

Reimagining the future Towards the

NEXT Horizon

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Chairman's Message



I have great pleasure in presenting ITC's 19th Sustainability Report, in combination for the first time with our Integrated Report, now in its fifth year. This report has been accorded the highest "In Accordance – Comprehensive" rating of GRI Standards and is externally verified by Deloitte Haskins & Sells.

It is a matter of immense satisfaction that ITC's sustainability performance continues to receive global recognition. **The Company sustained its 'AA' rating by MSCI-ESG - the highest amongst global tobacco companies, and was also included in the Dow Jones Sustainability Emerging Markets Index. Additionally, ITC was rated 'A -' at the Leadership Level for both Climate Change and Water Security by CDP, which is above the Asia and Global average of B- for climate change and B for water security.**

The need of the hour is to craft new economic models that innovatively integrate environmental stewardship and livelihood generation as core outcomes. This calls for a new paradigm of Responsible Capitalism.

Reimagining the Future

As I write this, the world is at the crossroads of a redefined future. There have been multi-dimensional learnings from the pandemic encompassing purposeful innovation, rapid digital adoption, technological advancements and unprecedented agility in economic activity, which will stand us in good stead. However, as the world started recovering from the shocks of the pandemic, we were confronted with geo-political issues like the Russia-Ukraine crisis which have led to global uncertainty. Amidst this, the stark sustainability challenges continue unabated, with climate change becoming an existential threat and livelihood generation emerging as the prime focus as nations grapple with challenging economic circumstances, accentuated also by the pandemic.

We are running out of time to protect the planet from the disastrous effects of climate change. The past one year has witnessed unprecedented extreme weather events, which have not spared even the most developed of nations like the devastating floods in Germany, Switzerland and the Netherlands, forest fires in California and so on. India too has witnessed one of the warmest years on record. The recent IPCC report has rightly pointed out that climate change is now an existential threat for the planet and in the next decade alone it will drive close to 132 million more people into extreme poverty. Even in the most optimistic scenario, where all countries deliver on their commitments, the world is still likely to experience a 2°C rise by the middle of this century, which will be catastrophic for the world's living systems. The magnitude of the challenges can be well gauged by the fact that to avoid a 2°C rise, use of coal must decline by 95%, oil by 60% and gas by 45% by 2050, relative to 2019. To achieve this, it would be imperative for the world to develop technology solutions like carbon capture utilisation and storage, especially for the hard to abate sectors.

As per the Global Climate Risk Index 2021, India is ranked as the seventh most climate-vulnerable country in the world. It is, however, inspiring to note how India has emerged as a global leader in climate action. India is one of the few G20 countries that is on track to achieve the commitments made at the Paris climate conference. India's strong stance on climate action was also evident at COP26 where Hon'ble PM Shri Narendra Modi committed to achieve net-zero emissions by 2070.

Social challenges have also reached a tipping point and are threatening the very fabric of society. The ILO has warned that global unemployment that will remain above pre-Covid-19 levels until at least 2023, is estimated to be 207 million this year, almost 21 million more than in 2019. The problem is even more acute in India where the need is to find gainful employment for the 12 million youth who join the workforce every year.

The challenges have today fast-tracked the need to build back better and take urgent action to bequeath future generations a better tomorrow. The need of the hour is to craft new economic models that innovatively integrate environmental stewardship and livelihood generation as core outcomes. This calls for a new paradigm of Responsible Capitalism. Enterprises of tomorrow have to be not only agile, consumer centric and innovative, but also purpose-driven and responsibly competitive.

Reimagining the future today would require giant strides in transitioning to a net zero economy as well as building competitive and inclusive value chains that can secure livelihoods for today and tomorrow. It would necessitate renewed focus on rapid decarbonisation, increasing the use of renewable energy, adoption of climate smart agriculture practices, enhancing biodiversity and ensuring water security. ITC has strengthened its focus on these areas to make a meaningful contribution to building a sustainable and inclusive future.



CHAIRMAN'S MESSAGE

ITC's Sustainability Vision and Strategy

Building on its inspiring journey of two and a half decades, **ITC has now embraced an even more bold and ambitious Sustainability 2.0 vision anchored on the inclusive and innovative business models the Company has implemented on a large scale over many years. The goals envisaged in S 2.0 vision will further strengthen our multi-dimensional efforts to combat climate change, enable the transition to a net zero economy, work towards ensuring water security for all, restore biodiversity through adoption of nature-based solutions, create an effective circular economy for post-consumer packaging waste and scale up programmes that support sustainable livelihoods.** ITC believes meaningful public-private-people partnerships and responsible competitiveness will act as core enablers of this new agenda. I firmly believe that there is no conflict between creation of shareholder value and generation of societal capital. Our own experience demonstrates the fact that it is eminently possible to craft business models that synergise the creation of economic, environmental and social value. It is indeed a matter of pride that these synergistic business models crafted over the years have enabled ITC to achieve the global environmental distinction of being carbon, water and solid waste re-cycling positive enterprise for over 17, 20 and 15 years in a row and more importantly support the livelihoods of over 6 million people. During the year, ITC's watershed development projects created a total rainwater harvesting potential of over 46 million kl which is nearly four times the net water consumed by ITC's operations. The Company has also sequestered more than 2 times the amount of carbon dioxide emissions from its operations.

To achieve this S2 vision, we continue to strengthen our management approach, guided by a comprehensive set of sustainability policies. We are also building further on the mechanisms of engagement with key stakeholders, identifying material sustainability issues and progressively monitoring and mitigating the impact along our value chains. Focussed interventions have been strengthened in key areas of impact such as talent management, diversity & inclusion, employee relations and employee well-being. We will continue to update our systems and processes in line with evolving disclosure standards and Environmental, Social and Governance requirements.

Over the years, ITC's sustainability interventions have covered a wide spectrum of areas, some of which I take the opportunity of highlighting here.

Key Sustainability Interventions

Building Climate Resilience



Moving towards a net-zero economy, ITC has been 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 agri value chains.

In recent years, we have been working with climate experts to conduct a comprehensive climate change risk and vulnerability assessment using climate models across our locations such as factories, hotels and warehouses. In line with the findings of the assessment, detailed site-specific assessments are being undertaken for risk mitigation and adaptation.

Agriculture and farmers are the most vulnerable to climate change. We are undertaking significant work to develop climate-tolerant varieties of major crops like wheat, pulp-wood and leaf tobacco, as well as disseminate climate-resilient and regenerative agronomic

practices. Detailed farm-level studies are also being conducted to understand the potential adverse impact of climate change on ITC's key agri value chains

Decarbonisation



The journey towards decarbonisation in ITC includes increasing our footprint of renewable energy, green infrastructure and carbon sequestration amongst others. **During the year, around 42% of our total energy requirements were met from renewable sources. We also commissioned our first offsite 14.9 MW solar plant in Dindigul, Tamil Nadu, which has already enabled us to meet 90% of our electricity requirement in Tamil Nadu from renewable sources.**

ITC is a pioneer in the Green Building movement, **with 38 buildings having received Platinum certification by USGBC (U.S. Green Building Council)/IGBC (Indian Green Building Council).** Over the last two years, the best practices on carbon management in hotels resulted in ITC Windsor in Bengaluru becoming the first hotel in the world to be LEED® Zero Carbon certified. ITC Grand Chola and ITC Gardenia were also later certified as LEED® Zero Carbon with ITC Grand Chola being amongst the largest and ITC Gardenia being the third hotel with LEED® Zero Carbon certification in the world. ITC's hotel properties Welcomhotel Guntur, Welcomhotel Bhubaneswar and Welcomhotel Chennai also received the prestigious LEED® Platinum Certification this year. Over the years, several of the Company's factories and office complexes have also received the Green Building certification from IGBC, the LEED® certification from USGBC and star ratings from the Bureau of Energy Efficiency (BEE).

In addition, ITC's Social and Farm Forestry initiatives, besides mitigating the impact of increasing levels of GHG emissions, help green degraded wasteland, prevent soil erosion, enhance organic matter content in soil and increase ground water recharge. It is a synergistic model that enhances farm level employment, generates incomes and increases green cover while at the same time builds resilience and competitiveness of ITC's fibre value chain. **Cumulatively, ITC has greened more than 950,000 acres generating 173 million-person days of employment.** ITC's Agro-Forestry initiative which ensures food, fodder and wood security cumulatively extends to over 1.78 lakh acres.

Water Security for All



Over 54% of India is water stressed. Recognising the critical need to address this challenge, ITC has implemented an integrated water stewardship programme that includes both demand side and supply side management initiatives. The interventions encompass water conservation and harvesting initiatives at its Units as well as efforts towards addressing the water security needs of all stakeholders at the local watershed level. **This programme covers over 1.33 million acres of land, creating a total rainwater harvesting potential which was nearly 4 times the net water consumed by our operations in FY2021-22.** The 'More Crop per Drop' programme for demand side efficiency in agriculture continues to be scaled up. Over 7 lakh acres have been covered till date across 11 states. The demand management interventions promoted by the Company have resulted in potential water savings to the tune of 496.5 million cubic metres during the year. ITC had also undertaken a large-scale river basin regeneration project on the Ghod river in Maharashtra for the benefit of all stakeholders. It gives me immense pleasure to highlight the fact that the river basin has turned water positive in a span of 5 years. Similar regeneration projects have been initiated in 3 other river basins.

Following the AWS Platinum level certification of ITC's Paperboards & Specialty Papers unit at Kovai, we are in the process of implementing the AWS Standards and obtaining certification at other Units in high water stress areas.

CHAIRMAN'S MESSAGE

Towards a Circular Economy



Recognising that it is critical to prevent waste from reaching landfills and arrest the problems of soil and groundwater contamination and GHG emissions, ITC has put in place comprehensive interventions for solid waste management. **In the current year, the Company has achieved over 99% waste recycling.** In addition, the Paperboards & Specialty Papers Business recycled over 85,000 tonnes of externally sourced post-consumer waste paper, creating yet another positive environmental footprint. Going beyond the requirements of Plastic Waste Management Rules, 2016, we are endeavouring to ensure that, over the next decade, 100% of packaging is reusable, recyclable or compostable/biodegradable. In line with the commitment made last year for sustainably managing waste in excess of plastic packaging utilised, **ITC has gone beyond plastic neutrality in the current year by collecting and sustainably managing more than 54,000 tonnes of plastic waste across 35 States/Union Territories.**

ITC's flagship 'WOW – Well Being Out of Waste' programme has covered over 1.8 crore citizens in over 46 lakh households, 52 lakh school children and around 2,040 corporates since its inception. It has promoted sustainable livelihood for over 17,300 waste collectors by facilitating an effective collection system in collaboration with municipal corporations. The intervention has also created over 140 social entrepreneurs who are involved in maximising value capture from collected dry waste. In Pune, ITC is spearheading a circular economy based on first-of-its-kind Multi-Layer Plastic collection and recycling programme.

