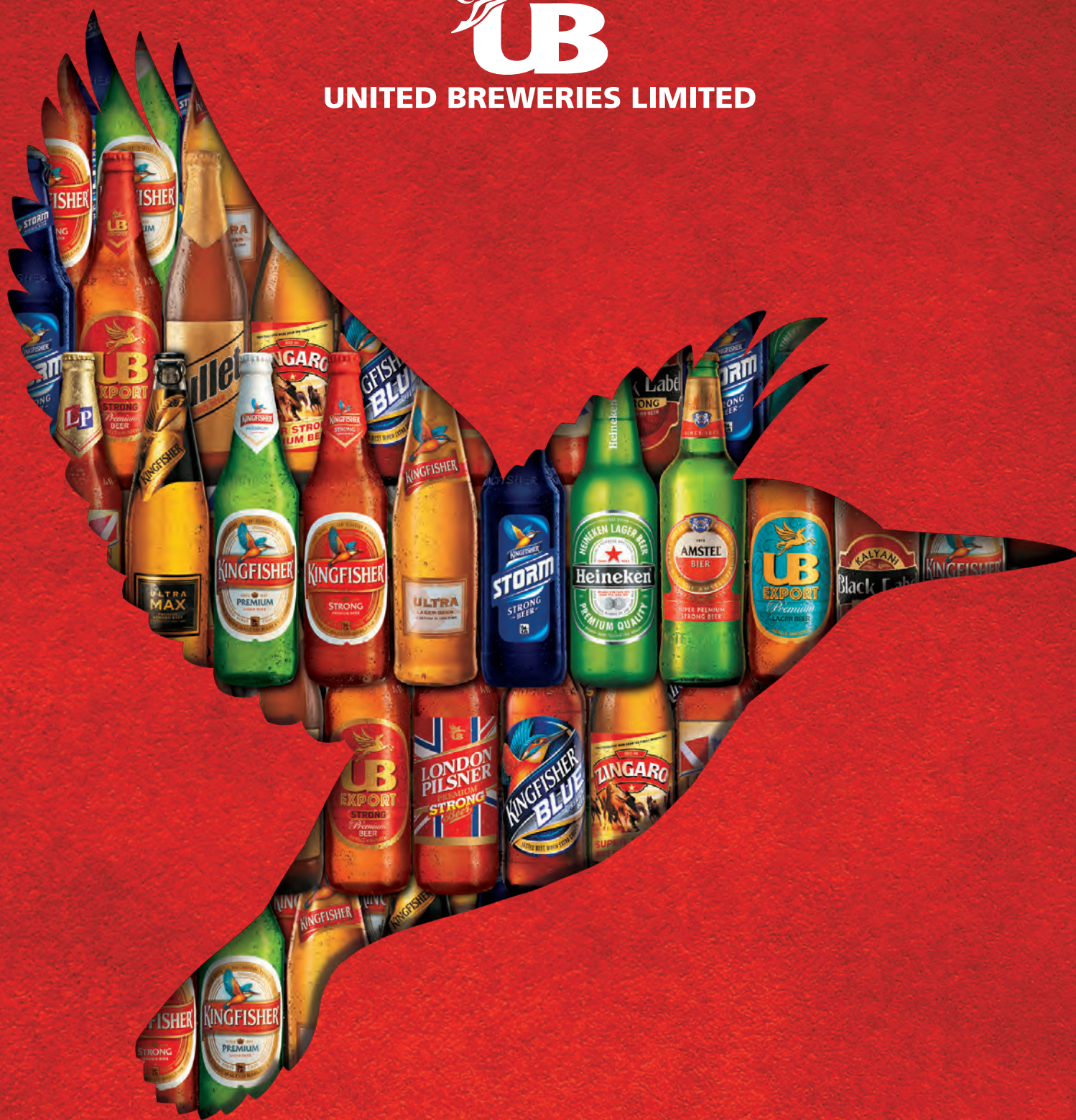




UNITED BREWERIES LIMITED



ANNUAL REPORT 2018-2019

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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

