



Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2019, 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) Standards and an Integrated Report, based on the International <IR> Framework developed by the International Integrated Reporting Council (IIRC).

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.

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:	www.itcportal.com
5.	E-mail ID:	enduringvalue@itc.in
6.	Financial Year reported:	2018-19
7.	Key products / services:	
	Businesses	Products / Services
	FMCG:	Branded Packaged Foods Businesses (Staples; Snacks and Meals; Dairy and Beverages; Confections); Personal Care Products; Education and Stationery Products; Safety Matches and Agarbattis; Apparel; Cigarettes, Cigars, etc.
	Hotels:	Hoteliering.
	Paperboards, Paper & Packaging:	Paperboards, Paper including Specialty Paper & Packaging including flexibles.
	Agri Business:	Agri-commodities such as soya, spices, coffee and leaf tobacco.
8.	Locations where business activities 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:	The Company's products and services are available nationally and several products are exported.
10.	Subsidiary companies and their BR initiatives:	The Company has 24 subsidiaries, including 9 subsidiaries outside India. The subsidiary companies define their own initiatives based on their specific context and have access to information and expertise residing with the parent company.

Financial Details

1.	Paid up Capital (As on 31.03.2019):	₹ 1,225.86 crores
2.	Gross Sales Value [^]	₹ 75,309.36 crores
3.	Total profit after taxes:	₹ 12,464.32 crores
4.	Total Spending on Corporate Social Responsibility (CSR):	₹ 306.95 crores
	As percentage of Profit after taxes:	2.46%

[^] Gross Sales Value includes GST, GST Compensation Cess, Service Tax, VAT, Luxury Tax etc., as applicable. Also refer to Notes to the Statement of Profit and Loss.

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 Eradication of 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 Livelihood Promotion
(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.	Environment Sustainability, Soil & Moisture Conservation and Social Forestry
(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 driven by the belief that organisations need to serve a larger societal purpose keeping national priorities in focus. The 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. The Triple Bottom Line approach is driven by 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. Concerted efforts, 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. The broad based execution of this strategy has helped build a responsible business ecosystem, that from an environmental resource perspective, seeks to replenish more than what it consumes.

The Company's pioneering work in empowering rural India is a global exemplar and it has also spearheaded several initiatives towards achieving 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 its operations. ITC is the only company of comparable dimensions in the world to be carbon positive for 14 years, water positive for 17 years and solid waste recycling positive for 12 years. The Company's commitment to environmental stewardship is also reflected in its premium luxury hotels being LEED® Platinum Certified. ITC is also a pioneer in the Green Building movement in India with 24 Platinum-rated Green Buildings. Despite addition of several Integrated Consumer Goods Manufacturing and Logistics (ICMLs) facilities and Hotels during the year, about 41% of total energy requirements were met from renewable energy sources such as biomass, wind and solar.

Business Responsibility Policies and Guidelines

The Company has aligned its policies and guidelines with the principles enunciated under the Business Responsibility

Reporting (BRR) framework. The context of the BRR 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 15 years, the Company has been publishing Sustainability Reports encapsulating its performance across the three dimensions of the Triple Bottom Line. ITC Sustainability Report 2018 was prepared meeting the criteria of "In Accordance – Comprehensive" level of the Global Reporting Initiative (GRI) Standards and was also third party assured at the highest criteria of 'reasonable assurance' as per the International Standard on Assurance Engagements (ISAE) 3000. The 16th Sustainability Report covering the sustainability performance of the Company for the financial year ended 31st March 2019 and prepared in accordance with the GRI Standards, will be available shortly. In addition, the Report and Accounts 2019 of the Company provides a review of the Company's Triple Bottom Line performance.





