

Hand pump	61%
Water body	50%
Farm pond	31%
Dug well	55%
Borewell	81%

Sustained water supply throughout the year reaped multiple benefits for farmers

- 18%** Farmers took up cropping in lean season
- 44%** Families stopped migration
- 66%** Households increased area under irrigation
- 66%** Farmers enjoyed reduced cost of irrigation
- 43%** Enjoyed higher cost-efficiency on irrigation
- 65%** Experienced an increase of up to ₹ 50,000 on income

Positive environmental impact - Key metrics

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

Augmented biological diversity

Biodiversity facilitates a resilient ecosystem, essential for health, food security, climate control, economic stability, and sustaining life. Through our pond rejuvenation initiatives, we aspire to maintain the delicate balance between Earth's interconnected systems and foster overall well-being of the planet and its people.

39%

Increase in birds and insects

72%

Increase in livestock

31%

Increase in types of flowers

91%

Increase in tree/plant species

15%

Increase in riverine/aquatic animals

50%

Increase in terrestrial animals

90%

Increase in green cover



Impact Assessment of Water Ponds and Biodiversity Methodology and Sample Approach

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



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 2023. 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.



Plastic Waste Management and Recycling

Optimizing plastic waste is imperative for a sustainable and habitable planet for the generations to come. We are committed to reducing plastic waste and retain its value through responsible management. Fostering circular economy solutions, we advocate reduce, reuse and recycle of plastic at every opportunity coupled with innovative engineering and sustainable solutions to extend its lifespan.



Fulfilling our strategic priorities - Key enablers

- Weight reduction of preforms
- Recycling of plastic waste

1. Key Enabler: Weight Reduction

Reduction in weight of preforms and closures translates to reduction in material consumption and lower energy requirements, contributing to a long-term impact on sustainability.

Weight reduction of Preforms (Grams)

Reduction of 10% to 20%

In packs of 600 ml to 2.25 liters (2010 to 2023)

Weight reduction of Closures (Grams)

Reduction of 20% to 25%

In packs of CSD/Juices/Water (2010 to 2023)

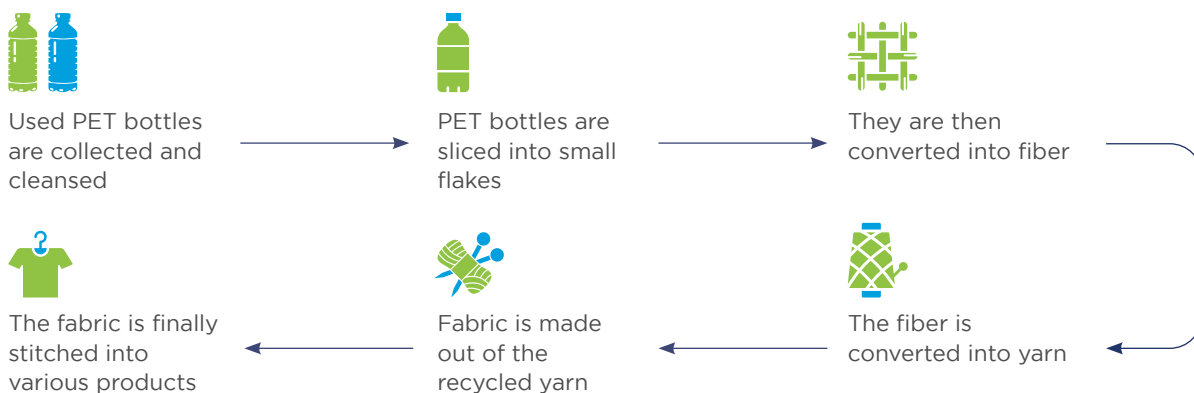
Weight Reduction of Preforms (In grams)

Pack size	2010-14	2015-19	2020-23	Net reduction (%)
600 ML	25.5	22.2	22.2	12.9
750 ML	34.7	30.7	27.1	21.9
1.0 L	21.0	21.0	19.0	9.5
1.25 L	36.0	34.7	32.5	9.7
2.25 L	52.5	50.7	47.0	10.5

Weight Reduction of Closures (In grams)

Pack size	2010-14	2015-19	2020-23	Net reduction (%)
1.25 L	3.15	2.75	2.35	25.4
2.25 L	1.70	1.50	1.35	20.6

Recycling Process of Plastic Waste



2. Key Enabler: Manufacturing of r-PET

Our global sustainability reputation takes a significant step forward through the integration of responsible sourcing practices into our packaging operations, recognizing packaging as a critical aspect for our identity as a beverage company. By embedding sustainability principles into such large-scale operational endeavors, we bolster our commitment to environmental stewardship. To this end, we've established a target to incorporate 30% r-PET in our total PET packaging by 2025 through a joint venture (JV) with Indorama. Moreover, we've introduced 100% recycled PET bottles for Pepsi Black in select sub-territories.

3. Key Enabler: Recycling of Plastic Waste

We consider recycling of plastic waste our basic responsibility towards the environment; a reason why we go beyond compliance and conduct several initiatives in collaboration with specialized pollution-control organizations and government authorities.

Our Progress in CY 2023

- Recycled 4.04 lakh MT of used PET bottles till CY 2023
- Implementing 100% phased recycling of used PET bottles and collection from end-users

30% r-PET

To be utilized in total PET packaging by 2025

Products and packaging reclaimed at end-of-life products

Input material	CY 2022			CY 2023		
	Reused	Recycled	Safely disposed*	Reused	Recycled	Safely disposed*
Plastics (in metric tons)	-	118,392 (80%)	-	-	150,982 (86%)	-
Hazardous waste - Sludge	-	-	1,152	-	-	1,426

*Safely disposed through authorized vendors.

Category of plastic recycled

Category	in MT
Resin	1,19,830
Shrink	10,442
Label	5,214
Closure	12,416
Tetra	3,080
Total	1,50,982



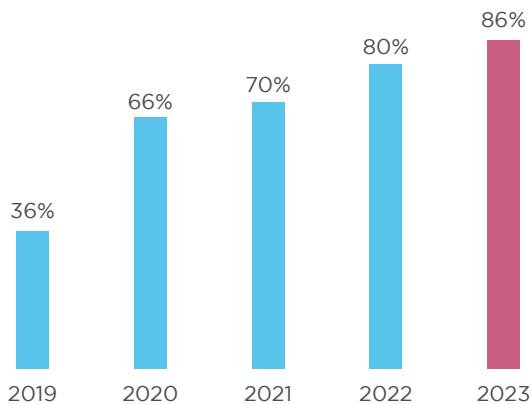
Plastic Recycling Initiatives taken

- Placed dustbins on direct vending machines
- Enabled direct collection from institutions
- Spread awareness through government agencies
- Collaborated with IDVB Recycling Operations Pvt. Ltd. for manufacturing of r-PET

Recycling plastic waste: Progress made

We recycled 86% of the total PET bottles consumed during CY 2023, much ahead of the Extended Producer Responsibility (EPR) Regulations laid down by CPCB. PET bottles consumed during the year were 175,292 MT and those recycled during the same period stood at 150,982 MT.

Plastic Waste Recycling %*



Target 2025

100%

*Plastic waste recycled per Kg of PET sold in finished products. Plastic waste includes PET, shrink film, plastic closures, labels and laminates post consumption

Best out of waste with GEM Enviro Management

Our collaboration with GEM Enviro Management Pvt. Ltd. furthers our mission of 100% recycling of used PET bottles in a phased manner. GEM Enviro is a Central Pollution Control Board (CPCB) recognized Producer Responsible Organization (PRO), headquartered in Delhi. It specializes in collection and recycling of packaging waste as well as promotion of recycled green products, and is involved in making T-shirts and bags from recycling of used PET bottles and other waste materials.

Impact

- Awareness created for 250+ Ragpickers in CY 2023
- 1,300+ General public sensitized through awareness programs
- Higher waste collection through incentives for ragpickers
- Increased income for ragpickers by establishing seamless connect with buyers requiring recyclable waste
- Safe, clean and plastic-free environment

VBL & GEM in Action

Together, we have taken the following actions for sustained waste management:





- Direct waste collection:** Collected waste from end users through reverse vending machines, placing dustbins, and direct collection from institutions (such as hotels, banquet halls and exhibitions)
- Plastic waste disposal awareness program:** 1,300+ participants were sensitized on proper plastic waste disposal through a combination of welfare initiatives including Swacchta Abhiyan, talks, slogan writing, display, distribution of pet-recycled products and creative programs
- Ragpickers Awareness Program:** Healthy working conditions and fair price for waste collected by ragpickers were provided for sustained livelihood and better living
- General awareness raised on proper disposal of plastic waste
- General awareness on clean and green city
- Skill development programs
- Distribution of recycled merchandise such as t-shirts, masks, safety kits and food items
- Installation of bottle crushing machine
- Supported PLOG Run 2023, where over 5000 participants across 8 cities gathered waste in celebration of Swach Bharat Diwas

Enhancing Energy Performance

Energy consumption directly impacts our environment and overall sustainability. Aligned with our goal of net-zero transition, we pledge to make a positive difference in this area by increasing our renewable energy (RE) share in fulfilling VBL’s energy requirements and advancing our renewable energy portfolio.

Constant efforts to further energy efficiency across the value chain are being made at all our offices, warehouses and manufacturing facilities across India, innovation and process improvements being some of them.

Key Enablers for Solar/Wind Energy

 <p>Installing Rooftop Solar Panels</p>	 <p>Open Access RE Contracts</p>
 <p>Latest Technology Energy Efficient Machines</p>	 <p>Process Improvements</p>

1. Use of frequency drive in ammonia and air compressor which saves electric energy.
2. Use of frequency drive in boiler for ID and FD fan which saves electric energy.
3. Heat recovery from hot compressed gases and used for heating water.
4. Recovery of treated hot water from three stage syrup transfer PHE.
5. Beverage filling at ambient temperature leading to huge power savings in refrigeration.
6. Replacement of CFL/FTL lamps with LED lamps.
7. Replacement of low efficiency pump with high energy efficient pump.
8. Improving efficiency on critical resources like water and energy by doing water recoveries and optimizing energy consumption.
9. Optimizing the resource consumptions and minimizing wastages by automations and controls.
10. Installation of steam operated pump trap - SOPT for better steam condensate recovery across all units.
11. Direct Coupled HP Compressors (No gear box).
12. IE 5 permanent magnet motor.
13. Adiabatic cooling tower.
14. Improving condensate recovery by installation of SOPT and better technology equipment which helped in improving boiler efficiency.
15. Heat recovery from High Pressure Air Compressors and Ammonia Refrigeration Compressors.
16. Installation of de-superheaters.
17. Installation of Godrej Control Air-IFC for optimizing HP requirements at preform blow moulding machines and Cold CIP which requires no heat during operation.

Progression in 2023



Generated **~58** Million Units of electricity through renewable sources – this is equivalent to annual power consumption of **25,000+*** households

(*as per Company estimates)



Planted **~108,000** tree saplings in 2023 vs **~80,000** saplings in 2022

Boosting energy efficiency through innovation & process optimization

A multi-pronged and sustainable approach is deployed in most of our plants as well as products to infuse the concept of energy conservation. Some of the energy conservation measures adopted across the manufacturing units were:

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.

Energy-efficient beverage distribution

Aspiring to optimize energy efficiency across our value chain, we are building a fleet of **~1,200 electric vehicles**, in partnership with our distributors. The investments are directed towards sustainable last mile delivery of our beverages and reduce our carbon footprint by 2 Million ton carbon emissions per year.

Energy Consumption: An Overview

Renewable and Non-Renewable Sources

RENEWABLE SOURCES

Electricity consumption

CY 2022

21 mn kWh

CY 2023

58 mn kWh

Fuel consumption (Briquette, Firewood, LPG, PNG)

74 mn Kg

64 mn Kg

NON-RENEWABLE SOURCES

Electricity consumption

283 mn kWh

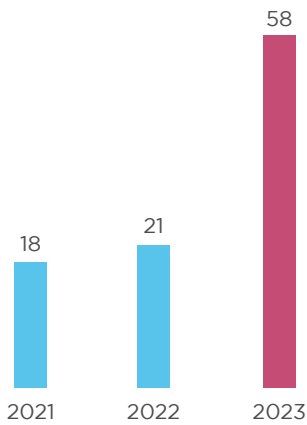
382 mn kWh

Fuel consumption (HSD Diesel)

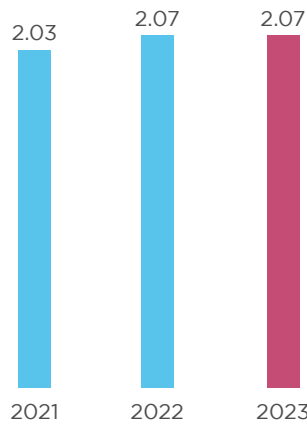
5.5 mn Liters

4.4 mn Liters

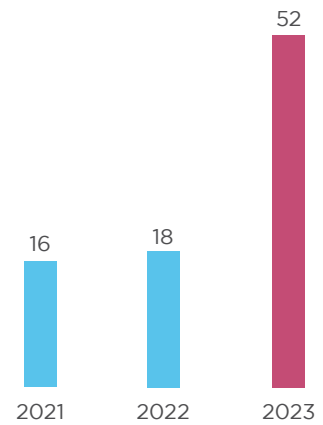
Renewable Energy Generated (in Million kWh)



Energy Efficiency (8 Oz cases produced per kWh of energy consumed)

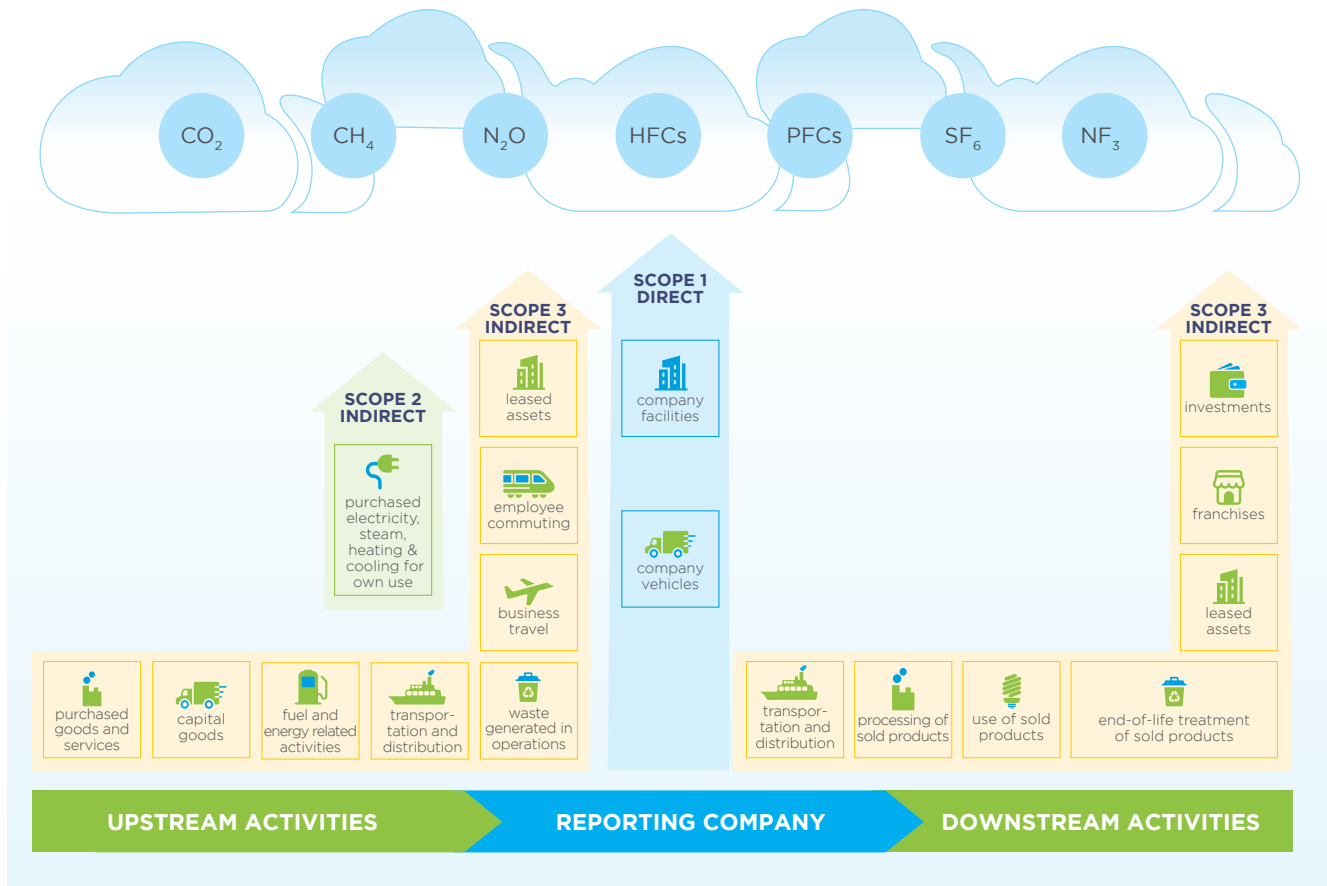


Increase in Solar Power (in MW)



Sustained Climate Action: Reducing our Carbon Footprint

As climate change accelerates and affects our planet and its ecosystems, we deepen our commitment to ensure a positive environmental footprint through sustained climate action. Our multi-faceted initiatives in the areas of energy efficiency, innovation, process optimization, tech-adoption, and operational efficiency, among others, are continually helping us to conserve natural resources and reduce our carbon footprints.

