

# Reimagining the future

Agility in a climate *of* change

Integrated Report

2021



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# Agility in a climate of change

ITC believes that when enterprises make societal value creation an integral part of their corporate strategy, powerful drivers of innovation emerge that make growth more enduring for all stakeholders. At ITC, we call this paradigm 'Responsible Competitiveness' – an abiding strategy that focuses on extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods. Our innovative business models synergise the building of

economic, environmental and social capital, thus embedding sustainability at the core of ITC's strategy. Today, this strategy has not only contributed to building strong businesses of the future as well as a portfolio of winning world-class brands, but it also continues to guide our thoughts, strategies and actions as we address the many challenges posed by the unprecedented COVID-19 pandemic.

While navigating this 'new normal', **Agility** at scale underlined our approach at each step. ITC responded

with agility, fast-tracking innovation across every dimension of operations – across the value chain. This was accompanied by large scale efforts to provide relief and support to communities in need, around our operational areas, across the country.

At the same time – as the world prepares for a post-pandemic future, ITC is actively working towards **Sustainability 2.0**, an agenda which reimagines sustainability under the pressing challenges of climate change.

## Key Stories



Corporate Overview

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Approach to Value-creation

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Governance

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## APPROACH TO REPORTING

### Reporting Framework

This is ITC's 4<sup>th</sup> Integrated Report, prepared in addition to the Company's 18<sup>th</sup> Sustainability Report, which attempts to present a range of financial and non-financial disclosures to inform its stakeholders about how different 'capitals' are being deployed to enable the creation of enduring value. ITC's Integrated Report has been prepared in line with the requirements of the International <IR> Framework developed by the International Integrated Reporting Council (IIRC).

### Independent Audit and Assurance

The financial information in this Integrated Report for the year 2020-21 has been taken from the standalone financial statements of the Company, which have been audited by independent auditors, Messrs. S R B C & Co LLP. The non-financial information (environmental and social performance data) presented in this Report for year 2020-21, also appears in ITC's Sustainability Report 2021 which is prepared on the basis of the Global Reporting Initiative (GRI) Standards and meets the 'In Accordance - Comprehensive' criteria, and has also been independently assured by Messrs. Deloitte Haskins & Sells LLP.

ITC has computed its greenhouse gas (GHG) inventory, including GHG emissions, biogenic Carbon Dioxide (CO<sub>2</sub>) emissions and GHG removals, in accordance with ISO 14064:2006. The GHG inventory of 2020-21 has been verified by Messrs. Deloitte Haskins & Sells LLP at the 'Reasonable Assurance' level. ITC accounts for the following gases in its GHG inventory: Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulphur Hexafluoride (SF<sub>6</sub>), GHG Emissions and also CO<sub>2</sub> sequestered.

### Data Management System and Reporting Boundary

ITC has deployed an Integrated Sustainability Data Management System to collect, collate and analyse the environmental and social data. The system is equipped with strong internal controls to ensure source-credibility and that the disclosures made in this Integrated Report are backed by integrity of the underlying data that have been appropriately verified. The data for environmental and social performance are based on the Company's performance of various businesses, units, hotels and office complexes and third-party manufacturers (TPMs)/subsidiaries as included in the Sustainability Reporting boundary, details of which are available in the Report Profile section of [ITC's Sustainability Report 2021](#).<sup>®</sup>



## PERFORMANCE HIGHLIGHTS

# Steady performance amid uncertainties

## Highlights



### Financial



**₹ 48,151** crores

Gross Revenue

**₹ 32,110** crores

Contribution to the National Exchequer (67% of Value-added)

**Among Top 3 contributors**

to the National Exchequer in private sector

**₹ 33,557** crores

Non-Cigarette Segment Revenue

**₹ 2,68,948** crores

Market Capitalisation As on 31<sup>st</sup> March, 2021

**16.9%**

CAGR over the Last Two Decades

Total Shareholder Returns

PERFORMANCE HIGHLIGHTS

# Steady performance amid uncertainties

## Highlights

Operational



**200+**  
Manufacturing Units

**107**  
Hotels

**25**  
FMCG Brands

**120+**  
Products Launched

**13**  
Businesses of Tomorrow

## PERFORMANCE HIGHLIGHTS

# Steady performance amid uncertainties

## Highlights



### Environmental



## 41%

ITC's Energy from Renewable Sources

## 33

No. of USGBC/IGBC Certified Platinum Buildings

## 42.95 million kl

Total Rainwater Harvesting (RWH) Potential Created

## 99%

Of the total solid waste generated in ITC units was either reused or recycled

## 78,000 MT+

Of Dry Waste Sustainably Managed by ITC Programmes

## 31,000 MT+

Of Post-Consumer Plastic Waste – equivalent to more than 80% of plastic packaging films utilised by ITC

PERFORMANCE HIGHLIGHTS

# Steady performance amid uncertainties

## Highlights

 Social 



**6 million**

Sustainable Livelihoods supported

**4 million+**

Farmers Empowered by ITC e-Choupal

**160 million**

Person-days of Employment Generated through Social and Farm Forestry Initiatives

**18 million+**

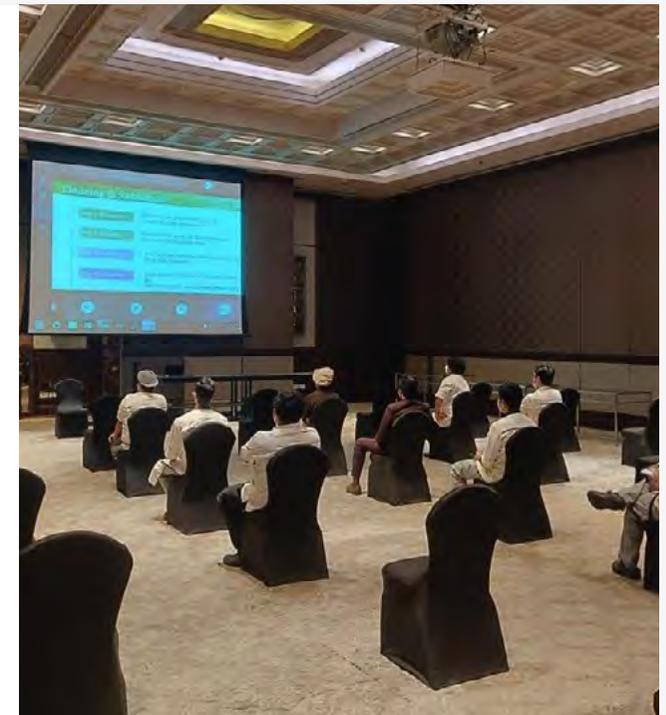
Citizens Covered through ITC's Solid Waste Management Programmes

PERFORMANCE HIGHLIGHTS

# Steady performance amid uncertainties

## Highlights

 Human Capital



**35,900+**

Total Employees in ITC Group

**95%**

Of employees are proud to work at ITC, as per a company-wide iEngage Survey - amongst the highest globally

**7.5 lakh+**

Total Training (person-days)

ITC Hotels certified as a **Great Place to Work**

In FY 2020-21

## COVID-19 RESPONSE

# Agility in Adversity, Compassionate in Crisis

The COVID-19 pandemic has impacted nearly every nation on earth, at a scale and depth never experienced before. In response, governments, businesses, healthcare providers and individuals came together to adapt to the new normal.

Committed to its credo of putting 'Nation First: Sab Saath Badhein' ITC made concerted efforts to contribute to India's fight against COVID-19. Responding with agility and compassion, ITC undertook several initiatives to support communities in distress, crafting innovative solutions to ensure business continuity and addressing consumers' emerging needs speedily.

ITC responded proactively to support its stakeholders.

## ₹ 215 crores

Set up for COVID-19 Contingency Fund which is being used to provide relief to the poor and vulnerable sections of the society

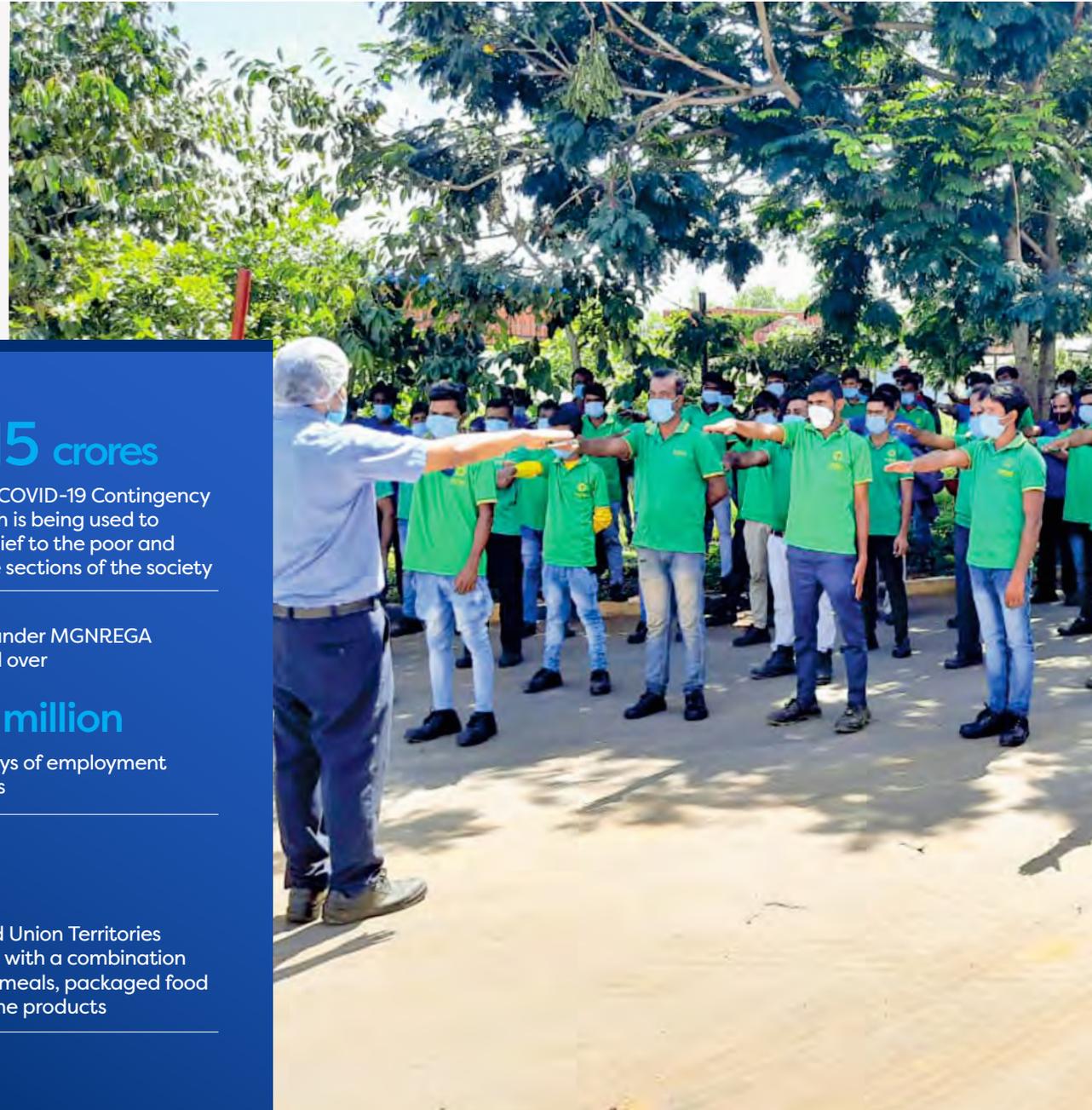
Schemes under MGNREGA generated over

## 5.5 million

Person-days of employment in 16 states

## 25

States and Union Territories supported with a combination of cooked meals, packaged food and hygiene products

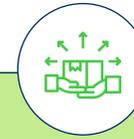


## COVID-19 RESPONSE



## Communities

- ITC worked with Government's MGNREGS programme to create 55 lakh person-days of work worth ₹ 90.5 crores.
- ITC along with ITC Education and Healthcare Trust and ITC Rural Development Trust has set up a ₹ 215 crores COVID-19 contingency fund. A large part of the fund has been utilised towards providing relief to the poor and vulnerable sections of the society who are facing severe disruptions to their livelihoods.
- Together with local authorities, a combination of cooked meals, packaged food and hygiene products were distributed across 25 States and Union Territories.



## Farmers, Supply Chain and Distribution

- Ensured efficient market servicing and availability of the Company's products through concerted actions across all nodes of operations including extension of support to trade partners, realignment of the distribution infrastructure, deployment of innovative delivery models, strategic partnerships and enhanced usage of digital technologies.
- ITC was amongst the first in the industry to launch an online ordering system for retailers to mitigate the disruption in sales operations.
- Business Continuity Plans have been activated by various business teams to secure key material supplies including usage of substitute materials, identification of alternate/domestic vendors, identification and activation of potential alternative manufacturing capacities to supplement existing facilities.
- ITC also extended financial support to its supply chain partners for obtaining COVID-19 Insurance Cover for their associates, covering hospitalisation and diagnostic expenses, apart from sharing COVID-19 safety protocols and providing training.



## Consumers

- ITC ramped up production capacity of essential products, and resumed distribution in record time while ensuring total compliance with safety protocols.
- ITC launched new and innovative solutions to meet the heightened nutritional and hygiene requirements of its consumers.
- Enhanced the presence of its product portfolio in alternative channels and entered into collaboration with new partners (viz., Dominos, Swiggy, Zomato and Dunzo) to efficiently service consumers.
- Pioneered an innovative model - 'ITC Store on Wheels' - to directly service consumers in 900+ residential societies in top markets.
- The recently-launched exclusive 'ITC e-store', was also leveraged effectively to provide on demand access to consumers in select markets.



## COVID-19 RESPONSE



## Standing with Team ITC

ITC salutes its frontline warriors who worked relentlessly to serve its consumers and the nation amidst such adversity. The Company has taken a host of measures to ensure employee wellbeing:

- Contingency Management Teams deployed at all locations.
- Detailed advisories have been issued to employees on how to safeguard themselves, their colleagues and associates, and their families, both at the workplace as well as at their homes.
- Covid care centres for employees and their families, assistance with hospitalisation and treatment, and paid leave for those infected or in quarantine.
- Employees have been provided secure remote connectivity to facilitate Work from Home.
- The Company's employees, trade partners, transporters and their associates were provided extensive training – both online and at the place of work - in COVID-19 safety protocols.
- Medical advisories through a network of Company Doctors and webinars, on preventive measures and counselling services.
- Risk mitigation protocols such as zoning in factories and restrictions on travel and office presence.
- The Company has made arrangements with various medical establishments to facilitate COVID-19 vaccination among eligible employees and their families as well as value chain partners across India.



## COVID-19 RESPONSE

### Business response

In the wake of the pandemic, ITC maintained a strict vigil on emerging trends, and responded swiftly, leveraging opportunities and mitigating risks. The Company initiated a three-pronged approach of 'Survive, Revive and Reimagine' to combat the evolving situation and guide its business continuity.

ITC responded with agility by innovating, ideating and launching 120+ products, and delivery mechanisms in fast-track mode to meet the evolving needs of the consumers. These included several first-to-market products as well. Agility was also reflected in the way the Company reconfigured its supply chain, recalibrated manufacturing capacities, collaborated effectively with partners and utilised digitalisation to power processes.

### Some key interventions



#### Swift Resumption of Operations

Over 90% of the factories manufacturing essential products were operational within two weeks of imposition of the lockdown.

More than 85% of the Company's WDs and associated warehouses were made operational within 10 days of the lockdown, serving million of consumers with highly motivated frontline teams.



#### Capacity Augmentation

The Personal Care Business rapidly expanded manufacturing capacity manifold and enhanced availability of 'Savlon' antiseptic liquid, soap, handwash, hand sanitiser and 'Fiama' handwash products in the market.



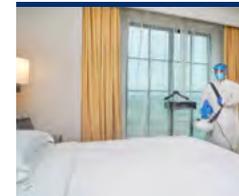
#### Purposeful innovation

In record time, several exciting and relevant offerings under the 'Savlon' brand were launched viz., Surface Disinfectant Spray, Clothes Disinfectant and Refreshing Spray, Spray and Wipe, Multi-purpose Disinfectant Liquid, Germ Protection Wipes, Face Mask, 'Hexa' range of soaps and hand sanitising liquid.



#### Repurposing manufacturing plants

Repurposed its newly set up perfume manufacturing plant in Manpura, Himachal Pradesh in quick time to manufacture hand sanitisers and service increased demand.



#### 'WeAssure' programme for hotels

ITC's Hotels business launched the 'WeAssure' programme in collaboration with medical professionals and disinfection experts to reassure guests, and to provide best-in-class experience in hygiene and safety at the Company's iconic Hotels.



#### 'Flavours' and 'Gourmet Couch' menus as home delivery and takeaway offerings

For presenting unique cuisine experiences to discerning guests during the lockdown, ITC Hotels launched 'Flavours' and 'Gourmet Couch' menus as home delivery and takeaway offerings. These were further augmented with the introduction of 'Biryani & Pulao Collection' comprising timeless flavours of classic culinary dishes.

### ACCELERATED DIGITAL TRANSFORMATION

The pandemic has given wings to the trend of Digitalisation that was already gathering momentum. Apart from e-Commerce, digital entertainment, work-from-home conferencing, telemedicine, education, learning and skill development, e-services and social media communications, have all experienced exponential surge.

Accelerated digital transformation is integral to ITC's future-ready strategy and is increasingly being harnessed to enhance competitive advantage. Cutting-edge digital technologies are being increasingly deployed across key touch points spanning Consumer Experience, Smart and Agile Manufacturing & Supply Chain Operations, Employee Experience and Intelligent Insights Platforms. Foundational initiatives such as the 'DigiNext' and 'Young Digital Leaders Forum' have been implemented towards steering the Company through its digital journey and fostering a data driven and 'digital first' culture across the organisation.

COMPANY OVERVIEW

# Agility in Driving Innovation



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**120+**  
 New and innovative products were launched in record time during FY2020-21 with compelling value propositions, demonstrating agility and execution excellence

ITC's Core Values are aimed at developing a customer-focused, high-performance organisation, which creates larger value for all its stakeholders.

ITC's commitment to create a robust and future-ready organisation that addresses the aspirations of the nation and its stakeholders is at the core of its organisational vitality. This commitment drives continuous innovation across all products, processes and systems of its diverse businesses.

ITC's Life Sciences and Technology Centre (LSTC) works continuously to churn out game-changing, science-led innovative products and other business solutions. This has enabled ITC to launch first-to-market brands that delight customers and retain the competitive edge in a fast-changing operating environment. To strengthen its digital infrastructure across the value chain, ITC has formulated comprehensive business-wise strategies. The Company's businesses are housed in state-of-the-art manufacturing facilities, supported by new-generation technologies to step up resource productivity and the quality of its products and services with speed and precision.

ITC AT A GLANCE

# ITC's 'Nation First: Sab Saath Badhein' Philosophy

ITC's 'Nation First: Sab Saath Badhein' philosophy has inspired the Company to integrate sustainability as a bedrock of its corporate strategy even as it builds a globally competitive Indian enterprise of tomorrow.



**VISION**

Sustain ITC's position as one of India's most valuable corporations through world-class performance, creating growing value for the Indian economy and the Company's stakeholders.

**MISSION**

To enhance the wealth-generating capability of the enterprise in a globalising environment, delivering superior and sustainable stakeholder value.

**VALUES**

ITC's Core Values are aimed at developing a customer-focused, high-performance organisation which creates value for all its stakeholders:



**Trusteeship**



**Excellence**



**Customer focus**



**Innovation**



**Respect for people**



**Nation orientation**

- The Company is creating multiple drivers of growth across its leading businesses that span all three sectors of the Indian economy - agriculture, manufacturing and services. These include Fast Moving Consumer Goods (FMCG), Hotels, Paperboards, Paper and Packaging, and Agri Businesses.
- ITC derives its strengths from its deep consumer insights, cutting-edge Research & Development, differentiated product development capacity, cuisine expertise, brand-building capability, world-class manufacturing infrastructure, extensive rural linkages, efficient trade marketing and distribution network and dedicated human resources.
- ITC is investing in the future through fortification of its robust product portfolio, seeding of new categories, sharper alignment of R&D and innovation to business outcomes, harnessing the power of digital, and an agile and efficient supply chain.
- The Company's interventions across its operating segments are aligned to the national priorities of enhancing competitiveness of Indian

agriculture and industry, generating largescale employment opportunities and supporting sustainable livelihoods, driving import substitution by enhancing the competitiveness of domestic agri-value chains and industry, creating national brands to maximise value capture in India, increasing Indian agri-exports and promoting sustainable business practices.

• ITC's sustainability initiatives seek to serve national priorities through creation of largescale sustainable livelihoods and augmentation of natural resources, reflecting the Company's commitment to its credo of 'Nation First: Sab Saath Badhein'.

**Investments made by ITC continue to be guided by the national objectives of 'Make in India', 'Doubling Farmers' Income' and the overarching theme of 'Atmanirbhar Bharat' that seeks to make the country stronger, resilient and more competitive.**

## ITC AT A GLANCE

### Highlights

A Global Exemplar in 'Triple Bottom Line' Performance.

Demonstrated track record of creating superior shareholder value.

Consistent Dividend Payouts backed by a clear and robust dividend policy.

Zero Debt Company.

Clear leader in the FMCG industry in terms of Cash Flow generation.

World-class distributed manufacturing footprint and a multi-channel distribution network.

Building purpose-led brands anchored on larger consumer needs.

Pursuing value-accretive and synergistic opportunities for inorganic growth.

Deep rural linkages and agri-commodity sourcing expertise.

Leveraging digital technologies across areas such as consumer engagement and insight discovery, smart manufacturing, agri value chains, supply chain agility and front-end execution.

Cutting-edge R&D capability with over 350 highly qualified scientists in Life Sciences & Technology Centre (LSTC), Bengaluru, with over 900 patents and design registration applications.

Leveraging synergies residing across diverse businesses.

Trailblazer in Green hoteliering.

## Building Intellectual Property through Cutting-edge R&D

The Company's state-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru is at the core of driving science-led product innovation to support and build ITC's portfolio of world-class brands.

The LSTC team comprising over 350 highly qualified scientists have a mandate to work on future-ready science platforms, design differentiated products to address unique needs and deliver superior benefits to Indian consumers. R&D teams seamlessly integrate classical concepts of product development to explore and harness cross-business synergies. LSTC has evolved over the years and is presently resourced with world-class

scientific infrastructure and state-of-the-art facilities to create knowledge, build intellectual property through experimental research, rapid prototyping and process development.

Centres of Excellence in Biosciences, Agrisciences and Materials, and robust research platforms such as Beauty & Hygiene, Health & Wellness, Agro-forestry & Crop Sciences, Sustainable Packaging materials continue to drive world-class innovation. Rigorous systems, processes and industry best practices have enabled securing global quality certifications - a key enabler in delivering products that follow the highest standards in quality, safety and efficacy to the Indian consumer.

### HARNESSING THE POWER OF DIGITAL



State-of-the-Art Digital Technologies, Infrastructure and Security

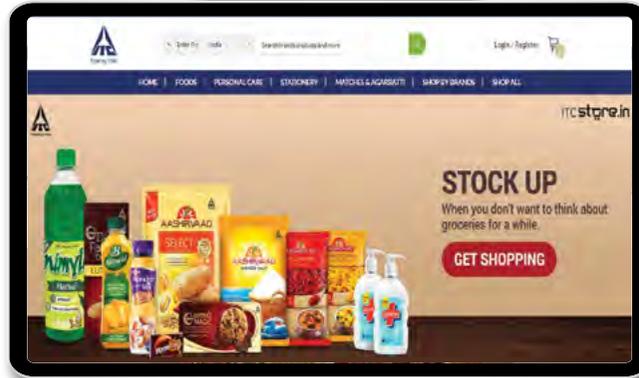
The pandemic has given wings to the trend of Digitalisation that was already gathering momentum. Accelerated digital transformation is integral to ITC's future-ready strategy and is increasingly being harnessed to enhance competitive advantage.

Cutting-edge digital technologies are being increasingly deployed across strategic impact

areas spanning Consumer Experience, Smart and Agile Manufacturing & Supply Chain Operations, Employee Experience and Intelligent Insights Platforms. Foundational initiatives such as the 'DigiNext' and 'Young Digital Leaders Forum' have been implemented towards steering the Company through its digital journey and fostering a data driven and 'digital first' culture across the organisation.

## HARNESSING THE POWER OF DIGITAL

The FMCG Businesses continue to increasingly leverage 'Sixth Sense', the Marketing Command Centre and Consumer Data Hub – an AI powered hyper-personalised platform backed by a robust partner ecosystem for content and data - to gain insights on market trends and consumer behaviour and synthesise the same to craft contextual brand communication and product development. Over 2,000 content assets have been deployed leveraging this platform within a relatively short span of time at significantly lower cost.



The year also marked the scale up of the Company's Direct-to-Consumer (D2C) channel, the 'ITC e-Store'. Launched just prior to the lockdown in March 2020, this initiative was extended to 11 cities during the year. Powered by state-of-the-art digital technologies and a robust fulfilment infrastructure, the platform offers consumers on-demand access to a wide range of the Company's FMCG products under one roof.

Cutting-edge digital technologies including Industry 4.0, Advanced Analytics, Big Data and industrial Internet of Things (IoT) continue to be deployed towards strengthening the Company's real time operations and execution platform.



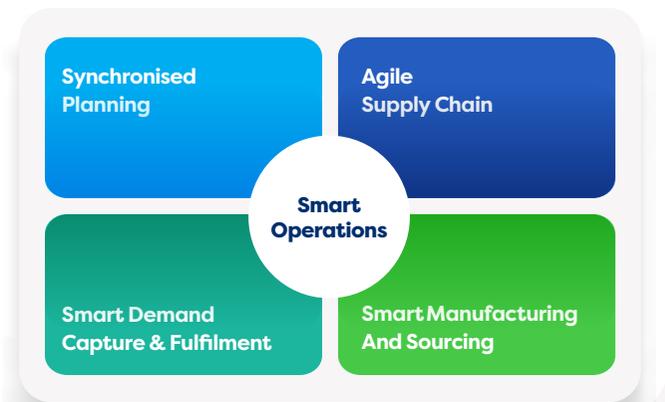
### Leveraging Digital for Empowering Retailers

A virtual summit on 'Digital Enablement for Kirana Outlets' was held to educate and upskill retailers on best practices in retail management. The summit saw an overwhelming participation of 1500+ retailers, securing a place in the GUINNESS WORLD RECORDS® for 'Most viewers for a retail management live stream on a bespoke platform'.

Several digitally powered interventions are underway towards enhancing productivity, driving efficiency and reducing costs. These initiatives are anchored on the key pillars of synchronised planning and forecasting, next generation agile supply chain, smart manufacturing and sourcing, and smart demand capture and fulfilment. Strategic investments are also being made towards enhancing value creation leveraging data and analytics. Key interventions include augmenting the Company's NextGen data architecture powered by Artificial Intelligence/Machine Learning (AI/ML), identifying and prioritising use cases for impactful outcomes and setting up a Data Science academy comprising data scientists and engineers to drive and sustain data and analytics programmes.

The Company's TM&D vertical continues to leverage digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers.

Several Robotic Process Automation BOTs are operational across businesses thereby eliminating non-value adding and repetitive work. Access to secure and contemporary platforms has been provided by seamlessly and securely implementing remote working for its employees through extensive IT enablement.



## ITC'S BUSINESSES

# Businesses that Build Value for the Indian Economy

ITC is one of India's foremost private sector companies and a diversified conglomerate with businesses spanning FMCG, Hotels, Paperboards, Paper & Packaging and Agri Business.

