



VARUN BEVERAGES

Sustainability Report 2023

Varun Beverages Limited



**GROW CONSISTENTLY.**  
**SUSTAIN CONSTANTLY.**

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# 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](http://www.varunbeverages.com)

# 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



**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*

# 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 1/6<sup>th</sup> 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

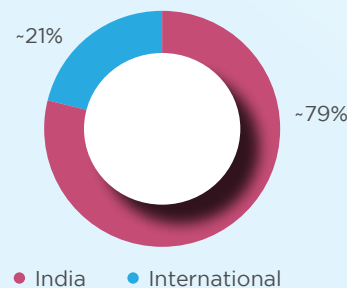
## 5 International countries

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



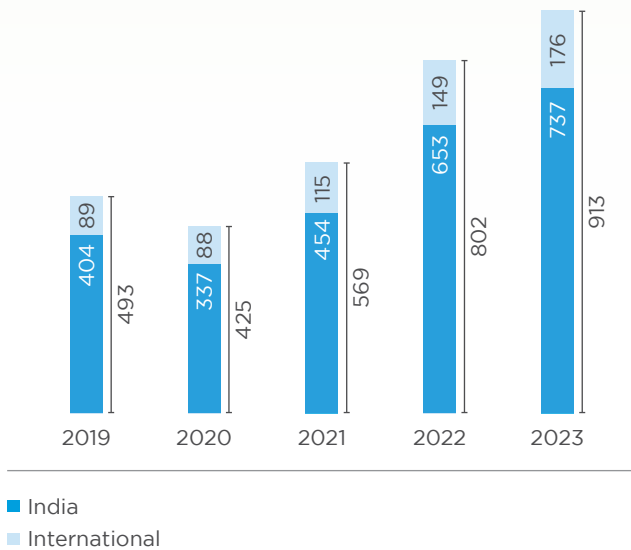
**22.5%**

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 29<sup>th</sup> 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.

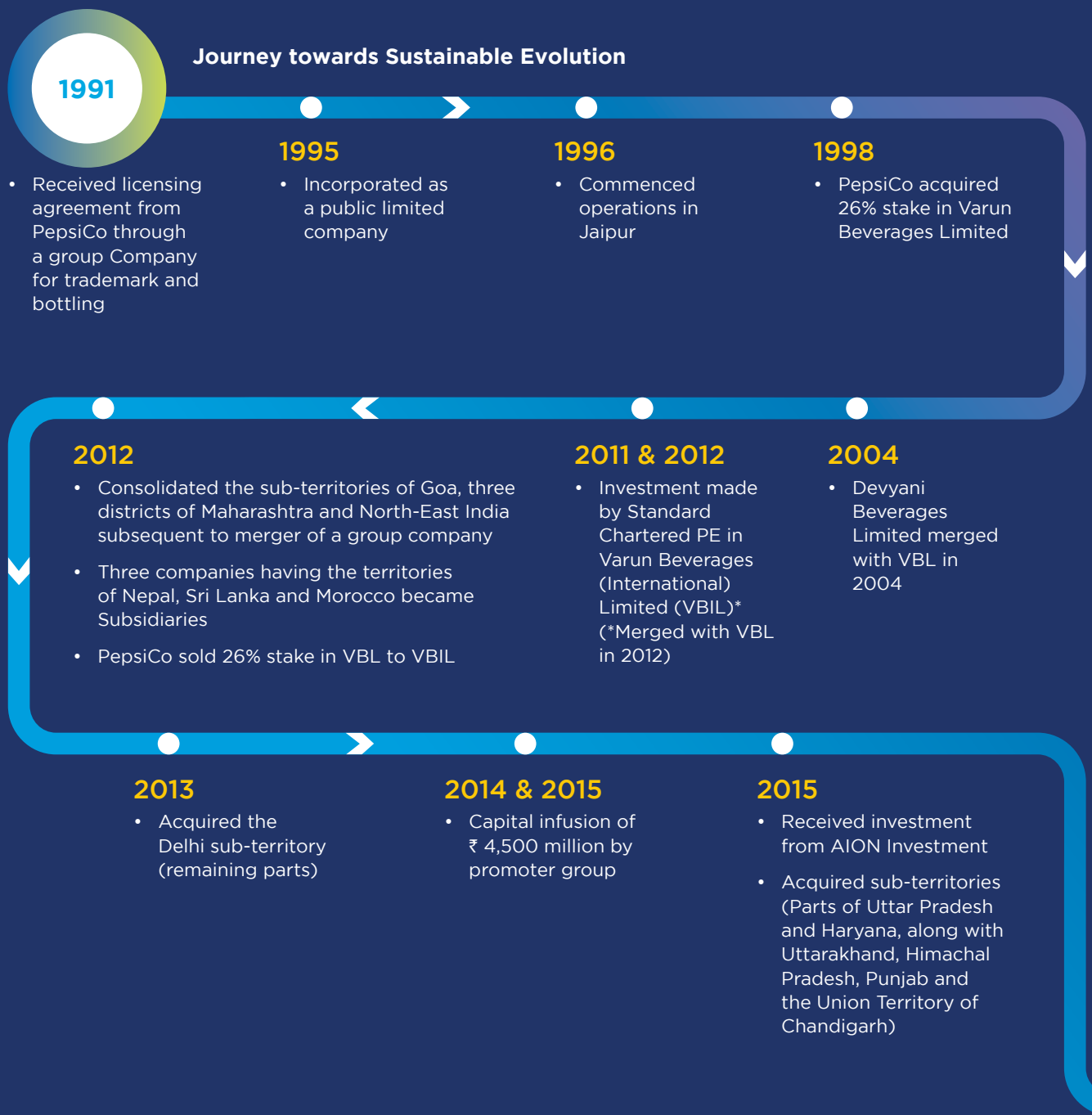
Warm regards,

**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

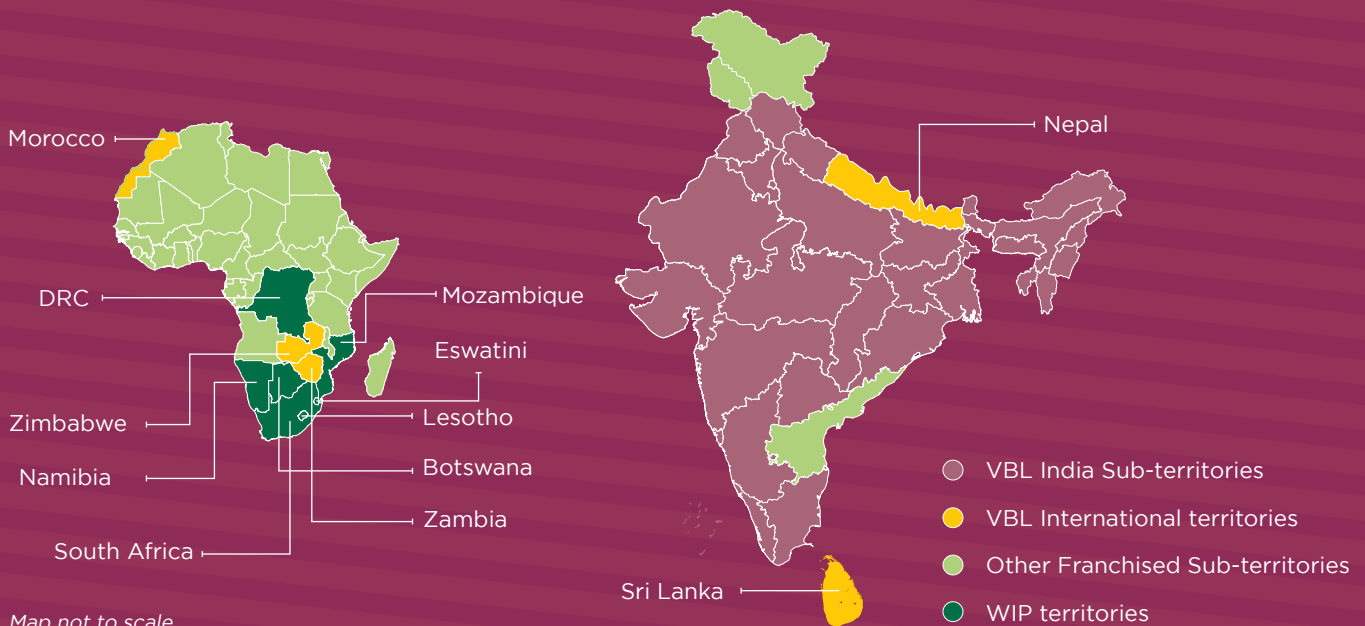
We have established our presence on the global stage, where our products possess favorable dynamics. India serves as our primary playing field, contributing significantly to our overall revenue share. In addition to India, we have successfully penetrated five other international markets, including neighboring 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+**