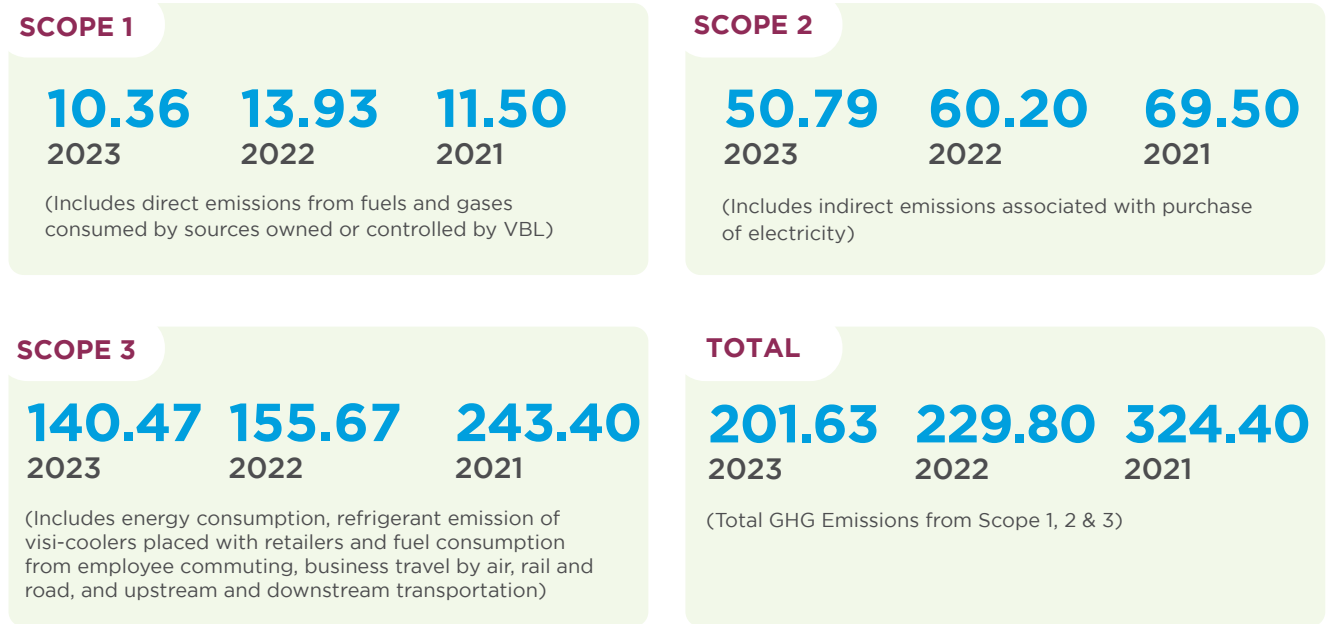


GHG Emissions: Snapshot

As a responsible corporate citizen, we conducted a carbon footprint emission assessment for all products across all our operations (33 manufacturing facilities) in collaboration with Deutsch Quality Systems (India) Pvt. Ltd. (DQS India). GHG protocol and ISO 14064:2006 standards were stringently followed during the assessment. There are no significant emissions of ozone depleting substances (ODS), Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air effluents from our manufacturing operations.



Operational boundaries across different scopes



Figures in grams of CO₂e/liter

Intensity of GHG emissions per liter production of beverages - Key observations



~44% Reduction Achieved in CY 2023 vs CY 2020 (base year)

Climate Action: Achievement 2023

~12%
Reduction in carbon emissions from CY 2022

Target 2030

Reducing GHG Emissions:
50% Reduction in absolute greenhouse gas (GHG) emission over base year 2020

Increase in Renewable Energy share:
25% Contribution of electricity from renewable sources

Goal Enablers

A four-pronged approach is instrumental in achieving our 2030 goal of reducing the absolute greenhouse gas (GHG) emission by 50% and increasing the renewable energy share in electricity by 25%.

1. Increasing the use of renewable energy
2. Optimizing product transportation
3. Vending and cooling
4. Tree plantation



1. Higher Renewable Energy Share

- Increasing contribution of renewable energy through rooftop solar and open access Power Purchase Agreements
- Reducing emissions by improving energy efficiency; deploying energy-efficient hi-tech machines, and; process improvements using less units of electricity
- Deploying best practices for energy efficiency including chiller optimization, air compressors, high efficiency motors and drives, LED lights, among others

2. Optimized Downstream Transportation

Downstream Transportation

Optimizing Network Route

- To service market more efficiently
- Less miles driven to result in lesser fuel consumption

Optimizing Existing Fleet

- Improving efficiency by reducing static weight and better aero-dynamics
- Maintaining and servicing trucks for better performance

Using Alternative Fuels

- Moving to lower carbon intensive fuels
- Electrification using renewable electricity

3. Vending and Cooling

Accelerating roll-out of energy-efficient visi-coolers, including inverter-based technology, better insulation and green refrigerants

Establishing mechanism to better track and record utilization of coolers.

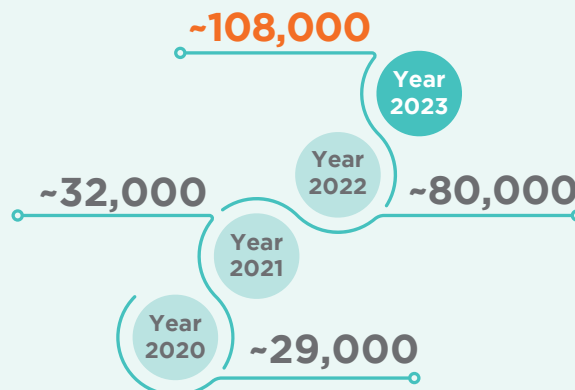
Evaluating options and rollout renewable energy based visi-coolers.

4. Tree Plantation

Planting saplings is a pivotal climate mitigation strategy. Apart from serving as an excellent measure to reduce our carbon footprint, the initiative reflects our long-term dedication to biodiversity, environmental resilience and holistic wellness.

Tree Plantation

Increase in saplings plantation



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 2023. Our organisational carbon footprint for CY 2023 is measured at 8,35,268 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 noncarbon 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.





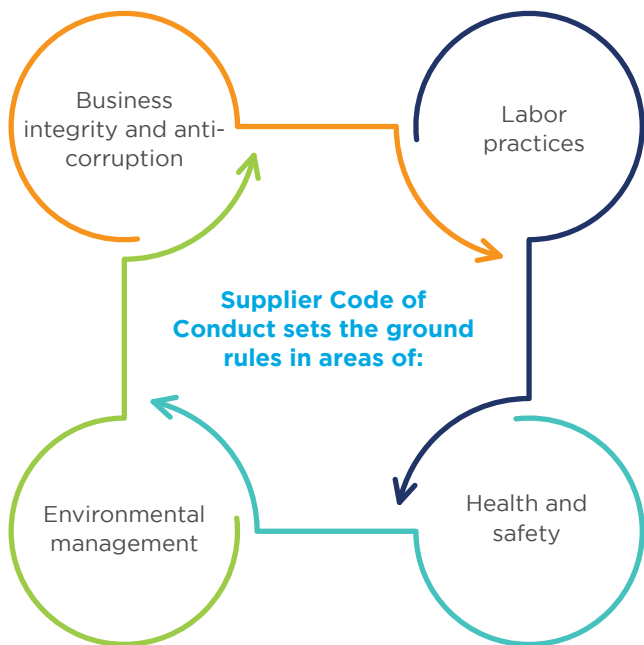
Sourcing with Care

Prioritizing responsible sourcing of resources are fundamental to fulfil our long-term sustainability goals. Raw material across VBL's supply chain are sourced from suppliers who follow stringent sustainability practices, ensuring that we minimize our ecological footprints while encouraging support to local communities.

Over the years, we have adopted fair and ethical business practices to secure a sustainable supply chain. Our commitment to eco-friendly value system has been instilled in our major ingredient suppliers, who continually endeavor to adopt diverse initiatives to meet their sustainability targets across water and energy efficiency, waste management and transition to net-zero. This is crucial to our long-term growth and sustained impact. All the raw material purchases are made from the local suppliers promoting the economic growth of the local supply chain.

Supplier Code of Conduct

Procuring raw materials ethically and responsibly is an integral part of supply chain management within the Company. To enable this, we have adopted PepsiCo's Global Supplier Code of Conduct. This, along with all other policies is stringently applicable to all suppliers, agents, consultants, vendors and contractors as a condition of doing business with PepsiCo and its affiliates.



Environmental Impact Assessment

Guided by the Suppliers Code of Conduct, the suppliers are constantly engaged in finding innovative and green ways to procure high-quality raw material while utilizing latest technologies to minimize their impact on the environment.

We are actively monitoring the progress of our responsible sourcing goals with respect to our key raw material and packaging suppliers, who represent almost 90% of our overall purchase in these categories. This will help us to align them with our sustainability goals in the future.

Stringent sustainability criteria in line with the statutory guidelines are being followed to remain compliant and sustain responsible sourcing. This includes appropriate waste disposal and conformity to air and water pollution acts. There is a particular focus on enhancing energy efficiency, with dedicated efforts to reduce dependency of conventional methods and accelerate use of renewable energy, supported by solar panels and windmills. Conventional fuel for steam production in boiler is also replaced by eco-friendly briquettes. Plantation drives for a balanced and resilient future are being consistently encouraged. Further, water requirement are being fulfilled with the help of third-party water suppliers while ground water is being used in some cases, depending upon availability.

Value Chain Partners Assessed for Environmental and Social Impact

90%+
Raw material suppliers

90%+
Distributors covered

90%+
Capex suppliers

Key Initiatives on Responsible Sourcing by Suppliers:



Electricity generation from renewable energy sources like solar power and wind power



Installation of energy efficient machineries in production lines



Installation of water treatment plants



Implementing Pressurized Jet Sprays for cleaning purpose instead of direct water usage



Use of treated water for gardening and sanitation purposes



Adoption of ponds in nearby villages and recharging groundwater



Tree plantation drives to maintain green belt around manufacturing units



Rainwater harvesting to improve groundwater level



Using bagasse cane residue as biofuel for generating steam through boilers



Proper recycling of all kinds of waste like plastic waste, e-waste, hazardous waste

Supplier	Material Supplied	Initiatives Taken
PepsiCo India	Concentrate	<p>PepsiCo has taken various initiatives on environment, social and sustainable practices including:</p> <ul style="list-style-type: none"> • Reduction in energy consumption • Reduction in water usage • Developing rainwater harvesting pits and ponds • Manure Machine for recycling of food waste
Reliance Industries Limited	PET Resin	<p>As a part of the Net Zero and New Energy plans, Reliance has committed to establishing 20 GW of solar energy generation capacity by 2025, which will be entirely consumed for our captive needs of round-the-clock (RTC) power and intermittent energy for Green Hydrogen.</p>
DCM Shriram	Sugar	<ul style="list-style-type: none"> • Sets rotary dryer for bagasse drying, utilizing waste flue gas from boilers. Fresh bagasse's moisture content of 48% to 50% is reduced to 12% with more efficient utilization of bagasse biofuel. This is a unique, one-of-its-kind initiative to reduce fuel consumption. • Owns Bio-Lab which produces bio-fungicides and bio-pesticides instead of chemical fungicides and pesticides used by farmers for cane crop. • Awarded Best Energy Efficient Plant in sugar sector by Bureau of Energy Efficiency (BEE), for being the lowest power consumption per ton cane.
Triveni Engineering	Sugar	<p>Diverts B-category heavy molasses to distillery for ethanol blending in petroleum products.</p>
Tetra Pack	Packaging material	<p>Procures 100% paper board from Forest Stewardship Council certified supplier and 100% Aluminum foil from Aluminum Stewardship Initiative member supplier.</p>
Tasa Foods	Fruit pulp	<p>Uses dried mango seeds as biofuel and decomposing fruit waste into manure provided to farmers.</p>
SIDEL Blowing Services S.A.S.	Manufacturing lines	<ul style="list-style-type: none"> • Committed to ISO 14001 environmental certification to reduce impact on the environment and promote sustainability development. It is committed to recycling PET (notably with the development of PET recycling line: rPET). • Uses 100% Green energy for all processes. It has taken measures to make energy efficient equipment to help in reduction of energy consumption. For example, Blowers with 45% energy saving, AQflex conveyors with 70% saving, Shrinkwrapper with 52% saving.
HUSKY Injection Molding Systems SA	Packaging Lines	<ul style="list-style-type: none"> • Supports use of bio-resins in hot runner applications. Optimized hot runner systems to reliably run bio-resins and accommodate challenges arising in production. • Launched UltraMelt platform to lower the risk of melt degradation, oxidation and discoloration; a highly effective solution to meet processing needs of bio-resins consistently.

Social Impact Assessment

Our suppliers adhere to stringent policies and take firm measures in line with human rights to facilitate a safe, non-discriminatory, and employee-friendly work environment. Few measures adopted to ensure these include:

- Rigorous compliance to policies related to Freedom of Association and Rights to Collective Bargaining, Child and Forced Labor, Gender Equality and Non-discrimination
- Provision of clean, hygienic and friendly work environment
- Maintenance of Occupational Health & Safety Standards
- Well-defined SOP's and policies with easy access to employees
- Limiting the maximum number of working hours as per the Government norms of 48

hours per week (with overtime reimbursement, if required, under special circumstances)

- Quarterly/half-yearly/regular trainings for employees on company policies such as POSH, OHAS and Industrial Hygiene
- Provision of Occupational Health and Safety (OHAS) Management System to ISO 45001:2018 certified suppliers (as specified)
- Support and guidance on prevention of work-related injury and ill health

A few other initiatives taken by suppliers include regular health check-up of employees, providing easy access to dispensary and mobile vans, safety drills to check emergency preparedness in case of mishappening and a special taskforce for employee grievance resolution.



Social Initiatives





Sustaining an Empowered Workforce

Healthy, empowered and efficient employees lay down the foundational stone for Varun Beverages success. Enriching them through multiple employee-welfare initiatives, skill upgradation, adequate career development opportunities, and an inclusive and diverse culture is our top priority.

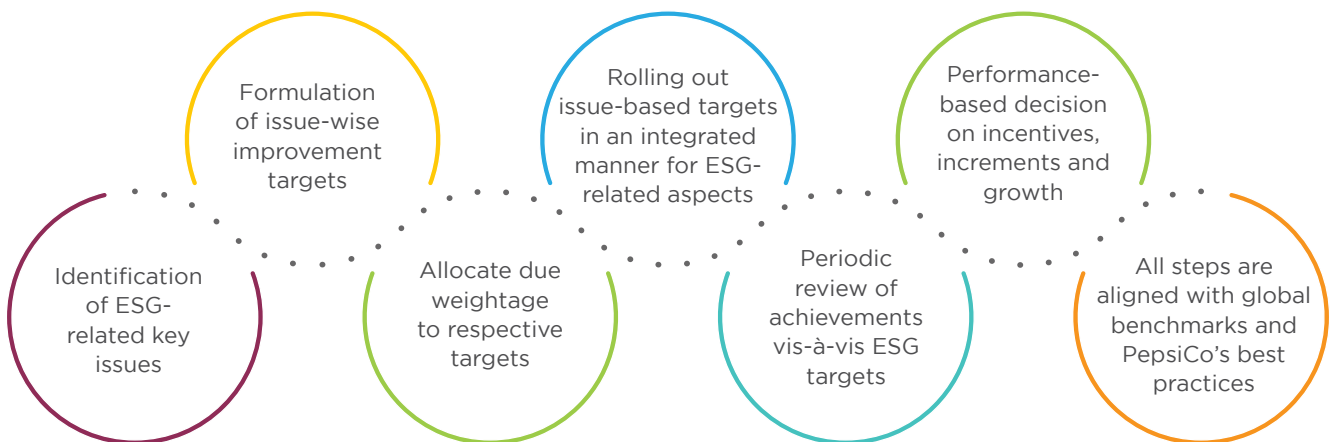


Integrating ESG with employee performance

ESG principles are not merely a slogan within VBL but are ingrained in the very essence of our existence. The strategic integration of our ESG goals with the performance metric of our employees is a testament of our commitment to create a culture of sustainable business practices as well as positively impact the planet.