Business Responsibility Report (BRR) Index on Social, Environmental & Economic Issues

Sl. No.	BRR Principle	Section in BRR	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 Wellbeing	VIII	√
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Stakeholder Engagement	XI	√
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	XII	√
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	√



Core Values and Policies & Guidelines

ITC's Core Values

ITC's Core Values are aimed at developing a customer-focused, high-performance organisation which creates value for all its stakeholders. ITC's Core Values encompass the principles of Trusteeship, Customer Focus, Respect for People, Excellence, Innovation and Nation Orientation. Please check the following link for details:

<https://www.itcportal.com/about-itc/values/index.aspx#sectionb2>

Corporate Governance at ITC

<https://www.itcportal.com/about-itc/values/index.aspx#sectionb4>

ITC Code of Conduct and Policies are available on the Company's corporate website www.itcportal.com. Please check the following links for details:

ITC's Code of Conduct

<https://www.itcportal.com/about-itc/values/index.aspx#sectionb5>

ITC's Sustainability Policies

<https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx>

ITC's CSR Policy

<https://www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx>

ITC's Food Products Policy

<https://www.itcportal.com/about-itc/policies/itc-food-product-policy.aspx>

ITC's E-Waste Policy

<https://www.itcportal.com/about-itc/policies/itc-it-e-waste-policy.aspx>



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 & accountability and control. 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. For superior Triple Bottom Line performance, ITC's Governance processes ensure that sustainability principles are embedded in business strategies and execution plans.

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 Chief Executive assisted by the Divisional Management Committee

Reference to Division includes Strategic Business Unit, Business Vertical and Shared Services.

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 (the Board) 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 the divisional business free from collective strategic responsibilities for ITC as a whole, remains focused on enhancing the quality, efficiency and effectiveness of the business to achieve best-in-class performance.

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

For more details on ITC's governance structure, please refer to the 'Report on Corporate Governance', forming part of 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 & monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company.

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 Company Secretary is the Secretary to 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 (CMC), presently comprises seven senior members of management, with its Chairman being a member of the CMC. 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 CMC.

During the year, two meetings of the SCRC were held to review the sustainability performance of the Company.



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 agri sourcing, culinary insights, packaging excellence 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' provide further details on the Company's approach in this respect. The Company has embedded 'Distance to Market' as a key business metric in order to encourage a sustainable manufacturing foot print.

Some of these elements are discussed briefly below:

Maximising Resource Efficiency

The Company has been continuously improving its 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 reduce environmental impact 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 Paperboards and Specialty Papers Division (PSPD), which is the most resource-intensive. Continuous improvements in energy and water usage have made PSPD the most efficient in the sector. Similarly, the Company's Hotels Division has also demonstrated high levels of resource efficiency by achieving the LEED® certification at





the highest Platinum level for its premium luxury hotels. Several of the Company's factories and office complexes have received the Green Building certification from Indian Green Building Council (IGBC), the LEED® certification from US Green Building Council (USGBC) 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 towards ensuring sustainable consumption of energy, water and other resources in its businesses. The Company is an acknowledged leader in low-carbon operations as well as in resource usage efficiency which has been achieved by continuously reducing specific energy consumption, investing in additional renewable energy sources, afforestation and recycling internal and post-consumer waste. In 2018-19, the specific water intake (water withdrawn per unit of paper) at Bhadrachalam, which is the largest manufacturing unit of the Company's Paperboards and Specialty Papers Division, was 38% better than 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 of energy and water usage. The LEED® Platinum certification for the luxury hotels of the Company makes 'ITC Hotels' a trailblazer in green hoteliering.

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

Beyond Boundaries

Vendors/service providers and large outsourced manufacturing facilities are encouraged to adopt management practices detailed under 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 HACCP (Hazard Analysis and Critical Control Point) certified and continue to focus on 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. For example, factories are located to optimise logistics. Besides this, ITC has made significant investments in implementing integrated soil and moisture conservation programme in catchment areas of locations from where the wheat is sourced to ensure



sustained water availability to the farmers. The Policy on 'Responsible Sourcing' encourages resource efficiency in the supply chain, together with the 'Code of Conduct for Vendors and Service Providers', which provides guidance to supply chain members and partners to adopt sustainable practices.

Recognising that poverty in rural India is 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 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. Though the Company stands as a willing buyer, the farmers are free to transact at will and sell to whoever they choose.