Two-Horizon Approach



Given our substantial agri-business operations, farmers and rural communities, especially women and children are some of our most important stakeholders. They are also among India's most vulnerable. **ITC has adopted a Two-horizon approach to not only work towards securing their dominant sources of current livelihoods, but also equip them for tomorrow by taking advantage of emerging economic opportunities.** Accordingly, Horizon 1 interventions include building climate resilience in farming and diversifying livelihoods through off-farm activities, while Horizon 2 interventions create capabilities for tomorrow through education, skilling, healthcare and improving social infrastructure. Some select initiatives are highlighted below.

Climate Smart Agriculture



Building climate resilience in agriculture is of critical importance. Some estimates suggest that wheat yields could get reduced by 50% in the Indo-Gangetic plains by 2050 if no action is taken now. We need to scale up adoption of Nature-Positive solutions like Climate Smart Agriculture as well as Nature-Based Solutions aimed at higher Afforestation, Sequestration and Bio-Diversity revival. **ITC has promoted Climate Smart Villages (CSV) across 2,500 villages covering over 8 lakh acres and has demonstrated reduction in GHG emissions by 66% and increase in net income by 93% for soybean crop in Madhya Pradesh.** The climate-smart village initiative will be progressively extended to cover 3 million acres by 2030. The Company's Climate Smart Agriculture programme today covers over 15 lakh acres, benefitting over 4.5 lakh farmers. Such examples can be scaled up across the country with State-level PPPs integrating CSA initiatives in their Agriculture climate adaptation plans.

Biodiversity



ITC's Biodiversity programme focusses on reviving ecosystem services provided to agriculture such as natural regulation of pests, pollination, nutrient cycling, soil health retention and

genetic diversity, which have witnessed considerable erosion over the past few decades. The initiative has cumulatively covered 1.3 lakh acres in more than 29 districts across 10 states. While the conservation work is being carried out in select plots of village commons, this intervention significantly benefits agricultural activity in the vicinity of these plots through soil moisture retention, carbon sequestration and by acting as hosts to insects and birds beneficial to agriculture. We aim to expand the programme to cover over 10 lakh acres by 2030.

Next Generation Agriculture



To strengthen the capability of farmers and their livelihood potential, it would also be important to leverage the power of the digital revolution for agriculture. Towards this, ITC has commenced implementation of a **Super App called ITC-MAARS or Metamarket for Advanced Agriculture and Rural Services to bring the power of such cutting-edge digital technologies to farmers, that will progressively empower over 10 million farmers.** This is aimed to offer a range of digital hyperlocal services, AI-based personalised advisories, as well as online marketplaces, which can be delivered by agtech companies and private sector platforms with effective aggregation by FPOs on the ground to take agriculture to the next horizon.

Recognising the critical role of technology and digital transformation towards fostering inclusive and sustainable growth, digital platforms were leveraged with more than 6,200 WhatsApp groups being formed in around 19,000 villages, building capacity of about 6 lakh farmers to achieve the objectives of ITC's collaborative initiative with NITI Aayog. These interventions have led to improvement in yields and reduction in cultivation costs, thereby augmenting farmer incomes by up to 60%.

Empowering Rural Communities



To help shape a better future for rural communities, ITC delivers a mosaic of interventions to build capabilities for tomorrow. **Over 86,000 women have been supported with gainful employment opportunities under the women's empowerment programme, more than 1 lakh youth have cumulatively benefitted from ITC's vocational training initiatives and over 8.6 lakh children have received supplementary education.** Over 20 lakh animals have been covered through the livestock development initiative. Nearly 6 lakh beneficiaries were covered under the Mother and Child Health initiative as well as through the Swasthya Choupal intervention aimed at improving the health-nutrition status of women, adolescents and children in the catchment areas of our operations.

Together, the large portfolio of sustainability interventions is aimed to create a secure future for those who are today the most vulnerable.

Towards the Next Horizon

I strongly believe that the next horizon for ITC will be defined by opportunities that lie at the intersection of mega trends such as digital and sustainability, together with agile and purposeful innovation, powered by our enterprise strengths and inspired pool of talent. It will be our continued endeavour to build an exemplary Indian enterprise that will create sustained value for all our stakeholders across all our operations covering agriculture, manufacturing and services. In this journey we will continue to be inspired by our credo of 'Nation First: Sab Saath Badhein' to build a better tomorrow for the generations to come. We will look forward to your support, as always.

Sanjiv Puri,

Chairman & Managing Director
ITC Limited



ITC At A Glance

ITC is one of India's foremost private sector companies with a diversified presence in FMCG, Hotels, Packaging, Paperboards & Specialty Papers and Agri-Business.

Driven by the 'Nation First: Sab Saath Badhein' philosophy and the abiding strategy of 'Responsible Capitalism', ITC has brought about transformational change in society by pursuing innovative business models that synergise creation of shareholder value with social and natural capital. 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 also in making ITC a global exemplar in 'Triple Bottom Line' performance.

₹59,101.09 crores Gross Revenue	12 Future Ready Businesses across 5 Segments
₹15,057.83 crores Profit After Tax	37,334 Full Time Employees

<p>Fast Moving Consumer Goods</p> 	<p>With 25 mother brands, ITC's FMCG businesses are present in:</p> <ul style="list-style-type: none"> - Branded Packaged Foods - Education and Stationery Products - Personal Care Products - Cigarettes - Incense Sticks (Agarbattis) and Safety Matches
<p>Hotels</p> 	<p>ITC's Hotels Business is a trailblazer in 'Responsible Luxury'. It is one of India's pre-eminent and fastest growing hospitality chains with 113 hotel properties and over 10,700 rooms under four distinct brands – 'ITC Hotels' in the Luxury segment, 'Welcomhotel' in the premium segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment.</p>
<p>Paperboards and Packaging</p> 	<p>ITC's Paperboards and Specialty Papers Business is a leader in the Value-Added Paperboards (VAP) segment.</p> <p>The Business is also a leading player in the eco-labelled products segment as well as the premium recycled paperboards space.</p> <p>ITC's Packaging & Printing Business is a leading provider of superior value-added packaging solutions leveraging its comprehensive capability set spanning multiple technology platforms coupled with in-house cylinder making and blown film manufacturing lines.</p>
<p>Agri Business</p> 	<p>A pioneer in rural transformation, ITC is one of India's largest exporters of agri commodities.</p> <p>Sourcing over 4 million tonnes of agri produce from 22 states</p> <p>ITC's e-Choupal initiative empowers over 4 million farmers.</p> <p>The Business is powering NextGen Agriculture through value addition, digital adoption and climate smart agriculture.</p> <p>The Business aims to scale up its value-added portfolio across categories like organic, food safe, attribute specific, as well as medicinal & aromatic plants. ITC Metamarket for Advanced Agriculture and Rural Services (MAARS)- a super app will bring the power of digital technologies to farmers.</p>
<p>Information Technology</p> 	<p>ITC Infotech – a wholly-owned subsidiary of ITC</p> <p>Leading global technology services and solutions provider with presence in 29 countries</p> <p>Partner of choice for customers in their Digital Transformation and Software as a Service (SaaS) adoption journey</p>

ITC AT A GLANCE

A Bouquet of Leading FMCG Brands



Aashirvaad
No. 1 in Branded Atta



Bingo!
No. 1 in the Bridges segment of Snack Foods
(No. 2 Overall in Snacks and Potato Chips)



Sunfeast
No. 1 in Cream Biscuits



Classmate
No. 1 in Notebooks



Engage
No. 1 in women's Deo



Savlon
No. 1 in Surface Disinfectant spray



Mangaldeep
No. 2 in Agarbattis
(No. 1 in Dhoop Segment)



Nimyle
No. 2 in Floor Cleaners
(No. 1 in Herbal Floor Cleaners)



YiPpee!
No. 2 in Noodles

Source: Nielsen, Kantar Household Panel



Triple Bottomline Performance FY 2021-22

Economic

₹59,101.09 crores
Gross Revenue

110+
New Products Launched

₹172,000 crores
Contribution to the National Exchequer (over the last five years)

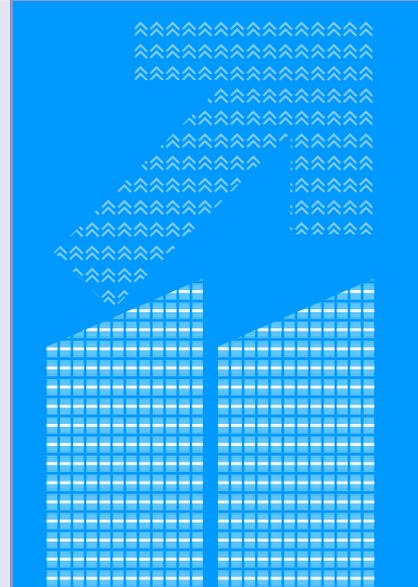
25+
World Class Indian Brands

₹3.09 lakh crores
Market Capitalisation (as on 31st March, 2022)

900+
Patents Application filed

19.3%
Total Shareholder Returns (CAGR over the last 2 decades)

350 +
Scientists at state-of-the-art ITC Life Sciences and Technology Centre (LSTC)



Environmental

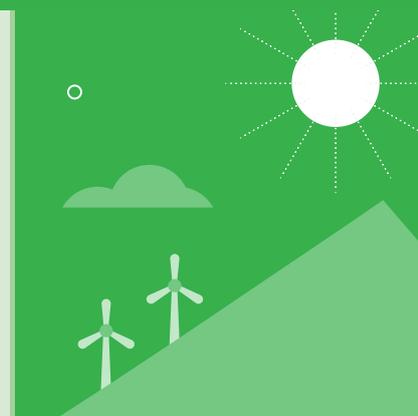
~42%
Total Energy from Renewable sources