Recognizing the crucial role played by our employees in driving our ESG objectives - an imperative to our overall success, the Board approved a policy to establish a robust ESG-linked incentive framework. The policy is applicable to all employees including the KMPs and Board of Directors.

ESG-linked incentive framework - How it works?

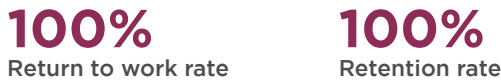


Nurturing a culture of growth and positivity

Empowering our employees through a culture of growth, learning, diversity, inclusion, and well-being has facilitated their holistic growth and VBL's superior outcome. Open communication with our people encourages honesty, trust and respect, providing

opportunities for constructive feedback and continuous improvement. Together, we strive to build a positive and healthy work environment that helps attract top talent, fosters a sense of belonging, and drives employee satisfaction, leading to improved performance and resounding success for us and our people.

Return to work and Retention rates of permanent employees and workers that took parental leave



Continuous training and development

Significant investments in building a culture of continuous learning through comprehensive training programs is a norm at Varun Beverages. By upskilling and reskilling our employees, we not just prepare them to unlock their full potential and benefit from career progression opportunities but also ready ourselves for accelerated business growth.

Performance Management

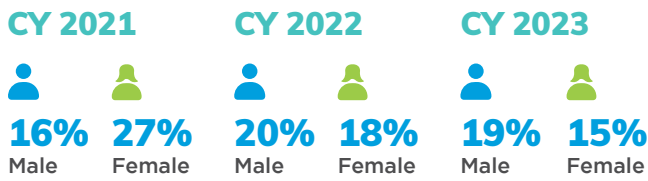
	CY 2022	CY 2023
Career development	100%	100%

(in manhours)

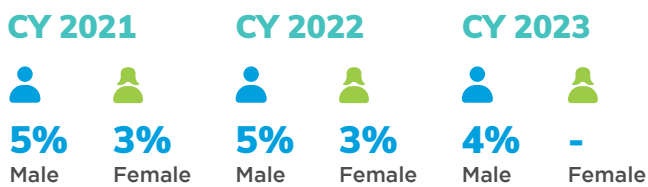
	CY 2022	CY 2023
Health & Safety	167,626	217,102
Skill Upgradation	62,860	81,413
Others (includes training related to Environment and Governance)	188,579	244,240
Total	419,065	542,755

Turnover Rate

Permanent Employees



Permanent Workers



Inclusion and Diversity

We are proud to set ESG-linked targets for inclusion and diversity, resulting in an enriched workforce that comes from various cultures, encompasses different perspectives, and brings in a variety of ideas and experiences. With fixed cross-functional targets to hire diverse employees across gender and differently-abled individuals, we enjoy numerous benefits in the areas of innovation and creativity, decision-making, problem-solving, productivity, and global competitiveness.

Diversity	CY 2022	CY 2023
Permanent	2.8%	5.4%
Other than Permanent	5.8%	5.8%
Overall	4.7%	5.6%

Target 2025

Double the existing mix across (base year 2020)

Employee wellness initiatives

Employee wellness

- Initiated full-body medical check-ups and doctor consultations
- Started Visit Health App for employees for doctor consultations and check-ups
- Provided coaching on mental health and wellness
- Covered all workers under the Factories and Food Safety Acts



Performance evaluation

Category	Total HC	Yes- Eligible for Performance appraisal				Not Eligible for Performance Appraisal	Eligible for Appraisal %	Not Eligible for Appraisal %
		Male	Female	Others	Total			
Junior level	9,526	8,572	337	6	8,915	611	94%	6%
Middle level	370	348	11	-	359	11	97%	3%
Senior level	77	67	6	-	73	4	95%	5%
Grand Total	19,499	17,559	691	12	18,262	1,237	94%	6%

Details of minimum wages paid to employees and workers:

Category	CY 2023 (Current Calendar year)					CY 2022 (Previous Calendar year)				
	Total (A)	Equal to minimum wages		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	6,260	0	0%	6,260	100%	5,533	0	0%	5,533	100%
Female	488	0	0%	488	100%	211	0	0%	211	100%
Other	14	0	0%	14	100%	0	0	0%	0	0%
Other than Permanent										
Male	6,867	0	0%	6,867	100%	5,405	0	0%	5,405	100%
Female	146	0	0%	146	100%	103	0	0%	103	100%
Workers										
Permanent										
Male	3,175	0	0%	3,175	100%	2,859	0	0%	2,859	100%
Female	36	0	0%	36	100%	33	0	0%	33	100%
Other than Permanent										
Male	9,006	4,956	55%	4,050	45%	8,092	0	0%	8,092	100%
Female	826	455	55%	371	45%	728	0	0%	728	100%

(in ₹)

	Average Minimum wages - CY 2023			
	Average Minimum Wages monthly (Worker/Associates Category)	Unskilled	Semi-skilled	Skilled
Overall Median	26,682	10,350	10,425	12,601

Details of remuneration CY 2023

(₹ in Million)

	Male		Female		Other	
	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category
Board of Directors (BOD)	3	57.66	-	-	-	-
Key Managerial Personnel	2	17.74	-	-	-	-
Employees other than BOD and KMP	6,255	0.44	488	0.40	14	0.36
Workers	3,175	0.31	36	0.26	-	-

Note: Since Independent Directors received no remuneration, except sitting fee for attending Board/ Committee meetings, the required details are not applicable. Further, for the purpose of calculation of median remuneration of KMP, remuneration paid to Mr. Rajesh Chawla has not been considered due to cessation as KMP with effect from August 3, 2023.

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.



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 2023 (Current Calendar year)			CY 2022 (Previous Calendar year)		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees						
Male	6,260	0	0%	5,533	0	0%
Female	488	0	0%	211	0	0%
Others	14	0	0%	0	0	0%
Total Permanent Workers						
Male	3,175	1,586	50%	2,859	1,717	60%
Female	36	14	39%	33	16	48%

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.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	N/A	N/A	N/A	N/A
Female	100%	100%	100%	100%



Varun Beverages Competency Framework : Key Aspects

Category	CY 2023 (Current Calendar year)					CY 2022 (Previous Calendar year)					Remarks
	Total (A)	On Health & Safety Measures		On Skill Upgradation		Total (D)	On Health & Safety Measures		On Skill Upgradation		
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/E)	
Employees											
Male	6,260	2,886	46%	5,607	90%	5,533	1,744	32%	3,091	56%	-
Female	488	221	45%	330	68%	211	78	37%	130	62%	-
Others	14	4	29%	1	7%	0	0	0	0	0%	-
Total	6,762	3,111	46%	5,938	88%	5,744	1,822	32%	3,221	56%	-
Workers											
Male	3,175	3,146	99%	2,856	90%	2,859	2,204	77%	1,996	70%	-
Female	36	34	94%	36	100%	33	21	64%	14	42%	-
Total	3,211	3,180	99%	2,892	90%	2,892	2,225	77%	2,010	70%	-

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.

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.

Total number of employees that participated in training

CY 2023	9,973
CY 2022	8,636

Average hours of training

CY 2023	54
CY 2022	57

Average hours of training per employee category wise



Average Training Hours



Average Training Hours



Emphasis on talent management

Right people with the right skills in the right position is at the core of achieving our business objectives. We ensure this through an efficient talent management strategy focused at –

- Assessing the strengths and performance of our existing employees
- Evaluating their developmental needs
- Unlocking their full potential through training and development
- Mapping relevant career opportunities for future progress

Performance management

A robust performance management framework enables a structured and systematic approach to assessment and management of employee performance, helping our teams adapt faster to changing consumer and business needs and focusing on growth opportunities. The framework enables leaders to map goal-based priorities and access employee performance insights for periodic performance feedback sessions.

Hiring from Transgender (TG) Community

Our mission was to contribute to the society, and in our endeavor to make VBL a more diverse and inclusive workplace, we focused on creating employment opportunities for the Transgender community.

In 2023, we started with our first pilot plant in Mahul, Mumbai, marking the beginning of a new chapter in our story by the hiring of 7 Transgender employees at Mahul and 1 at Corporate office. Encouraged by the results, we continued our effort and expanded to 2 more plant locations: Greater Noida in the Delhi NCR and Nelamangala in Bangalore.

Today, we have 20+ members from the TG community in our company, each of them bringing unique insights, capabilities, and experiences to the table. Our team embodies the youthful vibrancy and dynamism that propels us forward. Most of the employees from the community are in their early twenties. This is a humbling reality that nearly half of our team members do not have any family support.



Our approach to hiring is meticulous and thoughtful. We carefully considered accessibility and social acceptance when choosing the locations of the plants. In order to facilitate their inclusion, we did build necessary infrastructural support like gender neutral washrooms. We have managed to create behavioural shifts in larger team through sensitization workshops. The sensitization workshops for all level plant workers, including support staff was done before onboarding to build an inclusive and empathetic culture. Post hiring, we conduct on-boarding sessions for new hires with external facilitator and provide constant handholding support.

In a testament to our commitment, we went beyond mere employment, offering sponsorship support to our team members seeking gender-affirming surgeries.

In our passion to strive to be committed to make VBL India a diverse & inclusive workplace we would try harder to open more doors across other plants locations/functions to hire more TGs in 2024.

DEI Commitments:

Equal Opportunities

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



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.



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.



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.



Performance-Based Opportunities

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



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 2023:

- The ratio of the basic salary and remuneration of women to men for each employee is 0.91 : 1
- For workers, the ratio is 0.84 : 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.



Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female		Other	
			No. (B)	% (B/A)	No. (C)	% (C/A)	No. (F)	% (F/D)
EMPLOYEES								
1	Permanent (E)	6,762	6,260	92.58%	488	7.22%	14	0.20%
2	Other than Permanent (F)	7,013	6,867	97.92%	146	2.98%	0	0.00%
3	Total Employees (E+F)	13,775	13,127	95.30%	634	4.60%	14	0.10%
WORKERS								
4	Permanent (G)	3,211	3,175	98.88%	36	1.12%	0	0.00%
5	Other than Permanent (H)	9,832	9,006	91.60%	826	8.40%	0	0.00%
6	Total workers (G+H)	13,043	12,181	93.39%	862	6.61%	0	-

Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female		Other	
			No. (B)	% (B/A)	No. (C)	% (C/A)	No. (F)	% (F/D)
DIFFERENTLY ABLED EMPLOYEES								
1	Permanent (E)	2	2	100.00%	0	0.00%	0	0.00%
2	Other than Permanent (F)	24	22	91.67%	2	8.33%	0	0.00%
3	Total Differently Abled Employees (E+F)	26	24	92.31%	2	7.69%	0	-
DIFFERENTLY ABLED WORKERS								
4	Permanent (G)	0	0	00.00%	0	0.00%	0	0.00%
5	Other than Permanent (H)	249	238	95.58%	11	4.42%	0	0.00%
6	Total Differently abled workers (G+H)	249	238	95.58%	11	4.42%	0	-

* Workers number are on average basis for the reporting period

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 during CY 2023

Particulars	Male	Female	Other
Age <30 yrs	1294	275	1
30 - 50 yrs	1521	85	0
>50 yrs	24	2	0
Total	2839	362	1

Employee Health & Safety

Fostering a workplace that prioritizes the well-being and safety of every individual is paramount to us. In line with this commitment, a series of policies and initiatives were implemented throughout the year, with support from our robust governance structure comprising Steering Committee, Corporate Sub-Committees, and Plant Apex Committee.

Employees/contractors across
33 Plants covered under Safety Perception Survey

200,000+ Man-hours spent on Employees & Workers on Safety Awareness Workshops

Safety & Risk Assessment Survey was done pre and post engagement with DSS

Safety & Risk Perception Survey

- The dss+ survey is used to understand the perception of employees and contractors in relation to safety culture and risk management.

2300+ Respondents across

Document Reviews

- Review of documents like: HIRA, HAZOP, SOPs, Incident Reports, USC reporting, KPI's, test and calibration records, policies and principles, Maintenance program, mock drills etc.

100+ documents / records reviewed

Interactions & Focus Group Discussions

- Interactions at multiple levels - L2, L3, L4
- Focus Group Discussions (FGD) to get deeper understanding of current state and practices
 - HODs
 - Operators
 - Supervisors
 - Contractors / BCA's

One on one discussion and FGDs covering nearly 70+ people

Site Visits

- 6 Plants visits with multiple meeting cluster / plant leadership

12 days at plants

Occupational Health & Safety Management - Key initiatives



Safety: Our top priority

The health and safety of our people is non-negotiable. This underlines every decision and action at Varun Beverages.

We aim to drive zero fatal accidents and injuries at work and ensure that everyone returns home safely every day.

This is enabled through a culture of safety leadership, top-notch safety strategy, continuous trainings and constant vigilance. Key risks including road safety and contractor safety are being mitigated through focused safety tools, processes and programs at every level of the organization.

Safety

- We have engaged DuPont Safety Solutions for implementing best practices in health & safety at all our manufacturing plants
- Adopted "Train the Trainer" approach to cascade the best practices across all our manufacturing plants



Ensuring a safe and healthy workplace by



Work at Height and General Safety Rules

The rules highlight the steps taken to protect people working at a height, with an elevation difference of 1.8 meters or more, against possible hazards. It includes reporting of safety hazards, injuries, incidents, emergency awareness, hazardous material and chemicals, special procedures, among others. The system identified hazards and risk assessment, planning and preparation, protective equipment, training and certification, inspections and special requirements.



Incident Management System

Members from each plant were nominated and training was conducted for effective implementation of the Incident Management System to ensure an injury-free work environment. The standard covers injury types, communication matrix for information sharing, process for incident investigation, roles, and timeline for incident investigation, among others.



Safety Interaction System

The standard for Safety Management System was successfully implemented by providing comprehensive training to nominated members from each plant. It involves setting up the process for leadership interaction on safety with employees on the shop floor and contractors.

The schedule and frequency of such discussions for each plant as well as of observation tracking and trend analysis was also finalized.

Employee Passport and Contractor Safety Management

The Employee Passport and Contractor Safety Management

system enables tracking and fulfilling the safety training need for contractors. A structured approach for reducing the risk associated with Contractor Safety Management was also initiated. It defines the processes linked to contractor selection, contract preparation, contract award, orientation and training, work coordination and auditing, and contract evaluation.

Major achievements in the area of safety include

- Conducted Leadership Workshop on Leading Safety Efforts for Senior Leaders
- Set up governance structure for Steering Committee, Corporate Sub-Committees, and Plant APEX Committees
- Ensured control measures by implementing Incident Management and Safety Interaction Systems
- Driving Work at Height and General Safety Rules for basic safety improvements at all plants
- Implemented Employee Passport System to track and improve training needs for contractors and employees
- Enabled structured approach for reducing risks associated with Contractor Safety Management
- A Safety Perception Survey was carried out among employees and contractors, revealing that 24 out of 29 perceptions have shown improvement.