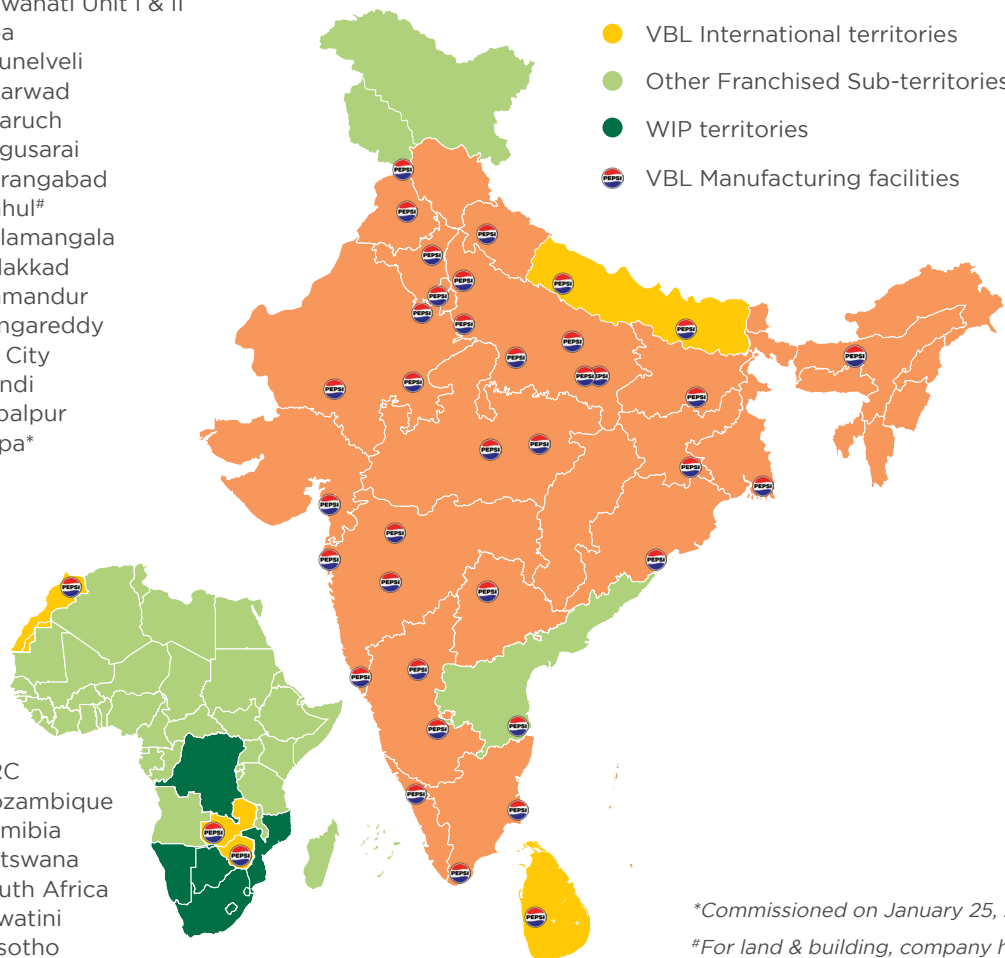
Visi-coolers installed

### 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 <sup>#</sup>   |
| Sathariya        | Nelamangala          |
| Sathariya II     | Palakkad             |
| Kosi             | Mamandur             |
| Sandila          | Sangareddy           |
| Jodhpur          | Sri City             |
| Bhiwadi          | Bundi                |
| Mandideep        | Jabalpur             |
| Jamshedpur       | Supa <sup>*</sup>    |
| Cuttack          |                      |
| Kolkata          |                      |

- VBL India Sub-territories
- VBL International territories
- Other Franchised Sub-territories
- WIP territories
- VBL Manufacturing facilities



#### International

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

Map not to scale

<sup>\*</sup>Commissioned on January 25, 2024

<sup>#</sup>For land & building, company has short-term leasehold rights

# 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 6<sup>th</sup> 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

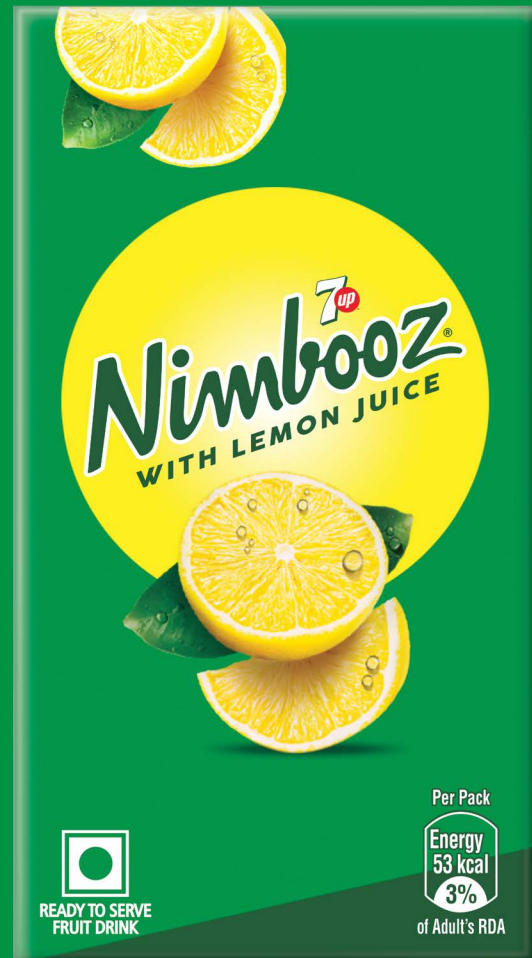
Adhered to prudent water management methodologies to offset the environment footprint

# 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

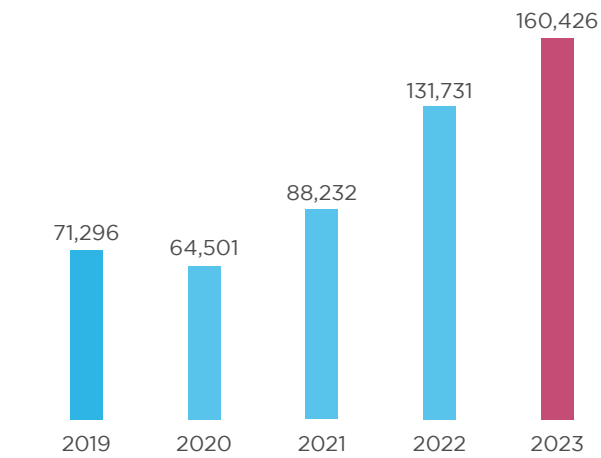
Segments	Carbonated Soft Drinks (CSD)	Juice Based Drinks	Packaged Drinking Water	Total
Sales Volume (Million-unit cases)	656	58	199	913
Share	72%	6%	22%	100%



## 5-Year Financial Highlights

### Net Revenue

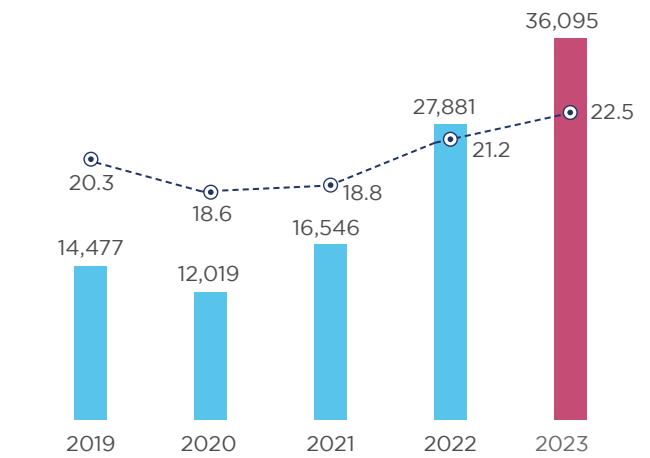
Compound Annual Growth Rate (2019-23): **22.5%**



(₹ in Million)

### EBITDA and EBITDA Margin

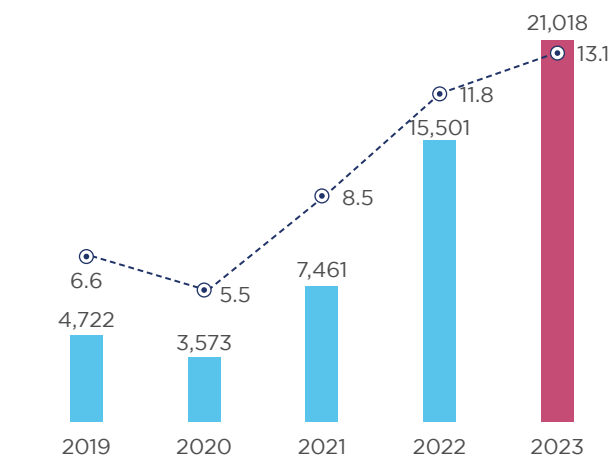
Compound Annual Growth Rate (2019-23): **25.7%**



(₹ in Million) --○-- (%)

### PAT and PAT Margin

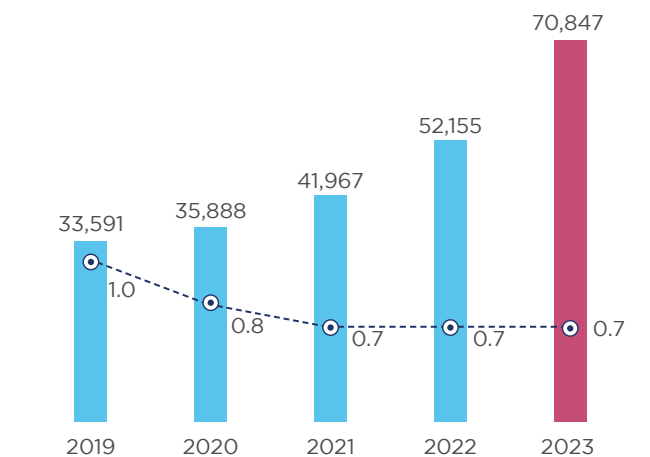
Compound Annual Growth Rate (2019-23): **45.2%**



(₹ in Million) --○-- (%)