38
No. of USGBC/IGBC Certified Platinum Buildings

46+ million KL
Total Rainwater Harvesting Potential Created, till date

Achieved
'Plastic Neutrality'
in FY 2021-22

99% +
Total solid waste generated in ITC units was either reused or recycled



Social

94%
employees are proud to work at ITC, as per iEngage Survey

100%
Managerial staff find ITC's Training Programmes exceeding their expectations

37 units
with 'Zero On-site Lost Time Accident' performance, since FY 2017-18

Globally Benchmarked Safety Performance:
0.022
Injury Rate

6 million
Sustainable Livelihoods supported

4 million
Farmers Empowered by ITC e-Choupal, till date

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

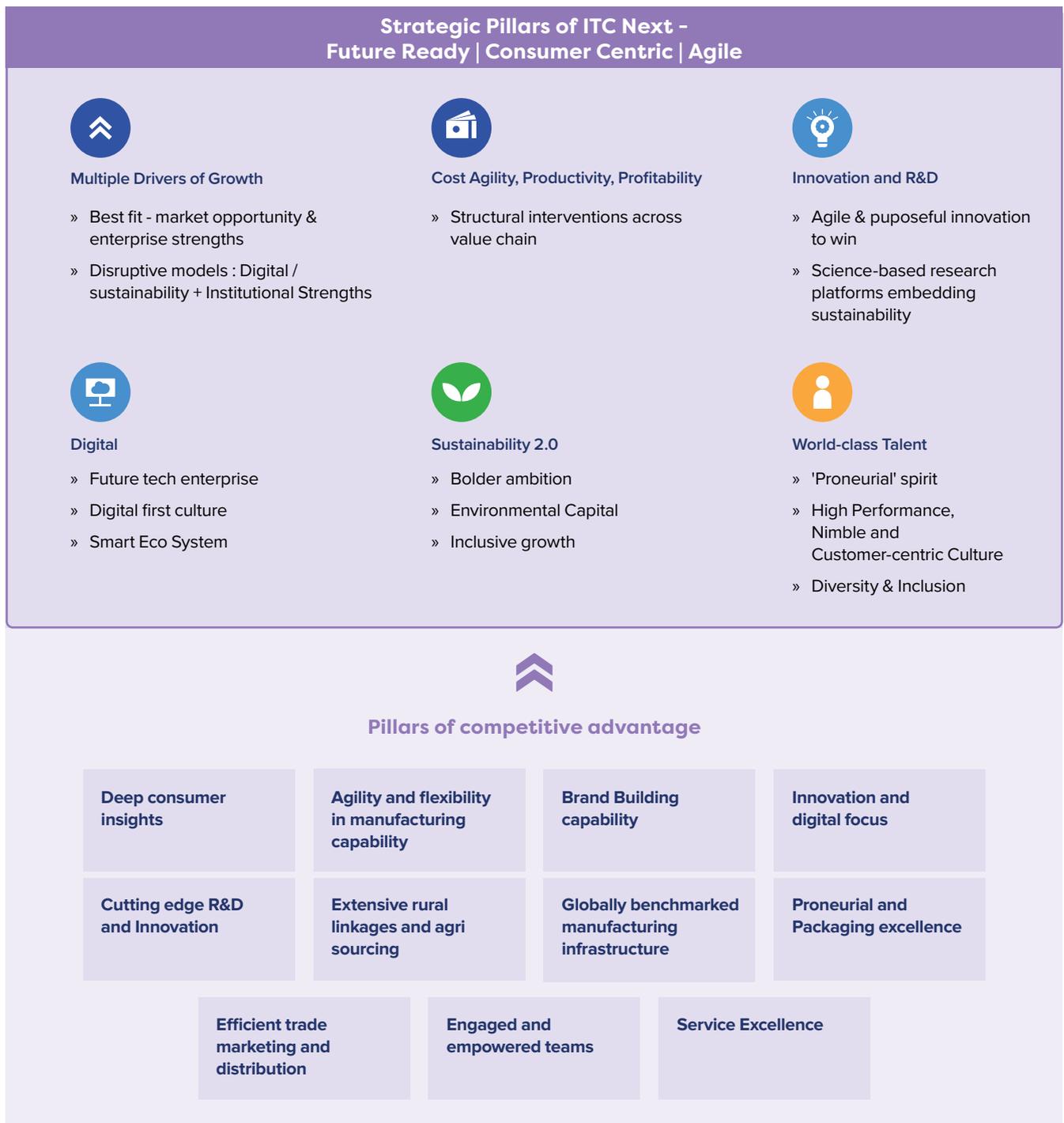
5+ million
Households Covered through ITC's Solid Waste Management Programmes, till date



ITC Next Strategy

The Company has undertaken an extensive strategy reset to architect the structural drivers that will power ITC's next horizon of growth and ensure that the enterprise remains future-oriented, consumer-centric and nimble. Each of ITC's businesses has pivoted to create new frontiers for the future, with enhanced competitiveness as well as sharper focus on cost management to strengthen leadership or rapidly attain the top positions in the case of newer segments.

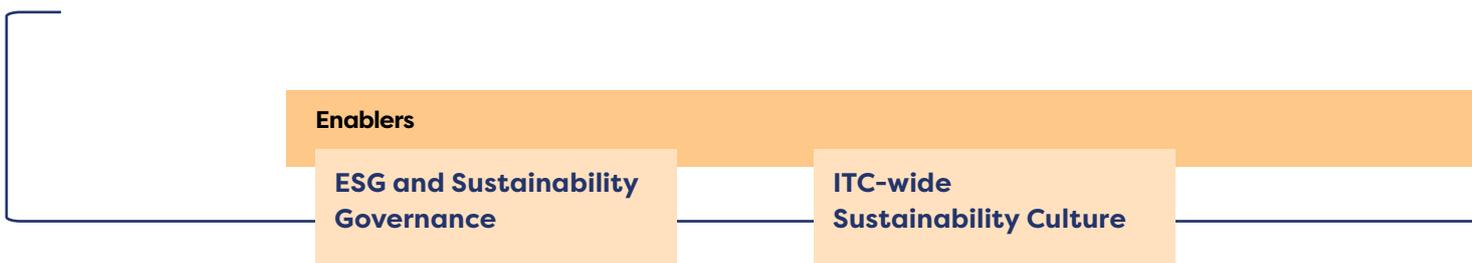
As a core element of the ITC Next strategy, the Company will continue to explore opportunities to craft disruptive business models anchored at the intersection of Digital and Sustainability, the two defining trends in the 'new normal', leveraging its institutional strengths.

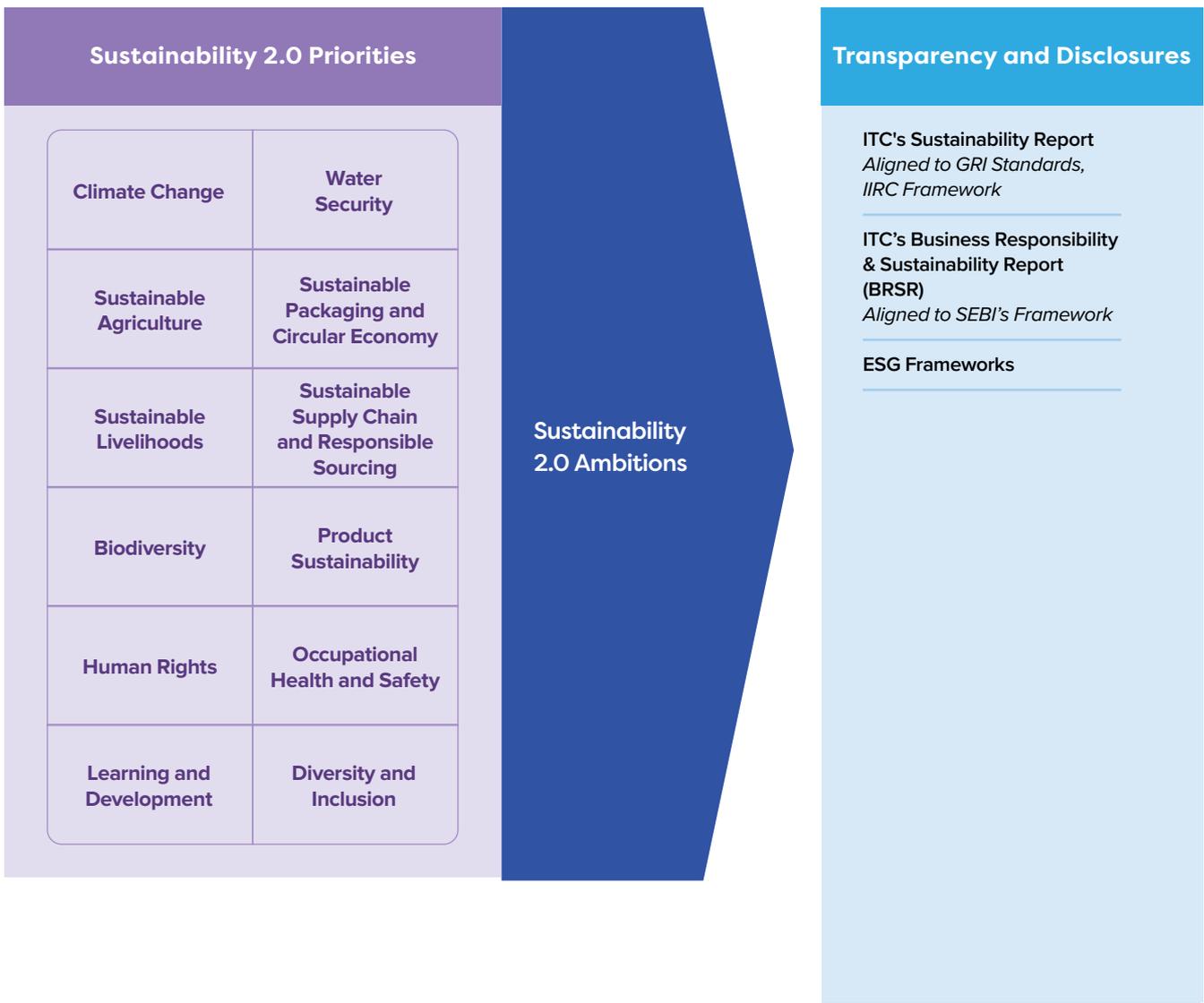


Sustainability 2.0

ITC is actively working towards Sustainability 2.0, an agenda which reimagines sustainability. Sustainability 2.0 calls for inclusive strategies that can support communities - building capabilities for today and tomorrow (Horizon 1 and 2), 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 and ecosystem services through adoption of nature-based solutions.