For Sub-Committees

- Approved charters and deliverables for each sub-committee
- Action plan made for functioning of all sub-committees
- Finalized standards for Incident Management, Safety Interactions, General Safety Rules, Work at Height, Document Control, Contractor Safety Management
- Completed training on Incident Management Standard
- Completed 2-day training on Safety Interaction

For APEX Committees

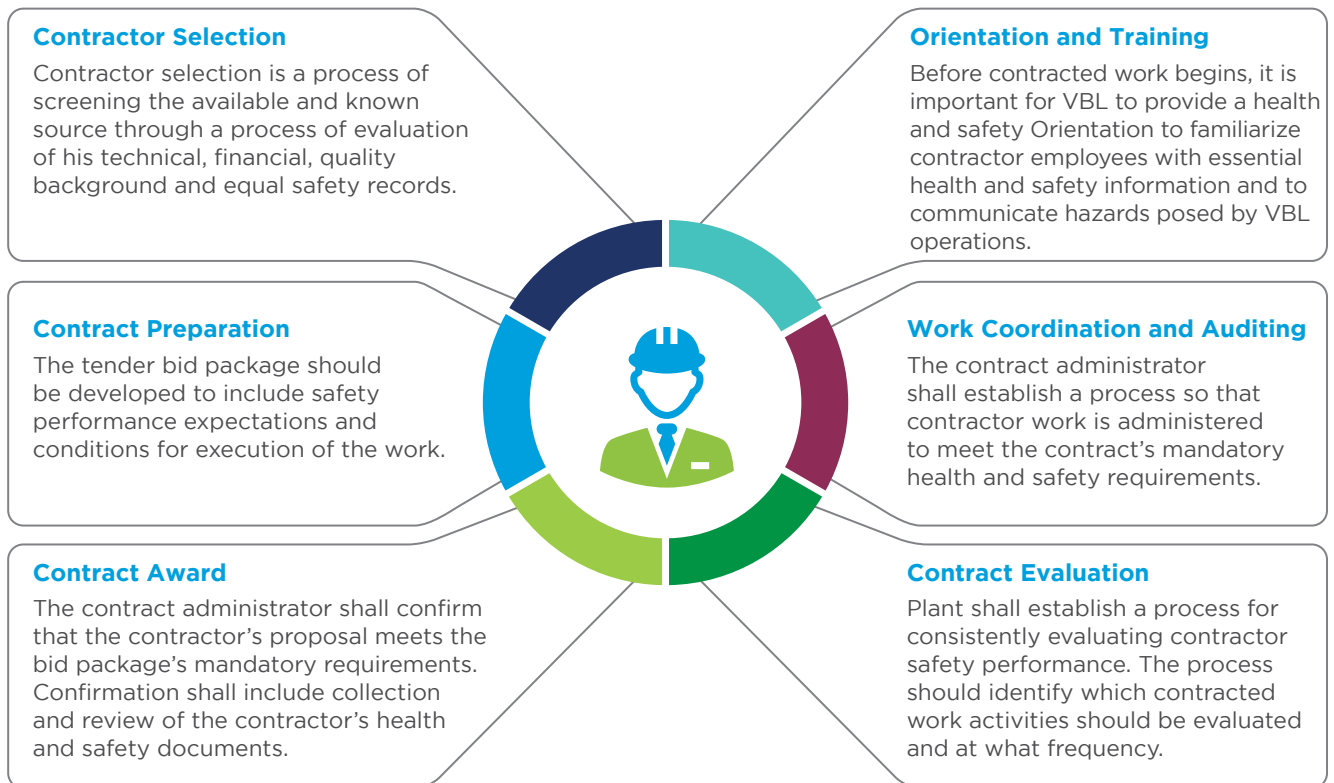
- Finalized charters for all plant committees
- Conducted plant/cluster leadership workshops for 150+ employees in 6 plants
- Ensured functioning of all committees with action items

Safety Incident/Number	Category	CY 2022	CY 2023
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0.003
Total Recordable work-related injuries	Employees	0	1
	Workers	1	1
No. of fatalities	Employees	0	0
	Workers	2	2
High consequence work-related injury or ill health (excluding fatalities)	Employees	0	0
	Workers	1	0



Contractor Safety: Our Approach

A structured approach for reducing the risk associated with contractor safety and fostering a safe working environment, in line with our ESG goals, is successfully implemented. This includes careful selection of the contractor; contract preparation in tandem with the safety performance expectations; awarding the contract after due diligence; orientation and training of contractor employees; contract work administration; and evaluation of the contract.



Augmenting Product Safety and Quality

Refreshing billions of people worldwide comes with great responsibility of ensuring top-notch product quality that is safe to consume. We strive to achieve this through comprehensive management systems and policies marked to highest global standards.

Key enablers



Responsible sourcing and manufacturing

Ensuring quality during sourcing of raw materials and manufacturing of beverages is fundamental to our sustainability goals. Responsible sourcing through PepsiCo approved suppliers, who successfully undergo comprehensive screening and certification by PepsiCo, is a key enabler in achieving this.

Constant efforts are also made towards enhancing VBL's food safety capability and improving processes and quality system

across the supply chain. Risk-based controls systems also play a significant role in mitigating potential hazards and risks in the manufacturing and support processes and complying with our food management standards.

A promise for superior quality

Our promise for food safety and quality is fulfilled through extensive measures taken by internal and external quality teams across all manufacturing and logistics centers. These include:

- Maintenance of own food safety manufacturing system at every site. This must conform to PepsiCo's global standards and regulatory requirements in India
- Strict adherence to PepsiCo's Global Food Safety Policy within all VBL's production facilities. The policy covers raw material sourcing, manufacturing process, storage, shelf life, etc.
- Daily incorporation of food safety principles into manufacturing processes across all manufacturing sites



- Regular Food Safety Audits by third party
- Regular internal Food Safety Audits

Product labelling

Labelling is an integral part of fostering consumer awareness, building trust and loyalty amongst

them, and ensuring regulatory compliance for the Company. We strive to continually improve our labelling standards and provide clear and accurate information about the product. We also aim to provide essential information about the nutritional value of our product and look forward for more opportunities to educate our

customers, in collaboration with industry, governments, and other stakeholders.

PepsiCo’s Global Labelling Policy, FSSAI guidelines, and other applicable laws and regulations for labelling within India are duly followed for all products at Varun Beverages.

VBL’s labelling policy

Our products 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 include information on energy (as calories, kilocalories or kilojoules) per 100g/ml or per serving.

We 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.

Sustainable marketing and sales

Our commitment extends beyond manufacturing tasty and refreshing beverages; it encompasses our responsibility to spread awareness about our products and promote responsible consumption, helping our consumers to make healthy and informed choices. To ensure this, we:

- Adhere to PepsiCo’s Policy on Responsible Advertising and Marketing to Children
- Adhere to PepsiCo’s Global Policy on the Sale of Beverages to Schools
- Adhere to all relevant laws and regulations in India
- Conduct employee trainings to ensure compliance with these laws and policies

As per the franchise agreement with PepsiCo, above the line (ATL) marketing activities are PepsiCo’s responsibility.

PepsiCo’s Advertising and Marketing Strategy

Children are special and any product needs to be advertised to them with care. Considering them as special audience, PepsiCo takes special care in developing advertisements for children under 13 years of age

With the objective to encourage consumption of healthy food and beverage amongst global audience under 13, PepsiCo exclusively advertises products that meet the International Food and Beverage Alliance (IFBA) Common Nutrition Criteria

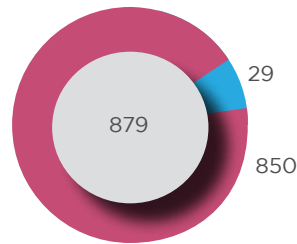
Additionally, only plain water, fruit or vegetable juice, and dairy-based beverages may be marketed, consistent with the International Council of Beverages Associations (ICBA) Marketing to Children Guidelines

No products, regardless of its nutritional profile, will be advertised by PepsiCo to children under the age of 6

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

Category	CY 2023 (Current Calendar Year)			CY 2022 (Previous Calendar Year)		
	Total (A)	No. of Employees /Workers Covered (B)	% (B/A)	Total (C)	No. of Employees /Workers Covered (D)	% (D/C)
Employees						
Permanent	6,762	3,111	46%	5,744	2,183	38%
Other than Permanent	7,013	3,013	43%	5,508	2,644	48%
Total Employees	13,775	6,124	44%	11,252	4,827	43%
Workers						
Permanent	3,211	3,180	99%	2,892	1,475	51%
Other than Permanent	9,832	5,113	52%	8,820	3,969	45%
Total Workers	13,043	8,293	64%	11,712	5,444	46%

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.



- Total Male
- Total Female
- Total Security Personnel



Consumer Health and Nutrition

Consumers, today, are choosing nutrient-rich food and beverages. Varun Beverages, through its optimal portfolio mix, is well-positioned to deliver both taste and nutrition to the global consumers, serving their refreshment and health goals.

Transparent labelling and clear information on nutrients make us a trusted brand amongst billions of consumers across 6 countries.

Key enablers

Assorted nutrient-rich portfolio mix

A beverage for every mood, age and nutritional need. Choose from our assorted health-based, fruit-pulp and juice-based drinks, energy and sports drinks, dairy-based beverages as well as packaged and purified drinking water.

Nutrition information

Providing clear nutrient information about our products help consumers to make informed and right choices, relevant to their health requirements.

Evolving to meet consumer expectations

Tastes and nutritional needs of consumers are ever changing. As a global beverage company, we recognize the need to evolve with the changing preferences and continually align our products to scale, grow and satisfy consumer expectations.

1. Cutting back on sugar

By optimizing sugar content in our products, we are keeping pace with the changing health preferences of our aspirational consumers.

Reducing Sugar

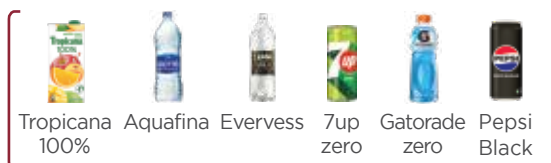
Keeping Pace with Evolving Needs and Taste Positive Choices

Low Sugar Products



Low & No sugar products mix at 40.2% in 2023 vs 35.7% in 2022

No Sugar Products



Offering a portfolio of nutritious & hydration beverages

We also provide our consumers with clear information on Nutrition Facts

Guidelines on Sugar Content:

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

 https://www.pepsico.com/docs/default-source/policies/pepsico-nutrition-criteria.pdf?sfvrsn=54fa599a_3



2. Prioritizing nutrition

To deliver higher nutrient value across our product categories, PepsiCo is guided by the PepsiCo Nutrition Criteria (PNC), which is also followed by Varun Beverages.

PNC enables our products to maintain a high nutrition value by guiding the Company on (a) standards of nutrients to limit, (b) standards for food groups to encourage, and (c) standards for nutrients to encourage.

PepsiCo Nutrition Criteria (PNC)

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 is 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.

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.

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.

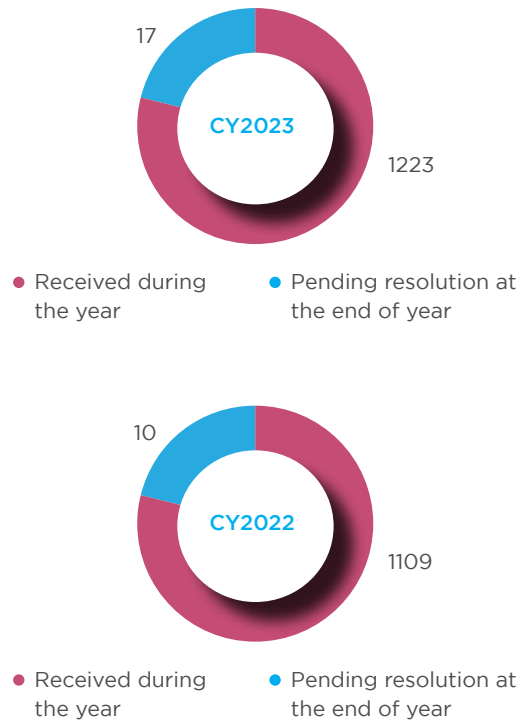
Consumers can lodge their complaints through the Toll-Free number available on product labels and crowns. The PepsiCo Consumer Response System (CRS) representative manages and organises these complaints, forwarding them to us through the Wilke portal. Our Plant team, along with the Consumer Care/ Complaint 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.

No. of Complaints Received Through PepsiCo Customer Care



We have registered no incidents of data loss, leaks or thefts of customer data in CY 2023

Governance





Upholding Sound Governance Standards

Strong corporate governance principles are embedded into every facet of our organization, helping us to seamlessly achieve our ESG goals. By instilling a culture of integrity, accountability, and ethical conduct, we are steering sustainability across the value chain and contributing positively to the environmental and social landscapes, under the able guidance of our leadership team.

A combination of both top-down and bottom-up approach has been significant in effectively embedding our ESG goals within our corporate governance framework. Together, they ensure a balanced governance structure aligned to the organizational goals while facilitating innovation, adaptability, and a deeper understanding of ground-level challenges.

Robust mechanisms to implement and measure the effectiveness of our sustainability practices are also in place. Pivotal role of monitoring the policies, processes and related risks related to environmental, social, regulatory and public policy matters, and the progress made thereof, is served by the Company's ESG framework. Additionally, we closely evaluate and review current

social and environmental trend with oversight of our ESG goals and human rights practices. Doing this enables identification and management of issues that may affect VBL's business, shareholders, others stakeholders or the general public.

Key takeaways

Robust policies

Better transparency

Harnessing CSR activities

Key enablers to manage our social priorities

National-level initiatives on promoting:



Healthcare



Education



**Environment
Sustainability**



**Rural
Development**

Implementing best practices in ESG



ENVIRONMENT

Annual Audit by DQS for carbon footprint study & water assurance footprint



SOCIAL

Best practices in health and safety by DuPont Safety Solutions



GOVERNANCE

Business Excellence (Corporate Governance) of The Year 2022 award by Prime Time Research Media Pvt. Ltd

Best Corporate Governance Practices - Varun Beverages Limited award under Business Brand Awards

Corporate Governance Awards



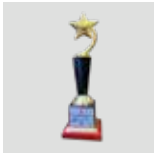
PepsiCo's International Bottler of the Year 2022



PepsiCo's Best Bottler in the Africa-Middle East-South Asia region 2022



PepsiCo's 'Better' category award



Best Corporate Governance Practices - Varun Beverages Limited Award under Business Brand Awards 2023



Business Excellence (Corporate Governance) of The Year 2022 Award by Prime Time Research Media Pvt. Ltd.



Business Leader of the Year Awards for Best Corporate Governance Practices (FMCG) - 2022



Business Brand Award for Best Corporate Governance Practices - 2022



Golden Peacock National Quality Award - 2022



CFI.CO (UK) for Best FMCG Corporate Governance (India) 2022



India Achievers' Award 2022 for Best Corporate Governance



Responsible Business Award for Best Corporate Governance (FMCG) - 2022



PepsiCo's Best Bottler in AMESA Sector for the year 2021



CFI.CO (UK for Best FMCG Corporate Governance (India) - 2021



Golden Peacock Award for Excellence in Corporate Governance - 2021



Award for Achievement in Continuous Improvement - 2021



Global Best Employer - 2020



PepsiCo's Best Bottler in AMESA Sector for the year 2020



PepsiCo's Best Bottler of the year - 2019



PepsiCo's Best Bottler of the year - 2014

Our Board: Enriched by Diversity, Focused on Value

Our business and its corporate governance policies are governed by a diversified Board, which, through its vast experience and expertise, is actively engaged in enhancing stakeholder value. Various functional committees, chaired by Board members in accordance to their experience, overlook the formulation and implementation of corporate governance standards throughout Varun Beverages and monitor the progress of broad organizational objectives. In line with our efforts to promote transparent governance, the corporate policies are readily available to respective stakeholders. Open and easy interaction with senior management is also ensured across all teams and departments.

Member	Icons of Committee they are members of	Area of Expertise
Ravi Jaipuria Promoter & Non-Executive Chairman	M C	L S I G F C
Varun Jaipuria Promoter, Executive Vice Chairman & Whole-time Director	M M C	L S I G C
Raj Gandhi Whole-time Director	M M C C M	L S I G F C
Rajinder Jeet Singh Bagga Whole-time Director	M M	L S I G C
Abhiram Seth Independent Director	-	L S I G C
Dr. Ravi Gupta Independent Director	C M	L S F C
Anil Kumar Sondhi Independent Director	-	L S I C
Rashmi Dhariwal Independent Director	M M C M M M	L S F C
Sita Khosla Independent Director	M C	L S F C

● Audit, Risk Management and Ethics Committee	● Stakeholders' Relationship Committee	● Nomination and Remuneration Committee	● Corporate Social Responsibility Committee
● Investment and Borrowing Committee	● Share Allotment Committee	● Environment, Social and Governance Committee	● Chairperson ● Member
L Leadership	S Strategic Planning	I Industry	G Global Business
F Finance & Legal	C Corporate Governance		

Key Managerial Personnel

Sr. No.	Name	Designation
1	Mr. Raj Gandhi	Whole-time Director
2	Mr. Lalit Malik	Chief Financial Officer
3	Mr. Ravi Batra	Chief Risk Officer & Group Company Secretary

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%

Board Committees

Audit, Risk Management and Ethics Committee

- Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible.
 - Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and approval of payment for any other services rendered by the statutory auditors of the Company.
 - Reviewing with the Management the quarterly/ annual results and annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter-alia, include reviewing changes in the accounting policies and reasons for the same, major accounting entries involving estimates based on exercise of judgement by Management, significant adjustments made in the financial statements.
 - Review the Management's Discussion and Analysis of financial condition and results of operations.
 - Scrutiny of inter-corporate loans and investments.
 - Evaluation of internal financial controls and risk management systems.
 - Reviewing the functioning of the whistle blower/vigil mechanism.
 - Formulate a detailed risk management policy which shall include:
 - 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.
- policy relating to the remuneration of the directors, key managerial personnel and other employees and for evaluation of the performance of independent directors and the Board of Directors;
- Devising a policy on diversity of the Board of Directors;
 - Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and specify the manner for effective evaluation of performance of Board, its committees and individual Directors and review its implementation and compliance;
 - Determine whether to extend or continue the term of appointment of the independent directors on the basis of the report of performance evaluation of independent directors; and
 - Framing suitable policies and systems to ensure that there is no violation by an employee as well as by the Company of any applicable laws in India or overseas, including:
 - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

CSR Committee

To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, recommend the amount of expenditure to be incurred on the CSR activities and monitor the CSR Policy of the Company from time to time.

Environment, Social and Governance Committee

- Approve the Company's 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.