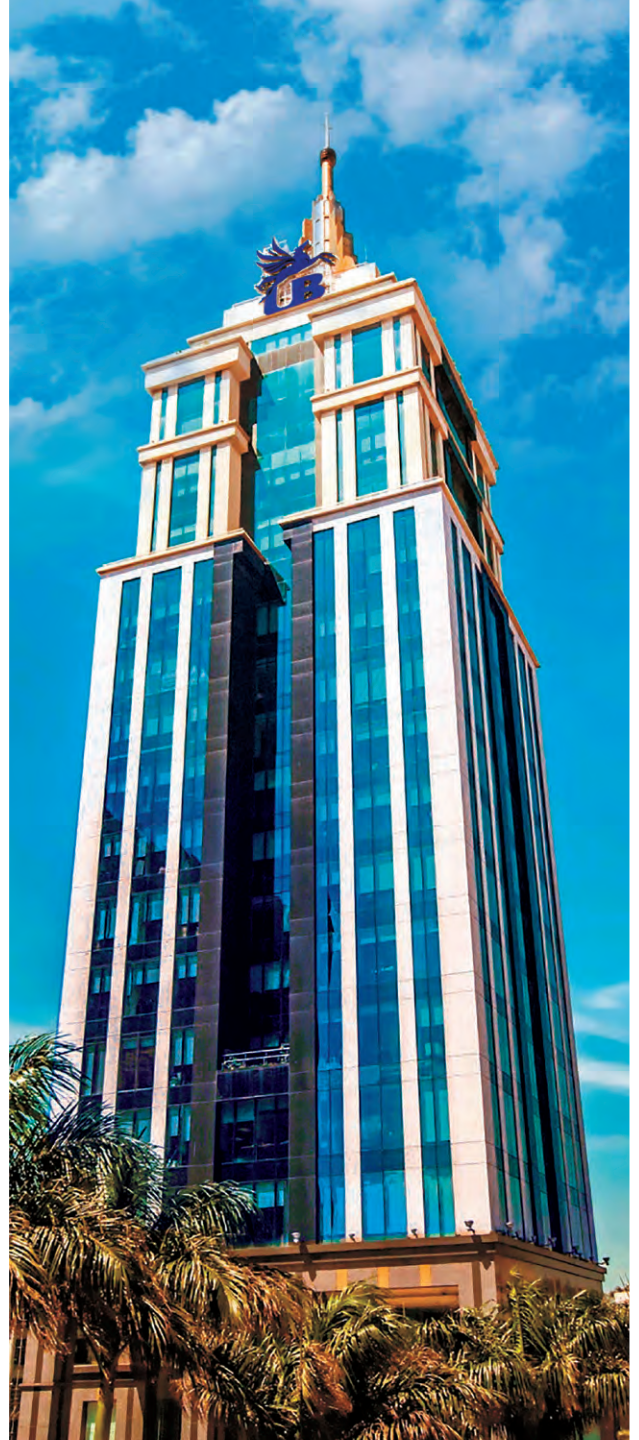
OUR BEHAVIOUR

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



THE GOOD TIMES KEEP GETTING BETTER

150
MILLION CASES SOLD!

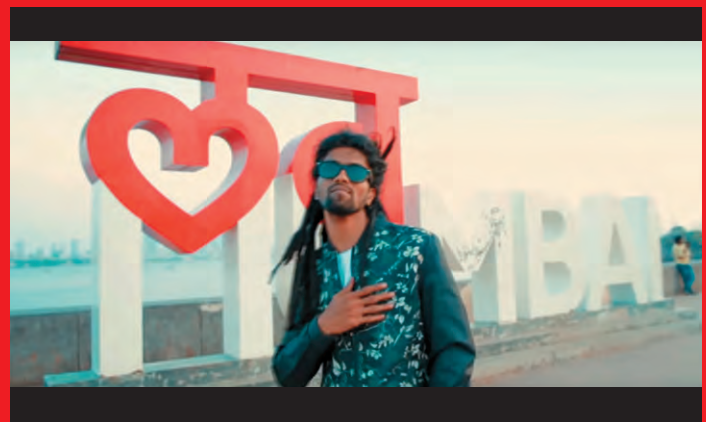


DIVIDED BY BEATS. UNITED BY KINGFISHER.

The Indian Premier League (IPL) 2019 saw the rise of the 'Good Times Rap Anthem'. The cricket stars from teams associated with Kingfisher were seen grooving to the catchy new rap track in the TVC. The refreshed Kingfisher jingle was loved by the players and fans alike and was heard across television channels, digital platforms and all major radio stations across the country.

KINGFISHER CITY RAP ANTHEM MUSIC VIDEOS

The 'Good Times Rap Anthem' initiative was further extended to create local city rap anthems in respective local languages. Parts of the lyrics for these music videos were crowd-sourced in the form of words colloquial to the city, all coming together to create four rap anthems for the cities of Chennai, Bengaluru, Mumbai and Kolkata.



KINGFISHER COMMUNICATION GOES LOCAL IN BENGAL

Kingfisher's association with Food was further strengthened through localised communication for the market of West Bengal. Two TVCs in Bengali with colloquial conversations around food and Kingfisher were aired in West Bengal under the proposition of 'Food Tastes Better with Kingfisher'.