Principle 3: Employee Well-being

A critical element in the architecture of ITC's Work Systems and Business deliveries is Employee Well-being. Being one of the core components of the Company's philosophy, the same reflects in ITC's approach towards health and safety of employees at the work place. The Company's systems and processes are designed to enhance employee capability, engagement, vitality and well-being to ensure that employees add superior value – value that help Businesses stay competitive and simultaneously work towards enabling the Company to achieve its ambitious growth plans.

The Company focuses on creating a stimulating work environment supported by a caring and compassionate work ethos to enable employees to thrive and deliver winning performance. The Company's efforts consistently aim to positively influence all aspects of an employee's life – physical, mental and emotional. Specific elements of the Company's work practices and culture are directed by the management approach articulated in Board-approved Policies on 'Diversity and Equal Opportunity', 'Freedom of Association' and 'Environment, Health and Safety', amongst others. Beyond every framework, enabler or outcome, the

success of employee centric policies across Businesses can be attributed to ITC's relational contract. It is unique to ITC and has served us well in terms of continuing to motivate employees to bring their best to work everyday while remaining engaged and committed to ITC's growth aspirations.

As a result of ITC's unique employee centric policies, ITC was ranked amongst the top 8 most preferred employers in 'Campustrack', an employer branding survey carried out by Nielsen amongst MBA students from leading Indian institutes, from where ITC recruits Assistants Under Training (AUTs).

ITC's full-time employees receive benefits such as periodic preventive health check-ups, medical assistance (including hospitalisation), group accident insurance, annual leave along with leave encashment, maternity leave for women employees and retirement benefits, among others. As part of our commitment to prevent occupational diseases and accidents, the Company enhances awareness, ensures good ergonomics and safe practices at all ITC workspaces. Most of ITC units have a wellness centre and resident doctor. Regular

sports and recreational activities are organised at all units to promote physical wellness among employees and their families.

Diversity and Equal Opportunity

ITC believes that diversity at workplace creates an environment conducive to engagement, alignment, innovation and high performance. The same is reflected in the Diversity and Equal Opportunity Policy that ensures diversity and non-discrimination across the Company. In FY 2018-19, the Company employed 27,475 number of employees, out of which 2764 were female employees. The Policy provides for diversity and equal opportunities to all employees across the Company, based on merit and ability. It also ensures a work environment that is free from any form of discrimination among employees 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. The policy has been communicated to all employees appropriately. In line with our ethos of being an equal opportunity employer, ITC continues to employ differently abled employees in its Hotels Division. It continues to create awareness in this area through comprehensive systems and processes to guide industry action. Last year, ITC employed 68 differently abled employees across Divisions.

A Grievance Redressal Procedure which intends to facilitate open and structured discussions is instituted at all units and locations to ensure that grievances related to labour practices and human rights are addressed and resolved in a fair and just manner. We have received 288 number of grievances, out of which 201 have been resolved and the rest are in progress. In FY 2018-19, there were no cases of discriminatory employment.

Enabling a Gender Friendly Workplace

As a good corporate citizen, ITC is committed to a gender friendly workplace. It seeks to enhance equal opportunities for men and women, prevent, stop and redress sexual harassment at the workplace and institute good employment practices. Processes and mechanisms are instituted to ensure that issues such as sexual harassment at work place, if any, are effectively addressed. ITC maintains an open door for reportees, encourages employees to report any harassment concerns and is responsive to employee complaints about harassment or other unwelcome and offensive conduct. Internal Complaints Committees have been constituted, in compliance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and

Redressal) Act, 2013, in all ITC units to enquire into complaints and recommend appropriate action, wherever required. ITC demands, demonstrates and promotes professional behaviour and respectful treatment of all employees. To sensitise employees and enhance awareness, it is ensured that all employees undergo training through a specially designed module on prevention of sexual harassment at work place. During the year, 5 complaints of sexual harassment were received out of which 3 have been resolved and 2 are in the process of resolution.