Stakeholders' Relationship Committee

To consider and resolve the grievances of security holders of the Company including but not limited to complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends and review of services rendered by the Registrar and Share Transfer Agent.

Nomination and Remuneration Committee

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommendations to the Board of Directors a

Climate risks and opportunities

Evaluating climate risks and opportunities and managing them effectively serve as critical factors in protecting our assets, creating sustained value for our stakeholders and identifying and leveraging future opportunities. Our unique business model and assessment strategies enables us to effectively handle risks associated with climate change and leverage the opportunities presented by it, to consistently scale and grow.

Fostering inclusion and diversity

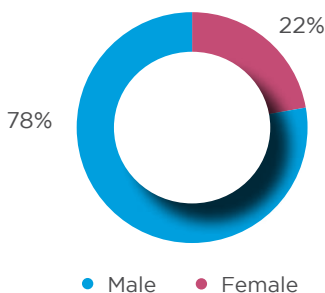
We aspire to build a culture that brings together people of all ages, gender and capacities on one common platform and empowers them to unleash their full potential. Gender, age and differently abled therefore comprise our core priority to foster an inclusive and diverse workforce.

Constant efforts are also being made to empower women employees with special emphasis on incorporating their ideas and perspectives across our business processes and strategies.

Principles of Business Conduct of PepsiCo

- To maintain awareness and comply with all applicable laws and regulations of the countries of operation
- To maintain confidentiality of all PepsiCo's and its partners information
- To compete fairly for PepsiCo's business and conduct all such business on behalf of PepsiCo in a lawful manner
- To encourage a diverse workforce and provide a workplace free from discrimination, harassment or any other form of abuse
- To treat employees fairly, including with respect to wages, working hours and benefits
- To prohibit all forms of forced or compulsory labor
- To prohibit use of child labor
- To respect employees' right to freedom of association and collective bargaining
- To provide safe and healthy working conditions
- To carry out operations with care for the environment and to comply with all applicable environmental laws and regulations
- To maintain accurate financial books and business records
- To deliver products and services meeting applicable quality and food safety standards
- To support compliance with Supplier Code of Conduct
- To observe policies regarding gifts and entertainment and conflicts of interest
- To ensure that all land acquisitions meet IFC Performance Standards
- To report suspected violations of the Code

Board Diversity



Business continuity plan

Considering the highly volatile and unpredictable nature of environmental and ecological disasters, Business continuity is one of the utmost priorities for any organization in the event of occurrence of any natural disaster, pandemic, or any other likely event. In case of any high risk event, to ensure there is no disruption in the major business operations including

sales, production and financial related functions, we have a detailed Business Continuity Plan in place to implement the mitigation plan immediately, restore the impacted operations within the defined time limits and ensure all functions are operating well like back-up IT servers, office facilities, raw material suppliers, etc.

Crisis Management teams are formed which will be in immediate action at the time of any disaster. Regular training is provided to them to ensure the clarity of roles and responsibilities of all the teams for quick response. Also, mock drills are conducted to check the preparedness to tackle such situations.

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



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

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.

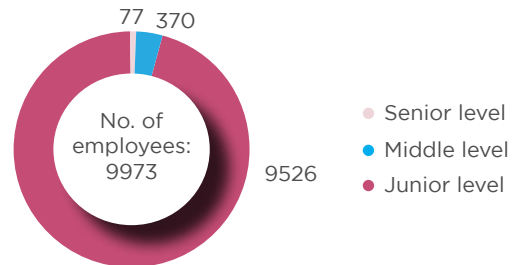
Continuous Improvement:

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.

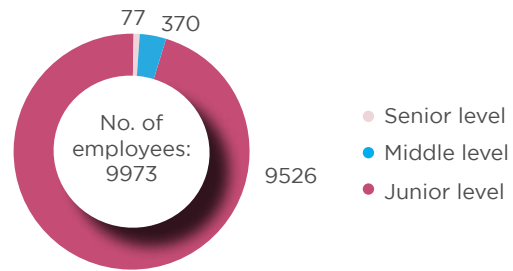
These proactive steps are taken to not only prevent corruption but also to safeguard our reputation and showcase a steadfast commitment to ethical business practices. Anti-corruption efforts are not just mandated by legal requirements in numerous jurisdictions; they are fundamental for maintaining the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

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



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 2023

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.



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.

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 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.



Policy on Diversity of the Board of Directors

The Company recognizes the benefits of diversity on the Board and believes that a diverse Board can make significant contribution towards achievement of Company's strategic and commercial objectives more efficiently and effectively. The Company believes that Board with diverse representation is better equipped to leverage benefits emerging through members with diverse thoughts, perspective,



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.



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.

knowledge, experience and gender and is well equipped to perform its functions and give strategic guidance to the Company. The Company remains committed to ensure that a transparent nomination process is followed where appointments will be made on merits in order to strengthen the corporate governance, achieve business results, ensure sustainable development for benefit of all stakeholders and enhance the reputation of the Company.

(₹ in Million)

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2023	% increase in Remuneration in Financial Year 2023	Ratio of Remuneration of Director to Median Remuneration of employees in Financial Year 2023
1.	Mr. Varun Jaipuria, Executive Vice-Chairman & Whole-time Director	54.02	-1.22*	138.51
2.	Mr. Raj Gandhi, Whole-time Director	62.45	10.33	160.13
3.	Mr. Rajinder Jeet Singh Bagga, Whole-time Director	57.66	9.93	147.85
4.	Mr. Lalit Malik, Chief Financial Officer (CFO)	20.63	Not Comparable [@]	Not Applicable
5.	Mr. Rajesh Chawla, Chief Financial Officer	6.35	Not Comparable [@]	Not Applicable
6.	Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary	14.85	11.65	Not Applicable

* Decrease in remuneration as he decided to forego his incentive during the year under review.

@ Mr. Lalit Malik appointed as CFO with effect from August 4, 2023 in place of Mr. Rajesh Chawla, who continues to discharge his responsibilities as CFO (India) of the Company.

Note: Since Independent Directors received no remuneration, except sitting fee for attending Board/Committee meetings, the required details are not applicable.

Details of remuneration CY 2023

(₹ in Million)

	Male		Female		Other	
	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category
Board of Directors (BOD)	3	57.66	-	-	-	-
Key Managerial Personnel	2	17.74	-	-	-	-
Employees other than BOD and KMP	6,255	0.44	488	0.40	14	0.36
Workers	3,175	0.31	36	0.26	-	-

Note: Since Independent Directors received no remuneration, except sitting fee for attending Board/ Committee meetings, the required details are not applicable. Further, for the purpose of calculation of median remuneration of KMP, remuneration paid to Mr. Rajesh Chawla has not been considered due to cessation as KMP with effect from August 3, 2023.

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 1.54 litres of water for every 1 litre of the final product. This represents a notable 9% improvement compared to the water usage efficiency in 2022. 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.



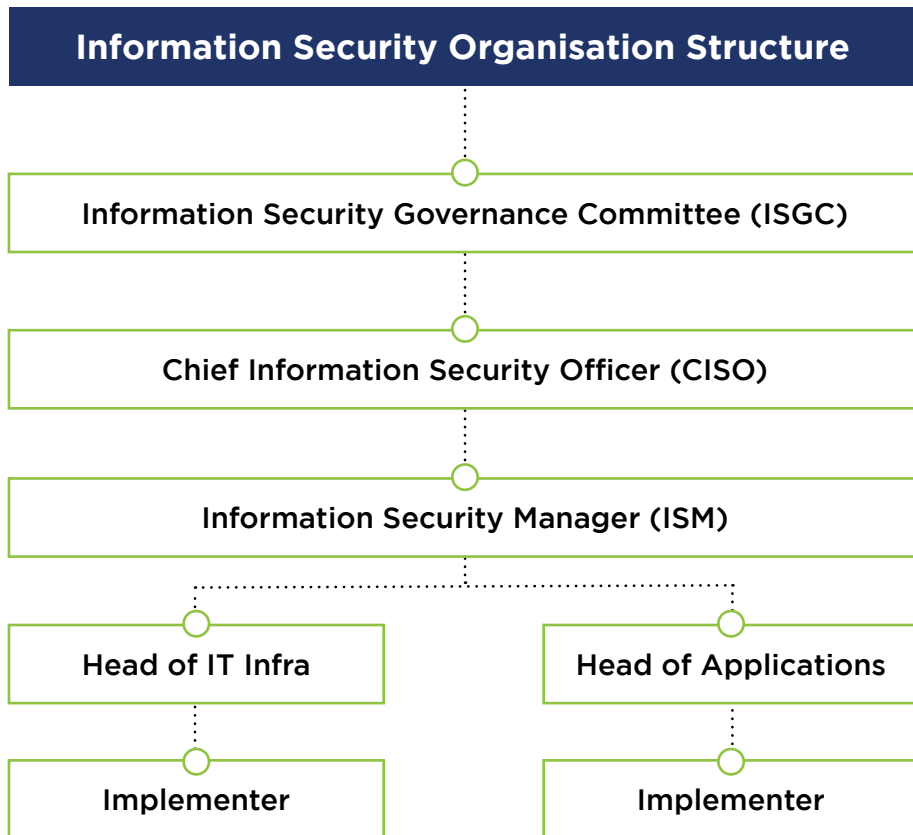
Information System and VBL Code of Conduct

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.



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.

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.

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.

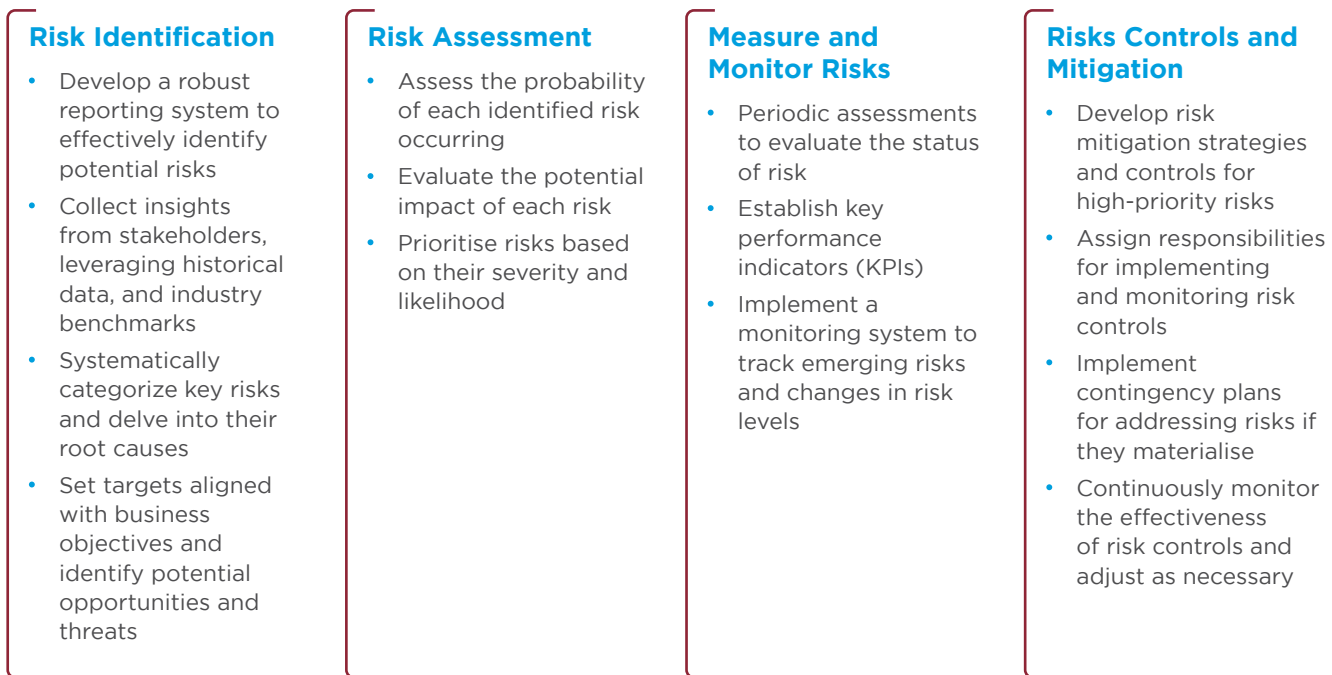


Risk and Opportunities Management

Risks are inherent in business, emphasizing the need for a robust risk assessment and mitigation policy. At Varun Beverages, a reliable risk management process is constantly engaged in identifying, evaluating and managing potential and actual business risks.

Our risk management process is operational across all our functions (production and distribution), facilities and countries we operate in. Early assessment of risk and their seamless management drives better decision-making and fosters preventive measures for impact control, ensuring business continuity and sustained growth.

Risk Management Framework



Risk	Description	Mitigation Plan
Demand Risk	The risk of slowdown in the Company's target markets and adverse impact on its sales velocity caused by a cyclical downturn.	Varun Beverages' strategic approach to provide the right brand featuring right products at the right price and through the right channels, has enabled the Company to grow consistently in its sales volumes. An extensive portfolio, comprising a wide range of products, helps it to cater to the varying tastes and preferences of diverse consumer segments. Steady growth is also attributed to presence in relatively underpenetrated markets with favorable demographics, growing population, and advantageous climate.
Business Agreement Risk	The Company relies on strategic relationships and agreements with PepsiCo. Termination of agreements or less favorable renewal terms could adversely affect profitability.	Varun Beverages has steadily strengthened its partnership with PepsiCo over the past three decades, solidifying its market ties, expanding its territories and sub-territories, and diversifying its production and distribution capabilities across a broader array of PepsiCo beverages. These factors, along with the Company's focus on adding multiple SKUs into the portfolio and developing a stronger distribution network, has helped it to win a larger market share for PepsiCo, garnering its trust and continued patronage. The bottling appointment and trademark license agreement for India with PepsiCo India has been extended till April 30, 2039, from October 2, 2022, earlier, signifying strong partnership, built on the foundation of mutual trust and support. Collaborating as active development partners, investing in joint projects and business planning on strategic issues ensures a close and mutual beneficial relationship between the Company and PepsiCo.

Risk	Description	Mitigation Plan
Regulatory Risk	Regulatory risks to the Company include new and evolving regulations on consumer health. Business is also at the risk of adverse impact on account of Company's products being targeted for discriminatory tax and packaging waste recovery.	Sustainability is at the core of all business decisions and operations within Varun Beverages. Along with PepsiCo, the Company takes proactive steps to collaborate with the government and other regulatory authorities to ensure clear understanding of the facts and prevent unfair singling out of its products. VBL, along with the NGO's, communities it operates in, and other stakeholders, is continuously focused on establishing and implementing sustainability solutions in the areas of environment, social and governance. Eco-friendly manufacturing practices are consistently adhered to and strong emphasis is placed on addressing issues related to packaging waste recovery / recycling, water management and greenhouse gas emissions. As a part of its sustainability commitment and for phased implementation of 100% recycling of used PET bottles, VBL has collaborated with GEM Enviro Management Pvt. Ltd. Measurement and improvement in the Company's carbon footprint and water footprint assurance is further achieved through alliance with Deutsch Quality Systems (India) Private Limited. The Company also aligns with PepsiCo's strategy of introducing healthier and "zero sugar" variant of products, solidifying its position as a responsible brand that cares for its consumers.
Business Viability Risk	Business viability risk amounts to the financial and/or performance risk stemming from Company's inability to integrate the operations of newly acquired territories and sub territories or derive potential operating and cost efficiencies from them.	VBL's straightforward strategic approach and financial need ensures that any future acquisitions or partnerships comply with the Board's acquisition guideline and bring value to the Company. Performance of the newly acquired territories and business viability is ensured by the Company through concentrated efforts and initiatives. This includes significant financial investment and considerable time spent by the management to develop local market strategies that are capable of mitigating possible cultural and language barriers as well as incorporating existing business practices into new activities.
Consumer Preference Risk	Inability to adjust with the evolving consumer health trends and failure in clarifying misunderstandings about the health impacts of consuming soft drinks could harm demand.	Close collaboration with PepsiCo enables the Company to regularly evaluate the evolving habits of its consumers and align its product innovation with the changing demand, therefore augmenting its range of products and remaining relevant in the competitive business landscape. PepsiCo's new and healthy product plan with greater focus on zero / limited calorie content and sugar content also augurs well for VBL.
Raw Material Risk	An interruption in the supply or significant increase in the price of raw materials or packaging materials may adversely affect the Company's business prospects, results of operations and financial condition.	A series of initiatives and programs are implemented at VBL to optimize cost and operational efficiencies. Concentrated efforts, including backward integration and consolidated procurement of raw materials, are constantly made to reduce the cost of goods sold and increase the Company's cash flows. The Company also enjoys a good bargaining power with its suppliers owing to its scale of operation, resulting in better working capital management. Other than this, the Company is consistently committed to optimize its asset management and utilization, leading to higher operating efficiency and amortization of overhead costs on a wider case. Innovative solutions further augment VBL's process efficiency ensuring consolidated operational data from production, scheduled sourcing, and superior monitoring of the supply of goods from manufacturers to the retail point of sale.

