



Corporate Social Responsibility Policy

Effective from **April 1st, 2021**

Version 1.2

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United Spirits Limited (“Company”), subsidiary of Diageo Plc, is a responsible corporate citizen. This document outlines the Company’s Corporate Social Responsibility Policy (“**Policy**”), in alignment with Section 135 of the Companies Act, 2013, and the Rules notified by the Ministry of Corporate Affairs thereof. This Policy shall be applicable to all the activities to be undertaken by the Company in pursuance to its Corporate Social Responsibility (“**CSR**”) obligations. This Policy has been amended to meet the revised requirements of the amendments to the CSR Rules dated January 22, 2021, notified by the Ministry of Corporate Affairs, and accordingly replaces the earlier CSR policy with effect from April 1, 2021.

1.0 OUR VISION

The Company aspires to make a lasting difference in the lives of our communities, with a view to be able to build their agency and to lead a life of dignity. The Company also intends to contribute towards the Sustainable Development Goals set out by the United Nations, with the CSR activities being one of the avenues to help achieve the Goals.

2.0 OUR MISSION

- To empower the communities in their own development through a collaborative, and sustainable approach, underscored by responsible utilization of resource in partnership with community-based institutions, civil society organizations, value chain partners and industry peers.
- To undertake sustainable initiatives under agreed focus areas, leading to measurable progress, especially in areas of education, women empowerment, economic well-being, and environment.
- To undertake responsible business practices and ensure safety and well-being of communities around our operational areas to ensure their socio-economic upliftment.
- To address the harmful effects of alcohol abuse in society through addressing social issues such as drink driving, underage consumption.
- To improve quality of life of the target communities by undertaking activities to improve overall health and wellness.

3.0 OUR APPROACH

The Company’s approach to CSR would be as follows:

- Undertaking activities with a focus on the communities and villages around the places we source from, the places we make our products at and the places we sell our products at.
- Undertake evidence-based interventions by conducting robust baseline surveys as much as possible.
- Implement planned activities in a phased manner in agreed focus areas through professional teams, delegated resources, and relevant partnerships.
- Draw and document learnings from the experience of the activities conducted and set progressive benchmarks for subsequent action plans.
- To monitor and evaluate the progress and eventual impact of the activities, wherever required, through a credible independent third party.

4.0 FOCUS AREAS

The Company will undertake CSR activities through targeted interventions in the following key areas:

- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining of quality of soil, air and water.
- Enhancing capacity of communities, especially the vulnerable sections, to undertake productive economic activities, by way of vocational skilling and building life skills.
- Education and awareness initiatives focusing on life skills development.
- Any other activity, in alignment with Schedule VII of the Companies Act, 2013 and the CSR Rules, as may be decided from time to time.
- The Company will also ensure compliance with all other provisions of the applicable laws with respect to selection of area of CSR activity.

5.0 IMPLEMENTATION AND SELECTION OF IMPLEMENTATION PARTNERS

The CSR activities will be implemented either directly by the Company or through implementation partners (including the Government, Knowledge Institutions, NGOs), depending on the local context and the nature of the specific activity. Such implementation partners would be selected based on a transparent, rigorous, objective and competitive selection process. The partners selected would be held up to high standards of compliance and due diligence, in addition to their competence to execute the activities. The partner selection process would comprise of an offer to submit a proposal by the implementing partner, which will be evaluated by the Company for selection of the partner. Implementation partners shall have necessary registrations and shall have such organization / corporate structures as are permitted under the CSR Rules.

The Company may also collaborate with other industry peers to undertake jointly owned CSR activities, provided that the CSR Committee of the respective companies are able to report separately on such activities.

6.0 ANNUAL ACTION PLAN

At the commencement of each financial year, the CSR Committee shall formulate and recommend to the Board, an annual action plan which shall include the list of CSR activities approved to be undertaken, manner of execution of such activities, modalities of utilization of funds and implementation schedules, monitoring and reporting mechanism for the activities and details of need and impact assessment, if any, for the projects undertaken by the Company. The Board may alter such plan at any time during the financial year, as per the recommendation of the CSR Committee, based on reasonable justification to that effect.

The Company will spend, in every financial year, at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years on CSR activities. Administrative overheads associated with CSR spend shall not exceed 5% of the total CSR expenditure for the relevant financial year. Any CSR expenditure for creation or acquisition of a capital asset shall be held in such manner

as is prescribed under the CSR Rules.

In case need arises for any additional budget requirements within the scope and focus areas mentioned above, necessary approvals, as per Company policy, will be taken by the CSR Committee from the Board for such additional budgets.

The Chief Financial Officer or the person responsible for financial management shall certify to the Board that the funds disbursed for CSR activities have been utilized for the purpose.

The surplus arising out of the CSR activities will not be considered as a part of business profits of the Company and shall be dealt with in accordance with the CSR Rules.

In cases where the CSR expenditure in a given financial year exceeds the obligation for that year, such excess amount may be set-off against the CSR expenditure obligation for future years, subject to the applicable laws and the Board's approval.

7.0 MONITORING

The CSR Committee constituted by the Board of Directors shall monitor the CSR initiatives regularly. The CSR Committee shall recommend to the Board, (i) Initiatives to be undertaken, (ii) The expenditure to be incurred and (iii) The implementation plan and timelines.

The CSR Committee shall periodically monitor implementation of the Policy and ensure that the CSR activities are undertaken as per the measurable indicators identified in the annual action plan.

In case of ongoing CSR activity, the Board shall monitor the implementation of the activity with reference to the approved timelines and year-wise allocation and shall make any required modifications for smooth implementation of the CSR activity.

8.0 REPORTING TO THE BOARD

Qualitative as well as quantitative reports of all CSR activities will be compiled periodically and presented to the Board by the CSR Committee, in addition to an annual report on CSR which shall form part of the Board's report for a financial year. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR. Any other reports relating to CSR, and reporting of CSR activities, as required under applicable laws and by competent authorities shall be published in such manner, as required under the said laws.