Good Labour Practices

10 Board-approved Sustainability Policies continue to guide the Company's strong commitment to good labour practices across its business operations. No person below the age of 18 years is employed by ITC. Forced or compulsory labour is prohibited in all units. ITC does not engage vendors and suppliers who resort to using child and/or forced labour. In 2018-19, approximately 22,700 employees from 1542 service providers were engaged across ITC. All service providers have signed ITC's Code of Conduct for Vendors and Service Providers, which details labour practices expected of them. The Company had no cases of child or forced labour in 2018-19.

The Company believes in Freedom of Association and in its policy outlines the intent to respect the dignity of individual and the freedom of employees to lawfully organise themselves into interest groups, independent of supervision by the management. The said policy ensures that employees are not discriminated against when exercising this freedom in a manner, which is lawful and consistent with ITC's core values. During the year, 10,647 employees of the Company were members of unions. There were no cases of violation of norms related to Freedom of Association in this year.

Employee Engagement

All ITC Businesses conducted an employee engagement survey to assess the work place sentiment and views of the employees in January 2018 and the actions were implemented in FY 2018-19. As part of this survey, employees were encouraged to share their views on various aspects of their experience of working in the Organisation. In this survey, 92% of ITC employees said that they were proud to work for ITC- a score that is amongst the highest globally. At ITC, employees are closely involved in the process of change management and enhancing workplace engagement. Consequently, through a process of focussed group discussions, action plans as relevant to each unit, function and business were identified. Several of the

initiatives identified are a result of employee suggestions and discussions with their managers.

Recognition plays an important role in encouraging employees to make discretionary contributions. Various platforms and forums are available internally to acknowledge exceptional performance and desired behaviors. These serve as strong endorsements of high performance and encourage others to make similar contributions. Business Units conduct various engagement initiatives on a regular basis to promote alignment, involvement and belongingness of employees. This year special impetus was given to communication about key milestones, business plans and various other business related developments. Such communication was carried out by leadership teams in each Business through 'Town Hall' meetings, internal journals and e-enabled platforms. ITC launched two engagement platforms for employees this year, 'StudioOne', which created an avenue for employees to interact with leaders on various issues including ITC's vision, strategy, milestones and expectations, and 'BeOne', which provided an opportunity to share and promote success stories in different divisions, enabling sharing of good practices. The Managing Director also addressed the first-ever StudioOne Townhall and interacted with employees on a range of issues. To enhance the salience of ITC's products, services and share milestone events through a digital platform, the mobile enabled application IRIS was launched. Through IRIS, employees and stakeholders may share content related to ITC across their social media platforms, thus creating a sense of pride in ITC brands, services and initiatives.

Recreational events involving family members of managers, sports meets, and scholarships to meritorious children of employees continue to be conducted throughout the year.

Enabling Employee Well-being

In our endeavour to create awareness and guide employees to a healthy lifestyle, sessions on stress management, wellness plans, and medical check-ups were organised across locations. During the year, increased focus was laid on holistic well-being of employees. Businesses are increasingly deploying initiatives to meet specific life stage needs of employees by generating awareness and providing assistance to help them navigate these changes and challenges.

ITC has a proactive programme for promoting healthy lifestyles, which includes health and medical camps, yoga and other wellness sessions. This year the theme was to leverage technology to provide employee gamified

solutions so as to meet their health, fitness and nutritional goals. ITC employees invest time and are engaged with ITC's Social Investments Programmes in the catchment of their Business Unit. These avenues help the individual to achieve their wellbeing and life purpose goals.

Learning and Development

ITC believes that achievement of the Company's growth objectives depends largely on the ability to innovate continuously, connect closely with the customer, and create and deliver superior and unmatched customer value. Towards this end, we have assiduously built a culture of continuous learning, innovation and collaboration across the Organisation by providing cutting-edge learning and development inputs. We have identified five capability platforms relevant to making businesses future-ready – Strategic, Value Chain, Leadership, Innovation and Human Resources Development. Employees are offered best in class learning and development support comprising a blend of classroom, online, coaching, mentoring and on-the-job training.