Risk	Description	Mitigation Plan
Sustainable Packaging Costs and Market Availability	<p>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.</p> <p>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.</p> <p>Supply constraints or high costs can pose challenges to access to high-quality recycled materials (like rPET) at reasonable prices</p>	<p>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.</p> <p>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.</p> <p>We are working with GEM Enviro Pvt Ltd for recycling plastic waste, conducting awareness programs for communities, uplifting the lives of rag pickers, etc.</p>
Water Usage and Replenishment	<p>Managing packaging-related emissions and waste is vital for achieving sustainability commitments, such as Net Zero.</p> <p>To maintain a positive brand image and meet customer expectations as consumer preferences are increasingly leaning towards environmentally friendly products and packaging.</p> <p>Identifying regions and areas that are experiencing water scarcity due to factors like population growth, climate change, and over extraction of water resources.</p> <p>Analysing the impact of climate change on water availability, including changes in precipitation patterns and the frequency of droughts and floods.</p> <p>Recognising the importance of maintaining water availability for local communities' water requirements in over-exploited and critical zones as per CWGB.</p> <p>Increased concentrations of greenhouse gases in the atmosphere trap heat, resulting in global warming.</p>	<p>Exploring and implementing 150+ process improvements and solutions for efficient water usage. We have set the target to reduce our usage ratio 1.40x by 2025.</p> <p>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.</p> <p>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.</p> <p>Industries may implement sustainable sourcing practices to reduce their water footprint and use resources more efficiently.</p> <p>We have set our target to reduce our GHG emissions by 50% over base year 2020 by 2030 under our strategic sustainability approach.</p>
Carbon Footprint Management	<p>Climate change driven by carbon emissions can disrupt ecosystems and threaten biodiversity.</p> <p>Governments may use carbon footprint assessments to set emission reduction targets, implement regulations, and incentivise greener practice.</p> <p>Changing perceptions of community about greenwashing.</p>	<p>Aligning our future business growth targets with our carbon footprint initiatives.</p> <p>Increasing sustainable packaging mix to reduce usage of future requirements.</p> <p>Engaging with stakeholders, including employees, suppliers, and communities, is often a crucial part of successfully implementing carbon footprint commitments.</p>

CSR Initiatives: Making a Sustainable Difference

We are committed to uplift the less privileged communities through focused CSR initiatives in the areas of education, environmental sustainability and rural development.

Imparting knowledge with Shiksha Kendra

We collaborated with Shiksha Kendra School, a social initiative by the Delhi Public School (Gurgaon) to impart education to the underprivileged children. The objective of the initiative is to help them become confident, knowledgeable and responsible citizens of India and fetch a better standard of living for themselves and their families. The beneficiaries under this initiative are entitled to avail the benefits of DPS infrastructure and its other resources including books, uniform and transportation.

32,500+

Students availed free education since 2003

Sponsored evening schools at Delhi Public Society for economically weaker sections



VISION

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



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.



Sustainable healthcare through AARU Clinic

Sustainable healthcare is one of the most basic needs of the people. Its basic but at the same time most important for the people to lead a healthy life with sound health. Yet the same has been one of the most pressing and deprived amenities for the marginalized and economically weaker section of the society in current times in our country. As a responsible

corporate entity, we have pledged to address this issue with most of our potential. Adhering to the same, we got ourselves heavily engaged in setting up AARU clinics, under AARU Care community health care initiative by RJ Foundation, aimed at providing adequate healthcare facilities to the economically weaker sections of our society in

rural India and enhance their well-being.

During CY 2023, 10 AARU clinics are operational in India and 1 in Nepal which have provided healthcare services to over 1.1 lakh patients. These clinics provide free of cost consultation, medicine and lab tests to the people.



53%

Patients have chronic diseases with the following top reasons:

- Nutritional deficiencies
- Joint and muscular pain disorders
- Non-Communicable Diseases like Diabetes, Hypertension, Cardiovascular diseases etc.

10

Operational clinics in India (5 in Uttar Pradesh, 2 in Rajasthan and 1 each in Madhya Pradesh, Punjab and Assam)



110,000+

patients benefited in CY 2023

47%

Patients come with acute infections

1

Operational clinic in Nepal

72% new and 28% repeated

Patient cases handled across all locations

Pravah: Building skills for a sustainable future

Unemployment of youth is a grave challenge that India faces, having far-reaching socio-economic impact. Pravah Skill Development Centre, by upliftment of unemployed youth in the marginalized sections of the society, is an attempt to mitigate this challenge.

Its structured, sustainable and scalable framework enables skill development and facilitates an enriching learning experience to the underprivileged youth. With an objective to bring them into mainstream, Pravah aspires

to become a leading skill development centre. The initiative is aligned with center's mission to train maximum skilled workforce to meet domestic regional requirements of a growing economy.

17,000+

Upliftment of Unemployed Youth

Courses offered by Pravah Skill Development Centre

Computer Course

To acquaint students with basic knowledge of computers



Fashion Designing

To make students learn to stitch all types of garments related to men, women and children



Beauty Care

To give women an opportunity to pursue their interests



English Communication Skills

To help participants understand various aspects of communication and refresh their communication skills



Job Assistance

To help students get placed in respective jobs through assistance in job placement



Composition of CSR Committee

Name of Director	Designation / Nature of Directorship	Number of Meetings of CSR Committee Held During the Calendar Year 2023	Number of Meetings of CSR Committee Attended During the Calendar Year 2023
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	1
Ms. Rashmi Dhariwal	Member (Independent Director)	2	2

*Ceased to be member of the Committee w.e.f. 30.11.2023 upon completion of second consecutive term as an Independent Director of the Company.

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

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

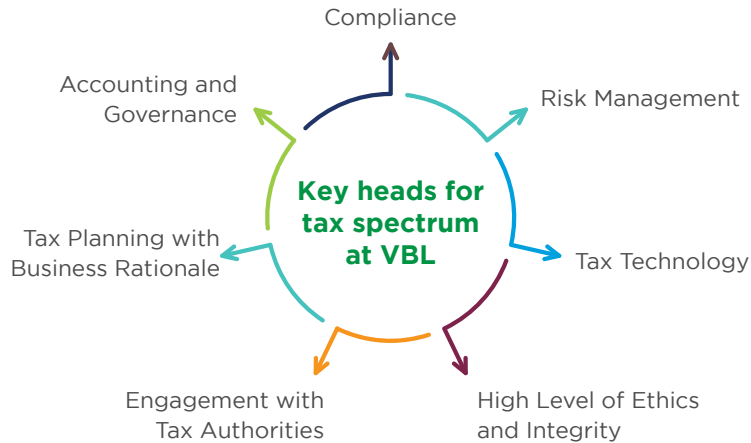
Details of beneficiaries of CSR Projects:

Sr. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1	Community Health Care under Aaru Clinics	110,000+	100 % of the Projects serve the beneficiaries who are from the under privileged, marginalised, vulnerable and backward community of the society
2	Education to under privileged children under the programme-Shiksha Kendra	2,422	
3	Skills development training under the programme-Parvah	1,010	
4	Facilities Old age and underprivileged		Cannot be ascertained
5	Animal Welfare		Cannot be ascertained
6	Gender Equality		Cannot be ascertained
7	Environmental sustainability and Water management Initiatives		Cannot be ascertained
8	Eradicating Hunger		Cannot be ascertained



Sustainable Tax Practice: Furthering Our ESG Commitment

Tax compliance and implementing sustainable tax practices has been central to our business priorities. Adhering to tax regulatory compliances reflects our commitment to ESG and corporate governance.



Compliance

VBL strictly adheres to all tax regulatory compliances, periodical filings, and reporting for all the applicable tax laws. We express zero-tolerance to any non-compliance, supported by our efficient compliance tracking tool that features a pre-defined escalation matrix for instant flag off. 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.

Accounting and governance

Taxes on all fronts – input, output, corporate and withholding taxes, are properly accounted for in alignment with applicable laws and accounting standard through a dedicated team of tax experts. In case of any change in existing tax laws, our internal team of tax experts evaluate the changes and its implications on our business transactions. An updated SOP is then circulated to implement the changes amongst relevant stakeholders.

Tax planning with business rationale

A transparent process of tax risk assessment and management, integral to tax planning at VBL, is implemented. In compliance with our zero-tolerance for non-compliance of tax regulations or tax evasions, we refrain from taking any aggressive tax positions. Only those tax incentives, that are aligned with our overall business objective are availed in respective jurisdictions.

Engagement with tax authorities

We strive to stand out as ‘the most

trusted and tax compliant company’ in our operational areas. To ensure this, we provide full support and actively engage with the tax authorities to understand the business model and tax positions.

Risk management

Risks within VBL across the key risk areas are constantly monitored and mitigated. An internal risk control process continually identifies, measures, analyses and manages such risks. A comprehensive review mechanism is also set up to keep all transactions tax compliant and ensure that they fall within no risk or low risk categories. The responsibility for such review is vested with the Audit, Risk Management & Ethics Committee, Internal Auditors and Statutory Auditors.

Tax technologies

Digital recording and reporting of all tax transactions is becoming a norm with the advancement in online governance and tax technology. VBL has made adequate investments towards this to ensure accurate and faster reporting.



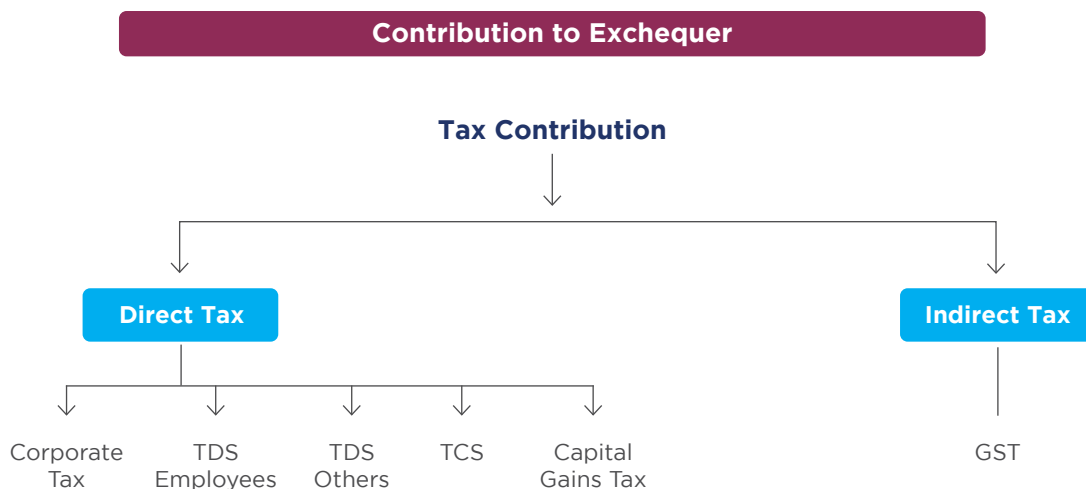
Vendor Management	Identification and recording in correct ledger	System generated Sale invoices, E-invoices and E-way bills	GST portal reporting
Strong vendor management process with robust KYC documentation & verification of historical compliances under GST laws	Powerful SAP-based identification process enabling issuance of PO using correct HSN/SAC and tax code	VBL SAP is integrated with the E-invoicing portal and E-way bill portal of the government	Filing of GST returns for all outward supplies basis system-generated sales register
Vendor mapping with correct HSN/SAC code and GST rates	System-based transaction identification by an internal team	System configuration restricts invoice generation without an E-invoice and E-way bill (as prescribed under the GST laws)	This ensures that all the recorded outward supplies get reported along with the correct tax liability
Vendor mapping with correct withholding tax codes for proper deduction of withholding tax while recording transactions	Controlling of the input tax entitlement through the system to ensure that the input tax credit is not availed wrongly (not permitted as per GST laws)		

Integrity and ethical conduct

Ethical conduct and integrity is upheld across the organization and supported by strong and transparent accounting principles. Unethical behaviour by any of our employees and/or third-party working in or behalf of the company is not tolerated and strict policy measures are implemented against them. The company has a zero-tolerance policy on integrity in place, which is applicable for all VBL’s dealings with vendors, customers, third-party consultants and government authorities.

Corporate Taxes, TDS, TCS, Capital Gains Tax and Dividend Distribution Tax

Over the years, VBL has made a significant contribution to the exchequer by way of Corporate Tax, TDS on Employees, TDS on others, TCS, Capital Gains and the Dividend Distribution Tax. Given an increase in turnover in the last five years, its Corporate Income Tax has surged increasing - from 855.9 million in FY 2018-10 to 4,988.9 million in FY 2022-23.



Tax trends in the last five years:

(₹ Million)

Description	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Corporate Tax (Excluding Interest u/s 234A/234B/234C)	855.9	934.5	347.2	1,383.9	4,988.9
TDS on Employees (As per Tax Audit Report)	227.7	430.1	454.9	561.0	769.0
TDS on Others (As per Tax Audit Report)	193.8	310.6	245.7	484.7	770.1
TCS (As per Tax Audit Report)	1.8	2.6	29.6	72.2	118.1
Dividend Distribution Tax	54.7	91.7	-	-	-
Capital Gains Tax (Included in Corporate Tax mentioned above)	-	0.1	1.2	0.1	2.2

For taxation purpose, FY refers to Financial year defined as per Income Tax Act, 1961 i.e. April 1 to March 31.

Indirect Tax - GST

The key product of VBL is taxable at a higher rate of 28% GST with 12% cess. In the last five years, the total payment of Gross GST on outward supplies stands at 147,802.5 million. This has increased from 14,845.4 million in the financial year 2018-19 to 53,067 million in Financial Year 2022-23.

Tax trends in the last five years:

(₹ in Million)

Financial Year	Gross Tax Payable (₹)	Paid through Cash (₹)	Paid through ITC (₹)
2018-19	14,845.4	8,491.4	6,353.9
2019-20	23,280.4	12,024.5	11,255.9
2020-21	24,690.8	12,309.6	12,384.1
2021-22	31,918.9	15,639.0	16,276.9
2022-23	53,067.0	26,194.6	26,872.4

International Territories





Growing Beyond Boundaries Sustaining Our Impact

Diving deep into our ESG strategy at VBL unveils a tapestry of decisive action and global expansion. We extend sustainable initiatives, fostering prosperity and positive impacts through inclusive practices. Integrating environmental stewardship, social responsibilities, and governance leadership, we ignite impactful change. As sustainability pioneers, our footprint amplifies across operations and communities.

Varun Beverages Zimbabwe

Environment

- Installed water treatment plant to reduce wastage of water
- Installed solar power plants to reduce conventional power usage
- Reduced carbon emission through lesser grammage per 8 Oz use of coal
- Participated on National Tree Planting Day in partnership with NMB Bank and City of Harare
- Replaced existing Diesel/Petrol Forklifts with EV Forklifts
- Introduction of EV's for last-mile delivery



0.37 kWh/case
(15% reduced from 2022)
Electricity used in 2023

1.77 Liters
(10% reduced from 2022)
Water utilized for per liter of beverage production in 2023

2.5 MW
Rooftop solar panels installed

1,115
Trees planted in Harare in 2023

Social

- Empowering women belonging to economically backward class, specially abled, and war widows through providing livelihood means
- Sponsoring education of underprivileged students
- Participated in social well-being during the Cholera outbreak



6,700 push carts

Deployed to create employment for women in rural, semi-urban, and urban areas, with an initiative launched by the President of Zimbabwe

Recognized as the **Most Socially Responsible and Society-friendly Company** in Zimbabwe

105

Graduate and management trainees hired and created 'Varun Beverage Academy' to provide both inhouse and on the job training

Sponsored First PhD student

for higher education in India

Sponsored several school children

From underprivileged backgrounds

14%

Diversity in CY 2023



Governance Awards and Achievements

Compliance

Varun Beverage Zimbabwe follow the local rules and policies & fully compliant by laws and regulations.

Training

Various compliance training programs - US FCPA, POSH, Insider Trading, Anti-bribery, Non-Political Affiliation & others

Awards

- The circle of performance award - 2023
- The best marketing CEO award - ZMA - 2022
- The president ring of honor award - 2022



Varun Beverages Zambia

Environment

- Engaged in several initiatives such as CIP conservation, RO water recovery, Cooling tower and bottle washer optimization, to maximize the water savings
- Achieved greater energy optimization through implementing automation of cooling towers and packaging lines, replacing street lights and CFL lights with solar and LEDs respectively, and installing photo sensors for lights
- Exploring collection and recycling of plastic waste initiative with third party vendors



0.66 kWh/case
Electricity in CY 2023

2.38 Liters
(4% reduced from 2022)
Water consumed for per liter of beverage production in 2023

1.8 Mn kWh
units saved through energy-saving initiatives in CY 2023

1,000
indigenous and 500 fruit trees in 5 target schools

Social

- Partnered with World Vision to deploy various CSR initiatives
- Partnered with Project Concern Zambia (PCZ) for reforestation, safe access to drinking water, strong girls under Strong Zambia Project
- Various activities undertaken for employee training and recognition



22%
Diversity in CY 2023



Governance Awards and Achievements

Compliance

- Varun Beverage Zambia ensures compliance with local rules, policies, and laws through dedicated legal teams, regular audits, and training programs for employees.
- Upholding ethical business practices is central to our operations, contributing to our reputation as a responsible corporate entity and mitigating legal risks for sustainable growth.