### Net Worth and Net Debt Equity Ratio

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



(₹ in Million) --○-- (%)

# 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.



# 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 30 for more information on how we engage with our stakeholders.

## 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 of Varun Beverages Limited for the period January 1, 2023 to December 31, 2023. 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

# Our ESG Team

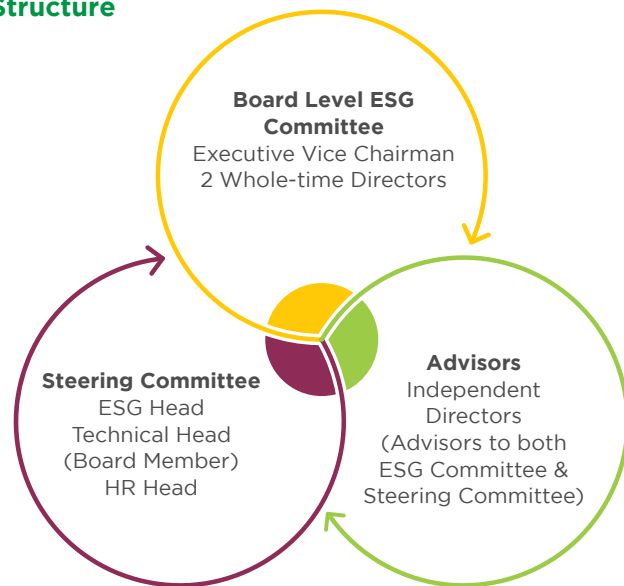
## Synergy to sustain constantly

**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.

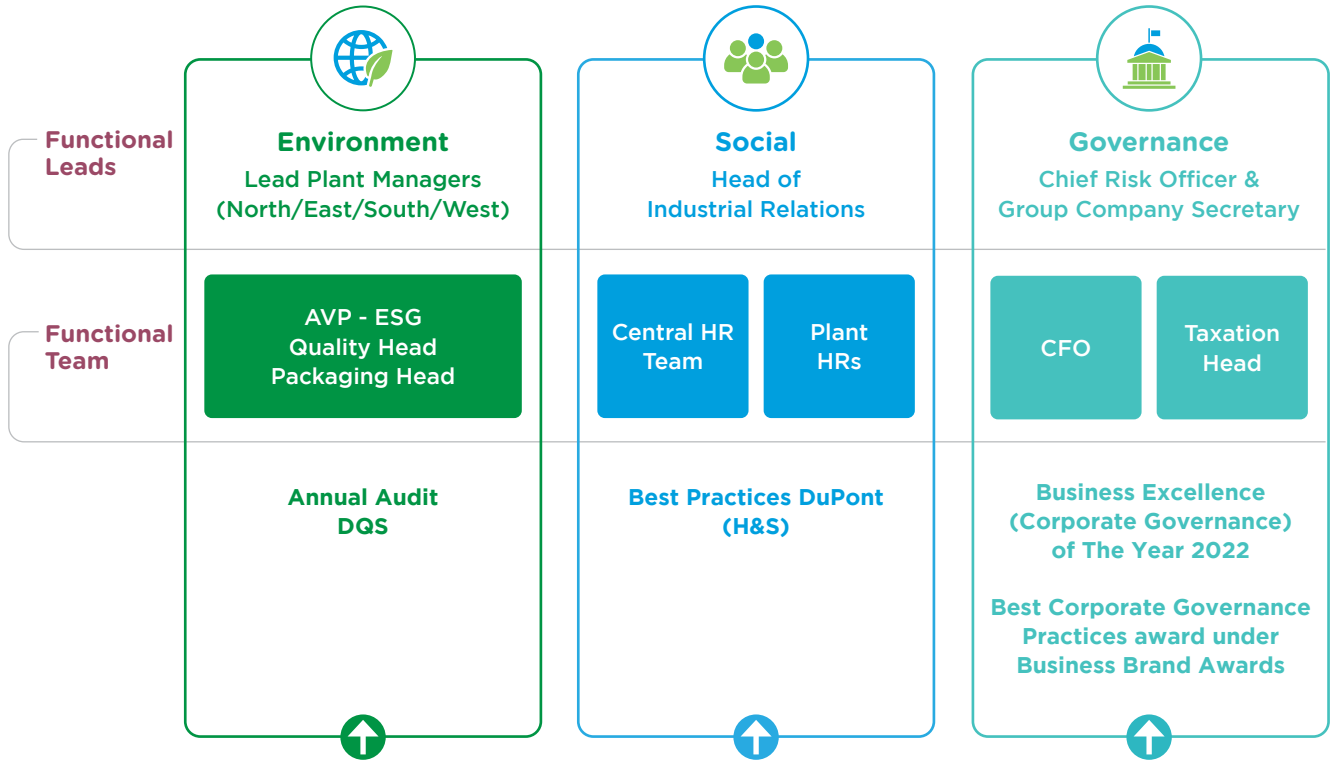
The ESG Committee holds a critical role in championing ESG principles within the organization. At the Board level, Vice-Chairman Mr. Varun Jaipuria, also a member of the ESG Board Level Committee, shoulders ultimate responsibility for overseeing the implementation of all the ESG initiatives including 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.**

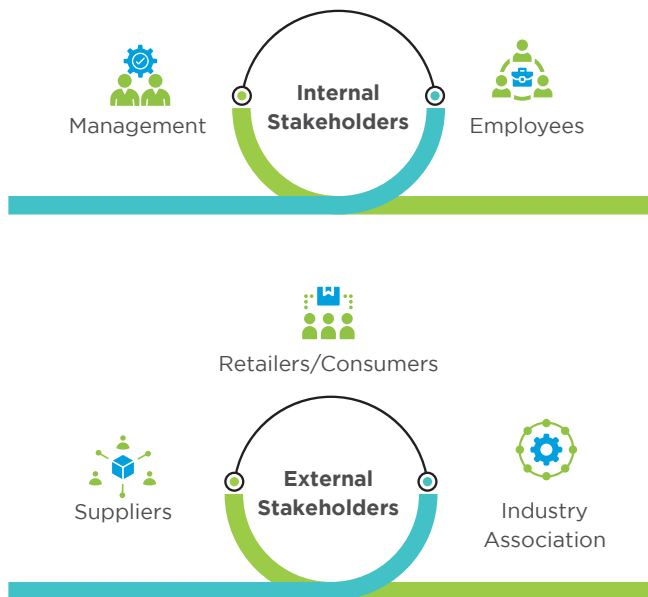
Safeguarding the interest of our stakeholders and creating sustained value for them is a priority at Varun Beverages. To ensure this and align our ESG strategy with their ever-changing needs, we encourage an open and honest communication with our key stakeholders. Ongoing conversations, other than paving 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
 <p><b>Management</b></p>	Interviews, Board meetings	<ul style="list-style-type: none"> <li>Business Performance</li> <li>Business Ethics</li> <li>Supply Chain Management</li> <li>Carbon Footprint &amp; Emissions</li> <li>Energy Management</li> <li>Waste Management</li> <li>Resource Use &amp; Conservation</li> </ul>
 <p><b>Employees</b></p>	Facilitated discussions, Surveys, Townhall meetings, Leadership meetings, Email communications, Employee engagement activities, Webinars	<ul style="list-style-type: none"> <li>Occupational Health &amp; Safety</li> <li>Freedom of Association</li> <li>Diversity &amp; Inclusion</li> <li>Talent Management</li> <li>Community Engagement</li> <li>Employee Engagement &amp; Development</li> <li>Human Rights &amp; Fair Labor Practices</li> </ul>
 <p><b>Suppliers</b></p>	Individual and broad-based communications, Supplier trainings, assessments, and remediation processes	<ul style="list-style-type: none"> <li>Product Safety &amp; Quality</li> <li>Human Rights &amp; Fair Labor Practices</li> <li>Responsible Sourcing</li> <li>Sustainable Agriculture</li> <li>Packaging Lifecycle Management</li> <li>Regulation &amp; Taxation</li> <li>Environmental Stewardship</li> <li>Diversity &amp; Inclusion</li> </ul>
 <p><b>Retailers/ Consumers</b></p>	Surveys, Corporate websites, Marketing activities & communication, Social media	<ul style="list-style-type: none"> <li>Product Labelling</li> <li>Responsible Marketing</li> <li>Consumer Health &amp; Nutrition</li> <li>Corporate Citizenship</li> <li>Product Safety &amp; Quality</li> </ul>
 <p><b>Industry Association</b></p>	Surveys, Annual & Sustainability Reports, Ratings, rankings and other indices, Social media	<ul style="list-style-type: none"> <li>Business Performance</li> <li>Innovation and R&amp;D</li> <li>Human Rights &amp; Fair Labor Practices</li> <li>Sustainable Initiatives</li> </ul>

