



VARUN BEVERAGES LIMITED

POLICY ON INCENTIVES LINKED TO ESG INITIATIVES

1. APPLICABILITY

This Policy shall be applicable to Varun Beverages Limited w.e.f. 1st November, 2022

2. OBJECTIVE

While refreshing billions of consumers with a vast portfolio of beverages touching all age groups, the Company ensures a sustainable ecosystem with a positive impact on our planet and well-being. To achieve this objective, Company is embedding an ESG-led culture in its day to day working. Accordingly, this Policy is approved by the Board of Directors to establish robust ESG linked incentive framework.

3. DEFINITIONS

- (i) "Act" shall mean the Companies Act, 2013 and Rules made thereunder including any amendments thereof.
- (ii) "Company" shall mean Varun Beverages Limited including its subsidiaries.
- (iii) "ESG" shall mean environment, social and governance.
- (iv) "Listing Regulations" shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendments / circulars thereof.
- (v) "PepsiCo" shall mean PepsiCo India Holdings Private Limited and/or PepsiCo Inc.

4. GUIDELINES

The Company has identified ESG related key issues and formulated the issue-wise improvement targets for itself which are duly communicated to the stakeholders (employees, contractors, vendors, distributors, etc.) from time to time.

Due weightage is given to alignment / achievement of respective targets while deciding on incentives, increments or growth. Issue based targets are rolled out based upon the global benchmarks & PepsiCo's best practices in an integrated manner for Environment, Social and Governance related aspects. Achievements against these targets are reviewed periodically at appropriate times for deciding incentives, increments or growth.

5. REVIEW / AMENDMENT

The Board of Directors can amend this Policy, as and when deemed fit.