Training

Various compliance training programs - US FCPA, POSH, Insider Trading, Anti-bribery, Non-Political Affiliation & others

Awards

- Recognition for Quality & Food Safety by PepsiCo
- Zero Non-compliance on Food Safety certification audit by Bureau Veritas – FSSC
- Local reward and recognition in different functions

Varun Beverages Sri Lanka



Environment

Steps taken:

- Installed timer to stop ammonia compressor pump to after usage
- Replaced CFL/FTL lamps with LEDs to save electricity
- Repaired all LP air leakage points and create SMT for weekly audit for findings and actions
- Water flow meters installed at key consumption points for precise monitoring and control
- Rejected RO water utilized for JAR washing, optimizing resource utilization and minimizing waste
- Initiated “Clean Green Sri Lanka” program to actively reduce PET plastic waste by collecting used PET plastic from the market through collection bins and recycling it



0.63 kWh/case

Electricity used in
CY 2023

1.85 Liters

(2% reduced from
CY 2022)
Water consumed for
per liter of beverage
production in 2023

373 MT

(166% higher than 2022)
PET recycled in 2023

139 MT

resin saved through
light weighting
initiatives

Social

- Paddy Field Cultivation for the farmers growth and overall community betterment
- Provided on the job training to the employees for better operational and situational understanding

Governance Awards and Achievements

- Varun Beverage Sri Lanka ensures compliance with local rules, policies, and laws through dedicated legal teams, regular audits, and training programs for employees.
- Various compliance training programs - US FCPA, POSH, Insider Trading, Anti-bribery, Non-Political Affiliation & others

Varun Beverages Morocco

Environment

- Installed flowmeters to monitor and optimize water usage
- Improved RO efficiency wherever the RO recovery is less than designed recovery
- Installing solar power panels to reduce conventional power usage



Visi-cooler ESG Initiatives

Procured

600

hydrocarbon coolers

Deployed

20

Solar coolers in the market on trial basis

0.34 kWh/case

(10% reduced from 2022)
Electricity consumed in 2023

1.91 Liters

(19% reduced from 2022)
Water consumed per liter of beverage production in 2023

1.6 MW

Rooftop solar power capacity

Social

- Integrating women in the workforce to support diversity and inclusion within the organization
- Supports pilgrimage of employees, sports activities, annual summer camp, team building events with a focus towards employee well-being and engagement
- Provided social aids to the earthquake victims of Al Haouz region
- Launched recruitment campaigns in rural regions to create livelihood opportunities for residents in those areas



3%
Diversity in CY 2023

Recognized as
**Employer of the year
for 2023**
by EFE Morocco

Governance Awards and Achievements



STRONGER Production Capability Building and Aligned Systems/Governance award from PepsiCo during the International Bottler Conference (IBC) 2023



Certified by
ONSSA
(Nutrition quality)



Certified by
GMP
(Good Manufacturing Practice)

Training

Various compliance training programs - US FCPA, POSH, Insider Trading, Anti-bribery, Non-Political Affiliation & others

Varun Beverages Nepal

Environment

- Established a 2MW Solar Power Plant in our manufacturing plant
- Installing active harmonic filters at manufacturing plants to mitigate power consumption
- Collaborating with NGOs/local bodies to plant trees within the plants and local parks
- Implementing modifications to enhance the water recovery system for bottle washer operations, aiming for efficient recovery
- Installation of bag filters at manufacturing locations leading to reduced emission of carbon and other gases into the atmosphere
- Phased replacement of old diesel forklifts and staff buses with electric vehicles
- Exploring collection and recycling of plastic waste initiative with third party vendors



0.65 kWh/case
(6% reduced from 2022)
Electricity used in 2023

1.71 Liters
(6% reduced from 2022)
Water consumed per liter of
beverage production in 2023

3,582 Tons
(26% reduced from 2022)



Social

- Fostering diversity and inclusion within our workforce and supply chain
- Prioritizing fair labor practices and the well-being of our employees
- Supporting education and community initiatives to make positive impacts on the societies
- CSR initiatives undertaken in the field of healthcare, community development, and engaging with local law enforcements
 - Setup AARU Clinic at Kathmandu
 - Free Medical Checkup
 - Contribution to Birat Eye Clinic
 - Temple construction at Ramgram Near Navalparasi, Nepal
- Ensured employee engagement through various team building programs



Diversity and inclusion:

24%

Diversity in CY 2023



Governance Awards and Achievements

Our Unified Governance Practice across regions

Our governance prioritizes integrity and compliance, anchoring our ESG strategy. Led by committed leadership, we embed robust corporate governance principles, fostering a culture of integrity and ESG alignment throughout the organization. Additionally, we implement unified governance practices across all operational areas, facilitating streamlined operations across regions and promoting a cohesive approach to value addition.



Governance Framework

Compliance

- Maintaining stringent compliance with corporate policies and local laws
- Conducting regular audits to ensure highest standards of ethical conduct

Training

- Various compliance training programs - US FCPA, POSH, Insider Trading, Anti-bribery, Non-Political Affiliation & others

Awards & Recognition

As every year, this year too, we received recognition for our strong business processes, governance and ability to execute in the marketplace at scale, while delivering on our sustainability goals.

2023



- PepsiCo's 'Better' category award for our sustainability endeavors
- PepsiCo's International Bottler of the Year 2022

- PepsiCo's Best Bottler in the Africa-Middle East-South Asia region
- Business Excellence (Corporate Governance) of The Year 2022 Award by Prime Time Research Media Pvt. Ltd.
- Best Corporate Governance Practices - Varun Beverages Limited Award under Business Brand Awards

2022

- PepsiCo's Best Bottler in the Africa-Middle East-South Asia region
- Golden Peacock National Quality Award
- Golden Peacock award for Excellence in Corporate Governance
- CFI.CO (UK) for the 4th Consecutive Year for Best FMCG Corporate Governance (India)
- Business Brand Award for Best Corporate Governance Practices
- CNBC TV18 - Incredible Brands of India Awards for Best Corporate Governance of the Year

2021

- Winner of Best FMCG Corporate Governance India 2021 awarded by Capital Finance International (UK) (third successive year)

2020

- Winner of Best FMCG Corporate Governance India 2020 awarded by Capital Finance International (UK)
- Winner of Bottler of the Year, 2019 by PepsiCo in AMESA sector (Africa, Middle East and South Asia) received in 2020

2019

- Varun Beverages Limited – Bottler of the Year 2019 by PepsiCo in South Asia Region
- Winner of Best FMCG
- Corporate Governance India 2019 awarded by Capital Finance International (UK)
- Varun Beverages Limited – Global Best Employer Award

2018

- National Best Employer Award by ET Now, in collaboration with World HRD Congress
- Distinguished Entrepreneurship Award in the PHD Annual Awards for Excellence 2018 to Mr. Ravi Jaipuria

2017

- Varun Beverages (Nepal) Private Limited – Best Unit of the Year
- Varun Beverages Lanka (Private) Limited – Donald M Kendall Award by PepsiCo for Small Developed Markets
- VBL Sonarpur Plant – Best Plant of the Year
- VBL Sonarpur Plant – CII Award for Food Safety



2016

- VBL India – FOBO Unit of the Year
- Varun Beverages Lanka (Private) Limited – FOBO Country of the Year

1997

Mr. Ravi Jaipuria, the only Indian Company's promoter to have received PepsiCo's International Bottler of the Year Award in 1997

Corporate Information

Board of Directors

Category	Name of Directors
Non-Executive Chairman	Mr. Ravi Jaipuria
Executive Vice Chairman & Whole-time Director	Mr. Varun Jaipuria
Executive / Whole-time Directors	Mr. Raj Gandhi Mr. Rajinder Jeet Singh Bagga
Non-Executive, Independent Directors	Dr. Ravi Gupta Ms. Rashmi Dhariwal Ms. Sita Khosla Mr. Abhiram Seth Mr. Anil Kumar Sondhi

Chief Financial Officer

Mr. Lalit Malik

Chief Risk Officer & Group Company Secretary

Mr. Ravi Batra

Joint Statutory Auditors

M/s. J.C. Bhalla & Co.

Chartered Accountants,
New Delhi

M/s. O.P. Bagla & Co LLP

Chartered Accountants,
New Delhi

Corporate Office

RJ Corp House, Plot No. 31,
Institutional Area, Sector-44,
Gurugram - 122 002

Registered Office

F-2/7, Okhla Industrial Area, Phase-I
New Delhi - 110 020

Registrar and Share Transfer Agent

KFin Technologies Limited

Selenium Tower B, Plot Nos. 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad - 500 032

Toll Free No. : 1800 309 4001

Email: einward.ris@kfintech.com

Website: www.kfintech.com

SEBI Registration No.: INR0000000221

List of Bankers

1. Axis Bank Limited
2. DBS Bank India Limited
3. The Federal Bank Limited
4. HDFC Bank Limited
5. Hongkong and Shanghai Banking Corporation Ltd
6. ICICI Bank Limited
7. IDFC FIRST Bank Limited
8. IndusInd Bank Limited
9. JP Morgan Chase Bank N.A.
10. Kotak Mahindra Bank Limited
11. RBL Bank Limited
12. Standard Chartered Bank
13. YES Bank Limited

GRI Index

GRI content index

Statement of use	VBL has reported the information cited in this GRI content index for the period 1st Jan 2023 to 31st December 2023 in accordance to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

Gri Standard/ Other Source	Disclosure	Page Number	Location	Explanation
GRI 2: General Disclosures 2021	2-1 Organizational details	01, 02-03, 18-19	Grow Consistently. Sustain Constantly., About the Report, Scope and Boundary	Varun Beverages Limited (VBL) a public listed company having its head quarters in India. Country of Operations: Refer Growing Footprints Sustaining Market Share
	2-2 Entities included in the organization's sustainability reporting	18-19, 02-03	Growing Footprints. Sustaining Market Share., About the Report, Scope and Boundary	
	2-3 Reporting period, frequency and contact point	02-03	About the Report, Scope and Boundary	
	2-4 Restatements of information	02-03	About the Report, Scope and Boundary	The organization has not made any restatement of information in the reporting period
	2-5 External assurance	02-03, 36-39	About the Report, Scope and Boundary, Our ESG team	
	2-6 Activities, value chain and other business relationships	16-17, 18-19, 22-23, 24-32	Growing Portfolio. Sustaining Customer Delight., Growing Footprints. Sustaining Market Share. Growing Credibility. Sustaining Executional Excellence. Growing with Financial Sustenance	
	2-7 Employees	31, 78-87	Sustaining an Empowered Workforce Social Highlights	
	2-8 Workers who are not employees	31, 78-87	Sustaining an Empowered Workforce Social Highlights	
	2-9 Governance structure and composition	32-33, 36-39, 100-112	None of the members are from under-represented social groups, Guiding the Growth. Sustaining the Momentum, Our ESG Team, Upholding Sound Governance Standards	
	2-10 Nomination and selection of the highest governance body	36-39	Our ESG Team	
	2-11 Chair of the highest governance body	36-39, 32-33	Our ESG Team, Guiding the Growth. Sustaining the Momentum	
	2-12 Role of the highest governance body in overseeing the management of impacts	36-39	Our ESG Team	

Gri Standard/ Other Source	Disclosure	Page Number	Location	Explanation
	2-13 Delegation of responsibility for managing impacts	36-39	Our ESG Team	
	2-14 Role of the highest governance body in sustainability reporting	36-39	Our ESG Team	
	2-15 Conflicts of interest	100-111	Upholding Sound Governance Standards	There have been no complaints of conflict of interest.
	2-16 Communication of critical concerns	100-111	Upholding Sound Governance Standards	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.
	2-17 Collective knowledge of the highest governance body	100-111	Upholding Sound Governance Standards	
	2-18 Evaluation of the performance of the highest governance body	100-111	Upholding Sound Governance Standards	ESG linked Incentive Policy under Sustaining an Empowered Workforce
	2-19 Remuneration policies	100-111	Upholding Sound Governance Standards	ESG linked Incentive Policy under Sustaining an Empowered Workforce
	2-20 Process to determine remuneration	100-111	Upholding Sound Governance Standards	
	2-21 Annual total compensation ratio	100-111	Upholding Sound Governance Standards	
	2-22 Statement on sustainable development strategy	04-05	Executive Vice Chairman's Message	
	2-23 Policy commitments	100-111	Upholding Sound Governance Standards	
	2-24 Embedding policy commitments	100-111	Upholding Sound Governance Standards	
	2-25 Processes to remediate negative impacts	100-111	Upholding Sound Governance Standards	

Gri Standard/ Other Source	Disclosure	Page Number	Location	Explanation
	2-26 Mechanisms for seeking advice and raising concerns	100-111	Upholding Sound Governance Standards	
	2-27 Compliance with laws and regulations	100-111	Upholding Sound Governance Standards	
	2-28 Membership associations	21	List of the top trade and industry chambers and associations provided	
	2-29 Approach to stakeholder engagement	40-41, 42-44	Stakeholder Communication: Involving those who Matter Most, Materiality Assessment for Sustainable Action	
	2-30 Collective bargaining agreements	100-111, 78-87	Upholding Sound Governance Standards, Sustaining an Empowered Workforce	
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	40-41, 42-44	Stakeholder Communication: Involving those who Matter Most, Materiality Assessment for Sustainable Action	
	3-2 List of material topics	42-44	Materiality Assessment: Our materiality matrix includes all our material issues, and they are integrated within the different sections of the Sustainability Report	
Economic performance				
GRI 3: Material Topics 2021	3-3 Management of material topics	24-31, 114-117	Growing with Financial Sustenance, Risk and Opportunities Management	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	24-31	Growing with Financial Sustenance	
	201-2 Financial implications and other risks and opportunities due to climate change	114-117	Risk and Opportunities Management	
	201-3 Defined benefit plan obligations and other retirement plans	78-87	Sustaining an Empowered Workforce	
	201-4 Financial assistance received from government	24-31	No share of any government in the shareholding structure, Growing with Financial Sustenance	
Market presence				
GRI 3: Material Topics 2021	3-3 Management of material topics	109, 78-87	Diversity Policy, under Upholding Sound Governance Standards, Sustaining an Empowered Workforce	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	109, 78-87	Diversity Policy, under Upholding Sound Governance Standards, Sustaining an Empowered Workforce	

Gri Standard/ Other Source	Disclosure	Page Number	Location	Explanation
	202-2 Proportion of senior management hired from the local community	100-111	All the senior management of the company are hired from the local community. Upholding Sound Governance Standards	
Indirect economic impacts				
GRI 3: Material Topics 2021	3-3 Management of material topics	117-120	CSR Initiatives: Making a Sustainable Difference	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	24-31, 117-120	Growing with Financial Sustenance, CSR Initiatives: Making a Sustainable Difference	
	203-2 Significant indirect economic impacts	24-31, 117-120	Growing with Financial Sustenance, CSR Initiatives: Making a Sustainable Difference	
Procurement practices				
GRI 3: Material Topics 2021	3-3 Management of material topics	72-75	Sourcing with care	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	72-75	Sourcing with care	
Anti-corruption				
GRI 3: Material Topics 2021	3-3 Management of material topics	109	Whistleblower/ Vigil Policy, Anti-bribery and corruption policy under Upholding Sound Governance Standards	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	100-111	Upholding Sound Governance Standards	
	205-2 Communication and training about anti-corruption policies and procedures	100-111	Upholding Sound Governance Standards	
	205-3 Confirmed incidents of corruption and actions taken	100-111	Upholding Sound Governance Standards	
Anti-competitive behavior				
GRI 3: Material Topics 2021	3-3 Management of material topics	109	Whistleblower/ Vigil Policy, Anti-bribery and corruption policy under Upholding Sound Governance Standards	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	100-111	Upholding Sound Governance Standards	