The Company invests in collaborating with leading global Institutes and experts to design and customise development programmes to build leadership and strategic ability. The Organisation adopting the ethos of learning anytime and anywhere encourages employees to make use of our tie-ups with various online courses so as to not limit their learning to classroom training. It also gives the employees an opportunity for upskilling themselves at their own convenience. Every Business has a focussed training calendar for providing developmental inputs to its managers.

In FY 2018-19, there were 91,640 person-days of formal training for employees across the Company. The state-of-the-art technical training facility in Ranjangaon, Maharashtra – ITC Gurukul – is the first integrated facility catering to the FMCG Businesses and an important milestone in our skilling journey for manufacturing excellence. The institute won the Project Evaluation and Recognition Program (PERP) 2018, organised by Frost & Sullivan, for 'Enhancing Learning Effectiveness Leveraging Technology', using Augmented, Virtual and Mixed Reality. The ITC Hospitality Management Institute (HMI) continues to play a vital role in skill upgradation and enhancing employability of ITC employees by imparting them with contemporary skills in the hospitality sector. ITC HMI won the Golden Peacock National Training Award 2019.

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 stakeholder engagement on the following principles:

- a) **Materiality** – Prioritised consideration of the economic, environmental and social impacts identified to be important to the organisation as well as its stakeholders.
- b) **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 stood the test of time.

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.



Principle 5: Human Rights

The Company has Policies on Human Rights which are applicable to all its employees and value chains. The said Policies and their implementation are directed towards adherence to applicable laws and upholding 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). The Company continues to work towards strengthening and introducing systems to ensure sound implementation of ITC's Sustainability Policies specifically with respect to Human Rights and decent work place.

The Company has in place a 'Code of Conduct for Vendors and 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. Vendors and Service Providers across Businesses have voluntarily accepted and adopted the Company's 'Code of Conduct for Vendors and Service Providers', which requires compliance with applicable laws relating to, inter alia, human rights, environmental conservation, and quality of products and services. The Company facilitated training workshops for supply chain partners to educate, and create awareness on human rights and decent labour practices. The Company plans to conduct more such workshops in the future to enable salience of human rights and decent labour practices.

With a view to building awareness and educating employees on the Company's Sustainability Policies including Policies on Human Rights and ITC's Code of Conduct, IT enabled programmes continue to be rolled out across Businesses.



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 since 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 our businesses, integrated soil and water conservation programmes and 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 12 years, the Company has been recycling over 98% of solid waste generated by its units and during the year, over 99% was recycled. In addition, about 89,000 MT of externally sourced post-consumer waste paper was used as raw material during the year, thereby enabling the Company to achieve a positive solid waste recycling footprint.

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 and rainwater harvesting 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 maximised reuse of treated effluents.

Carrying forward the Company's extensive work on integrated watershed management, programmes are underway to achieve water security for all stakeholders within defined catchments of manufacturing units located in high water stress areas. Based on extensive studies that include water accounting and detailed hydrogeological studies, implementation of necessary initiatives to address both demand and supply side issues have already been rolled out. These include improvement in water use efficiencies by the farming community, augmenting groundwater recharge, enhancing surface storage through rejuvenation and interlinking of existing water bodies, etc. The Company will progressively cover more units under this initiative in the years to come.



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

The Company is a pioneer in the Green Buildings movement. In 2004, the ITC Green Centre at Gurugram was certified as the largest platinum rated building in the world by the US Green Building Council (USGBC-LEED). ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, which is amongst the world's largest LEED® Platinum certified green hotels, has also received a 5-Star rating from the Green Rating for Integrated Habitat Assessment (GRIHA) Council. Other large infrastructure investments, such as the ITC Green Centre at Manesar (LEED® Platinum certified) and the ITC Green Centre at Bengaluru (pre-certified for LEED® Platinum) continue to demonstrate the Company's commitment to green buildings. The data centre at Bengaluru, ITC Sankhya, is the first data centre in the World to receive the LEED® Platinum certification by USGBC. To date, 24 buildings of the Company have achieved Platinum certification by USGBC/IGBC.