Sustainability 2.0 Management Framework





Climate Change

The 6th Assessment Report (AR6) by United Nation's Intergovernmental Panel on Climate Change (IPCC) states that India will face some of the most severe impacts of climate change including intense heat waves, high and variable rainfall, flooding and reduction in crop yields.

This entails both physical as well as transition risks, and opportunities for ITC's operations across the value chain. Accordingly, ITC as part of its Sustainability 2.0 vision, is pursuing a multi-pronged climate strategy that entails extensive decarbonisation and building resilience against climate risk across the value chain.

Approach

1 Decarbonising Operations

- » Renewable Energy.
- » Specific Energy Reduction.
- » Green Buildings.
- » Greening Logistics, Optimising 'distance-to-market'.
- » Regenerative & Climate Smart Agriculture.
- » Large scale nature-based carbon sequestration programmes.

2 Building Climate Resilience across the Value Chain

- » Climate proofing ITC's extensive manufacturing base and key agri value chains.
- » Leveraging comprehensive science-based climate risk assessments.



Social and Farm Forestry Initiative: Carbon sequestration, top soil retention, water recharge



Highlights

42% of total energy consumption is from renewable sources.

Sustainability 2.0 Target: **50%** by 2030.



Efficiency Improvement across Businesses.

Sustainability 2.0 Target: **50%** reduction in Specific GHG Emissions, and **30%** reduction in Specific Energy Consumption by 2030.



More than 950,000 acres under forest cover with addition of 76,608 acres of plantation added under social and farm forestry initiatives that resulted in 6,182 kilo tonnes CO₂ sequestration in FY 2021-22.

Sustainability 2.0 Target: **1.5** million acres under Social and Farm Forestry by 2030.



9 ITC units met more than 90% of their electrical energy requirements from renewable sources in FY 2021-22.

50% purchased grid electricity requirements from renewable sources.

Sustainability 2.0 Target: **100%** by 2030.



38 buildings of the Company are Platinum rated green buildings by USGBC-LEED/IGBC.



Climate Risk Assessments across key agri value chains and physical assets.



Road Ahead

1. Accelerating towards achieving ITC's Sustainability 2.0 goals.
2. Science-based climate risk assessments for developing robust and inclusive adaptation strategies.
3. Promote thought leadership through CII-ITC Centre of Excellence for Sustainable Development.
4. Preparedness for Reporting on Task Force on Climate-Related Financial Disclosures (TCFD) requirements.

Water Security

With water stress increasingly becoming an area of serious concern, ITC's Sustainability 2.0 ambitions endeavour to ensure water security for all stakeholders in its catchments. Farmers constitute a vital part of ITC's supply chain. Accordingly, the Company focuses extensively on enhancing the sustainability of its agri-based supply chain. ITC works extensively for promoting agronomical practices and micro irrigation techniques that save water in cultivation and help farmers to improve their net returns. Additionally, ITC's water stewardship programme also aims to drought-proof the agri-catchments in order to minimise risks to farmer livelihoods arising from drought and moisture stress.

Approach

1 Demand-Side Management

- a. Improve water use efficiencies in agriculture in collaboration with farmers and local communities.
- b. Maximise water use efficiency across its operations including critical value chain partners (third party manufacturers).
 - » Adoption of water-efficient technologies, minimising water withdrawal, enhancing Recycling and Reuse, continuous reduction in specific water intake.

2 Supply-Side Augmentation

- a. Managed Aquifer Recharge, and soil and water conservation measures across sourcing catchments.
 - » Based on science-based hydro-geological studies and robust stakeholder engagement processes.



Catchment Treatment - Water Harvesting Structure



Highlights



Integrated Watershed Development Projects across **40 districts of 16 states** in India.

Over **25,000** water harvesting structures created, over **1.3 million acres** of land, resulting in **46.29 million kl** total of rainwater harvesting potential (RWH), which is nearly 4X the net water consumed by ITC's operations in FY 2021-22.

Efficiency Improvement across Businesses.

Sustainability 2.0 Target: **40% reduction** in Specific Water Intake by 2030.



Demand Side Management in Agriculture covering farmers across **728,000 acres**, resulting in an estimated potential savings of **496.5 million kl** of water in a year.

Sustainability 2.0 Target: **50,000** water harvesting structures over **2.2 million acres**, RWH potential of **60 million kl by 2030**, equivalent to 5X the Net Water Consumption from Operations.

ITC's PSPD unit at Kovai - Second facility in the world and the first in India to be awarded the **Alliance for Water Stewardship (AWS) Platinum-level certification in 2019-20**.

Sustainability 2.0 Target: **2000 million kl** of water savings (annually) by 2030.



Sustainability 2.0 Target: **8 sites by 2023-24** and all high-risk sites by 2035-36.



Road Ahead

1. Within the factory, continued efforts to minimise fresh water consumption, while maximising reuse and recycling of treated effluent.
2. At the catchment level, AWS Water Stewardship Certification for all its facilities in high water-stress areas by 2035.

Waste Management & Circularity

Waste generation in India has risen considerably due to increasing population, rapid urbanisation and rising consumption levels. This coupled with inadequate source segregation and lack of infrastructure has culminated in a massive waste management problem especially for plastic waste. Given ITC's significant presence in the FMCG space, plastic packaging is utilised for safely delivering the Company's world-class products to its consumers. Therefore, in addition to sustainably managing waste generated within manufacturing facilities, management of post-consumer plastic packaging waste and making packaging more sustainable are also key elements of Sustainability 2.0.

Approach

1 Packaging Waste: Plastic Neutrality & Sustainable Packaging Strategy

Ensuring plastic neutrality by:

- » Running source segregation programmes.
- » Creating replicable, scalable & sustainable models of solid waste management.
- » Developing viable recycling options for multi-layered plastic (MLP) packaging.

Sustainable Packaging Strategy:

- » Ensuring 100% of packaging is reusable, recyclable or compostable/biodegradable.
- » Optimising packaging, reduction in plastic packaging intensity, improving recyclability of MLP packaging, introducing recycled content in plastic packaging.

2 Process Waste: Sustainable Waste Management across Operations

- » Segregation of waste at source, and ensuring recycling.
- » Targeting 100% recycling.
- » Reducing specific waste generation at all ITC Units through improvement of material utilisation efficiency.
- » Increase the Use of Post-consumer Packaging Paper Waste as Raw Material by ITC's Paperboards and Specialty Papers Units.



Highlights

ITC turns Plastic Neutral: In FY 2021-22, **54,000 tonnes** of plastic waste collected and sustainably managed across 35 states/union territories.

Sustainability 2.0 Target: Plastic Neutral by FY 2021-22.



Mission Sunehra Kal's Solid Waste Management programme covers **17 districts in 10 states:**

1.46 million households covered, **99,000+ MT** waste collected during the year.



99.9% Packaging is Recyclable, alternative plans in place for recycling Hard to Recycle plastics. Efforts in place to improve recycling rates for Multi-Layered Plastic (MLP) packaging waste.

5+ million Households Covered through ITC's Solid Waste Management Programmes.

ITC-SWaCH Model in Pune: First-of-its-kind Multi-Layer Plastic (MLP) collection, recycling model.



'Well-Being Out of Waste' (WOW) programme: **60,000+ MT** dry waste collected from **1,096 wards.**



99% total solid waste generated in ITC units was either reused or recycled.



ITC's Paperboards, Paper and Packaging Business: Offering innovative sustainable packaging solutions customised for end-user industries.



Road Ahead

1. Continue to scale up ITC's sustainable solid waste management models.
2. Ensure that 100% of Packaging is Reusable, Recyclable or Compostable/Biodegradable.
3. Leverage life-cycle approaches for evaluating alternative packaging solutions.
4. Scale up innovative sustainable packaging solutions portfolio.
5. Continue to recycle more than 100% of the waste generated in our operations.

Sustainable Agriculture

Climate change impacts in the form of high temperatures and extreme weather events are projected to further intensify, thereby threatening India's food security. Moreover, climate change will exacerbate the existing challenges of low productivity, dependence on rain, high resource footprint in terms of water use, and farmer distress. Leveraging the Company's enterprise strengths and its large presence in rural communities, ITC has, over the years designed and implemented largescale 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.

Approach

- 1 Multiplying Farmer Incomes.
- 2 Replenishing Natural Resources Crucial for Agriculture – Water, Soil and Biodiversity.
- 3 Promoting Climate Smart Agriculture.
- 4 Leveraging e-Choupal for Enabling Market Access & a Digital Driven Agri-Transformation.
- 5 Providing Institutional Support & Empowering Grassroots Institutions.
- 6 Building Rural Infrastructure for Improving Adaptive Capacity.



A bouquet of regenerative and sustainable agriculture interventions across crops



Highlights

'Baareh Mahine Hariyali'- Over 200,000 Farmers benefited, with 35,000+ Farmers reporting doubling of their incomes.

Plans to cover **1 million farmers** progressively.



Niti Aayog and ITC partnership to improve Agriculture and Allied Sectors in 27 Aspirational Districts across 8 states by training farmers on improved agricultural practices focussing both on yields and costs, with studies estimating increase in farmer incomes by up to 60%.



Climate Smart Village approach covered more than 2,500 villages and 820,000 acres which has resulted in reduction in GHG emissions by 66% and improvement in net incomes by 93% for Soybean crop in Madhya Pradesh.

Sustainability 2.0 Target: **3 million acres by 2030.**



e-Choupal: Serving 4 million Farmers, 35,000+ Villages in 10 States, through 6,100 kiosks.

ITC MAARS: Meta-market for Advanced Agriculture and Rural Services - Designed to deliver seamless customised solutions to farmers, anchored by Farmer Producer Organisations (FPOs).