Gri Standard/ Other Source	Disclosure	Page Number	Location	Explanation
Tax				
GRI 3: Material Topics 2021	3-3 Management of material topics	121-123	Sustainable Tax Practice: Furthering Our ESG Commitment	
GRI 207: Tax 2019	207-1 Approach to tax	121-123	Sustainable Tax Practice: Furthering Our ESG Commitment	
	207-2 Tax governance, control, and risk management	121-123, 114-116, 109	Risk and Opportunities Management, Sustainable Tax Practice: Furthering Our ESG Commitment, Vigil mechanism policy	
	207-3 Stakeholder engagement and management of concerns related to tax	121-123, 114-116, 109	Risk and Opportunities Management, Sustainable Tax Practice: Furthering Our ESG Commitment, Vigil mechanism policy, Anti- bribery policy	
	207-4 Country-by-country reporting	121-123	Sustainable Tax Practice: Furthering Our ESG Commitment	We will report country by country taxation in next sustainability report
Materials				
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49, 60-63, 40-41, 114-116	Protecting the environment, Plastic Waste Management and Recycling, Stakeholder Communication: Involving those who Matter Most, Risk and Opportunities Management	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	60-63	Plastic Waste Management and Recycling	
	301-2 Recycled input materials used	60-63	Plastic Waste Management and Recycling	
	301-3 Reclaimed products and their packaging materials	60-63	Plastic Waste Management and Recycling	
Energy				
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49, 64-65	Protecting the environment, Enhancing Energy Performance	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	64-65	Enhancing Energy Performance	
	302-2 Energy consumption outside of the organization	64-65	Enhancing Energy Performance	
	302-3 Energy intensity	64-65	Enhancing Energy Performance	
	302-4 Reduction of energy consumption	64-65	Enhancing Energy Performance	
	302-5 Reductions in energy requirements of products and services	64-65	Enhancing Energy Performance	

Gri Standard/ Other Source	Disclosure	Page Number	Location	Explanation
Water and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49, 50-51, 52-53, 54-59	Protecting the environment, Replenishing Earth, Conserving Water: A	Long-term Commitment to Sustainability, Water Bodies: Impact Assessment
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	50-51, 52-53, 54-59	Replenishing Earth, Conserving Water: A	Long-term Commitment to Sustainability, Water Bodies: Impact Assessment
	303-2 Management of water discharge-related impacts	50-51, 52-53, 54-59	Replenishing Earth, Conserving Water: A	Long-term Commitment to Sustainability, Water Bodies: Impact Assessment
	303-3 Water withdrawal	50-51, 52-53, 54-59	Replenishing Earth, Conserving Water: A	Long-term Commitment to Sustainability, Water Bodies: Impact Assessment
	303-4 Water discharge	50-51, 52-53, 54-59	Replenishing Earth, Conserving Water: A	Long-term Commitment to Sustainability, Water Bodies: Impact Assessment
	303-5 Water consumption	50-51, 52-53, 54-59	Replenishing Earth, Conserving Water: A	Long-term Commitment to Sustainability, Water Bodies: Impact Assessment
Biodiversity				
GRI 3: Material Topics 2021	3-3 Management of material topics	54-59	Water Bodies: Impact Assessment	
	304-3 Habitats protected or restored	54-59	Water Bodies: Impact Assessment	
Emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	66-70	Sustained Climate Action: Reducing our Carbon Footprint	

Gri Standard/ Other Source	Disclosure	Page Number	Location	Explanation
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	66-70	Sustained Climate Action: Reducing our Carbon Footprint	
	305-2 Energy indirect (Scope 2) GHG emissions	66-70	Sustained Climate Action: Reducing our Carbon Footprint	
	305-3 Other indirect (Scope 3) GHG emissions	66-70	Sustained Climate Action: Reducing our Carbon Footprint	
	305-4 GHG emissions intensity	66-70	Sustained Climate Action: Reducing our Carbon Footprint	
	305-5 Reduction of GHG emissions	66-70	Sustained Climate Action: Reducing our Carbon Footprint	
	305-6 Emissions of ozone-depleting substances (ODS)	66-70	Sustained Climate Action: Reducing our Carbon Footprint	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	66-70	Sustained Climate Action: Reducing our Carbon Footprint	
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	60-63	Plastic Waste Management and Recycling	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	60-63	Plastic Waste Management and Recycling	
	306-2 Management of significant waste-related impacts	60-63	Plastic Waste Management and Recycling	
	306-3 Waste generated	60-63	Plastic Waste Management and Recycling	
	306-4 Waste diverted from disposal	60-63	Plastic Waste Management and Recycling	
	306-5 Waste directed to disposal	60-63	Plastic Waste Management and Recycling	
Supplier environmental assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	70-75	Sourcing with Care	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	70-75	Sourcing with Care	All our suppliers are screened through a comprehensive certification process suggested by PepsiCo and we are committed to source raw materials as well as packaging materials only from the suppliers which are following sustainable practices.
	308-2 Negative environmental impacts in the supply chain and actions taken	70-75	Sourcing with Care	
Employment				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 42-44, 78-87	Stakeholder Communication: Involving those who Matter Most Materiality Assessment for Sustainable Action Sustaining an Empowered Workforce	

Gri Standard/ Other Source	Disclosure	Page Number	Location	Explanation
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	78-87	Sustaining an Empowered Workforce	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	78-87	Sustaining an Empowered Workforce	
	401-3 Parental leave	78-87	Sustaining an Empowered Workforce	
Labor/management relations				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 42-44, 78-87	Stakeholder Communication: Involving those who Matter Most Materiality Assessment for Sustainable Action Sustaining an Empowered Workforce	
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	78-87	Sustaining an Empowered Workforce	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
Occupational health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 42-44, 88-91	Stakeholder Communication: Involving those who Matter Most Materiality Assessment for Sustainable Action Employee Health & Safety	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	88-91	Employee Health & Safety	
	403-2 Hazard identification, risk assessment, and incident investigation	88-91	Employee Health & Safety	
	403-3 Occupational health services	88-91	Employee Health & Safety	
	403-4 Worker participation, consultation, and communication on occupational health and safety	88-91	Employee Health & Safety	
	403-5 Worker training on occupational health and safety	88-91	Employee Health & Safety	
	403-6 Promotion of worker health	88-91	Employee Health & Safety	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	88-91	Employee Health & Safety	
	403-8 Workers covered by an occupational health and safety management system	88-91	Employee Health & Safety	
	403-9 Work-related injuries	88-91	Employee Health & Safety	
	403-10 Work-related ill health	88-91	Employee Health & Safety	

Gri Standard/ Other Source	Disclosure	Page Number	Location	Explanation
Training and education				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 42-44, 78-87, 100-111	Stakeholder Communication: Involving those who Matter Most, Materiality Assessment for Sustainable Action, Sustaining an Empowered Workforce, Upholding Sound Governance Standards	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	78-87	Sustaining an Empowered Workforce	
	404-2 Programs for upgrading employee skills and transition assistance programs	78-87	Sustaining an Empowered Workforce	
	404-3 Percentage of employees receiving regular performance and career development reviews	78-87	Sustaining an Empowered Workforce	
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 42-44, 78-87, 100-111	Stakeholder Communication: Involving those who Matter Most, Materiality Assessment for Sustainable Action, Sustaining an Empowered Workforce, Upholding Sound Governance Standards	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	78-87	Sustaining an Empowered Workforce	
	405-2 Ratio of basic salary and remuneration of women to men	78-87	Sustaining an Empowered Workforce	
Non-discrimination				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 42-44, 78-87, 100-111	Stakeholder Communication: Involving those who Matter Most, Materiality Assessment for Sustainable Action, Sustaining an Empowered Workforce, Upholding Sound Governance Standards	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	78-87, 100-111	Sustaining an Empowered Workforce, Upholding Sound Governance Standards	There is no incident of discrimination reported during the year
Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3 Management of material topics	78-87, 100-111	Sustaining an Empowered Workforce, Upholding Sound Governance Standards	
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	78-87, 100-111, 72-75	Sustaining an Empowered Workforce, Upholding Sound Governance Standards Sourcing with Care	

Gri Standard/ Other Source	Disclosure	Page Number	Location	Explanation
Child labor				
GRI 3: Material Topics 2021	3-3 Management of material topics	78-87, 100-111, 72-75	Sustaining an Empowered Workforce, Upholding Sound Governance Standards, Sourcing with Care	There is no incident of child labor reported during the year
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	78-87, 100-111, 72-75	Sustaining an Empowered Workforce, Upholding Sound Governance Standards, Sourcing with Care	
Forced or compulsory labor				
GRI 3: Material Topics 2021	3-3 Management of material topics	78-87, 100-111, 72-75	Sustaining an Empowered Workforce, Upholding Sound Governance Standards, Sourcing with Care	There is no incident of forced or compulsory labor reported during the year
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	78-87, 100-111, 72-75	Sustaining an Empowered Workforce, Upholding Sound Governance Standards, Sourcing with Care	
Security practices				
GRI 3: Material Topics 2021	3-3 Management of material topics	100-111	Upholding Sound Governance Standards	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	100-111	Upholding Sound Governance Standards	
Rights of indigenous peoples				
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	78-87	Sustaining an Empowered Workforce	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			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	78-87, 117-120	Sustaining an Empowered Workforce, CSR Initiatives: Making a Sustainable Difference	
	413-2 Operations with significant actual and potential negative impacts on local communities	78-87, 117-120	Sustaining an Empowered Workforce, CSR Initiatives: Making a Sustainable Difference	
Supplier social assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	72-75	Sourcing with care	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	72-75	Sourcing with care	
	414-2 Negative social impacts in the supply chain and actions taken	72-75	Sourcing with care	
Public policy				
GRI 415: Public Policy 2016	415-1 Political contributions	100-111	Upholding Sound Governance Standards	

Gri Standard/ Other Source	Disclosure	Page Number	Location	Explanation
Customer health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 42-44, 92-94, 95-97	Stakeholder Communication: Involving those who Matter Most, Materiality Assessment for Sustainable Action, Augmenting Product Safety and Quality, Consumer Health and Nutrition	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	92-94, 95-97	Augmenting Product Safety and Quality, Consumer Health and Nutrition	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	92-94, 95-97	Augmenting Product Safety and Quality, Consumer Health and Nutrition	There is no such incident reported during the year
Marketing and labeling				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 42-44, 92-94, 95-97	Stakeholder Communication: Involving those who Matter Most, Materiality Assessment for Sustainable Action, Augmenting Product Safety and Quality, Consumer Health and Nutrition	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	92-94	Augmenting Product Safety and Quality, Consumer Health and Nutrition	
	417-2 Incidents of non-compliance concerning product and service information and labeling	92-94, 95-97	Augmenting Product Safety and Quality Consumer Health and Nutrition	
	417-3 Incidents of non-compliance concerning marketing communications	92-94, 95-97	Augmenting Product Safety and Quality, Consumer Health and Nutrition	
Customer privacy				
GRI 3: Material Topics 2021	3-3 Management of material topics	95-97	Consumer Health and Nutrition	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	95-97	Consumer Health and Nutrition	

GRI Assurance statement

BR. No. 50255790



Independent Assurance Statement

To the Management and Stakeholders of Varun Beverages Limited

DQS India have been engaged by Varun Beverages Limited (VBL) to provide limited assurance over selected Key Performance Indicators (KPIs) as reported in the VBL Sustainability Report 2023. The assurance scope covers the following KPIs, which have been selected for review based on their relevance to VBL's sustainability strategy and impact:

Scope of Assurance

The scope of our assurance engagement was limited to the following selected KPIs (in line with GRI Topic Standard 2021 disclosures) for the reporting period of 1 January 2023 to 31 December 2023:

- 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, 306-3, 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)
- Economic 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),

Deutsch Quality Systems (India) Private Limited

Vaishnavi Tech Park, Sy.No.16/1 and 17/2,
Bellandur Gate, Sarjapur Main Road, Ambalipura,
Bengaluru - 560102 Karnataka, India

www.dqsglobal.com

BR. No. 50255790



- Anti-competitive behavior (206-1)

As part of our assurance engagement, we conducted an analytical review of procedures to assess the accuracy and reasonableness of the data during remote verification for 33 Indian sites and 6 International sites. This was done on a selective test basis, through consultations with both the site teams and the sustainability team. Additionally, we evaluated the collected information and provided recommendations for immediate corrections where necessary, as well as suggestions for future improvements to the report content.

Responsibility of Varun Beverages Limited

The preparation and presentation of the selected KPIs in the VBL Sustainability Report 2023 are the responsibility of the management of Varun Beverages Limited. VBL's management is responsible for establishing and maintaining the internal controls and processes to ensure the collection, calculation, and reporting of accurate and reliable data for these KPIs.

Our Responsibility

Our responsibility is to express a limited assurance conclusion based on the work performed regarding the accuracy and completeness of the selected KPIs as presented in the **VBL Sustainability Report 2023**. Our assurance engagement was performed in accordance with:

- **ISAE 3000 (Revised)**: International Standard on Assurance Engagements (Assurance on Non-Financial Information)
- **ISO 14064:2019 Part 3**: Specification with guidance for the verification and validation of greenhouse gas statements

Assurance Methodology

The limited assurance engagement was conducted through the following steps:

- Review of the processes and systems used to collect and report the selected KPIs.
- Evaluation of the data and information underlying the selected KPIs for accuracy and consistency.
- Interviews with key personnel responsible for the collection, monitoring, and reporting of sustainability data.
- Review of internal documentation, data records, and the control environment for managing the relevant sustainability metrics.
- Examination of the reporting and calculation methodologies used to present the selected KPIs in the sustainability report.

The nature and scope of our work provide a limited level of assurance and are less in scope than a reasonable assurance engagement as defined in the assurance engagement criteria standards.


Observations and Findings

In addition to providing limited assurance, we noted the following observations during our engagement:

- **Stakeholder Inclusivity:**
We found no evidence of any key stakeholder groups being excluded from VBL's stakeholder engagement process. VBL has demonstrated a proactive and inclusive approach, ensuring that diverse stakeholder perspectives are considered throughout their sustainability strategy and reporting efforts.

Deutsch Quality Systems (India) Private Limited

Vaishnavi Tech Park, Sy.No.16/1 and 17/2,
Bellandur Gate, Sarjapur Main Road, Ambalipura,
Bengaluru - 560102 Karnataka, India

 www.dqsglobal.com

BR. No. 50255790



- **Materiality:**

We are not aware of any significant material issues concerning VBL's sustainability performance that have been omitted from the report. VBL has thoroughly identified and addressed relevant material sustainability topics, ensuring transparency and alignment with both stakeholder expectations and industry standards.

- **Responsiveness:**

VBL has established robust processes to effectively respond to stakeholder concerns and manage its material sustainability issues. However, the assessment was focused on the verification of the selected KPIs and did not extend beyond the agreed scope of assurance.

- **Impact:**

VBL has implemented effective processes to measure, evaluate, and manage the environmental and social impacts associated with its operations. These processes are aligned with key performance indicators (KPIs) relevant to the nature of its business and identified material sustainability issues.

- **Reliability:**

Data management systems are established and centralized for the collection and calculation of data associated with the selected KPIs. These systems provide an adequate foundation for the reliability of the reported data, though certain operational data depend on measurement arrangements at the site level.

Limitations and Exclusions

Excluded from the scope of our work is assurance of information relating to:

- Activities outside the defined assurance period.
- Positional statements of a descriptive or interpretative nature, or of opinion, belief, aspiration, or commitment to undertake future actions.
- Other information included in the report other than the selected KPIs.

The following limitations should be noted:

- This limited assurance engagement relies on a risk-based selected sample of sustainability data and the associated limitations that this entails.
- The reliability of the reported data is dependent on the accuracy of metering and other production measurement arrangements employed at site level, which were not addressed as part of this assurance.
- This independent statement should not be relied upon to detect all errors, omissions, or misstatements that may exist.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the selected Key Performance Indicators (KPIs), as outlined above and reported in the **VBL Sustainability Report 2023**, are not presented fairly, in all material respects, in accordance with the applicable criteria.

Statement of Independence, Integrity, and Competence

DQS ensures that appropriately qualified individuals are selected for assurance engagements based on their qualifications, training, and experience. The outcome of all verification and assurance assessments is internally reviewed by senior management to ensure a rigorous and transparent approach is consistently applied. DQS provided assurance

**Deutsch Quality Systems (India)
Private Limited**

Vaishnavi Tech Park, Sy.No.16/1 and 17/2,
Bellandur Gate, Sarjapur Main Road, Ambalipura,
Bengaluru - 560102 Karnataka, India

 www.dqsglobal.com

BR. No. 50255790





services to review VBL's sustainability data and processes, ensuring alignment with relevant ISO standards and risk management principles. The assurance assessments are the only work undertaken by DQS for VBL, thus safeguarding our independence and impartiality throughout the engagement.

On behalf of the assurance team

26th September 2024

Bengaluru, India



Dr. Murugan Kandasamy

CEO & Managing Director

Deutsch Quality Systems (India) Private Limited

**Deutsch Quality Systems (India)
Private Limited**
Vaishnavi Tech Park, Sy.No.16/1 and 17/2,
Bellandur Gate, Sarjapur Main Road, Ambalipura,
Bengaluru - 560102 Karnataka, India

 www.dqsglobal.com



www.varunbeverages.com