



# Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31<sup>st</sup> March, 2016, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company also publishes annually, a comprehensive Sustainability Report, based on the Global Reporting Initiative (GRI) guidelines.

The details on the aspects discussed in this Report are available in the Company's Sustainability Report. The Company's Board approved Sustainability Policies, ITC Code of Conduct and the Sustainability Report are available on the Company's website – [www.itcportal.com](http://www.itcportal.com).



## General Information

1.	Corporate Identity Number (CIN) of the Company:	L16005WB1910PLC001985
2.	Name of the Company:	ITC Limited
3.	Address of the Registered Office:	Virginia House, 37 Jawahar Lal Nehru Road, Kolkata 700 071
4.	Website:	<a href="http://www.itcportal.com">www.itcportal.com</a>
5.	E-mail id:	<a href="mailto:enduringvalue@itc.in">enduringvalue@itc.in</a>
6.	Financial Year reported:	2015-16
7.	Key products / services:	
	<b>Businesses</b>	<b>Products / Services</b>
	FMCG:	Branded Packaged Foods Businesses (Staples, Snacks and Meals; Dairy and Beverages; Confections); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis; Cigarettes, Cigars, etc.
	Hotels:	Hoteliering.
	Paperboards, Paper & Packaging:	Paperboards, Paper including Specialty Paper & Packaging.
	Agri Business:	Agri-commodities such as soya, spices, coffee and leaf tobacco.
8.	Locations where business activities are undertaken by the Company:	The Company's businesses and operations are spread across the country. Details of plant locations, hotels owned / operated by the Company, are provided in the section, 'Shareholder Information', in the Report and Accounts.
9.	Markets served by the Company:	ITC's products and services have a national presence and several products are exported.
10.	Subsidiary companies and their BR initiatives:	The Company has 25 subsidiaries, including 10 subsidiaries outside India as on 31 <sup>st</sup> March 2016. The subsidiary companies define their own initiatives based on their specific context whilst having access to information and expertise residing with the parent company.



## Financial Details

1.	Paid up Capital (As on 31.03.2016):	₹ 804.72 crores
2.	Total Turnover:	₹ 51,582.45 crores
3.	Total Profit after taxes:	₹ 9,844.71 crores
4.	Total Spending on Corporate Social Responsibility (CSR):	₹ 247.50 crores
	As percentage of Profit after taxes:	2.51%

## List of CSR activities in which expenditure has been incurred:

Areas listed under Schedule – VII to the Companies Act, 2013		ITC's interventions (including through Trusts established by the Company)
(i)	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Health & Sanitation, Drinking Water and Eradicating Poverty
(ii)	Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Education, Vocational Training, Livestock Development and generation of Livelihoods
(iii)	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Women Empowerment
(iv)	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of River Ganga.	Environmental Sustainability, Soil & Moisture Conservation and Wasteland Development
(v)	Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.	Protection of national heritage, art and culture
(vi)	Rural Development Projects.	Agri Development



# Commitment to Sustainable and Inclusive Growth

ITC's sustainability initiatives are inspired by the opportunity to serve larger national priorities through a Triple Bottom Line contribution to the economy. It is the Company's deep conviction that businesses possess the transformative capacity to create far larger societal value by leveraging their entrepreneurial vitality, creativity and innovative capacity. This Vision is manifest in the unique models fashioned by the Company to enable the creation of large scale sustainable livelihoods and the augmentation of natural resources.

This Triple Bottom Line commitment of the Company to simultaneously build economic, social and environmental capital has spurred innovation to orchestrate a symphony of efforts that address some of the most challenging societal issues including widespread poverty and environmental degradation. These concerted efforts of the Company over several years have led to the creation of sustainable livelihoods for around 6 million people, many of whom represent the most disadvantaged in society.

While the Company's pioneering work in empowering rural India is a global exemplar, it has also spearheaded several initiatives to achieve new benchmarks in environmental excellence. Recognising that climate change is a threat that particularly makes rural communities extremely vulnerable, the Company has adopted a low carbon growth strategy. This encompasses large scale afforestation, increasing use of renewable energy and a continuous quest to maximise natural resource efficiencies across all its operations.