Sustainable Agriculture: Over 1.51 million acres achieved during the year benefitting over **450,000 farmers.**



A bouquet of regenerative and sustainable agriculture interventions across ITC's key crops: Wheat, pulpwood, leaf tobacco, potato, spices, bamboo, dairy and fruits.



ITC Life Sciences and Technology Centre (LSTC) partnering with research institutes like ICAR, CIMMYT, CGIAR for developing nutritionally enhanced bio-fortified, climate resilient varieties.



Forest Stewardship Council® - Forest Management (FSC-FM) certification for over **1.25 lakh acres** of plantations involving over **30,000 farmers.**



245 Model Villages developed in the Leaf Tobacco Value Chain.




Road Ahead

Sustainable agriculture is the centre piece of ITC's Sustainability 2.0 vision. Going forward, ITC will develop climate change mitigation plans covering agri sourcing, and scale up existing efforts for mitigating agri emissions.

Biodiversity

Biodiversity provides essential ecosystem services for ensuring long-term sustainability of agriculture systems including recycling of nutrients, ensuring soil fertility, control of local micro-climate, regulation of local hydrological processes and organisms in the ecosystem among others. Given the linkages between agriculture and the essential ecosystem services that nature provides, ITC recognises that the preservation and nurturing of biodiversity is crucial for long-term sustainability of its business, and is committed to conducting its operations in a manner that protects, conserves and enriches biodiversity in line with the Board-approved Policy on Biodiversity Conservation.

Approach

1 Managing Biodiversity Impacts across Agri Value Chains

Biodiversity management in agri value chains by minimising the adverse impacts of agriculture on biodiversity by:

- » Conducting biodiversity risk and opportunity assessment (BROA) in core crop growing areas.
- » Promoting sustainable agricultural practices.

Biodiversity risk and impact assessments are also carried out for projects near eco-sensitive zones.

2 Conserving Biodiversity

- » Community-driven biodiversity conservation at the watershed level as landscape restoration and rehabilitation of degraded plots for mosaic restoration.
- » Revival of ecosystem services provided to agriculture by nature, which has witnessed considerable erosion in recent decades.



Biodiversity Conservation undertaken in Ghod River Basin Project Area



Highlights

<p>Biodiversity conservation over 133,000 acres.</p>	<p>Agreements with the Forest Department of Maharashtra and Telangana to improve forest cover – Plan to cover around 79,000 acres in phased manner, 4,198 acres covered during FY 2021-22.</p>	 <p>‘Sustainable Agriscape for Future’ in Munger district (Bihar) in collaboration with International Union for Conservation of Nature (IUCN) – During FY 2021-22, 164,000 native and commercial species suitable for soil binding, fuel and fodder purposes planted in fields of 336 farmers, conservation tillage promoted in 5,350 acres which are on the Ganga river banks.</p>
<p>Sustainability 2.0 Target: 1 million acres by 2030.</p> 	<p>Partnership with Wasteland Development Board of Rajasthan to revive and restore pasture lands - Aims to benefit around 247,000 acres of village commons and work initiated across 34,000 acres.</p>	
<p>Farm Certifications for crops such as chilli, cumin, turmeric, celery, coffee and mangoes - Rain Forest Alliance (RFA), UTZ, Global GAP and Fairtrade certifications. Several of these crops are also certified as organic under Indian and US standards.</p>	<p>Deforestation-free Wood and Leaf Tobacco value chain.</p> 	



Road Ahead

1. Assess biodiversity risks and opportunities across operations including value chains.
2. Meet 2030 Sustainability 2.0 commitments: Biodiversity conservation over 1 million acres, climate smart village approach over 3 million acres, watershed development over 2.2 million acres.
3. Align with the upcoming Task Force on Nature-Related Financial Disclosures (TNFD) framework.

Occupational Health & Safety

ITC continues to believe that a safe and healthy work environment is a prerequisite for employee well-being, and the adoption of best practices in occupational health and safety have a direct impact on its overall performance. It helps in attracting and retaining quality talent, besides being the duty of the Company as a responsible corporate citizen. ITC endeavours that Environment, Health & Safety (EHS) standards at all its units are ahead of legislation, regulations and codes of practice and are benchmarked across sectors, against international best practices. ITC's Board approved EHS Policy entails incorporating safety deeper into ITC's operational practices and work towards achieving the 'Zero Accident' goal.

Approach

1 Safety by Design

- » Integrating best-in-class engineering standards in the design and in project execution stage of all investments in the built environment.

2 Safety by Culture

- » Design Thinking methodologies to drive behavioural changes so that safety is ingrained in the culture of the organisation across operating units.
- » Use of tools such as a structured conversation with workers on 'Safe and Unsafe' acts, supplemented by adoption of keystone behaviours by individual unit.



ITC Paperboards & Specialty Papers Unit in Bhadrachalam



Highlights



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



Globally benchmarked safety performance:

'Off-site' Safety: FY2021-22:
Lost Time Accidents (LTA) – 11.

'On-site' Safety FY2021-22:
Lost Time Accidents (LTA) – 14, Lost Day Rate (LDR) – 29.4¹, Injury Rate (LTIFR)² – 0.022 is one of the best among global peers.



66 Units achieved 'Zero On-Site Lost Time Accident' status in 2021-22, out of which, 37 units, held on to the 'Zero On-site Lost Time Accident' performance, since 2017-18.



Road Ahead

Continue to undertake efforts for creating a safe working environment, a strong safety culture and achieving the organisation-wide goal of "Zero Accidents" by:

1. 'Design for safety' principles - Integrating safety at the design stage itself through design reviews, stage inspections and pre-commissioning audits.
2. Periodic audits during construction and operational stages to maintain effective overview.
3. Championing behaviour-based safety initiatives in operations and adopting Keystone behaviours.
4. Embracing and leveraging the digital landscape for safety management system.

¹ Loss of person-days accounted for as per IS 3786:1983 due to fatalities/ amputation. In 2021-22, there were two on-site fatalities.
² LTIFR (Lost Time Injury Frequency Rate) as per OSHA (Occupational Safety & Health Administration, USA).

Sustainable Supply Chain and Responsible Sourcing

Global supply chains continue to evolve across industries with rising digitalisation, integration and strong emphasis on sustainability and responsible sourcing. The recent disruptions in supply chains around the world have brought supply chain sustainability even more to the forefront. ITC, with its diverse and expanding portfolio of businesses, prioritises embedding sustainability and building resilience in the

supply chain as part of its Sustainability 2.0 vision. ITC's supply chain includes farmers, third party manufacturers, service providers, transporters, suppliers of agriculture / non-agriculture materials and capital goods, franchisees, dealers and distributors. ITC has a Board approved Policy on 'Sustainable Supply Chain and Responsible Sourcing'. The policy lays down the foundation for ITC's engagement with its suppliers.

Approach

1 Assessing Sustainability Risks in ITC's Value Chains

- » Assessment of risks and associated opportunities aligned with international standards and certifications like Sustainable Tobacco Programme, Rain Forest Alliance and Forest Stewardship Council ®.
- » Continuous engagement with critical suppliers for capacity building and other effective mechanisms for addressing the identified risks.

2 Building Resilience of Suppliers

- » Building awareness and capacity of Suppliers.
- » Vendors and service providers encouraged to adopt management practices as per International Standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's Corporate Environment, Health and Safety (EHS) Guideline.
- » A bouquet of regenerative and sustainable agriculture interventions across agri-value chains supporting ITC's leading brands.



Sustainable Tobacco Program (STP 2.0) for leaf tobacco supply chain



ITC's pioneering afforestation initiative has greened over 9.5 lakh acres till date



Highlights



ITC processed around **2,500 Kilo Tonnes** of raw materials, out of which around **97%** were from agro/ forestry based renewable sources.



In 2021, the Business successfully implemented the reinforced version of global **Sustainable Tobacco Programme (STP 2.0)** across the leaf producing regions.



ITC coordinated a Human Rights impact assessment with an independent party covering the entire leaf tobacco farm supply chain in Andhra Pradesh and Karnataka region.



Road Ahead

Continuously raise awareness of supply chain members to comply with applicable laws and regulations related to labour and employment, including gender diversity, human rights, child labour, wages, working hours, bribery & corruption, occupational health, safety and environment.

Product Sustainability

ITC remains focused on building purpose-led brands powered by agile innovation and anchored on larger consumer needs. The Company's vibrant portfolio of over 25 world-class Indian brands, largely built through an organic growth strategy in a relatively short period of time, represents an annual consumer spend of over ₹ 24,000 crores, and reach over 200 million households in India. The Company continues to leverage LSTC's strong innovation engine to build a robust portfolio of world-class products and brands that address evolving consumer needs and trends.

ITC is committed to providing products and services that offer best-in-class quality user experience, using sustainably sourced inputs and raw materials. ITC delivers world-class products and services with consistent focus on health and safety.

Approach



1 Rigorous Systems, Processes and Industry Best Practices

Backed by Global Quality, Health & Safety Certifications for Delivering World-class Products and Services.

2 Implementing Best Practices Related to Product Information, Labelling and Consumer Feedback Management

3 Responsible Marketing Practices

For Enabling Customers to Make Informed Purchase Decisions.

4 Policies & Systems for Ensuring Compliance to Customer Privacy Requirements

5 Leveraging Life Cycle Assessments

to Evaluate Impacts and Identify Improvement Areas across the Value Chain.



A snapshot of ITC's products



Highlights



'Responsible Luxury' ethos of the Hotels Business continues to guide business best practices in line with the 'Triple Bottom Line' philosophy of the Company, use of responsibly sourced and FSC[®] certified fibres by Papers Business, embedding nutrition related considerations in food products, developing plant-based products as sustainable alternatives to meat.



A Customer Relationship Management (CRM) platform has been implemented for capturing customer complaints, queries, feedback and suggestions received across channels.



Around 90% of the manufacturing locations (including third party manufacturing units) which accounted for 96% of the Business's total production volumes during FY 2021-22, are certified as per recognized global standards like FSSC 22000/ ISO 22000/ HACCP. Certification of the remaining 10 units is planned in FY 2022-23.



ITC Foods Business' Four Pillar Model for a Healthier, Happier India – Focussing on:

1. Developing Healthier product portfolio.
2. Sustainable Food Ecosystem.
3. Community Health Initiatives.
4. Consumer & Employee Awareness Initiatives.