MAKING EVERY DAY SPECIAL WITH THE KINGFISHER CALENDAR

The much-anticipated Kingfisher Calendar kept its appointment with 2019 and launched another high-quality calendar. Now in its 17th year, the Kingfisher Calendar was shot in Sardinia, Italy. With relevant digital content and contests, the calendar reached out to the target audience across specific touchpoints providing them a peek into the exclusive world of the Kingfisher Calendar.



HOPPING ON TO THE GOOD TIMES BUS



Kingfisher amplified its association with the two popular football teams of the Indian Super League (ISL) – Bangalore FC & FC Goa. Football fans from Bangalore and Goa were treated to the 'Good Times Bus' experience, where they were driven across cities to watch their respective teams' away games, live. The activation further strengthened Kingfisher's association with the teams and fans in a unique and experiential manner. The two teams sponsored by Kingfisher, faced each other in the finals of the ISL, with Bangalore FC lifting the prestigious trophy this year.

THE BIGGEST PARTY EVER COMES BACK TO GOA

Kingfisher strengthened its long-standing association with India's biggest music festival 'Sunburn', by becoming the Presenting Sponsor for the 2018 edition of the main festival held in Pune. Kingfisher fans were treated to a truly memorable experience at the 'Kingfisher World' - a dedicated zone created to engage with consumers during the three day festival. After a gap of two years, Sunburn returned in February 2019 to the land of sun, sand and Kingfisher – Goa, giving consumers and partygoers more reasons to enjoy their favourite music with Kingfisher.



KINGFISHER APRIL FOOLS PRANK (INSTANT BEER POWDER)

This year on April Fool's Day, Kingfisher decided to prank beer lovers across the country. Kingfisher announced the launch of an 'Instant Beer Powder' which was positioned as a revolutionary innovation in the category. The news instantly went viral across the country and Kingfisher's 'Instant Beer Powder' announcement video was organically shared across social media platforms, review pages, blogs, and WhatsApp, reaching 25 million people.



5 MILLION CASES SOLD!

The Kingfisher Ultra brand family has sold over 5 million cases in the year 2018-19. Kingfisher Ultra continued to build on its association with the iconic Kingfisher Ultra Indian Derby in Mumbai and Kingfisher Ultra Derby in Bangalore. The brand also associated with popular French music producer DJ Snake for a four city tour in India, building on its association with premium entertainment events.



ULTRA SHORTS ON CHEERS

Ultra Shorts, the popular series of short stories on Kingfisher's Youtube channel - Cheers, released its latest presentations - 'What's Your Status' and 'Mr. Das'. The two stories talked about different issues faced by the youth today and immediately connected with the viewers. The 'Half Day Rant' and 'Holiday Rant' from 'What's Your Status' and 'Mr. Das' respectively, became sensational hits.

3 MILLION CASES SOLD!

Kingfisher STORM which launched in 2017, continued to receive an overwhelming response from consumers across the country.

Kingfisher STORM used movie associations to connect with masses locally in the southern states. The association featured a large media campaign and exclusive live screenings. The brand also strengthened its association from last year with Bollyboom, which showcases trending Hindi-Punjabi music. The integrated marketing campaign around these events has helped the brand significantly improve its awareness and trials across markets.



AMSTEL BUILDS ITS PRESENCE IN INDIA

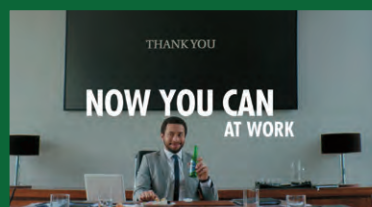
AMSTEL, the iconic Dutch beer, made an entry into India in May 2018. This international premium beer is the world's 8th largest beer brand and is sold in over 110 countries. Amstel was launched in Karnataka, Kerala, Pondicherry in 2018 and has recently been introduced in Andhra Pradesh and Tamil Nadu. This slow-brewed and extra-matured beer has already received an encouraging response for the international quality that AMSTEL is renowned for globally.





HEINEKEN BRINGS INTERNATIONAL EXPERIENCES TO INDIA

Heineken associated with international marquee acts like the Martin Garrix India tour, Cirque Du Soleil, and Krank & Elrow, driving desirability and aspiration for the brand. Heineken engaged with its consumers across nightclubs through a series of international DJ tours.



HEINEKEN 0.0 LAUNCH IN INDIA

Heineken 0.0 made its debut in India across key markets, with its TVC running across high impact programs and youth affinity channels.