ITC is the only company of comparable dimensions in the world to be carbon positive for 11 years, water positive for 14 years and solid waste recycling positive for 9 years. Its environmental stewardship is also reflected in all its luxury hotels being Leadership in Energy and

Environmental Design (LEED®) Platinum Certified and the increasing share of renewable energy usage in the Company's total energy consumption, which presently stands at 47.3%.



## Business Responsibility Policies and Guidelines

The Company has aligned its policies and guidelines with the principles enunciated under the Business Responsibility Reporting framework on social, environmental and economic responsibilities of business. The context of the BR principles is embodied in the Sustainability Policies and Code of Conduct adopted by the Company, implementation of which is ensured through well-established systems and processes across all its businesses.



## Reporting on Sustainability Initiatives

For the past 12 years, the Company has published Sustainability Reports encapsulating its performance across the three dimensions of the Triple Bottom Line. ITC Sustainability Report 2015 meeting the latest G4 guidelines of the GRI, 'In Accordance - Comprehensive' category was also third party assured at the highest criteria of 'reasonable assurance' as per the International Standard on Assurance Engagements (ISAE) 3000. The 13th Sustainability Report covering the sustainability performance for the financial year ended on 31<sup>st</sup> March 2016 and prepared in accordance with the GRI G4 Guidelines, will be available shortly. In addition, the Report and Accounts 2016 of the Company provides a review of the Company's Triple Bottom Line performance.



## Sustainability Policies and ITC Code of Conduct aligned with Business Responsibility Principles

ITC Code of Conduct	Freedom of Association
Life-cycle Sustainability	Diversity and Equal Opportunity
Stakeholder Engagement	Prohibition of Child Labour and Prevention of Forced Labour at the Workplace
Responsible Advocacy	Human Rights consideration of Stakeholders beyond the Workplace
Product Responsibility	Environment, Health & Safety
Responsible Sourcing	Corporate Social Responsibility



# Business Responsibility Report

## Index on Social, Environmental & Economic Issues

Sl. No.	BRR Principle	Section in BR Report	Page	Details in ITC Sustainability Report
1.	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Corporate Governance for Ethics, Transparency and Accountability	V	✓
2.	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life-cycle	Sustainability of Products & Services across Life-cycle	VI	✓
3.	Businesses should promote the well-being of all employees	Employee Well-being	VIII	✓
4.	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Stakeholder Engagement	X	✓
5.	Businesses should respect and promote human rights	Human Rights	XI	✓
6.	Businesses should respect, protect, and make efforts to restore the environment	Protection and Restoration of the Environment	XI	✓
7.	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Responsible Advocacy	XIII	✓
8.	Businesses should support inclusive growth and equitable development	Supporting Inclusive Growth and Equitable Development	XIV	✓
9.	Businesses should engage with and provide value to their customers and consumers in a responsible manner	Providing Value to Customers and Consumers	XVI	✓



# Principle 1: Corporate Governance for Ethics, Transparency and Accountability

A Board approved policy provides the framework for ITC's corporate governance philosophy, which is anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment, control and accountability. ITC believes that since large corporations employ societal and environmental resources, governance processes must ensure that they are utilised in a manner that meets stakeholders' aspirations and societal expectations. ITC embeds sustainability principles in its business strategies, and coupled with corporate governance processes, seeks to ensure superior Triple Bottom Line performance.

**The practice of Corporate Governance in ITC takes place at three interlinked levels:**

Strategic supervision	by the Board of Directors
Strategic management	by the Corporate Management Committee
Executive management	by the Divisional / Strategic Business Unit (SBU) Chief Executive assisted by the respective Divisional / SBU Management Committee

**The three-tier governance structure ensures that:**

- Strategic supervision (on behalf of the shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board of Directors with objectivity, thereby sharpening accountability of management;
- Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and
- Executive management of a Division or SBU, free from collective strategic responsibilities for ITC as a whole, focuses on enhancing the quality, efficiency and effectiveness of the business.

ITC's governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for stakeholders.

For more details on ITC's governance structure, please refer to the section, 'Report on Corporate Governance', in the Report and Accounts.