ITC Hotels' guest satisfaction level/Index, known as 'WoW Ratio' for FY 2021-22 stood at 91.8%. ITC Hotels are recognised as the best Luxury Hotel Chain for the 3rd consecutive year at Travel + Leisure India's Best Awards 2021.



No incidents of non-compliance concerning marketing communications was reported in FY 2021-22.



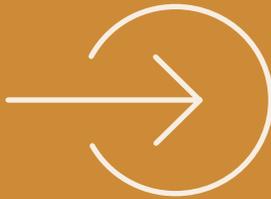
Road Ahead

ITC is committed to delivering world-class products and services that create value for its consumers. As a conglomerate with its products and services across its diversified business portfolio, ITC's Businesses work towards embedding sustainability across the life-cycle of its product and services.

Sustainable Livelihoods

‘Mission Sunehra Kal’ (MSK) is the umbrella brand for the wide array of mutually reinforcing interventions under ITC’s Social Investments Programme (SIP) and is managed by a dedicated team spread across regions of India. The ITC way of grass-roots 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.

Approach



1

Horizon 1: Strengthen Current Dominant Source(s) of Livelihoods

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

- » On farm: Sustainable management of natural capital and farms to strengthen agriculture and allied livelihoods.
- » Off-farm: Create non-farm livelihood opportunities, especially for women.

2

Horizon 2: Create Capabilities for Tomorrow

Improve habitats to reduce morbidity and ensure a healthy community.

- » Sanitation and public hygiene.
- » Strengthen rural healthcare initiatives.
- » Focus on quality learning in government schools.
- » Promote and develop skills aligned to market demand among unemployed youths.

Reduction in economic and social discrimination against women and girls.

- » Education and skilling.
- » Maternal and Child Health including nutrition.
- » Financial inclusion through financial literacy and government scheme linkage.



The Electrical Trade batch



Highlights

 <p>ITC's CSR footprint is spread across 25 States / Union Territories (UT) covering more than 200 districts.</p>	 <p>Women Economic Empowerment: 30,500 Women covered through Ultra-Poor Women programme.</p>	 <p>Public Health Sanitation: 39,400 Individual Household Toilets (IHHTs) constructed leading to 100% of project catchments becoming Open Defecation Free (ODF).</p>
 <p>Empowering Grassroots Institutions: 12,095 Grassroots Institutions/Community Based Organisations created with 1,79,545 members.</p>	 <p>Primary Education: 8,64,000 Children covered under various education initiatives.</p>	 <p>Integrated Animal Husbandry Programme: 2.72 million Artificial Inseminations (AIs) for breed improvement of milch animals.</p>
 <p>Government Partnerships: 84 MOUs signed.</p>	 <p>Vocational Training: 1,07,000 Youth trained on market-relevant skills.</p>	 <p>Rural Healthcare: 4.8 lakh beneficiaries, under Maternal & Child health programme, 1.1 lakh benefited from Swasthya Choupal programme on menstrual hygiene and reproductive health.</p>
 <p>Social & Farm Forestry: 173.6 million Person days of employment generated.</p>		



Road Ahead

ITC's CSR programmes follow a bottom-up approach and keep community needs and priorities at the centre while also focussing upon organisational and national priorities. The convergence of these factors will be the basis to further strengthen ITC's Two Horizon approach and make it more holistic and comprehensive covering households including women as the focus for designing and implementing programmes. This would also include newer focus areas like nutrition and Rural Health Care. MSK interventions will also aim for further leveraging technology including digital and strengthen institutional support, whilst continuing to focus on strengthening enduring institutions and partnerships.

Human Rights

ITC has a long-standing commitment to human rights and this is reflected in its Code of Conduct. It is a cornerstone of ITC corporate policies that are applicable to employees, suppliers and service providers. 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).

Approach



1 Protecting Human Rights in Own Operations

- » Continuously work towards strengthening and introducing systems to ensure sound implementation of ITC's policies on human rights and decent work place.
- » No person below the age of eighteen years is employed by any Business.
- » Forced or compulsory labour is strictly prohibited in all ITC units and so is the association with vendors and suppliers who employ child and/ or forced labour.
- » ITC recognises and respects the right of its employees to exercise or refrain from exercising the freedom of association and collective bargaining.

2 Upholding Human Rights in the Supply Chain

- » ITC's Code of Conduct for Vendors and Service Providers enshrines the Company's unwavering focus on fair treatment, human rights, good labour practices, environmental conservation, health and safety. This Code is shared and accepted by all supply chain partners and service providers.
- » All ITC contracts for the construction of hotels, factories and property upgrades incorporate the environment, health, safety and human rights clauses, including workplace environment and compliance of labour practices and are supervised by ITC managers for 100% adherence.
- » Undertaking Human Rights Risk Assessments in agri-value chains.



Our employees at ITC ICML, Trichy, Tamil Nadu



Our employees at ITC ICML, Trichy, Tamil Nadu



Highlights



In FY 2021-22, 11000+ employees were covered under the collective bargaining process across India.



ITC coordinated a Human Rights impact assessment with an independent party covering the entire leaf tobacco farm supply chain in Andhra Pradesh and Karnataka region.



Road Ahead

To continue to strengthen ITC systems and policies for ensuring that the human rights of all rights holders are upheld and respected across operations including value chains.

Diversity, Equity & Inclusion

ITC believes that a diverse workforce contributes to rich discourse, promotes holistic perspectives, fosters creative solutions, and is integral to serving its customers better while creating value for its stakeholders. Progressing Diversity, Equity and Inclusion at ITC is a systemic and ongoing endeavour. Through its policies, systems and actions, ITC promotes diversity and enables an inclusive climate. Employees and business associates are encouraged to be authentic, share views freely, value differences, and treat each other with humanness and dignity. The Company's policies ensure a work environment that is free from any form of discrimination amongst its employees.

Approach

1 Policies & Programmes on Diversity, Equity & Inclusion

- » Offering flexible work arrangements, extended child care leave, travel support for infants and care-givers.
- » Paternity leave, same gender partner medical benefits.
- » Secure transport, infrastructure support.
- » Sensitization programmes, formation of Employee Resource Groups and the commitment and sponsorship of leaders.
- » Programmes for promoting women workforce in manufacturing.

2 Inclusion of the Specially-abled

- » Collaborating with external partners to recruit differently abled persons, and where feasible, encouraging their deployment with business associates across the value chain.
- » ITC's workplaces and policies are designed to empower differently abled employees.

3 Prevention, Prohibition and Redressal of Sexual Harassment

- » Processes and mechanisms in place to ensure issues such as sexual harassment, if any, are addressed effectively.
- » All employees undergo sensitisation training and internal redressal committees are in place across Businesses.

4 Grievance Redressal

- » Grievance Redressal Procedure with appropriate systems and mechanisms has been instituted across ITC units.



Our employees at ITC ICML, Trichy, Tamil Nadu



Our employees at ITC ICML, Trichy, Tamil Nadu



Highlights



ITC's recruitment of talent from premier campuses reflects diversity ratios superior to the prevailing norm in such institutions.



Women focused - Wellness programmes, Leadership Development Programmes.



ITC's Hotels Division is amongst the leading employers in the industry encouraging diversity of workforce in terms of gender, as well as, employing people with disabilities.



Gender-sensitization and inclusive hiring workshops for managers across the organisation.



Integrated Consumer Goods Manufacturing and Logistics (ICML) of Pudukottai and Medak having women representation at 79% and 100 % of the on-roll labour force respectively.



Road Ahead

ITC will continue to direct 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.

Learning & Development

Providing leading-edge learning and development (L&D) support to help employees realise their full potential is a key pillar of ITC's people strategy. The L&D interventions aim to enhance the critical strategic capabilities and the 'ITC Identity' by providing application focused learning through a combination of classroom interventions, facilitated by world class faculty, and on-the-job assignments. An enabling environment and complementary talent management mechanisms promote learning agility and ensures that the L&D interventions achieve their business objectives. The Company has a well laid-out Developmental Planning System that reinforces the guiding principle of ensuring equal opportunity for everyone at the workplace.

Approach

1 Capability Platforms for Future-ready Businesses

- » ITC has identified three vectors of capability enhancement to making its businesses future-ready – Business Critical Platform Competencies, Leadership and Organisation Identity and Pride.
- » Best-in-class curriculum is offered comprising a blend of classroom training, self-paced online learning, coaching, mentoring and on-the-job training.

2 Collaboration with Leading Global Institutes, Experts

- » ITC collaborates regularly with leading global institutes and organizations such as INSEAD, Rice University, General Assembly to develop and deliver state of the art curriculum.
- » To promote learning anytime and anywhere, ITC encourages employees to leverage its subscription with various online course platforms. It provides an array of content, expanding the learning opportunities well beyond classroom-based delivery.

3 Building Digital Capability

- » ITC made significant investment in strengthening the digital skill with comprehensive programs in Digital Marketing, Data and Analytics Capability etc.
- » To create innovative business models leveraging digital technology, the 'Young Digital Innovators Lab' was set up. It constituted of internal managers and was mentored by a globally renowned Digital Innovation expert.



ITC AUT Induction Programme



Highlights



In FY 2021-22, there were 131,670 person-days of formal training provided to employees across the Company.



100% of the managerial staff find ITC's Training Programmes exceeding their expectations.



Some key capability development programs undertaken during the year include Business Leadership Program (BLP), Data Science and Analytics, Digital Marketing Immersion, ITC Marketing Compass, Business Planning, Leadership programmes for Women, Recruiting Right, Gender Sensitization and Unconscious Bias workshops etc.



Road Ahead

ITC's vision of building winning businesses and nurturing business leaders, reflects its commitment to creating new engines of growth while strengthening existing businesses, building a deep talent bench of high-quality leaders and remaining rooted in creating value for all stakeholders. ITC will continue to invest in its talent development practices that helps 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's Contribution to UN SDGs

The company's triple bottom line philosophy is deeply embedded into its Corporate Strategy thus enabling innovative business models which create economic, environmental and social capital and contribute favourably to United Nation's Sustainable Development Goals (UN SDGs). ITC's Sustainability 2.0 ambitions and priorities are aligned to UN SDGs Targets, and a mapping of the Sustainability 2.0 priorities and contribution of major related interventions to the UN SDGs targets is given below.

