



UNITED BREWERIES LIMITED
ANNUAL REPORT 2017 - 2018



TOWARDS A SUSTAINABLE FUTURE

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OUR VISION

Our vision is to lead and develop the Indian beer market and deliver best-in-class performance through excellence in product and brand portfolio, capabilities and policies.

OUR VALUES

1. Passion for achievement, success and winning
2. Freedom to operate and learn from our mistakes
3. Treating people with respect and fairness
4. Respecting the environment
5. Integrity in all things and at all times

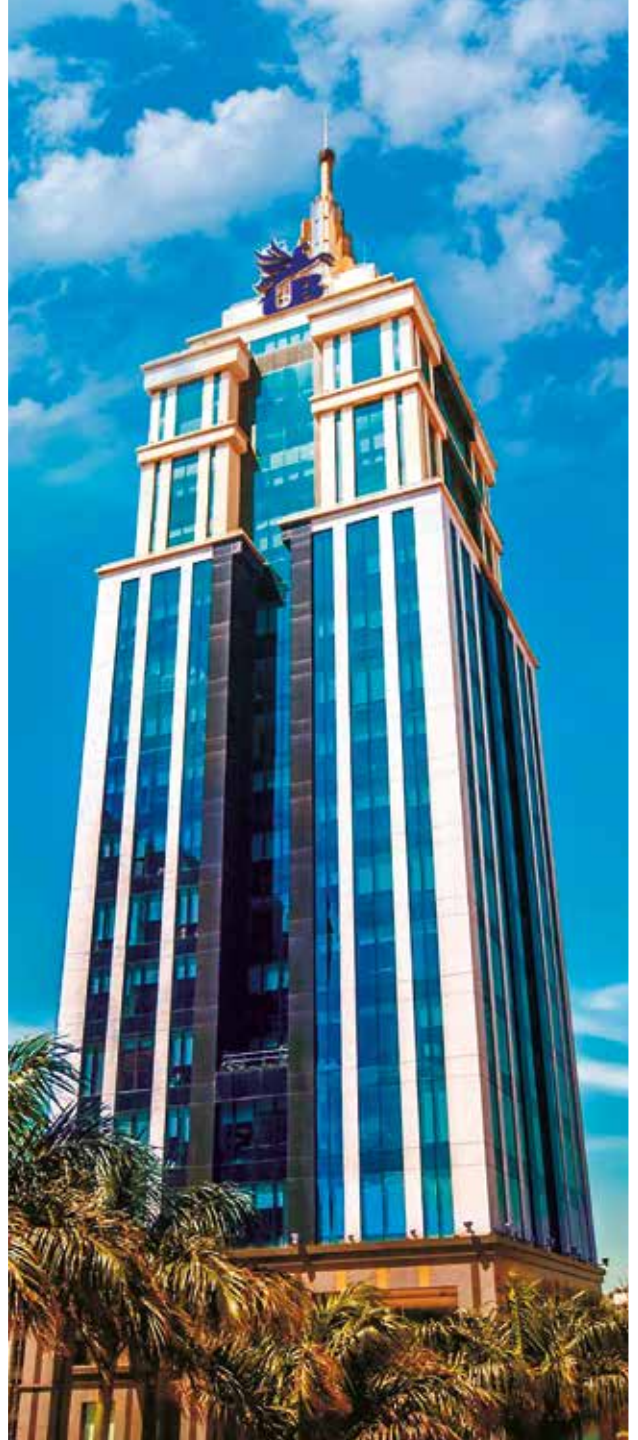
OUR BEHAVIOUR

1. We act with courage
2. We experiment and allow for mistakes
3. We discuss and decide on the basis of facts and data
4. We plan, set clear goals and do as we committed
5. We consider the consequences of our actions on others and for the future
6. We treat others in the way we would like to be treated ourselves
7. We celebrate success
8. We communicate, communicate and communicate

India's largest beer company

A market leader in the truest sense

Brewing excellence since inception



CELEBRATING 100 MILLION CASES WITH KINGFISHER STRONG.