## Strategic Supervision of Business Responsibility Practices

The role of the CSR and Sustainability Committee is, *inter alia*, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its Triple Bottom Line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The Committee formulates and monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company in terms of the Companies Act, 2013.

The CSR and Sustainability Committee presently comprises the Chairman of the Company and five Non-Executive Directors, two of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee. The names of the members of this Committee and the number of meetings held during the year are provided in the Report and Accounts.

The Sustainability Compliance Review Committee (SCRC) constituted by the Corporate Management Committee presently comprises one member of the Corporate Management Committee (as Chairman) and six senior members of management. The role of the Committee, *inter alia*, includes monitoring and evaluating compliance with the Sustainability Policies of the Company and placing a quarterly report thereon for review by the Corporate Management Committee.

During the year, three meetings of the SCRC were held to review the implementation of Sustainability Policies and the progress towards sustainability targets.





## Principle 2: Sustainability of Products & Services across Life-cycle



The Company's strategic intent to create enduring value by investing in new engines of growth is powered by its strong and competitive capabilities in R&D, innovation & technology and an array of institutional strengths including deep consumer insights, brand building capability, trade marketing and distribution infrastructure, focus on quality and world-class manufacturing practices, strong rural linkages and outstanding human resources.

The Company endeavours to embed the principles of sustainability, as far as practicable, into the various stages of product or service life-cycle, including procurement of raw material/service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and disposal by consumers. Policies on 'Life-cycle Sustainability' and 'Responsible Sourcing' detail the Company's approach in this respect.

**Some of these elements are discussed briefly below:**



### Maximising Resource Efficiency

The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water and energy. Life-cycle Assessment studies have been carried out for some of the Company's products for identifying additional

opportunities to continuously reduce environmental impacts across the value chain. Resource efficiency is integrated into product and process design and is a critical component in the creation of physical infrastructure, operations, logistics and waste management.

The Company's concerted efforts in optimising resource use efficiency, for instance, are evident across businesses including the Company's most resource-intensive business, the Paperboards and Specialty Papers Division, where continuous improvements in energy and water usage, have made it amongst the most efficient within the sector. Similarly, the Company's Hotels Division has also demonstrated high levels of resource efficiency by achieving the LEED® (Leadership in Energy and Environmental Design) certification at the highest Platinum level for all its luxury properties. Several of the Company's factories and office complexes have also received the LEED® certification and Bureau of Energy Efficiency's (BEE) star ratings. In order to continually reduce the Company's environmental footprint, green attributes are integrated in all new constructions and are also being incorporated into existing hotels, manufacturing units, warehouses and office complexes during retrofits.



## Sustainable Consumption

The Company has crafted extensive strategies to ensure sustainable consumption of energy, water and other resources in its businesses. Even though the Company's Paperboards and Specialty Papers Division accounts for nearly 90% of the Company's total energy consumption and water intake, it is an acknowledged leader in low-carbon operations as well as in water usage efficiency. This has been achieved by continuously reducing specific energy consumption, increasing share of renewable energy sources, afforestation, recycling and reusing internal and post-consumer waste. The Centre for Science and Environment, New Delhi, rated this business as the 'most energy efficient' in the Indian Paper and Paperboard sector (Challenge of the New Balance, CSE, 2010). In 2015-16, the specific water intake (water withdrawn per unit of product or service) at the Bhadrachalam unit was 34% below the standard proposed by the National Productivity Council for large-scale integrated pulp and paper mills.

The Hotels Division pioneered the concept of 'Responsible Luxury' and created design interventions, which have enabled optimisation in the usage of energy and water. The LEED® Platinum certification for the luxury hotels of the Company makes 'ITC Hotels' the greenest luxury hotel chain in the world.

The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit, is carried out on a regular basis.

## Beyond Boundaries

Vendors/service providers and large outsourced manufacturing facilities are encouraged to adopt management practices detailed under the international standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's Corporate Environment, Health and Safety (EHS) Guidelines. Contract manufacturing agreements provide for compliance with accepted standards on issues related to EHS, human rights and labour practices. Most of the outsourced manufacturing units of the Foods Business are already HACCP (Hazard Analysis and Critical Control Point) certified and are working towards improvement in energy efficiency. These interventions are some of the examples of the Company's sustainability practices being adopted by its supply chain network partners.