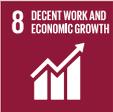
SDG	SDG Target	Select Interventions by ITC
	<p>1.2: Reduce poverty 1.3: Social protection systems for all</p>	<p>ITC's 'Triple Bottomline' approach has enabled support for sustainable livelihoods for 6 million people till date and has a target to support 10 million sustainable livelihoods by 2030.</p> <p>The Two Horizon approach focusses on social and economic empowerment of the vulnerable especially those residing in rural areas, or urban areas with inadequate infrastructure that includes small / marginal farmers, women and girls, children & youth. The interventions provide protection from poverty, diseases, unhealthy environment and climate change.</p> <p><i>Refer 'Mission Sunehra Kal for Sustainable & Inclusive Growth' section of this report</i></p>
	<p>1.4: Equal rights to economic resources to vulnerable</p>	<ul style="list-style-type: none"> » The Women Economic Empowerment Programme has benefitted 86,000 women including 30,500 Ultra-Poor Women till date and has a target of enhancing the support for 150,000 women by 2030. » Additionally, 1.3 million women have been covered under financial literacy interventions resulting in enhanced linkages to savings, insurance, social security and credit
	<p>2.2: End all forms of malnutrition</p> <p>2.3: Agricultural productivity & incomes</p> <p>2.4: Sustainable food production system and resilient agriculture</p>	<ul style="list-style-type: none"> » The 'Swasthya Poshan Alaap', a mobile based application developed by ITC for Anganwadi workers enables strengthening of home-based counselling of families with malnourished children. » ITC Foods Business' Four Pillar Model with its core purpose of 'Help India Eat better' is centred on 1) Development of value-added Product Portfolio, 2) Sustainable Food systems, 3) Healthy Communities 4) Consumer and Employee Awareness (on Nutrition & Wellbeing). <p>ITC's 'Baareh Mahine Hariyali' intervention has enabled multiplication of farm incomes with benefits rendered to over 200,000 farmers till date and over 35,000 farmers reporting doubling of their incomes, with a target to cover 1 million farmers progressively.</p> <p>The Sustainable Agriculture interventions spread over 1.51 million acres have benefitted over 450,000 farmers. The Climate Smart Village programme targeting to cover 3 million acres by 2030. These interventions have resulted in significant increase in farmer returns.</p>
	<p>3.1: Reduce the global maternal mortality</p> <p>3.2: End preventable deaths of new-borns and children under 5 years of age</p> <p>3.4: Reduce premature mortality</p> <p>3.7: Ensure universal access to sexual and reproductive health-care services</p>	<p>The 'Mother and Child Health' (MCH) initiative aimed at improving the health-nutrition status of women, adolescents and children has benefitted over 488,000 beneficiaries till date through more than 3,400 awareness camps.</p> <p>ITC's 'Swasthya Choupal Initiative', for creating awareness on sanitation, menstrual and personal hygiene, family planning, diarrhoea prevention and nutrition, and providing access to related products has had an outreach to nearly 110,000 women and adolescent girls during FY 2021-22 through 430 women Village Health Champions (VHCs).</p>

ITC'S CONTRIBUTION TO UN SDGS

SDG	SDG Target	Select Interventions by ITC
 <p>4 QUALITY EDUCATION</p>	<p>4.1: Quality education & learning outcomes</p> <p>4.2: Quality early education</p> <hr/> <p>4.3: Quality vocational education</p> <p>4.4: Vocational skills & jobs</p> <p>4.5: Education & vocational training for vulnerable</p> <hr/> <p>4.7 Knowledge and skills to promote Sustainable Development</p> <hr/> <p>4.8: Gender sensitive education</p>	<p>The Primary Education Programme has enabled improvement in Learning Outcomes for 864,000 children till date, with a target of covering 1.3 million children by 2030.</p> <p>Quality early education is facilitated through training of over 9,400 teachers and child friendly infrastructure in over 2,500 schools.</p> <hr/> <p>The vocational programme has enrolled 107,000 youths on market-relevant skills till date with a target of covering 282,000 youths by 2030.</p> <p>The training is provided in skills that are in demand in the market, and includes practical training to enhance employability.</p> <p>During enrolment, the focus is on girls and youth from the socially challenged sections of the society.</p> <hr/> <p>Training to employees on various sustainable development aspects including sustainability, health and safety. Over 131,670 person-days of formal training delivered during FY 2021-22 on these aspects.</p> <hr/> <p><i>Refer SDG Target 5.1 & 5.5</i></p>
 <p>5 GENDER EQUALITY</p>	<p>5.1: End of discrimination against women</p> <hr/> <p>5.5: Equal opportunities for leadership</p> <p>5a: Women's right to ownership</p> <p>5b: Technology for women empowerment</p>	<p>ICMLs of Pudukottai and Medak having women representation at 79% and 100 % of the on-roll labour force respectively.</p> <ul style="list-style-type: none"> » ITC's recruitment of talent from premier campuses reflects diversity ratios superior to the prevailing norm in such institutions. » Gender-sensitization and inclusive hiring workshops for managers across the organisation. » Women-focused - Wellness Programmes <hr/> <p>Women-focused Leadership Development Programmes.</p> <p>ITC's interventions that focus on access to information and products related to finances, livelihood interventions, and access to physical resources like water and livestock.</p> <p>Use of digital tools in areas like education, financial literacy and maternal / child health which help women not only as beneficiaries but also as influencers.</p>
 <p>6 CLEAN WATER AND SANITATION</p>	<p>6.1: Safe drinking water</p> <p>6.2: Access to sanitation and hygiene</p> <hr/> <p>6.3: Reducing pollution, treatment, recycling and safe reuse</p> <p>6.4: Increase water-use efficiency across all sectors</p> <hr/> <p>6.5: Integrated Water Resource Management</p> <hr/> <p>6.a & 6.b: Capacity building & community participation</p>	<p>Creating facilities and infrastructure for improving access to safe drinking water. 122 community toilets, and over 39,400 household toilets constructed till date has benefitted over 108,000 people.</p> <hr/> <p>The efficiency improvement across ITC Businesses has target of 40% reduction in Specific Water Intake by 2030.</p> <ul style="list-style-type: none"> » ITC's Paper Mill at Kovai is the second facility in the world and the first in India to be awarded the Alliance for Water Stewardship (AWS) Platinum-level certification in FY2019-20. The target is to have AWS certification of 8 sites by 2023-24 and all high-risk sites by 2035-36. » The Demand-side Management in Agriculture has benefitted farmers across 728,000 acres till date, resulting in an estimated potential savings of 496.5 million kl of water in a year with a target of 2,000 million kl of water savings (annually) by 2030. <hr/> <ul style="list-style-type: none"> » The Integrated Watershed Development Project is spread across 40 districts of 16 states in India. » Over 25,000 water harvesting structures have been created over 1.3 million acres of land, resulting in 46.29 million kl total of rainwater harvesting (RWH) potential till date. » The target is to create 50,000 water harvesting structures over 2.2 million acres, resulting in an RWH potential of 60 million kl by 2030 <hr/> <p>Strengthening grassroots level water governance through creation of over 3,800 water-user groups with more than 62,000 members till date. Similar such institutions have been created in other interventions also.</p>



ITC'S CONTRIBUTION TO UN SDGS

SDG	SDG Target	Select Interventions by ITC
	7.2: Share of renewable energy	<ul style="list-style-type: none"> » 42% of total energy consumption from renewable sources in FY 2021-22 with target of 50% by 2030 » 50% of electricity requirements sourced from renewable sources in FY 2021-22 with target of 100% by 2030 » 9 ITC units met more than 90% of their electrical energy requirements from renewable sources in FY2021-22
	7.3: Improvement in energy efficiency	Efficiency Improvement across ITC Businesses with a target of 50% reduction in Specific GHG Emissions, and 30% reduction in Specific Energy Consumption by 2030
	8.2: Achieve higher levels of economic productivity 8.3: Job creation 8.5: Full and productive employment for all	<p>ITC's vibrant and synergistic portfolio of businesses with a growing presence across all three sectors of the economy – agriculture, manufacturing and services. During the five-year period between FY2016-17 and FY2021-22:</p> <ul style="list-style-type: none"> » The Company's EBITDA registered a growth of 30% » The Company's EPS registered a robust growth of 45% in absolute terms from ₹8.4 to ₹12.2. » The Return on Segment Capital Employed (ROCE) improved from 61% to 68%. <p>Apart from creation of employment opportunities through core operations, ITC's interventions also provide livelihood/supplementary income opportunities including for women in rural India.</p>
	8.6: Reduce youth unemployment	<p>ITC, with its diversified presence across all three sectors of the economy – Agriculture, Manufacturing and Services, and a pan-India operational footprint of 200+ Manufacturing Locations and 113 Hotels, creates both direct and indirect employment opportunities for youth of the Country.</p> <p>In FY 2021-22, ITC employed 37,819 full-time employees, of which 2,083 in the Leaf Tobacco Business were engaged on a seasonal basis owing to the nature of the business. During this period, approximately 23,633 service provider employees were also engaged with ITC.</p> <p><i>Refer SDG Target 4.3, 4.4 & 4.5</i></p>
	8.7: Measures to reduce child labour, forced labour	ITC's Board-approved Policy on Prohibition of Child Labour and Prevention of Forced Labour at the Workplace, and Code of Conduct for Suppliers and Service Providers.
	8.8 Protect labour rights and safe work environment	<ul style="list-style-type: none"> » Policies and practices in place to ensure enforcement of labour rights across the value chain: Board-approved Code of Conduct, Policy on Freedom of Association, Policy on Diversity, Equity and Inclusion, Policy on Environment, Health and Safety, and Code of Conduct for Suppliers and Service Providers. » Comprehensive EHS strategy founded on two pillars: 'Safety by Design' and 'Safety by Culture'. » EHS standards, that are benchmarked against international best practices across sectors in which ITC operates, implemented across all Units. » Best-in-class engineering standards for all investments to embed safety from design stage.
	8.9: Sustainable Tourism	ITC Hotels with its highest standards of hygiene and safety, portfolio of world-class properties, iconic cuisine brands and best-in-class service levels anchored on 'Responsible Luxury' ethos.
	9.1: Affordable and equitable access	<ul style="list-style-type: none"> » ITC's interventions enable equitable access to natural resources like water, physical resources like toilets, school infrastructure, financial resources like loans/credits and knowledge on agriculture, education, and health. » 200+ manufacturing locations across India.
	9.2: Inclusive and sustainable Industrialisation	10 State-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) across India, 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.