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_x) and Sulphur Dioxide (SO₂), to ensure compliance with the applicable standards.

The Company has set up a task force to exploit digital technologies and Big Data to increase efficiencies and reduce the material intensity of its manufacturing and

supply chain processes. Pilots have commenced and the early results seem promising. This effort is expected to gain significant momentum in the ensuing years.

During the year, about 41% of ITC's total energy requirements were met from renewable energy sources - a creditable performance given its expanding manufacturing base. Action plans have been formulated based on a mix of energy conservation and renewable energy investments to progressively scale up the share of renewable energy in total energy consumption to 50%, notwithstanding the significant enhancement in the scale of operations planned.

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. Contingency plans have been 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 supported by planned job observation programmes have been implemented across units. In 2018-19, 21,671 person-days of training was provided to employees on EHS related matters.



Principle 7: Responsible Advocacy

The Policy on Responsible Advocacy provides the framework for necessary interface with Government/Regulatory Authorities on matters concerning 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.



Principle 8: Supporting Inclusive Growth and Equitable Development

ITC's Strategic Stakeholders

In the 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; and
- Communities residing in close proximity to our manufacturing units, situated in urban and semi-rural locations.

The stakeholder communities primarily 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-roots level Programme Implementation Agencies (PIAs).

Performance 2018-19

Coverage

The projects promoted under the Social Investments Programme were spread over 235 districts in 27 States / Union Territories.

Interventions

Horizon 1 - Making Today's Livelihoods Sustainable

• **Social Forestry (SF):** Targeted at small and marginal farmers, the SF programme is designed to provide food, fuel and fodder security through plantations to small holder farmers. In 2018-19, the programme greened 33,982 (cumulative 3,29,047) acres in 16 districts of 6 States. Out of this, the area under agro-forestry was 10,379 acres. Taken together with the Farm Forestry programme of the Paper Business, the total area greened was over 7,32,645 acres till March, 2019.

• **Water Stewardship:** The objective is to achieve (i) water security at the watershed level in factory catchments aimed at achieving positive water balance in such catchments; and (ii) drought proofing of agri-catchments to minimise risks to agricultural livelihoods arising from drought and moisture stress. Implemented in 43 districts covering 15 States,

1,37,105 (cumulative 10,11,601) acres of watershed area was covered in 2018-19. 2,646 water harvesting structures (cumulative 15,086) were constructed during the year creating 3.39 million kilolitres of fresh Rain Water Harvesting (RWH) potential, taking the total net rainwater harvesting potential created by ITC till date to 34.64 million kilolitres.

• **Animal Husbandry:** 156 Cattle development centres, spread over 21 districts in 6 States, were functional during the year for rendering animal husbandry services with the aim of increasing productivity of milch cattle and thereby household incomes. 1.46 lakh artificial inseminations were conducted, leading to live births of over 0.62 lakh high yielding progenies.

• **Improved Agricultural Practices:** This initiative attempts to de-risk farmers from erratic weather events through the promotion of climate smart agriculture in order to stabilise farm incomes. During 2018-19, an area of 3,94,762 acres was covered under sustainable agricultural practices. 4,047 Farmer Field Schools (FFS) and Choupal Pradarshan Khets (CPKs) disseminated advanced agri-practices to farmers. 351 Agri Business Centres (ABCs) delivered extension services, arranged agri-credit linkages and established collective input procurement and agricultural equipment on hire.

ITC had entered into a partnership with NITI Aayog in April, 2018 to improve agriculture and other allied services in 27 Aspirational Districts of 8 states (Assam, Bihar, Jharkhand, Rajasthan, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh). The plan was to train government officers who, in turn, would cascade the methodology to farmers. Till date,





during the Rabi season, ITC succeeded in creating 402 block level agri-officers as Master Trainers (MT), who in turn trained 2,259 village level personnel as Village Resource Persons (VRPs) to train farmers directly. These VRPs have so far covered 2.05 lakh farmers in package of practices appropriate for the dominant crop of the region.