In order to strengthen sustainable procurement processes, Policies on 'Responsible Sourcing' and 'Human Rights Consideration of Stakeholders beyond the Workplace' have been adopted to address issues of labour practices, human rights, bribery, corruption, occupational health, safety and environment.

The Company works in close partnership with small-scale units in businesses such as Safety Matches and Education and Stationery Products. These partnerships have significantly enhanced the competitiveness of a number of units in these sectors.

## Responsible Sourcing

The Company endeavours to integrate sustainability in the procurement process for its products and services

across its diversified business portfolio. The Policy on 'Responsible Sourcing' encourages resource efficiency in the supply chain which together with the 'Code of Conduct for Vendors and Service Providers' provide guidance to supply chain members and partners to adopt sustainable practices.

Recognising that poverty in rural India also gets accentuated by inadequate access to knowledge, information, price discovery, quality agricultural inputs and markets, the Company has devised unique models for farmer empowerment. These interventions not only support sustainable agriculture and enhance productivity, but also contribute to substantial livelihood creation.

The Company's globally acknowledged ITC e-Choupal initiative has transformed rural communities into vibrant economic organisations by leveraging information technology to provide real-time information on weather, market prices, agricultural best practices, etc. It also provides customised extension services and training through 'Choupal Pradarshan Khets' (demonstration farms). Farmers have been empowered through the establishment of integrated rural services hubs called



'Choupal Saagars'. The e-Choupal system has enabled efficient sourcing and raised rural incomes. The Company promotes environmentally sustainable farm practices such as zero tilling, micro-irrigation and watershed development. In addition, the Company promotes large-scale afforestation through its Social Forestry programmes. Customised extension services, knowledge of silvicultural practices, and bio-diversity enhancement enrich the farmers' capacity whilst augmenting natural capital. The farmers are free to transact at will and sell to whoever they choose, though the Company stands as a willing buyer.



## Principle 3: Employee Well-being

A climate of creativity and innovation coupled with a culture of care and concern enables 25,564 employees – including 2,244 female employees – of the Company to enhance value creation for all its stakeholders and address the challenges of tomorrow with conviction and confidence. The superior capability of the Company's talent pool is premised on a work culture that nurtures quality talent and promotes a conducive work environment that combines the need to focus on performance and results with a caring and compassionate work ethos. Policies on 'Diversity and Equal Opportunity', 'Freedom of Association' and 'Environment, Health and Safety', among others, guide the management approach on specific elements of the Company's work practices.



### Equal Opportunity

The Company's Policy on 'Diversity and Equal Opportunity' is anchored in its fundamental belief that employees with diverse cultural backgrounds bring their

own unique experiences, perceptions, knowledge and skills, which when harnessed, strengthen the Company's productivity and ability to proactively respond to changing conditions. Equally, exposure to new ideas, cultures and perspectives encourages the personal growth of employees. The Policy also ensures a work environment that is free from any form of discrimination among employees in terms of compensation, training and employee benefits based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organisation or majority/minority group. In 2015-16, there were no cases of discriminatory employment.



### Enabling a Gender Friendly Workplace

The Company has instituted processes and mechanisms to ensure that issues relating to sexual harassment are effectively addressed. In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and



Redressal) Act, 2013, Internal Complaints Committees have been constituted in all units. These Committees are intended to facilitate open and structured discussions on sexual harassment complaints, and to ensure their resolution in a fair and just manner. In 2015-16, 183 employees and 77 Internal Complaints Committee (ICC) members were trained on prevention of sexual harassment at workplace. During the same period, 7 complaints of sexual harassment were received. Whilst 5 of them have been investigated and resolved, 2 of them are currently in the process of being redressed.

### Supporting the Differently Abled

The Hotels Division of the Company has been proactively creating awareness on the opportunities for employing people with disabilities among potential employers. The Division has prepared two handbooks to guide industry action in this endeavour –‘ITC Hotels Disability Handbook for Industry’ and ‘A Guide to Universal Design in Built Environments: A Guide for Creating Accessible Building Infrastructure for Persons with Disability’. Presently there are 70 differently abled employees working in the Company, the majority of whom are employed by the Hotels Business.

