



# INNOVATION & RENOVATION POLICY

## INTRODUCTION AND PURPOSE

This policy provides guidance for the markets and functions of Carlsberg India Private Limited (“CIPL”/“Company”) together with any subsidiary of CIPL from time to time (“CIPL Group”) on how to manage the development of new innovation and renovation products. The policy advocates the Carlsberg and CIPL stage/gate process as the method to be used in innovation and renovation development projects, describing the activities that need to be carried out in each of the innovation stages and laying down the criteria that must be met in order for the project to pass from one innovation stage to the next.

The policy also defines roles and responsibilities in relation to the governance of innovation and renovation development projects in the CIPL Group and establishes a framework for approval of the various development gates depending on the kind of project in question. Violation of this policy may result in the improper management of financial/product safety risk and in the creation of avoidable complexity when launching innovation and renovation products.

## SCOPE

This policy applies to the management, employees and contract workers of all entities in the CIPL Group involved in innovation and renovation.

# REQUIREMENTS

This policy covers different kind of projects. The approach is tailored to each specific category in order to guarantee fast execution for low-complexity/ low-risk projects and slower execution for high-risk projects. For the purpose of this policy, innovation and renovation projects are categorized as follows:

Project category	Description
Carlsberg Group innovation and renovation projects	Projects initiated and led by the Carlsberg Group Commercial team
Local execution of Carlsberg Group innovation and renovation projects	Local work streams of Carlsberg Group projects
Local innovation and liquid renovation for Global Brands	Global Brands projects initiated and led by a local team
Local packaging renovation for Global Brands	Global Brand renovation projects initiated and led by a local team
Local innovation for local brands	Innovation projects for local brands initiated and led by a local team
Local renovation for local brands	Renovation projects for local brands initiated and led by a local team

The Value Enabler Leadership Meeting (VELM) has been assigned responsibility for the Carlsberg Group Brands/Carlsberg Group Innovation portfolio. The task of the VELM is to facilitate decision-making and execution for all Carlsberg Group Brand and Group-led projects, ensuring alignment among all the stakeholders involved.

## 1. COMEX MEETING

1.1. The ComEx meeting acts as the key initiator, enabler and reviewer for all multimarket, Global Brand and dispense projects.

1.2. As this forum must guarantee that regions, GC and CSC are represented and that attendees are empowered to make decisions on innovation and renovation projects, the composition of the ComEx must be as follows:

Chairperson: GC SVP

Coordinator: GC PMO Dir

Team: GC SVP, category VPs, GD VP, GR VP, SC EVP, regional CVPs, CSC EVP, CPO, Planning and Logistics VP, ManTech VP, CSC PMO VP

## 2. THE INNOVATION STAGE/GATE PROCESS

2.1. The prescribed innovation process must always be followed when starting work on an innovation or renovation project for an international or local brand.

2.2. The innovation process comprises a sequence of stages. Each of the five stages involves a set of requirements or recommended best-practice activities that must be observed/undertaken in order for the project to progress to the next gate or decision point.

2.3. The overall process is designed to guarantee a flexible approach to different kinds of project (simplified gate approach) and to guarantee fast access to the gates when deliverables are ready and satisfy the relevant criteria.

2.4. During each stage, information must be gathered to reduce key project uncertainties and risks; the information requirements thus define the purpose of each stage in the process.

2.5. Each stage costs more than the preceding one.

2.6. The process must entail an incremental commitment.

2.7. The activities within each stage must be undertaken in parallel by a team of people from different functional areas.

2.8. Each stage must be cross-functional; no department “owns” any of the stages.

### 3. GATES

3.1. Following each stage, there must be a gate or a go/kill decision point. Gates serve as quality-control checkpoints, go/kill and prioritization decisions points, and agreement points where the path forward in the next play or stage of the project.

3.2. The structure of each gate is similar. Gates must consist of:

- Deliverables – what the project leader and team bring to the decision point (e.g. the results of a set of completed activities). These deliverables are visible and based on a standard menu for each gate.
- Criteria against which the project is judged. These include “must meet” criteria (a checklist) designed to quickly eliminate inexpedient projects.

The five stages and gates in the Carlsberg Group innovation process:

<b>STAGE 0 IDEATION:</b> Generate ideas based on consumer and customer needs. Develop concepts based on these ideas.	<b>GATE 0:</b> Concept approval.
<b>STAGE 1 INITIATION:</b> Perform in-depth user-needs research, elaborate concepts and define target specifications for technical development. Build business case and investigate key assumptions.	<b>GATE 1:</b> Value proposition, target specification and business case approval.
<b>STAGE 2 DEVELOPMENT:</b> Develop, test and adjust the full solution to determine final specifications. Develop detailed plans for marketing and supply chain, including specifications for CapEx.	<b>GATE 2:</b> Final product approval following consumer validation (depending on the project risk) and business case.
<b>STAGE 3 IMPLEMENTATION:</b> Finalize, test and prepare marketing plans and materials as well as operational strategies and plans. Perform production tests, execute investments and ramp up production. Finalize launch plan, get product listed and set final KPIs.	<b>GATE 3:</b> Launch approval based on customer listing and final business case evaluation.
<b>STAGE 4 FOLLOW-THROUGH:</b> Launch in the marketplace and sell product to customers. Measure impact, evaluate project and obtain learnings.	<b>GATE 4:</b> Innovation post-launch evaluation.