• Women's Economic Empowerment: This initiative provides a range of gainful employment opportunities to poor women, supported with capacity building and financial assistance by way of loans and grants. To date, 22,700 ultra-poor women in the core catchments have access to sustainable sources of income through non-farm livelihood options. The financial literacy and inclusion project, in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, was rolled out in 11 districts during the year. 446 Super Trainers were trained directly and they, in turn, trained 735 Master Trainers who cascaded the training to 6,588 Self Help Groups covering 62,197 women across 765 villages. 26,486 women of those trained have been linked to Government social security schemes.

Horizon 2- Creating Future Capabilities

• Education: This programme provides children from underprivileged sections of society access to education with focus on improved learning outcomes. Operational in 24 districts of 14 States, during the year, the programme covered 1,15,776 children (cumulative 6,90,882), while 199 government primary schools were provided infrastructure support. In addition, nearly 27,000 children were covered through support in teaching and learning material.

• Vocational Training: This programme provides training in market linked skills to youth to enable them to compete in the job market. 12,172 (cumulative 67,496) youth were enrolled under different courses during the year, out of which 44% were female and 36% belonged to the SC/ST communities. The programme is operational in 32 districts of 17 States. Another programme trained 785 youth on entrepreneurial development. 46 trainees have graduated in 2018-19 and 50 trainees are currently enrolled in the WelcomLEAD Programme of ITC Hospitality Management Institute, which is a comprehensive undergraduate programme on hospitality services.

• Sanitation & Health: To achieve the objective of zero open defecation, 4,443 (cumulative 35,916) Individual Household Toilets (IHHT) were constructed in 26 districts of 15 States, in collaboration with the respective State Governments/District Sanitation Departments. In addition, 32 community toilets were constructed/renovated in Bihar, West Bengal and New Delhi in the year (cumulative 62). Along with sanitation infrastructure development, equal focus was given to awareness campaigns to create demand and drive behavioural change. The Swasth India Mission covered nearly 19.2 lakh children from around 5,247 schools in 60 cities in 12 states during the year. Additionally, access to handwashing was enabled through the unique 'ID Guard' initiative to all children in these 5,247 schools.

Nearly 4 lakh beneficiaries were covered under Mother and Child Health initiative aimed to improve the health-nutrition status of women, adolescents and children by strengthening institutional capacity, promoting greater convergence with existing government schemes and increased access to basic services on maternal, child, and adolescent health, nutrition and child protection.

To make hygienic and healthy water available to local communities, 26 new Reverse Osmosis (RO) water purification plants (cumulative 126) were set up in 3 districts of Andhra Pradesh in 2018-19.

• **Solid Waste Management (SWM):** ITC’s waste recycling programme, ‘WOW – Well Being Out of Waste’, helps in creation of a clean and green environment and promotes sustainable livelihoods for waste collectors. The Programme continued to be executed in several districts of Telangana and Andhra Pradesh, and in Coimbatore, Chennai, Bengaluru, Delhi and Muzaffarpur (Bihar). It was expanded to Mysuru and Chikmagalur districts during the year. The quantum of dry waste collected during the year was 51,696 MT from 651 wards including over 7,400 MT of multi-layered laminates and thin films. The plastic waste collected was sent for recycling to cement kilns as alternate fuel.

The programme covered 12 lakh additional citizens this year taking the total to 89 lakh citizens. The Programme created sustainable livelihoods for 14,745 waste collectors by facilitating an effective collection system in collaboration with municipal corporations.

In addition to WOW- Well Being Out of Waste Programme, ITC has a separate programme on Solid Waste Management (SWM) which deals with both wet and dry waste. The SWM Programme has spread to 15 districts of 10 states covering 2,11,826 households and collecting 12,608 MT of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. Home composting was practised by 10,892 households. In 2018-19, 8,462 MT of wet waste was composted, 2,383 MT of dry waste recycled, and only 14% of the total waste was sent to 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 the 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 receive 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.