### Good Labour Practices

The Company has zero tolerance towards any incident which contradicts its Sustainability Policies. It is ensured that no person below the age of eighteen years is employed in the workplace and forced or compulsory labour is prohibited in all units. The Company does not engage vendors and suppliers who resort to using child and/or forced labour. In 2015-16, on an average,



the Company engaged 19,595 employees from 1,776 service providers. Identified service providers have signed the Code of Conduct for Vendors and Service Providers which details labour practices expected of them. Non-compliance with the Code results in termination of contracts. The Company had no cases of child or forced labour in 2015-16.

### Ensuring a High Quality Life

The health of its employees is a vital area of care and concern for the Company. Employee well-being is ensured through regular medical check-ups and other benefits provided in accordance with medical needs. In addition, most units have a wellness centre and a resident doctor.

### Well-being @ ITC's Manufacturing Units

Employee Well-being, one of the four constituents of the Company's overall employee relation framework, 'Good ER', is addressed through the following initiatives:

#### a) Skill Enhancement

The Company is committed to enhancing employability and skill building at the employee level through exhaustive capability building programmes and at the community level through appropriate apprenticeship programmes. Units regularly undertake programmes on technical and other aspects such as behaviour, emotions, cultural appreciation, relaxation, etc.

#### b) Employee Engagement

To capture 'employee voice', a critical component in ensuring employee well-being, most units conduct periodic employee engagement surveys wherein employees share their views on the workplace.

Sports programmes and recreational events that encourage the creative talents of both employees and their families are organised periodically. In some units participation is extended to employees of service providers as well.

#### c) Enabling Physical and Mental/ Spiritual Well-being

Periodic health/medical camps, awareness programmes on a healthy lifestyle and development of wellness plans are organised across units. Several units hold regular Yoga sessions. Employees also have the opportunity to volunteer for various social programmes.

**WELCOMCARE**

ITC Hotels offers its employees a confidential counselling service so that they can seek professional help in a safe and secure environment in dealing with issues such as developing coping skills to meet life challenges, making important decisions or exploring new avenues for change and growth.

**Freedom of Association**

The Company believes all employees are important stakeholders in the enterprise and that building a culture of mutual trust, respect, interdependence and meaningful engagement is imperative. As such, it respects the dignity of the individual and the freedom of employees to lawfully organise themselves into interest groups, independent of supervision by the management. In 2015-16, 11,463 employees were members of unions.

**Environment, Health and Safety**

The Company is committed to conducting its operations with due regard for the environment and providing a safe and healthy workplace for its employees. Towards this end, the Company implements best practices and provides appropriate EHS training to employees as well as employees of service providers.

**Learning and Development**

For the Company, learning and development is a business critical priority for enhancing capability, strengthening the leadership pipeline and fostering employee engagement. Five capability platforms relevant to making businesses future ready have been identified – Strategic, Value Chain, Leadership, Innovation and Human Resources Development. These platforms are also designed to strengthen organisational systems to facilitate speedy and competitively superior responses to market opportunities. In 2015-16, 1,08,735 person-days of formal training were provided to employees at various levels which includes 16,701 person-days of training dedicated specifically to environment, health and safety issues.

**THE GURUKUL**

The 'Gurukul' – the Company's state-of-the-art technical training facility located in Ranjangaon is a significant milestone in its skilling journey. The first integrated facility catering to the Company's FMCG businesses, Gurukul offers both short term (1 to 2 weeks) and integrated long term (1 year) programmes to enhance shop floor skills.

**Principle 4: Stakeholder Engagement**

The Policy on Stakeholder Engagement provides the approach for identifying and engaging with stakeholders that include shareholders, customers, employees, farmers, suppliers, communities, civil society, media and the government.

The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. Accordingly, it anchors its stakeholder engagement on the following principles:

- Materiality – Prioritised consideration of the economic, environmental and social impacts identified to be important to the organisation as well as its stakeholders.
- Completeness – Understanding key concerns of stakeholders and their expectations.



c) Responsiveness – Responding coherently and transparently to such issues and concerns.