# 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).

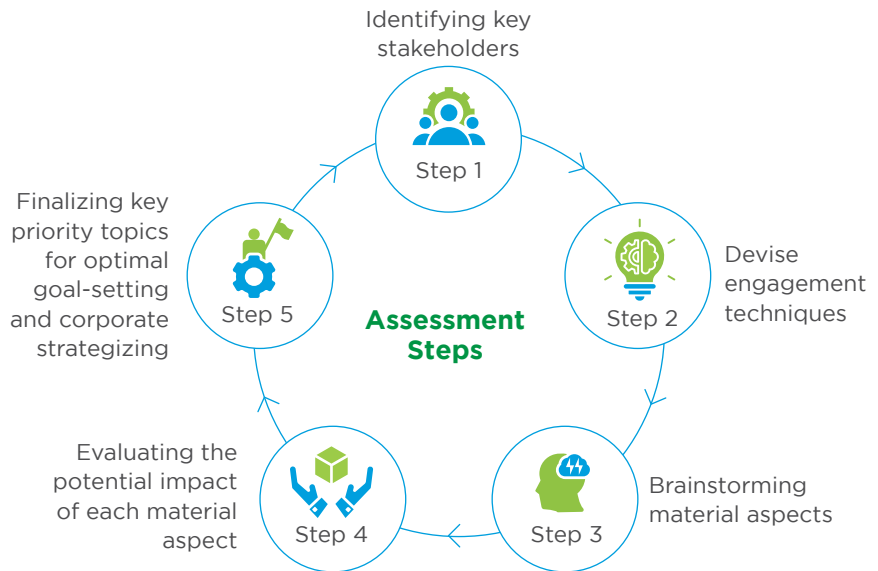
## About DQS

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:



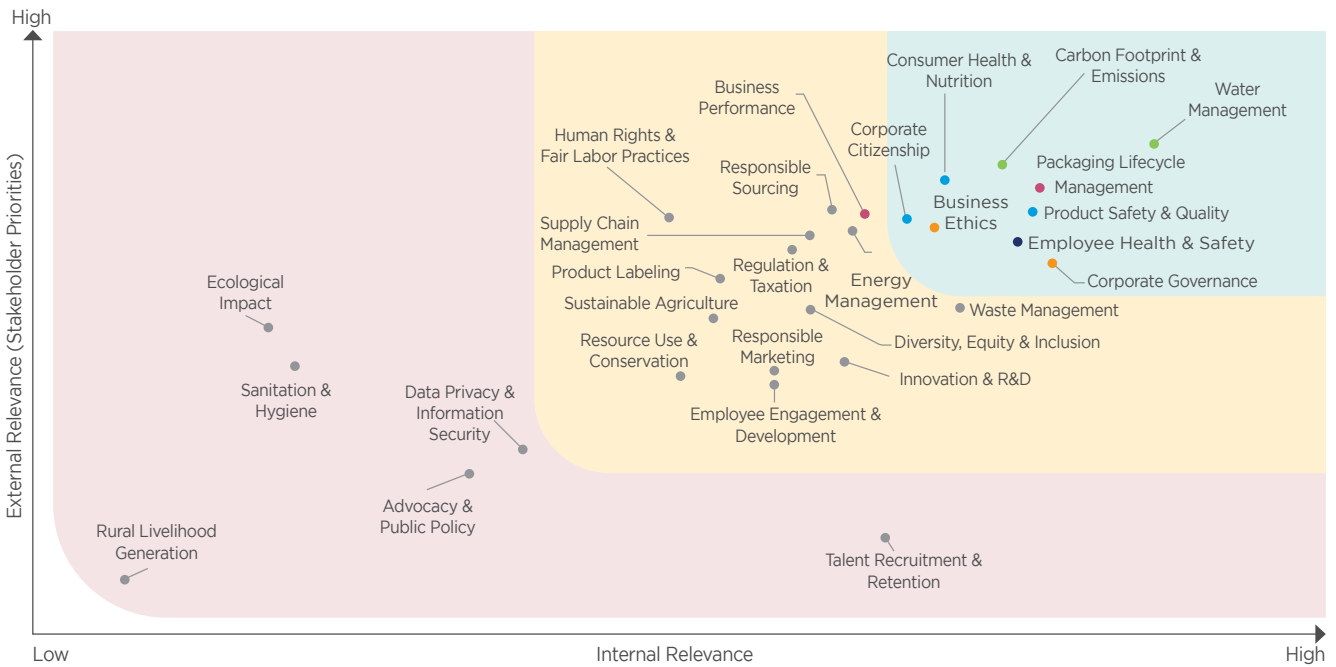
### Leadership and Governance

- 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





# 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.

### 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

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

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

Contribution made to overall production

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 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

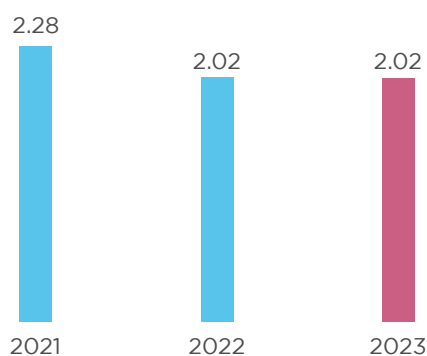
Positive water recharge	Reducing water usage
12.95 Billion Liters rainwater recharged back to ground	Implemented process improvements such as:
Adopted 118 ponds and 6 check dams	Connected all filters (ACF/PSF) for water recovery
47% ponds rejuvenated in water-stressed zones	Optimized drainage timing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

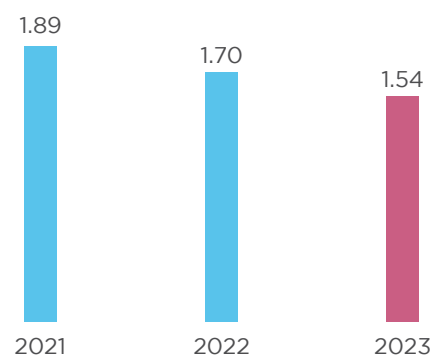
	CY 2023	CY 2022
Water withdrawal by source		
(i) Surface water	1,826	1,928
(ii) Groundwater	4,571	4,393
(iii) Third-party water	-	-
(iv) Seawater/desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (i + ii + iii + iv + v)</b>	<b>6,397</b>	<b>6,321</b>
<b>Total volume of water consumption</b>	<b>4,143</b>	<b>3,728</b>
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<sup>^</sup>



<sup>^</sup>Total water recharged per liter of water consumed

### Water Usage Ratio<sup>\*</sup>



<sup>\*</sup>Liters of water consumed per liter of beverage produced

**Target sustain above 2.00**

**Target 2025 min. 1.40**

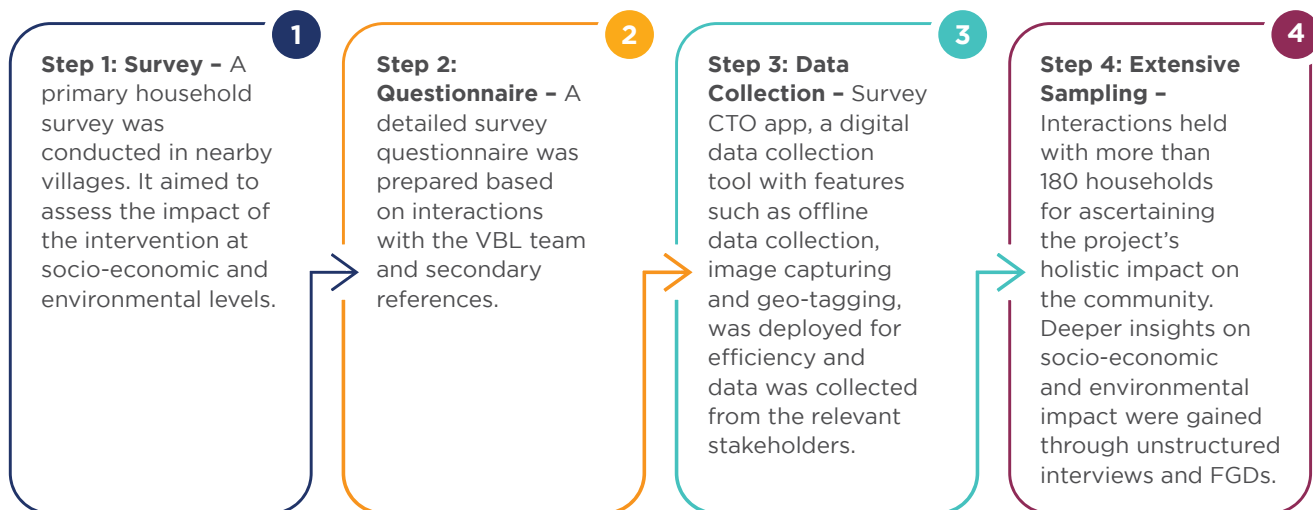
# Water Bodies: Impact Assessment

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

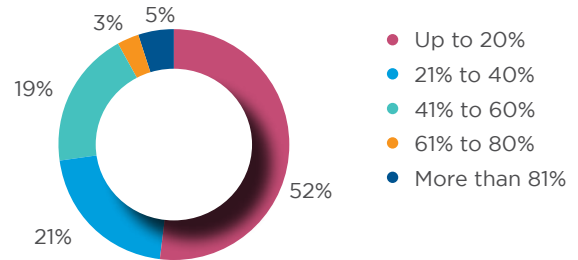
**60%**

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

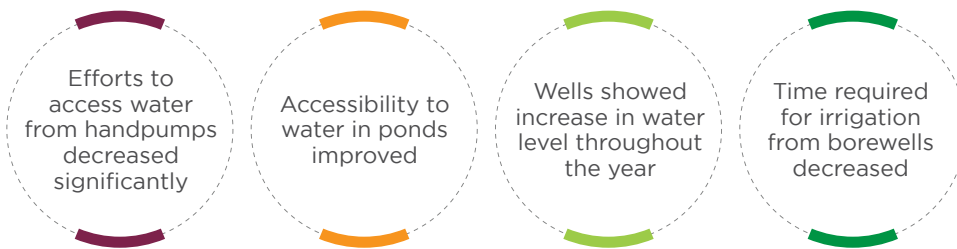
## 2. Environmental Impact

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.