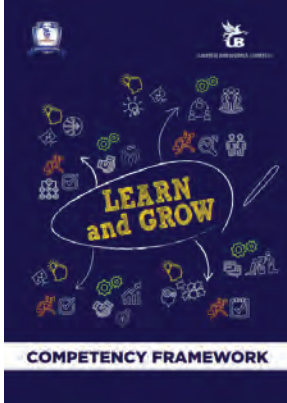
KINGFISHER FORAYS INTO THE NON-ALCOHOLIC SEGMENT

In June 2018, the name synonymous with beer in every Indian home, brewed a refreshing twist in its tale. Kingfisher unveiled its first-ever alcohol-free drink - KINGFISHER RADLER. Manufactured at UBL Nalanda in Patna, Kingfisher Radler is made with 100% natural ingredients. It has approximately 30% less sugar than regular carbonated soft drinks (CSDs), and the goodness of fresh malted barley and real fruit juice. It is available in 3 flavours - Ginger Lime, Lemon and Mint Lime.

Kingfisher Radler initially launched in the states of Gujarat and Karnataka, is now available across major states and cities in India. It is being advertised on television channels and digital platforms. Tie-ups with Metro, Big Bazar and other retail chains have ensured good presence for the brand. Sampling at outlets, youth hangout places, food delivery apps and festivals have ensured trials on the brand.



HUMAN RESOURCES



COMPETENCY FRAMEWORK

A level-wise competency framework has been designed for the entire organisation with the help of leadership interviews, focus group discussions with employees of different levels, and behavioural event interviews with our high performers.

This competency framework will help the organisation in assessing current and future talent capability. It will also help in highlighting specific strengths to be further developed and flag critical skill gaps for mitigation.

DEVELOPMENT CENTRE

55 senior executives of the organisation underwent a three day training at a Development Centre in November and December.

This helped in:

- Identification of individual areas of strength and development
- Developmental feedback from a Coach and a Manager
- Creation of detailed individual development plans to identify areas of improvement



DIGITAL ATTENDANCE SYSTEM FOR WORKMEN

We have digitised the attendance system for permanent workmen and contract workers, in collaboration with Starlink.

The system enables the organisation to manage attendance, overtime and invoice computing for permanent workmen and contract workers. It will also greatly help in adhering to statutory compliances.

This covers close to 8,000 workmen across all the breweries in the country.



ONE-STOP TRAVEL SOLUTION

We have launched the all-new 'UBL Travel Portal' in association with Thomas Cook India Ltd. in December 2018.

The newly designed system provides a 'One Stop Travel Solution' to all the employees. With the help of this portal

employees can now book flights, hotels, cabs, trains and buses. This portal also allows employees to submit expenses incurred towards business travel.

GREAT MANAGERS AWARD

United Breweries Limited has been awarded for being one of the 'Companies with Great Managers' in India, based on our participation in the survey for 'The Great Manager Awards' conducted by People Business.

One of our employees, Khusboo Verma from the Institution Sales team in Pune, was adjudged as one of the winners in the category 'Women Great Managers'.

The awards were given away on 4th October 2018, at Mumbai, in the presence of 250 senior professionals, along with the best managers from across the country.



STRENGTHENING GOVERNANCE

In our endeavour to provide an ethical workplace to all employees, UBL has framed a robust policy on our Code Of Business Conduct (COBC) and Prevention of Sexual Harassment (POSH).

It is mandatory for all employees at all levels to complete an online course on COBC and POSH every year to refresh their learnings.

Last year, we also conducted instructor-led COBC workshops for over 1,300 executives to take them through the basic tenets of our policies on alcohol consumption, gifts, whistleblowing (Speak Up) and POSH (Abhay). The workshops were well received by the participants and helped them build a common understanding of all the policies listed under COBC.

INDUSTRIAL RELATIONS

Industrial Relations continue to be harmonious and peaceful at all levels and at all locations of the company.

There has been zero down-time on account of any employee-related issue in the last 4 years.

In 2018-19, we have signed six long-term settlements at our breweries.

MANUFACTURING

KAVACH – SAFETY FIRST SAFETY ALWAYS

As always, we continue to strengthen the safety culture and safety leadership among our employees and contract staff, with a key focus on caring for people. Our safety goal is to achieve no harm to 'People and Equipment'.