The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner. It has implemented mechanisms to facilitate effective dialogues with all stakeholders across businesses, identify material concerns and their resolution in an equitable and

transparent manner. These measures have helped the Company develop strong relationships, which have withstood the test of time.

The Company's collaborative partnerships with communities are manifest in its programmes such as watershed development, social forestry, animal husbandry services and women empowerment. These initiatives augment the natural resource base of the nation and create sustainable rural livelihoods.



## Principle 5: Human Rights

The Company has Policies on Human Rights applicable to its employees and its value chains. The Policies and their implementation are directed towards adherence to applicable laws and to uphold the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO). During the year, the Company introduced systems to ensure sound implementation of ITC's Sustainability Policies specifically with respect to the Human Rights and decent work place.

The Company has in place a Code of Conduct for vendors and service providers which has been signed-off by identified Vendors/ Service Providers across Businesses, and a Grievance Redressal Procedure to address concerns, if any, pertaining to Human Rights and decent labour practices for its employees.

A system for employees to read and sign-off the Sustainability Policies including Policies on Human Rights and ITC's Code of Conduct was rolled out across Divisions. During the year, 8,587 employees across the Company have been covered, amounting to 94% of the managerial workforce.



## Principle 6: Protection and Restoration of the Environment

The Company is a global exemplar in environmental sustainability and takes pride in being carbon positive, water positive and solid waste recycling positive for many years. The Company has contributed to environmental stewardship by not only ensuring efficient use of resources but also by augmenting precious natural resources.

The Policies on 'Life-cycle Sustainability', 'Environment, Health and Safety' and 'Responsible Sourcing' provide the necessary direction towards climate change mitigation and adaptation efforts as well as natural resource replenishment initiatives. Such efforts include implementation of a low carbon growth strategy across its businesses, integrated soil and water conservation

programmes and the creation of large-scale sustainable livelihoods amongst the marginalised sections of society.

The Company has sought to align with the NAPCC (National Action Plan on Climate Change) of the Government of India to respond to the challenges emerging from the threat of climate change. Some of the measures implemented include continual improvement in specific energy consumption (energy consumed per unit of product or service), enhanced use of renewable energy and expansion of forestry projects to improve the Company's positive carbon footprint.

The Company has also computed its Greenhouse Gas inventory in line with the ISO 14064 standard, which



has been assured at the highest 'Reasonable Level' as per the ISAE 3410 standard, by a third-party assurance provider.

## Sustainable Solid Waste Management

The Company has initiated measures across business units to ensure waste minimisation, segregation at source and recycling. For the past 9 years, the Company has been recycling over 98% of solid waste generated by its units and during the year, over 99% was recycled.

## Water Management Stewardship

The Company has undertaken several water conservation and harvesting initiatives to enhance its positive water footprint. These include continual improvement in specific water intake, adoption of benchmarked practices to achieve zero effluent discharge in the Company's operating units and the establishment of rainwater harvesting structures both within the Company's premises and in the catchment areas of its operations. These initiatives not only lower fresh water intake but also maximise groundwater recharge, reduce run-off and provide precious water to farmers. Most of the Company's units have achieved reduction in their specific water intake and many units have recycled their treated effluents in-house and achieved a zero effluent discharge status.

Carrying forward the Company's extensive work on integrated watershed management, assessments have

been carried out at select manufacturing units to ensure water security for all stakeholders at the local watershed level. These initiatives are intended to improve demand and supply side management at the sub-basin level which include reduction of direct water consumption within the unit, influencing reduced extraction by stakeholders within defined watershed area, augmenting groundwater recharge enhancing surface storage through the rejuvenation and interlinking of existing water bodies, etc. The Company will progressively extend this initiative to other locations.

## Cleaner Production Methods, Use of Energy Efficient and Environment-friendly Technologies

The Company is a pioneer in the green buildings movement, which commenced with the establishment of the ITC Green Centre at Gurgaon in 2004, now one of the highest LEED® Platinum certified buildings in the world. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, which is amongst the world's largest LEED® Platinum certified green hotel, has also secured a 5 Star Green Rating for Integrated Habitat Assessment (GRIHA) rating, the highest national rating for green buildings in India. Other large infrastructure investments, such as the ITC Green Centre at Manesar (LEED® Platinum certified) and the upcoming ITC Green Centre at Bengaluru (pre-certified for LEED® Platinum) continue to demonstrate the Company's commitment to green buildings.