### 4. PROCESS AND APPROVAL

Before starting work on an innovation/renovation project, each project manager must classify the project and start it up in the Innoplan+ SharePoint system. Classification will be validated by region, GC and CSC, and trigger the appropriate approval flow.

4.1. Full gate approach – projects that go through all gates:

- Group innovation and renovation projects: All gates are approved at ComEx meetings.
- Local execution of Group innovation and renovation projects, and local innovation and liquid renovation for Group Brands: All gates are approved by local management; G0 and G2 are also approved by region and ComEx.
- Local innovation for local brands: All gates are approved by local management; G0 and G2 are also approved by region.

4.2. Simplified gate approach – projects that only go through gate 2:

- Local packaging renovation for Global Brands: Approved by Global Brand Owner, local supply chain (NPD manager) and local commercial.
- Local renovation for local brands: Approved by local supply chain (NPD manager) and local commercial.

In the case of the simplified approach, G2 is the only mandatory gate. We recommend that project managers with responsibility for these two project categories should assess the deliverable of G0-1 and consider G2-3 in the unique G2 approval.

## ROLES AND RESPONSIBILITIES

Body/function/individuals	Roles and responsibilities
ExCom	Responsible for policy approval at Carlsberg Group level.
CIPL Board of Directors (BoDs)	Responsible for policy approval at CIPL Group level.
Carlsberg Group Commercial/Chief Commercial Officer	Policy owner at Carlsberg Group level with overall responsibility to ExCom for innovation and renovation issues in the Carlsberg Group and for ensuring that material innovation and renovation risks in the Carlsberg Group are duly attended to and communicated to ExCom/the Audit Committee/the Supervisory Board as relevant.
CIPL Head of Marketing	Policy owner at CIPL Group level with overall responsibility to CIPL BoDs for innovation and renovation issues in the CIPL Group and for ensuring that material innovation and renovation risks in the CIPL Group are duly attended to and communicated to CIPL BoDs as relevant.
ComEx	Responsible for policy modifications. Carlsberg Group Brand project gatekeeper.
Country Managing Directors/ regional and local management	Responsible for ensuring that this policy is implemented and adhered to, and that all relevant employees are made aware of the policy and its requirements.
Group Commercial PMO	Responsible for monitoring compliance with the requirements of the policy and facilitating adherence. Responsible for advising on policy improvement.
Management, employees and contract workers of all entities working on innovation and renovation	Responsible for adhering to this policy.
Managing Director, CIPL Functional Heads at Corporate Office, Local Management	To the extent this policy requires notification and/or escalation to a representative of the Carlsberg Group, outside of the CIPL Group, a representative nominated by CSAPL (Singapore) Holdings Pte. Ltd. shall be copied in such notification and/or escalation.

## GLOSSARY

### ComEx

Commercial Executive meeting; innovation and renovation gatekeeper for Group, Global Brand and dispense projects.

### Global Brands

Global brands are strategic brands that have multimarket potential and play a key role in delivering our S22 strategy. Our Global Brands currently are Carlsberg, Tuborg, Grimbergen, 1664 Blanc, Somersby and their variants/line extensions. The decision to designate a brand a “Global Brand” is made by Excom. Submissions for this are prepared by the Category VP, based a clear category role, and a high-level 3 year multi-market business case aligned with the relevant CVPs.

### Global Brand owner

Person with responsibility for innovation/renovation projects for a specific Global Brand

### Innovation

Liquid, packaging and dispense solution that is completely new to the market, liquid line extensions, packaging and dispense solutions incorporating functional benefits for consumers.

### Local management

Local team responsible for approving local commitment to Group and local innovation projects.

### Region

Regional representative responsible for project business case approvals.

### Renovation

New graphic, liquid or packaging upgrades with no perceived benefit/difference for consumers.

## DEVIATIONS

No exemptions from this policy can be granted unless there are exceptional circumstances or the policy is obviously not applicable. All requests for exemptions must be made in writing to the policy owner. The policy owner must assess and decide on each request individually. Exemptions must be duly logged and documented.

## POLICY REVISION

This policy contains a set of required or recommended best-practice activities that must be observed/undertaken in order for innovation and renovation projects to progress. It may be amended at any time with the approval of CIPL BoDs and ExCom. In the event of any discrepancies between the English version of this policy and a translated version, the English version will be binding.

## ASSOCIATED POLICIES AND MANUALS

- Innovation Manual

## CONTACT

For more information, please contact the Policy Owner.

## GOVERNING LAWS

This Policy shall be subject to applicable Indian Law(s).

ENGLISH



June 2018

Carlsberg India Private Limited

Regd. Office : 04th Floor, Rectangle No.1, Commercial Complex D4, Saket, New Delhi-110017, India

Corporate Office : 3rd Floor, Tower-A, Paras Twin Towers, Sector-54, Gurugram, Haryana-122002, India