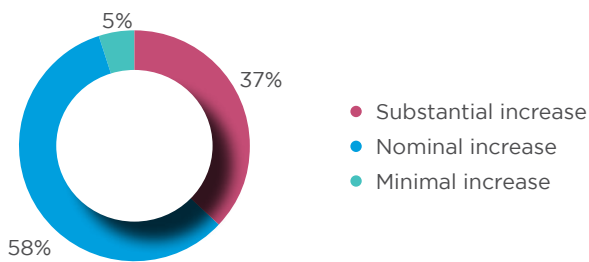
### Efforts towards construction and maintenance of ponds led to -

- 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



# 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)

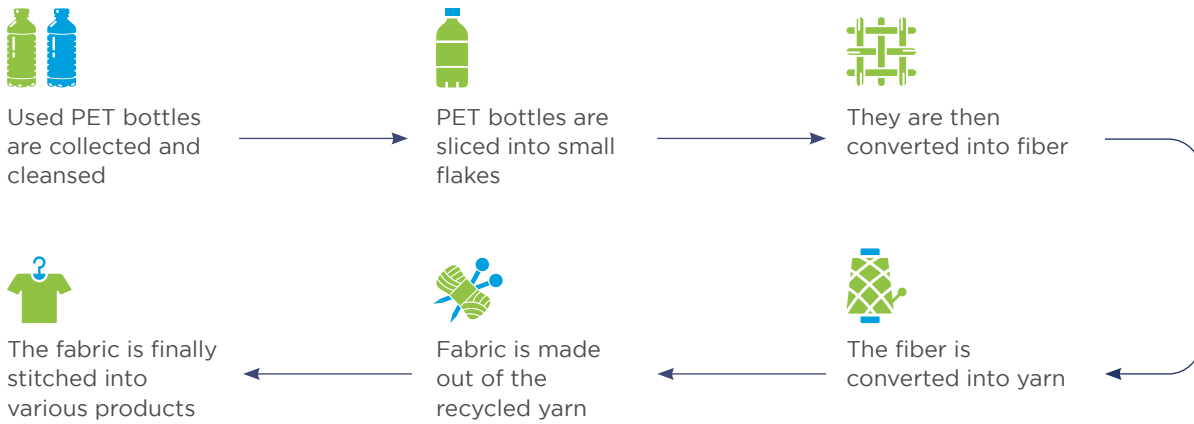
Pack size	2010-14	2015-19	2020-23	Net reduction (%)
600 ML	25.5	22.2	22.2	12.9
750 ML	34.7	30.7	27.1	21.9
1.0 L	21.0	21.0	19.0	9.5
1.25 L	36.0	34.7	32.5	9.7
2.25 L	52.5	50.7	47.0	10.5

## 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.



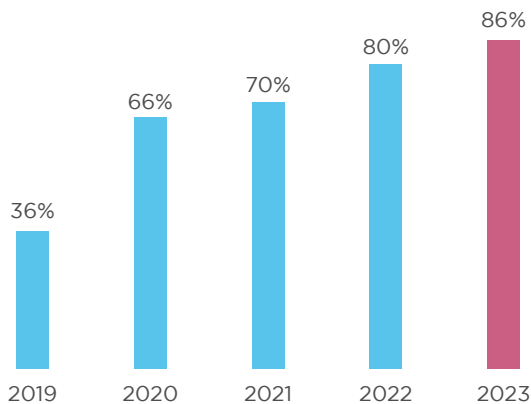
## Plastic Recycling Initiatives taken

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

## 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

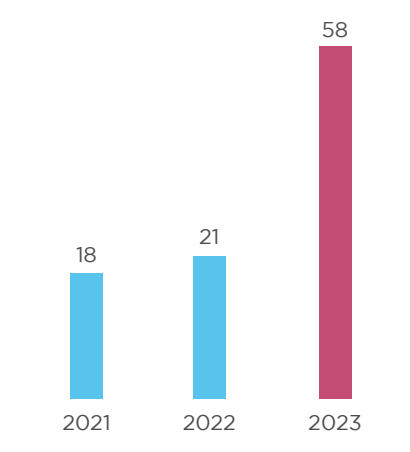
#### RENEWABLE SOURCES

	CY 2022	CY 2023
Electricity consumption	21 mn kWh	58 mn kWh
Fuel consumption (Briquette, Firewood, LPG, PNG)	74 mn Kg	64 mn Kg

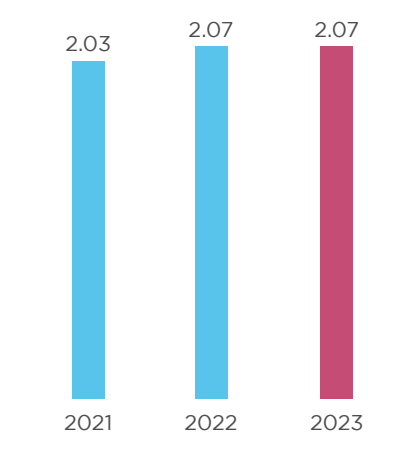
#### NON-RENEWABLE SOURCES

Electricity consumption	283 mn kWh	382 mn kWh
Fuel consumption (HSD Diesel)	5.5 mn Liters	4.4 mn Liters

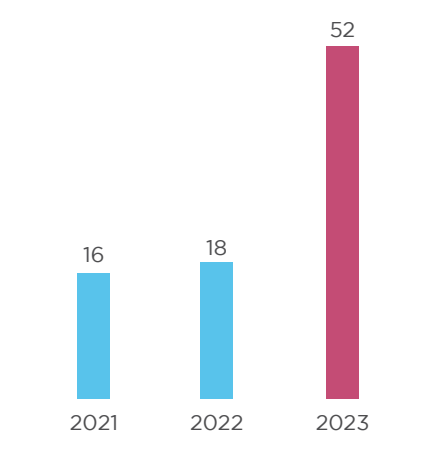
#### Renewable Energy Generated (in Million kWh)