The Company has also pioneered the manufacture of Elemental Chlorine Free (ECF) pulp & paper/paperboards in India and taken further steps towards cleaner production by introducing 'Ozone bleaching' technology, another first in the country. The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment, such as plasma filters, electrostatic precipitators, etc. Its units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NO<sub>x</sub>) and Sulphur Dioxide (SO<sub>2</sub>) to ensure compliance with Company standards that are more stringent than regulatory requirements. The Company has made a commitment to reduce dependence on energy from fossil fuels by progressively moving towards meeting

50% of its total energy requirements from renewable sources by 2020. In order to meet this goal, the Company has developed a strategic approach and plans that focus on both energy conservation and renewable energy investments.



## Implementation of Environment, Health & Safety Management Systems

In pursuit of its EHS Policy commitments, the Company has established management systems, certified by accredited agencies in line with international standards like ISO 14001 and OHSAS 18001. Within the purview of certified management systems, contingency plans are developed and implemented to prevent, mitigate and control environmental disasters.

An integrated sustainability database management system implemented across the Company ensures monitoring and reviewing of sustainability performance through defined key performance indicators. Standard operating procedures are in place to define, collate and support audits of data for ensuring accuracy and verifiability.

Furthermore, the Company has focused on institutionalising safety as a value-led concept by inculcating a sense of ownership at all levels and driving behavioural change towards creation of a safety culture. In line with this, behavioural based safety initiatives and custom-made risk based training programmes have been implemented at several units which has resulted in improved safety performance.



## Principle 7: Responsible Advocacy

The Policy on Responsible Advocacy provides the framework for the necessary interface with Government/Regulatory Authorities on matters concerning the various sectors in which the Company operates. The Company works with apex industry institutions that are engaged in policy advocacy, like the Confederation of Indian Industry, Federation of Indian Chambers of Commerce and Industry, Associated Chambers of Commerce and Industry of India and various other forums including regional Chambers of Commerce. The Company's engagement with the relevant authorities is guided by the

values of commitment, integrity, transparency and the need to balance interests of diverse stakeholders.

The Company, for its social development projects, organises meetings with the local administration and state governments to seek their participation and involvement. Their expert advice and counsel are also sought and approvals obtained, where required, for the planned interventions. The Company also engages in public-private-partnerships (PPP) with the state governments for such projects.



# Principle 8: Supporting Inclusive Growth and Equitable Development



## ITC's Strategic Stakeholders

In social sector, the two most important stakeholders of ITC are:

- ◆ Rural communities with whom the Company's agri-businesses have forged long and enduring partnerships through crop development and procurement activities.
- ◆ Communities residing in close proximity to our production units, situated in urban and semi-rural locations.

The stakeholder communities face the challenge of securing sustainable livelihoods, which is addressed through the Company's two-pronged approach:

**Horizon 1:** Making today's dominant source(s) of livelihoods sustainable; and

**Horizon 2:** Creating capabilities for wealth generation and employment for tomorrow.

The two horizon strategy has necessitated an integrated approach to development involving several interventions which are summarised below. All programmes are implemented through a mix of national and grass-root level Programme Implementation Agencies (PIAs).



## Performance 2015-16

### Coverage

The projects promoted under the Social Investments Programme were spread over 166 districts of 26 states.

### Interventions

#### Horizon 1 - Making Today's Livelihood Sustainable

**Social Forestry:** This Programme is designed to provide food, fuel and fodder security through plantations. During 2015-16, the programme greened over 20,138 hectares, taking the cumulative total to 87,674 hectares. Out of this, the area under Agro Forestry during the year was 10,655 hectares, taking the total area under agro forestry to 24,566 hectares.

**Watershed Development:** This Programme facilitates community-based participation in planning and executing watershed projects. During 2015-16, 58,864 hectares was brought under soil and moisture conservation along with the construction of 1,534 water-harvesting structures, which contributed to creation of rainwater harvesting potential of 3.57 million cubic metres. The cumulative area under soil and moisture conservation now stands at 2,59,050 hectares while the total number of structures constructed to date number 7,998.