STADIUM WAALI FEELING WITH THE KINGFISHER CRICKET PACK

The 2018 edition of the special Kingfisher Cricket Pack ensured that the association between Kingfisher and cricket reached every consumer across the country. The campaign 'Stadium Waali Feeling' was successful in bringing alive the feel of a stadium for fans everywhere. The campaign dominated visibility at bars and pubs and was appreciated by consumers.

PRANKING AWAY IN IPL 2018

Kingfisher heralded the cricket season with yet another clutter breaking communication - The Kingfisher Indian Prank League. Kingfisher was associated with 6 IPL teams this season and had iconic players prank their unsuspecting teammates in these films. The campaign had an extensive multimedia strategy to ensure maximum reach amongst the target consumers.



THE GOOD TIMES GAME

Kingfisher took up a strategic association with two popular teams of the Indian Super League - Bangalore FC and FC Goa.



The association was amplified with two fun campaigns that brought to life the universal love and sense of belonging that fans have for their teams. This new initiative of 2017-18 helped to further strengthen the brand's connect with its consumers in these two important markets and bring the fans closer to their favourite teams.

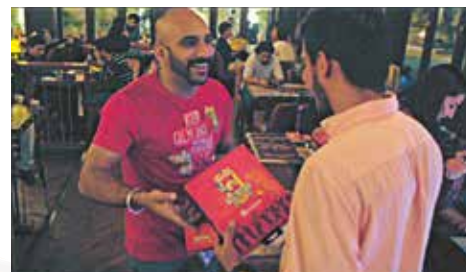


FOOD TASTES BETTER WITH KINGFISHER

The Kingfisher and food association was strengthened with the intent of 'owning' every food occasion. Three brand films with humorous slice of life storylines were rolled out to seed in the thought of pairing Kingfisher with food across various occasions, further strengthening this proposition.

SUNBURN - THE BIGGEST PARTY EVER

Kingfisher continued to associate with Sunburn, India's biggest music festival and embarked on 'The Biggest Party' communication for mass media advertisement. More excitement was infused into the association through the 'Do It Yourself' Sunburn Can activation and the surprise and delight activity - 'Phone Booth Challenge' across pubs.



TURNING UP THE HEAT FOR THE YEAR

Kingfisher Calendar 2018 was yet another breathtaking one. Shot on the exotic beaches of Croatia, it continued to raise the glamour quotient for the brand. The Calendar was extensively promoted on digital platforms through relatable content like Travel Diaries and Model Diaries, maximizing reach amongst the brand's target audience.

ULTRA SHORTS

Ultra Shorts, the popular series of short stories on YouTube released its latest presentation – Rise. A story that resonates with the youth of today, it quickly garnered over 20 million views, and was one of the most watched web series of the season. The series also got acknowledgement at the Los Angeles Web Fest 2018.



Customers loved the Ultra Experience at this year's Mumbai Derby where they caught a glimpse of the star cast of Daas Dev. Ultra Max was also associated with the premium motorbike manufacturer, Ducati. This was a pan India association which further uplifted the brand imagery.

REMARKABLE GROWTH OF SUPER PREMIUM BRANDS IN 2017-18



HEINEKEN – OPEN YOUR WORLD

Heineken's campaign 'Open Your World' aimed at breaking down social and mental barriers, inspired the open generation to progress without the crutches of external support or validation.

The Heineken 'Credentials' campaign was rolled out across key markets in 2017-18. The campaign highlights the provenance and global stature of the brand.





ONE MILLION CASES IN ONE YEAR!

Kingfisher Storm was launched in Karnataka, Maharashtra, West Bengal and Odisha this year. The brand witnessed universal appeal across each of the markets, selling a remarkable 1 million cases within a year.

Kingfisher Storm was well supported with a multimedia campaign featuring Dr. Zeus, Zora Randhawa, Nargis Fakhri and the biggest of them all - Snoop Dogg, on the hit track WOOFER, which garnered over a 100 million views.



AMSTEL - NOW IN INDIA

This summer saw the launch of Amstel, the iconic Dutch beer from the Heineken NV's stable, to take on competition in the strong beer segment.

With the inclusion of Amstel, UBL will now be catering to consumers seeking the experience of an international beer brand in the strong beer category.

With a promise of giving consumers the ultimate bliss,



Amstel 'Beer Nirvana' comes with a 150 year old legacy and is available in over a 100 countries.



5L+ DOWNLOADS



11,000+ CLAIMS THROUGH THE APP



1200+ PARTNER OUTLETS ONBOARD



ACTIVE IN 6 CITIES - DELHI, MUMBAI, BANGALORE, GURGAON, HYDERABAD AND PUNE

Pitchers, the biggest nightlife planner in the country now comes with an all-new loyalty rewards feature - Pitchers Plus. So, in addition to all the information about the best nightspots, live events and flash deals in each city, consumers can also enjoy exclusive loyalty benefits.

HUMAN RESOURCES

INTRODUCTION OF VARIABLE PAY TO DRIVE PERFORMANCE ORIENTED CULTURE

United Breweries Limited introduced a scheme of Variable Pay Plan from FY 2017-18, a performance-based pay plan in order to promote a performance-oriented culture.

THE OBJECTIVE OF INTRODUCING THE VARIABLE PAY SCHEME:

1. To align our compensation practices & pay mix with market practices:

Helps in managing internal employee talent pool & talent pipeline effectively by ensuring the alignment with market practices.

2. To reward employees on the basis of individual and

company performance:

Ensures better alignment and linkage amongst company performance, individual performance and employee rewards. Higher weightage of company performance is assigned to the variable pay target of the senior management.



LEARNING & DEVELOPMENT

3000+ man days of learning

Sales Force Training

E-learning for all (Skill Soft Platform)

Need Based Trainings-Customized

Around the Machine Trainings at Breweries

Organization Mandatory Trainings on COBC

Coaching for Selective Senior Level Employees

E Learning

- Prevention of Sexual Harassment at the workplace
- UBL Code of Business Conduct
- Friday Reflections on pertinent topics sent out to all employees which connects the newsletter to relevant e-learning courses

Classroom Trainings

- Selling Skills
- Range Selling/Portfolio selling
- Safety Awareness
- MS Office
- Communicate to Connect

Coaching & Mentoring

Coaching Culture:
Key role holders were assigned external coaches. The intent was to strengthen the leadership abilities of the role holders.

DEVELOPING UBL LEADERS: LEADERSHIP PROGRAM AT IIM CALCUTTA FOR BREWERY HEADS

UBL believes in nurturing its leaders and making them future ready, in order to meet the multiple and diverse expectations required of them.

24 senior executives from Manufacturing were enrolled for a leadership program at IIM-Calcutta.

The objective of the program was to assess and develop core leadership competencies required to be more effective leaders.



EMPLOYEE ENGAGEMENT SURVEY 2018: THE TOP-LINE RESULTS

85% of the employees responded to the Engagement Survey rolled out in February 2018.

The company is at par or more than the industry average on 5 dimensions: Employer Brand, Enabling

Infrastructure, Organization Reputation, Performance Management, Diversity and Inclusion.

The comparator organisations include the comparable basket of key consumer goods companies.

INDUSTRIAL RELATIONS

A dispute free IR bedrock is essential for the HR function in order to plan for a more development accented Business & People Agenda, as it frees us from negativity and allows us to plan the agenda versus reacting to situations.

In the last one year we have signed 10 long term wage settlements (LTS) across breweries with varied levels

of maturity on part of the trade unions.