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

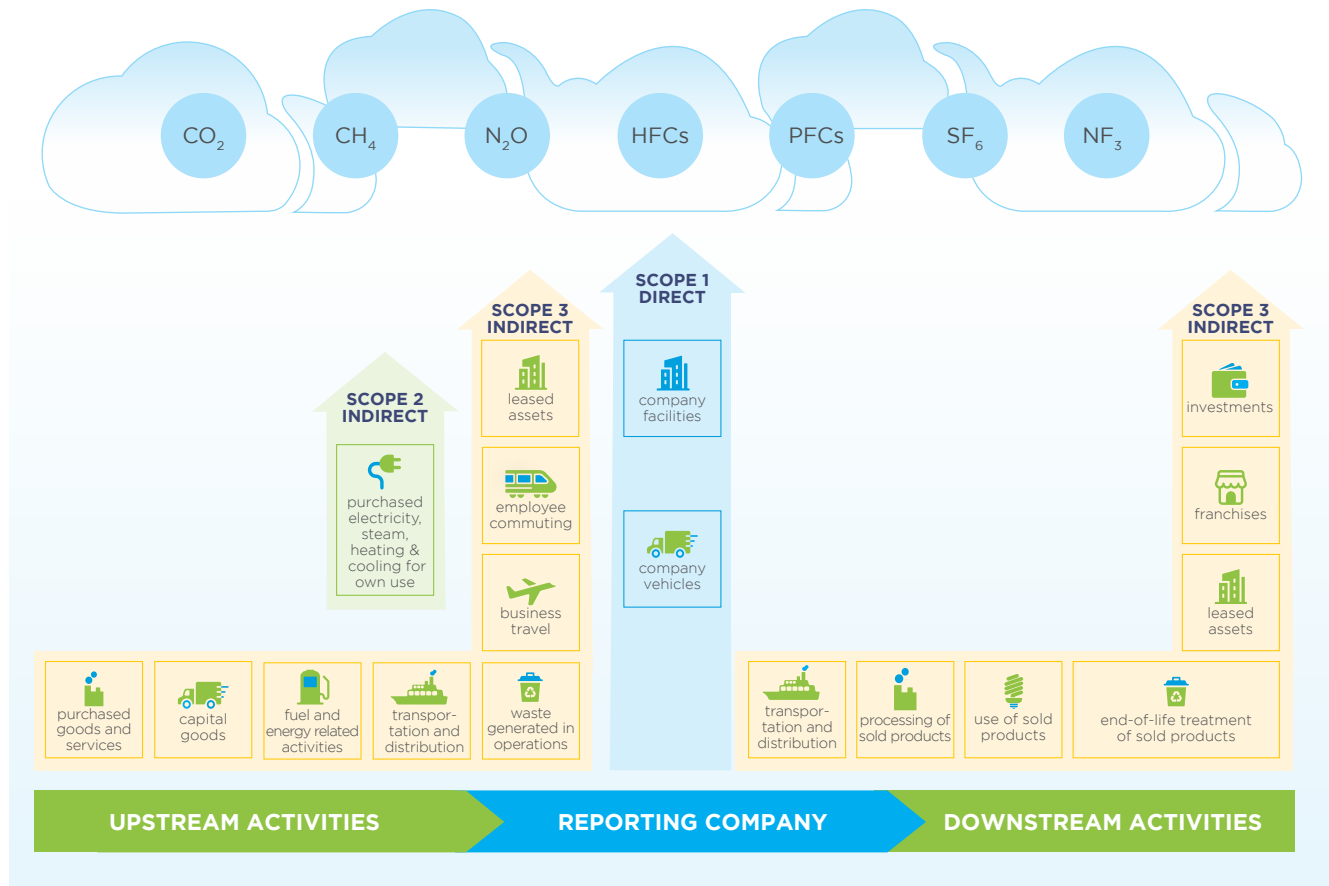


#### Increase in Solar Power (in MW)



# 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.

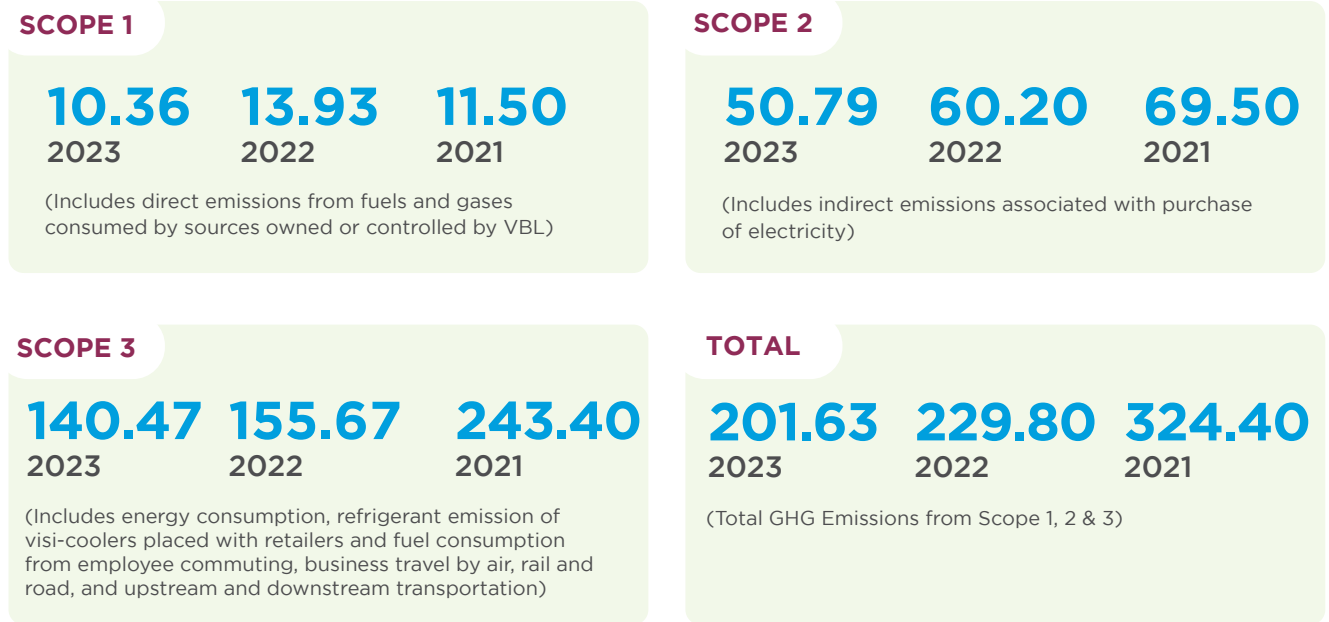


## GHG Emissions: Snapshot

As a responsible corporate citizen, we conducted a carbon footprint emission assessment for 33 manufacturing facilities across India, in collaboration with Deutsch Quality Systems (India) Pvt. Ltd. (DQS India). GHG protocol and ISO 14064:2006 standards were stringently followed during the assessment.



### Operational boundaries across different scopes



Figures in grams of CO<sub>2</sub>e/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







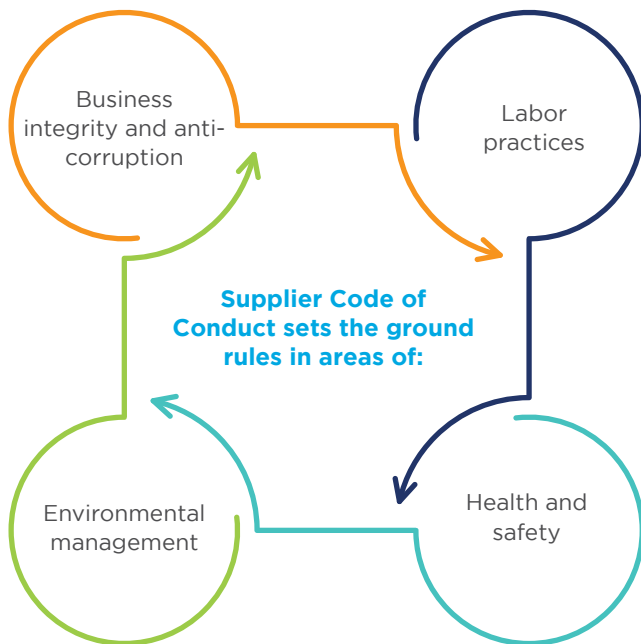
# Sourcing with Care

**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.

## 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"> <li>• Reduction in energy consumption</li> <li>• Reduction in water usage</li> <li>• Developing rainwater harvesting pits and ponds</li> <li>• Manure Machine for recycling of food waste</li> </ul>
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"> <li>• 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.</li> <li>• Owns Bio-Lab which produces bio-fungicides and bio-pesticides instead of chemical fungicides and pesticides used by farmers for cane crop.</li> <li>• Awarded Best Energy Efficient Plant in sugar sector by Bureau of Energy Efficiency (BEE), for being the lowest power consumption per ton cane.</li> </ul>
Triveni Engineering	Sugar	<p>Diverts B-category heavy molasses to distillery for ethanol blending in petroleum products.</p>
Tetra Pak	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"> <li>• 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).</li> <li>• 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.</li> </ul>
HUSKY Injection Molding Systems SA	Packaging Lines	<ul style="list-style-type: none"> <li>• Supports use of bio-resins in hot runner applications. Optimized hot runner systems to reliably run bio-resins and accommodate challenges arising in production.</li> <li>• 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.</li> </ul>

## 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.**

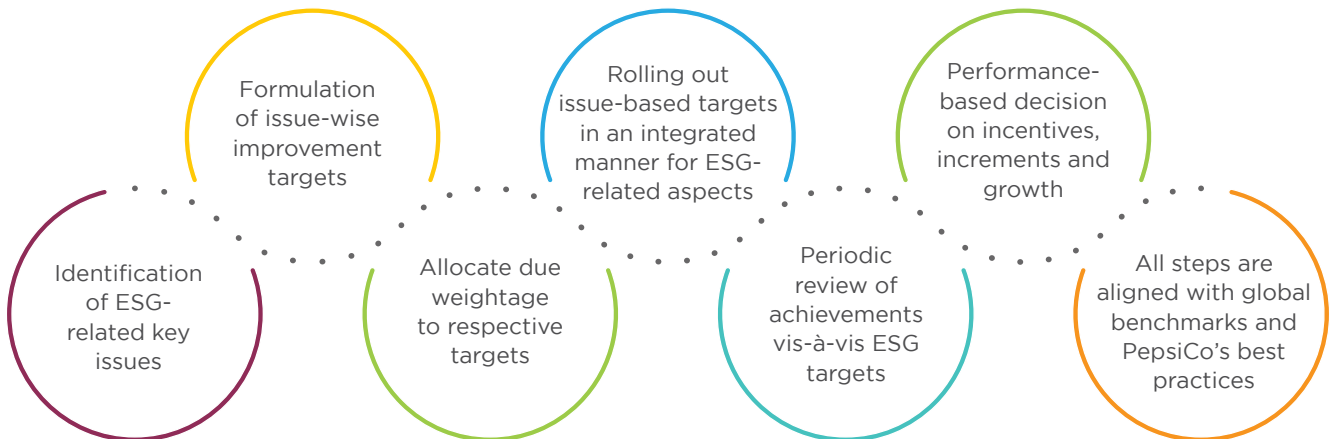


## Integrating ESG with employee performance

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?



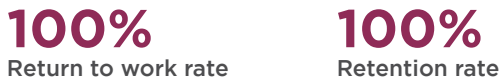
## Nurturing a culture of growth and positivity

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

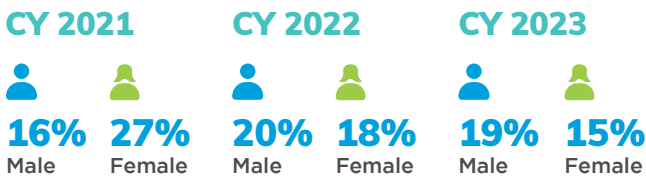
	CY 2022	CY 2023
Career development	100%	<b>100%</b>

(in manhours)

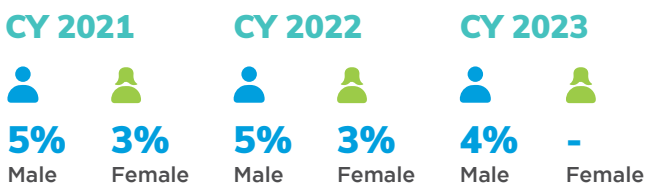
	CY 2022	CY 2023
Health & Safety	167,626	217,102
Skill Upgradation	62,860	81,413
Others (includes training related to Environment and Governance)	188,579	244,240
<b>Total</b>	<b>419,065</b>	<b>542,755</b>