Key Summary

- Developed a systematic practice to effectively perform HAZOP – Hazard and Operability Studies and a thorough risk assessment for all the activities in the brewery
- Completed a comprehensive 360° machine guard audit for all the breweries to ensure high levels of safety when working on machines and moving parts
- Upgraded the 'Permit to Work' system with a risk assessment of all possible hazards and steps to mitigate them before commencing work

Key Awards

- UBL Chennai & UBL Kuthambakkam were awarded 3-star ratings from the CII for Excellence in EHS
- UBL Chamundi has been awarded a 4-star rating from the CII for Excellence in EHS
- UBL Palakkad was awarded the 1st place by the Kerala State Pollution Control Board for Best Environment Initiatives in the large-scale Industries category

RENEWABLE ENERGY

Taking steps towards continued improvement of our usage of renewable energy sources, a rooftop solar power plant has been installed in three more breweries - Nizam, Kalyani and Ludhiana. This now takes the total number of rooftop solar power plants to eight

locations. Our breweries located in Tamil Nadu continue to receive wind energy, while breweries located in Karnataka receive a mix of solar and wind energy. As of March 2019, around 20% of our overall electrical energy usage is through renewable energy sources.

TOTAL PRODUCTIVE MANAGEMENT - UDAAN

My Way – TPM Way

My Way – TPM Way continues to drive our daily lives in 19 of our breweries. Various initiatives in improving operational efficiency (Operational Performance Indicator), and reducing CO₂ consumption and caustic consumption have delivered excellent results. The Increased Operational Performance Indicator has assisted in providing additional capacity without capital expenditure to meet market demand.

Key Highlights: 2018-19

- Enhanced employee engagement through continuous development of teams at breweries by conducting various training programs
- The Mysore brewery won the 2nd Prize in the Innovative Kaizen Category at the 32nd Kaizen Competition organised by CII at Pune in April 2018

- The Aurangabad brewery won the 1st Prize in the Renovative Kaizen Category at the 33rd Kaizen Competition organized by CII at Chandigarh in August 2018



Best Kaizen Award - Aurangabad Brewery (Ellora)



Best Kaizen Award - Mysore Brewery

FOOD SAFETY MANAGEMENT SYSTEM (ISO 22000)

ISO (International Organization for Standardisation) is a worldwide federation of national standards bodies. ISO 22000 is a Food Safety Management System that can be applied to any organization in the food chain. As the introduction of food safety hazards can occur at any stage of the food chain, adequate control throughout is essential. At United Breweries, we recognize the importance that this system can bring to the safety of our products, thereby safeguarding our consumers against any hazards. Hence, it has been wholeheartedly embraced at UBL. Last year, the only Unit (UBL Mangalore) which had not been certified for this standard, cleared the audit and is now certified by TÜV SÜD SOUTH ASIA PRIVATE LIMITED, one of the leading German international inspection, testing and certification bodies. It is headquartered in Munich, Germany and they are represented in more than 30 countries and 600 locations around the world, as a truly global solution company. As of today, all UBL owned breweries are ISO 22000 certified.

The standard requires that the organisation implements prerequisite programs and HACCP (Hazard Analysis & Critical

Control Point). Therefore, all our raw material, additives and processing aids, are procured from suppliers who have been certified by FSSAI (Food Safety & Standards Authority of India). Our commitment to food safety has been rewarded by Confederation of Indian Industries (CII). UBL Aurangabad has been recognized with a 'Letter of Appreciation for Food Safety Commitment', after an exhaustive three day audit. The announcement and presentation of awards was made during CII Food Safety and Quality Summit held in Delhi.

Last year, FSSAI had mandated Food Safety Training & Accreditation (FoSTAC) for all central and state licensed Food Business Operators (FBOs). The mandate requires one 'Food Safety Supervisor' for every 25 food handlers. Regional training was conducted for the identified 'Food Safety Supervisors' across all the 21 UBL owned breweries. A total of 66 participants were trained across the country.

UBL is now compliant with FSSAI guidelines on 'Food Safety Supervisors' at all its owned units.

NATIONAL SENSORY PANEL

The National Sensory Panel has been constituted with brewers and quality personnel basis their flavour recognition scores. This is conducted every month, where all the brands produced across the 30 breweries are evaluated and the outcome of these sessions are used to improve the consistency in beer quality across India.

Beer sensory is one of the key factors in improving the beer quality. Flavours are derived from raw materials (malt, adjuncts, hops, and water), but the larger majority is derived

from yeast, during fermentation. Chemical and physical methods of analysis can provide a great deal of information about these compounds. However, no instrument has been able to replace a 'trained taster'. It is very important that the unwanted/off flavour gets detected at the right time so that flaws can be corrected in either the ingredients or brewing process. Improving one's sensory skills is a demanding task. Hence, keeping this objective in mind, many efforts are carried out in order to enhance beer sensory and judging.