## FMCG - Others

- ITC's FMCG-Others segment includes Branded Packaged Foods, Personal Care Products, Education and Stationery Products, Incense Sticks (Agarbattis) and Safety Matches.
- The diverse portfolio is anchored on over 25 world-class purpose-led Indian brands - creating, capturing & retaining value in India.
- The Company's FMCG products reach over 150 million households in India.
- One of the fastest growing Branded Packaged Foods Businesses in India.
- Purposeful innovation anchored on robust R&D platforms nurtured by LSTC.
- Distributed state-of-the-art manufacturing facilities; 9 ICMLs operational.
- Multi-channel Go-To-Market model; smart, agile and responsive Supply Chain.
- Strong growth platforms; chosen categories offer significant headroom for growth.
  - Fortifying the Core, Addressing Adjacencies through Mother Brands, Building the New Core.

## FMCG Cigarettes

- Clear market leader.
- Well-laddered portfolio of brands; Wide and deep distribution network.
- World-class products & processes anchored on innovation.
- State-of-the-art manufacturing facilities.
- Strong vertical integration with Leaf tobacco and Packaging & Paperboards businesses.
- Best-in-class profitability & returns globally.

## Hotels

- 2<sup>nd</sup> Largest Hotel Chain in India; 4 brands - 107 iconic luxury properties.
- Trailblazer in 'Responsible Luxury' with all Premium Luxury hotels being LEED Platinum certified.
- Globally acknowledged for its iconic cuisine brands.
- World's first hotel chain to receive Platinum certification in infection risk management by M/s DNV.
- ITC Windsor, Bengaluru - First hotel in the world to receive the prestigious LEED Zero Carbon Certification by USGBC.
- 'Asset-right' growth strategy; robust pipeline of management contracts.



## Paperboards, Paper & Packaging

- Clear market leader in the Indian Paperboards & Specialty Papers industry.
- Fully integrated business model – secure, renewable and cost competitive fibre base, in-house pulp manufacturing.
- India's largest, technologically advanced and most eco-friendly Paper & Paperboards business; 'Make In India' exemplar.
- No. 1 player in the Value-added Paperboards segment.
- 40+ B2B Brands with Innovative & Differentiated Offerings.
- World-class environmental performance; renewable energy consumption and large scale afforestation programmes.
- One-stop packaging solutions provider - diversified manufacturing base and multi-technology platform capabilities.
- Largest value added convertor of paperboard packaging in South Asia.
- Leveraging Industry 4.0 & Digital technologies to improve operational efficiency, reduce wastages and costs.
- Cutting-edge innovation and deep understanding of end-user needs being leveraged for developing sustainable Paperboards & Packaging solutions.

## Agri Business

- Leading Agri Business player in India.
- Pioneer in Rural Transformation.
- Sourcing & Supply operations in 22 states encompassing over 20 agri value chain clusters.
- Largest procurer of wheat after FCI (Food Corporation of India).
- Leveraging Information Technology for the transformational 'e-Choupal' initiative; Empowering over 4 million farmers.
- Quality & Cost-optimised agri commodity sourcing.
- Providing institutional support & empowering grassroots institutions.
- Delivering competitive advantage to ITC's Branded Packaged Foods Businesses - high quality & cost competitive agri-sourcing.
- Focus on scaling up Value-added segment (Processed Fruits, Spices, Aqua, etc.).
- Enhancing competitiveness of domestic value chains through e-Choupal 4.0, a crop agnostic 'phygital' integrated agri solutions platform.
- No 1. leaf tobacco exporter in India (5th largest in the world); One-Stop Shop for Quality Indian Tobaccos; best-in-class profitability
- Pioneering cultivation of Flue-cured and superior Burley tobaccos in India.

## Segment Revenue\*

\*Figures for the year ended 31st March, 2021

₹ 20,333.12 crores  
FMCG-Cigarettes

₹ 14,728.21 crores  
FMCG-Others

₹ 627.51 crores  
Hotels

₹ 5,618.55 crores  
Paperboards, Paper and Packaging

₹ 12,582.24 crores  
Agri Business

For more details on Segment-wise Revenue, Results, Assets and Liabilities, refer to Page 207 of Report and Accounts 2021

ITC'S BRANDSCAPE

# ITC's World-Class Indian Brands

ITC has built over 25 world-class brands across its diversified business portfolio of Branded Packaged Foods, Personal Care Products, Education and Stationery Products and Incense Sticks (Agarbattis) and Safety Matches, garnering an annual consumer spend of over ₹ 22,000 crores.



No.1 in Branded Atta

**Offerings**  
Atta, Salt and Spices, Fresh Dairy under Aashirvaad Svasti



No. 1 in the Bridges segment of Snack Foods (No. 2 overall in Snacks & Potato Chips)

**Offerings**  
Bridges, Potato Chips and Namkeens



No. 1 in Cream Biscuits

**Offerings**  
Biscuits and Cakes



No.1 in Notebooks

**Offerings**  
Educational and Stationery products



No. 2 in Noodles

**Offerings**  
Noodles and Pasta



No. 2 in Deodorants

**Offerings**  
Perfumes & Deodorants



No. 2 in Agarbattis  
No. 1 in Dhoop segment

**Offerings**  
Matches, Dhoop & Agarbatti



₹ 1,200 crores

Significant growth in consumer spends for 'Savlon' portfolio

Source: Nielsen

BUILDING BRANDS WITH PURPOSE



**Savlon Swasth India**  
Healthier Children, Healthier India



**Vivel**  
Women Empowerment



**YiPpee!**  
A Better World



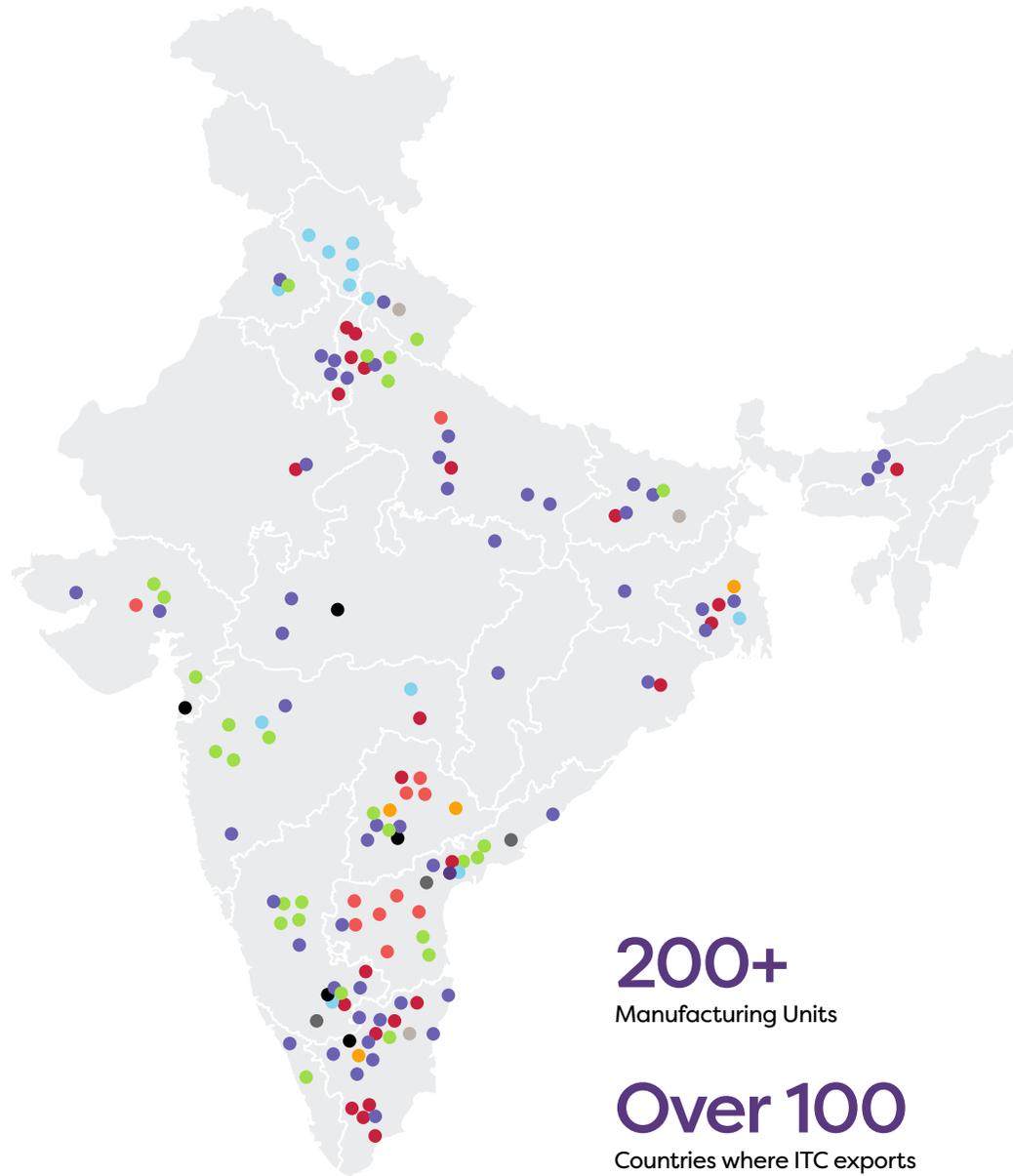
**Mom's Magic**  
Saluting Mothers

OPERATIONAL FOOTPRINT

# Expanding the Operational Canvas

Manufacturing Locations

Agri Business Division (ABD) Agri	●
Agri Business Division (ABD) Tobacco	●
Packaging & Printing Business (PPB)	●
Education & Stationery Products Business (ESPB)	●
Matches and Agarbattis Business (MAB)	●
Paperboards & Specialty Papers Division (PSPD)	●
Foods	●
Personal Care Products Business (PCPB) Division	●
India Tobacco Division	●



**200+**  
Manufacturing Units

**Over 100**  
Countries where ITC exports

Highlights

**FMCG**

Over the years, ITC has invested in setting up multiple Integrated Consumer Goods Manufacturing and Logistics facilities (ICML) towards augmenting its manufacturing and sourcing footprint across categories and will enable its FMCG businesses to rapidly scale up.

These ICMLs provide structural advantages to the Company's businesses by enhancing product freshness, improving market responsiveness, reducing the cost of servicing proximal markets and ensuring the highest standards of product hygiene, safety and quality.

Capacity utilisation at the 9 operational ICMLs is being ramped up along with focused smart manufacturing interventions leveraging automation and Industry 4.0 technologies to drive operational efficiencies, yield and energy management and further enhance safety and quality.

**PAPERBOARDS AND SPECIALTY PAPERS**

Recently, the Bhadrachalam unit augmented its Value-added Paperboards (VAP) capacity by 45000 TPA which will further strengthen its market standing. The additional capacity is expected to be fully deployed in FY2021-22.

**HOTELS**

Construction of 3 properties - ITC Narmada, a Luxury Collection hotel in Ahmedabad and Welcomhotels at Bhubaneswar and Guntur - with around 500 rooms is nearing completion.

During the year, in line with the 'asset-right' strategy, three new properties were added to the portfolio of 'Welcomhotel' brand of ITC Hotels Business - Welcomhotel Bay Island in Port Blair (formerly, Fortune Resort Bay Island), Welcomhotel Shimla, and Welcomhotel Ahmedabad.

## ITC'S VALUE CHAIN

# Building Sustainable Value Chains

As a conglomerate with diversified interests in both products and services businesses, ITC maintains a vertically integrated supply chain for most of its businesses, which facilitates optimum utilisation of raw materials, as well as efficient logistic operations. It also builds on intra-group synergies, which further adds to organisational efficiency. Particularly in the FMCG segment, ITC is powered by:

- Building of digitally-powered and climate-smart agri value chains.
- Smart and agile supply chain.
- Distributed manufacturing and sustainable operations.
- Resilient and robust sales & distribution.

Through a diverse portfolio of food products, anchored on inclusive agri value chains, ITC has helped empower India's farming community with varied interventions. A few examples of how ITC's brands enable inclusive agri value chains include:

- 'Aashirvaad' for wheat and spices.
- 'Bingo!' Snacks for potato.
- 'B Natural', 'Farmland', 'ITC MasterChef' for fruits and vegetables.
- 'Aashirvaad Svasti' for dairy.
- 'Classmate' and 'Paperkraft' for 'Tree to notebook' value chain.

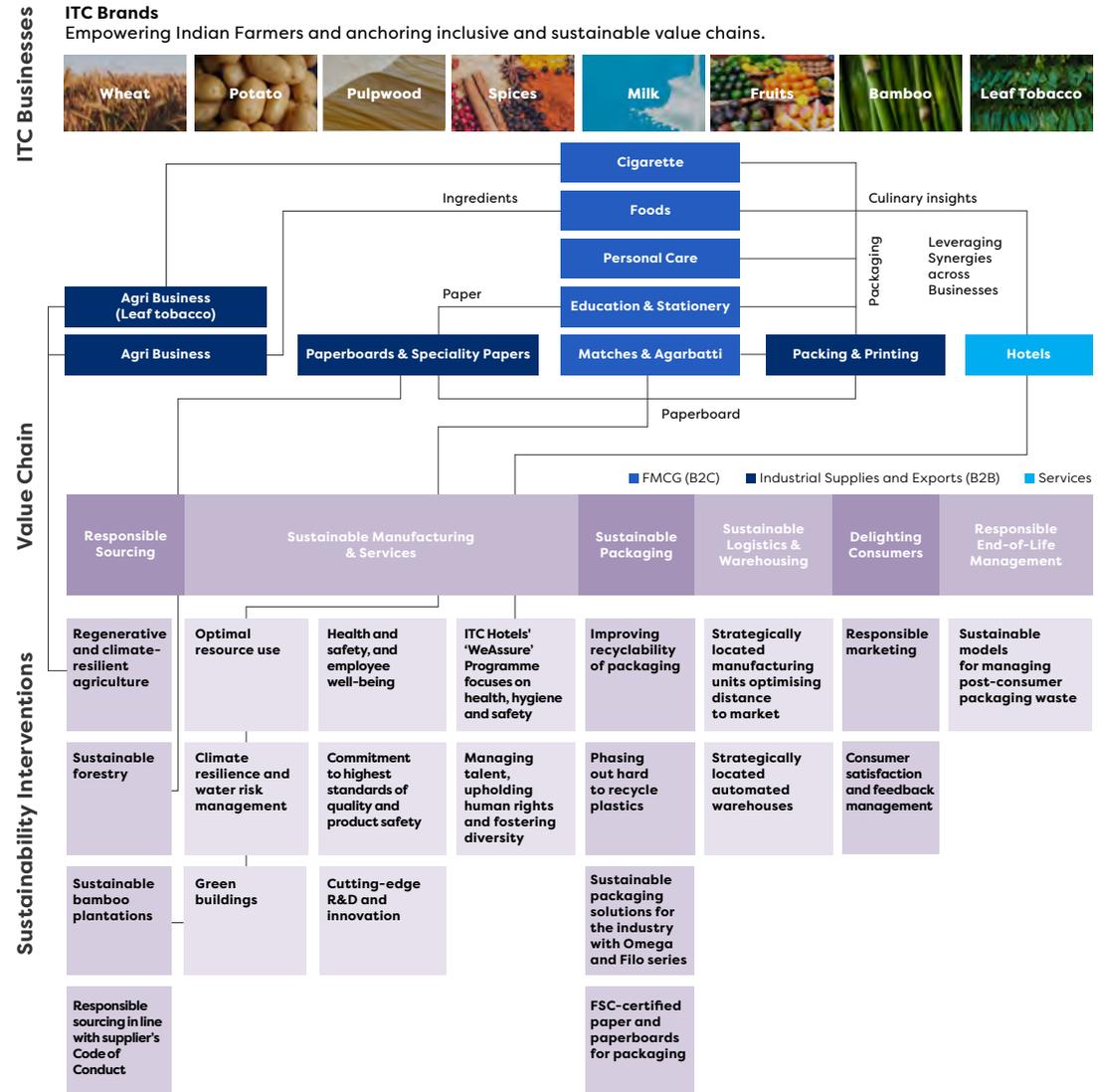
- In addition, 'Mangaldeep' agarbatti support an indigenous bamboo value chain with plantation interventions in North East India.

These vibrant value-chains provide consumers high quality products whilst supporting substantial livelihoods for farmers.

Deep rural linkages and agri-commodity sourcing expertise resident in ITC's Agri Business coupled with the ability to offer differentiated value-added services of identity preservation, traceability and certification continue to be critical sources of competitive advantage.

●● **Sourcing of superior quality of milk laid the platform for launch of premium category milk 'Aashirvaad Svasti Select', which is first-of-its-kind in the country providing complete traceability of milk quality across the supply chain**

## ITC's Vertically Integrated Sustainable Value Chain



## SUSTAINABILITY AMBITIONS

# Building a Collective Future with Sustainability 2.0

As the world prepares for a post-pandemic future, your Company is actively working towards Sustainability 2.0, an agenda which reimagines sustainability under the pressing challenges of climate change and the pandemic.

With a view to 'Building Back Better', Sustainability 2.0 calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change and enable the transition to a net zero economy, work towards ensuring water security for all and create an effective circular economy for post-consumer packaging waste. It also entails protecting and restoring biodiversity.

**The future will certainly belong to purposeful enterprises that constantly build competitiveness with agility and innovation to swiftly respond to shocks, evolving trends and opportunities.”**

Sanjiv Puri,  
Chairman & Managing Director, ITC



## SUSTAINABILITY AMBITIONS

ITC believes that agility in thought and action, meaningful public-private-people partnerships and responsible competitiveness will act as core enablers of this new agenda. With its bold Sustainability 2.0 agenda, ITC is setting the bar higher, and remains committed to making a meaningful contribution to the Nation's future while retaining its status as a sustainable business exemplar.

### Sustainability 2.0 Ambitions: 2030 Targets

## Climate Change

Goal	Key Performance Indicators	Target	Target Year	Baseline Year	Performance 2020-21	Progress	SDG Mapping
50% of Total Energy from Renewable Sources	% of Total Energy Consumed from Renewable Sources	50%	2030	-	41%	On Track	
100% Purchased Grid Electricity Requirements <sup>1</sup> from Renewable Sources	% of Total Electrical Energy (Grid Purchased) from Renewable Sources	100%	2030	-	51%	On Track	
50% reduction in Specific GHG Emissions <sup>2</sup>	% Reduction in GHG Emissions (Scope 1, 2) per Unit of Production	50%	2030	2018-19	Paper Business – 7.4% ↓ Foods Business – 21.4% ↓ Hotels – 4.2% <sup>3</sup> ↑ Agri Business – 1.1% ↓ Packaging & Printing – 30% ↓ Tobacco – 2.0% ↓	On Track	
30% reduction in Specific Energy Consumption <sup>4</sup>	% Reduction in Energy Consumed per Unit of Production	30%	2030	2018-19	Paper Business – 5.5% ↓ Foods Business – 20% ↓ Hotels – 14% <sup>5</sup> ↑ Agri Business – 2.5% ↓ Packaging & Printing – 6.6% ↓ Tobacco – 0.5% ↓	On Track	
Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through ITC's Social and Farm Forestry programme and other such initiatives	Area under Social Forestry (Acres)	630,000	2030	-	394,678	On Track	

↓ Improvement in KPIs ↑ Decline in KPIs

<sup>1</sup> This includes all electricity sources except onsite power from co-generation plant.

<sup>2</sup> For details, refer to 'Building Climate Resilience' section of this report.

<sup>3</sup> For Hotels Business, specific GHG emissions went up because of low occupancy during the pandemic, though absolute GHG emissions has reduced.

<sup>4</sup> For details, refer to 'Building Climate Resilience' section of this report.

<sup>5</sup> For Hotels Business, specific energy consumption went up because of low occupancy during the pandemic, though absolute energy consumption has reduced.

## SUSTAINABILITY AMBITIONS

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### Water Stewardship

Goal	Key Performance Indicators	Target	Target Year	Baseline Year	Performance 2020-21	Progress	SDG Mapping
40% reduction in Specific Water Consumption <sup>6</sup>	% Reduction in Water Consumed per Unit of Production	40%	2030	2018-19	Paper Business – 3.4% ↓ Foods Business - 33% ↓ Hotels – 22.6% <sup>7</sup> ↑ Tobacco – 4.5% ↓	On Track	  
Creation of Rainwater Harvesting Potential equivalent to over 5 times the Net Water Consumption from Operations	Ratio of Rainwater Harvesting Potential created and Net Water Consumed in Operations.	5X	2030	-	4X	On Track	
All Sites in High Water Stressed Areas to be certified as per the International Water Stewardship Standard by AWS (Alliance for Water Stewardship)	No. of AWS Certified Sites	8 sites by 2023 All high-risk sites by 2035	2035	-	1 Site AWS certified. ITC's Kovai unit received the Platinum-level certification in 2019-20. Certification of other Units in Progress	On Track	
Ensure Water Security for All Stakeholders through Watershed Development & Managed Aquifer Recharge	Watershed Area (Acres)	2,200,000	2030	2016-17	1,231,251 (cumulative)	On Track	
	Water Harvesting Structures (Nos)	50,000	2030	2016-17	21,991 (cumulative)	On Track	
	Storage Potential (million kl)	60	2030	2016-17	41.95 (cumulative)	On Track	
Improve Crop Water Use Efficiency in Agri Value Chains through Demand Side Management Interventions	million kls of Water Saved (Annually)	2,000	2030	-	208	On Track	

### Plastic Waste and Circular Economy

Goal	Key Performance Indicators	Target	Target Year	Baseline Year	Performance 2020-21	Progress	SDG Mapping
100% of Packaging to be Reusable, Recyclable or Compostable	% of Plastic Packaging Utilised that is Recyclable, Reusable or Compostable	100%	2028	-	99.9% (less than 0.1% of Packaging Portfolio is Non-Recyclable or Hard to Recycle – Phase out plans in place)  ITC is also actively working to increase the collection and recycling rates for Multi-Layered Plastic (MLP) packaging waste by implementing replicable, scalable and sustainable models of solid waste management	On Track	  
Plastic Neutrality: Enable Sustainable Management of Waste in Excess of the Amount of Packaging Utilised	% of Plastic Packaging Waste Sustainably Managed	>100%	2021	-	80%+	On Track	

↓ Improvement in KPIs ↑ Decline in KPIs

<sup>6</sup> For details, refer to 'Towards Water Security For All' section of this report.

<sup>7</sup> For Hotels Business, specific water consumption went up because of low occupancy during the pandemic, though absolute water consumption has reduced.

## SUSTAINABILITY AMBITIONS

ITC believes that agility in thought and action, meaningful public-private-people partnerships and responsible competitiveness will act as core enablers of this new agenda. With its bold Sustainability 2.0 agenda, ITC is setting the bar higher, and remains committed to making a meaningful contribution to the Nation's future while retaining its status as a sustainable business exemplar.



### Sustainable Agriculture

Goal	Key Performance Indicators	Target	Target Year	Baseline Year	Performance 2020-21	Progress	SDG Mapping
Promote Climate Smart Village Approach in Core Agri-business Catchments	Area Covered (Acres)	3,000,000	2030	2016-17	771,119 (cumulative)	On Track	



### Biodiversity Conservation

Goal	Key Performance Indicators	Target	Target Year	Baseline Year	Performance 2020-21	Progress	SDG Mapping
Revive & Sustain Ecosystem Services and Products provided by Nature, through adoption of Nature-based Solutions and Biodiversity Conservation	Area Covered (Acres)	250,000	2030	-	44,044 (cumulative)	On Track	



### Sustainable Livelihoods

Goal	Key Performance Indicators	Target	Target Year	Baseline Year	Performance 2020-21	Progress	SDG Mapping
Supporting Sustainable Livelihoods for 10 million People by 2030	Sustainable Livelihoods supported (No.)	10,000,000	2030	-	6 million	On Track	

APPROACH TO VALUE-CREATION

# Agile in Creating Enduring Value

Creating Integrated Value	26
Value-creation Model	27
Stakeholder Engagement	28
Materiality Assessment	29
Strategy	30

Over the last five years, the Value-Added by ITC, i.e. the value created by the economic activities of ITC and its employees, aggregated around ₹ 2,39,000 crores of which over ₹ 1,67,000 crores accrued to the Exchequer

ITC partners India’s journey towards inclusive growth with an expanding presence across all three sectors of the economy - agriculture, manufacturing and services. Over the years, ITC’s multiple growth catalysts have been meticulously crafted to match internal competencies with the emerging opportunities of a growing Indian economy.

In agriculture, ITC’s deep engagements with farmers across the country, have empowered million of them. In the manufacturing sector, ITC has created world-class manufacturing facilities in India for its FMCG, Paperboards and Packaging businesses. In the services sector, ITC Hotels is a trendsetter in ‘Responsible Luxury’.

From best-in-class manufacturing facilities, iconic luxury hotels, logistics hubs to Life Sciences and Technology Centre, ITC’s value-generating assets contribute to strengthening ITC’s competitiveness while contributing to the Government of India’s vision for an ‘Atmanirbhar Bharat’.