### 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.

## 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



**Varun Beverages Competency Framework : Key Aspects**

# COMPETENCY FRAMEWORK

- |                 |   |   |  |
|-----------------|---|---|--|
| <p><b>1</b></p> | <p><b>ENTREPRENEURIAL &amp; OWNERSHIP MINDSET</b></p> | <p><b>DEMONSTRATES 'OWNERSHIP'. IS DECISIVE AND AGILE TO ENHANCE MARKET SHARE, PROFITABILITY, QUALITY, EFFICIENCY.</b></p>  |  |
| <p><b>2</b></p> | <p><b>BUSINESS ACUMEN &amp; DATA ORIENTATION</b></p>  | <p><b>SETS OBJECTIVES IN RESPECTIVE AREAS, ANALYSES DATA TO SPOT AND CAPITALIZE OPPORTUNITIES</b></p>                       |  |
| <p><b>3</b></p> | <p><b>ADAPTABILITY</b></p>                            | <p><b>DISPLAYS RESILIENCE AND ADAPTS TO CHANGING ENVIRONMENT QUICKLY</b></p>  |  |
| <p><b>4</b></p> | <p><b>CUSTOMER ORIENTATION</b></p>                    | <p><b>UNDERSTANDS THE NEEDS OF CUSTOMERS ALONG WITH ALL INTERNAL &amp; EXTERNAL STAKEHOLDERS TO PARTNER FOR SUCCESS</b></p> |  |
| <p><b>5</b></p> | <p><b>DRIVING RESULTS</b></p>                         | <p><b>TAKES ACCOUNTABILITY AND OWNERSHIP TO CONSISTENTLY DELIVER ON TARGETS</b></p>   |  |
| <p><b>6</b></p> | <p><b>SELF &amp; TEAM LEADERSHIP</b></p>              | <p><b>FOCUSES ON SELF AND TEAM DEVELOPMENT TO LEAD, MOTIVATE AND EMPOWER TEAMS TO DRIVE HIGH PERFORMANCE</b></p>            |  |
| <p><b>7</b></p> | <p><b>CULTIVATES COLLABORATION</b></p>                | <p><b>PARTNERS TO INFLUENCE, PERSUADE AND ALIGN CRITICAL STAKEHOLDERS TO ACHIEVE SHARED GOALS</b></p>                       |  |

## 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.

# 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 <b>33</b> Plants covered under Safety Perception Survey	<b>200,000+</b> Man-hours spent on Employees & Workers on Safety Awareness Workshops	<b>1,800+</b> Safety Incidents reported in 2023
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## Safety & Risk Assessment Survey was done pre and post engagement with DSS

<p><b>Safety &amp; Risk Perception Survey</b></p> <ul style="list-style-type: none"> <li>The dss+ survey is used to understand the perception of employees and contractors in relation to safety culture and risk management.</li> </ul> <p><b>2300+ Respondents across</b></p>	<p><b>Document Reviews</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p><b>100+ documents / records reviewed</b></p>	<p><b>Interactions &amp; Focus Group Discussions</b></p> <ul style="list-style-type: none"> <li>Interactions at multiple levels - L2, L3, L4</li> <li>Focus Group Discussions (FGD) to get deeper understanding of current state and practices                             <ul style="list-style-type: none"> <li>- HODs</li> <li>- Operators</li> <li>- Supervisors</li> <li>- Contractors / BCA's</li> </ul> </li> </ul> <p><b>One on one discussion and FGDs covering nearly 70+ people</b></p>	<p><b>Site Visits</b></p> <ul style="list-style-type: none"> <li>6 Plants visits with multiple meeting cluster / plant leadership</li> </ul> <p><b>12 days at plants</b></p>
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## Occupational Health & Safety Management - Key initiatives

<p>Every plant has a Primary Healthcare Center</p>	<p>Subjected to all industry-related audits and surveys to ensure 100% compliance</p>	<p>Access to non-occupational health and medical healthcare services</p>	<p>Processes to identify work-related hazards and assess risks</p>	<p>Periodic inspections conducted by audit organization to meet international standards</p>
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### 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

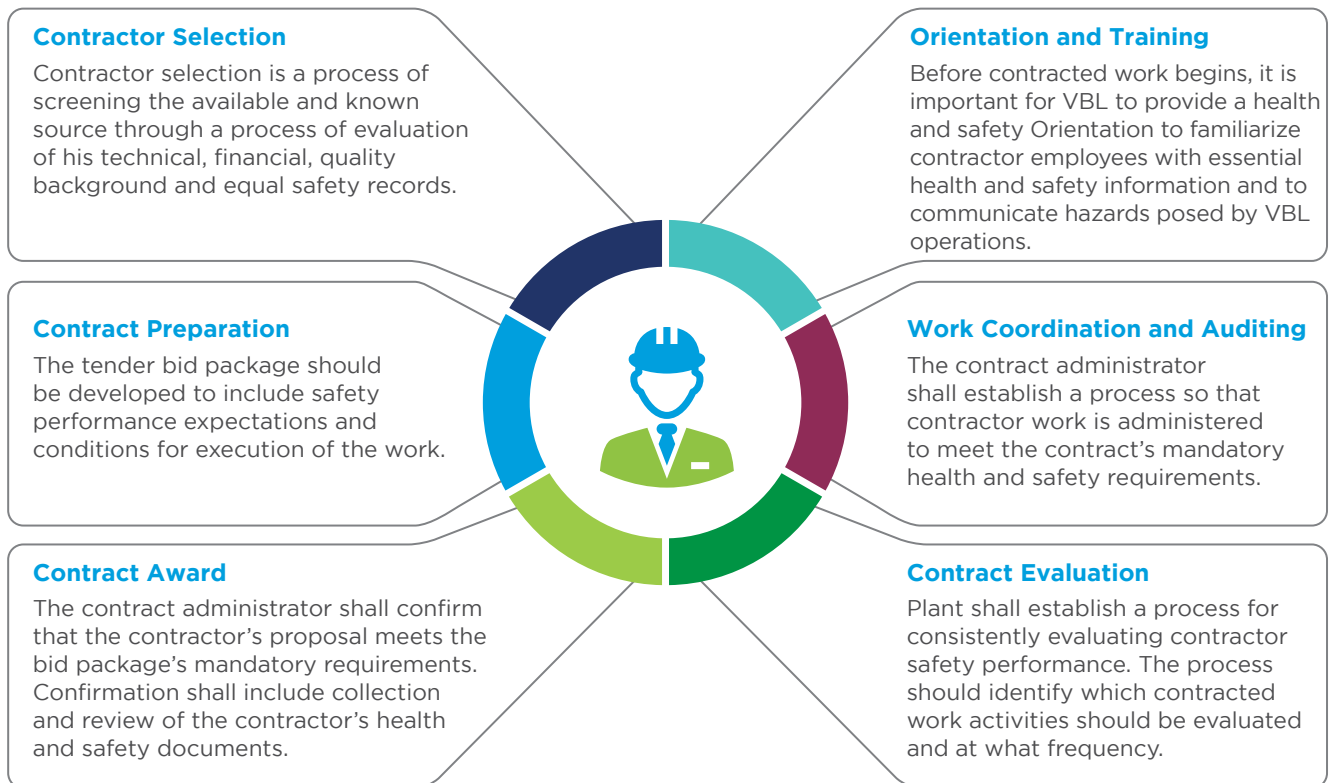
- Finalized charters for all plant committees
- Conducted plant/cluster leadership workshops for 150+ employees in 6 plants
- Ensured functioning of all committees with action items

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.







- 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

# 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](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.

# 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**



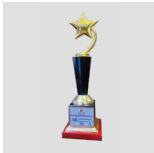
**PepsiCo's International Bottler of the Year 2022**



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



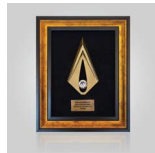
CFI.CO (UK) for Best FMCG Corporate Governance (India) 2022



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



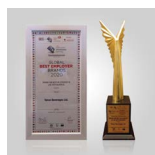
CFI.CO (UK for Best FMCG Corporate Governance (India) - 2021



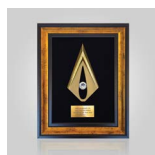
Golden Peacock Award for Excellence in Corporate Governance - 2021



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
<b>Ravi Jaipuria</b> Promoter & Non-Executive Chairman	M C	L S I G F C
<b>Varun Jaipuria</b> Promoter, Executive Vice Chairman & Whole-time Director	M M C	L S I G C
<b>Raj Gandhi</b> Whole-time Director	M M C C M	L S I G F C
<b>Rajinder Jeet Singh Bagga</b> Whole-time Director	M M	L S I G C
<b>Abhiram Seth</b> Independent Director	-	L S I G C
<b>Dr. Ravi Gupta</b> Independent Director	C M	L S F C
<b>Anil Kumar Sondhi</b> Independent Director	-	L S I C
<b>Rashmi Dhariwal</b> Independent Director	M M C M M M	L S F C
<b>Sita Khosla</b> 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



## 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

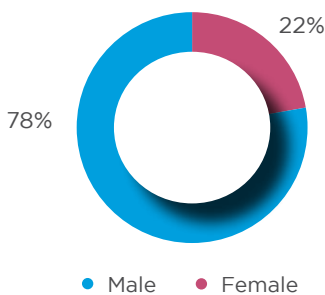
We aspire to build a culture that brings together people of all ages, gender and capacities on one common platform and empowers them to unleash their full potential. Gender, age and differently abled therefore comprise our core priority to foster an inclusive and diverse workforce.