ITC'S CONTRIBUTION TO UN SDGS

SDG	SDG Target	Select Interventions by ITC
	<p>9.3: Increase access of small-scale enterprises, integrate into value chains</p> <p>9.4: Adoption of clean and environmentally sound technologies</p> <p>9.5 Enhance scientific research and encourage innovation</p>	<p>ITC's diverse portfolio of products is anchored on inclusive agri and forestry value chains with nearly 97% of raw materials being agri/forestry based, sourced from farmers.</p> <ul style="list-style-type: none"> » Large scale investments in energy conservation and renewable energy projects along with exploring innovative technologies in line with ITC's 2030 Sustainability 2.0 Goals. » Pioneer in the green building movement, with 38 buildings having received Platinum certification by USGBC/IGBC. » Commissioned 14.57 MW offsite solar plant in Dindigul, Tamil Nadu during the year. » ITC commissioned a state-of-the-art and future-ready High-Pressure Recovery Boiler at the Bhadrachalam mill in FY 2021-22, replacing conventional soda recovery boilers, which will contribute towards reducing carbon footprint through lower coal consumption. <ul style="list-style-type: none"> » State-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru, with over 350 highly qualified scientists and over 900 patents filed till date. » R&D expenditure of ₹163.76 crores during FY 2021-22
	<p>10.1: Income growth of the bottom 40 per cent of the population</p> <p>10.2: Empower and promote the social, economic and political inclusion of all</p> <p>10.3: Ensure equal opportunity</p>	<p><i>Refer SDG Target 1.2, 1.4, 2.3, 2.4, 4.1, 4.2, 4.3, 4.4 & 4.5</i> <i>Refer SDG 1.3</i></p> <ul style="list-style-type: none"> » As part of its commitment to enhancing diversity, ITC places particular emphasis on representation and inclusion of women and the differently-abled persons through concerted actions. » This includes initiatives and efforts to enhance representation of women in the selection pool, collaborating with external partners to recruit differently abled persons, and where feasible, encouraging their deployment with business associates across the value chain. » For instance, ITC is amongst the leading employers in the hospitality industry on gender diversity and an employer of People with Disabilities. <p><i>Refer SDG Target 5.1 & 5.5</i></p>
	<p>11.4: Protect and safeguard the world's cultural and natural heritage</p> <p>11.6: Reduce the adverse environmental impact of cities</p>	<p>The ITC Sangeet Research Academy, established in 1977, committed to preserving and propagating Hindustani classical music, a priceless national heritage.</p> <p>ITC's Solid Waste Management Programmes have covered 5 million households till date, instilling behavioural change through door-to-door awareness campaigns for ensuring segregation of waste at source.</p> <ul style="list-style-type: none"> » Well-Being Out of Waste' (WOW) programme: covering 18 million citizens, 60, 000 MT dry recyclable waste collected from 1,096 wards during FY2021-22. » Mission Sunehra Kal's Solid Waste Management programme, spread across 17 districts in 10 states, focussing on waste segregation at source, collected over 99,000 MT waste during FY 2021-22 and thus reduced waste going to landfill.
	<p>12.2: Sustainable management and efficient use of natural resources</p> <p>12.3: Lowering food waste and loss</p>	<ul style="list-style-type: none"> » ITC's 'Triple Bottom Line' Philosophy, and abiding strategy of 'Responsible Capitalism' that focuses on extreme competitiveness in a manner that replenishes the environment and supports sustainable livelihoods. » Board-approved Policy on Resource Efficiency, and Policy on Product Responsibility <p><i>Refer Targets under SDG 2, 6, 7, 9 & 13</i></p> <p>ITC's investments in Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs), strategically located in close proximity to agri-procurement catchments, help reduce agri wastages.</p>



ITC'S CONTRIBUTION TO UN SDGS

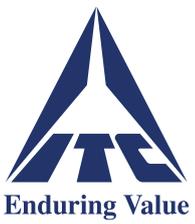
SDG	SDG Target	Select Interventions by ITC
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	12.4: Environmentally sound management throughout lifecycle	Leveraging Life Cycle Assessments (LCA) of products and services since 2010 for identifying areas for improvement across the value chain. <i>Refer 'Product Sustainability' section of this report</i>
	12.5: Reduce waste generation	99% total solid waste generated in ITC units is either reused or recycled.
	12.6 Sustainability Reporting	<ul style="list-style-type: none"> » Commitment to Transparent Sustainability Disclosures with 19 years of Sustainability Reporting (since 2004) in line with International and National Frameworks. » Additionally, ITC voluntarily responds to CDP Climate Change and Water Security Questionnaires, and also participates in the S&P Global Corporate Sustainability Assessment (CSA).
	12.8: Information and awareness on Sustainable Development and lifestyles	Creating purpose-led brand experiences for consumers: <ul style="list-style-type: none"> » Savlon Swasth India Mission's various campaigns on health and hygiene » 'Know Your Food' campaign by Aashirvaad Nature's Superfoods Organic to increase the awareness of organic foods.
 <p>13 CLIMATE ACTION</p>	13.1: Strengthen resilience and adaptive capacity	<ul style="list-style-type: none"> » Building farmer capabilities on targeted climate smart technologies through over 7,100 Farmer Field Schools (FFS), and more than 18,700 demonstration plots covering 246,000 student farmers during FY 2021-22. » ITC's Climate Smart Village interventions reached out to over 2,500 villages in 11 States covering over 820,000 acres till date aimed at creating climate resilient villages with a target to cover 3 million acres by 2030.
	13.2: Climate change measures in strategy and planning	Comprehensive climate change risk and vulnerability assessments using climate models across key physical assets and agri value chains.
	13.3: Improve awareness, institutional capacity on climate change	In addition to various other interventions including recognition of sustainability exemplars in the Indian industry, nearly 1,400 participants covered through 50 capacity building programmes on various aspects of sustainable development including climate change by CII-ITC Centre of Excellence for Sustainable Development in FY2021-22.
 <p>14 LIFE BELOW WATER</p>	14.1: Prevent and reduce marine pollution	Diverting plastic waste from entering water bodies through sustainable collection and management of post-consumer plastic waste. ITC turned plastic neutral in FY 2021-22 by sustainably collecting and managing more than 54,000 tonnes of post-consumer plastic packaging waste.
	14.4. Regulate harvesting and end overfishing	Best Aquaculture Practices (BAP) Certified Operations for ITC's Agri SBU's Aqua (Prawns) Business.
 <p>15 LIFE ON LAND</p>	15.1: Conservation of freshwater ecosystems	<i>Refer SDG Target 6.5</i>
	15.2 Sustainable management of forests	Sustainable Forest Management through ITC's Farm and Social Forestry programmes with greening of over 953,000 acres till date.
	15.3: Restore degraded land and soil	Biodiversity conservation programme covering over 133,000 acres till date with a target to cover 1 million acres by 2030.
	15.5: Halt the loss of biodiversity	<ul style="list-style-type: none"> » ITC's Board-approved Policy on Biodiversity Conservation, and Policy on Deforestation. » Deforestation-free Wood and Leaf Tobacco value chains.

ITC'S CONTRIBUTION TO UN SDGS

SDG	SDG Target	Select Interventions by ITC
	<p>15.9: Ecosystem & biodiversity planning</p>	<ul style="list-style-type: none"> » Reviving and restoring pasture lands in Rajasthan initiated across 34,000 acres of village commons with a target to cover 247,000 acres. » 'Sustainable Agriscape for Future' Project in Munger District (Bihar) with IUCN – During FY 2021-22, 164,000 native and commercial species planted, soil conservation tillage promoted in 5,350 acres on the Ganga river banks. » Improving forest cover across Telangana and Maharashtra covering 4,198 acres during FY 2021-22 with a target to cover 79,000 acres in phased a manner.
	<p>16.5: Reduce corruption and bribery in all forms</p>	<ul style="list-style-type: none"> » Commitment to highest standards of ethical conduct: Board-approved Code of Conduct for Directors, Senior Management and Employees, and Code of Conduct for Suppliers and Service Providers. » ITC's Board-approved Policy on Tax to ensure compliance with the spirit as well as the letter of the tax laws and regulations across countries of operations.
	<p>16.6: Develop effective, accountable and transparent institutions at all levels</p> <p>16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels</p>	<p>Focus on Participatory Development through Creation of Empowered Grassroots Institutions – 4,500+ Self Help Groups, 3,800+ Water User Groups, nearly 1,800 Forestry Groups, close to 1,300 School Management Committees, and 600+ Agri-business Centres created till date.</p> <ul style="list-style-type: none"> » ITC's Board-approved Policy on Responsible Advocacy provides the framework for necessary interface with Government/Regulatory Authorities. » ITC's Board-approved Policy on Stakeholder Engagement: Commitment to understand and address concerns of stakeholders including those who are disadvantaged, vulnerable and marginalised. » CII-ITC Centre of Excellence for Sustainable Development for promoting sustainable business practices amongst Indian enterprises.
	<p>17.3: Mobilise financial resources</p> <p>17.16: Global partnership for sustainable development</p> <p>17.17: Encourage and promote effective public, public-private and civil society partnerships</p>	<p>ITC's Social Investment Programme - ₹355.03 crores expenditure during FY2021-22. The Social Investments Programme was also able to raise an additional sum of ₹43.06 crores as external funds and local contributions across key interventions.</p> <ul style="list-style-type: none"> » Partnerships with National and International organizations including CGIAR, IUCN, International Water Management Institute (IWMI), WWF India, ACWADAM, CGIAR, CIMMYT and leading Agricultural Universities. » Partnership with IIT Delhi to support research in STEM (Science, Technology, Engineering and Mathematics) areas. » Public Private Partnerships (PPP) with Government Agencies to enable rapid scale-up of programmes - 84 MoUs (32 currently operational) till date. » Implementation Partnerships under Social Investments Programme with 74 reputed NGOs for execution of 122 projects across India. » Participatory Development through 12,095 Grassroots Institutions & Community Based Organisations created till date with 179,545 members.







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