# Creating Integrated Value

Operating in a Dynamic Environment	Executing an Agile Business Model to Develop a Portfolio of World-class Businesses	Materiality Assessments	Creating Enduring Value for its Stakeholders
<p><b>India is One of the Largest Consumer Markets in the World</b></p> <ul style="list-style-type: none"> <li>Rising disposable income.</li> <li>Over 60% working population.</li> <li>Emerging aspiring and affluent class.</li> </ul> <p><b>Changing consumer Behaviour</b></p> <ul style="list-style-type: none"> <li>Elevated demand for Health &amp; Hygiene, Immunity, and Ayurveda products.</li> <li>With growing urbanisation and higher disposable incomes, discretionary consumption is gaining in momentum.</li> <li>Relatively stronger rural demand.</li> <li>Contactless payment and online shopping becoming the order of the day.</li> <li>Preference for responsible and sustainable products and brands.</li> </ul>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>FMCG</p> </div> <div style="text-align: center;">  <p>Hotels</p> </div> <div style="text-align: center;">  <p>Paperboards</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  <p>Paper and Packaging</p> </div> <div style="text-align: center;">  <p>Agri Business</p> </div> </div> <p><b>Aligned to</b></p> <ul style="list-style-type: none"> <li>Mission, Vision and Core Values.</li> <li>Corporate Objectives and Strategies.</li> <li>Business specific strategies.</li> </ul> <div style="text-align: center; margin-top: 20px;">  <p><b>Levers of Margin Expansion (FMCG)</b></p> </div> <p><a href="#">Refer Section Strategy page 30</a></p>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>Climate-resilient agriculture.</li> <li>Water security for all.</li> <li>Sustainable packaging.</li> <li>Biodiversity management.</li> <li>Climate resilient operations.</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>Consumer experience.</li> <li>Responsible marketing.</li> <li>Sustainable products and brands.</li> <li>Responsible sourcing practices.</li> <li>Sustainable livelihoods.</li> <li>Health and safety.</li> <li>Human rights.</li> <li>Diversity and inclusion.</li> <li>Learning and development.</li> </ul> <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>Ethics and governance.</li> <li>Business success.</li> <li>ESG risk management.</li> <li>Innovation.</li> </ul> <p><a href="#">Refer Section Mitigating risks, managing values page 36</a></p> <p><a href="#">Refer Section Materiality Assessment page 29</a></p>	<p><b>Customers</b></p> <p><a href="#">page 41</a></p> <p><b>Shareholders</b></p> <p><a href="#">page 49</a></p> <p><b>Environment</b></p> <p><a href="#">page 56</a></p> <p><b>Communities</b></p> <p><a href="#">page 70</a></p> <p><b>Human Capital</b></p> <p><a href="#">page 74</a></p> <p><b>Suppliers &amp; Partners</b></p> <p><a href="#">page 78</a></p>

VALUE-CREATION MODEL

# Designed to Deliver with Innovation and Resilience



Capital Created, Preserved and Replenished

STAKEHOLDER ENGAGEMENT

# Strengthening Relationships with All Stakeholders

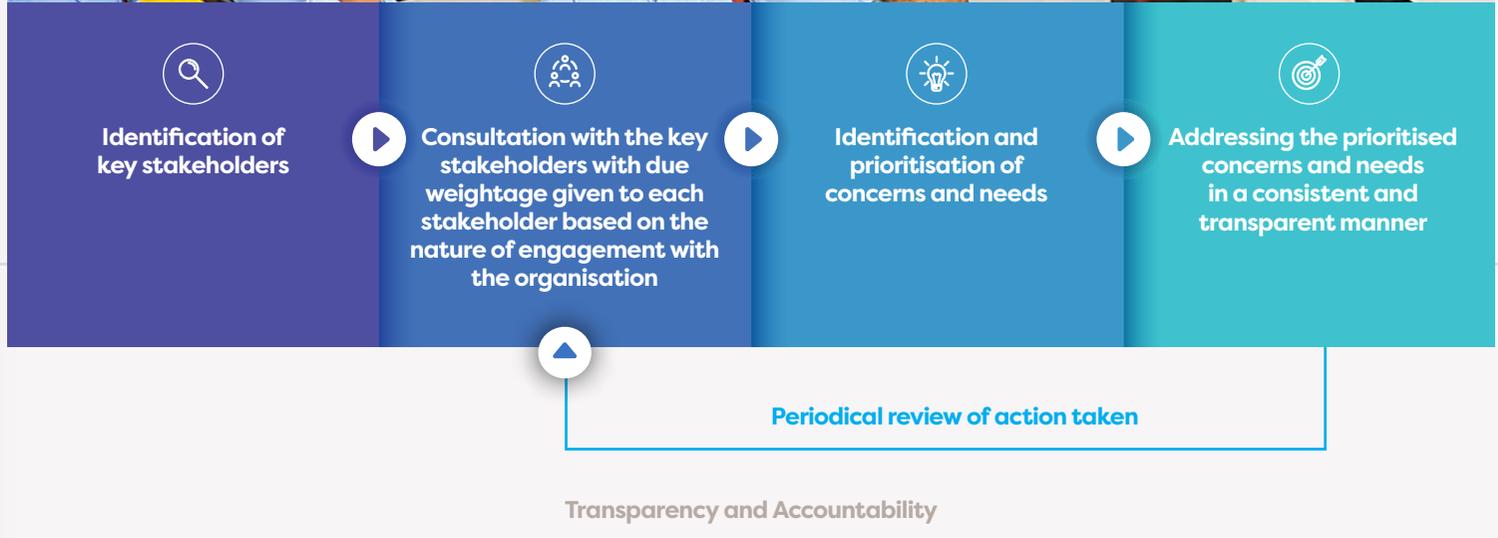
As an Enterprise of Tomorrow, ITC acknowledges its responsibility in meeting stakeholder expectations in today’s fast-changing consumer, political and business landscape. An effective engagement with stakeholder groups plays an important role in ensuring that ITC continues to create larger societal value.

In line with the Board approved policy on stakeholder engagement, ITC has evolved a structured framework for engaging with its stakeholders and fostering enduring relationships with each one of them. ITC’s engagement approach is anchored on the principles of materiality, completeness and responsiveness.

Some of ITC’s key stakeholder groups include shareholders, consumers, farmers, employees, local communities, suppliers, Central and State Governments, regulatory bodies and the media.

The engagement approach takes into cognisance the fact that each stakeholder group is unique and has a distinctive set of priorities. Insights gathered from stakeholder engagements, help validate the Company’s performance and shape new perspectives. For more details, please refer to the [Stakeholder Engagement section of ITC’s Sustainability Report 2021](#).

## ITC’s Process of Stakeholder Engagement



**MATERIALITY ASSESSMENT**

# ITC's Materiality Matrix

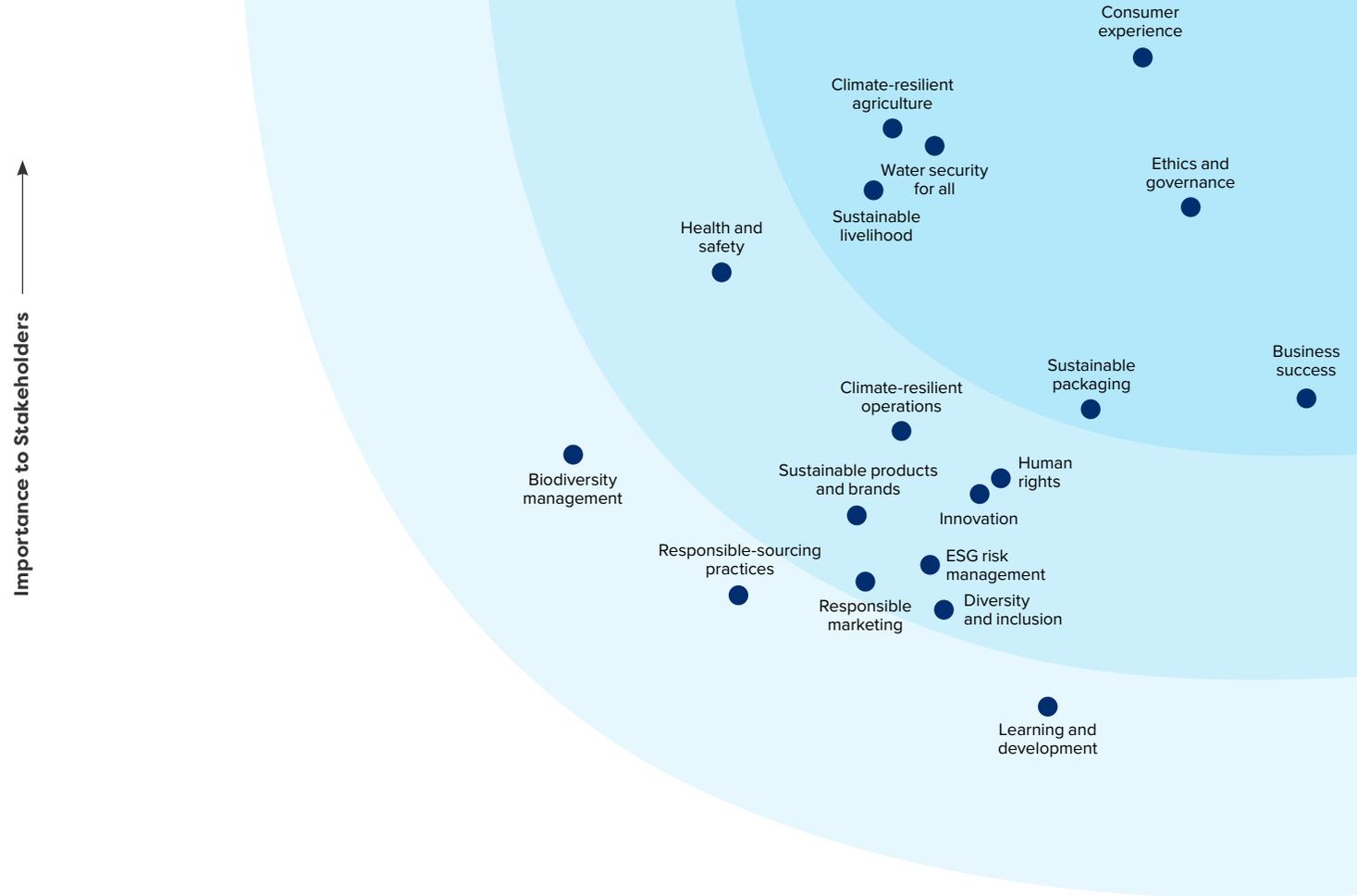
The sensitivity of an issue to stakeholders and to ITC, in terms of importance, forms the basis of the materiality analysis, which in turn guides the processes for identifying, managing and devising specific action plans for addressing these material aspects. The outcome of the materiality analysis is presented in the form of a matrix that depicts the material topics based on two dimensions - importance to stakeholders and importance to ITC's businesses. The topics have been categorised relative to each other and position of each topic represents its relative importance.

In 2019-20, the reassessment of materiality matrix was conducted to reflect the emerging material issues faced by its diverse set internal and external stakeholders. ITC will continue to engage with both internal and external stakeholders on an ongoing basis for a dynamic materiality assessment.

Importance to Stakeholders

Importance to ITC →

The identified material topics have been discussed throughout this Report. For more details, please refer to ITC's Sustainability Report 2021.



STRATEGY

# Agile for Tomorrow

The Company's Strategy of Organisation and governance processes are crafted in a manner that enables focus on each business while harnessing the diversity of the portfolio to create unique sources of competitive advantage.

KEY CORPORATE STRATEGIES

The key pillars of Corporate Strategies are given below:



Growth



Market Standing



Productivity and Cost Management



Digital



Sustainability



Research and Development



People



## STRATEGY

### Corporate Strategies



#### Growth

- Create multiple drivers of growth by developing a portfolio of world-class businesses that best matches organisational capability with market opportunities.
- Blend diverse core competencies residing in various businesses of the Company to enhance the competitive power of the portfolio.
- Proactively pursue acquisition, joint venture and collaboration opportunities in strategic areas towards accelerating growth and value creation.
- Craft disruptive business models and value propositions anchored at the intersection of Digital, Sustainability and institutional strengths.



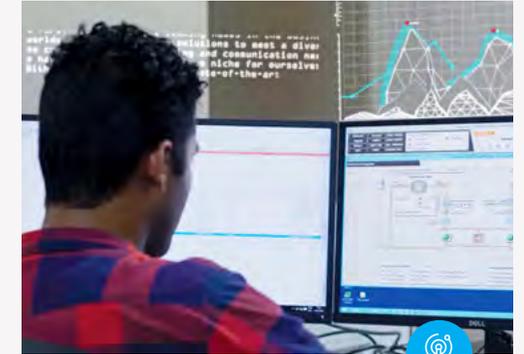
#### Market Standing

- Build a future-ready product portfolio in each business to cater to relevant and emerging segments through continuous innovation.
- Strengthen and expand the Company's portfolio of brands and multichannel distribution network to serve consumers across market segments.



#### Productivity and Cost Management

- Fuel growth and enhance profitability through structural interventions across each element of the value chain with a view to eliminate waste and drive down costs on a sustained basis.



#### Digital

- Institutionalise a data driven and Digital-First Culture across the organisation through foundational interventions such as Digital Council and Young Digital Leaders Forum (YDLF).
- Focus on strategic impact areas spanning Customer Experience; Smart Operations - NextGen agile supply chain, smart manufacturing and sourcing, smart demand capture and fulfilment; Employee Experience; Intelligent Insights platforms.
- Build a robust, secure and scalable digital infrastructure by leveraging new age technologies.

## STRATEGY

### Corporate Strategies



#### Sustainability

- Sustain ITC's status as a global exemplar in sustainable business practices.
- Actively decarbonise operations by enhancing the share of renewable energy usage, reducing specific energy consumption and specific GHG emissions.
- Enhance the Company's resilience against climate change; climate proof agri-value chains and physical assets based on detailed risk assessments through climate modelling.
- Spearhead the water stewardship approach for addressing water security risks of units located in high water stress areas by optimising demand both at the operating plant level as well as the sub-catchment / micro watershed level.
- Build on the Company's track record of being solid waste recycling positive for several years and accelerate the path to achieving 'plastic neutrality' in the short to medium-term.
- ITC's vision to serve larger national priorities is manifest in its strategy to launch multiple drivers of growth across agriculture, manufacturing and services which enables it to make a meaningful contribution to livelihood creation and environmental replenishment.

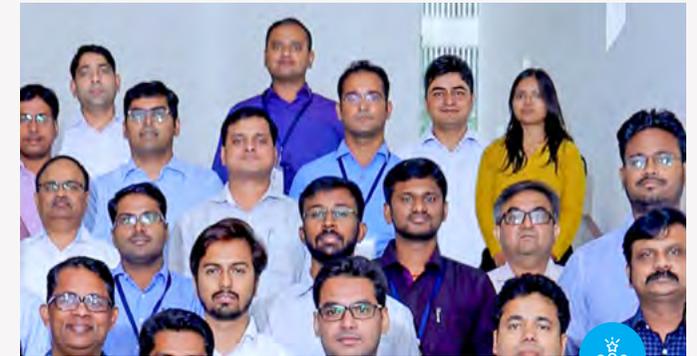
Read more in 'Preserving and Nurturing the Environment'

page 56



#### Research and Development

- Focus on purposeful inventions, innovations and collaborations sharply aligned with business strategy, as a key driver of impactful growth; execute strategic action plans with speed and agility.
- Develop science-based platforms embedding sustainability and digitalisation strategies with a view to securing long-term competitiveness for each business.



#### People

- Create a shared mind-set across the organisation where people are inspired, engaged and aligned to the Company's Mission, Vision, Values and Strategic Agenda.
- Build a high performance, customer-centric organisation and nurture a culture of creativity and innovation that enables the organisation respond proactively to rapid changes in the environment.
- Develop capabilities and competencies for the future in order to enhance competitiveness and win in the markets of tomorrow.
- Build a talent pipeline across levels to meet the growing and diverse requirements in an extremely competitive talent market.
- Leverage the recent experience of remote working and provide employees the added flexibility of switching between the conventional and 'work from home' modes, in roles and situations where feasible.
- As a merit-based, equal-opportunity employer, offering a workplace free from any discrimination, encourage and enhance the participation of women and differently abled people in the workforce through concerted and focused actions.

Read more in 'Workforce of Tomorrow'

page 74

## STRATEGY

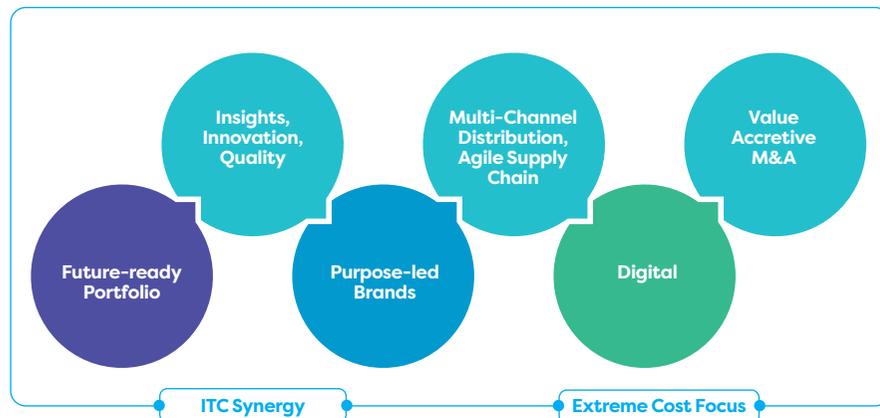
### ITC's business priority areas



#### FMCG

- Build a robust FMCG Business anchored on **strong growth platforms** and a **future-ready portfolio**.
  - » **Fortify the Core:** strengthen market standing in existing categories.
  - » **Address adjacent opportunities:** leverage powerful and extendable mother brands.
  - » **Build the 'New Core':** scale up nascent categories such as Dairy & Beverages, Chocolates, Coffee, Home Care, Skin Care etc.
- Build **brands** powered by **purpose** and **innovation**.
- Leverage the **power of digital** and **cut-through communication** to drive superior consumer insights & innovation, deeper consumer engagement and enhance brand loyalty.
- Leverage **world-class distributed infrastructure, multi-channel distribution network, delaying operations, smart buying & value engineering** and **smart manufacturing**.
- Cutting-edge R&D at the Company's LSTC, leveraging science based platforms are driving purposeful innovation and enabling agility to swiftly introduce differentiated & first-to-market products, catering to constantly evolving consumer needs.

Read more in Management Discussion and Analysis section on [Page 48](#) of Report and Accounts 2021



#### Paperboards, Paper & Packaging

- Drive **cutting-edge innovation** towards developing **sustainable paperboards and packaging solutions** for specific end-user segments by leveraging ITC LSTC capability and external collaborations.
  - » **Decarbonising operations** by enhancing renewable energy usage leveraging investments in wind and solar power, green boiler, soda recovery boiler.
  - » Leveraging a **diversified manufacturing base** and **multi-technology platform** capabilities.
  - » Stepping up investments in **Industry 4.0 & Digital technologies** to enhance operational efficiency, reduce wastage and costs.
- Sustain **market leadership** and **competitive advantage** by
  - » Augmenting the **value-added portfolio**.
  - » Scaling up the **renewable** and **cost-effective fibre base**.
  - » Leveraging **in-house pulp** and **blown film manufacturing** capabilities.

Read more in Management Discussion and Analysis section on [Page 72](#) of Report and Accounts 2021



## STRATEGY

### ITC's business priority areas



#### Hotels

- Pursue an **'asset-right' strategy** to accelerate growth while reducing the capital intensity of the business.
- Ensure the **highest standards of hygiene and safety** across all properties to reassure guests and bounce back strongly in the new normal.
- Leverage investments in **state-of-the-art digital infrastructure** with a view to enhancing guest experience, increasing brand awareness, augmenting distribution.
- Continue to deploy **structural interventions** across all nodes of operations towards driving significant **cost reduction**.

Read more in Management Discussion and Analysis section on Page 68 of Report and Accounts 2021



#### Agri Business

- **Develop a future-ready portfolio of value added agri products to accelerate growth and enhance value capture.**
  - » strengthen and customise supply chains for traceable and identity preserved sourcing of agri-commodities.
- **Develop a robust business model to scale up e-Choupal 4.0** – a crop-agnostic 'phygital' integrated agri solutions platform to deliver customised solutions to the farming community, create new and scalable revenue streams and re-engineer commodity sourcing through a robust network of Farmer Producer Organisations.
- **Develop NextGen Indian agriculture** anchored on digitally powered and climate smart agri value chains along with appropriate market linkages.
- Deliver **sustainable competitive advantage to ITC's FMCG Businesses** – high quality & cost competitive agri-sourcing.

Read more in Management Discussion and Analysis section on Page 80 of Report and Accounts 2021



## STRATEGY

### Strategic Risk Management

As a diversified enterprise, ITC continues to focus on a system-based approach to business risk management. The management of risk is embedded in the corporate strategies of developing a portfolio of world-class businesses that best match organisational capability with market opportunities, focusing on building distributed leadership and succession planning processes, nurturing specialism and enhancing organisational capabilities through timely developmental inputs.

Accordingly, management of risk has always been an integral part of ITC's 'Strategy of Organisation' and straddles its planning, execution and reporting processes and systems. Backed by strong internal control systems, the current Risk Management Framework consists of the following key elements:

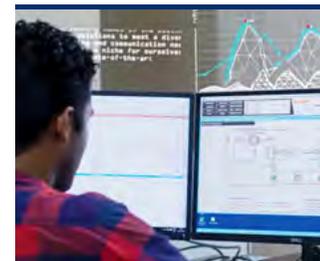
- The Corporate Governance Policy approved by the Board, clearly lays down the roles and responsibilities of the various entities in relation to risk management covering a range of responsibilities, from the strategic to the operational.
- The Risk Management Committee, constituted by the Board, monitors and reviews the strategic risk management plans of ITC as a whole and provides necessary directions on the same.
- The Corporate Risk Management Cell, through focused interactions with businesses, facilitates the identification and prioritisation of strategic and operational risks, development of appropriate mitigation strategies and conducts periodic reviews of the progress on the management of identified risks.
- The annual planning exercise requires all businesses to clearly identify their top risks and set out a mitigation plan with agreed timelines and accountabilities. Businesses are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.



#### Risk Management System

ITC endeavours to continually sharpen its Risk Management systems and processes in line with a rapidly changing business environment. In this regard, it is pertinent to note that some of the key businesses of ITC have adopted the ISO 31000 Standard and accordingly, the Risk Management systems and processes prevalent in these businesses have been independently assessed to be compliant with the said global Standard on Risk Management. During the year, the Businesses transitioned from the erstwhile ISO 31000:2009 Standard to the revised ISO 31000:2018 Standard. This intervention provides further assurance on the robust nature of risk management practices prevalent in the Company.

The centrally anchored initiative of conducting external independent reviews of key business processes with high 'value at risk' continued during the year.



#### Cyber Security Committee

A Cyber Security Committee, chaired by the Chief Information Officer, is in place to provide specific focus on cyber security related risks, with the primary responsibility of tracking emerging practices and technologies and provide suitable recommendations for enhancing security of the IT systems and infrastructure. The Chief Information Officer, is invited to all the Risk Management Committee meetings and is responsible for ensuring that the Cyber Security systems of ITC remain effective and contemporary.

 For more information on the Risk Management Framework, please refer to the Risk Management section on Page 96 of the Report of the Board of Directors forming part of ITC's Report and Accounts 2021.

STRATEGY

# Mitigating Risks, Managing Value

## Increasing complexity of operations

Key Risk	Material issues linked	Risk Mitigation Strategy
Increasing complexity of operations in the context of a highly diversified business portfolio.	Business success, Innovation, Sustainable Products and Brands, Ethics & Governance, ESG Risk Management, Learning and Development.	<ol style="list-style-type: none"> <li>ITC's Strategy of Organisation and three-tier governance structure ensure that:                             <ul style="list-style-type: none"> <li>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.</li> <li>Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focussed and energised; and</li> <li>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.</li> </ul> </li> <li>ITC believes that the right balance between freedom of management and accountability to shareholders can be achieved by segregating strategic supervision from strategic and executive management.</li> <li>The governance framework of the Company enables each business to focus on its operating segments, while harnessing the diversity of the Company's businesses to create unique sources of competitive advantage.</li> <li>Drive synergistic growth and enhance the competitive power of the portfolio by blending the diverse skills and capabilities residing in the various Businesses of the Company.</li> </ol>

## Delivering superior performance

Key Risk	Material issues linked	Risk Mitigation Strategy
Delivering superior performance amidst heightened competitive intensity.	Business success, Ethics & Governance, Sustainable Products and Brands, Consumer Experience, Innovation, Responsible Sourcing Practices, ESG Risk Management, Innovation.	<ol style="list-style-type: none"> <li>Deep understanding of consumer preferences and customer needs through robust consumer insight discovery processes and close collaboration with key customers.</li> <li>Purposeful innovation for impactful business outcomes powered by focused R&amp;D platforms nurtured by LSTC and robust product development processes at the Business level.</li> <li>Future-ready portfolio addressing existing and emergent consumer needs anchored on world-class B2C and B2B brands; continual premiumisation of portfolio with enhanced focus on value-added products.</li> <li>Distributed and state-of-the-art manufacturing facilities and an agile and responsive supply chain.</li> <li>Multi-channel go-to-market model; focused investments in augmenting capability in emerging channels such as e-Commerce, Modern Trade, Food Services, On-the-Go etc.</li> <li>Integrated business model with strong backward linkages, as applicable.</li> <li>Seamless access to institutional strengths resident in various businesses of the Company to drive synergistic growth and enhance the competitive power of the portfolio.</li> <li>Increasing use of digital technologies spanning the strategic impact areas of Customer Experience, Smart and Agile Manufacturing &amp; Supply Chain Operations, Employee Engagement and Intelligent Insights Platforms.</li> <li>Sustainable business practices embedded in business strategy; Sustainability 2.0 agenda set with bolder goals to sustain the Company's status as a global exemplar in Triple Bottom Line performance.</li> <li>Relentless focus on strategic cost management and enhancing productivity across the value chain.</li> <li>World-class, diverse and highly motivated talent pool of professional entrepreneurs - 'preneurs'.</li> </ol> <p><i>Please refer to write-ups on each operating Segment in the Report of Directors &amp; Management Discussion and Analysis for further details</i></p>

**STRATEGIC RISK MANAGEMENT**

**Attracting and retaining the best talent**

Key Risk	Material issues linked	Risk Mitigation Strategy		
Attracting and retaining the best talent in a competitive market.	Learning & Development, Diversity & Inclusion, Health & Safety, Human Rights.	<ol style="list-style-type: none"> <li>1. Strengthening and communicating ITC's talent proposition about 'Building Winning Businesses. Building Business Leaders. Creating Value for India'.</li> <li>2. Providing meaningful and challenging roles which enrich individual capability and act as a powerful incentive to stay, learn and grow.</li> <li>3. Building a robust talent pipeline across responsibility levels through requisite quality in key roles, depth of bench and reliable succession plans.</li> </ol>	<ol style="list-style-type: none"> <li>4. Investments in capability building of managers through access to the best-in-class upskilling programmes and development interventions, hence providing the confidence to talent that ITC offers an enriching learning environment.</li> <li>5. Recognising and nurturing Specialism so that employees who wish to focus on niche, business critical skills can continue to grow in their area of expertise.</li> </ol>	<ol style="list-style-type: none"> <li>6. Benchmarking compensation to the relevant market periodically, ensuring strong alignment with short-term and long-term performance, particularly at senior levels and ring-fencing top talent.</li> <li>7. Energising and nurturing pride in membership through frequent leadership outreach to managers.</li> </ol>

**Employee relations/disputes**

Key Risk	Material issues linked	Risk Mitigation Strategy		
Employee relations/disputes impacting operations and productivity.	Learning & Development, Diversity & Inclusion, Health & Safety, Human Rights.	<ol style="list-style-type: none"> <li>1. Nurturing a collaborative employee relations culture through participative forums which foster employee involvement in operations and create greater commitment to shared goals.</li> <li>2. Recognition of the collective bargaining process, and engagement with employee representatives in the spirit of finding mutually acceptable solutions.</li> </ol>	<ol style="list-style-type: none"> <li>3. Ensuring grievance management systems and compliance with principles of natural justice in dealing with grievances and complaints.</li> <li>4. Wages based on region cum industry benchmarks, competitive context of the Business and a reasonable portion of it aligned to performance.</li> </ol>	<ol style="list-style-type: none"> <li>5. Communication of ITC's principle-based employee relations systems to managers and workmen.</li> </ol>

**Climate Change and Sustainability Risks**

Key Risk	Material issues linked	Risk Mitigation Strategy		
<p>Climate Change and Sustainability Risks</p> <ol style="list-style-type: none"> <li>1. Direct impact on operations and business on account of critical sustainability risks like climate change, water security, plastic waste, disruption in supply chain and sourcing.</li> <li>2. Vagaries of weather caused by climate change impacting crop cycles, output and productivity.</li> </ol>	Water Security for All, Climate Resilient Agriculture, Climate Resilient Operations, ESG Risk Management, Sustainable Packaging, Biodiversity management, Sustainable Products and Brands, Responsible Sourcing Practices.	<ol style="list-style-type: none"> <li>1. Continue to focus on energy conservation and enhancing the share of renewables in ITC's total energy requirement.</li> <li>2. Enhance efficiency by monitoring the carbon footprint of operations, optimise distribution networks and work towards building resilience against the impacts of climate change;</li> <li>3. Adoption of water stewardship approach to achieve water security for its stakeholders within the defined catchment areas of units located in high water stress areas.</li> </ol>	<ol style="list-style-type: none"> <li>4. Design products and packaging in a manner that improves recyclability especially for plastic packaging and create a time bound road map such that 100% of packaging is reusable, recyclable or compostable.</li> <li>5. Comprehensive programmes on social forestry, soil and moisture conservation, biodiversity conservation and sustainable agriculture.</li> <li>6. Enabling sustainable management of waste and operationalise Reduce-Reuse-Recycle waste-management model.</li> </ol>	<ol style="list-style-type: none"> <li>7. Securing agri value chains for ITC's major crops and continue to collaborate with supply chain partners for responsible sourcing.</li> <li>8. Contingency planning in supply chain.</li> <li>9. Micro segmentation of growing zones and developing appropriate package of practices and precision farming techniques to mitigate impact of weather.</li> <li>10. Development of drought tolerant and high yielding varieties to improve productivity by adopting micro region-specific agronomic practices.</li> </ol>

**STRATEGIC RISK MANAGEMENT**

**Disruption across the value chain**

Key Risk	Material issues linked	Risk Mitigation Strategy
<p>Disruption across the value chain arising out of unforeseen events like the COVID-19 pandemic.</p>	<p>Business Success, Consumer Experience, Health &amp; Safety, Responsible Sourcing, Sustainable Livelihoods &amp; ESG Risk Management.</p>	<ol style="list-style-type: none"> <li>The safety and well-being of our employees and trade partners is accorded paramount importance. Key measures include: maximising 'Work From Home'; issuance of comprehensive advisories and implementation of safety protocols across all nodes of operations; safe transportation arrangement for employees at factory locations; restrictions on travel; medical assistance including access to company doctors for consultation; setting up COVID care centres; Company-wide vaccination drives; conduct of wellness/mental health programmes. ITC COVID Response App has been rolled out, serving as a single point of information on all COVID-19 related matters concerning employee well-being and safety. Employees, trade partners, transporters and their associates have been provided extensive training in social distancing and personal protection. The Company also extended financial support to its trade partners for obtaining a COVID-19 Insurance cover for their associates.</li> <li>Cross-functional Crisis/Contingency Management Teams, both at the Business as well as at the Corporate level for continually reviewing strategic, operational, and financial matters.</li> <li>Business continuity plans for securing key material supplies including usage of substitute materials, identification of alternate/domestic vendors, identification and activation of potential alternative manufacturing capacities to supplement existing facilities.</li> <li>Close monitoring of emergent consumer trends backed by robust innovation and research platforms of ITC's Life Sciences &amp; Technology Centre (LSTC) along with strong product development capabilities at the Business level.</li> <li>ITC Agri Business's wide geographical spread, multiple sourcing models, extensive sourcing and supply chain network and associated infrastructure in key growing areas coupled with deep-rooted farmer linkages.</li> <li>Leveraging digital technologies for agile operations including areas such as remote monitoring, conducting training, augmenting sales force capability, facilitating digital ordering and trade engagement etc. to minimise risk of contact as well as to facilitate operations with lower manpower availability.</li> <li>Distributed manufacturing base across the country and flexible operations to serve markets efficiently.</li> <li>"WeAssure" programme, designed to reassure guests of best-in-class hygiene and safety standards, rolled out across all operating hotels.</li> <li>Supporting local communities and supply chain partners during the pandemic.</li> </ol>

**Impact of high taxation on legal cigarette industry**

Key Risk	Material issues linked	Risk Mitigation Strategy
<p>Impact of high taxation and stringent regulations on legal cigarette industry in India</p> <ol style="list-style-type: none"> <li>Sub-optimisation of revenue potential of the tobacco sector due to shift in consumption to lightly taxed/ tax-evaded tobacco products.</li> <li>Fillip to contraband cigarette trade in India due to attractive arbitrage opportunities; significant loss of revenue to the exchequer.</li> <li>Subdued demand for Indian tobacco due to pressure on legal cigarette industry volumes; adverse impact on farmer earnings and livelihoods dependent on tobacco value chain.</li> </ol>	<p>Responsible Marketing, Business Success, Ethics &amp; Governance.</p>	<ol style="list-style-type: none"> <li>Engagement with policy makers for an equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies that balance the economic imperatives of the country and tobacco control objectives, having regard to the unique tobacco consumption pattern in India; highlighting the growing threat of illegal and smuggled cigarettes.</li> <li>Corporate strategy to create multiple growth drivers by developing a portfolio of world-class businesses, matching organisational capabilities with market opportunities</li> </ol>

**STRATEGIC RISK MANAGEMENT**

**Corporate and Brand Reputation**

Key Risk	Material issues linked	Risk Mitigation Strategy	
Risks arising due to inadequate protection against malicious attacks, misinformation or misrepresentation, including those on social media. This can impact ITC's customer loyalty/ consumer franchise.	Consumer Experience, Business Success, Responsible Marketing, Sustainable products and brands.	<ol style="list-style-type: none"> <li>1. Structured and targeted media-engagement plan in place.</li> <li>2. Effective engagement and responsible advocacy with stakeholders on issues relating to ITC's products, services, initiatives and business practices.</li> <li>3. Leveraging publicly available web applications and dedicated brand advocacy platforms to disseminate information about ITC and its brands digitally.</li> </ol>	<ol style="list-style-type: none"> <li>4. Sustained communication of ITC's commitment to the protection of the environment and wellbeing of society and stakeholders.</li> <li>5. Robust mechanisms in place to counter any fake or malicious media posts, including in social media, that can impact the reputation of ITC, its businesses and brands.</li> </ol>

**Market risks, credit risks and liquidity risks**

Key Risk	Material issues linked	Risk Mitigation Strategy	
Market risks, credit risks and liquidity risks impacting ITC's operations and revenues.	Ethics & Governance.	<ol style="list-style-type: none"> <li>1. Robust risk management practices in place, governed by a combination of centrally issued policies and standard operating procedures at the Business level.</li> <li>2. Centralisation of treasury operations for the deployment of surplus liquidity and management of forex exposures within a well-defined risk management framework.</li> <li>3. Independent and regular internal audits, supported by project and IT audits, and Risk Management Cell.</li> </ol>	<ol style="list-style-type: none"> <li>4. Comprehensive framework in place to manage risks arising out of commodity sourcing and agri-commodity trading (including effective market monitoring systems, continuous tracking of net open positions and 'value at risk' against approved limits, use of futures contracts, backward integration and in-house manufacturing).</li> <li>5. Large and diverse customer base leading to diversification of risk.</li> <li>6. Zero-debt Balance Sheet with strong cash generation from operations.</li> </ol>

**Disruption of business operations**

Key Risk	Material issues linked	Risk Mitigation Strategy	
Disruption of business operations due to non-availability of critical Information Technology (IT) systems and cyber attacks.	Ethics & Governance, ESG Risk Management.	<ol style="list-style-type: none"> <li>1. Identification of critical IT systems and establishing robust IT Continuity Plans along with periodic review and testing thereof.</li> <li>2. Implementation of contemporary security practices and technologies.</li> <li>3. ITC Corporate Data Centres are ISO 27001 certified providing an independent third party assurance of the effectiveness of the Company's information security management system (ISMS).</li> </ol>	<ol style="list-style-type: none"> <li>4. IT Security controls have enabled secure 'Work From Home' regime and facilitated uninterrupted business operations.</li> <li>5. Periodic review of ITC's IT security posture by an independent third party expert specialising in Information Security along with time-bound implementation of recommendations.</li> </ol>

VALUE-CREATION FOR STAKEHOLDERS

# Agile in Reimagining Sustainability

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ITC is now a part of Dow Jones Sustainability Emerging Markets Index - a recognition of being a sustainability leader in the industry.

Combining deep-rooted insights, perspectives and on-ground managerial expertise with meaningful collaborations and partnerships, ITC has created sustainable, scalable and replicable business models. This has enabled the Company to support sustainable livelihoods for more than 6 million people.

ITC also recognises the urgent need to combat climate change and the role it can play in enabling a net-zero economy. Over the last two decades, ITC's large scale efforts have resulted in empowerment of over 4 million farmers through its revolutionary e-Choupal ecosystem, greening of over 876,000 million acres through Social and Farm Forestry Initiative, and bringing soil and moisture conservation measures to over 1.23 million acres through Integrated Watershed Development. Company's holistic and sustainable waste management models enabled recycling of more than 78,000 MT of dry waste in FY 2020-21.

# Delighting Customers

The pandemic has significantly changed consumer lifestyles, with the demand for health, hygiene and wellness rising exponentially. These drivers spur the need for consumer companies to adapt quickly, innovate smartly and deliver with a solution-centric mindset. ITC continues to leverage LSTC's strong innovation engine to build a robust portfolio of value-added products that address emerging consumption trends.



## Developing New and Differentiated Value Propositions for Customers

ITC has been at the forefront of addressing emerging consumer needs during the pandemic through:

- Diverse and differentiated brands.
- Customised products, addressing the evolving aspirations of Indian consumers.
- Product development powered by Innovation.
- Premiumisation of the portfolio while simultaneously focusing on expanding market share.
- Efficient supply chain and expanding distribution network.

Emerging consumer trends include:

1. Need for Immunity-enhancing products.
2. Prioritising hygiene and sanitation.
3. Due to increased at-home consumption, consumers are seeking products that help reduce cooking time and effort.
4. Consumers are also seeking to re-create dining-out experience at home.

During the year, the Company launched over 120 new and innovative product offerings in record time addressing several of these emerging trends.

### PRODUCT LAUNCHES-FMCG



'YiPee!' Saucy Masala Noodles, in unique red colored noodle blocks, with a drizzle of tomato sauce



'Sunfeast Dark Fantasy' Choco Chip and Choco Nut Fills biscuits comprising a combination of cashews, almonds and hazelnuts



'B Natural Juices' and ready-to-drink soups with a clinically proven ingredient that supports immunity



'Aashirvaad Svasti' 'Select Milk' with the added assurance to consumers through ready online access of quality report for each pouch



Aashirvaad' ready-to-eat range of breakfast and snacking meals made with the goodness of grains and vegetables - Khatta Meetha Poha, Veggie Upma, Mini Idli Sambar, Suji Halwa with Jaggery;



'Sunfeast Caker' an exciting range of cakes with variants such as Trinity and Swiss Roll



Range of organic dals and pulses under 'Aashirvaad Nature's Super Foods'



Range of frozen snacks and all-purpose gravies under 'ITC Master Chef'



Savlon Surface Disinfectant Spray, a first-to-market offering, was rapidly scaled up across markets achieving clear market leadership



Other innovative first-to-market product launches include Mangaldeep agarbattis 'Lo Smoke' variant that emits 80% lesser smoke, interactive Classmate Origami notebooks

## DELIGHTING CUSTOMERS

### Consistent Innovation Provides the Winning Edge

In the context of the current pandemic, LSTC researchers and product development teams continue to enable ITC businesses deliver a range of differentiated and superior quality products.

The future-ready scientific platforms in hygiene, health & wellness and immunity are constantly innovating to evolve new next generation product offerings to serve consumer needs. LSTC has created long-term research platforms to evolve multi-generation product concepts. New synergistic value chains in health, nutrition and sensory sciences have been created to propel future growth to develop food products without compromising on sensory attribute.

#### SUSTAINABILITY MEETS INNOVATION: ITC'S PAPERBOARDS, PAPER AND PACKAGING BUSINESS

In line with its pursuit of providing sustainable packaging solutions to consumers, ITC's Paperboards & Specialty Papers Business launched antifungal soap packaging paper designed to replace single use plastics.

The Business also scaled up its new product launches in the previous year comprising recyclable paperboards, 'FiloPack' and 'FiloServe' for the food delivery and food service segments respectively and biodegradable paperboards, 'OmegaBev' and 'OmegaBarr', which are alternatives to plastic coated containers, cups and other deep freeze applications.

ITC is actively engaged in developing suitable paper/paperboard as well as barrier-coated substrates that can replace single-use plastics. Further, the Business

Advances in materials chemistry, paper science, agronomy and process science have led to compelling propositions to indigenously value-add and create environmentally friendly solutions for Education & Stationery Products (ESPB) and Matches & Agarbatti (MAB) businesses.

ITC's unique competencies in Materials and Packaging have focused on delivering innovative recyclable flexible packaging and bio-compostable coating solutions in line with the environmental sustainability agenda.

has also developed antiviral paper for applications in pharma and education & stationery businesses which is in the process of commercialisation.

The Packaging Business in collaboration with LSTC has developed unique and novel solutions including Bio-seal (bio- compostable packaging solution for Quick Service Restaurants, personal care and packaged foods industries) and Oxyblock (a recyclable packaging solution with enhanced barrier properties for packaged foods, edible oils, etc.).



**ITC is actively engaged in developing suitable paper/paperboard as well as barrier-coated substrates that can replace single-use plastics.**



## DELIGHTING CUSTOMERS

### Delivering Future-ready Products Aimed at Health & Hygiene

ITC'S LSTC is at the forefront in leveraging science platforms to execute robust R&D strategies that embed sustainability and digitalisation, in order to secure long-term competitiveness for each

business. Innovations and collaborations aligned with business strategies are key drivers of impactful growth.



#### ITC'S HYGIENE PORTFOLIO

ITC's Savlon brand fast tracked innovation in line with emerging consumer needs, rapidly scaled up capacity and swiftly positioned new innovations in the market. Examples include Savlon Surface Disinfectant Spray, Savlon Clothes Disinfectant Spray, Savlon Spray and Wipe, Savlon Germ protection Wipes, Savlon Hexa Hand Sanitizer, Savlon Hexa Advanced Bodywash, Savlon Pichkiao, Nimwash among others.

Responding to the growing preference for natural products, ITC has expanded its homecare portfolio crafted with Neem which includes:

- Nimyle floor cleaner with 100% natural action, which is now certified by the prestigious authority in green products, TUV-Nord India.
- Nimwash vegetable & fruit wash and its most recent introduction Nimeasy dishwashing gel.

Nimyle is the No.1 brand of floor cleaner in the states of West Bengal and Odisha, while continuing to gain traction in new markets. The range was augmented with the launch of a lemongrass fragrance variant.



#### 'WEASSURE' GROWS FROM STRENGTH TO STRENGTH

The 'WeAssure' programme, designed in collaboration with medical professionals and disinfectant experts, was rolled out to reassure guests and to provide best-in-class experience in hygiene and safety at ITC's iconic Hotels. Under this initiative, stringent protocols and visible markers of safety across all guest touch points have been implemented demonstrating ITC Hotels' commitment to well-being and safety of all its stakeholders. Further, investments in digital assets and contactless technologies were made to significantly reduce touchpoints during check-in, check-out, stay as well as usage of F&B facilities. State-of-the-art

technology has been deployed to provide a pathogen free environment in each property, thereby re-assuring guests and associates of the highest standards of safety.

●●  
**The 'WeAssure' programme, certified by M/s. DNV (one of the world's leading certification bodies), is benchmarked to world-class standards in the areas of health, hygiene, safety & pathogen management, and achieved a Platinum Level certification.**

## DELIGHTING CUSTOMERS

### ITC Foods Business' Four Pillar Model for a Healthier, Happier India

ITC supports the development of value-added product portfolio, sustainable food systems, healthy communities and a healthy planet. This is deeply embedded in the core business strategy of ITC's Foods Business and is reflected in the below 4-pillar model. These pillars are:

#### Developing a Healthier Product Portfolio

SDGs impacted



#### Sustainable Food Ecosystem

SDGs impacted



#### Community Health Initiatives

SDGs impacted



#### Consumer & Employee Awareness Initiatives

SDGs impacted



#### DEVELOPING A HEALTHIER PRODUCT PORTFOLIO- FEW HIGHLIGHTS

More than 70% of ITC food products portfolio has goodness of at least one key vital macro/micronutrient.

More than 60% of ITC food products provides goodness of protein.

94% of ITC biscuits portfolio has goodness of vital micronutrients and/ or Protein & Fibre.

#### Products with a special focus on goodness of Protein & Fibre

85% of biscuits & cakes portfolio has goodness of protein

88% of Sunfeast Farmlite range is rich in fibre

100% of Noodles & pasta portfolio is a source of protein.

YiPPee! Power up Atta Noodles is rich in fibre. 100% of Atta portfolio is a source of Fibre & Protein.



#### Developing a Healthier Product Portfolio

ITC's healthier product portfolio impacts the lives of million every day. These are in line with the UN SDG 3 – Good Health & Well Being.

The key highlights of the product portfolio include:

#### Enhancing the Fortified/Value-added Portfolio

Impactfully increase the overall contribution of the enriched, fortified and naturally rich product portfolio in power categories. This will have a clear focus on key nutrients of public health importance like protein, fibre, iron, iodine, calcium, zinc, vitamins A, D, and B, amongst others.

#### Reductions

##### Salt Reduction

ITC committed in 2018 to reduce salt by 5% from the current levels in 75% of its snack and instant noodles portfolio by 2020. Against this commitment, approximately 97% of instant noodles has been already reformulated with 5% lesser sodium and 75% of the snack portfolio has been

reformulated in line with the commitment. By 2023, ITC has further committed to reduce the sodium by 5%, targeting a total reduction of 10%.

##### Sugar Reduction

ITC committed in 2018 to reduce sugar by 5% in 75% of its biscuits & beverage portfolio by 2020. In line with this commitment, around ~75% of the biscuits portfolio has achieved an average of 5% reduction in sugar. Around ~87% of the beverages portfolio has achieved an average of 5% or more sugar reduction. By 2023, ITC has further committed that 75% of its beverage portfolio will have a further reduction of 5% of added sugar.

##### Trans Fat Free

ITC also committed to make all products trans-fat free on per serving as well as per 100g basis in accordance with national legislations (source being HVO's). The same has been achieved to ensure we delight consumers with healthier food products.

The Foods business continuously endeavours to reformulate the existing portfolio and launch newer products that are as per the commitment.

## DELIGHTING CUSTOMERS

### Specially formulated products



#### Sunfeast Biscuits Range

Made with value-added ingredients like nuts, seeds & oats, rich in fibre along with a special low GI variant, milk biscuits with Shakti of vitamin A & Zinc; this range is especially for those looking for taste & nutritious offerings.

#### Aashirvaad Salt Proactive

Refined, iodised and potassium enriched, AASHIRVAAD Salt Proactive is a sodium-reduced salt specially formulated to provide 15% lower sodium than regular salt. It is designed to provide consumers\* a convenient means to take preventive measures towards keeping the blood pressure and health of their family members in check.

#### Aashirvaad Sugar Release Control Atta

A specially formulated blend with low GI. Low GI foods are known to help manage sugar spikes and support a diabetic diet.

#### Portion control

Portion guidance is one of the most effective tools to educate and empower the consumers for them to manage their overall consumption of any food product, as a part of their diversified balanced diet. It is essential for any foods company to responsibly communicate the appropriate serve size to their consumers and enable a more balanced consumption behaviour.

ITC has also initiated the process of declaring responsible serve sizes across its product portfolio and 100% of the products will carry this by end of this year.

#### B- Natural Beverages - Plus range

These contain a clinically proven ingredient that is known to support immunity, along with goodness of fruit & fibre.

#### ImmunoZ Jellies

Vitamin C and Zinc fortified gummies for kids, to support their immunity.

#### Aashirvaad Superfoods Range

These are specially crafted mixes which are high both in nutrition & taste with their own unique health benefits. These include Multi Millet mix (source of Zinc, protein, fibre & magnesium and gluten free), (Naturally) Gluten Free atta (with goodness of protein, iron, fibre & magnesium) and Ragi Flour (source of Iron, calcium, protein, fibre and also gluten free).

Focus is also on individually packed portions with a clear calorie mapping (e.g. 200 kcals or less). Individually wrapped products help consumers recognize the portion sizes, eat mindfully and help manage their calories intake. Examples include Jelimals and Farmlite range.

### DEVELOPING A HEALTHIER PRODUCT PORTFOLIO- FEW HIGHLIGHTS

#### Products with a special focus on value-added ingredients

ITC launched 2 new variants Sunfeast Farmlite 5 Seed Digestive with seeds like chia, sunflower, pumpkin, watermelon, and flax & Sunfeast Farmlite Nuts Digestive with cashew nuts & almonds.

Sunfeast Farmlite Veda and Sunfeast Marie light Veda are made with 5 natural ingredients such as Ginger, Cardamom, Tulsi, Mulethi and Ashwagandha.

100% of Sunfeast Farmlite active range has goodness of oats.

75% Sunfeast Farmlite range has goodness of Atta.

100% of Jellimals ImmunoZ range is fortified with Vitamin C and Zinc.

95% of the B- Natural beverages have the goodness of Fibre and are made "not from concentrate".



### Sustainable Food Ecosystem

ITC supports the SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Actions) to help fulfil the needs of million responsibly and sustainably. These initiatives include reducing food waste and developing more planet friendly, plant-based food options (vegan eggs, meat alternates).

Resource efficient and environment-friendly manufacturing across all factories also support ITC's commitment towards SDG 12 and 13. In addition, ITC Foods has voluntarily participated in the 'Eat Right Campus' campaign, as institutionalised by the FSSAI and Government of India under a broader 'Eat Right India' movement to create an environment of safe food and healthy eating in workplaces, schools, colleges, hospitals and similar places. Under this initiative, campuses are assessed and rated against 5-star scale, based on food safety & hygiene standards that they maintain. As of now, 9 factories of Foods Division (Haridwar, Mysore, Malur, Kapurthala, Uluberia, Panchla, Pudukkottai, Ranjangaon and Guwahati) have been certified as 'Eat Right Campus' in the audit conducted by the FSSAI.



## DELIGHTING CUSTOMERS

### Community Health Initiatives

To live healthier and happier lives, ITC's flagship 'Swasthya Choupal' initiative would be continued and the main focus will be to improve the knowledge, attitude, behaviour and the health indicators of the most vulnerable groups (adolescent girls, pregnant and lactating women, kids under 5, the complete first 1000 days journey).

The Company's intervention on Mother and Child Health will also be stepped up. It is aligned to the Integrated Child Development Services and Poshan Abhiyan and aims to reduce infant/maternal mortality and child malnutrition.

Over 2.2 lakh beneficiaries were covered under the initiative, through 2,924 awareness camps 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.

Both these programmes have a direct link with the National Health Mission / Mission Poshan 2.0, Anemia Mukht Bharat initiatives as well as SDG 2 (Zero Hunger), SDG 3 (Good Health & Well Being) and SDG 17 (Partnerships for Goals).



# 2.2 lakh+

Beneficiaries were covered under the Poshan Abhiyan, through 2,924 awareness camps aimed to improve the health-nutrition status of women, adolescents and children

### Consumer & Employee Awareness Initiatives

ITC commits to support consumers, employees and customers across the value chain in their journey of learning on how to adopt healthier food choices and an active lifestyle.

- I. All ITC employees will be trained on how to best manage them and their families health needs and increase their understanding on the interplay of Food, Nutrition & Wellness on their overall well-being.
- II. ITC fully supports breastfeeding mothers with appropriate working conditions and facilities at work which also enables the mothers to provide the healthiest start to their baby with ITC's responsible HR policies.

The Company continues to reach out to consumers via various communication platforms (websites, integrated brand initiatives, specific health and hygiene messages) to enhance their awareness on key health issues across life stages (key platforms being immunity, healthier life with Ayurveda, gut health, cognition and bone health etc.) and help them living their life to the fullest.

For more details, please refer to the "Helping Consumers Make Sustainable Choices" section of ITC Sustainability Report 2021.

### ITC's Competitively Superior Products and Services

ITC delivers world-class products and services with consistent focus on health and safety. Rigorous systems, processes and industry best practices have enabled securing global quality certifications - a key enabler in delivering products that follow the highest standards in quality, safety and efficacy to the Indian consumers.

ITC's manufacturing units and hotels have state-of-the-art facilities with internationally

benchmarked quality management systems. The systems and practices are subject to periodic reviews to ensure that they remain contemporary in line with national and international developments. The quality performance of third-party manufacturing facilities is also monitored regularly.

### Responsible Marketing

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. Additionally, the Company has a dedicated consumer response cell to address consumer queries related to ITC products.

ITC's Hotels Business follows a self-regulated marketing communications approach, guided by the ISA (Indian Society of Advertisers) rules and guidelines.

The Cigarettes Business is governed by the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act (COTPA). While the business complies with stringent regulations, it has to battle illegal and contraband products in the market, which circumvent these requirements and cause substantial loss to the exchequer.

## DELIGHTING CUSTOMERS

### Best practices from across ITC's businesses



#### Agri Business

- Holistic approach of 'Integrated Crop Engagement' to ensure that the product meets stringent global food safety standards.
- For organic and sustainable farm practices in the processed fruits business and for specific customer segments, the business has received the following international certifications:
  - » Fairtrade Certification endorsing that the agri products meet defined environmental, labour and developmental standards.
  - » USDA (United States Department of Agriculture) Organic and India Organic Certifications for Organic Farming of processed fruits.
  - » Bio Suisse Certification for Organic Farming of processed fruits.
  - » Rainforest Alliance (RFA), Global G.A.P. (Good Agriculture Practices) and UTZ Certifications for adherence to the Standards' comprehensive requirements on sustainable farm management practices.
  - » State of the art processing and warehouse facilities in the processed fruits & spices business complying with the National Programme for Organic Production Standard (NPOP), National Organic Program (NOP) and EU certification standards.
- The 'ITC Master Chef' range of 'Super Safe' frozen prawns adhere to stringent standards prevalent in USA, EU and Japan These products go through rigorous testing (240+ tests) and are 'individually quick frozen' to ensure freshness. Certifications from Best Aquaculture Practices, Hazard Analysis Critical Control Point (HACCP), Food Safety and Standards Authority of India (FSSAI), BRC (British Retail Consortium) Global Standard for Food Safety ensure adherence to the most stringent norms of food safety.
- The branded packaged frozen snacks under the 'ITC Master Chef' brand are manufactured using state-of-the-art Individual Quick Freezing (IQF) technology which helps in retaining the shape, colour, aroma and taste of the product even after defrosting as compared to conventional frozen food preparation methods.



#### Branded Packaged Foods

- 82 out of 88 manufacturing locations, which account for more than 97% of ITC Foods Division's total production volume in FY 2020-21, are FSSC 22000/ ISO 22000/Hazard Analysis and Critical Control Point (HACCP) certified. Certification of the remaining six newly commissioned units is planned in FY 2021-22.
- The ICMLs are state-of-the-art, world-class manufacturing hubs with extensive focus on hygiene, automation and productivity.



#### Personal Care Products

- Stringent testing protocols for conducting safety tests of final products in accordance with national and international guidelines.
- All its ingredients undergo rigorous analysis, based on existing scientific literature for toxicity and skin sensitivity prior to clearance for use in product development.
- Manufacturing takes place in a highly automated environment under strict hygienic conditions.
- Product safety and efficacy certification through external accredited laboratories.

## DELIGHTING CUSTOMERS

### Best practices from across ITC's businesses



#### Hotels

- Robust food safety management systems (complying with HACCP/ ISO 22000) are in place at all ITC Hotels. Additionally, ITC Hotels adhere to Good Hygiene Practices (GHP) and Good Manufacturing Practices (GMP).
- All ITC hotels adhere to the ITC Fire and Life Safety management guidelines that are based on the National Fire Protection Association (NFPA) codes and other international best practices.



#### Paperboards & Specialty Papers

- Pioneer in the manufacture of India's Elemental Chlorine Free (ECF) pulp.
- All food-grade papers and paperboards are periodically tested for compliance with the U.S. Food and Drug Administration (the FDA) standards and European regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS).
- Spearheading the development of plastic-free paperboard for critical applications.
- ITC's Paperboards & Specialty Papers Business obtained the prestigious Forest Stewardship Council® (FSC) Chain of Custody Certification last year, which is valid till 2025.



#### Packaging and Printing

- The Tiruvottiyur and Haridwar units received the 'Grade A' Brand Reputation Compliance Global Standards (BRCGS) certification, for global standards in packaging and packaging materials - a key enabler for supplies to the packaged foods industry.
- Tiruvottiyur site is Forest Stewardship Council® – Chain of Custody (FSC CoC) certified. It is certified with 'Hallal' certification for the manufacturing of packaging materials.



#### Education and Stationery Products

- Multiple process controls such as third party certifications, inline and final quality checks are deployed across the manufacturing process.
- The notebooks are manufactured using Elemental Chlorine Free (ECF) paper and paperboards. A considerable portion of its paper and paperboards requirement is procured from the Forest Stewardship Council® (FSC) Chain of Custody certified paper mills of the Company's Paperboards & Specialty Papers Business.
- All notebooks and pens use only approved non-hazardous inks and dyes.
- Pencils and art stationery items are in compliance with the European Standard EN 71.



#### Incense Sticks (Agarbattis) and Safety Matches

Chemicals approved by the International Fragrance Resource Association, Geneva are used to prepare fragrances required in the manufacture of dipped Mangaldeep incense sticks (Agarbattis).

# Creating Shareholder Value through Responsible Competitiveness

ITC's 'Responsible Competitiveness' strategy aims at creating significant value for the nation through superior 'Triple Bottom Line' performance that builds on Economic, Environmental and Social Performance.

Inspired by the superordinate purpose to serve larger national priorities, ITC redefined its Vision about two decades ago to transform itself into a vibrant engine of growth that would make a substantial contribution to the Indian economy, whilst rewarding shareholders by creating growing value for the Indian society.

ITC today, is the leading FMCG marketer in India, a pre-eminent hotel chain and a globally acclaimed icon in green hoteliering, the clear market leader in the Indian Paperboards and Packaging industry, a pioneering trailblazer in farmer and rural empowerment through its Agri Business and a global exemplar in sustainable business practices.



A leading FMCG marketer in India



A pre-eminent hotel chain and a globally acclaimed icon in green hoteliering



The Clear market leader in the Indian Paperboard and Packaging industry



A Pioneering trailblazer in farmer and rural empowerment



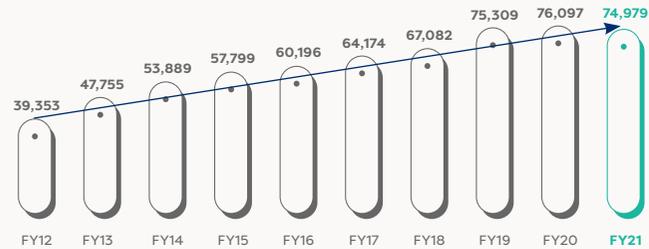
A Global exemplar in sustainable business practices

## CREATING SHAREHOLDER VALUE THROUGH RESPONSIBLE COMPETITIVENESS

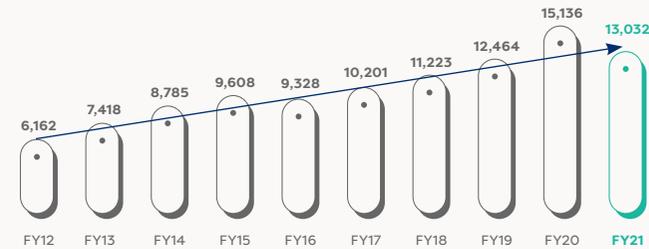
### Value-creation track record of ITC

#### Performance track record of the Company over the last decade

##### GROSS SALES VALUE\* (₹ crores)



##### PAT (₹ crores)



\* Refer Note to Ten Years at a Glance

##### DIVIDEND (₹ crores)



Includes Dividend Distribution Tax, where applicable

##### EARNING PER SHARE AND DIVIDEND PER SHARE (₹ per share)



Includes Dividend Distribution Tax, where applicable

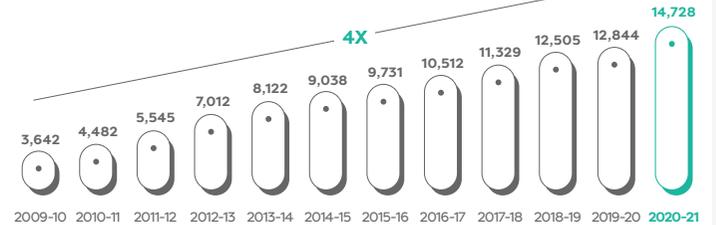
#### Notes:

- Financials for FY 2020-21 are to be viewed in the context of unprecedented disruptions in certain operating segments of the Company due to the COVID-19 pandemic (Please refer to Report of the Board of Directors & Management Discussion and Analysis for details).
- EPS and DPS have been adjusted for impact of corporate action to facilitate like-to-like comparison.
- 2016 to 2020 as per Ind AS; previous GAAP for earlier years.

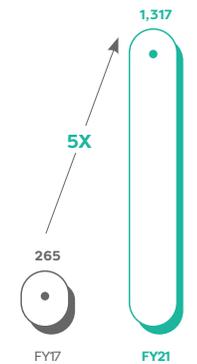
#### Rapid scale up in FMCG-Others Segment

- Segment Revenue 4x of FY10.
- Robust and vibrant portfolio of 25 world-class Indian brands representing annual consumer spend of over 22,000 crore in FY 2020-21.
- EBITDA Margin expansion by ~640 bps over the last four years; At least 150 bps expansion p.a. in last four years.

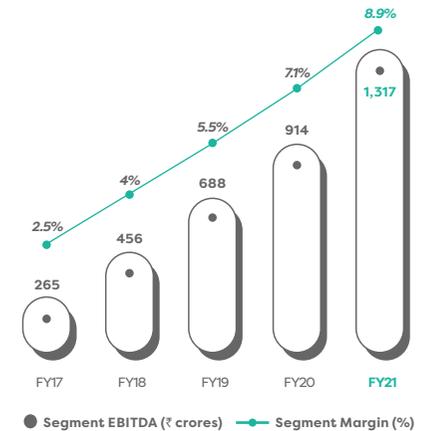
#### RAPID SCALE UP IN FMCG-OTHERS (₹ crores)



#### SEGMENT EBITDA (₹ crores)



#### EBITDA MARGIN



## CREATING SHAREHOLDER VALUE THROUGH RESPONSIBLE COMPETITIVENESS

### Sharper Capital Allocation Strategy

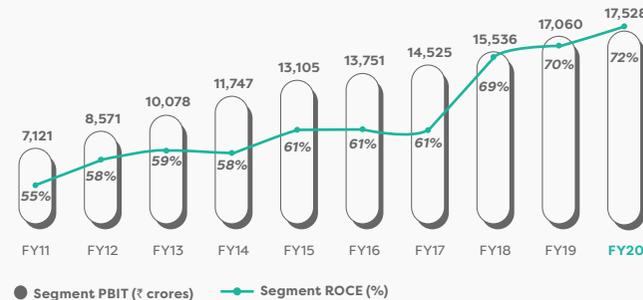
#### Stepped-up Dividend payouts

- As per Dividend Distribution Policy, dividend pay-out ratio in the medium term is expected to be around 80% to 85% of PAT.
- In line with the Company's track record of consistent increase in annual dividend payouts, the Company declared a total dividend of ₹ 10.75 per share.

#### Asset-Right growth strategy in Hotels

The Company's 'asset-right' strategy envisages large part of incremental room additions going forward to accrue through management contracts. The Business is witnessing growing interest amongst property owners to align with its iconic brands resulting in healthy generation of leads and pipeline for management contracts.

### RETURN ON OPERATING CAPITAL EMPLOYED



Performance track record of the Company, during the immediately preceding three-year period i.e. between FY 2016-17 and FY 2019-20, was as follows:

- Earnings Per Share (EPS) grew by 46% in absolute terms from ₹ 8.4 to ₹ 12.3 (CAGR 14%).
- Return on Segment Capital Employed (ROCE) improved sharply from 61% to 72%.
- Robust growth in FMCG-Others Segment EBITDA; Segment EBITDA moved up from 265 crores to 914 crores; Segment EBITDA Margins grew from 2.5% to 7.1%.

 Please refer to [Report of the Board of Directors & Management Discussion and Analysis](#) for details

## FY21 Performance – Agility in Adversity | Compassionate in Crisis

### FMCG-Cigarettes

The onset of COVID-19 pandemic in March 2020 and the subsequent lockdowns and restrictions imposed to curb its spread, caused unprecedented disruption across the value chain with manufacturing and sales operations coming to a virtual standstill. The Business strengthened direct reach in target markets across all traditional trade channels and augmented the stockist network to service rural and semi-urban markets efficiently.

With easing of restrictions and improvement in mobility progressively, the Business recovered to reach nearly pre-COVID levels towards the close of the year.

Notwithstanding the extremely challenging operating landscape and the headwinds faced during the year under review, the

Business sustained its leadership position in the cigarettes industry through its unwavering focus on nurturing a portfolio of world-class products anchored on superior consumer insights, robust innovation pipeline and superior product development capabilities. Several new variants were introduced during the year to cater to the continuously evolving consumer preferences and to ensure the future readiness of the product portfolio. These include the launch of innovative offerings such as 'Gold Flake Neo', 'Classic Connect', 'American Club Clove Mint', 'Gold Flake Indie Mint' and 'Capstan Fresh Flavour'. Refreshed packs were also introduced for several 'Navy Cut' variants. The Business also expanded its presence in strategic markets with the launch of differentiated offerings to fortify the portfolio across segments. Cutting-edge technologies such as

Industry 4.0 and Data Sciences were leveraged to build a smart manufacturing environment of connected systems.



## CREATING SHAREHOLDER VALUE THROUGH RESPONSIBLE COMPETITIVENESS

### FY21 Performance – Agility in Adversity | Compassionate in Crisis



#### FMCG-Others

Following the outbreak of the pandemic, there was heightened demand for high quality products anchored on the vectors of hygiene, health, wellness and immunity. 'At-home' consumption surged even as 'out-of-home' consumption was severely impacted due to mobility restrictions. Heightened concerns on hygiene and safety also manifested in consumers' preference for trusted brands.

The Company was amongst the fastest off the blocks to resume operations after obtaining necessary permissions and establishing comprehensive hygiene and safety protocols. The Company rapidly expanded capacity to cater to the heightened demand for essentials and health & hygiene products. Several technology-driven solutions were deployed to effectively service the surge in demand. The Company also proactively engaged with e-Commerce platforms and aligned the supply chain to deliver the right product assortment and SKUs.

The Company pioneered an innovative model – 'ITC Store on Wheels' - to directly service consumers across 13 cities and also rolled out the 'ITC e-store' in 11 cities – an exclusive direct-to-consumer platform – to facilitate 'contactless shopping'. Product availability was also augmented through alternative channels in collaboration with new partners such as Dominos, Swiggy, Zomato and Dunzo. Market and outlet coverage were expanded to 1.3x and 1.1x respectively compared to pre-Covid levels. The

stockists network was nearly doubled to sharp target rural markets to drive growth. Direct-to-market shipments were scaled up substantially to ensure freshness and reduced time-to-market in categories like Atta, Snacks and Biscuits. Sales through the e-Commerce channel more than doubled during the year, taking its salience to over 5% of Segment Revenue.

Leveraging the robust innovation platforms of LSTC, over 120 new and innovative products with compelling value propositions were launched in record time, demonstrating agility and execution excellence.

On a comparable<sup>^</sup> basis, FMCG-Others Segment Revenue grew by 15.8%. Segment EBITDA grew at a robust pace of 44.1% with significant margin expansion of ~180 bps to 8.9%. Improvement in profitability was driven by higher operating leverage, enhanced operational efficiencies, product mix enrichment, delayering of operations, reduced distance-to-market and other structural interventions across the value chain, despite incremental operating costs due to COVID-19 and gestation costs pertaining to new categories/facilities.

The state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) aided in driving structural advantages such as ensuring product freshness, enhancing agility and responsiveness of the supply chain, reducing cost of servicing proximal markets through lower distance-to-market, etc.

During the year, ITC acquired Messrs. Sunrise Foods Private Limited (Sunrise), which is a clear market leader in eastern India in the fast-growing Spices category with a rich heritage and brand legacy of over 70 years. Over the years, the brand has built a loyal consumer franchise, anchored on a differentiated product portfolio tailored to regional tastes and preferences, both in the basic and blended spice segments. Besides augmenting ITC's product portfolio, the acquisition is also aligned with the Company's aspiration to significantly scale up its Spices business and expand its footprint across the country. The deep consumer connect and distribution strength of Sunrise in focus markets, together with synergies arising out of the sourcing and supply chain capabilities of ITC's Agri Business and, its pan-India and multi-channel distribution network, will provide significant value creation opportunities.

The Company remains focused on building purpose-led brands anchored on larger consumer needs. The Businesses continue to increasingly leverage 'Sixth Sense', the Marketing Command Centre and Consumer Data Hub – an AI powered hyper-personalised platform backed by a robust partner ecosystem for content and data - to gain insights on market trends and consumer behaviour and synthesise the same to craft contextual brand communication and product development.

Cutting-edge digital technologies including Industry 4.0, Advanced Analytics, Big Data and industrial Internet of Things (IoT) continue to be deployed towards strengthening the Company's real time operations and execution platform.



<sup>^</sup>excluding the Educational and Stationery Products Business, Lifestyle Retailing Business and the impact of acquisition of Sunrise Foods Private Limited during the year

## CREATING SHAREHOLDER VALUE THROUGH RESPONSIBLE COMPETITIVENESS

### FY21 Performance – Agility in Adversity | Compassionate in Crisis



#### Hotels

The Travel & Tourism industry was amongst the most severely impacted sectors due to the COVID-19 pandemic. With gradual withdrawal of restrictions, the industry staged a progressive recovery with room occupancies and food & beverage (F&B) revenue picking up in the latter half of the year.

Responding with agility to the dynamic situation, the Business swiftly re-engineered operating protocols to provide best-in-class experience in hygiene and safety at the Company's iconic Hotels.

Towards this, the Business rolled out 'WeAssure', a programme designed in collaboration with medical professionals and disinfectant experts;

and achieved a Platinum Level certification by M/s. DNV. Further, investments in digital assets and contactless technologies were made to significantly reduce physical touchpoints with guests during check-in, check-out, stay, and usage of F&B facilities.

The Business launched a host of curated offerings across accommodation, dining and banqueting to augment revenues. These include launch of 'Gourmet Couch' and 'Flavours' home delivery/ takeaway offerings and special packages for short getaways/staycations & Club ITC loyalty programme members.

The Business also implemented several structural cost management measures across the value chain resulting in substantial reduction in controllable fixed costs during the year. Progressive improvement in mobility, strong demand for leisure properties along with robust wedding business led to a smart sequential recovery and the Business turning EBITDA positive in the second half of the year.

The Company's 'asset-right' strategy envisages a large part of incremental room additions to accrue through management contracts. During the year, in line with the asset-right strategy, three hotels were added to the Welcomhotel portfolio of managed properties.

The Business is witnessing growing interest amongst property owners to align with its iconic brands resulting in healthy generation of leads and pipeline for management contracts.

Focused digital investments continue to be scaled up towards facilitating guest acquisition, enhancing guest experience, augmenting revenue generation and driving operational efficiency.



## CREATING SHAREHOLDER VALUE THROUGH RESPONSIBLE COMPETITIVENESS

### FY21 Performance – Agility in Adversity | Compassionate in Crisis



#### Agri Business

##### Leaf Tobacco

The COVID-19 pandemic posed several operational challenges for the Business. The Business mitigated the same with agility and ensured continuity in operations across all nodes while strictly adhering to comprehensive safety protocols. Opportunities to drive revenue were captured by responding to customers' needs with speed and agility, meeting exigent demand of mid-tier manufacturers by rapidly re-orienting internal processes, and facilitating remote inspections for all major customers leveraging digital technologies.



The Business continued to leverage its crop development expertise, superior product quality and world-class processing facilities and consolidate its leadership position in the Indian

leaf tobacco industry. New business development and enhanced value delivery to existing customers enabled the Business to sustain its pre-eminent position as the largest Indian exporter of unmanufactured tobacco. The Business also continued to provide strategic sourcing support to the Company's Cigarettes Business.

##### Other Agri Commodities

The Agri Business registered a robust growth in revenue during the year driven by opportunities in wheat, rice and oilseeds, scale up of the value-added portfolio and higher supplies to the Branded Packaged Foods Businesses to support enhanced scale.

In line with its strategic focus of accelerating growth and enhancing value capture by rapidly scaling up its Value-Added Agri Products (VAAP) portfolio comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others, the Business continues to leverage its deep rural linkages and extensive sourcing expertise towards strengthening and customising supply chains for traceable and identity-preserved sourcing of agri commodities.

During the year, with robust growth in exports of value added spices to 'food safe' markets, viz. USA, EU and Japan, the Business consolidated its position as a preferred supplier. The Business has maintained an unblemished track record over the years in terms of compliance with stringent food safety parameters.

The Business continues to leverage its strong farm linkages and wide sourcing network across geographies to secure supplies of critical grades of wheat with benchmark quality towards meeting the growing requirements of Aashirvaad atta. During the year, the Business further scaled up its strategic sourcing and supply chain interventions. These include focused crop development towards securing the right varieties for Aashirvaad atta with a view to providing consumers best-in-class product quality and experience, use of multi-modal transportation comprising rail, road & coastal routes and blend/cost optimisation through geographical and varietal arbitrage.



The Business strengthened its milk procurement network in West Bengal and Bihar to support the growing requirement for fresh dairy products under 'Aashirvaad Svasti' and in Punjab towards supporting the requirements of 'Sunfeast' dairy beverages. The capability to source superior quality milk enabled the launch of 'Aashirvaad Select' milk during the year – the first-of-its kind in the country providing complete traceability of milk quality across the supply chain.

The Business is scaling up e-Choupal 4.0 - a crop-agnostic 'phygital' integrated agri solutions platform - towards enhancing the competitiveness of domestic agri value chains, fostering new business models and value creation opportunities.

## CREATING SHAREHOLDER VALUE THROUGH RESPONSIBLE COMPETITIVENESS

### FY21 Performance – Agility in Adversity | Compassionate in Crisis



#### Paperboards, Paper and Packaging

The imposition of nationwide lockdowns severely impacted domestic demand across most end-user industries with the exception of pharma, décor grades, e-Commerce and other essential commodities, which remained relatively resilient. With the easing of restrictions, demand across most segments witnessed progressive recovery, barring the Writing & Printing Paper segment which remained under stress due to closure of educational institutions.

The Businesses recovered smartly with significant sequential improvement in revenue and profitability. Robust growth in exports aided in partly offsetting the impact of a tepid domestic demand environment. The Businesses proactively engaged with its customers to prioritise continuity of supplies. Relentless focus on operational efficiency and structural cost-saving interventions aided in partly mitigating the impact of negative operating leverage.

The Paperboards and Specialty Papers Business sustained its clear leadership of the Value-added Paperboards (VAP) segment, consolidating its preferred supplier position amongst leading end-use customers and brands. In recent years, the Business has made several strategic investments in areas such as pulp import substitution, proactive capacity augmentation in Value-added Paperboard (VAP) segment, innovation platforms focused on providing holistic & customised solutions to end user industries and

strengthening the fibre chain for securing cost-competitive wood supplies which have made the Business stronger and more resilient.

The Business is actively engaged in developing suitable paper/paperboards and barrier-coated substrates that can replace single use plastics. During the year, the Business launched anti-fungal soap packaging paper and also scaled up its sustainable products portfolio comprising recyclable paperboards, 'FiloPack' and 'FiloServe' for the food delivery and food service segments respectively and biodegradable paperboards, 'OmegaBev' and 'OmegaBarr', which are alternatives to plastic coated containers, cups and other deep freeze applications. Further, the Business has also developed antiviral paper for applications in pharma and education & stationery businesses which is in the process of commercialisation. The Business is also a leading player in the eco-labelled products segment and premium recycled fibre-based boards space.

Several structural interventions have been made to increase in-house pulp production, core area sourcing, and to secure improved wood mix. Capacity utilisation of Bleached Chemical Thermo Mechanical Pulp mill (BCTMP) at the Bhadrachalam unit touched a record high. Investments in Industry 4.0 technologies have yielded substantial benefits in the form of higher process efficiencies, productivity enhancement, improved resource utilisation and cost reduction.

The Packaging Business too rose to the challenge of servicing the critical packaging supplies of essential items to its domestic customers as well as that of internal businesses. Recognising the need for sustainable packaging, the Business

developed unique and novel solutions including 'Bio-seal' (bio-compostable packaging solution) and 'Oxyblock' (a recyclable packaging solution with enhanced barrier properties) which are under various stages of commercialisation.



# Preserving and Nurturing the Environment

Climate change is a reality, which is already making its impacts felt across the world. In developing and emerging economies such as India with a higher share of vulnerable population, climate risks are even more pronounced. The global call for concerted action needs to match on-ground implementation to cap global warming under safe levels.

Quicker responses to mitigate imminent and future effects of climate change, and strategies to adapt to newer environmental realities should form the agenda of governments, corporates and societies alike. Climate change also necessitates urgent focus on aspects such as water security, sustainable and regenerative agriculture and scientific waste management.

## STRATEGIES TO ADAPT TO NEWER ENVIRONMENTAL REALITIES

### Building Climate Resilience

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### Towards Water Security for All

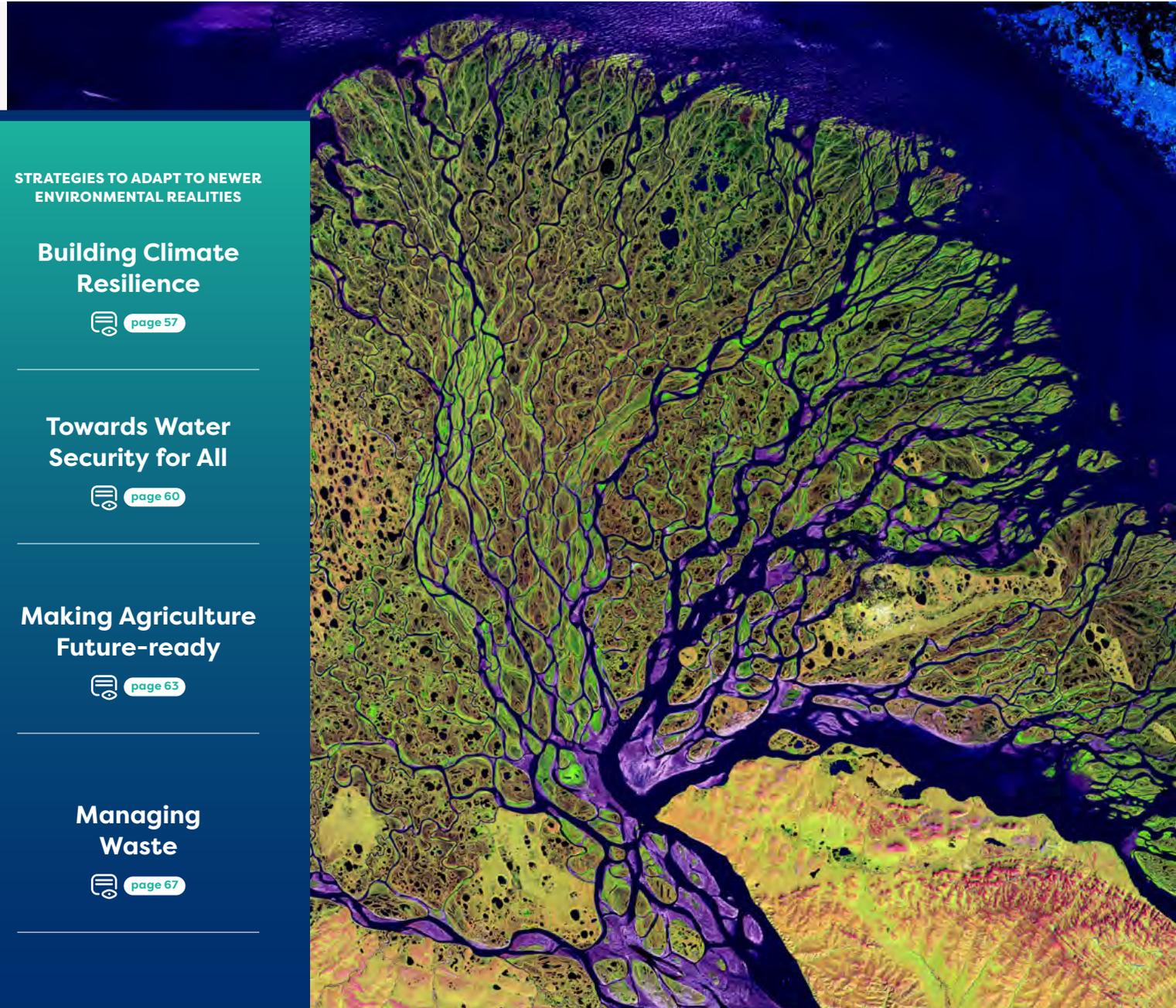
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### Making Agriculture Future-ready

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### Managing Waste

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## PRESERVING AND NURTURING THE ENVIRONMENT

### Building Climate Resilience

#### ITC's Approach

ITC is pursuing a low-carbon growth strategy through extensive decarbonisation programmes across its value chain. These include increasing the share of renewable energy, continuous reduction of specific energy, construction of green buildings, greening logistics and optimising 'distance-to-market', and promoting regenerative agriculture practices in key agri value chains. Additionally, ITC's multi-pronged approach also focuses on sequestering more carbon than what it emits and climate proofing its operations as well as agri value chains, thus enabling a rapid transition to a net zero economy.

#### ITC's Focus Areas

##### Pursuing Low-Carbon Pathways

##### Sustaining & Enhancing ITC's Carbon Positive Status

##### Building Climate Resilient Operations and Agri Value Chains

### Pursuing Low-Carbon Pathways

ITC remains committed to steering its course towards a low-carbon pathway. Some of the efforts made by the Company comprise:

- Energy audits, benchmarking and target setting for progressively reducing specific energy consumption (energy per unit of product/service).
- Investment in renewable energy assets based on techno-commercial feasibility. The Company has set a target of achieving a 50% share of renewable energy in its total energy mix, and meeting 100% of purchased grid electricity requirements from renewable sources.
- Enhance efficiency by monitoring the carbon footprint of operations, optimise distribution networks and work towards building resilience against the impacts of climate change. ITC is targeting a reduction of 50% in Specific GHG Emissions and a 30% reduction in Specific Energy Consumption by 2030 across businesses.

## Over 41%

Of ITC's total energy requirements were met from renewable sources such as biomass, wind and solar, during the year

ITC's Businesses*	Specific GHG Emissions (Scope 1,2) Performance		Specific Energy Performance	
	% Reduction as compared to 2018-19	Business' Share (%) in ITC's Total GHG Emissions (Scope 1,2)	% Reduction as compared to 2018-19	Business' Share (%) in ITC's Total Energy Consumption
Paper Business	7.4% ↓	80%	5.5% ↓	86%
Foods Business	21.4% ↓	10%	20% ↓	6.7%
Hotels	4.2% ↑	3.3%	14% ↑	2.0%
Agri Business	1.1% ↓	2.1%	2.5% ↓	1.5%
Printing & Packaging	30% ↓	1.9%	6.6% ↓	1.3%
Tobacco	2.0% ↓	1.4%	0.5% ↓	1.3%

↓ Improvement in KPIs ↑ Decline in KPIs

\*Personal Care Products, Matches & Agarbatti, Education & Stationery Products Businesses contribute to less than 2% of total GHG emissions (scope 1,2) and 2% of total energy consumption.



In FY 2020-21, ITC units consumed 22,369 Terra Joules (TJ) of energy out of which over 41% was from renewable sources, despite the expanding footprint in hotels and manufacturing.

For addressing climate change impacts in the value chain:

- Life Cycle Assessment (LCA) studies are carried out for key products/services.
- ITC also engages with its major supply chain partners for monitoring and improving their energy performance and progressively including them within the sustainability reporting boundary.
- To further mitigate value chain impact, steps are being taken for reducing energy consumed in transportation of raw materials, finished goods and waste. ITC has strategically located its Integrated Consumer Goods Manufacturing and Logistics (ICML) facilities for FMCG businesses closer to the market. This allows for making direct shipments to customers, thereby avoiding intermediate movements and optimising distribution logistics.

For Foods Business, improvement in specific energy is driven by energy conservation measures, higher capacity utilisation and changes in product-mix. Specific GHG emission further improved on account of increase in renewable energy consumption.

For Hotels Business, specific metrics went up because of low occupancy during the pandemic, though absolute GHG emissions and energy consumption have reduced.

For Packaging & Printing Business, improvement in specific energy is driven by investment in energy conservation measures like energy efficient water cooled chiller. Specific GHG emission further improved on account of increase in renewable energy consumption.

## PRESERVING AND NURTURING THE ENVIRONMENT

- 'ITC One Supply Chain' initiative covering ITC's total network in India has resulted in optimisation of all routes including both supply and demand-side thereby lowering total kilometres traversed by ITC's raw materials and products. Shipment through rail and sea routes have also helped reduce GHG emissions.
- A beginning has also been made towards usage of electric vehicles by ITC Trade Marketing & Distribution vertical. The initiative covers 5 metros and based on the encouraging initial results, the efforts are proposed to be scaled up.

### Sustaining and Enhancing ITC's Carbon Sequestration

While working towards constantly reducing its emissions and greening its energy portfolio, ITC seeks to increase carbon sequestration by expanding forestry projects on wastelands.

 For more information on ITC's Social and Farm Forestry initiatives, please refer to Making Agriculture Future Ready section of ITC's Sustainability report 2021 or visit the ITC's Forestry microsite.

### Building Climate Resilient Operations and Agri Value Chains

ITC's extensive manufacturing base including factories, warehouses and hotels are also prone to climate change risks on account of extreme weather events, precipitation, and temperature variation, and other factors. Appropriate investments have been made towards strengthening climate resilience covering the Company's operational units including those located in coastal areas. Business continuity plans are also in place to mitigate any operational interruption due to extreme weather events.

Additionally, in order to identify long-term risks, ITC worked with climate experts to conduct a comprehensive climate change risk and vulnerability assessment using climate models across its operating locations (factories, hotels, warehouses etc.). The assessment considered impact of climate variables like temperature, precipitation, sea level rise, river/coast proximity and extreme weather events over long-term time frames (2040-2060 and 2060-2080) under two Representative Concentration Pathway (RCP) scenarios - RCP 4.5 and RCP 8.5. In line with the

findings of the assessment, appropriate site-specific risk mitigation and adaptation measures are being evaluated. Detailed studies are also being conducted to understand the potential adverse impacts of climate change on the Company's value chain covering both physical assets as well as key agri value chains. These risk assessments will help fine tune the climate resilience measures that are being implemented across the Company's value chain.

### MODERN CURING TECHNOLOGY HELPING INDIAN FARMERS

In 2020-21, the Business has undertaken large scale experimentation and trials in alternate curing technologies (Loose Leaf Barn and others) to reduce fuel requirement. The use of Loose Leaf Barn technology has entailed approximately 50% fuel reduction in curing and substantial reduction in labour requirement during tobacco post-harvest management. The technology uses digital sensors and control panel in making tobacco curing user-friendly and environmentally sustainable.



### ALIGNING ITC'S CLIMATE STRATEGY WITH TCFD RECOMMENDATIONS

The Task Force on Climate-related Financial Disclosures (TCFD) has developed voluntary, consistent climate-related financial risk disclosures for companies to provide information to stakeholders. ITC's approach to climate change is duly aligned by TCFD recommendations and the Company is committed to providing stakeholders with relevant information on climate-related issues. The disclosures pertaining to TCFD recommendations are provided in this report as well as in ITC Sustainability Report 2021. ITC also disclosed its climate change impacts through CDP, a global non-profit that runs the world's leading environmental disclosure platform.

#### Governance

For information on sustainability related governance, please refer to 'Sustainability and ESG governance at ITC' section of this report and ITC's Sustainability Report 2021.

#### Strategy

ITC has identified climate resilient operations including agri value chains as one of its material issues. For ITC's strategy on the same, please refer to 'Building Climate Resilience' section of this report and ITC's Sustainability Report 2021.

#### Risk Management

Please refer to 'Building Climate Resilience' and 'Strategic Risk Management' section of this report and refer to ITC's Sustainability Report 2021.

#### Metrics and Targets

Refer 'Sustainability Ambitions' section of this Report and ITC's Sustainability Report 2021.

## PRESERVING AND NURTURING THE ENVIRONMENT

### SPEARHEADING THE GREEN BUILDINGS MOVEMENT IN INDIA

The Company's commitment to environmental stewardship is reflected in its role of pioneering the Green Building movement in India. 33 buildings of the Company have achieved Platinum certification by USGBC/ IGBC. The Company's Hotels Business has demonstrated high levels of resource efficiency by achieving the LEED® certification at the highest Platinum level for all of its premium luxury hotels.

Several of the Company's factories, Hotels 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.

●●  
As a testament to 'Responsible Luxury' and the organisation's 'Triple Bottom Line' philosophy, ITC Windsor, Bengaluru, became the first hotel in the world to receive the prestigious LEED Zero Carbon Certification. Awarded by US Green Building Council (USGBC), this certification recognises buildings operating with net zero carbon emission.



## PRESERVING AND NURTURING THE ENVIRONMENT

### Towards Water Security for All

#### ITC's Approach

ITC has adopted the water-stewardship approach to address water-security challenges, as it offers a comprehensive solution to the challenges that India faces as a water-stressed country. The Company's approach is to use water responsibly, and at the same time encourage and enable other stakeholders in the catchment areas to manage their water consumption with prudence. This is a collaborative approach to achieve long-term water security.

#### ITC's Focus Areas

##### Demand-Side Measures to Improve Water Use Efficiencies in Agriculture & Operations

##### Supply Side Augmentation through Managed Aquifer Recharge and Soil & Water Conservation Measures

##### Strengthening Water Governance to ensure Equitable Resource Use

Implementing this approach requires an in-depth understanding of both the environmental and social aspects of water resources, which are done through hydro-geological studies and stakeholder engagement processes respectively. A thorough understanding of water use in the catchment areas, and collaborative efforts from all major stakeholders (farmers, local communities, industries and local governments) help improve water balance and quality. A combination of demand-side and supply-side interventions have proven to be the most effective towards this objective.

#### Demand-Side Measures to Improve Water Use Efficiencies in Operations & Agriculture

The first step is the optimisation of usage to minimise withdrawal, both at the operating plant level as well as the sub-catchment or micro-watershed level where the plant is located. To this end, ITC's units focus on:

- Continuous monitoring of water use efficiency by progressively reducing specific water intake (water per unit of product/service).
- Focus on recycling/reusing of all treated effluents within or outside ITC premises.
- Conducting water security studies and hydrogeological assessments for operating units located in high water stressed areas. ITC has also made water security assessment an integral part of greenfield/brownfield project design and development.
- Implementation of recommendations emerging from water security studies.

ITC is targeting 40% reduction in specific water consumption by 2030 across businesses.

ITC's Businesses*	Specific Water Consumption Performance	
	% Reduction as compared to 2018-19	Business' Share (%) in ITC's Total Water Consumption
Paper Business	3.4% ↓	89%
Foods Business	33% ↓	3%
Hotels	22.6% ↑**	4%
Tobacco	4.5% ↓	0.6%

↓ Improvement in KPIs ↑ Decline in KPIs

\*Personal Care, Matches & Agarbatti, Education & Stationery, Agri Business, Printing & Packaging businesses contribute to less than 4% of total water consumption.



In most agri-catchments, more than 95% of water use is for irrigation and therefore improving irrigation, soil conservation and agronomical practices have huge water saving potential. ITC works extensively for promoting agronomical practices and micro irrigation techniques that save water in cultivation and help farmers to improve their net returns.

 For information on ITC's efforts on demand side management, please refer to 'Making Agriculture Future Ready' section of this report, and 'Towards Water Security for All' and 'Making Agriculture Future Ready' sections of ITC's Sustainability Report 2021.

For Foods Business, improvement in specific water consumption is driven by water conservation measures, higher capacity utilisation and changes in product-mix.

\*\*For Hotels Business, specific water consumption went up because of low occupancy during the pandemic, though absolute water consumption has reduced.

## PRESERVING AND NURTURING THE ENVIRONMENT

### Supply-Side Augmentation through Managed Aquifer Recharge and Soil & Water Conservation Measures

The demand-side measures are followed by augmenting supply at the sub-catchment level through various interventions. These interventions are focused on harvesting rainwater and maximising infiltration through Managed Aquifer Recharge, based on the recommendations of hydro-geological studies. Stakeholder engagement is integral to any water harvesting stewardship initiative, and is duly taken into cognisance.

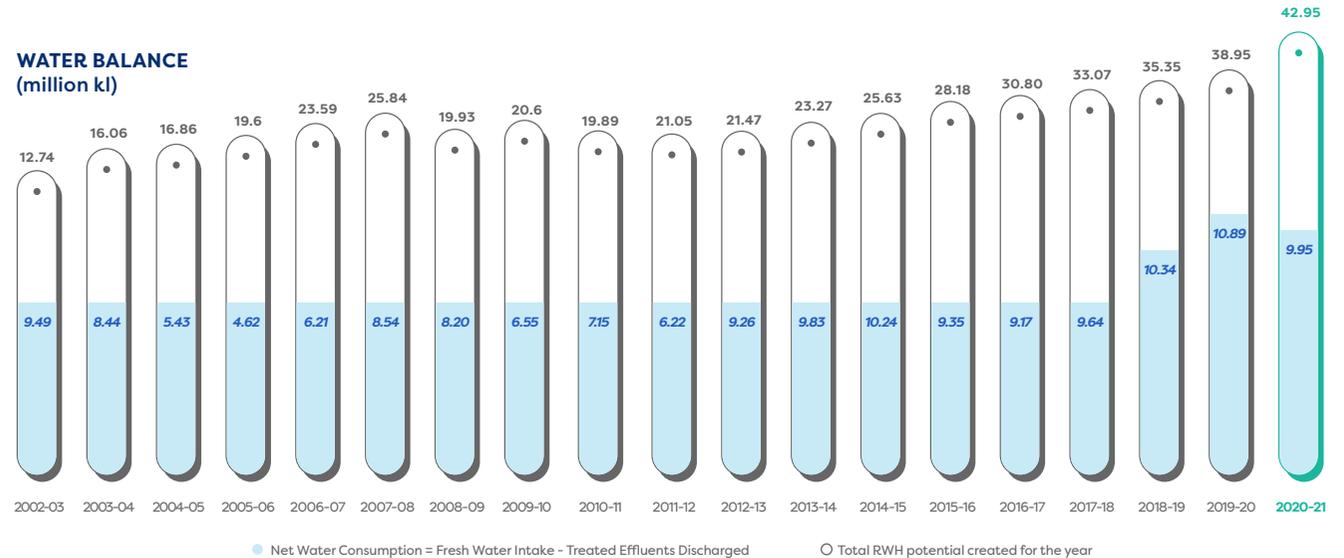
Over the years, ITC has created rainwater harvesting potential through extensive investments in its Integrated Watershed Development Projects. As on March 31, 2021, these projects covering over 1.23 million acres of land have created a total rainwater harvesting potential (RWH) of close to 42.95 million kl which is over four times the net water consumed by ITC's operations in 2020-21.

●● ITC is targeting creation of Rainwater Harvesting Potential equivalent to over 5 times the Net Water Consumption from Operations by 2030.

●● ITC is Targeting AWS Certification of all Sites in High Water Stressed Areas by 2035.



**WATER BALANCE**  
(million kl)



## PRESERVING AND NURTURING THE ENVIRONMENT

### Strengthening Water Governance to Ensure Equitable Resource Use

The effectiveness and long-term sustainability of the demand-side and supply-side interventions undertaken is directly dependent on the effectiveness of the water governance mechanisms in the catchment. Therefore, the Company focuses on grassroots level institutionalisation and capacity building through creation of water-user groups, self-help groups etc. These help in instilling accountability and ownership in the relevant stakeholders, thereby ensuring the long-term sustainability of collective interventions.

 For more information, please refer to the [Creating Sustainable Livelihoods section of ITC's Sustainability Report 2021](#).

### Progress so far

The recommendations of water security studies conducted in previous years are in various stages of implementation in ITC units in Bhadrachalam, Kovai, Trichy, Pune, Haridwar, Malur, Bengaluru, Kapurthala, Saharanpur, and ITC Grand Bharat.

ITC's Paperboards & Speciality Papers unit at Kovai was only the second facility in the world and first in India to be awarded the Alliance for Water Stewardship (AWS) Platinum-level certification in 2019-20 – the highest recognition for water stewardship in the world. The Company is in the process of implementing the AWS Standards at other units in high water stress areas, and will progressively obtain AWS certification for these sites in the coming years.



### WATER SECURITY IN TOBACCO SUPPLY CHAIN

While Indian tobacco production is pre-dominately rain fed, there are a few nodes in the farm supply chain for which water is critical. To address water risks in the tobacco supply chain, ITC carries out continuous risk-assessments and implements interventions as a part of its holistic two pronged approach involving both - demand-side management to improve irrigation efficiency and supply-side management to revive traditional water harvesting and recharge structures in areas of cultivation.

Some of the interventions on demand-side management for tobacco include:

- **Climate appropriate seeds**, backed by extensive research and development, to suit the region's specific climatic requirements.
- **Sub soiling** to improve root penetration and water-holding capacity of the soil.
- **Biological interventions** such as green manuring, mulching and vermicomposting to improve soil organic content and water-holding capacity.
- **Tray Seedling** technique to reduce water usage in the nursery (up to 30%).
- **Drip irrigation** for improved irrigation efficiency; and
- **Smart irrigation technology**, which determines water requirement of plants on real-time basis and automates irrigation activity, using soil moisture sensors and cloud technology. This precision farming method has a potential to reduce water<sup>7</sup> and energy requirements by 50% and improve farm productivity by 10%. Large scale trials promoting contemporary technologies such as drones for irrigation which reduces water usage by up to 90% when compared with conventional spraying are also underway.

These interventions are currently deployed in the major crop growing regions of Andhra Pradesh and Karnataka and progressively cover more farmers every year.

<sup>7</sup>As compared to drip irrigation

## PRESERVING AND NURTURING THE ENVIRONMENT

### Making Agriculture Future-ready

#### ITC's Approach

ITC has, over the years, designed and implemented large-scale programmes on sustainable agriculture. The focus of these interventions has been largely around improving farmer livelihoods, increasing agricultural productivity, strengthening regional water security and addressing the challenge of climate change and enhancing agri-resilience.

To achieve the above, the Company has a 360° approach to enrich rural eco-systems, putting in place long-term drivers that progressively contribute to the national priorities of employment generation and inclusive growth, through grassroots capacity building and rural asset creation.

#### ITC's Focus Areas

**Multiplying Farmer Incomes**

**Replenishing Natural Resources Crucial for Agriculture – Water, Soil and Biodiversity**

**Promoting Climate Smart Agriculture**

**Leveraging e-Choupal for Enabling Market Access & a Digital Driven Agri- Transformation**

**Providing Institutional Support & Empowering Grassroots Institutions**

**Building Rural Infrastructure for Improving Adaptive Capacity**



#### Multiplying Farmer Incomes

ITC's Agri Business and the Social Investments Programme (ITC's Mission Sunehra Kal) work on mechanisms to make dominant sources of income sustainable for farming communities, by making them more secure, climate-resilient and economically stable. Based on the crop and location, large scale interventions on agricultural productivity enhancement, income augmentation/enhancing non-farm income, value added crops, creation of financial support mechanisms as well as market linkages have been implemented across the country.

#### Replenishing Natural Resources Crucial for Agriculture – Water, Soil and Biodiversity

In the agri-catchments, the focus is on drought-proofing agriculture by reducing crop-water demand through agronomic practices for improving soil water-holding capacities and improved irrigation techniques (drip irrigation, augmenting water supply through the rejuvenation and/or creation of water harvesting and recharge structures).

ITC's Mission Sunehra Kal has collaborated with reputed institutions and thematic expert organisations (IWMI, WWF India, ACWADAM and CII) to improve water use efficiency in agriculture, map recharge zones for managed aquifer recharge and for water balance estimation.

#### 'BAAREH MAHINE HARIYALI': NEW HORIZONS IN MULTIPLYING FARM INCOMES

ITC's Baareh Mahine Hariyaali, a pioneering intervention aligned to Government's Doubling Farmers' Income programme, facilitates farmers to enhance their incomes. This programme follows a 360°, multipronged approach with interventions ranging from increased cropping intensity with a third crop during summer, enhancement of productivity through context-specific agronomic practices demonstrated through Choupal Pradarshan Khets (on-farm demonstrations) and provision of market linkages with transparency in assessment of quality, prices and weighment. In some regions, taking a holistic approach to income diversification as an adjacency, livestock development, women empowerment and agro forestry are also included. Over 2,00,000 farmers have already benefited from the interventions under the 'Baareh Mahine Hariyali' programme, out of which over 35,000 farmers who have adopted the package of practices have reported doubling of their incomes while others who have implemented the programme partially reported increase in their incomes by 30% to 75%. The programme, which aims to multiply incomes of farmers through a wide spectrum of interventions in climate-smart and sustainable agriculture, is planned to be rolled out to 10,00,000 farmers progressively.

**2,00,000**

Farmers benefited from the interventions under the 'Baareh Mahine Hariyali' programme

**35,000**

Farmers who have adopted the package of practices, reported doubling of their incomes



## PRESERVING AND NURTURING THE ENVIRONMENT

In agricultural catchments, ITC continues to work for biodiversity conservation along with soil and water as these three are essential natural capitals vital for sustainable agriculture. As a part of its biodiversity conservation efforts, ITC has focused on:

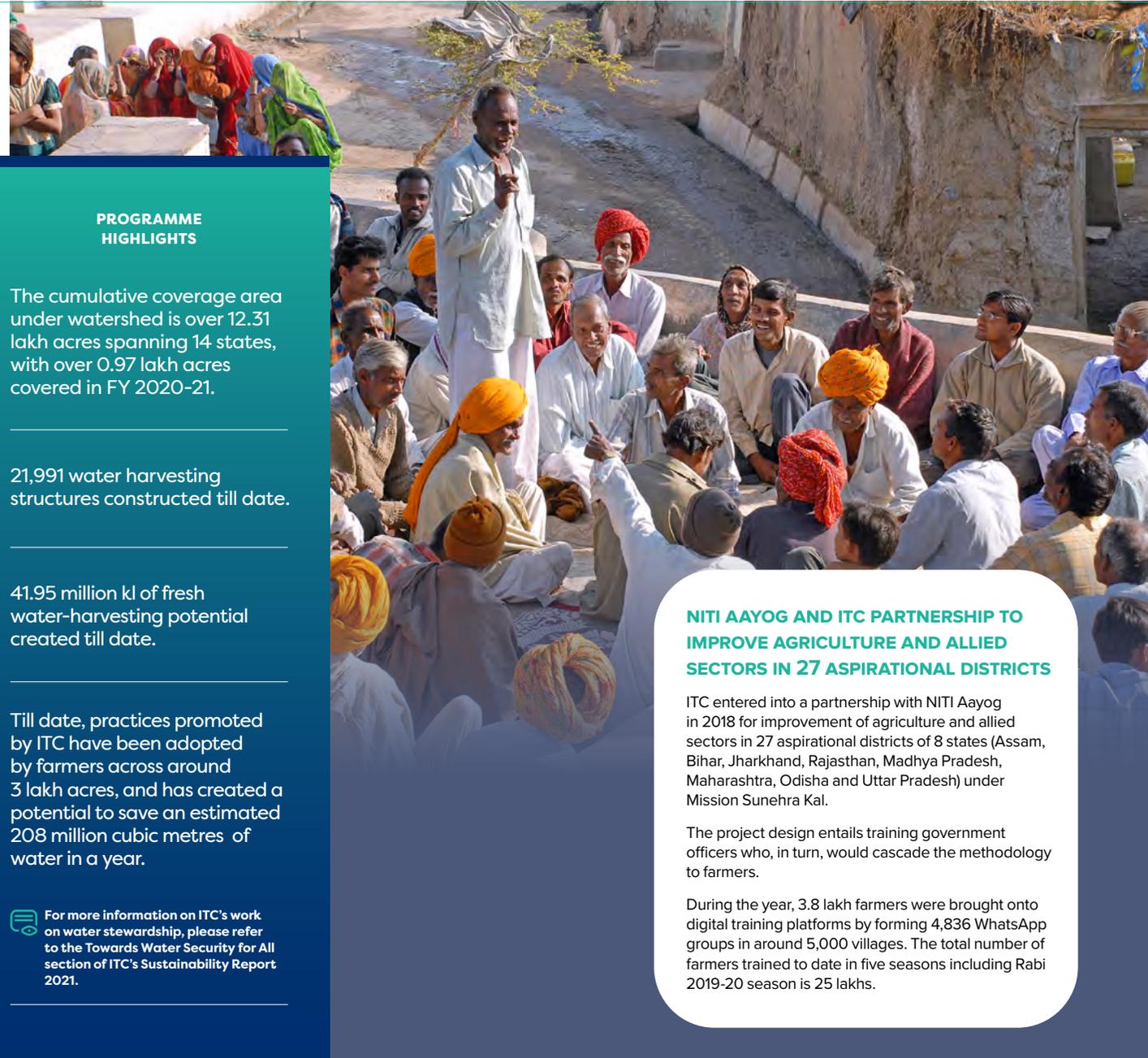
- Biodiversity conservation in agri-supply chains to minimise the adverse impacts of agriculture on biodiversity.
- Community driven biodiversity conservation at the watershed level by landscape renewal and rehabilitation of degraded plots for mosaic restoration; and
- Revival of ecosystem services provided to agriculture by nature, which has witnessed considerable erosion in recent decades.

During the year, ITC's biodiversity conservation initiatives covered 13,124 acres, taking the cumulative area under biodiversity conservation to over 0.44 lakh acres in 13 districts across 7 states.

### Promoting Climate Smart Agriculture

Factors such as rise in extreme weather events, varying climatic parameters and dependency on rainwater for irrigation make agriculture in India quite vulnerable to climate change. Identification of climate risks and managing these by building climate resilience across the value chain is an important component of ITC's approach. For major crops such as wheat, pulp-wood and leaf tobacco among others, significant and sustained work is in progress towards development of climate-tolerant varieties as well as towards dissemination of climate-resilient agronomic practices in the growing areas.

Given the vulnerabilities, it is critical to strengthen climate resilience and adaptability of the agri-food sector. In this context, the Company's interventions in collaboration with CGIAR's 'Climate Change and Food Security Programme' to build climate smart villages was expanded to over 1600 villages across 14 states and supported farmers in the management of risks arising from erratic and extreme weather events.



#### PROGRAMME HIGHLIGHTS

The cumulative coverage area under watershed is over 12.31 lakh acres spanning 14 states, with over 0.97 lakh acres covered in FY 2020-21.

21,991 water harvesting structures constructed till date.

41.95 million kl of fresh water-harvesting potential created till date.

Till date, practices promoted by ITC have been adopted by farmers across around 3 lakh acres, and has created a potential to save an estimated 208 million cubic metres of water in a year.

For more information on ITC's work on water stewardship, please refer to the Towards Water Security for All section of ITC's Sustainability Report 2021.

### NITI AAYOG AND ITC PARTNERSHIP TO IMPROVE AGRICULTURE AND ALLIED SECTORS IN 27 ASPIRATIONAL DISTRICTS

ITC entered into a partnership with NITI Aayog in 2018 for improvement of agriculture and allied sectors in 27 aspirational districts of 8 states (Assam, Bihar, Jharkhand, Rajasthan, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh) under Mission Sunehra Kal.

The project design entails training government officers who, in turn, would cascade the methodology to farmers.

During the year, 3.8 lakh farmers were brought onto digital training platforms by forming 4,836 WhatsApp groups in around 5,000 villages. The total number of farmers trained to date in five seasons including Rabi 2019-20 season is 25 lakhs.

## PRESERVING AND NURTURING THE ENVIRONMENT

### Leveraging e-Choupal for Enabling Market Access & a Digital Driven Agri-Transformation

The ITC e-Choupal network leveraging information technology to empower farmers, through a rich repertoire of agri based interventions, not only addresses the core needs of farmers in terms of infrastructure, connectivity, price discovery and market access, but also provides a significant boost to farm productivity through extension services and research based agri-inputs. Initiatives like the 'Choupal Pradarshan Khet' bring suitable agricultural best practices to farmers and have demonstrated significant productivity gains. These interventions have helped to transform village communities into vibrant economic organisations by enhancing incomes and co-creating markets. Empowerment and building trust amongst the farming community remains at the core of this model.

Launched in June 2000, ITC e-Choupal is today India's largest initiative among internet-based interventions in rural India. Its serves over 4 million farmers in 35,000+ villages through 6,100 kiosks spanning 10 states.

**4 million**

Farmers served through e-Choupal

**35,000+**

Villages served through internet-based interventions in rural India

**6,100**

e-Choupal kiosks spanning 10 states

### e-Choupal 4.0 - TOWARDS NEXT-GEN AGRICULTURE

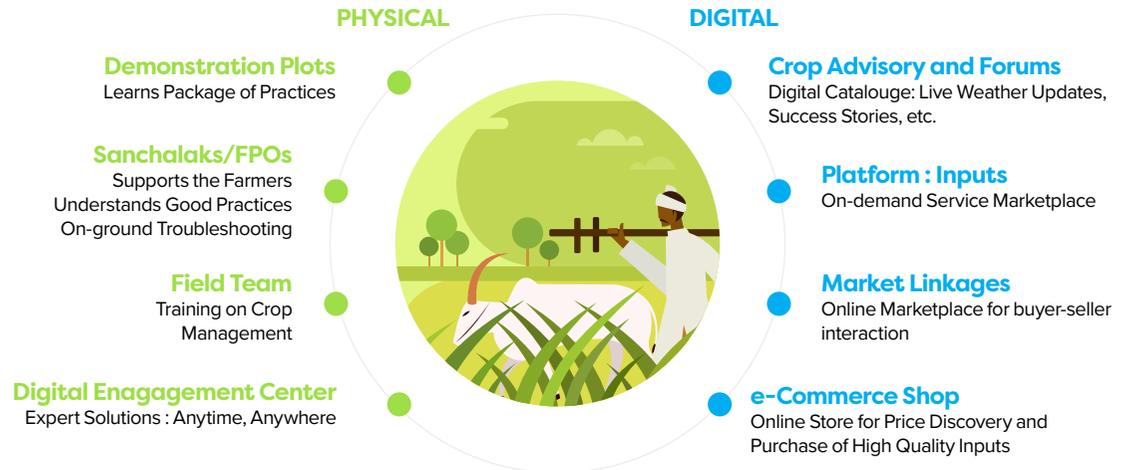
Towards enhancing the competitiveness of domestic agri value chains, foster new business models and value creation opportunities, ITC is scaling up e-Choupal 4.0 - a crop-agnostic 'phygital' integrated agri solutions platform.

The digitally powered platform seeks to empower the farming community by delivering customised solutions by synergistically integrating NextGen agri-technologies. These include e-Marketplace for agri inputs and farm outputs, wide range of advisory services covering weather forecasts, agronomy, best practices for improved productivity, quality assurance, etc.

Value propositions across each of these opportunity spaces are expected to create new and scalable revenue streams over time. The platform is also expected to facilitate re-engineering commodity sourcing through a robust network of ten million farmers and nearly 4,000 Farmer Producer Organisations (FPOs), leading to efficient price discovery, lower transaction costs and higher levels of traceability in the supply chain.



### e-Choupal 4.0 - A PHYGITAL MODEL



#### Physical Transactions Complimented by Digital Interventions

Lower Transaction Costs | Customised Solutions at Scale

For more information on the above initiatives and the work being done with grassroots institutions like Water User Groups (WUGs), Agri Business Centres (ABCs) and creation of rural infrastructure for improving adaptive capacity, refer to [Creating Sustainable Livelihoods section of ITC's Sustainability Report 2021](#) and [ITC's Sab Saath Badhein, ITC e-Choupal and ITC Watershed microsites](#).

## PRESERVING AND NURTURING THE ENVIRONMENT

### Securing Agri Value Chains for ITC's Major Crops

Wheat, pulpwood, leaf tobacco, potato and spices constitute some of the major agri commodities sourced by ITC. A bouquet of regenerative and sustainable agriculture interventions across these crops help straddle the value chains supporting ITC's leading brands. These interventions include:

#### Variety Security

Development and promotion of location-specific, improved and climate resilient varieties.

#### Climate Smart Farming Practices

Promotion of climate-resilient practices such as zero tillage, soil conservation measures, balanced crop nutrition, drip irrigation and large scale watershed development programmes to manage climate vagaries.

#### Agri Extension Network

Trained agri experts supporting and handholding farmers in implementation of best package of practices and addressing specific farmer queries. Also leveraging the Digital Engagement Centre of e-Choupal 4.0 for the same.

#### Integrated Pest Management

Deployment of sustainable agrochemical management programmes that address the importance of safe and environmentally responsible agrochemical use, storage, handling and disposal.

#### Natural Resource Management

Deployment of sustainable practices with focus on conserving resources such as soil, water, biodiversity and forest.

#### Precision Farming

Experimenting and supporting farmers in deploying digital technologies such as smart irrigation, drone based spraying and farm mechanisation through ITC's e-Choupal 4.0 digital platform.

#### Organic Farming

Supporting farmers in the implementation of organic cultivation practices and appropriate certification.

#### Crop Diversification

Handholding farmers in year round crop production and supplementary income through animal husbandry programme thereby improving income level of farmers.

#### Better labour Practices

Guiding and encouraging farmers and labours in the agri value chain on right labour and human rights practices.

#### Village Infra Upgradation

Supporting farmers in post-harvest infra upgradation which helps in clean and safe drying, storage, ensuring quality and reducing wastage.

#### Market Linkage

Enabling market access through e-Choupal and helping farmers 'produce the buy' meeting national and international quality requirements.

 For details on crop-wise interventions, please refer to [Making Agriculture Future Ready section of ITC's Sustainability Report 2021.](#)



## PRESERVING AND NURTURING THE ENVIRONMENT

### Managing Waste

#### ITC's Approach

ITC takes a circular economy approach to solving the issue of waste which encompasses the entire waste value-chain.

#### ITC's Focus Areas

Running Behavioral Change Programmes for Citizens to Ensure Source Segregation

Creating Replicable, Scalable & Sustainable Models of Solid Waste Management

Sustaining & Enhancing ITC's Status as Solid Waste Recycling Positive

Ensuring that 100% of packaging is reusable, recyclable or compostable



#### Running Behavioural Change Programmes for Citizens to Ensure Source Segregation

ITC's initiatives encompass instilling behavioural change and door-to-door awareness programmes for citizens in collaboration with various stakeholders like Urban Local Bodies, Civil Society and the informal sector of waste collectors. The initiatives focus on educating citizens on segregating waste at source into dry and wet streams and ensuring that value is derived from these resources and in the process support sustainable livelihood for waste collectors and rag-pickers.

ITC's programmes have reached out to more than 4.5 million households till date. Additionally, ITC also leverages its brands for creating awareness campaigns for consumers in driving the message of responsible waste management.

## 4.5 million

Households impacted through running behavioural change and door-to-door awareness programmes

#### Creating Replicable, Scalable and Sustainable Models of Solid Waste Management (SWM)

ITC creates replicable, scalable and sustainable models of municipal solid waste management that can be implemented across the country to ensure that zero waste goes to landfill. These models are centred on the following pillars:

- Partnering Urban Local Bodies (ULBs), Panchayats for facilitating door-to-door collection of segregated waste.
- Supporting sustainable livelihoods for waste collection workers.
- Identifying and implementing suitable end-of-life solutions for each waste stream.
- Creating viable recycling options for post-consumer multi-layered plastic packaging waste.

From sprawling metros to small and medium towns, different models of waste management were implemented under ITC's flagship 'Well-Being Out of Waste' (WOW) programme. During the year, the programme was continued to be executed in Bengaluru, Mysuru, Hyderabad, major towns of Telangana, Coimbatore, Chennai, Tirupur, Cochin, Muzaffarpur, Delhi and several districts of Andhra Pradesh, collecting 70,900 MT of dry waste from 1,067 wards.

## PRESERVING AND NURTURING THE ENVIRONMENT

WOW's outreach spans over 3.8 million households, 5.2 million school children and around 2,040 Corporates since its inception. The programme has supported sustainable livelihoods for over 16,900 waste collectors and has also created 140 social entrepreneurs.

ITC's Mission Sunehra Kal programme has SWM models for Towns, Villages and Temples. The intervention manages both wet and dry waste, close to the generator. The programme spanned 17 districts across 11 states covering 0.73 million households and collected 41,000+ MT of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. During the year, source segregation and home composting and was practised by 0.55 million households and 95,000 households respectively. As a result of this decentralised model, only 18% of the total waste handled in these projects were sent to landfills.

### Sustaining and Enhancing ITC's Status as Solid Waste Recycling Positive

'Segregation at source' along with focused attention on identifying and tracking of all waste streams all the way till their final disposal, helped the Company in recycling over 99% of the 684,000 tonnes of total waste generated within ITC units during FY 2020-21. Also, the Kovai and Bhadrachalam units utilised over 79,000 tonnes of post-consumer paper waste as raw material in FY 2020-21.

Efforts at these ITC units to recycle 100% of waste generated along with utilisation of externally generated paper waste as a source of fibre, have helped ITC maintain its solid waste recycling positive status for 14 years in a row.

ITC, on the back of above programmes and other tie-ups with leading waste management agencies, collected more than 31,000 MT of post-consumer plastic waste during the year from 24 States and Union Territories, more than doubling last year's collections despite the challenges posed by the COVID-19 pandemic. This is equivalent to more than 80% of plastic packaging films utilised by ITC during the year. In the ensuing fiscal, the endeavour would be to collect in excess of 100% of plastic packaging introduced in the market.



## PRESERVING AND NURTURING THE ENVIRONMENT

### Ensuring that 100% of Packaging is Reusable, Recyclable or Compostable

As part of its sustainable packaging strategy, ITC is leveraging its unique in-house capabilities and expertise in the form of:

- LSTC's Centre of Excellence in Agri Sciences and Materials.
- Sustainable and Circular Design Expertise of packaging experts from Paperboards & Specialty Papers Division, Packaging and Printing Division and FMCG businesses.
- Consumer insights of FMCG businesses.
- Sustainable Waste Management experience housed within the Company.

#### ITC's approach to sustainable packaging involves:

- Optimising packaging in a way that it reduces the environmental impact arising out of post-consumer packaging waste without affecting integrity of the product.
- Progressive reduction in plastic packaging intensity over time.
- Improving the recyclability of multi-layer laminate packaging by reducing the complexity of the structure and phasing-out hard to recycle plastics.
- Examining the possibility of recycled plastic content for non-food applications.
- Evaluating the life cycle impacts of packaging and identifying opportunities for improvement using tools like Life Cycle Assessment studies.
- Identifying alternative packaging material with lower environmental impact including bio-based compostable plastics.
- Identifying suitable end-of-life solutions for packaging waste.

 For more information, please refer to the [Managing Waste](#) section of ITC's Sustainability Report 2021.

In health & hygiene, Savlon has further augmented its handwash portfolio with the launch of 'Savlon Pichkiao' (easy-squeeze pack) recently in limited select markets, an innovative Designed-For-Sustainability hand wash pack with its packaging utilising 22% lower plastic and is convenient, affordable and refillable.



## SERVING AND EMPOWERING COMMUNITIES

# Supporting Sustainable Livelihoods

## ITC's Management Approach

ITC's Social Investment Programme - Mission Sunehra Kal (MSK) aims to transform the lives of even the most marginalised sections of the society to live a life of dignity. The Company's focus on grassroots empowerment, based on knowledge and technology transfer, confronts livelihood challenges of today and tomorrow through a holistic approach to create healthy, educated, skilled and engaged communities, which look towards the future with confidence and determination.

The Company's CSR Policy, approved by the Board guides the programmes, projects and activities that the Company plans to undertake to create a significant positive impact on its identified stakeholders. These fall within the purview of Schedule VII of the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

## ITC's Two Horizon Approach

Extensive needs assessment surveys demonstrate that the core challenge of ITC's stakeholder groups (rural communities with whom ITC's Agri Business has forged long and enduring partnerships through crop development and procurement activities, and communities close to ITC's manufacturing units) is that of securing sustainable livelihoods today and creating capabilities for tomorrow.

Accordingly, interventions under the Company's Social Investments Programme (SIP) are appropriately designed to build their capacities and promote sustainable livelihoods. A summary of this approach and key highlights has been provided below.

 For more details on ITC's Mission Sunehra Kal (MSK), please refer to the [Creating Sustainable Livelihoods section of ITC's Sustainability Report 2021](#).



### Horizon I | Strengthen today's dominant source(s) of livelihoods

#### OBJECTIVE

Build resilience, reduce costs & risks and improve returns from the current portfolio of economic activities.

#### INITIATIVES & INTERVENTIONS

##### On-farm

Sustainable management of natural capital and farms to strengthen agriculture

##### Off-farm

Create non-farm livelihood opportunities, especially for women

### Horizon II | Create capabilities for tomorrow

#### OBJECTIVE

- Improve habitats to reduce morbidity and ensure a healthy community.
- Enable the youth to develop skills for gainful employment.

#### INITIATIVES & INTERVENTIONS

- Invest in public hygiene facilities.
- Focus on quality learning in schools.
- Promote skills aligned to market demand.

## Coverage

The projects promoted under the Social Investments Programme are spread over 216 districts of 25 States/Union Territories.

With the addition of new factory locations, 6 more clusters were added to the original 113 totalling 119 clusters, comprising 1,924 villages/wards (previously 1,086). This forms the core operational geographies of the Company's Social Investments Programme.

## Create enduring partnerships

At the core of MSK programmes is the commitment to create enduring partnerships with key stakeholders like grassroots institutions, government, and knowledge and implementation partners. Public Private Partnerships with governments enable rapid scale-up of programmes that have been piloted and tested in ITC's project locations. Cumulatively, MSK has signed 83 MoUs with several State Governments and other Government agencies.

SERVING AND EMPOWERING COMMUNITIES

# Key Highlights of Mission Sunehra Kal



10,524

Grassroots Institutions/  
Community Based  
Organisations created

Empowering Grassroots Institutions

1,64,055

Members

Empowering Grassroots Institutions

83

MoUs Signed

Government Partnerships

7,71,119

Acres

Sustainable Agriculture

160 million 29,184

Person days of employment  
generated

Social & Farm Forestry

Women Covered through  
Ultra-Poor Women  
programme

Women Economic Empowerment

8.08 lakh

Children Covered under  
various education initiatives

Primary Education

93,980

Youth trained on  
market-relevant skills

Vocational Training

38,153

Individual Household Toilets  
(IHHTs) constructed leading to  
100% of project catchments  
becoming Open Defecation  
Free (ODF)

Public Health - Sanitation

7.31 lakh

Households  
covered

Solid Waste Management

26.13 lakh

Artificial Inseminations (AIs)  
undertaken

Integrated Animal Husbandry  
Programme

21,991

Water Harvesting  
Structures Constructed

Water Stewardship

41.95 million m<sup>3</sup>

Of Fresh Water Harvesting  
Potential Created

Water Stewardship

## SERVING AND EMPOWERING COMMUNITIES

# Performance against Target 2030 for Mission Sunehra Kal programmes



Objective	Initiatives	UoM	Target 2030	Achieved till 20-21	Balance to achieve
De-risk poor rural households by diversifying farm portfolios through the promotion of tree-based farming	Social Forestry	Acres	6,30,000	3,94,678	2,35,322
Integrate diverse elements of the rural portfolio of initiatives into a Climate Smart Village approach	Sustainable Agriculture <sup>1</sup>	Acres	30,00,000	7,71,119	22,28,881
Ensure water security for all stakeholders through watershed development & managed aquifer recharge	Watershed Development	Acres	22,00,000	12,31,251	9,68,749
	Water Harvesting Structures	Nos.	50,000	21,991	28,009
	Storage Potential	million kl	60.00	41.95	17.11
	Bio-Diversity Conservation	Acres	2,50,000	44,044	2,05,956
Actively promote non-farm livelihood opportunities to diversify income portfolios of poor households	Women Economic Empowerment	Nos.	1,50,000	77,851	72,149



Objective	Initiatives	UoM	Target 2030	Achieved till 20-21	Balance to achieve
Ensure that every child is in school and learning well through improvement in pedagogy and the learning environment	Improvement in learning outcomes	No. of children	13,00,000	8,08,462	4,91,538
	Infrastructure support to Government Schools	Nos.	4,000	2,105	1,895
Align skills training to market demand to maximise employment of youth from core areas	Vocational Training	No. of youths	2,82,000	93,980	1,88,020
Reduce morbidity, especially amongst women and children, by promoting a clean and healthy environment	Toilets constructed	Nos.	40,000	38,153	1,847
	Solid Waste Management (SWM)	No. of Households <sup>2</sup>	6,00,000	7,31,272	Achieved

<sup>1</sup>hectare = 2.47105 acres | <sup>1</sup>. Figures on Sustainable agriculture area and SWM - households covered, pertains to FY 2020-21 | <sup>2</sup>. In view of 100% of project areas being declared ODF by the government the Target has been revised

## SERVING AND EMPOWERING COMMUNITIES



### REACHING OUT TO THOSE IN DISTRESS

The pandemic has uprooted lives and livelihoods of million of people at an unimaginable scale, especially those close to the bottom of the social pyramid. As part of its societal commitment, ITC has focused on generating additional employment in its project areas to support vulnerable communities. ITC's Mission Sunehra Kal has generated livelihoods for farmers, and daily wage earners under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

Following the easing of restrictions, ITC has collaborated with the government and NGO partners to mobilise farmers, migrant families, and landless workers to access work opportunities under MGNREGS; and help build productive community assets. ITC has provided technical support for planning and execution of the projects and ensured the adherence of safety protocols for workers.

The outcomes of these large-scale initiatives were measures and the impact data was shared with the Government. Sample studies conducted at one village in Andhra Pradesh showed that the intervention areas performed better on several parameters (higher average earnings per day, participation of women and SC and ST members, among others) vis-à-vis other villages in the district.

## 55 lakh

**Person days of work (valued at ₹ 90.5 crores) was completed in 2,448 villages spanning 64 districts of 16 states**

## 5,631

**Water Harvesting Structures were Constructed for Irrigation**



### ENABLING THE MARGINALISED TO BUILD AN INCLUSIVE SOCIETY

Bhaukhedi Nikas is a small village in Madhya Pradesh with no access to digital communication or banking services within 20 kilometres. Madina, 37, a resident of the village was unaware of the benefits provided by the government until she became a part of ITC's Sunehra Kal programme conducted in collaboration with Madhya Pradesh State Rural Livelihood Mission. She was also trained to become a Yojna Sakhi, where she initially managed accounts for Self Help Groups and encouraged women to open their own bank accounts.

Madina, now a Bank Sakhi, helps community members, especially rural women to open their own bank accounts. Not a digital have-not anymore, she

has realised how digital banking can transform the lives of rural people. She has also taken a loan of ₹ 2.5 lakh from the bank to set up a Common Service Centre.

Today, villagers from 10 panchayats rely on her for a variety of online banking services. Her Centre also helps people to get the benefits (LPG subsidy, pension, insurance) of government schemes. Earning a decent income, while helping so many around her, Madina feels more confident than ever before. She wants to study more and help others learn as a teacher. She has already registered for a BA and B.Ed course, because she knows education is the pathway to empowerment.

# Workforce of Tomorrow



## ITC'S FOCUS AREAS

Nurturing Leaders of Tomorrow

Employee Engagement: The ITC Way

Upholding Human Rights

Diversity & Equal Opportunity

Promoting A Culture of Safety

## ITC's Approach

ITC believes that sustained long-term value is created through organisational vitality manifested through the power of innovation, connectedness with evolving consumer and customer expectations and execution excellence. Such vitality is best nurtured in an enabling environment of empowerment and accountability to harness the full potential of ITC's human capital. In a volatile, uncertain and intensely competitive environment, it is

ITC's human resources that provide the thrust in ensuring ITC continues to deliver world-class performance and enhances its reputational capital. ITC, therefore, directs its efforts and human capital investments towards sustaining its position as one of India's most valuable employers, strengthening engagement of the workforce, fostering a competitively-superior, performance-driven culture and remaining future-ready.

## WORKFORCE OF TOMORROW

### Nurturing Leaders of Tomorrow

Building talent has been a foundational feature of ITC's talent strategy. ITC's human resources systems and practices are designed to deliver the unique talent promise of 'Building Winning Businesses, Developing Business Leaders and Creating Value for India'. The talent development practices help create, foster and strengthen the capability of human capital to deliver critical outcomes on the vectors of strategic impact, operational efficiency and capital productivity. ITC continues to draw the finest management, technical and commercial talent from premier institutions in the country and is ranked amongst the leading companies in these institutions. Intensive engagement with the country's premier academic institutions over the years to communicate the Company's talent proposition through case-study competitions, knowledge sharing programmes by senior managers and the annual internship programmes have all contributed to create a compelling proposition for the best candidates to aspire for a career with ITC. Such talent is positioned in high-impact roles which offer opportunities to deploy functional mastery and team management capabilities to problem solve, deliver operational excellence and contribute to strategy development. Such roles facilitate deep functional expertise early in one's career through immersion in complex problem-solving assignments requiring the application of domain expertise. Apart from early responsibilities, such talent is provided the opportunity to work closely with, and be mentored by, senior leadership on strategic projects and assignments through fora such as 'Launch Pad' and the 'Young Manager Committee'.

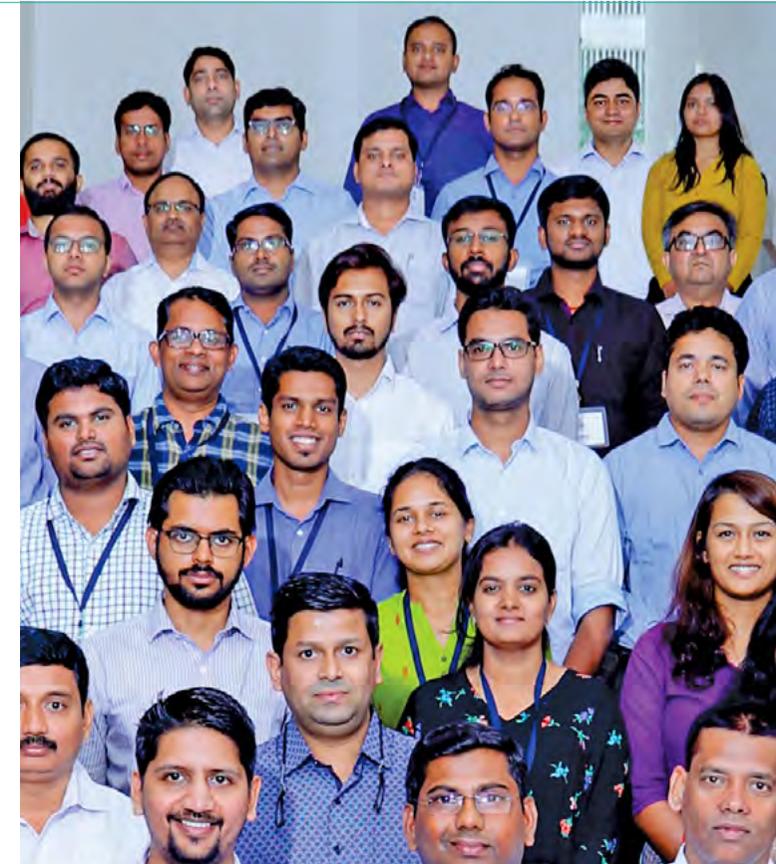
ITC's three-tiered governance structure is designed to promote agility through a culture of distributed leadership. This is reflected in market and consumer facing businesses which are driven by empowered teams and supported by shared assets and capabilities, enabling strategic relevance, speed, responsiveness and operational excellence. This approach allows Businesses, through their Management Committees, to focus, develop and execute business plans relevant to their product-market spaces while leveraging the institutional strengths of the Company and harvesting internal synergies. Such an approach provides talent the autonomy to solve business challenges and craft relevant, market-focussed solutions, while acting with accountability and preserving ITC's values in the operations of the various Businesses.

Apart from career management and a strategy of organisation that promotes agility and accountability, the Company also makes significant investments in management development. ITC has assiduously built a culture of continuous learning, innovation and collaboration by providing leading-edge learning and development support to managers. The emphasis is on providing experiential learning through on-the-job assignments, an enabling & supportive environment and promoting learning agility. Managers are assessed ITC's behavioural competency framework and provided with learning and development support to address areas identified for improvement.

ITC has identified three capability platforms relevant to making businesses future-ready – Business Critical Strategic Competencies, Leadership Development and Organisation Identity & Pride. Employees are offered best-in-class learning and development support comprising a blend of classroom, online and on-the-job training. Globally benchmarked learning curriculums are designed and delivered through subject matter experts and internationally recognised faculty which are supplemented with business-critical application projects. Learning is further supplemented with on-demand, online programmes made accessible to employees through reputed content platforms. This approach ensures the assimilation as well as application of learning for superior business results.

### Employee Engagement: The ITC Way

ITC's focus on creating a stimulating work environment supported by a caring and compassionate work ethos enables employees to thrive and deliver winning performances. ITC's efforts consistently aim to positively influence all aspects of an employee's life - physical, mental and emotional. Specific elements of ITC's work practices and culture are based on the management approach articulated in Board-approved Policies on 'Diversity and Equal Opportunity', 'Freedom of Association' and 'Environment, Health and Safety', among others. Beyond every framework, enabler or outcome, the success of employee centric policies across businesses can be attributed to a relational contract that inspires pride and endears employees to the Company. It is something that, over time, has become the "ITC way", guiding and influencing the Company's people policies and providing fertile ground for a culture of commitment and excellence.



ITC's three-tiered governance structure is designed to promote agility through a culture of distributed leadership. This is reflected in market and consumer facing businesses which are driven by empowered teams and supported by shared assets and capabilities, enabling strategic relevance, speed, responsiveness and operational excellence.

## WORKFORCE OF TOMORROW

In 2020, ITC completed the third edition of its Employee Engagement Survey - iEngage, capturing employee perceptions and views on various workplace dimensions. In this survey, 95% of survey respondents said that they were proud to work at ITC, a score that is amongst the highest globally. The results of the 2020 survey, which witnessed even higher scores over the previous survey on the dimensions of Employee Engagement, Performance Enablement and Managerial Effectiveness are a testimony to the efforts devoted to enhancing the culture of high performance and employee care. Through a process of focus group discussions, action plans in the areas of Communication, Recognition, Team Work & Collaboration, Career Management and Employee Wellbeing, have been implemented during the year. Employee recognition through introduction of recognition platforms across businesses, communication through Town Halls, skip level meetings and direct interaction of identified managers with the senior leadership, reinforcement of career dialogues and improving goal clarity through the performance management system have all contributed to improving the levels of engagement across the Company.

In addition to the existing initiative of 'StudioOne' Townhall, a second more personalised platform for interactions titled 'Studio One Xchange' commenced in 2020-21, providing an avenue for employees to hear from and engage with the leadership in the Company

In pursuit of strengthening its competitive vitality, ITC has made significant investments in recent years in building digital capacity, recognising its transformative potential across the value chains of its Businesses. The utility of all these investments were amplified during the pandemic, enabling superior responsiveness and agility in our engagement with consumers, various stakeholders and in the management of our supply chains. With the intent of embedding digital adoption and recognising its potential as a foundational capability, the 'Young Digital Innovators Lab' was constituted, comprising of select managers, drawn from ITC's Businesses. The role of the Digital Innovators is to benchmark ITC's digital assets against the best-in-class, suggest opportunities for adoption and improvement and propose deployment of digital technologies to enhance the competitiveness of our various Businesses. The Young Digital Innovators act as mentors to the Digital Council who will ideate, seed, sponsor high impact digital interventions and harness the

power of synergy for cross-fertilisation of ideas. Both these forums in combination are expected to serve as fertile ground for ideation, exploration and harvesting of the full potential of digital.

ITC's approach to enthusing talent with market driven remuneration, learning avenues, quality of life and challenging work continues to play a pivotal role in enduring employee relationships. Rigorous and objective performance assessment and management systems provide impetus to the alignment between expectations and business outcomes. 'Career Conversations' to navigate and craft meaningful roles and manage aspirations were strengthened this year to provide a boost to performance and retention.

ITC believes that the achievement of ITC's growth objectives will depend largely on the ability to innovate continuously, connect closely with the customer, and create and deliver superior and unmatched customer value. This has been made possible by nurturing a culture of continuous learning, innovation and collaboration across the organisation. In keeping with this spirit of innovation and experimentation, the year also saw the launch of the 'Relmagine Next' ideation contest, inviting suggestions from teams of employees about new business models and products. The most promising of these ideas were selected and identified teams were commissioned resources to execute pilots.

### Upholding Human Rights

The Company has Policies on human rights which are applicable to all its employees and value chain partners. 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 policies on human rights and decent work place.

 For more details on ITC's Talent Management approach including information on Recruitment, Employee Engagement, Learning and Development, Employee Well-being Initiatives, Rewards and Recognition, Diversity and Equal Opportunity and Human Rights, please refer to [Workforce of Tomorrow section of ITC's Sustainability Report 2021](#).

### Diversity and Equal Opportunity

ITC believes that diversity at the workplace fosters and enhances the overall quality of decision making and problem solving, helps bring different perspectives to issues at work and therefore enhances the quality of discourse within the Company. The Company's Policy in this regard provides for equal opportunities to all employees based on merit. It ensures a work environment free from any form of discrimination amongst employees – whether 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.

### Promoting a Culture of Safety

A safe and healthy work environment is a prerequisite for ensuring employee wellbeing, and adopting best practices in occupational health and safety bears a direct impact on the overall performance of ITC.

To percolate safety deeper into ITC's operational practices and achieve the 'Zero Accident' goal, the Company has developed a comprehensive EHS strategy founded on two pillars: 'Safety by Design' and 'Safety by Culture'. ITC follows 'Safety by Design' by continuously striving to improve on safety performance by incorporating best-in-class engineering standards in the design and project execution stage for all investments in the built environment. This helps reduce potential hazards as well as optimise operational costs. Additionally, Environment, Health & Safety audits are carried out to verify compliance with standards.

'Safety by Culture' looks at driving behavioural change so that safety is ingrained in the culture of the organisation across operating units. Accordingly, behaviour-based safety initiatives are progressively being implemented across several operating units.

ITC's Paperboards and Specialty Papers Division (PSPD) has pioneered the use of Design Thinking principles for seamless integration of safety in business operations, resulting in significant positive behavioural changes.

Several national awards and certifications received by various units reaffirm Company's commitment to provide safe and healthy workplace to all.

## WOMEN IN FACTORIES



ITC's food manufacturing units have been engaging an increasing number of women on the shopfloor. With women constituting about 73% of the workforce, ITC's Pudukkottai unit in Tamil Nadu is a beacon of diversity with regard to employment of women. Similarly, ITC's Foods unit at Nanjangud in Karnataka is the first FMCG factory in the region to deploy women workforce across all shifts. Women constitute close to 62% of the workforce at the Nanjangud unit. These factories deploy state-of-the-art manufacturing technology with ergonomically designed equipment to enable women participation across all jobs on the shop floor.

As part of the induction and assimilation process, on the day of joining, women employees as well as their family members are provided with an orientation to the work environment. They interact with the factory leadership team and are briefed

about safety practices, product quality and hygiene, and systems relating to the wellbeing of employees. Institutional support, in the form of facilities like creche, round the clock access to the health centre and safe transportation with vehicles equipped with CCTV cameras, GPS and panic button, have been provided.

Several communication and participation fora such as Committees, Town Hall meetings, and a grievance management process are in place. The factories have also been organising well-being initiatives and occupational awareness sessions regarding women health issues and gender sensitisation.



# Collaborating with suppliers and value chain partners

Global supply chains continue to evolve across industries with rising digitalisation, integration and strong emphasis on sustainability and responsible sourcing.

## ITC's Approach

ITC has Board approved Sustainability Policies namely 'Responsible Sourcing' and 'Human Rights Consideration of Stakeholders beyond the Workplace' that address key supply chain sustainability issues like:

**Labour Practices**

**Human Rights**

**Bribery and Corruption**

**Environment**

**Occupational Health and Safety**



The Foods Business has a robust food safety management system to effectively meet the stringent requirements related to food safety, quality processes and hygiene.

82 out of 88 manufacturing locations (including outsourced manufacturing units) which accounted for more than 97% of ITC Foods Division's total production volume in 2020-21, are certified as per recognised standards like FSSC 22000/ ISO 22000/ Hazard Analysis and Critical Control Point (HACCP). Certification of the remaining six newly commissioned units is planned in 2021-22.

For more information, please refer to the 'Sustainable Supply Chain' section of ITC Sustainability Report 2021.

ITC has a 'Code of Conduct for Vendors and Service Providers' that detail the requirements related to the aspects addressed in the Policies. Through acceptance of this Code by supply chain partners, ITC seeks their commitment to comply with applicable laws, respect human rights and contribute to environmental conservation. ITC has facilitated training workshops for more than 150 supply chain partners to educate, and create shared awareness on human rights and decent labour practices till date and ITC will continue to support more such workshops to strengthen awareness on human rights and decent labour practices. Going forward, systems will be put in place for coordinated efforts towards continual improvement in working conditions.

Vendors and service providers including outsourced manufacturing establishments 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. These interventions are some of the examples of the Company's sustainability practices being adopted by its supply chain network partners.

ITC also supports its Third Party Manufacturing Units by providing knowledge support in specific areas like energy, water, waste and quality management to drive performance improvement across the value chain.

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 survival and competitiveness of a number of units in these sectors.

## COLLABORATING WITH SUPPLIERS AND VALUE CHAIN PARTNERS

### ZERO DEFORESTATION IN TOBACCO VALUE CHAIN

ITC Agri Business is committed to ensuring 'Zero Deforestation' across the leaf tobacco value chain. The Business has implemented a three-pronged approach to conserving energy and ensuring sustainable fuel management in tobacco curing. This entails the introduction of fuel-efficient technologies, promotion of self-sustenance through energy plantations and use of alternative fuels.

- Energy conservation measures (Barn Roof Insulation, turbo ventilators and so on) which can reduce nearly about 30% of energy requirement during curing are being deployed on a large scale, spanning 36,965 barns in Andhra Pradesh and Karnataka.
- To embrace a self-sustaining model for fuel sourcing, ITC has encouraged the planting of trees that cover 155,866 acres till date. The Business has also undertaken green cover across rural lands by helping improve natural vegetation.
- Encouraging farmers to use alternate fuels for curing like coffee husk, coffee stems, coconut fronds and biomass briquettes.

# 155,866

Acres of trees planted, to embrace a self-sustaining model for fuel sourcing

# 36,965

Barns in Andhra Pradesh and Karnataka run with energy conservation measures (Barn Roof Insulation, Turbo Ventilators and so on)

### EMPOWERING FARMERS THROUGH CROP VALUE CHAIN CLUSTER MODEL

ITC is stepping up farmer engagement in wheat, potato, chillies and fruits & vegetables through a Crop Value Chain Cluster model to connect small farmers to key markets. ITC expects to support nearly 3000 Farmer Producer Organisations (FPOs) with more than a million farmers across 24 crop value chain clusters in 21 states, shaping competitive agri value-chains and enhancing farmer incomes. These value chains are anchored on ITC's investments in food processing, its vibrant brands as well as exports.

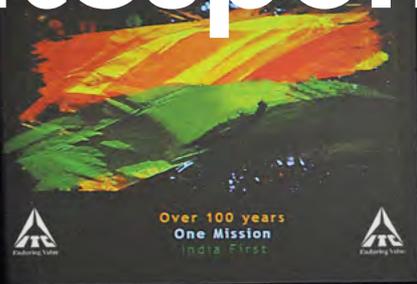


### SUSTAINABLE TOBACCO PROGRAMME (STP 2.0)

ITC's approach to sustainability in the tobacco value chain undergoes a comprehensive review by the Sustainable Tobacco Programme (STP). The programme evaluates the sustainability performance of Leaf Tobacco suppliers' operations on eight themes namely – Water, Human Rights, Crop, Soil, Climate Change, Natural Habitats, Livelihoods and Governance. **The Business successfully implemented the tobacco customers' requirement in the farm supply chain.**

GOVERNANCE

# Enabling Agility & Responsibility



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## Adjudged 'Best Governed Company' by the Institute of Company Secretaries of India (ICSI)

At the 20<sup>th</sup> ICSI National Awards for Excellence in Corporate Governance, 2020 in the 'Listed Segment: Large Category', in recognition of its robust governance model anchored on the values of trusteeship, transparency and ethical corporate citizenship.

In order to address its unique organisational context and prepare itself for the global Indian market, ITC, as early as in 1999, fashioned a unique corporate governance model that would enable it to 'focus' on its multiple businesses, while maximising shareholder value.

The Governance Policy of ITC has not only stood the test of time, but also supported ITC's rapid growth in the last two decades since its formulation.

ITC defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth generating capacity. Since large corporations employ a vast quantum of societal resources, ITC believes that the governance process should ensure that these resources are utilised in a manner that meets stakeholders' aspirations and societal expectations.

# ITC's Corporate Governance

ITC's corporate governance philosophy is anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment & accountability and control.

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

## Ethics and Integrity

The ITC Code of Conduct, as adopted by the Board of Directors of the Company, is applicable to Directors, senior management and employees of the Company.

The Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct in relation to the Company's business and reputation.

The Code covers ITC's commitment to CSR and sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability, legal compliance and the philosophy of leading by personal example. The Code is available on the Company's corporate website and is shared with employees at the time of their induction into the Company. Any violation of the ITC Code of Conduct by an employee renders the person liable for disciplinary action.

 For more details on ITC's Code of Conduct, Corporate Governance at ITC and other ITC Policies, please refer to the Report on Corporate Governance section of ITC's Report and Accounts 2021 and the Corporate Governance section of ITC's Sustainability Report 2021



## ITC's Corporate Governance Philosophy



# Governance structure and interlinkage with management

ITC's Corporate Governance structure, systems and processes are based on two core principles:

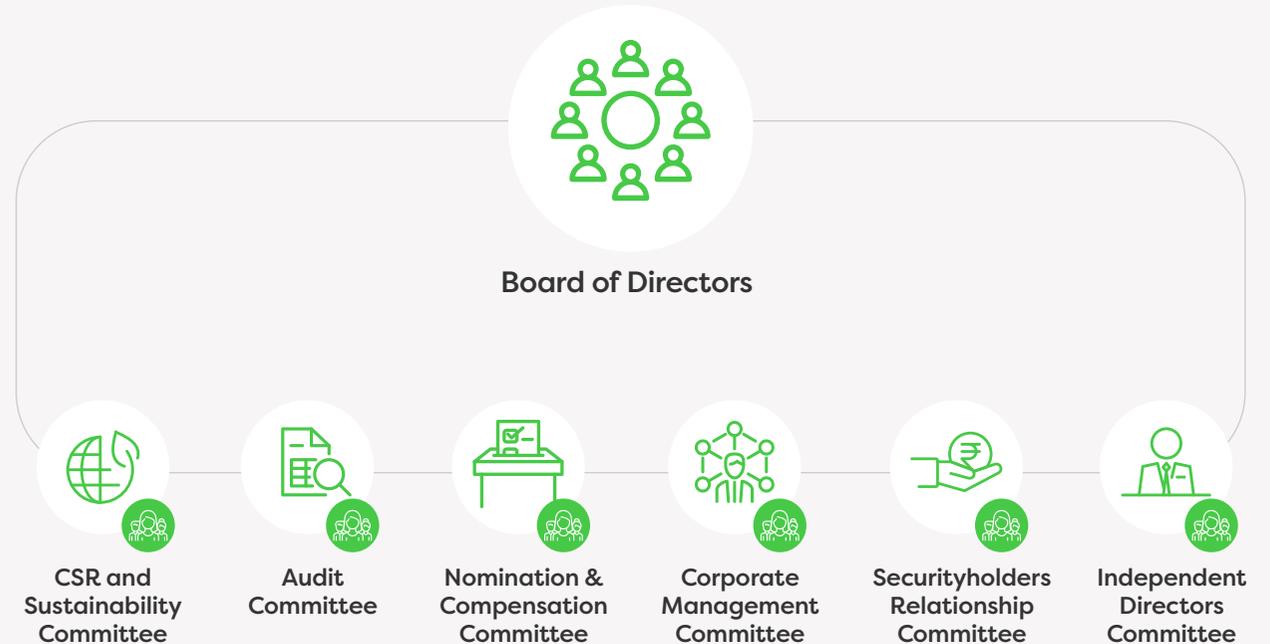
- Management must have the executive freedom to drive the enterprise forward without undue restraints.
- This freedom of management should be exercised within a framework of effective accountability.

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

1. Strategic supervision by the Board of Directors
2. Strategic management by the Corporate Management Committee
3. 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. For more details on ITC's governance structure, please refer to the 'Report on Corporate Governance', forming part of the Report and Accounts 2021.

## Governance Structure



### Divisional Management Committees

Each headed by a Divisional Chief Executive

#### Businesses

FMCG | Hotels | Paperboards, Paper & Packaging | Agri Business | Information Technology

### Corporate Functions

#### Businesses

Planning & Treasury | Accounting | Taxation | Risk Management | Legal | Secretarial | Internal Audit | EHS | Human Resources | Corporate Communications | Corporate Affairs | IT Support Services

### Shared Services

#### Businesses

Life Sciences & Technology | Central Projects Organisation | Trade Marketing & Distribution

BOARD OF DIRECTORS & EXECUTIVE MANAGEMENT

# Strategic Supervision by the Board of Directors

7

Independent Directors

2

Women Directors

~98%

Average Board Meeting Attendance

**Mr. S. Puri**  
Chairman & Managing Director  
NC CS CM RM

**Mr. N. Anand**  
Executive Director  
CM RM

**Mr. B. Sumant**  
Executive Director  
SR CM RM

**Mr. R. Tandon**  
Executive Director  
SR CM RM

**Mr. S. Banerjee**  
Independent Director  
AC NC IC

**Mr. A. Duggal**  
Independent Director  
AC IC

**Mr. S. B. Mathur**  
Independent Director  
AC IC

**Mr. A. Nayak**  
Independent Director  
NC SR IC

**Ms. N. Rao**  
Independent Director  
CS IC

**Mr. A. K. Seth**  
Independent Director  
CS IC

**Ms. M. Shankar**  
Independent Director  
NC CS IC

**Mr. H. Bhargava**  
Non-Executive Director  
Representative of Life Insurance Corporation of India as Investor  
AC CS

**Mr. A. Jerath\***  
Non-Executive Director  
Representative of General Insurers' (Public Sector) Association of India as Investor  
CS

**Mr. D. R. Simpson**  
Non-Executive Director  
Representative of Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c. as Investor  
CS

NC | Nomination & Compensation Committee  
CS | CSR and Sustainability Committee  
CM | Corporate Management Committee  
RM | Risk Management Committee

SR | Securityholders Relationship Committee  
AC | Audit Committee  
IC | Independent Directors Committee  
■ Chairman ■ Member

\*w.e.f. 01.05.2021 | Data as on 31.03.2021

**BOARD OF DIRECTORS & EXECUTIVE MANAGEMENT**

# Strategic Management by the Corporate Management Committee

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**Mr. Sanjiv Puri**  
Chairman & Managing Director

---

**Mr. Nakul Anand**  
Executive Director

---

**Mr. Sumant Bhargavan**  
Executive Director

---

**Mr. Rajiv Tandon**  
Executive Director

---

**Mr. Supratim Dutta**  
Chief Financial Officer

---

**Mr. Hemant Malik**  
Divisional Chief Executive  
Foods Business

---

**Mr. Anil Rajput**  
Senior Vice President  
Corporate Affairs

---

**Mr. Sanjiv Rangrass**  
Group Head - Quality Assurance  
LSTC, CPO & EHS

---

**Mr. Sanjay Singh**  
Group Head  
Paper and Packaging  
Businesses

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**Mr. S. Sivakumar**  
Group Head  
Agri & IT Businesses and  
Chairman of the Management  
Committee of the Social  
Investments Programme

Data as on 31.03.2021

## BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

# Executive Management by the Divisional Chief Executive assisted by the Divisional Management Committee



India Tobacco Division

**Mr. Sandeep Kaul**  
Divisional Chief Executive  
**Mr. Devraj Lahiri**  
Chief Operating Officer



Matches and Agarbatti Business

**Mr. Gaurav Tayal**  
SBU Chief Executive



Foods Division

**Mr. Hemant Malik**  
Divisional Chief Executive  
**Mr. S. Ganesh Kumar**  
Chief Operating Officer, SBU Chief Executive, Staples, Snacks & Meals



Trade Marketing & Distribution (TM&D) of ITC FMCG

**Mr. Sandeep Sule**  
Chief Executive Officer



Hotels Division

**Mr. Sanjay Singal**  
Chief Operating Officer, Dairy & Beverages  
**Ms. Kavita Chaturvedi**  
Chief Operating Officer, Snacks

**Mr. Anil Chadha**  
Chief Operating Officer

**Mr. Anuj Kumar Rustagi**  
Chief Operating Officer for Chocolates, Coffee, Confectionery and New Category Development

**Mr. Ali Harris Shere**  
Chief Operating Officer, Biscuits & Cakes



Paperboards & Speciality Papers Division

**Mr. Vadiraj Kulkarni**  
Divisional Chief Executive



Personal Care Products Division

**Mr. Sameer Satpathy**  
Divisional Chief Executive



Packaging and Printing Business

**Mr. Dhananjay Salunkhe**  
SBU Chief Executive



Education and Stationery Business

**Mr. Vikas Gupta**  
SBU Chief Executive



Agri Business

**Mr. Rajnikant Rai**  
Divisional Chief Executive



Agri Business - Tobacco SBU

**Mr. H. N. Ramaprasad**  
SBU Chief Executive

As on 08.07.2021

 Please refer to Business Heads

# ESG Risk Management

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

## Sustainability Governance Structure



### CSR and Sustainability Committee

The CSR and Sustainability Committee of the Board, inter alia, reviews, monitors and provides 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 crafting unique models to support creation of sustainable livelihoods together with environmental re-generation, and formulates & monitors the CSR Policy. The Committee also reviews the annual CSR Action Plan and the Business Responsibility Report of the Company, and recommends the same to the Board for approval.

The CSR and Sustainability Committee presently comprises the Chairman of the Company and five Non-Executive Directors, three 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 the Committee and the number of meetings held during the year are provided in the Report and Accounts.

### Sustainability Compliance Review Committee

The Corporate Management Committee (CMC) has also constituted the Sustainability Compliance Review Committee (SCRC), which presently comprises seven senior members of management, with its Chairman being a member of the CMC. The role of the Committee 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, four meetings of the SCRC were held to review the sustainability performance of the Company.

### Sustainability Policies

ITC has adopted a comprehensive set of Board approved Sustainability Policies that are being implemented across the organisation in pursuit of its 'Triple Bottom Line' agenda. These Policies are aimed at strengthening the mechanism of engagement with key stakeholders, identification of material sustainability issues and progressively monitoring and mitigating the impact along the value chain of each Business.

### Implementation

In line with ITC's sustainability roadmap, businesses are moving ahead in a phased manner to implement the above Policies. The overall responsibility for ensuring implementation of Policies resides with the Divisional/ Strategic Business Unit (SBU) Chief Executives who work with their respective management teams. Various committees designated with specific responsibilities have also been constituted for operationalising the Sustainability Policies.

 Please check the following link for details [ITC's Sustainability Policies.](#)

# Ratings and Awards

ITC has been a pioneer and frontrunner in Sustainability performance for more than two decades. It has undertaken multi-dimensional and large-scale initiatives that contribute to its leadership in Environmental, Social and Governance (ESG) issues. During the year, ITC sustained its 'AA' rating by MSCI-ESG - the highest amongst global tobacco companies, and has also been included in the Dow Jones Sustainability Emerging Markets Index.

ITC is continuously working on all fronts focusing on well-defined targets and goals to sustain and strengthen its leadership in ESG performance. Its superior ESG performance has also been acknowledged by leading analysts and brokerage firms.

## Major Awards 2020-21

- Mr. Sanjiv Puri, Chairman & Managing Director, was ranked 2nd nationally in the Impact Digital Power 100: Business Leaders List published by Exchange4Media, a leading online news platform.
- ITC was conferred the 'Best Governed Company' Award in the Listed Segment: Large category by the ICSI at the 20th ICSI National Awards for Excellence in Corporate Governance 2020.
- ITC won the First prize in seven categories at the Public Relations Society of India (PRSI) National Awards 2020.
- ITC's Paperboards & Specialty Papers Division (PSPD) was awarded the 'Most Innovative Environmental Project' Award at the 7th CII Environmental Best Practices Award 2020 organised by CII - Green Business Centre.
- ITC's Communications campaign on 'Well-being out of Waste (WOW)' was adjudged as one of the best global Communication campaigns at the Global SABRE Awards 2020. It also won 'Diamond Award' in the 'Superior Achievement in Reputation Management' category and two 'Gold Awards' in the 'Corporate image' and 'Corporate Social Responsibility' categories at the SABRE South Asian Awards 2020.
- ITC received the 'Gold Award' for the sustainable paper value chain and CSR initiatives in Bhadrachalam in the 'Media PR engagements' category at the SABRE South Asian Awards 2020.
- ITC won 2 'Gold Awards' at the Fulcrum Awards 2020 under the Best Manufacturing Sector Campaign category and under the Best Regional Campaign category.
- ITC's Foods Division received Two Effie Awards in the 'Integrated Marketing Campaign' and 'Foods' Categories (Silver Awards – highest honours) for Aashirvaad Atta's 'Tarun's Tiffin' advertisement campaign.
- ITC's Foods Division received Four Gold Awards for Excellence in Digital Marketing at the CMO Asia National Awards 2020.
- The virtual summit on 'Digital Enablement for Kirana Outlets' organised by ITC's Foods Division and Trade Marketing and Distribution (TM&D) was registered by the Guinness World Records for the 'Most Viewers for a Retail Management Livestream on a Bespoke Platform'.
- ITC's Agri Business received the Global Good Agricultural Practices (GAP) certification, an internationally acknowledged farm assurance programme, for its efforts in implementing sustainable agricultural practices with chilli farmers in the states of Andhra Pradesh, Karnataka and Telangana.
- ITC's India Tobacco Division received CII National HR Excellence Award for 'Significant Achievement in HR Excellence'.
- The 'Savlon Healthy Hands Chalk Sticks' campaign by ITC's Personal Care Products Business Division (PCPBD) was featured in the Cannes Lions 'Iconic Work of the Decade'.
- ITC's Hotel Division won the First prize at the Travel + Leisure India's Best Awards 2020.
- ITC's Hotel Division received Six Awards at the Conde Nast Traveller Readers' Travel Awards 2020.
- ITC's PSPD Bhadrachalam unit received "GreenCo Platinum+" rating by the Confederation of Indian Industry (CII) - Green Business Centre for its Environmental Stewardship.
- ITC's Units at Munger and Bengaluru received 'IGBC Performance Challenge 2020' for Green Built Environment - Excellence Award' at the Green Building Congress 2020.
- ITC's Unit in Bengaluru was presented the 'Sustainable Factory of the Year Award' from Frost & Sullivan and The Energy and Resources Institute (TERI) at the Sustainability 4.0 Awards and 'Environmental Best Practices Award 2020' by CII.
- ITD Kidderpore unit received 'IGBC Platinum' Rating 2020 from the Indian Green Building Council.
- ITC's Units in Kidderpore and Saharanpur, Bhadrachalam and Nanjangud received 'Energy Efficient Unit Awards' from CII at the 21st National Awards for Excellence in Energy Management 2020.
- ITC's PSPD Bhadrachalam unit received 'Excellent Energy Efficient Unit' and 'Best Innovative Project' Awards at the 21st National Awards for Excellence in Energy Management 2020 organised by CII.

## RATINGS AND AWARDS



### Major Awards Over the Years

- Mr Sanjiv Puri, Chairman & Managing Director, was ranked one of the India's Most Valuable CEOs by BW Businessworld (2019).
- Mr Sanjiv Puri, Chairman & Managing Director, was honoured with the 'Distinguished Alumnus Award of the Year 2018' conferred by IIT, Kanpur in recognition of his achievements of exceptional merit (2018).
- ITC's Kovai unit received the Platinum-level certification, the highest recognition for water stewardship in the world, based on international benchmarks, from the Alliance for Water Stewardship, Scotland (2019).
- ITC has won the prestigious Porter Prize 2017 for 'Excellence in Corporate Governance and Integration' and for its exemplary contribution in 'Creating Shared Value' (2017).
- ITC won the 'Best Practices Award' from United Nations Global Compact Network India for two major game-changing initiatives of the Company – Integrated Watershed Development and Social & Farm Forestry (2017).
- ITC Limited became the 1st company to win the India Today Safaigiri Corporate Trailblazer Award 2016.
- ITC's Sankhya Data Centre, Bengaluru became the first data centre in the world to get LEED® Platinum Certification from the US Green Building Council (2016).
- ITC's Paperboards & Specialty Papers units at Bhadrachalam, Bollaram, Kovai and Tribeni are FSC Chain of Custody certified (2015).
- ITC was ranked 'India's Most Admired Company' in a survey conducted by Fortune India magazine and Hay Group (2014).
- ITC was presented the World Business and Development Award at the Rio+20 UN Summit for its Social and Farm Forestry initiative (2012).
- ITC was conferred the National Award for Excellence in Corporate Governance by the Institute of Company Secretaries of India (2007).
- ITC was the 1st Indian Company and 2<sup>nd</sup> in the world to win the Development Gateway Award for its trailblazing e-Choupal initiative (2005).



## CERTIFICATIONS

# Environment, Social, Occupational Health and Safety, Food Safety Certifications

## ISO 14001: Environment Management System

- All ITC owned manufacturing units (except Leaf threshing Unit at Anaparti).
- All ITC owned Hotels (except recently commissioned ITC Grand Goa, ITC Royal Bengal, Welcomhotel Coimbatore and Welcomhotel Amritsar where systems are under development) and ITC Kakatiya, Welcomhotel Bay Island in Port Blair.
- ITC Green Centre Gurugram, SNPL Simra, SNPL Seratar and ATC Limited at Hosur.

## OHSAS 18001/ ISO 45001: Occupational Health and Safety Management Systems

- All ITC owned manufacturing Units (except Leaf threshing unit at Anaparti), SNPL Simra, SNPL Seratar and ATC Limited at Hosur.
- **Hotels**  
ITC Gardenia and Welcomhotel Bay Island in Port Blair

## SA 8000: Social Accountability

Cigarettes factories at Kolkata and Munger, Packaging and Printing units at Munger, Tiruvottiyur and Haridwar, and SNPL Simara.

## FSSC 22000/ISO 22000/HACCP: Food Safety Management System

- All ITC owned Foods units and NENPL unit in Mangaldoi.
- All ITC Hotels (except recently commissioned ITC Grand Goa, ITC Royal Bengal, WelcomHotel Coimbatore and WelcomHotel Amritsar where systems are under development), ITC Kakatiya and Welcomhotel Bay Island in Port Blair.

## LEED® Platinum Rating by US Green Building Council/Indian Green Building Council (Existing Building category)

### Hotels

ITC Maurya, ITC Windsor, ITC Maratha, ITC Grand Central, ITC Mughal, ITC Sonar, ITC Kakatiya, ITC Rajputana, ITC Gardenia, ITC Grand Chola, ITC Grand Bharat, ITC Grand Goa, and ITC Royal Bengal

### Offices

ITC Green Centre Gurugram, ITC Virginia House Kolkata and ITC Centre Kolkata

## LEED® Platinum Rating by US Green Building Council/Indian Green Building Council (New Construction category)

### Hotels

WelcomHotel Bengaluru, WelcomHotel Coimbatore, ITC Grand Bharat, ITC Kohenur and ITC Gardenia

### Offices

ITC Green Centre at Bengaluru, ITC Green Centre Manesar and ITC Green Centre at Guntur.

### Data centre

ITC Sankhya Data Centre

## LEED® Platinum Rating by Indian Green Building Council (IGBC) (Green Factory Building)

- ITC Units at Saharanpur, Bengaluru, Munger, Pune, Kidderpore and Medak.
- ATC Limited at Hosur.

## LEED® Zero Carbon by US Green Building Council (USGBC)

- ITC Windsor.

## Forest Stewardship Council®

- Paperboards & Specialty Paper units at Bhadrachalam, Tribeni, Kovai and Bollaram.
- Packaging and Printing unit at Tiruvottiyur.

## BRC/ IOP Certification as per BRC Global Standard for Packaging and Packaging Materials

- Packaging and Printing units at Tiruvottiyur and Haridwar.
- Paperboards & Specialty Papers units at Bollaram, Bhadrachalam and Tribeni.

## Alliance for Water Stewardship (AWS) Platinum-level certification

- Paperboards & Specialty Papers unit at Kovai.

## CERTIFICATIONS

# Sustainable Farming Certifications

## Rainforest Alliance Certification (RFA)

In 2020-21, ITC produced around 4,332 MT of Rainforest alliance certified raw material covering crops such as Chilli, Cumin, Turmeric, Celery and Coffee.

## Global G.A.P Certification

In 2020-21, 1,236 acres of ITC Chilli farm area was certified for Global G.A.P.

## UTZ Certification

In 2020-21, ITC implemented UTZ standards in its coffee operations and produced 1,353 MT of UTZ certified coffee.

## Fairtrade Certification

Fairtrade certification endorsing that the products meet defined environmental, labour and developmental standards. In 2020-21, it covered about 1,598 acres of Mango Plantation.

## Certified Organic Production

In spices segment, ITC has a portfolio of crops such as Chilli and Turmeric, which are authentically certified according to India's national organic production norms, which are in line with global requirements e.g. USDA Standards.

## USDA Organic and India Organic Certifications

USDA Organic and India Organic Certifications covering 3,838 acres of organic farming for processed fruits.

## Bio Suisse Certification

Bio Suisse Certification for organic farming of processed fruits covering 2,924 acres.

## NPOP, NOP and EU certification standards

State-of-the-art processing and warehouse facilities in the processed fruits business complying to NPOP, NOP and EU certification standards.



[www.itcportal.com](http://www.itcportal.com)

**ITC Limited**

Virginia House  
37 JL Nehru Road  
Kolkata 700 071  
India

✉ [enduringvalue@itc.in](mailto:enduringvalue@itc.in)

🐦 [@ITCCorpCom](https://twitter.com/ITCCorpCom) [in](https://www.linkedin.com/company/itc-limited) [itc-limited](https://www.linkedin.com/company/itc-limited)