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

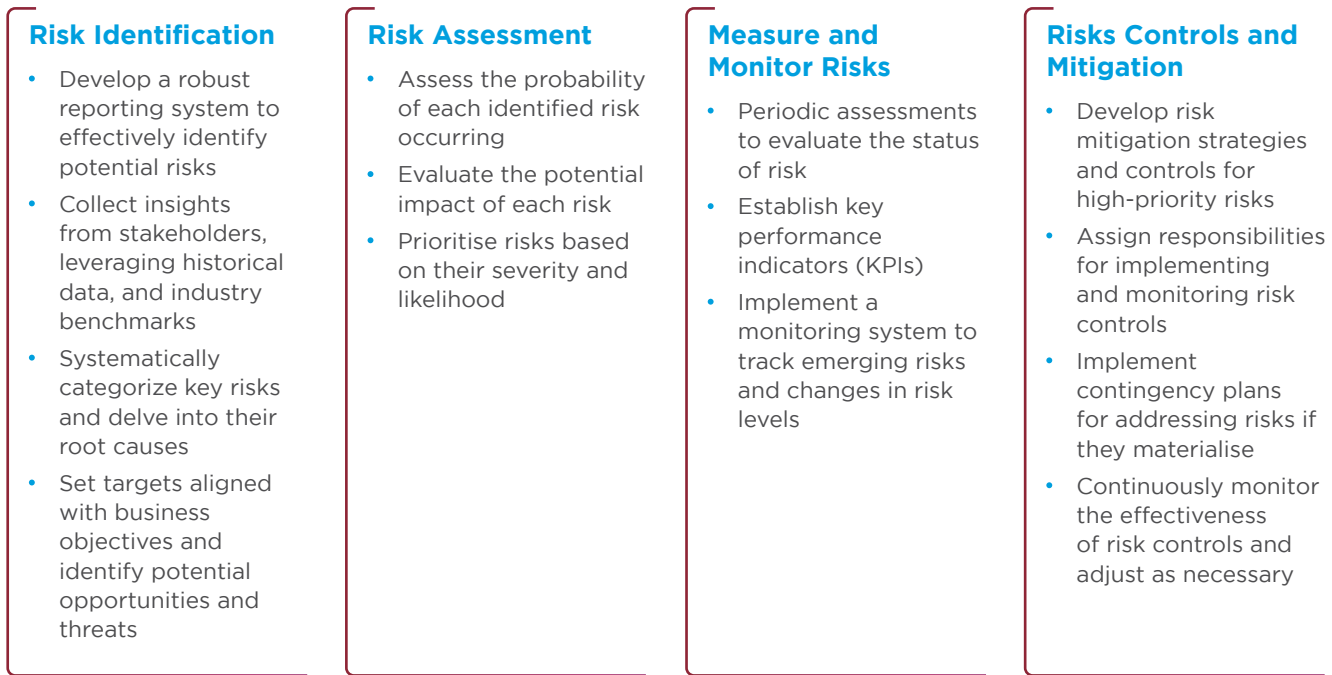


# Risk and Opportunities Management

**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
<b>Demand Risk</b>	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.
<b>Business Agreement Risk</b>	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
<b>Regulatory Risk</b>	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.
<b>Business Viability Risk</b>	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.
<b>Consumer Preference Risk</b>	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.
<b>Raw Material Risk</b>	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.

# 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 Shishka 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.



# 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

# 72% new and 28% repeated

Patient cases handled across all locations

# 1

Operational clinic in Nepal

# 47%

Patients come with acute infections

# 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.

### 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

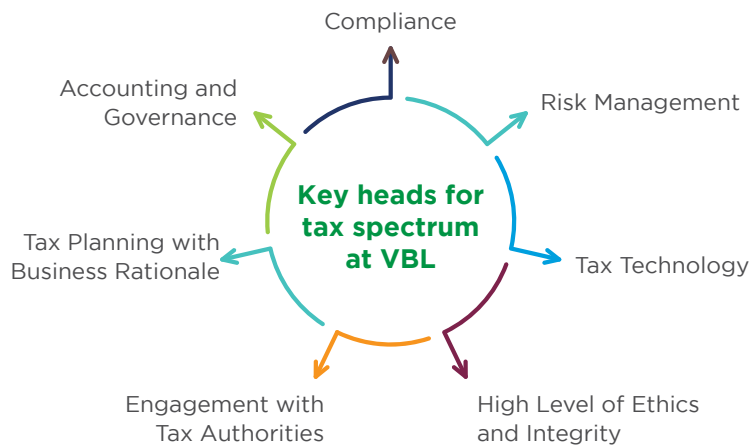
To help students get placed in respective jobs through assistance in job placement





# 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.

## 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’

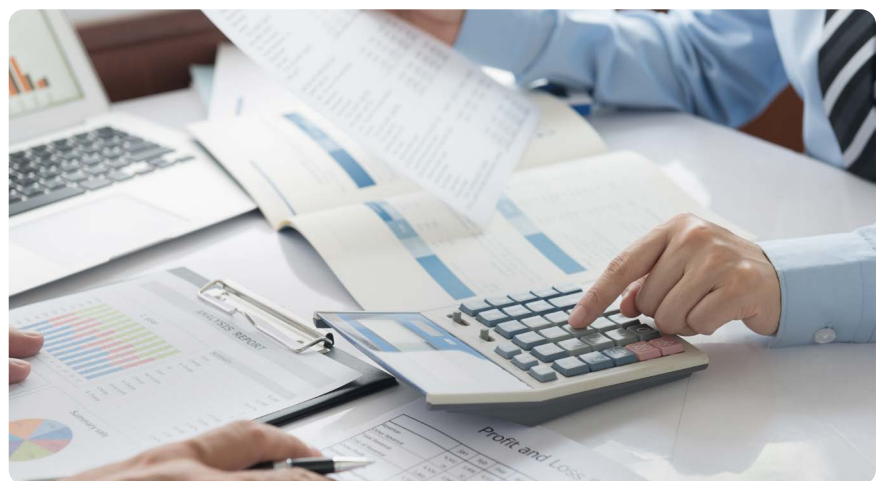
in our operational areas. To ensure this, we provide full support and actively engage with the tax authorities to understand the business model and tax positions.

## 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.



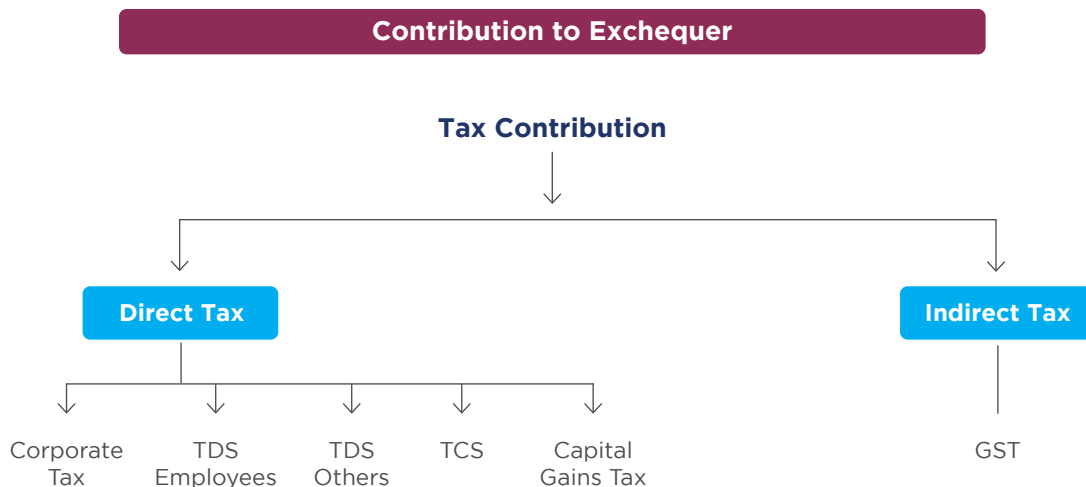
Vendor Management	Identification and recording in correct ledger	System generated Sale invoices, E-invoices and E-way bills	GST portal reporting
Strong vendor management process with robust KYC documentation & verification of historical compliances under GST laws	Powerful SAP-based identification process 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

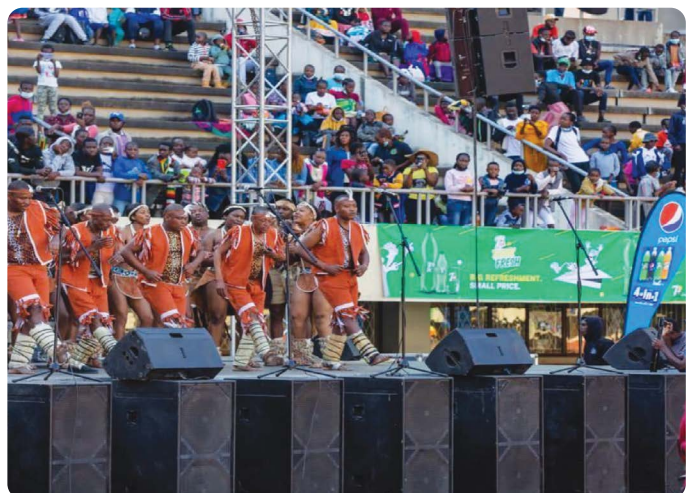
**1.77 Liters**  
(10% reduced from 2022)  
Water utilized for per liter of beverage production in 2023

**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 4<sup>th</sup> 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



[www.varunbeverages.com](http://www.varunbeverages.com)