The credibility of our regional manufacturing heads, Unit HR Managers & brewery heads with our workforce and union members has enabled a situation where there is focus on value adding and productively enhancing aspects of the business.

STRENGTHENING GOVERNANCE: WORKSHOP ON UBL ETHICS FRAMEWORK CONDUCTED FOR ALL EXECUTIVES

In our commitment to be a responsible corporate citizen, UBL accords high importance to transparency, accountability and integrity in its business dealings. This is built into the core values and ethics of the company, and is critical in maintaining our market leader position. We have already formulated a structured Code of Business Conduct policy towards this.

It is essential for all the employees of the organization to have a uniform understanding of this policy.

To facilitate the same, workshops were conducted for the executive population, to take them through various policies covered under the Ethics Framework.

MANUFACTURING

RENEWABLE ENERGY

Our company is taking giant leaps in the field of green energy. As part of our sustainability initiative, we have adopted the use of alternate energy sources.

The company has taken the sustainability initiative by

using renewable energy for electricity in 10 out of the 21 breweries. To this effect, we have used both Wind and Solar energy.

WIND ENERGY

Wind energy is being used at the three breweries situated in Karnataka and two breweries situated in Tamil Nadu. Wind energy now contributes 65% and

90% of the total power requirement of the breweries in these two states respectively.

SOLAR ENERGY

Solar energy is being used at five breweries:

- UBL Mallepally (Golconda)
- UBL Ellora (Aurangabad)
- UBL Taloja (Navi Mumbai)

- UBL Ajanta (Aurangabad)
 - UBL GMR (Srikakulam)
- Rooftop or ground mounted solar power plants have been set up at these breweries. The capacity of the solar power plants installed in these breweries ranges from 5% to 12% of the total power consumption.



As on March 2018, over 15% of our overall electrical energy usage is through renewable sources.

FOOD SAFETY MANAGEMENT SYSTEM (FSMS), ALSO KNOWN AS ISO 22000

FSMS is related to preventing the presence of food hazards in our products to safeguard consumers. UB has wholeheartedly embraced these standards. The breweries are certified after a 2-day stringent audit by M/S TUV Nord, a renowned Germany based certifying agency in India. The key highlights are as follows:

- 20 of the 21 Breweries are certified
- All the raw materials, additives, processing aids are 'Food Safe'

- 100% audit of all our suppliers is being undertaken to check for compliance to food safety norms. UB Chamundi has been awarded with 'Outstanding Performance in Food Safety Excellence' in the Category of 'Large Manufacturing Food Businesses - Alcoholic Beverages', for the year 2017 by the Confederation of Indian Industries (CII).

PROJECT UDAAN - TOTAL PRODUCTIVE MANAGEMENT

MY WAY - TPM WAY

In our journey towards 'World Class Manufacturing', Project UDAAN - Total Productive Management (TPM) was launched in May 2012. Now this initiative has reached 19 breweries and brewery teams have started adopting TPM in their daily lives.

KEY HIGHLIGHTS: 2017-18

- Organization wide employee development programs implemented
- UBL Ellora won 2nd Prize at the National Level Operational Excellence case study conclave 'Indizen-2018', organized by Kaizen Institute, Pune



PROJECT KAVACH - SAFETY FIRST, SAFETY ALWAYS

Persistent efforts with regard to safety resulted in reduction of incidents by half, as compared to the previous year.

KEY SUMMARY

- Proactive improvements identified through standardized Risk Assessment at all breweries
- Continued effort on safety awareness at all levels through wide coverage of safety trainings and various events
- Extended LOTO (Lock Out Tag Out) system to individual machines

KEY AWARDS:

- UBL Chennai received the prestigious Safety Management Award for the year 2017 from the Govt. of Tamil Nadu
- UBL Chamundi received 2 awards, 1st place from CII - EHS for 2017-18 and CII - Excellence in EHS with Five Star rating for 2017-18