**Animal Husbandry:** 238 Cattle development centres were functional during the year for rendering animal husbandry services spread in 7 states. 2.29 lakhs Artificial Inseminations (AI) were conducted during the year leading to live births of 91,850 hybrid progenies. The cumulative total of AIs conducted since inception is 17.91 lakhs while progenies born to date number 5.70 lakhs.

**Improved Agricultural Practices:** The Programme provides a range of agricultural extension services to farmers to enhance farm productivity. During 2015-16, 764 Farmer Field Schools (FFS) were functional in disseminating knowhow on advanced agri-practices to nearly 17,000 farmers for different crops and 228 Agri-Business Centres rendered extension services.

**Women's Economic Empowerment:** This initiative provided a range of gainful employment opportunities to poor women supported with financial assistance by way of loans and grants. During 2015-16, 14,000 poor

households, including 10,200 ultra-poor women, in the core catchments had access to sustainable sources of income through non-farm livelihood options, taking the total number of women beneficiaries to date to over 50,000.

### Horizon 2- Creating Future Capabilities

**Education:** The Education Programme provides children from weaker sections access to education with focus on quality and retention. During the year, the programme covered 45,823 children while 164 government primary schools were provided infrastructure support. This takes the total number of children covered under the programme to date to 4.60 lakhs while a cumulative total of primary schools supported stands at 1,322.

**Vocational Training:** This Programme builds skills of youth to enable them to compete in the job market. 11,872 youth were enrolled for training under different courses during the year of which 36% were female and



41% belonged to the SC/ST communities. The total number of youth covered to date under the programme is 31,367.

**Sanitation:** To achieve the objective of zero open defecation, 7,175 Individual Household Toilets were constructed during the year - 5,231 through direct Company contribution and the balance through convergence with government schemes. This takes the total number of toilets constructed to date to 15,429. In addition to construction, equal focus was given to awareness campaigns to create demand and drive behaviour change.

**Solid Waste Management (SWM):** The Company has also been collaborating with local municipal agencies to work on sustainable management of community waste. The Programme's aim is to promote a clean and

green environment and provide a sustainable source of livelihood for rag pickers and waste collectors.

The Well-being out of Waste (WOW) movement today extends to 400 municipal wards of Hyderabad, Chennai, Bengaluru, Coimbatore and some towns of Telangana covering over 5 million citizens. The Programme creates sustainable livelihood for 10,000 rag pickers and waste collectors by propagating source segregation at each of the households. Similar programmes are operational in 9 districts of Saharanpur, Hooghly, Kolkata, Munger, Guntur, Madurai, Pune, Thiruvallur and Haridwar also.

The primary focus is on door-to-door collection of household waste and segregation at site in order to re-cycle so as to minimise the load at municipal landfills.



## Principle 9: Providing Value to Customers and Consumers

As an organisation which upholds and makes significant efforts to ensure good governance, the Company complies with all relevant laws of the land. The Company's uncompromising commitment to providing world-class products and services to customers is supported by its concern for the safety of its customers/consumers. The Company's overall approach on this vital aspect is guided by its Policy on 'Product Responsibility'.



### Product Responsibility

The Company is committed to providing products and services that offer best-in-class quality and user experience. With a continually growing portfolio of businesses that use agri/farm products, the Company endeavours to use sustainably sourced ingredients. The Company adopts stringent hygiene standards, benchmarked manufacturing practices and robust quality assurance systems for its products and the declared product shelf-life is determined based on independently validated studies.



### Marketing Communication

All businesses of the Company comply with all regulations and relevant voluntary codes concerning marketing communications, including advertising, promotion and sponsorship. The Company's



communications are aimed at enabling customers to make informed purchase decisions. The Company also makes efforts to educate customers on responsible usage of its products and services.

In addition, the Company's businesses have a dedicated consumer response cell to respond to customer queries and feedback on products so as to be able to continuously improve upon its products and services.



### Responsiveness to customers

A well-established system is in place for dealing with customer feedback. Consumers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc.