

# RE!MAGINING THE FUTURE



World-class Indian Brands



ITC e-Choupal empowering farmers



Afforestation programme



Watershed Development

# RE!MAGINING THE FUTURE



Livestock Development



Women Empowerment



Primary Education



Skilling & Vocational Training



Health & Sanitation



Sustainable Agriculture



Solid Waste Management



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*Some of the images in the Sustainability Report 2020 are from the period prior to COVID-19 and therefore, do not depict the safety protocols mandated and practiced presently at all ITC facilities.*

# Chairman's Message



This report also presents the large-scale outcomes of ITC's abiding commitment to serve national priorities embodied in its vision of putting the

## Nation First.

I have great pleasure in presenting the 17th edition of ITC's Sustainability Report. This Report has been prepared at the highest "In Accordance - Comprehensive" level of the Global Reporting Initiative (GRI) Standards and is externally verified by Deloitte Haskins & Sells LLP.

**The Report highlights ITC's continuing efforts to create enduring value along all dimensions of the triple bottom line and contribute meaningfully to sustainable development and inclusive growth.**

## A World in Crisis

We live in extraordinary times. The coronavirus pandemic has substantially altered life as we knew it, adversely impacting lives and livelihoods across the globe. Quite obviously, it drove the global economy into a downward tailspin, which experts believe is one of the worst experienced since the Great Depression.

Even as corporates across the world manage the immediate crisis and its aftermath, the reality that dawns across continents is that the future is most likely to change in more ways than what we can envisage today.

Even when the virus spread subsides, it will leave behind deep scars - social, economic and psychological. The undercurrents of social contracts, environmental sustainability and digitisation will get even more accentuated as a result of this crisis.

The theme of this Report, 'Reimagining the Future', alludes to the yet unknown horizon, the contours of which will no doubt be apparent only with time. The dynamically evolving situation today certainly make it difficult to forecast the future with any level of certainty.

**Be that as it may, corporates will have to crystal gaze into the future, respond effectively to emerging scenarios through robust strategy and smart execution and address the 'new normal' with agility, innovativeness and above all, compassion.**

The human dimension of the crisis has been of extreme concern. It has put untold stress on the healthcare infrastructure and on brave doctors and their associates. All efforts to rebuild the future will undoubtedly have to keep the welfare and safety of people at the core. The lockdowns across the world, including India, have led to economic and livelihood challenges, large-scale migration and overnight changes in the way people worked. The basic need of even providing food to the displaced, vulnerable and needy took precedence in the initial days of the lockdown.

The wheels of the national economy had to be kept running, reaching essential products to the huge population confined in homes, whilst ensuring strict protocols of hygiene and safety for the courageous frontline teams.

Permitted factories had to commence operations with limited workforce and with extreme safety precautions.

While we will continue to face frequent disruptions with new containment zones or intermittent lockdown, we will have to align to the new normal as we move into the future. Strengthening the healthcare system will have to be a priority to save lives even as getting back economic growth will be necessary to save livelihoods and create new opportunities.

The Government of India has commendably moved with speed to put in place reforms and liquidity to aid economic recovery and address the challenges, particularly of the vulnerable sections of society. The Prime Minister's clarion call for a self-reliant India - 'Atmanirbhar Bharat' - is indeed inspirational and will pave the way to building a stronger and resilient nation.

It is quite apparent that a pandemic of such proportions will call for collective and joint efforts of all sections of society. The task ahead will be daunting. However, there is hope. The lockdown has demonstrated how, as a society, we can rapidly adapt to new circumstances, build new partnerships, forge unparalleled collaboration and innovate breakthrough solutions, amidst every adversity.

This speaks volumes of human adaptability, the creative capacity and innovative ability to find new paths to shape a better future. The spirit of collaboration that is today a cornerstone of the new era brings new hope for the future as we move into a new world with redefined lifestyles and renewed concern for health, wellness, safety and hygiene.

## **New Sustainability Challenges**

Even before the pandemic started, the world was grappling with severe challenges of sustainability. Rising temperatures, frequent extreme weather events be it heatwaves, floods or droughts, or ravaging wild fires, plagued countries across the world.

Earth Overshoot Day, the day humanity exhausts all resources meant for the full year, fell on July 29 in 2019, the earliest ever recorded in human history.

This is ominous as it signals that for more than 5 months in the year, the world has consumed resources borrowed from the next generation.

In India, record heatwaves and severe cold waves intensified in 2019, together with cyclones like Amphan, reminding once again how vulnerable we are to the impact of climate change. In addition, social and income inequities, before the current crisis, were already at an aggravated level globally.

Despite economic progress achieved over the years, the world continues to reel under the challenges of poverty, social inequities and climate change. These daunting problems are likely to get exacerbated with economic activity shrinking as a result of the pandemic.

**Estimates suggest that the global economy is set to plunge into its worst recession since World War II, shrinking by over 5.2% this year. The Indian economy is also expected to contract substantially. ILO says that the COVID-19 impact could cause equivalent of 195 million job losses worldwide.**



Studies indicate that the different phases of lockdown required to contain the spread may have affected almost 2.7 billion workers - four in five of the world's workforce. The problem can be even more acute in India, where the need to find gainful employment for 12 million who join the workforce every year as well as addressing the difficulties of millions of workers engaged in the informal sector in India remains an overarching task.

According to recent studies, the pandemic may push over 1 billion into poverty globally, pushing back the progress made on reducing global poverty by 2-3 decades.

The current vulnerabilities may get further aggravated by the continuing threat of climate change. Extreme weather events, which are becoming more frequent every year, not only impact local economies severely but are seen to be causing larger damage through climate-induced conflicts that even perpetuate a refugee crisis. Global warming is estimated to cause 8 million deaths every year. That's 140 out of every thousand deaths globally.

In UNESCAP's latest assessment of the 2030 Agenda for Sustainable Development, the Asia-Pacific region is behind on all 17 SDGs, including clean energy and

climate action. Home to 60 percent of the world's population, 99 of the world's 100 most polluted cities, and five of the 10 countries at greatest risk from climate change, the region continues to be a potential source of future disaster and in need of significant investment to combat the scale of the crisis.

Even as we grapple with challenges of such epic proportions, the pandemic has also provided more than a fleeting glimpse of a world where environmental damage can get reversed.

The lockdown necessitated by the pandemic saw, albeit for a brief while, Mother Earth healing herself. People across the world experienced a much cleaner and greener environment with fresher air and clearer skies.

**In India, an unexpected view of the dazzling Himalayas from places as far as Punjab and Saharanpur, toxic rivers suddenly becoming fit for drinking, new flora and fauna emerging are experiences that Millennials and Gen Z were largely bereft of, pointing to the promise of what the future can be.**



ITC responded with agility, resilience and compassion to fight the pandemic, crafting a strategic response to the evolving situation with a 3-pronged approach -

# 'Survive | Revive | Reimagine'.

Demonstrating speed to action and innovative capacity during the lockdown, ITC ramped up operations and enhanced production capacity with extreme focus on safety protocols to reach essential products across India in record time.

Innovating further, ITC launched first-of-its-kind products to cater to emerging well-being & hygiene needs of consumers such as Savlon Disinfectant Spray, Savlon Wipes, Nimwash vegetable and fruit wash, B Natural juices with immunity offerings among others. To help people confined to their homes, ITC also initiated direct-to-home and collaborative distribution solutions like ITC Store on Wheels, and so on. In line with its credo of putting Nation First, ITC also undertook several initiatives to support the needy and distressed.

**This included setting up of a ₹2,150 million COVID Contingency Fund to provide relief to the vulnerable**

**distributing 5,00,000 cooked meals to the needy, collaborating with NGOs to reach communities in need**

**purchasing agri produce to ensure liquidity in the hands of farmers**

**enabling livelihood creation through the Government's MGNREGA scheme**

**providing food and hygiene products to the vulnerable across 25 States and Union Territories**



ITC also facilitated and extended financial support to its supply chain partners for obtaining a COVID-19 Insurance Cover for their associates, under which hospitalisation and diagnostic expenses were covered.

The Company's unique Digital Brands & Business Campaigns generated hygiene & safety awareness among consumers, while the WeAssure programme, was launched by its Hotels Business to further enhance the existing hygiene and cleaning protocols, progressing towards an NABH accreditation and assurance by DNV GL Business Assurance.

## Reimagining Sustainability

Even as the pandemic exposed the fragility of human existence, it reinforced the need for Sustainability to take centre stage. Today, there is discernible consensus that it has become even more important to chart a new tomorrow - one that is more sustainable, inclusive and secure. Whilst the creation of large-scale livelihoods will be of paramount importance, the other critical area for a sustainable future will certainly be the progress in environment replenishment and addressing climate change through the adoption of a low carbon growth path.

Reimagining Sustainability therefore necessitates a rethink of strategies and an agenda for action that not only addresses the core challenges of livelihood creation, environmental replenishment and societal equity, but also the need to build adaptability and resilience through innovation, technology and compassion. Organisations will have to play to their strengths and leverage emerging opportunities including digital technologies.

The new normal must have at its core the unshakeable need to ensure well-being of the people and planet. Sustainability must become the soul of every business strategy, not for altruistic reasons alone but also as a defining source of competitive advantage. That is when Sustainability will become more enduring, and emerge as a powerful business strategy spurring innovation to become a compelling value proposition rather than a matter of corporate conscience alone.

As we traverse the initial phase of the crisis, rebuilding the economy and ensuring sustainable livelihoods would undoubtedly be the key to put the world on firmer ground. Heightened consumer demand for superior health, hygiene, nutrition and safety will need to be addressed.

While we realign to the new normal, corporate organisations, as large economic organs of society, will need to play a key role in applying their innovative capacity and technological genius to focus on solutions that are competitive, and enable a larger contribution to livelihood creation across the entire value chain as well as environmental enrichment.

The economic crisis today has had a debilitating impact on businesses across the globe and most will go through a daunting task of survival and revival before they can adapt and leverage the opportunities emerging from the new normal. Despite such challenging circumstances, future socio-economic progress will be deeply dependent on reinforcing a paradigm of growth that firmly blends the building of economic, environmental and social capital in a unified strategy.

**At ITC, we call this paradigm**

# Responsible Competitiveness

**an abiding strategy that focuses on extreme competitiveness**

**but in a manner that enriches the environment and creates**

**sustainable livelihoods.**

## ITC: Sustainability Vision & Strategy

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.

It was this strength of conviction that led the Company to redefine its Vision, almost a quarter of a century ago, to not only transform the Company into an engine of growth for the Indian economy but to do so in a manner that would address larger national priorities.

This vision was manifest in ITC's strategy to launch multiple drivers of growth across agriculture, manufacturing and services to enable it to make a meaningful contribution to larger national priorities whilst leveraging the opportunities of a globalised market economy.

The key was to innovate and craft unique business models that would not only help in building competitive businesses but lead to creation of societal assets in the form of environmental replenishment and livelihood creation.

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 the only Company in the world to be carbon, water, and solid waste recycling positive for more than a decade. It also enabled the Company and its businesses, to create sustainable livelihoods for more than 6 million people, many of whom represent the weakest in society.

**It is a matter of great satisfaction that ITC has been ranked #1 globally amongst peers and overall #3 globally on ESG performance in the Food Products industry by Sustainalytics - a global ESG ratings company.**

A larger panorama of ITC's sustainability interventions and their achievements is encapsulated in this report, and reaffirms our belief that businesses can indeed make a transformational impact by making sustainability a key corporate strategy. A few of the focus areas are highlighted below.

## The Focus on Livelihood Creation

The pandemic has brought to the fore the most critical need to create and support jobs and livelihoods. ITC's presence across the 3 sectors of the economy enable the Company to make a larger contribution to the creation of sustainable livelihoods.

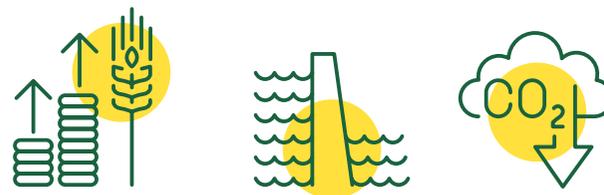
### Agriculture and Rural Livelihoods



ITC's businesses are deeply linked to agriculture, and the Company's engagements with farmers and rural India span more than a century. Agriculture provides livelihoods to nearly half of India's workforce.

This is also a sector that is vulnerable to the threat of climate change and the vagaries of nature. Lower productivity, weak market access and depleting natural resources aggravate rural poverty.

**ITC's globally celebrated e-Choupal, by providing a 360-degree intervention in empowering 4 million farmers, has pioneered transformation in the agri sector.**



The focus of these interventions has been largely around improving agricultural productivity, strengthening water resources, addressing the challenges of climate change, providing market access and enabling additional livelihood creation, thereby collectively building resilience in agriculture.

In alignment with the Prime Minister's vision to double farmer incomes and enable more crop per drop, ITC has launched specific programmes to raise rural incomes at scale, as well as undertake pioneering work in water demand efficiency, apart from partnering the Government to impart such sustainable agricultural practices progressively to over 1 million farmers.

ITC's Integrated Watershed Development has so far brought soil and moisture conservation to over 1 million acres. Over two decades ago, ITC brought information technology to the farms through the e-Choupal initiative, at a time when the Internet was itself in its infancy. Today, with e-Choupal 4.0, ITC is bringing the benefits of cutting edge technologies and digital revolution as a solutions integrator to create the next generation farmers while multiplying livelihood opportunities.

ITC's popular food brands like Aashirvaad, Bingo!, Sunfeast and B Natural anchor robust value chains that benefit Indian farmers, apart from the Company's agri-commodity exports that link small farmers to international markets.

### Choice of Business Model



The choice of business model has also enabled ITC to create large-scale livelihoods. For example, by investing in an afforestation programme based on intensive R&D to develop and plant fast growing clonal saplings that has today greened over 8,00,000 acres, the Company was able to create over 147 million person-days of employment to date. This choice of fibre strategy, despite a low regime of import duties, helped in creating livelihood opportunities in the country which otherwise would have got 'exported' to countries with such plantations. Moreover, farmers are not bound by contractual obligation to sell only to ITC but are allowed the freedom to sell to anyone else.

Such a choice of business model has helped generate large-scale livelihoods in India, create a green cover with significant carbon sequestration apart from ensuring quality fibre for the Company's Paperboards & Paper Business adding to its competitiveness.

### Investments in National Assets & Distribution



ITCs investments in creating national assets in the form of state-of-the-art Integrated Consumer Goods Manufacturing facilities as well as iconic premium Luxury Hotels also drive value chains that enable significant generation of livelihoods.

**Its wide distribution network that reaches over 6 million retail outlets across the length and breadth of the country also helps in supporting substantial employment.**

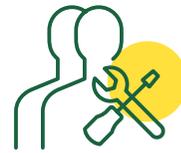
### Social Investments Programme



In addition, ITC's Social Investments Programme seeks to secure livelihoods for stakeholder communities not just for today but also for the future. On the one hand, it seeks to make today's dominant sources of income sustainable by empowering rural communities to conserve and augment their social and environmental

capital in order to secure agri production systems and thereby their current sources of livelihood.

On the other, it invests in developing opportunities for the future through women empowerment, vocational training, supplementary education and animal husbandry services.



ITC's Social Investments programmes actively partner Central and State governments in implementing Public-Private-People Partnerships that have successfully launched several scalable and replicable models of development.

Responding to the needs arising out of the unprecedented lockdown implemented to contain the COVID-19 pandemic, ITC spearheaded a unique initiative to enable the creation of an eco-system that would lead to significant livelihood generation for farmers and daily wage earners under the ambit of the Government's MGNREGA Scheme. Within just 45 days, 7.6 lakh person days of work was created.

**The programme has been scaled up to cover 1,467 villages in 63 districts across 14 States.**

### The Focus on Environmental Stewardship

ITC recognises the imperative need to combat climate change to build a more secure future. It has strived to be an icon of environmental stewardship and pursue a low carbon growth strategy by extensive Greenhouse Gas Reduction programmes in its operations that have focused on a multitude of interventions. This include increasing the share of renewable energy, construction of green buildings and continuous reduction of specific energy and water consumption.

**Over 41% of the total energy consumed in ITC is from renewable sources - a creditable performance given its expanding hotels and manufacturing footprint.**

## A Carbon, Water & Solid Waste Recycling Positive Company

ITC's social and farm forestry initiatives have substantially enhanced its carbon sequestering potential. There has been world-wide attention on the issue of plastic use and disposal.

ITC has, for more than a decade, implemented a holistic solid waste management programme that is based on the principles of a circular economy and encompasses the entire waste value chain.

ITC's flagship initiative, Wellbeing out of Waste (WOW), focuses on providing an end-to-end sustainable and a scalable solution spanning the entire value chain right from awareness creation, segregation and collection to

reuse or recycling of solid waste. This programme has reached out to 10 million citizens of the country.

Given the challenges with respect to disposal and recycling of multi-layered plastic, ITC has pioneered a sustainable and replicable Multi-layered Plastic management model in Pune, which provides a viable solution.

The waste is converted into feedstock for making furniture, pipes etc. based on technical knowhow provided by the ITC Life Sciences & Technology Centre. The programme also creates an additional income stream for waste collectors.

## Towards a Circular Economy



In addition to this, ITC is working towards optimising packaging in a way that it reduces the environmental impact arising out of post-consumer packaging waste without affecting the integrity of the product. This is being done in a structured manner by optimising design, identifying alternative packaging material with lower environmental impact and suitable end-of-life solutions for packaging waste.

Several of ITC's Businesses are working on sustainable packaging solutions. For example, ITC's Paperboards and Specialty Papers Business has already introduced the recyclable barrier board 'Filo' series, a substitute for single-use plastics in the food service segment. This includes the product, FiloServe, which has been certified as 'Plastic-free' by CIPET. The biodegradable 'Omega Series', launched as an alternative to plastic-coated containers and cups, is also gaining significant consumer franchise.

**In line with its philosophy of 'Responsible Luxury', ITC Hotels was amongst the first luxury hotel chains in the world to eliminate single-use plastic usage in operations.**

Further, through its Mangaldeep Green Temple initiative, ITC has pioneered a sustainable model for recycling organic wastes from temple offerings such as flowers in the revered temples of India, converting daily waste into useful biogas and compost.

**It is indeed a matter of pride that**

**ITC has achieved a global distinction of being**

**Carbon  
Positive**

**15 YEARS  
IN A ROW**



**Water  
Positive**

**18 CONSECUTIVE  
YEARS**



**Solid Waste  
Recycling  
Positive**

**FOR LAST  
13 YEARS**



## Pioneering the Green Buildings movement



ITC has also pioneered the Green Buildings movement in India. All premium ITC luxury hotels are Leadership in Energy & Environmental Design (LEED®) Platinum certified.

Several of ITC's factories and office complexes have also received the Green Building certification from Indian Green Building Council (IGBC), the LEED® certification from USGBC and star ratings from the Bureau of Energy Efficiency (BEE).

**To date, 30 ITC buildings have achieved Platinum certification by USGBC/IGBC.**

## ITC's Governance Structure - Building Agility, Resilience & Compassion

ITC's ability to rise to challenges with agility, resilience and compassion is powered by and founded on the Company's robust governance and risk management systems. ITC recognises that since large corporations

employ social and environmental resources, governance processes must ensure that they are utilized and replenished in a manner that meets stakeholders' aspirations and societal expectations. Therefore, ITC's Governance processes ensure that sustainability principles are embedded in its business strategies and execution plans.

ITC's CSR and Sustainability Committee of the Board reviews, monitors and provides strategic direction to the Company's CSR and sustainability practices towards fulfilling its Triple Bottom Line objectives. ITC also sharply focuses on its Risk Management systems and processes in line with the rapidly changing environment.

## ITC's Sustainability Targets for 2030

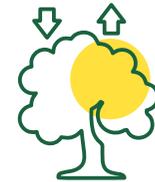
Going forward, ITC's commitment to pursuing a low carbon path and generate social capital is manifest in the ambitious goals it aims to achieve by 2030.

Pursuing continuous improvement in energy and emission-related performance, ITC targets to meet 50% of its total energy consumption from renewable sources by 2030. It also aims to achieve a 50% reduction in specific emission and 30% reduction in specific energy consumption over a 2014-15 baseline.

Continuing its endeavours to enhance its carbon sequestering potential through Social and Farm Forestry initiatives, ITC aims to sequester over four times the CO<sub>2</sub> emissions from its operations.

To conserve water, a national priority, ITC plans to achieve a 40% reduction in specific water consumption from 2014-15 as well as create rainwater harvesting potential equivalent to over five times its net water consumption.

As part of its waste management programme, the Company aims to ensure that 100% of its packaging is reusable, recyclable or compostable in the next decade.



In India, where livelihood generation is an urgent priority,  
ITC aims to create sustainable livelihoods for over for

# 10 million people

and multiply livelihoods that will benefit over 50 million people by 2030.

## Towards a New, Sustainable and Secure Future

Today, the horizon seems to be more unpredictable than ever before. At ITC, we have resolved to address the challenges with agility, resilience and compassion. We draw strength from the robust foundations built over time - our deep engagement with farmers and rural India, globally benchmarked R&D capabilities, world-class manufacturing and hospitality assets, a portfolio of vibrant brands, digital readiness, robust and widespread distribution infrastructure.

Above all, we take pride in our dedicated team of human resources, whose unwavering commitment in the face of all adversity, is admirable and gives us the confidence to take on the unknown dimensions of the future.

We are deeply convinced that ITC's approach to Responsible Competitiveness will become increasingly significant as the world rebuilds itself, not only to ensure enduring value for all our stakeholders but to uphold our promise to build a secure tomorrow. In all this, we will continue to be guided by our timeless credo to put Nation First always.

I hope this Sustainability Report will once again serve as an inspiration for many others as well to pursue the path we have chosen to follow.

**Sanjiv Puri**  
Chairman

August 2020

# ABOUT ITC

## Creating Enduring Value for the Nation

ITC aims to put 'Nation First' in all its endeavours. Its vision is to create enduring value for the nation and all its stakeholders. To achieve this, ITC has crafted unique business models that address the need to be

globally competitive in economic value creation, while at the same time generate social and environmental capital simultaneously as a unified strategy. ITC calls this its triple bottom line approach.



**₹46,323 Cr**  
Gross Revenue



Contribution to  
Exchequer Represents  
**74%**  
of Value-Added  
During the Year



**13**  
Vibrant Businesses  
of Tomorrow



**25+**  
World-Class  
Indian Brands



**6 million**  
Sustainable Livelihoods Created



**15 years**  
Carbon  
Positive



**18 years**  
Water  
Positive



**13 years**  
Solid Waste  
Recycling Positive

## Building Natural and Social Capital

ITC is committed to building a future-ready enterprise that pursues competitive growth even as it enriches the environment and creates opportunities for sustainable livelihoods.

### Renewable energy



Over **41%**  
of total energy  
consumed

### Pioneered the green building movement in India



**30**  
platinum rated  
green buildings

### ITC e-Choupal



Empowering  
**4** million  
farmers

ITC's Social Investments Programmes are implemented in over 27 states/union territories covering 254 districts.



#### Social & Farm Forestry

Over  
**8 lakh**  
acres greened

#### Soil & Moisture Conservation

Over  
**11.3 lakh**  
acres covered

#### Solid Waste Management

Over  
**13.75 million**  
citizens covered

#### Community-driven Biodiversity Conservation

**30,919**  
acres covered

#### Women's Economic Empowerment

Over  
**74,000**  
rural women covered

#### Health & Sanitation

Over  
**37,500**  
toilets built

#### Livestock Development

**18.7 lakh**  
milch animals  
covered

#### Primary Education - Learning outcomes for

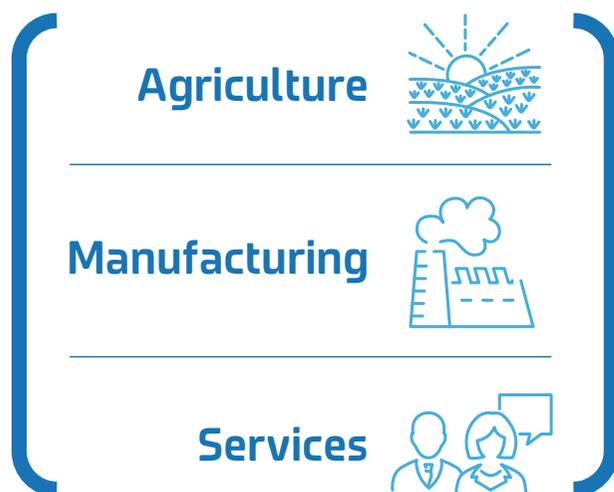
Over  
**7,75,000**  
children improved

#### Skilling & Vocational Training

Over  
**81,000**  
youth covered

# ITC's Businesses: Creating Multiple Drivers of Growth for the Indian Economy

The vision to generate enduring value for the nation and all its stakeholders has led to the creation of a diversified portfolio of traditional and greenfield businesses that span all 3 sectors of the Indian economy -



## FMCG BUSINESSES

Growing presence in Branded Packaged Foods, Education and Stationery Products, Personal Care Products, Cigarettes, Safety Matches and Agarbatti businesses.

- India's leading FMCG marketer
- ITC Foods is the 3<sup>rd</sup> largest food company in India

## HOTELS

- One of India's pre-eminent hospitality chains
- Trailblazer in 'Responsible Luxury'
- ITC's super premium luxury hotels are LEED Platinum-certified

## AGRI BUSINESS

- Pioneer in rural empowerment through ITC e-Choupal
- India's foremost agri-business player

## PAPERBOARDS & PACKAGING

- Clear market leader in the segment
- An icon of environmental stewardship

## INFORMATION TECHNOLOGY

- Specialised global technology services provider

**ITC's ability to leverage the synergies residing across its diverse businesses gives the Company a unique advantage.**

The competitiveness of ITC's diverse businesses rests on its strong foundation of institutional strengths including:

- Deep consumer insights
- Differentiated product development capacity
- Extensive rural linkages and agri-sourcing
- Globally benchmarked manufacturing infrastructure
- Cutting-edge research and development
- Brand-building capability
- Efficient trade marketing and distribution network
- Dedicated human resources

ITC's rapidly growing businesses also enhance its capacity to generate value for the nation.

Given the strong linkages of ITC's businesses to agriculture, the development of competitive agri value chains has significantly contributed to rural empowerment and inclusive growth.

## ITC's World-Class Indian Brands that Create, Capture and Retain Value in India

ITC believes that it is of paramount importance to build and nurture world-class Indian brands that help create, capture and retain larger value in the Indian economy, as well as generate sustainable livelihoods. Such world-class Indian brands are a badge of honour for the nation and are a sustained source of wealth creation for the economy.

These brands have gained significant consumer franchise in a short span of time, garnering annual consumer spends of over

# ₹19,700 crore

These home-grown Indian brands support the competitiveness of domestic value chains, especially in the agri space, ensuring creation and retention of value within the country.

ITC's bouquet of over 25 vibrant Indian brands enjoy leadership positions in their respective segments.



**No. 1**

in branded atta  
₹6,000 crore  
Annual Consumer Spend



**No. 1**

in the bridges segment of snack foods (No. 2 overall)  
₹2,700 crore  
Annual Consumer Spend



**No. 1**

in cream biscuits  
₹4,000 crore  
Annual Consumer Spend



**No. 1**

in notebooks  
₹1,400 crore  
Annual Consumer Spend



**No. 2**

in noodles  
₹1,300 crore  
Annual Consumer Spend



**No. 2**

in deodorants  
(No. 1 in women's segment)



**No. 2**

in agarbattis  
₹800 crore  
Annual Consumer Spend



₹500 crore  
Annual Consumer Spend

## ITC's Value Chains

### ■ Agri-foods value chains



ITC's vibrant foods brands such as Aashirvaad, Sunfeast, Bingo!, YIPpee! and B Natural among others enable strong forward linkages for domestic agri value chains, enhancing their competitiveness and making a meaningful contribution to boosting farmer earnings.

### ■ Paper value chain



ITC's notebook brands, Classmate and Paperkraft, anchor a 'tree to notebook' value chain. Renewable plantations cultivated as part of ITC's afforestation programme enable ITC to offer the greenest paper and paperboards products, while creating large-scale livelihoods. These plantations are also a competitive source of wood pulp for ITC's Paperboards and Specialty Papers Business.

### ■ Bamboo value chain



ITC's agarbatti brand, Mangaldeep, supports bamboo plantation intervention in the northeast as well as women's self-help groups in the country.

# ITC's Businesses - Spanning Agriculture, Manufacturing and Services

## ■ Branded Packaged Foods

ITC's Branded Packaged Foods Business is one of the fastest growing foods businesses in the country, driven by the market position and popularity of its vibrant brands Aashirvaad, Sunfeast, Bingo!, Yippee!, Kitchens of India, B Natural, Mint-o, Candyman, Fabelle, Sunbean and GumOn. The Foods Business straddles several categories - staples, spices, ready-to-eat, snack foods, bakery & confectionery, juices & beverages, chocolates and coffee.

The Business has built a robust portfolio of brands with a number of first-to-market offers and a range of distinctive products, most of which are customised to satisfy regional tastes and preferences.

ITC's efficient supply chain and distribution network help reach the products to consumers across the country.

**With consumer spends of nearly ₹ 15,000 crore anchored on robust brands that reach one out of every two Indian households, ITC has sustained its market standing as the 3rd largest listed food business in the country.**

This year, the Business launched several innovative products including Aashirvaad Nature's Super Foods range, Sunfeast Veda Marie Light, Sunfeast Bounce Loops, Bingo! Starters, Fabelle centre-filled luxury chocolate bars, among others.

ITC also acquired 'Sunrise', a clear market leader in eastern India in the fast-growing spices category, in line with its commitment to enhance the competitiveness of agri value chains in India and help enhance farmer incomes.

**During the year, ITC's food brands entered an additional**

**10.5 million households.**

*Source: HHP, KantarWorld Panel, MAT Dec'19*



## ■ Personal Care Products

ITC's Personal Care Products Business consolidated its market position across categories, including personal wash, health and hygiene, fragrances, skincare, floor cleaners driven by a sustained focus on innovation, portfolio premiumisation and expansion of distribution reach, both in traditional trade as well as in e-commerce.

Several innovative products were launched during the year, including Fiamo Handwash in the premium segment, new Glycerin and Honey variants in Vivel bodywash, Engage W5, Engage W6, Engage Intrigue and Engage Spirit in the deodorant segment, and Engage L'amante in the perfume segment.

Dermafique's Hydration range was also extended with the launch of 2 new variants.

**Nimyle witnessed strong growth to become the 3rd largest floor cleaner brand nationally in a relatively short span of time.**

The Business demonstrated a high degree of agility and responsiveness to the surge in demand for health and hygiene products during the pandemic by expanding manufacturing capacity and launching a range of hygiene products within a short span of time.

- Repurposed the newly set up perfume manufacturing plant at Manpura, Himachal Pradesh, quickly to manufacture hand sanitisers and service increased demand.
- Several innovative products were launched in record time, including
  - The Savlon Surface Disinfectant Spray
  - Savlon Hexa hand sanitising liquid and soap
  - Nimwash fruit and vegetable wash
  - Savlon Germ Protection wipes
  - Savlon sanitiser sachet at half a rupee



## Education and Stationery Products

The Business sustained its clear leadership position in the market, leveraging its world-class brands and products, continued strategic interventions to strengthen supply chain efficiencies and a deep and wide distribution network. Though the Business was impacted as educational institutions remain closed for months due to the pandemic, it is confident of bouncing back strongly once the academic session resumes.

During the year, the Business continued to develop and launch innovative and quality products, leveraging its product development cell, recently commissioned state-of-the-art facility for notebooks at Gollapudi in Andhra Pradesh and the Company's Life Sciences and Technology Centre.

Several innovative variants were launched under the 'Classmate' product portfolio while the premium 'Paperkraft' portfolio was enriched with the launch of super-premium pens and leather-bound notebook organisers. The Business continued to deepen consumer engagement through the unique MyClassmate app as well as Classmateshop.com.

The Business leverages ITC's world-class fibre line at Bhadrachalam - India's first ozone treated elemental chlorine free facility - and embodies the environmental capital built by the Company in its paper business. It continued to scale up the Paperkraft range of notebooks using Forest Stewardship Council® (FSC®) certified paper, made at ITC's paper mill, matching the best quality paper in the world.



## Cigarettes

Despite the extremely challenging operating landscape and the headwinds faced during the year under review, ITC sustained its leadership position in the cigarette industry through its unwavering focus on nurturing a portfolio of world-class products, based on superior consumer insights, continuous innovation and superior product development capabilities.

## Incense Sticks and Safety Matches

Despite the challenging business environment, the Mangaldeep brand sustained its leadership position in the dhoop category and consolidated its position as the second largest brand in the agarbatti category with all-round improvement in brand measures. Its market standing was strengthened by focusing on driving brand salience through sharply targeted marketing investments, on-ground consumer activation and a differentiated, superior product experience.



During the year, the Business launched the Mangaldeep Temple 'Fragrance of God' range of products, based on the core proposition of 'bringing home the divinity of the temple'.

A unique and differentiated product, the agarbattis in each series constitute fragrances derived from the favourite offerings of the presiding deity. The Business also launched Mangaldeep Lo Smoke Agarbattis, a first-of-its-kind agarbatti that releases 80% less smoke as well as other variants including Marigold Agarbatti, Treya Dhoop and Pushpanjali Dhoop.

The Business is working on strengthening the agarbatti value chain and has started sourcing Mangaldeep incense sticks manufactured from indigenous bamboo, grown in the north-east region of the country. The Business has also been working closely with the Government under the aegis of the National Bamboo Mission and other nodal agencies at the state level.

## Hotels

ITC's Hotels Business remains among the fastest growing hospitality chains in the country with 109 properties and over 10,250 rooms under four distinct brands - 'ITC Hotels' in the luxury segment, 'Welcomhotel' in the upper-upscale segment, 'Fortune' in the mid-market to upscale segment and 'WelcomHeritage' in the leisure & heritage segment.

The Business continues to focus on strengthening the equity of the ITC Hotels brand, anchored on unique and path-breaking 'Responsible Luxury' initiatives, culinary excellence and personalisation of guest services. The iconic properties are also the truest representation of a region's culture and ethos.

ITC remains committed to enhancing the scale of the Business by adopting an asset-right strategy that envisages building world-class tourism assets for the nation and growing the footprint of its managed properties by leveraging its hotel management expertise.

During the year, ITC Royal Bengal, Kolkata and Welcomhotel Amritsar opened its doors to discerning guests. As an integral part of its 'Responsible Luxury' initiatives, ITC Hotels was among the first luxury hotel chains in the world to reduce the use of single-use plastic in its operations.

## WeAssure



**To reassure guests at ITC's iconic hotels in light of the COVID-19 pandemic, the Business launched the 'WeAssure' programme to reinforce its commitment to health, hygiene and safety.**

Several other interventions have also been implemented by the Business to mitigate the impact of the challenging business environment and bounce back stronger.

## Agri Business

ITC consolidated its leadership position as the largest Indian exporter of unmanufactured tobacco during the year. This was achieved through the acquisition of new customers and delivering enhanced value to existing ones by leveraging the Business's expertise in crop development, superior product integrity and sourcing, and world-class processing facilities.

Over the years, the Business has invested significantly in enhancing its superior agri-commodity sourcing expertise comprising multiple business models, expanding geographical spread and customising infrastructure to mitigate the impact of uncertainties of

climatic variations, changes in Government policies and global demand-supply dynamics. These capabilities and infrastructure have created structural advantages that facilitate the competitive sourcing of agri raw materials for the Company's Branded Packaged Foods Businesses.

The Business continues to focus on developing capabilities and vectors of differentiation for the potential foray into branded consumer and institutional segments, while increasing the overall efficiency in procurement and logistics operations through cost-optimisation initiatives and by eliminating non value-adding activities.

During the year, the Business forayed into bulk staples comprising maida, sooji, pulses & besan, and bulk spices catering to the food services channel by leveraging its institutional capabilities in sourcing, product development and application sciences.

The 'ITC Master Chef' range of frozen snacks was expanded with the launch of a unique range of kebabs for the retail segment. The frozen snacks range, comprising 11 vegetarian and 6 non-vegetarian delicacies, is available in 50-plus cities and is improving consumer traction.



## ■ Paperboards and Specialty Papers

Despite a subdued operating environment and sluggish demand conditions, the Business achieved its highest ever volume of production and sales. It crossed 8 lakh tonnes, driven by strategic investments in augmenting Value Added Paperboard (VAP) manufacturing capacity, continuous focus on enhancing operational efficiency and innovations across the value chain.

ITC remains the clear leader in the VAP segment and is also a leading player in the eco-labelled products segment and the premium recycled fibre-based boards space. ITC continues to procure wood from sustainable sources. Research on clonal development led to introduction of high yielding, disease resistant clones that adapt to a variety of agro-climatic conditions, ensuring greater consistency in farmer earnings.

ITC's Life Sciences and Technology Centre is engaged in developing higher yielding second generation clones with enhanced pest and disease resistance attributes.



## ■ Packaging and Printing Business

ITC's Packaging and Printing Business is a leading provider of superior value-added packaging for the packaged consumer goods industry. The Business also provides strategic support to the Company's FMCG businesses by facilitating faster turnaround for new launches, innovative packaging options, design changes ensuring security of supplies and delivering benchmarked international quality at competitive cost.

The Business caters to the packaging requirements of leading players across several industry segments, viz. food & beverage, personal care, footwear, home care, consumer electronics, pharma, liquor and tobacco.

With its capabilities across multiple packaging platforms, coupled with in-house cylinder making and blown film manufacturing lines, the Business continues to provide innovative solutions to several key customers in India and overseas.



## ■ Information Technology

ITC Infotech is a global technology services provider, focusing on providing business-friendly solutions to enterprise clients in chosen industry verticals: banking, financial services, packaged consumer goods, manufacturing, travel, hospitality and health care.

The Company remains focused on providing innovative digital services and solutions to customers in identified industry verticals. During the year, the Business grew across all operative markets. Global In-house Centers (GIC) Services, Data and Analytics, Application Development & Maintenance and Infrastructure services were some of the key drivers of growth.

The Company also forged new alliances and strengthened existing relationships with independent software vendors (ISVs) and start-ups in areas such as automation, data and analytics and loyalty.



# As 2019-20 came to a close, what changed?

The world is reeling under a series of unprecedented and rapid disruptions triggered by the COVID-19 pandemic. The distance between the present and the uncertain future has shrunk dramatically over the last few months. COVID-19 has become an epochal event with the world already talking of a pre-COVID-19 and a post-COVID-19 era.

The global social, economic and political order has been subjected to a shock of a scale not witnessed since World War II. This inflection point has come at a time when the world is already grappling with issues like extreme inequity among and within nations and unprecedented environmental devastation linked to climate change.

In a matter of months, concerns over events such as the bush fires in Australia, burning of Amazon's forests, melting of polar ice, etc. have been dwarfed by COVID-19. It is becoming increasingly clear that the future will never be the same again.

Navigating long-term uncertainties - be it social, climate or otherwise while being buffeted by periodic 'black swan' events - will be the new normal. Post the COVID-19 crisis, the traditional government-market paradigm will cease to be the sole driver of the planet's trajectory. Instead, a new force in the form of a society, encompassing social values, relationships and social contract, will emerge as the hand on the tiller, leading the planet on a path to a safer and more sustainable future.

## How do we respond to this new reality?

For the new reality to take shape, it is imperative to make efforts to help the economy get back on the road to recovery, while providing succour and sustenance to those sections of society that have been impacted the most. Given the new realities, it is now time to work towards 'Reimagining Our Collective Future'.



Complementing this approach, ITC's strategy of setting up factories closer to the markets and its thrust on localised sourcing of raw materials have allowed the Company to serve its customers better, while enhancing farmer incomes by building resilient supply chains.

Going forward, even as the world battles tougher times, ITC will continue to focus its efforts to generate larger economic, social and environmental capital. Such efforts will also enhance and sustain consumer trust and loyalty for ITC's unique and differentiated products and services that represent innovation and quality.

# REBOOT AND RECOVER

## Responding to the New Normal



### Uplifting Communities



The unprecedented COVID-19 crisis is impacting people's lives and livelihoods like never before. Utmost care is required to ensure people's safety, especially those working in healthcare and essential services. From the beginning of the lockdown, ITC made coordinated efforts to contribute to India's fight against COVID-19.

ITC, along with the ITC Education and Healthcare Trust and ITC Rural Development Trust, has set up a ₹2,150 million COVID-19 contingency fund, which is being used to provide relief and assistance to the most vulnerable sections of society.



### Supporting the ITC Family



ITC is focused on ensuring the safety and well-being of all its employees - whether they are out in the market place, at the shop-floor, working from home or simply at home taking care of their loved ones.

ITC's Contingency Teams have been deployed across locations and Company doctors made available for 24x7 assistance together with regular safety advisories, SOPs and guidelines. Initiatives have been launched to ensure that employees remain safe and engaged while working from home.



As concerted efforts to combat COVID-19 take shape around India and the world, ITC stands committed to playing its part.



## Serving Consumers



ITC, together with its value chain partners, worked tirelessly to ensure uninterrupted availability of its trusted brands to consumers. ITC also launched new and innovative solutions to meet the heightened nutritional and hygiene requirements of its consumers.

For instance, ITC repurposed its world-class perfume facility to increase the manufacturing capacity of Savlon hand sanitisers by 3X. ITC's leading brands also led awareness campaigns on COVID-19.



## Keeping the Economic Engine Running



ITC's frontline warriors kept the Company's factories, warehouses, distribution and agri-operations up and running so that essential food and hygiene products reach every corner of India, while complying with regulatory requirements on health and safety.

ITC also leveraged the institutional capabilities of its Agri Business to work with farmers to educate them and their families on safety measures.



For more details on ITC's Initiatives to fight COVID-19, visit [ITC's corporate website](#).

# REIMAGINING THE FUTURE

## Building a Resilient Tomorrow

While ITC's vision for the future - for the planet, for its people and the Company - remains intact, getting there will require understanding and managing the forces at play. The Company will strengthen its ability to respond to sudden shocks of the future, while strengthening resilience across its value chains.



### REIMAGINING GROWTH

To continue to remain an engine of growth for the economy by investing in India's tomorrow and responding effectively to emerging trends through first-to-market innovations.

- Investing in India's Tomorrow
- Energising Innovation to Drive Growth
- Delivering Resilient Performance



### REIMAGINING SUSTAINABILITY

Reinforcing the long-term adaptive capacity of Company's operations including value chains, especially farmers, to withstand the impact of major sustainability issues like climate change and water stress.

- Building Climate Resilience
- Towards Water Security for All
- Making Agriculture Future-ready
- Managing Waste
- Creating Sustainable Livelihoods



### REIMAGINING THE SOCIAL CONTRACT

Helping the Company's consumers and employees adapt to the discontinuous shifts and disruptions taking place in every sphere of society.

- Helping Consumers Make Sustainable Choices
- Workforce of Tomorrow



### REIMAGINING RESILIENCE

Embedding within ITC's DNA the ability to withstand shocks and building on the Company's robust governance and risk management systems.

- ITC's Approach to Governance & Ethics
- Strategic Risk Management

# REIMAGINING GROWTH

Engine of Growth,  
For Today & Tomorrow

**27** Investing in  
India's Tomorrow

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to Drive Growth

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Performance



# Investing in India's Tomorrow

## Growing ITC's Footprint across Agriculture, Manufacturing and Services

Over the years, ITC's multiple drivers of growth have been carefully crafted to match internal competencies with the emerging opportunities of a growing Indian market. A robust portfolio of businesses leverages ITC's unique enterprise strengths - deep consumer insights, intimate rural linkages, superior agri-sourcing, path-breaking R&D, world-class manufacturing and brand building skills, culinary insights of ITC Hotels' chefs, innovative consumer packaging, focus on digital technologies and an extensive trade marketing, distribution and logistics network. These strengths enable ITC to create a portfolio of winning businesses across all three sectors of the economy - agriculture, manufacturing and services.

In agriculture, ITC's engagements with farmers across the country, driven by its celebrated e-Choupal programme, have empowered over 4 million farmers. In manufacturing, supported by substantial investments in state-of-the-art technology, ITC has created world-class manufacturing facilities across the country for its FMCG, Paperboards and Packaging Businesses. In the services sector, ITC Hotels is a trailblazer in Responsible Luxury.

## ITC's Focus Areas



**Growing ITC's Footprint across Agriculture, Manufacturing and Services**



**Building Contemporary Assets to Deliver Competitive Advantage and Creating Iconic Hotels**



**Creating Intellectual Property (IP) for India through Cutting Edge R&D**



**Harnessing the Power of Digital**



**Creating Sustainable and Resilient Value Chains**



**Creating World-class Indian Brands and Competitively Superior Products and Services**

## Building Contemporary Assets to Deliver Competitive Advantage and Creating Iconic Hotels

ITC's commitment to create enduring value for India is also manifest in its investments in building world-class manufacturing and hospitality assets. The Company's state-of-the-art manufacturing facilities, iconic luxury hotels, logistics hubs and the globally benchmarked ITC Life Sciences and Technology Centre (LSTC), are true representatives of the spirit of "Make in India" and strengthen ITC's competitiveness.

ITC is investing in several Integrated Consumer Goods Manufacturing and Logistics (ICML) facilities which will enable its FMCG businesses to scale up rapidly. The creation of such world-class physical infrastructure for the future will enable ITC to craft and deliver best-in-class products and provide its brands with a competitive edge in terms of scale, freshness and close-to-market distribution. These ICMLs, which include food processing units, will strengthen ITC's leadership across the farm-to-fork value chain, enhance cost efficiency while ensuring greater value realisation for the farmers and reducing India's agri wastages.

Commercial production has already commenced at ITC's integrated facilities in Uluberia and Panchla in West Bengal, Guwahati in Assam, Kapurthala in Punjab and Pudukkottai in Tamil Nadu. During the year, the Foods Businesses continued to leverage ICMLs to service proximal markets in a highly efficient and responsive manner. Other ICML projects are in various stages of development.



## 2019-20 HIGHLIGHTS

Manufacturing capacities at Pudukkottai, Guwahati, Panchla, Haridwar, Kapurthala, Mysuru and Pune have been enhanced. These ICMLs are expected to set new benchmarks in quality, productivity and cost efficiency.



In the Education and Stationery Products Business, a dedicated manufacturing facility for notebooks, equipped with state-of-the-art machinery was commissioned at Gollapudi, Andhra Pradesh. The facility will manufacture a range of high quality and differentiated notebooks.



In the Paperboards and Specialty Papers Business, capacity utilisation of the Value Added Paperboard machine and Bleached Chemical Thermo Mechanical Pulp Mill was ramped up during the year. The Business continues to make structural interventions in the areas of strategic cost management and import substitution to enhance its market position and competitive advantage.

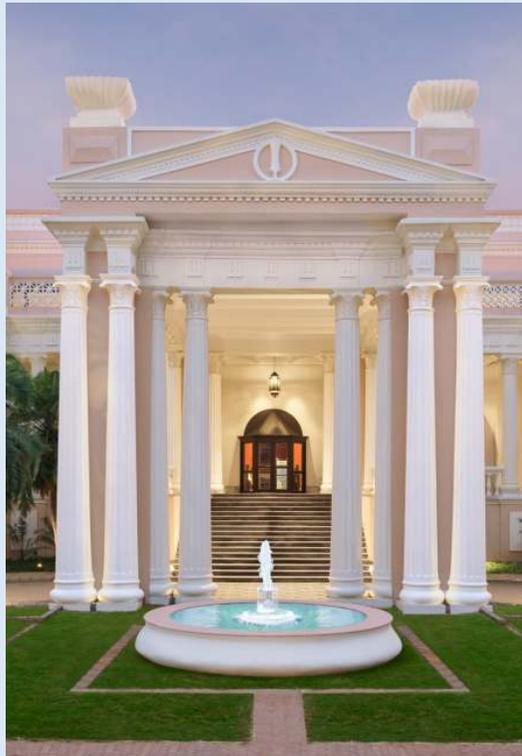


## 2019-20 HIGHLIGHTS

The Hotels Business added another iconic property to its portfolio - ITC Royal Bengal, a Luxury Collection hotel, in Kolkata. The combined complex comprising ITC Royal Bengal and ITC Sonar offers 693 rooms, suites and serviced apartments, 15 signature F&B outlets with access to over 1,00,000 sq. ft. of banqueting space, making it the most sought after F&B and banqueting destination in the city.



The Hotels Business also commissioned WelcomHotel Amritsar, a 101-room luxury property, exuding the charm of Amritsar's spiritual beauty and vibrant lifestyle.



## Creating Intellectual Property (IP) for India through Cutting Edge R&D

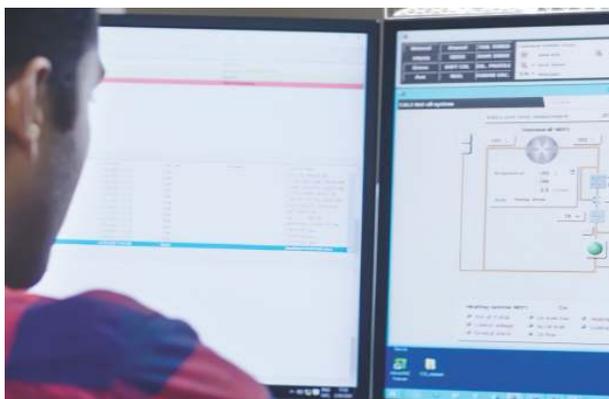
ITC recognises that continuous innovation across products, processes and systems will catapult the enterprise to a higher orbit of growth. To this end, the Company's Life Sciences and Technology Centre (LSTC) is mandated to secure science-led competitive advantage and develop future-ready products and processes. In a short period of time, over 900 patents have been filed. For more details, refer to the [Energising Innovation to Drive Growth](#) section of this Report.



## Harnessing the Power of Digital

To spearhead the development of digital infrastructure, ITC has formulated a comprehensive business-wise strategy driving transformational changes across the value chain. Efficiencies in the backend are being enhanced through Industry 4.0.

Businesses have initiated experimentation on new generation technologies involving the Internet of Things (IoT), data analytics and intelligence, machine learning, augmented and virtual reality, advanced automation, chat-bots and robotics, mobility, embedded integrated systems etc., to improve resource productivity. ITC is also driving digital engagement of its brands through dedicated marketing command centres in Kolkata and Bengaluru.



## Creating Sustainable and Resilient Value Chains

A conscious strategy to drive the competitiveness of value chains linked to its businesses helps ITC make an enduring contribution to national economic development. ITC's winning brands drive synergies to make these value chains sustainable and inclusive. By nurturing these value chains, ITC also adds a unique source of competitive strength to its brands. Such value chains contribute to farmer empowerment and enrich the rural ecosystem. For more details, refer to the [Securing Agri Value Chains for ITC's Major Crops](#) section of this Report.

## Creating World-class Indian Brands and Competitively Superior Products and Services

### ITC's World-class Indian Brands

ITC believes tomorrow's world will belong to those who create, own and nurture intellectual capital for the country. Successful brands and trademarks that represent such intellectual capital are a badge of honour for the country they belong to. ITC's world-class Indian brands anchor competitive and inclusive value chains

that create, capture and retain larger value within the country as opposed to brands owned overseas that rely on global supply chains and necessitate payment of royalties.

ITC has, over the years, invested extensively in developing a vibrant portfolio of world-class Indian brands that support millions of farmers and create diversified livelihoods in the country.

Over 25 world-class Indian brands have been built, to a large extent organically by ITC over a short period of time - a feat unparalleled in the Indian FMCG industry. Investments in cutting edge R&D and state-of-the-art manufacturing in India drive these winning Indian brands, including Aashirvaad, Sunfeast, Bingo, YiPPee!, B Natural, Savlon, Engage, Vivel, Fiama, Classmate and Mangaldeep among others.

Many of these brands anchor domestic agri value chains that empower Indian farmers as well as create and capture larger value in India.

**ITC's vibrant portfolio of brands represents an annual consumer spend of over ₹19,700 crore today and many of the products have assumed market leadership.**

### ITC's Competitively Superior Products and Services

ITC, with its unwavering focus on quality and consumer health and safety, is committed to delivering world-class

products and services that create value for Indian customers. ITC's commitment towards ensuring compliance with applicable standards of health and safety commences at the design stage. Risks during procurement, manufacturing and delivery stages are also mapped and evaluated, based on which necessary control measures are deployed.

**The entire process is supported by advanced research and testing facilities at ITC's LSTC, whose laboratories conform to ISO/IEC 17025 and are certified by National Accreditation Board for Testing and Calibration (NABL).**

Manufacturing units and hotels are also housed in state-of-the-art facilities with internationally benchmarked quality management systems. All systems and practices are subject to periodic review to ensure that these remain up-to-date in line with national and international developments. The quality performance of third party manufacturing facilities is also monitored regularly. Some of the best practices from across ITC's Businesses include:

## ■ Agri Business

### Leaf Tobacco

The Business focusses on product integrity, quality and hygiene standards across the value chain to provide superior quality products to customers. ITC educates tobacco farmers about agrochemical management to produce sustainable, residue-free tobacco. This was

done through regular field-level trainings and seminars. For assessment of product integrity, leaf samples from farmlands and packed cases of finished products are closely monitored for any undesired chemical residue and necessary measures are taken across the value chain to minimise non tobacco related matter.

### Other Agri-Commodities

The Business involves sourcing of agri-commodities like wheat, coffee, soyabean, shrimps, mustard, rice, maida, spices, processed fruits, etc., based on customer requirements of quality, quantity and packaging for both domestic and export markets. A stringent quality control system is in place to regularly audit and monitor compliance during storage in line with customer requirements. These quality control measures along with quality inspection norms also ensure compliance with customer requirements. Products are shipped after meticulous testing at the in-house NABL accredited lab or through external accredited labs as required by the customer.

The Business engages closely with farmers to disseminate agriculture knowledge such as organic farming, integrated pest management and crop management practices. In addition, the Business subsidises the adoption of technology in the farm and helps in certification that would result in improved yield and value for the produce.

For example, in spices, special emphasis is given to food safety and quality across the value chain - right from the farm to processing and sterilisation. ITC has adopted a holistic approach of Integrated Crop Engagement, covering not only pest management but also crop management practices to ensure the product meets stringent global food safety standards.

## Agro-chemicals Management Programme in Leaf Tobacco Value Chain

ITC encourages an ecosystem approach to crop production and protection that integrates management practices to grow a healthy crop with minimal use of pesticides. The programme involves active engagement with farmers to create awareness about biological means of pest control, to deploy pest monitoring stations and to recommend safe pesticide applications.

In addition, this initiative stresses on the importance of safe and environmentally responsible selection, handling, application, storage and disposal of agro-chemicals. During the year, more than 65,000 farmers have been covered in this programme.

For more information, refer to the [Making Agriculture Future-ready](#) section of this Report.

In the spices segment, ITC has a portfolio of crops such as chilli, cumin, turmeric and celery that are authentically certified according to India's National Organic Production Norms which are in line with global requirements such as USDA Standards.

For organic and sustainable farm practices in the processed fruits business catering to specific customer segments, the Business has received the following international certifications:

- Fairtrade certification endorsing that the products meet defined environmental, labour and developmental standards. Total certified area is over 1,500 acres.
- USDA Organic and India Organic Certifications for Organic Farming. Total certified area is 3,700 acres.
- Bio-Suisse Certification for Organic Farming. Total certified area is about 2,500 acres.

The seafood, i.e. prawns, sold by the Business has various certifications like Best Aquaculture Practices, British Retail Consortium, Hazard Analysis Critical Control Points (HACCP) and complies with National and International (European, Japanese and American) food safety standards.

ITC has consolidated its Farmland fresh fruit and vegetable range by introducing specialised varieties such as low sugar potatoes, high antioxidant potatoes etc. These varieties, developed after extensive research on the eating habits and nutritional requirements of Indians, offer superior nutritional value to the discerning consumers.

ITC Master Chef Frozen Snacks were launched in the domestic market during the year. These snack foods are manufactured using state-of-the-art individual quick freezing (IQF) technology that retains the shape, colour, aroma and taste of the product after defrosting, as compared to conventional frozen food preparation methods.

ITC Master Chef Frozen Snacks promises longer shelf-life and less preparation time. The range includes popular, traditional and local snacks like samosas, batata vada, falafel, etc., that are prepared using the special culinary skills of the master chefs of ITC Hotels.

## ■ Branded Packaged Foods

The Business meets its commitment to provide world-class products through innovation, state-of-the-art manufacturing facilities and rigorous quality controls. 77 of the 82 manufacturing locations, including third party manufacturing units, accounting for 99% of total production volume in 2019-20, are FSSC 22000/ISO 22000/Hazard Analysis and Critical Control Point (HACCP) certified. Certification of the remaining five newly commissioned units is planned in 2020-21.

## ■ Personal Care Products

For personal care products, a comprehensive approach has been developed to address the potential health and safety impact at each stage of the product lifecycle. Products are designed keeping in mind both current and upcoming regulation. All safety tests, from the prototype development stage to the final product stage, are conducted in accordance with standard Indian and international guidelines.

The ingredients used in products undergo rigorous analysis for their toxicity and skin sensitivity prior to clearance for use in product development. Product safety and efficacy are certified through external accredited laboratories. Manufacturing of the products takes place in a highly automated environment under strict hygienic conditions.

A Documented Quality Management System, which includes procured material checks, in-process checks and finished goods' quality checks, ensures that the manufactured products are consistently of high quality.



## Hotels

Robust food safety management systems, certified as per HACCP/ISO 22000, are in place at all ITC Hotels. In addition, 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 National Fire Protection Association (NFPA) Codes and other international best practices. These supplement the EHS Guidelines applicable to all ITC businesses.



## Packaging and Printing

The Business actively engages with customers to co-create solutions that help protect needs like product integrity and visual imagery, while providing environmentally sound alternatives. Some of the solutions include optimising packaging, such as weight and thickness reduction, and environment friendly alternative materials such as water-based varnishes among others.

The Business also has the capability of manufacturing specialised packaging using low migration inks for food and personal care products where the risk of migration of chemicals such as inks, coating, adhesives etc. to the product is minimised, making the packaging safer.

In addition, the Business uses virgin Elemental Chlorine Free (ECF) paperboard for food-specific applications in which the concentration of Adsorbable Organic Halides (AOX) is negligible, compared to that in conventional paperboard, making products safer.

The Business leverages the International Quality Rating System (IQRS) to integrate product, processes and people to deliver superior and consistent quality that delight customers. The integration of product safety measures along with IQRS has helped the Business achieve British Retail Consortium (BRC) Global Standard for Packaging and Packaging Materials for its Haridwar and Tiruvottiyur factories. Further, the Tiruvottiyur factory is certified for Forest Stewardship Council® Chain of Custody (FSC®-CoC).

The Business has won several prestigious awards including World Star Awards, Asia Star Awards and India Star Awards for innovation and creativity in design.

It was awarded the “Green Printing Company of the Year” and “Packaging Converter of the year” by Printweek in 2019-20 for operational excellence in sustainable packaging solutions backed by state-of-the-art converting technology.

These awards bear testimony to ITC’s commitment to providing safe and sustainable packaging solutions to delight customers.



## ■ Paperboards and Specialty Papers

ITC has been a pioneer in manufacturing ECF pulp in India. This process ensures that the levels of dioxins and furans in the pulp are less than 1 part per trillion and the levels of specific AOX in wastewater are well below the regulatory limit. In addition to the pulp, special emphasis is given to the product safety of all food-grade paper. The global migration test is conducted periodically on all food-grade paper and paperboards to ensure compliance with the US FDA Standards and adherence to prescribed limits for heavy metals. All manufacturing ingredients for applications involving direct/ indirect food contact are procured from reputed suppliers that conform to US FDA and equivalent standards.

The Business ensures that the components of food allergens listed in the EC directive 2003/89/EC and the US FDA Act are not used in any food grade boards and papers. All food-grade papers and paperboards are periodically tested for compliance with European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS).

The Bollaram unit and production lines at Bhadrachalam unit that manufacture food grade board meant for direct/ indirect food contact, are third party certified in accordance with BRC/IoP (British Retail Consortium/ Institute of Packaging) standards.



## ■ Education and Stationery Products

Since the primary consumers of these products are children, the products introduced by the Business are not only safe but also hold unique appeal for consumers in terms of graphics, packaging and others. The products are designed in such a way that they are free from harmful and toxic chemicals. Some of the measures undertaken by the Business are:

- **Pencils and art stationery products are free from hazardous and toxic chemicals as identified in REACH and certified to European Standard EN71.**
- **All notebooks and pens use only approved non-hazardous inks and dyes. Further, notebooks are manufactured using Elemental Chlorine Free (ECF) paper and paperboard that are brighter and whiter for a better writing experience.**
- **Notebooks under the Signature series and Green Impression series of the Paperkraft brand offer products made from FSC® certified paper for the environmentally conscious customers.**

The Business has instituted a Product Quality Rating System (PQRS) along with stringent quality control measures that cover both in-process and the finished product, in addition to various third party certifications that help deliver superior products to delight customers.

## ■ Cigarettes

With consistent focus on innovation, new product development in the Business involves consideration of Indian and global developments and is supported by research and testing facilities at the ITC Life Sciences & Technology Centre. The Business uses proprietary software to regularly monitor and review product specifications of all raw materials.

## ■ Incense Sticks (Agarbattis) and Safety Matches

Chemicals approved by IFRA (International Fragrance Resource Association), Geneva, are used to prepare fragrances required in the manufacture of dipped Mangaldeep agarbattis. The manufacturing processes of agarbattis and safety matches are designed to ensure product safety and consistency.

## ■ Technico Agri Sciences Limited

The Business utilises agri bio-technology for growing TECHNITUBER® Seed Potatoes (miniature seed potatoes). These are either sold as is or further multiplied in farms for sale as field seed potatoes. To do this the Business has set up advanced and efficient greenhouses to produce high volumes of TECHNITUBER® seed using minimal water consumption.

The tissue culture facility that maintains and multiplies the seed potato germplasm is accredited by the

Department of Biotechnology, Ministry of Science & Technology, Government of India. The facility is regularly inspected by the Indian Council for Agricultural Research (ICAR) - Central Potato Research Institute, Shimla, to ensure adherence to the Potato Tissue Culture Raised Mini Tubers (PTCMT) standards laid down by the Ministry of Agriculture, Government of India.

The Business sources and supplies potatoes from its farmer base, its seed distributors and aggregators. It is also undertaking trials for sourcing and selling of select fruits and vegetables.



# Energising Innovation to Drive Growth

## Investing in Game-changing R&D Capabilities

ITC's Life Sciences and Technology Centre (LSTC) in Bengaluru is working on game-changing R&D, driving science-led product innovation. LSTC seeks to achieve this by harnessing contemporary advances in relevant areas of science and technology, and seamlessly integrating classical concepts of product development with cross-business synergies.

LSTC has evolved over the years and is presently resourced with more than 350 highly qualified scientists, world-class scientific infrastructure and state-of-the-art facilities to conduct experimental research, rapid prototyping and process development. Centres of excellence in biosciences, agri-sciences and materials have been established over the past few years. In addition, rigorous systems, process and industry best practices have secured global quality certifications - a key enabler in delivering products that follow the highest standards in quality, safety and efficacy to Indian consumers. Over 900 patent applications have already been filed by the Centre.

ITC has been a forerunner in introducing first-to-market innovative products for Indian consumers. In the context of the current pandemic, LSTC researchers developed and delivered a range of innovative and superior products to address immediate consumer priorities of hygiene, health and immunity.

ITC's innovation teams have spearheaded accelerated product development in record time, including B Natural+ fruit beverage which supports immunity, Savlon Surface Disinfectant Spray, Savlon in a sachet format at half a rupee, Savlon Hexa, a hand sanitising liquid for quick and persistent action, Savlon germ protection wipes and Nimwash - a solution to clean vegetables and fruits. The Company earlier launched Sunfeast Veda Marie biscuits with natural immunity boosting ingredients. The unique competencies in materials and packaging have focussed on delivering innovative recyclable and bio compostable packaging solutions, which are in various stages of validation and commercialisation.



## Rapid Pace of Developing New and Differentiated Choices for Consumers

ITC's innovation engine is at work continuously to create a bouquet of innovative, distinct and superior first-to-market products. ITC has sustained its position as one of the fastest growing FMCG businesses in the country, powered by a robust portfolio of brands, customised products that address the needs of the Indian consumer, relentless focus on innovation and product development, and premiumisation, along with an efficient supply chain and expanding distribution network.

**During 2019-20, ITC launched more than 60 new products across categories.**

ITC is also well positioned to offer winning propositions in response to the new and emerging consumer trends, in light of the COVID-19 pandemic. These include:

- Greater need for healthy and nutritious products that boost immunity.
- Need for products that ensure hygiene and sanitation.
- Search for products that are convenient and help reduce efforts in cooking besides helping consumers recreate the experience of dining out of home.

ITC has crafted a vibrant portfolio of products catering to the **health and nutrition** and **hygiene** segments that has been reinforced with a host of recent new launches.

ITC has introduced a variety of frozen products in the ITC Master Chef range that enable convenience and offer a delectable snacking option. Aashirvaad Svasti Lassi was also recently launched in the East.



## ITC Hotels' 'WeAssure': A First-of-its Kind Initiative on Health, Hygiene & Safety

Reinforcing its globally acknowledged Responsible Luxury ethos that seeks to create a better and secure world, ITC Hotels launched its path breaking 'WeAssure' initiative to reassure guests at the Company's iconic Hotels. In a first for the hospitality industry, ITC Hotels is also progressing towards an accreditation by National Accreditation Board for Hospitals & Healthcare Providers (NABH) for its procedures.

ITC Hotels is also partnering with DNV GL Business Assurance, one of the world's leading certification bodies, to ensure stringent clinical levels of hygiene and safety. These assurance certifications will stand testimony to the rigorous hygiene protocol being put in place to ensure the safety of guests and associates at ITC Hotels across India.



# Delivering Resilient Performance

## Snapshot of Economic Performance

₹ Billion

Key Economic Indicators*	2016	2017	2018	2019	2020	CAGR
Gross Sales Value (Refer Note - 1)	601.96	641.74	670.82	753.09	760.97	6%
Total Income (Refer Note - 1)	537.14	574.34	464.60	482.69	498.21	-2%
Profit Before Interest and Taxes (PBIT)	144.83	155.26	169.38	184.78	192.23	7%
Cost of Bought out Goods and Services	190.32	204.52	196.20	229.64	232.47	5%
Employee Benefits Expense	23.32	24.44	24.87	27.28	26.58	3%
Payments to Providers of Capital	79.85	90.49	100.18	110.50	151.92	17%
- Interest to Providers of Capital	68.89	57.93	63.72	70.83	123.77	
- Retained Profits	10.96	32.56	36.46	39.67	28.15	

*Note - 1: Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July 2017, Central Excise [other than National Calamity Contingent Duty (NCCD) on cigarettes], Value Added Tax (VAT) etc., have been replaced by GST. In accordance with Indian Accounting Standards and Schedule III of the Companies Act, 2013, GST, GST Compensation Cess, VAT etc. are excluded and NCCD is not excluded from Total Income. In view of the aforesaid restructuring of indirect taxes, Gross Revenue from sale of products and services included in Total Income is not comparable with the previous periods. Gross Sale Value is being provided to facilitate such comparison.*

## Revenue and Profit Before Depreciation Interest and Tax (PBDIT)

₹ Billion

Key Economic Indicators*	2016	2017	2018	2019	2020	CAGR
Gross Sales Value	601.96	641.74	670.82	753.09	760.97	6%
Gross Revenue	515.82	550.02	439.57	452.21	463.24	-3%
PBDIT	154.84	165.64	180.84	197.90	207.86	8%

Refer Note - 1

## ITC's Approach

The Company's sustainability strategy aims at creating significant value for the nation through superior 'Triple Bottom Line' performance that builds and enriches the country's economic, environmental and social capital. The sustainability strategy is premised on the belief that the transformational capacity of business can be very effectively leveraged to create significant societal value through a spirit of innovation and enterprise.

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

ITC is driven by its inspiration to be an exemplary Indian enterprise serving larger national priorities. The ability of a corporate to create larger societal value is inexplicably

linked to the robust growth of its businesses. To create a winning enterprise which is future ready, ITC has invested significantly in building assets for tomorrow – be it in terms of state-of-the-art integrated manufacturing and logistics facilities to produce and service ITC's world class brands, be it in the form of iconic hospitality properties to add to the nation's tourism landscape or in creating intellectual capital for

the country through game changing research and development.

Such growth drivers together with an increasing competency matrix, a talented and dedicated pool of human resources and above all, a deep commitment to create value for the country is enlarging ITC's capacity to make a growing contribution to national priorities.



## Goals and Performance

The 'Triple Bottom Line' approach to creating larger 'stakeholder value', as opposed to merely ensuring unidimensional 'shareholder value', is the driving force that defines the Company's sustainability vision and its growth path into the future.

At the enterprise level, the Company's goals include:

**Strengthening ITC's position as one of India's most valuable corporations.**

**Achieving leadership in each of the business segments within a reasonable time frame.**

**Achieving a Return on Capital Employed (ROCE) in excess of the Company's cost of capital, at all times.**

Please refer to the 'Report of the Directors and Management Discussion and Analysis' section of the Report and Accounts 2020 (available on [www.itcportal.com](http://www.itcportal.com)) for a detailed discussion on the Company's market standing in each of the business segments, as well as the business environment, opportunities, key challenges, etc., pertaining to each of the Company's businesses.

Also, key financial ratios for the Company are furnished as an Annexure to this Report.

## Economic Performance

The global economy witnessed a marked slowdown in 2019 with growth softening to 2.9% in 2019 from 3.6% in 2018 and 3.9% in 2017. Growth in the US economy decelerated to 2.3% during the year as against 2.9% in 2018, while expansion in the Euro area slowed down to 1.2% in 2019 from 1.9% in 2018. Emerging Markets were under pressure as well - with growth decelerating to 3.7% in 2019 against 4.5% in 2018.

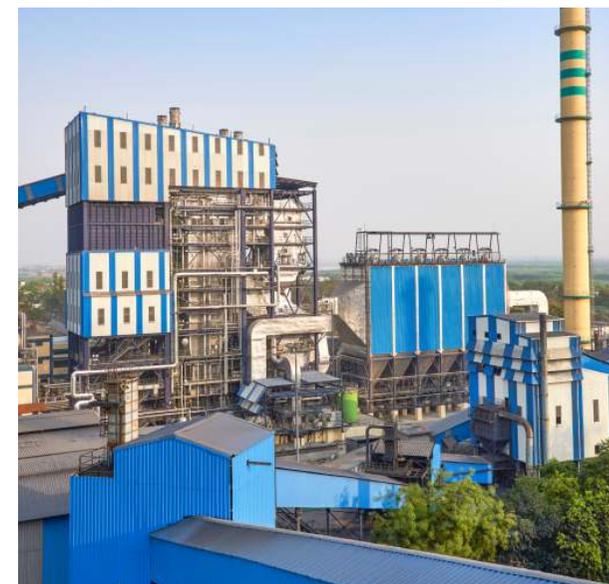
The COVID-19 (COVID) pandemic has unleashed unprecedented disruption to human life and economic activity the world over, and has sent the already slowing global economy into a massive recessionary shock. A significant global recession looms on the horizon for all major world economies. As per IMF estimates for 2020, advanced economies are projected to contract by a staggering 6% to 7%, with all major economies such as USA, Euro Area, UK and Japan set to contract substantially. China is expected to report a flat growth in 2020 while latest estimates for the Indian economy indicate a contraction in the range of 3.5% to 7% in 2020-21.

For the Indian economy, the macro-economic environment for the year under review was particularly challenging, marked by deceleration in economic activity accentuated by a sharp decline in consumption, especially in rural areas. Severe crunch in market liquidity conditions and disruptions caused by spatial variations in monsoons in several parts of the country added to the pressure. Just as the business environment was showing signs of an incipient recovery in the beginning of the fourth quarter, the onset of COVID changed the situation dramatically. In the initial stages,

the contagion had a significant impact on the Hotels and Education and Stationery Products businesses as it coincided with the peak season and the onset of the school session, respectively. Operations of all businesses were impacted towards the close of the year as the pandemic gained momentum.

**For the nine months ended 31<sup>st</sup> December, 2019, Gross Revenue at ₹350.24 billion grew by 5.6% while PBT (before exceptional items) increased by 9.6%.**

Disruptions in business operations in the wake of the COVID, resulted in decline in revenue and profits during the fourth quarter.



Overall for FY 2019-20, Gross Revenue at ₹463.24 billion increased by 2.4%, while PBT (before exceptional items) at ₹192.99 billion grew by 4.6% over FY 2018-19 (details of exceptional items are provided in ITC's Report and Accounts 2020). Profit After Tax grew at a faster pace of 21.4% to ₹151.36 billion, aided by reduction in corporate income tax rates during the year (net of calibration in pricing). Total Comprehensive Income for the year stood at ₹137.54 billion (previous year ₹128.27 billion). Earnings Per Share for the year stood at ₹12.33 (previous year ₹10.19).

**Free Cash Flow Generation (net of taxes and capital expenditure) during the year stood at ₹116.93 billion, representing a robust growth of 30% over the previous year. The Company remains the clear leader in the FMCG industry in terms of annual Free Cash Flow generation.**

A comprehensive discussion on the significant socio-economic, environmental, regulatory and macroeconomic factors that constitute the external environment in which ITC's multiple businesses operate and the impact of these factors on ITC's ability to create value is presented in the 'Report of the Board of Directors and Management Discussion and Analysis' section forming part of ITC's Report and Accounts 2020. Details of the exceptional items are provided in the 'Report of the Board of Directors and Management Discussion and Analysis' section forming part of ITC's Report and Accounts 2020.

## Total Assets and Returns

ITC's diversified portfolio of businesses, spanning FMCG, Paperboards & Packaging, Agri Business and Hotels enables it to have significant presence in all the three sectors of the economy, namely, agriculture, manufacturing and services, providing the Company the unique opportunity to contribute meaningfully to the growth and development of the country. The Company continues to leverage its deep rural linkages and its understanding of the rural economy to devise unique strategies to rapidly grow in these markets.

Despite the challenging business environment during the year under review, ITC continued to make significant investments in the Indian economy across its business domains. Its interventions across its operating segments are aligned to the national priorities of enhancing competitiveness of Indian agriculture and industry, generating large-scale employment opportunities and 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 and promoting sustainable business practices.

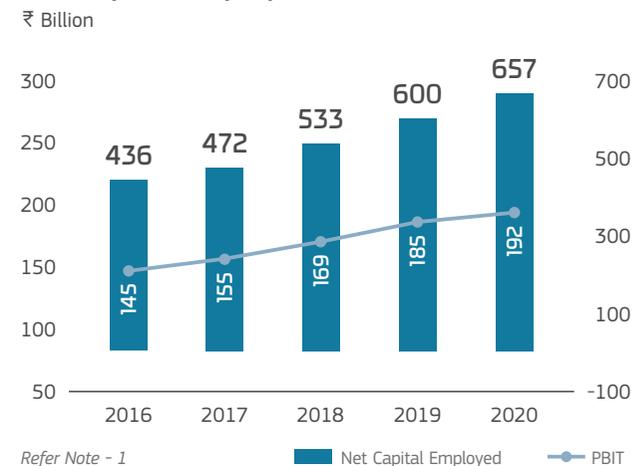
**Investments made by the Company continue to be guided by the Government of India's 'Make in India', 'Doubling Farmers Income' and the recently announced 'Atmanirbhar Bharat' programmes.**

The Company has been consistently making investments in line with the above philosophy, details of which are provided in the following sections of this Report:

***Investing in India's Tomorrow*** - sub sections: (a) Building Contemporary Assets to Deliver Competitive Advantage and Creating Iconic Hotels, (b) Creating Intellectual Property (IP) for India through Cutting Edge R&D, and (c) Harnessing the Power of Digital, covering Machine Learning/ Augmented and Virtual Reality and other interventions related to Digital Power.

While the net capital employed (Refer Note - 1) has expanded over the previous five years to reach ₹657 billion as of 31<sup>st</sup> March, 2020, returns on net capital employed (profit before interest and taxes) have increased during this period from ₹145 billion to ₹192 billion, a compound rate of 7%.

### Net Capital Employed and PBIT



## Shareholder Returns & Earnings Per Share

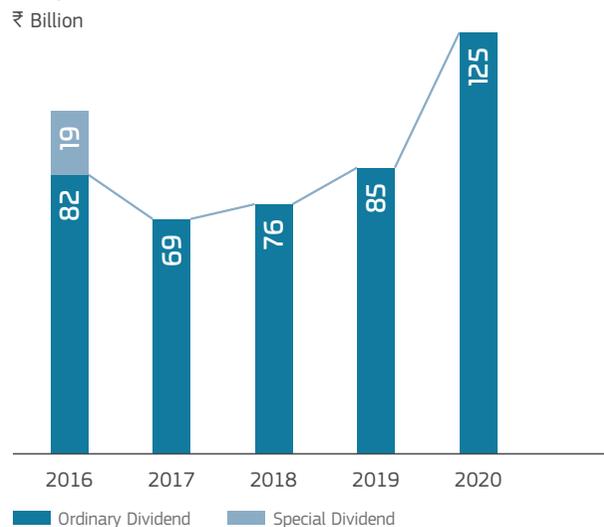
Over the last two decades, the Company has created multiple drivers of growth by developing a portfolio of world-class businesses across all sectors of the national economy spanning agriculture, manufacturing and services. During this period, the Company's net revenue and post-tax profit have recorded an impressive compound annual growth of 13.2% and 15.9%, respectively. Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, have grown at a compound rate of 16% per annum during this period, placing the Company amongst the foremost in the country in terms of efficiency of servicing financial capital.

## Value Addition and Contribution to the National Exchequer

Over the last 20 years, the Company's Value Addition aggregated approximately ₹4,900 billion of which nearly 75% accrued to the Exchequer at the Central and State levels.

**The Company remains amongst the Top 3 Indian corporates in the private sector in terms of Contribution to Exchequer.**

### Proposed Dividend (incl. Dividend Distribution Tax)



## Dividend

During the year, the Board of Directors reviewed the Dividend Distribution Policy of the Company. In accordance to the revised Policy, effective FY 2019-20, in the medium term, the dividend pay-out ratio is expected to be around 80% to 85% of the Profit After Tax of the Company.

For the year ended 31<sup>st</sup> March 2020, the Board of Directors have recommended an Ordinary Dividend of ₹10.15 per share (2019 - Ordinary Dividend of ₹5.75 per share). Total cash outflow in this regard will be ₹124.77 billion (2019 - ₹84.98 billion including Dividend Distribution Tax of ₹14.49 billion).

## Local Based Suppliers

The Company's initiatives in respect of its suppliers are aligned to the programmes of national importance such as Make in India, 'Atmanirbhar Bharat', which, coupled with the Sustainability Policies of the Company aims to serve the national cause. Towards this goal, the Company encourages competency development among local vendors and its vendor base includes numerous medium and small scale enterprises that are proximate to its manufacturing locations. More than 88% of raw materials and stores & spares have been locally procured during the year.

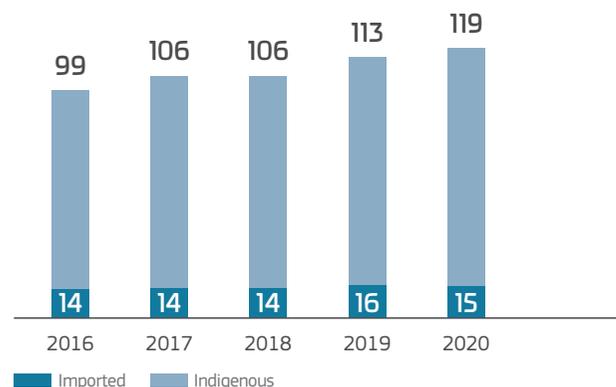
The Company's suppliers, both local and international, constitute one of its important stakeholder groups. Vendors/service providers and large outsourced manufacturing facilities are encouraged to adopt management practices detailed under the international standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's Corporate Environment, Health and Safety (EHS) Guidelines. Contract manufacturing agreements provide for compliance with accepted standards on issues related to EHS, human rights and labour practices.

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

in order to encourage a sustainable manufacturing foot print. Refer to the 'Business Responsibility Report' of the Report and Accounts 2020 (available on [www.itcportal.com](http://www.itcportal.com)) for discussion on sustainability of products and services across life - cycle, supply chain, product responsibility, etc.

### Raw Materials, Stores & Spares Consumed

₹ Billion

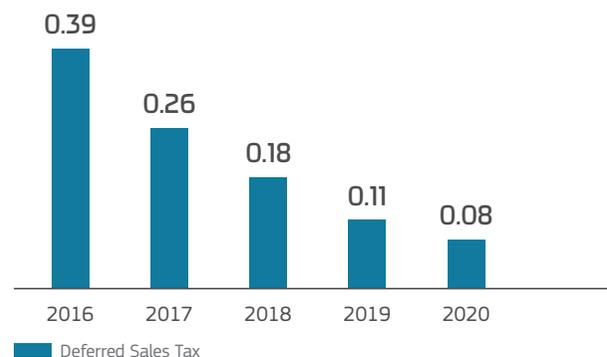


## Financial Assistance from Government

The Company had availed of the sales tax incentive offered by the State of Andhra Pradesh which has interest free deferral period of 14 years. The outstanding amount of such assistance in the form of Deferred Sales Tax due to be repaid by the Paperboards and Specialty Papers Division (PSPD) is given below.

### Deferred Sales Tax

₹ Billion



Other Government grants received in the form of incentives such as Service Exports from India Scheme, Merchandise Exports from India Scheme, Duty Drawback etc. amounted to ₹1.20 billion (2019 - ₹ 1.00 billion).

## Engaging Talent, Local Hiring and Senior Management

Human Resource (HR) Management systems and processes in the Company are anchored on the Board approved policies on 'Diversity and Equal Opportunity', 'Freedom of Association' and 'Environment, Health and Safety', amongst others. COVID-19 and the consequent lockdown also posed a formidable challenge to the Company's operations and the well-being of its employees. Details of the contribution of the Company in respect of employees and its response to COVID-19 in

relation to the employees are provided in the following sections of this Report: (i) [Workforce of Tomorrow](#), and (ii) [Reboot and Recover](#).

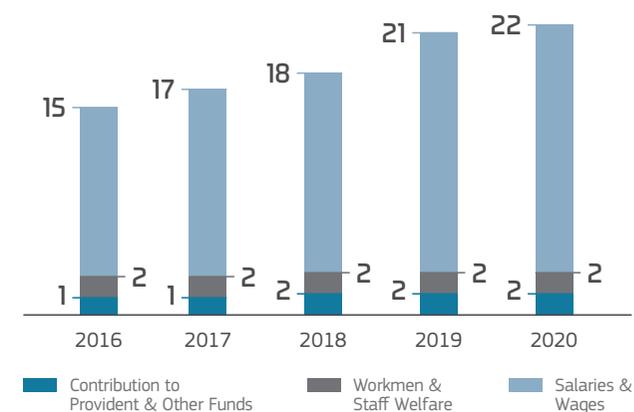
Over the years, the Company has continuously invested in the human resource capital as seen in the graph.

The employees are also entitled to retirement benefit schemes which include employee pension, provident fund and gratuity. All statutory payments, as applicable, e.g., Provident Fund and Family Pension contributions, are deposited with the Government in a timely manner.

The pension plans and other applicable employee benefits obligations are determined and funded in accordance with independent actuarial valuation. The assets of the trust funds are well diversified and investments are made within the prescribed statutory pattern with the objective of protecting capital and optimising returns within acceptable risk parameters.

### Investment in Human Resource Capital

₹ Billion



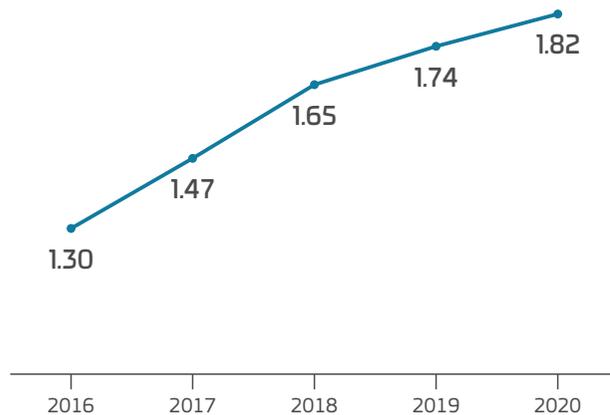
## Corporate Social Responsibility

ITC's overarching commitment to create significant and sustainable societal value is manifest in its CSR initiatives that embrace the most disadvantaged sections of society, especially in rural India, through economic empowerment based on grassroots capacity building. Details of the initiatives of the Company are provided in the "Creating Sustainable Livelihoods" section of this Report.

The expenditure incurred under Section 135 of the Companies Act, 2013 on CSR activities amounted to ₹3.26 billion (2019 - ₹3.07 billion). All the programmes forming part of the CSR initiatives of the Company 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, details of which are provided in the Business Responsibility Report (BRR) section of the Report and Accounts 2020 (available on [www.itcportal.com](http://www.itcportal.com)).

### Contribution to Provident & Other Funds

₹ Billion



# REIMAGINING SUSTAINABILITY

## Building Long Term Resilience, Across the Value Chain

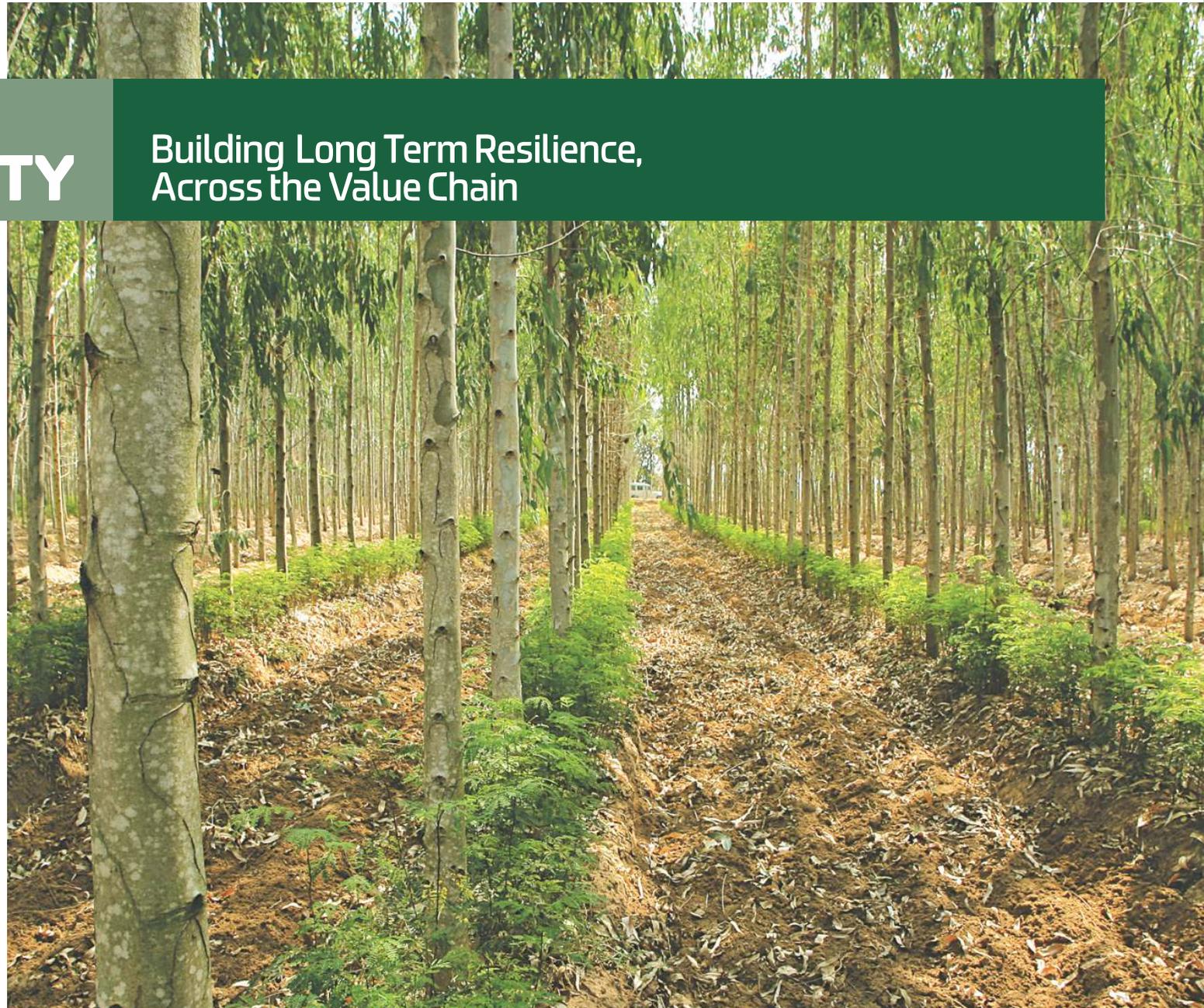
**47** Building Climate  
Resilience

**57** Towards Water  
Security for All

**68** Making Agriculture  
Future-ready

**82** Managing  
Waste

**92** Creating Sustainable  
Livelihoods



# Building Climate Resilience

## ITC's Approach

Climate change has unequivocally emerged as one of the top line risks as reported in the World Economic Forum (WEF) Report on Global Risks. Climate change acts as a risk multiplier and exacerbates the existing environmental and ecosystem challenges of constrained availability and steady depletion of natural resources including biodiversity. The direct and cascading impact of climate change is now well-documented and universally acknowledged, and is being felt across the globe including in India.

At an organisational level, ITC's multi-pronged approach focuses on reducing its own emission, sequestering more than what it emits and climate proofing its operations as well as agri value chains.

## ITC's Focus Areas



**Pursuing Low Carbon Pathways**



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



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

CLIMATE CHANGE  
HIGHLIGHTS 2019-20

**41.2%**



of ITC's energy is from renewable sources.

Carbon positive for



**15 years**  
in a row.

7 ITC units met more than

**90%**



of their electrical energy requirements  
from renewable sources in 2019-20.

More than



**800,000**

acres under forest cover [as on 31<sup>st</sup> March, 2020].  
69,350 acres of plantation added under social and  
farm forestry initiatives in 2019-20.

**5,394,245**



tonnes CO<sub>2</sub> sequestered in 2019-20.

**30**



buildings of the Company have achieved  
Platinum certification by USGBC-LEED/IGBC  
[as on 31<sup>st</sup> March, 2020].

## Pursuing Low Carbon Pathways

ITC remains committed to moving towards a low carbon pathway. Key strategies adopted by the Company towards this include:

- Investing in renewable energy assets based on techno-commercial feasibility.
- ITC has set a target of achieving a 50% share of renewable energy in its total energy mix.
- ITC is also targeting a 50% reduction in specific emissions and 30% reduction in specific energy consumption by 2030 over a 2014-15 baseline.

The above will be achieved through implementation of energy conservation opportunities identified through frequent third party audits and benchmarking performance with international best practices.

For addressing climate change impacts in the value chain, Life Cycle Assessment (LCA) studies are carried out for key products/services to evaluate their value chain footprint and identify opportunities for improvement.

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 impacts, steps are 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 destination warehouses, thereby avoiding intermediate movements and optimising distribution logistics.

**Strategically locating ICMLs has resulted in an estimated 25% reduction in logistics related footprint (transportation of goods and raw materials) in terms of tonnes-kms, leading to lower Scope 3 emissions.**

## ■ ITC - Pioneering the Green Building Movement in India

ITC has been pioneering the green buildings movement in India since 2004 when the ITC Green Centre at Gurugram was awarded the Platinum Green Building rating by USGBC-LEED (US Green Building Council - Leadership in Energy and Environmental Design), making it the largest Platinum rated building in the world at that point in time.

ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, which is amongst the world's largest LEED® Platinum certified green hotels, has also received a 5-star rating from the Green Rating for Integrated Habitat Assessment (GRIHA) Council.

Other large infrastructure investments, such as the ITC Green Centre at Manesar (LEED® Platinum certified) and the ITC Green Centre at Bengaluru (LEED® Platinum certified) continue to demonstrate the Company's commitment to green buildings. The data centre at Bengaluru, ITC Sankhya, is the first data centre in the world to receive the LEED® Platinum certification by USGBC.

To date, 30 buildings of the Company have achieved Platinum certification by USGBC/IGBC. Several of ITC's factories and office complexes have also received the green building certification from Indian Green Building Council (IGBC), the LEED® certification from USGBC and star ratings from the Bureau of Energy Efficiency (BEE).



**ITC Grand Chola is amongst the world's largest LEED® Platinum certified green hotels**

## Low Carbon Performance 2019-20

### ■ Total Energy Consumption

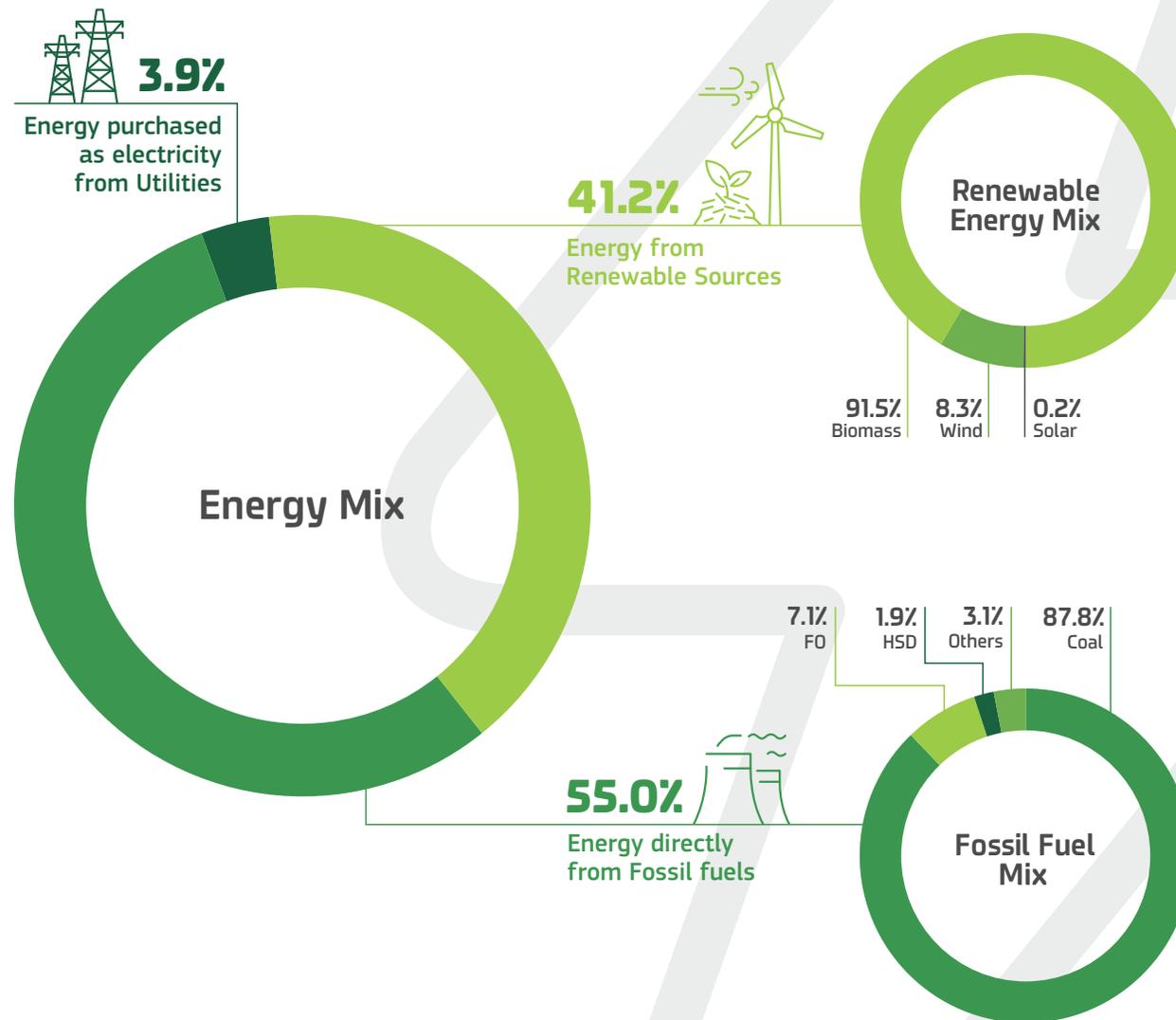
In 2019-20, ITC units consumed 23,853 Terra Joules (TJ) of energy. During the year, despite an expanding operational footprint as well as significant rise in production across businesses, total energy consumption went up by only 2.3%.

Moreover, 41.2% of the total energy requirements were met from renewable sources - biomass, wind and solar. This represents an achievement of more than 80% of the target set by ITC of meeting 50% of total energy requirement from renewables.

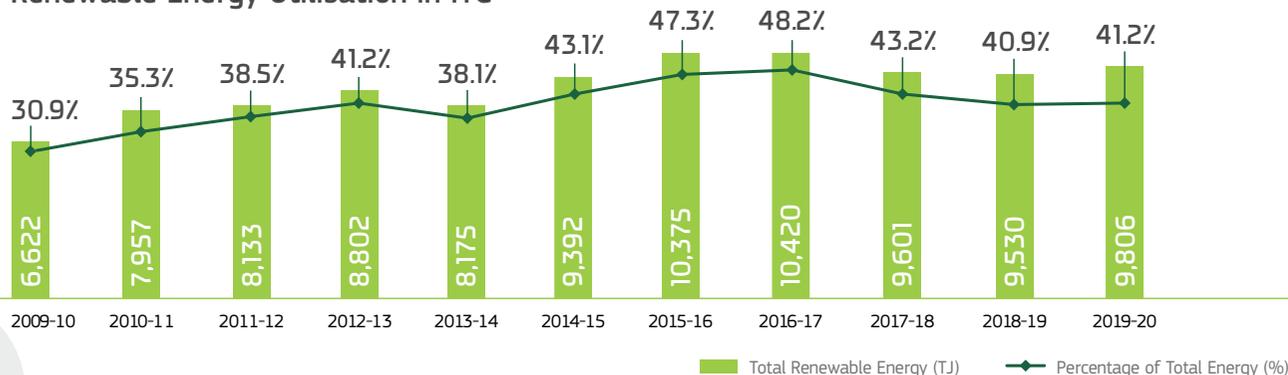
While ITC had achieved a 48% share from renewables in 2016-17, there was a considerable increase in energy requirement in the following years on account of a strategic investment in the Bleached Chemical Thermo Mechanical Pulp mill at Bhadrachalam.

The purpose of the mill is to enable substitution of purchased imported softwood pulp with in-house manufactured hardwood pulp. Despite this reduction in share of renewables in the short run, ITC will continue to work towards its goal of achieving a 50% share of renewables in the overall energy mix.

Sources of Total Energy in ITC during 2019-20



## Renewable Energy Utilisation in ITC



## Energy Conservation Measures

All ITC units focus on improving energy use efficiency through process improvements and investing in new technologies. In 2019-20, on account of capital investments in energy conservation equipment, 70 TJ of energy was saved and 9,770 tonnes of GHG emissions (Scopes 1 & 2) were avoided despite the expansion in scale of operations and significant increase in production.

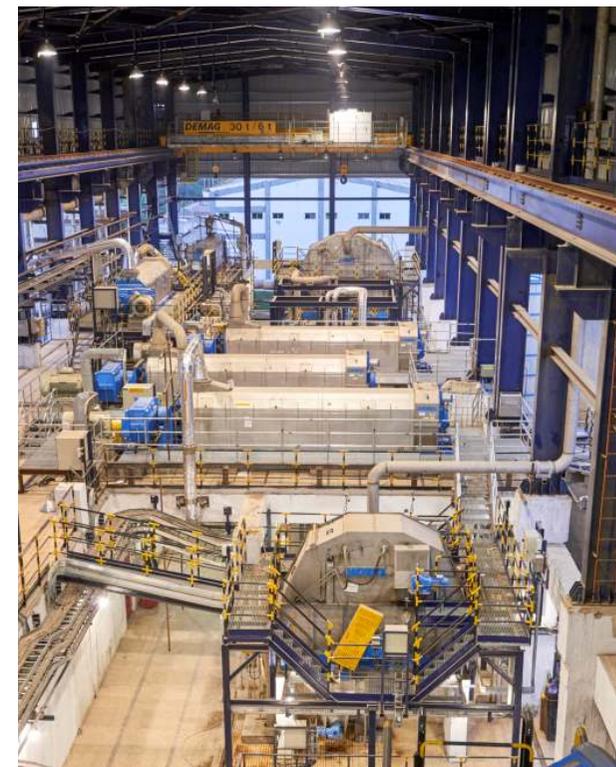
**70** TJ  
energy  
saved

**9,770** tonnes of  
GHG emissions  
reduced

Some of the measures adopted across the ITC units are outlined below:

- Installation of advanced process controller at the cogeneration plant for higher efficiency.
- Installation of new energy efficient electric boilers.
- Installation of new energy efficient pulper for trim waste.
- Installation of energy efficient baking ovens.
- Automation in tube cleaning systems in Heating, Ventilation and Air Conditioning (HVAC) chillers resulting in higher efficiency.
- Installation of Variable Frequency Drives (VFDs) for ventilation units, blowers, pumps, fans etc.

- Replacement of cooling tower, chillers, compressors, pumps, and impeller with higher efficiency ones.
- Improvement in energy usage efficiency in lighting systems by changing over to efficient lighting solutions such as Light Emitting Diodes (LEDs).
- Process improvements to enhance productivity and reduce specific energy consumption across businesses.



## Greenhouse Gas (GHG) Emissions

In the reporting year, despite an expansion in production as well as addition of new units, the overall GHG emissions (Scopes 1,2 and 3) declined by 2%. This was on account of efficiency improvements and higher utilisation of renewable energy.

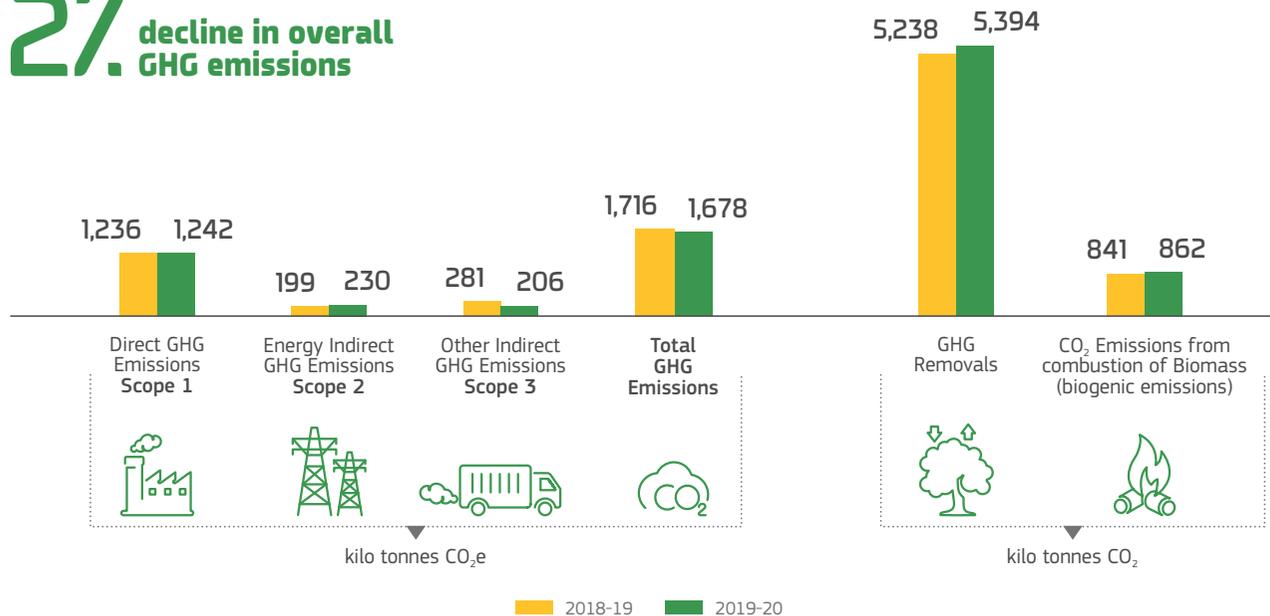
For Scope 3 emissions, two factors played a role in the reduction observed during the year. Firstly, the strategically located ICML facilities and the ongoing measures for optimising logistics across units resulted in reduction of transportation related footprint in terms of tonnes-kms.

Given that more than 90% of ITC's Scope 3 emissions are related to transportation of raw materials, finished goods and wastes, the optimisation in logistics contributed to the reduction in Scope 3 emissions. Secondly, the latest available India-specific emission factors for transportation were adopted during the year.

The updated factors have been sourced from India GHG Programme led by World Resources Institute (WRI India), CII and TERI. This revision resulted in correction of over reporting in Scope 3 emissions in previous years.

### GHG Emissions & Removals

**2%** decline in overall GHG emissions



## Beyond Boundary

ITC remains focussed on measuring and managing its environmental footprint across the value chain. In 2019-20, 3,342 TJ of energy was consumed outside the organisation.

Further, Scope 3 GHG emissions stood at 206,064 tCO<sub>2</sub>e which includes emissions from the energy sources listed below as well as emissions arising from fertilizer application in farm forestry programmes.

- Inbound transportation of raw materials
- Outbound transportation of products and wastes
- Employee commuting
- Employee business travel by air
- Pick-up and drop of guests in ITC Hotels
- Exclusive third party manufacturers (TPMs) catering to notebooks segment of the Education and Stationery Products Business
- TPMs of the Cigarettes Business; ATC Limited - an associate company

The standards, methodologies, tools and assumptions used for quantification of the GHG emissions and removals by various sources, have been explained at length in the section [Quantification Methodologies: Energy and GHG Emissions](#).

## ■ Targets and Performance

To pursue continuous improvement in energy and emissions related performance, ITC businesses have taken up specific energy as well as specific GHG emission reduction targets. In line with the same, unit level targets have been allocated for driving performance improvement.

Since the three units (Bhadrachalam, Kovai and Tribeni) of Paperboards and Specialty Papers Division (PSPD) together account for about 86% of ITC's total energy consumption and 77% of total Scope 1 and 2 GHG emissions, greater focus is accorded towards improving the energy performance of these units.

### Specific Energy & GHG Emissions - Paperboards and Specialty Papers Division (PSPD)

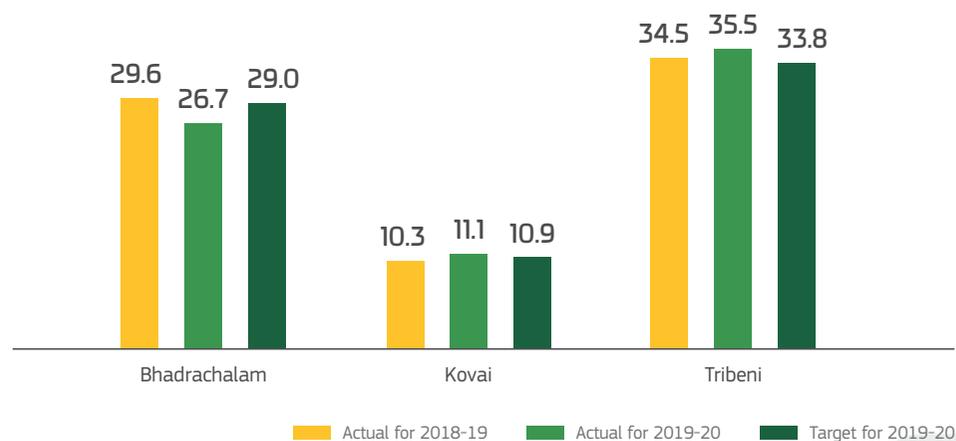
In 2019-20, specific energy consumption at Bhadrachalam unit improved by 9.8% (exceeding its target) compared to last year. This was on account of efficiency improvements at the unit. However, specific energy consumption at Kovai and Tribeni units increased by 7.8% and 2.9% respectively. At Kovai, the increase was due to higher electricity generation from the captive power plant because of a combination of the breakdown of two offsite wind turbines and increased demand for higher grade of paperboard.

At Tribeni, stabilisation issues related to the new paper machine installed during the year contributed to the increase in specific energy consumption. The specific GHG emissions (Scope 1 and Scope 2) at the three units mirrored the same trend as specific energy consumption.

For information on air emissions management, refer to [Environmental Management](#) section of this report.

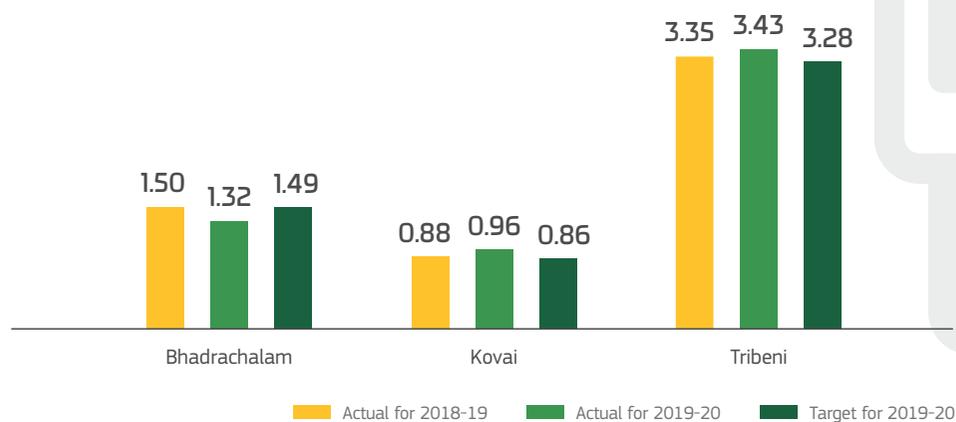
### Specific Energy Consumption

GJ/Tonne of product

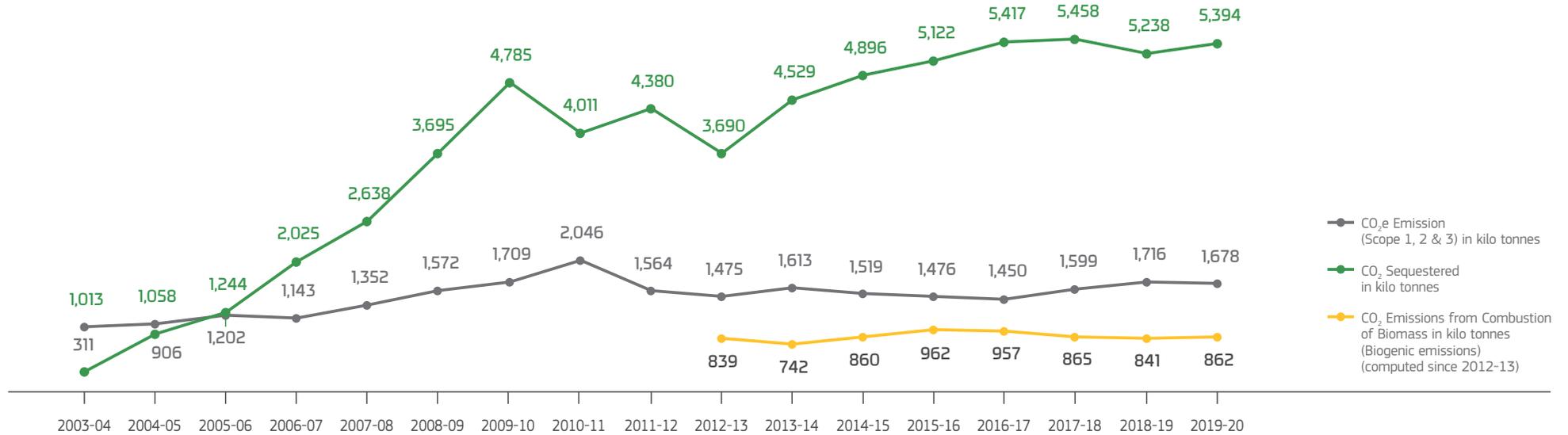


### Specific GHG Emissions

tCO<sub>2</sub>e/T



## GHG Emissions and CO<sub>2</sub> Sequestration



## Sustaining and Enhancing ITC's Carbon Positive Status

While working towards reducing its emissions and greening its energy portfolio, ITC seeks to enlarge its positive footprint through increased carbon sequestration by expanding forestry projects on wastelands. This year, similar to previous years, ITC successfully sequestered more CO<sub>2</sub> emissions than what it generates from its operations.

The Social and Farm Forestry initiatives also help in de-risking poor rural households by diversifying farm portfolios through promotion of tree based farming.

Over  
**2 times**  
the amount of carbon dioxide emissions from ITC's operations are being sequestered through its Social and Farm Forestry initiatives.

As part of its 2030 Goals, ITC is committed to achieving sequestration of over  
**4 times**  
the CO<sub>2</sub> emissions from operations by 2030.

For more information on ITC's Social and Farm Forestry initiatives, refer to the [Creating Sustainable Livelihoods](#) and [Making Agriculture Future Ready](#) section of this report, and visit [ITC's Forestry microsite](#).

## Building Climate Resilient Operations and Agri Value Chains

ITC's extensive manufacturing base including factories, warehouses and hotels are also vulnerable to climate change risks. ITC has made significant investments to strengthen measures covering its manufacturing units located in coastal areas. Business continuity plans are also in place to compensate any interruption of production by a manufacturing facility due to extreme weather events.

Additionally, in 2019-20, ITC worked with climate experts to conduct a comprehensive climate change risk and vulnerability assessment across its locations. The assessment considered long term impacts of climate variables like temperature, precipitation, sea level rise, river/coast proximity and extreme weather events 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 will be implemented.**

For details on ITC's approach and strategy for building climate resilient agri value chains, refer to the [Making Agriculture Future-Ready](#) section of this report.

### ■ Sustainable Fuel Management in Leaf Tobacco Value Chain

ITC's Leaf Tobacco Business is promoting a three pronged approach to energy conservation and ensuring sustainable fuel management in tobacco curing. This entails introduction of fuel efficient technologies, promotion of self-sustenance through energy plantations and use of alternative fuels.

- Energy conservation measures such as Barn Roof Insulation, Turbo Ventilators etc. proven to reduce about 30% of energy requirement during curing, are being deployed on a largescale covering over 35,465 barns in the States of Andhra Pradesh and Karnataka.
- In order to move towards a self-sustaining model for sourcing fuel, ITC has encouraged planting of trees that cover over 138,577 acres till 31<sup>st</sup> March 2020. The Business has also undertaken Green Cover programmes across village common lands by improving the natural vegetation.
- Encouraging farmers to use alternate fuels for curing like coffee husk, coffee stems, coconut fronds and biomass briquettes.

In 2019-20, the Business in partnership with various technology partners experimented alternate curing technologies such as Loose leaf barn to reduce fuel requirement and labour cost.

The Business continued the implementation of the Green House Gas Management project and maintained the carbon positive status for the third year in a row.



# Towards Water Security for All

## ITC's Approach

Water is a fundamental human need and essential for maintaining ecological balance. According to the UN, 2 billion people live in countries experiencing high water stress<sup>1</sup>. NITI Aayog in its report titled 'Composite Water Management Index' warns that India is undergoing the worst water crisis in its history with more than 600 million people subjected to high and extreme water stress. The critical groundwater resources, which account for 40% of India's water supply, are being depleted rapidly. Water stress levels may further worsen due to risks posed by climate change.

Recognising the criticality of water as a resource, ITC remains committed to focus on water management beyond the bounds of its own operation. While ITC has achieved a unique position in water resource management through well-crafted strategies, efforts are now being channelised to achieve water security for all stakeholders within the defined catchment areas of units located in high water stress areas.

## ITC's Focus Areas



**Demand Side Measures for Improving Water Balance at the Catchment Level**



**Sustaining and Enhancing ITC's Water Positive Status**



**Strengthening Water Governance**

<sup>1</sup> United Nations, Water, viewed on 24th July 2020

<https://www.un.org/en/sections/issues-depth/water/>

## Water Security for All: What does it mean?

ITC has adopted the water stewardship approach to address water security issues as it offers a comprehensive solution to the challenges that India as a water stressed country faces compounded by the issue of climate change. This approach entails that not only does ITC use water responsibly, it is also committed to enabling the other stakeholders in the catchment to do the same, collaboratively working towards long-term water security.

Implementing this approach requires an in-depth understanding of both the environmental and social aspects of the water resources, which are achieved through scientific hydro-geological studies and an inclusive stakeholder engagement processes.

**With a thorough understanding of water use in the catchment, collective and collaborative efforts from all major stakeholders - farmers, local communities, industries and local governments help towards improving the water balance and quality.**

The combination of demand-side and supply-side interventions have in the past, proven to be the most effective way to meet this objective.



## Demand Side Measures for Improving Water Balance at the Catchment Level

The first step is optimising the use 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 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.**



**For demand-side management in agriculture, ITC's Mission Sunehra Kal works towards promoting agronomical practices and micro irrigation techniques that save water in cultivation and enable farmers to improve their net returns.**

In most agri-catchments, more than 95% of the water use is for irrigation. Therefore, changes in cropping patterns, improving irrigation and soil conservation practices have huge water saving potential. This involves capacity building through collaboration with agricultural institutions and experts.

For information on ITC's efforts on demand side management in agriculture, refer to the [Making Agriculture Future-Ready](#) section of this Report.

**As part its 2030 Goals, ITC is committed to achieving a**

**40%**

reduction in specific water consumption over a 2014-15 baseline.

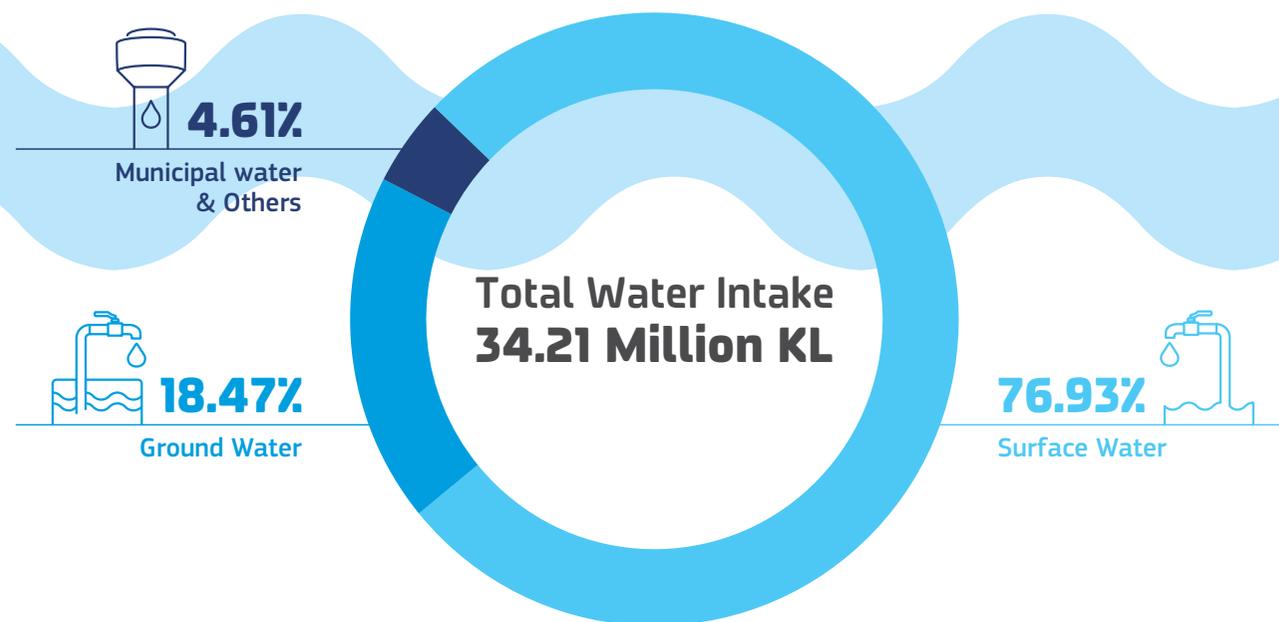
## Water Performance 2019-20

Due to the extensive work on improving water use efficiency across ITC units, the total water intake in 2019-20 (34.21 million kilolitres (kl)) was more or less the same as the intake in 2018-19 (33.46 million kl). This is despite the addition of new units during the year and significant increase in production across key businesses.

### ■ Total Water Intake by Source

Out of 34.21 million kl of total water intake in 2019-20, 76.93% was sourced from surface water, 18.47% from ground water sources and the remaining 4.61% from municipality and other water sources. In order to drive continuous improvement, all ITC units have systems to monitor the specific water intake (total water intake per unit of product/service).

Sources of Total Water Intake by ITC in 2019-20  
Million KL



## Water Performance - Paperboards and Specialty Papers Division (PSPD)

In 2019-20, PSPD units accounted for around 88% of ITC's total water intake. The Company, therefore, continues to pay greater attention to water conservation and specific water intake reduction at these units.

### ■ Specific Water Intake

ITC's paper mills are recognised as the most water efficient mills in the country. These units continuously strive to improve their specific water performance year-on-year. At Bhadrachalam, which accounted for 74% of ITC's total water intake in 2019-20, the specific water consumption has come down by 16% since 2014-15. This is equivalent to almost a third of the 2030 target set by ITC for reducing specific water consumption by 40%. In 2019-20 itself, through a mix of water

conservation and management measures, an 8% reduction in specific water consumption was achieved at Bhadrachalam, exceeding the unit level annual target.

While improvements in specific water intake were also recorded at both Kovai and Tribeni, the unit specific annual targets were not met on account of operational reasons.

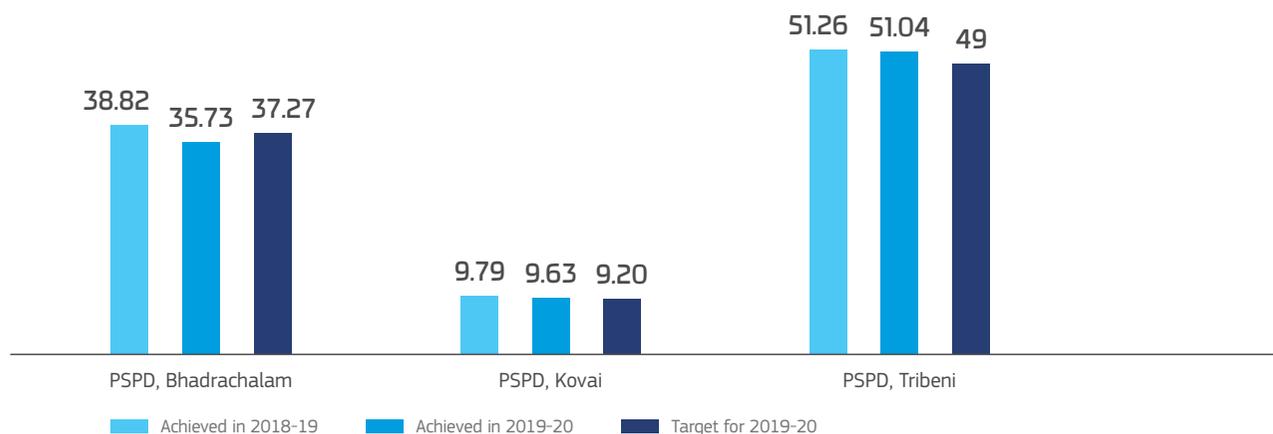
### ■ Effluent Discharge

All ITC units met their regulatory requirement related to effluent discharge quality and quantity in 2019-20. Around 23.32 million kl of treated effluent was discharged outside the premises by ITC units in 2019-20. PSPD units at Bhadrachalam and Tribeni accounted for 99.09% of total treated wastewater discharged outside the premises of which 49.69% was utilised for irrigation purposes. Since 2010-11, the waste paper-based pulp and paper mill at Kovai has not discharged any treated effluent outside its premises.

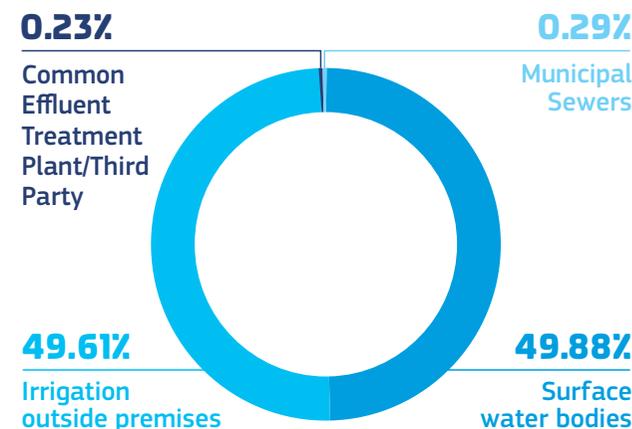
#### Specific Water Intake

kl/tonne

**16%** reduction in specific water consumption at PSPD, Bhadrachalam



#### Treated Effluent Discharge by Destination



In 2019-20, the specific treated effluent discharged within the unit for irrigation was 4.44 kl/tonne, which is significantly lower than the proposed NPC standard of 15 kl/tonne. Both the Bhadrachalam and the Tribeni units continued to improve on their specific treated effluent discharge performance, with each unit reducing its specific treated effluent discharge by 9%.

**Bhadrachalam unit's specific treated effluent discharge stands at 34.49 kl/BDMT which is well within the European pulp and paper industry's benchmark figure of 47 kl/ BDMT (Bone Dry Metric Tonnes).**

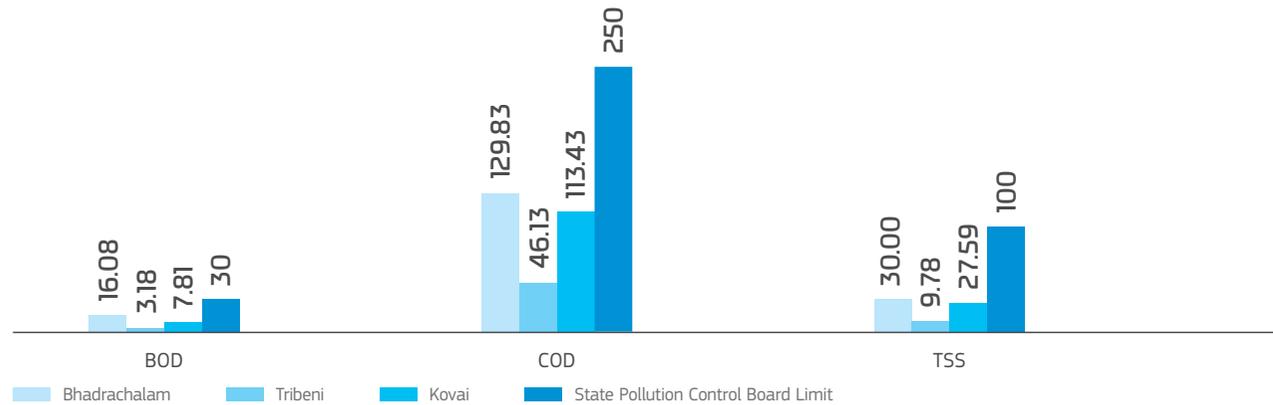
The quality of the treated effluent from the Paperboards and Specialty Papers units has been maintained at levels well below the stipulated norms by the State Pollution Control Board (SPCB). At the Bhadrachalam unit\*, the level of Adsorbable Organic Halides (AOX) is well below the norm stipulated by the Ministry of Environment, Forest and Climate Change as well as national and international benchmarks.

*\*For 2019-20, Specific AOX Level in Kg/tonne of finished product is 0.01.*

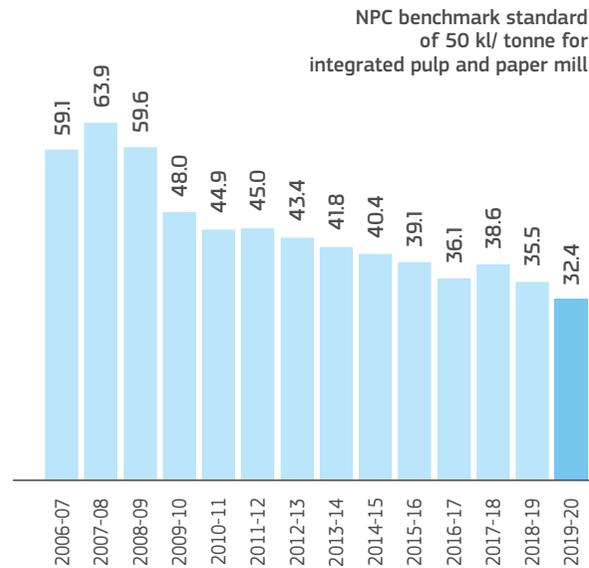


**9%**  
reduction in specific  
treated effluent discharge  
at Bhadrachalam and  
Tribeni units.

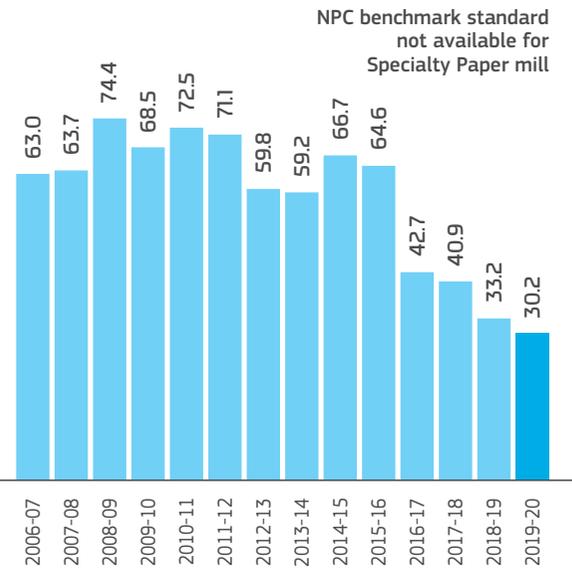
**Treated Effluent Quality** Annual Average (2019-20) - ITC Paperboards & Specialty Paper Units  
mg/l



**Bhadrachalam**



**Tribeni**



**Water Performance of Select Supply Chain Members**

ITC had initiated the process of accounting for water intake of supply chain members in 2014-15.

In 2019-20, the total water intake for ATC Limited (an associate company) and two third party manufacturers for the Cigarettes Business taken together was 19,969 kl, a decrease of 17% over the previous year (24,121 kl in 2018-19) on account of several water conservation measures implemented by them.

In the coming years, ITC intends to include more supply chain members in the reporting boundary.

## Sustaining and Enhancing ITC's Water Positive Status

The demand side measures are followed by augmenting supply at the sub-catchment level through various interventions focused on harvesting rainwater based on the recommendations of the hydro-geological studies. Stakeholder engagement is an integral part of any watershed level initiative and has been duly emphasised.

This holistic approach helps in significant overall improvement of the water balance within the defined action area, since both usage efficiency as well as

harvesting potential can be improved manifold by simple, well designed interventions. Over the years, ITC has been creating rainwater harvesting capability through extensive investments in its integrated Watershed Development projects.

As on March 31, 2020, these projects covering over 1.13 million acres of land have created a total rainwater harvesting potential (RWH) of close to 39 million kl - over 3 times the net water consumed by ITC's operations in 2019-20.

**As part its 2030 goals, ITC aims to create rainwater harvesting potential equivalent to over five times the net water consumption from operations by 2030. To achieve this, ITC's Mission Sunehra Kal will create a total rainwater harvesting potential (RWH) of 60 million kl by 2030.**



## Strengthening Water Governance

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 by creating water-user groups, self-help groups etc. These help in instilling accountability and ownership among

stakeholders, ensuring sustainability of the collective interventions. In alignment with various government schemes, interventions on sanitation are also undertaken.

For more information, refer to the [Making Agriculture Future-Ready](#) and [Creating Sustainable Livelihoods](#) sections of this report.

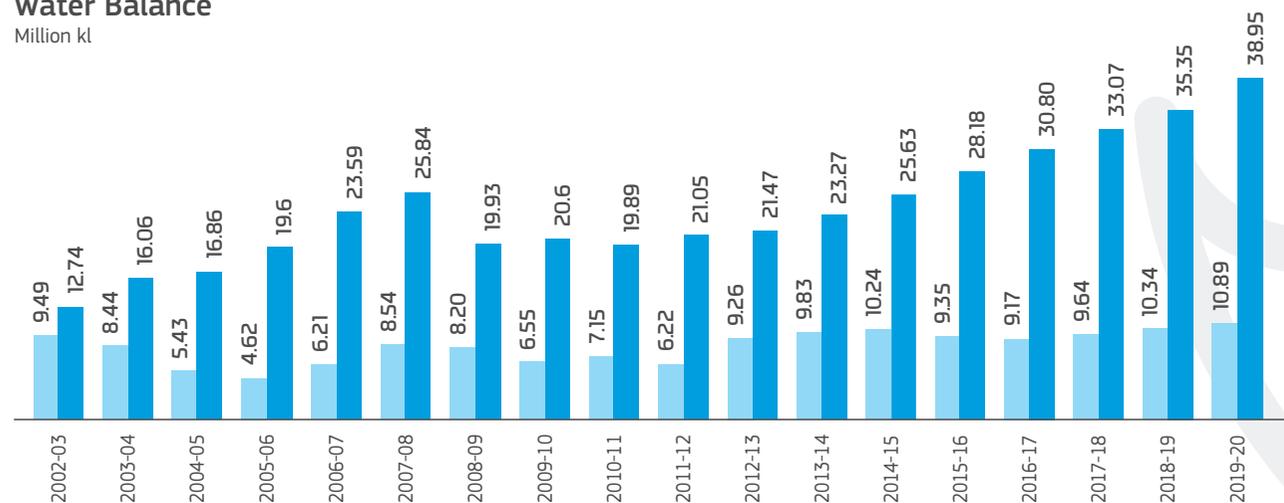
### Progress so far

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

In 2019-20, the Paperboards and Speciality Papers unit at Kovai earned the unique distinction of being only the second facility in the world and the first in India to be awarded the Alliance for Water Stewardship (AWS) Platinum-level certification - the highest recognition for water stewardship in the world. ITC's unit in Malur is also in the process of implementing the International Water Stewardship Standard by AWS.

### Water Balance

Million kl



■ Net Water Consumption = Fresh Water Intake - Treated Effluents Discharged  
 ■ Total RWH potential created for the year

From the year 2008-09, a factor based on sample measurements is being used to account for reduction in storage capacity due to siltation of all RWH surface storage bodies created inside and outside the company premises.

## ■ The Water Story - Globally Recognised Efforts in Kovai, Tamil Nadu

ITC's PSPD Unit in Kovai, Tamil Nadu, which manufactures paperboard from reclaimed post-consumer and post-industrial fibers, obtains its water from a stream which is part of the Upper Bhawani River Basin. The river is prone to water security risks resulting from erratic climatic conditions, excessive unplanned and unsustainable water usage and rapidly declining ground water levels in the basin.

In order to address the above, ITC through its Mission Sunehra Kal programme started working towards a watershed management strategy in the catchment, involving a collaborative, multi-stakeholder and consensus-based approach. In partnership with WWF India, an expert assessment of the hydrogeology was done and a host of water stewardship initiatives were implemented in the identified priority area - 20,709 hectares, with 29 micro watersheds spread across 8 panchayats, 149 villages and around 14,000 households.

Within the Unit, ITC has implemented various measures since 2015-16 to ensure maximum water use efficiency, such as reducing specific water consumption by 5% year-on-year, increasing the recycling of Effluent Treatment Plant (ETP) water from 40% to 60%, improving internal water governance and ensuring safe drinking water, sanitation and hygiene services to all its employees. On the supply side, interventions such as creation of water harvesting and recharge structures, deep

farm ponds and open wells, as well as rejuvenation of traditional water harvesting structures were initiated. Owing to the agri-dependent nature of the catchment, various demand side interventions were undertaken as well. To improve water governance in the region, Water User Groups (WUGs) with farmers, Self Help Groups of women and multi-stakeholder committees with local public sector agencies, Tamil Nadu Agriculture University, Krishi Vigyan Kendra and Block Panchayats were formed with ITC's support.

Training workshops on water saving practices, awareness raising campaigns on the state of ground water in the area, farmer field schools and demonstration plots were also implemented.

**From the demand side efforts, the benefits have reached over 40,000 farmers, resulting in a saving of 3.9 Million kl of water. These savings are around 3.5 times compared to the average annual water withdrawal at Kovai Unit (1.12 Million kl).**



Additionally, on the supply side efforts, water harvesting potential of 0.61 Million kl has been created so far by rejuvenation of traditional water harvesting structures and construction of new structures in the catchment area such as village ponds, check dams etc.

As a recognition for its efforts, in October 2019, the Unit earned platinum certification against the Alliance for Water Stewardship (AWS) Standard, which is a credible and globally applicable framework for major water users to understand their own water use and impacts, and to work collaboratively and transparently with others for sustainable water management within catchment area.



## ■ Water Excellence Model in the Making: Malur, Karnataka

ITC has a food unit and a warehouse in the Malur block in Kolar district of Karnataka, with a water requirement of approximately 68,000 kl per annum. The uncertainty and heterogeneity of the hard rock aquifer system of the area combined with the anthropogenic factors such as rapid urbanization, change of agricultural patterns, and breakdown of traditional cascading tank system, led to failure of bore wells in the region, including those within the unit premises.

Understanding the criticality of the overall situation within the factory as well as in the surrounding area, ITC has been working towards water stewardship outcomes in the catchment. ITC commissioned a groundwater assessment study by Urdhvam, which was further supplemented by a detailed hydrogeological study by Geovale at the local (20 sq. km around factory) and regional level (100 sq. km around factory).

Based on the results of the studies, interventions have been initiated within the unit premises as well as in the 4 watersheds surrounding the unit (spread over 5000 hectares).

Within the unit, several measures have been taken to ensure maximum water use efficiency, such as reuse of fryer vapour exhaust, additional condensate recovery system, reuse of ETP treated water for gardening and toilet flushing etc.

The unit is working towards continuous improvement of water in processes and utilities. Considering that a majority of the land within the watershed is used for agriculture with 60% of the farmland being rain fed, ITC through its Mission Sunehra Kal programme has initiated capacity building activities such as creation of village level institutions to govern water use, training on water saving practices, awareness campaigns about the ground water scenario in the area, farmer field schools to promote farmers' interaction with experts and demonstration of better agricultural practices.

These interventions are being carried out in convergence with various government schemes as well as through collaboration with research institutes and various government agencies.

On the supply side, interventions such as building water harvesting and recharge structures, revival of deep farm ponds and open wells (kalyanis), as well as rejuvenation of the traditional cascading tank system and their feeder channels have been initiated to improve overall water security.



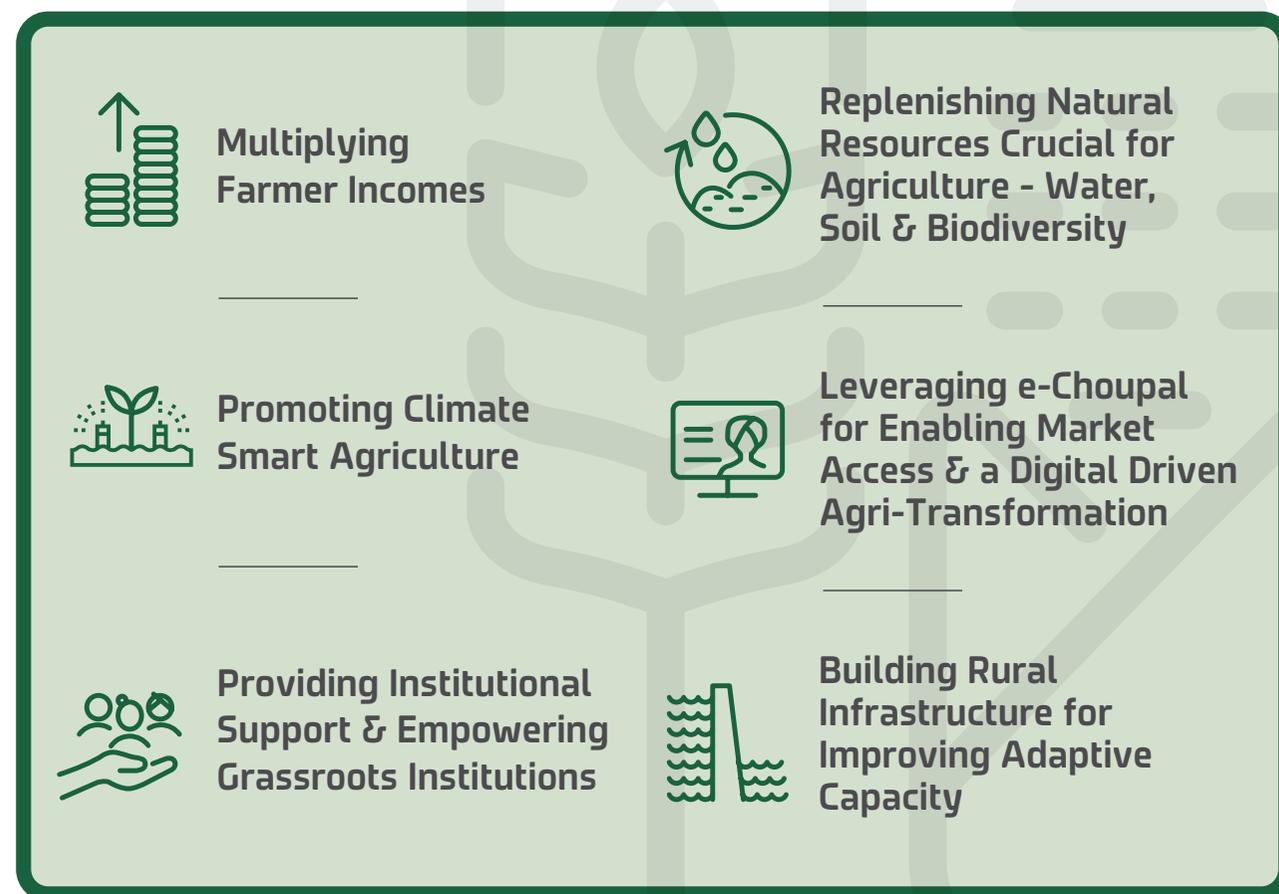
# Making Agriculture Future-ready

## ITC's Approach

Agriculture holds a key position in India's sustainable development story. Be it feeding the country of a billion plus people today and gearing up to feed a billion and a half by 2030, or providing employment to more than half of the country's population, a thriving agriculture sector is central to achieving India's vision for a sustainable future. At the same time, Indian agriculture faces a number of challenges including low productivity, dependence on rain, high resource footprint in terms of water use, impacts of climate change, farmer distress and the inability to create the next generation of farmers with agriculture not being remunerative enough. Unleashing the potential of the agri-rural economy through large-scale sustainable and inclusive solutions will be essential to ensure growth with equity and building climate resilience for the nation.

In this context, the close linkages between ITC's businesses and Indian agriculture provide a unique opportunity to engage with farmers across the country and help address some of the challenges confronting them, and at the same time create sustainable and resilient agri-value chains for ITC's Agri, FMCG and Paper Businesses. Leveraging the Company's

## ITC's Focus Areas



enterprise strengths and its large presence in rural communities, ITC has over the years designed and implemented large-scale programmes on sustainable agriculture. The focus of these interventions has been largely on improving farmer livelihoods, increasing agricultural productivity, strengthening regional water security and addressing the challenge of climate change, while building resilience in agriculture.

To achieve this, the Company has adopted 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 investments in creating Integrated Consumer Goods Manufacturing and Logistics facilities (ICML) including food processing units across the country, in close proximity to agri-procurement catchments, will also ensure greater value realisation by farmers and reduce India's agri wastages.

## Multiplying Farmer Incomes

One of ITC's major focus areas is to ensure livelihood and income security for farmers in its value chain and around its areas of operation. To this end, ITC's Agri Business and the Social Investments Programme (ITC's Mission Sunehra Kal) work on mechanisms to ensure the dominant sources of income are sustainable for farming communities. The idea is to make 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.

## "Baareh Mahine Hariyali": New Horizons in Multiplying Farm Incomes

ITC's Baareh Mahine Hariyali is being progressively rolled out to 1 million farmers, and aims to multiply rural incomes through a wide spectrum of interventions in climate-smart and sustainable agriculture that make a meaningful contribution to the Hon'ble Prime Minister's vision of doubling farmer incomes.

These include productivity enhancement via zero tillage, seed selection and other good agricultural practices (GAP), introduction of climate-tolerant crop varieties, cropping intensity and diversification, shared mechanised farming equipment as well as enabling market linkages.



**The pilot programme covered over 2,00,000 farmers, of which 34,000 have already doubled their incomes while others are also making encouraging progress.**

## NITI Aayog & 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 building capacities of government extension staff to create a cohort of Master Trainers for disseminating sustainable agricultural practices amongst farmers and creating templates for seasonal planning at the Gram Panchayat level. The training content was developed in consultation with scientists from agriculture universities and Krishi Vigyan Kendras (KVKs) and the training kits were finalised in 4 local languages – Hindi, Marathi Assamese and Odiya - for 15 major kharif and rabi crops cultivated in the 27 districts. Additionally, ITC also trained farmers directly by establishing Farmer Field Schools to provide field demonstrations in 1,350 villages to complement the cascade training programme. In 2019-20, 6,011 government staff were trained as Master Trainers and Village Resource Persons, who trained 9.73 lakh farmers. Additionally, 2.43 lakh farmers were trained by ITC through Farmer Field Schools.

In total 15.58 lakh farmers have been trained under the programme in three seasons including the rabi season of 2018-19.



**Based on the impact study conducted on farmers trained by ITC, the farmers witnessed a 100%, 64% and 33% higher net return for soya bean, paddy and maize crops respectively as compared to the control group farmers.**

ITC has also been instrumental in driving additional activities that will have a positive impact on agriculture and allied sector livelihoods:

- Created awareness amongst farmers on various Government schemes and helped farmers in applying for those schemes.
- Recommended improvements, based on stakeholder feedback, to NITI Aayog for 10 major agricultural schemes.
- Assessed e-nams (electronic market yards) operating in the 27 districts with a view to improving their coverage.

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

ITC's water stewardship approach, promotes scientific and responsible use of water within the catchment by stakeholders, using technical assessments supported by community participation in planning and execution.

In the agri-catchments, the focus is on drought-proofing agriculture by reducing crop-water demand through agronomic practices to improve soil water-holding capacities and through improved irrigation techniques such as drip irrigation, while simultaneously augmenting water supply through rejuvenation and/or creation of water harvesting and recharge structures. ITC's interventions are also aligned to the 'Pradhan Mantri Krishi Sinchai Yojana', a Government of India programme for extending the coverage of irrigation and improving water use efficiency across farms.

In pursuit of these objectives, ITC's Mission Sunehra Kal has collaborated with reputed institutions and thematic expert organisations such as 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.

### Programme Highlights

Over **11.33** lakh acres spread over 15 states covered till date.

Over **1.22** lakh acres covered in 2019-20.

**18,985** water harvesting structures constructed till date.

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

As part of demand-side management, ITC works extensively for promoting agronomical practices and micro irrigation techniques that save water in cultivation and help farmers to improve their net returns.



Till date, the practices promoted by ITC have been adopted by farmers across

**2.09** lakh acres covering paddy, wheat, sugarcane, onion, banana and coconut crops.

Created a potential to save an estimated

**135.76** million kl in a year.

Public Private Partnership (PPP) projects with various state governments and the National Bank for Agriculture and Rural Development (NABARD) have traditionally formed a significant part of the total watershed projects implemented by ITC. In 2019-20, six new memorandums of understanding (MoUs) were signed, further expanding the scale of the programme. With these, the total target area under such PPP projects across Andhra Pradesh, Madhya Pradesh, Rajasthan and Maharashtra stands at 5.67 lakh acres.

For more details related to the above programmes and partnerships, refer to the Sustainable Agriculture and Water Stewardship sections in the [Creating Sustainable Livelihoods](#) chapter of this Report.

For information on biodiversity management, refer to [Environmental Management](#) section of this report.

## Promoting Climate Smart Agriculture

Factors such as the rise in extreme weather events, varying climatic parameters and dependence 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 like wheat, pulp-wood and leaf tobacco among others, there is significant and sustained work being done on the development of climate-tolerant varieties as well as dissemination of climate-resilient agronomic practices in the growing areas.

The primary objective of Mission Sunehra Kal's sustainable agriculture programme is to de-risk farming operations from erratic weather events to improve profitability of agriculture.

In collaboration with the Consultative Group for International Agricultural Research (CGIAR), a Climate Smart Villages (CSV) initiative has been instituted through Mission Sunehra Kal to improve climate

resilience of farmers in select villages in Madhya Pradesh, Maharashtra and Rajasthan. During 2019-20, farmers from 809 villages of the three states were covered under this initiative. Climate Smart Agriculture practices, finalised through participatory processes, were rolled out for seven major crops - soya, paddy, wheat, sugarcane, onion, mango and gram.



**The Sustainable Agriculture programme of ITC's Mission Sunehra Kal aims to integrate diverse elements of the rural portfolio of initiatives into a Climate Smart Village approach to over 3 million acres by 2030.**

For more details, refer to the Sustainable Agriculture section of [Creating Sustainable Livelihoods](#) chapter of this Report.

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

The ITC e-Choupal network, which leverages information technology to empower farmers, is a rich repertoire of agri based interventions, that not only address 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 curated packages of 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 transform village communities into vibrant economic organisations by enhancing incomes and co-creating markets. Empowerment and trust built amongst the farming community remains at the core of this model.

The e-Choupal network through its various phases of evolution has offered a set of integrated solutions that raise farm productivity and enhance farmer incomes through a value chain reorganisation that has led to efficient transmission of consumer demand signals to enable a responsive production system.

The ITC e-Choupal initiative aims at holistic empowerment of farmers through meaningful linkages. The ITC e-Choupal system has enabled the development of an efficient farm to fork agri-value chain that ensures the delivery of identity preserved and traceable agri-produce.



Launched in June 2000, ITC e-Choupal is today the largest initiative among Internet based interventions in rural India.

It has empowered  
more than  
**4** million  
farmers

in over  
**35,000**  
villages

through  
**6,100**  
kiosks spread across 10 states.

## e-Choupal 4.0 - Towards Next-Gen Agriculture

With the objective to build an integrated platform for the farmer's first mile and last mile needs, ITC e-Choupal rolled out its version 4.0 this year. e-Choupal 4.0, the digital end-to-end platform for transforming

agri value chains, was launched by ITC's Agri Business in August 2019. In the first phase of the launch, e-Choupal 4.0 introduced a digital platform that benefits farmers by providing personalized services geared to make agriculture a viable enterprise, besides providing access to remunerative output markets. This digital platform offers a bouquet of services and aims to become more collaborative and integrated than its previous avatars.

Access to  
weather  
information



Crop specific  
package-of-  
practices



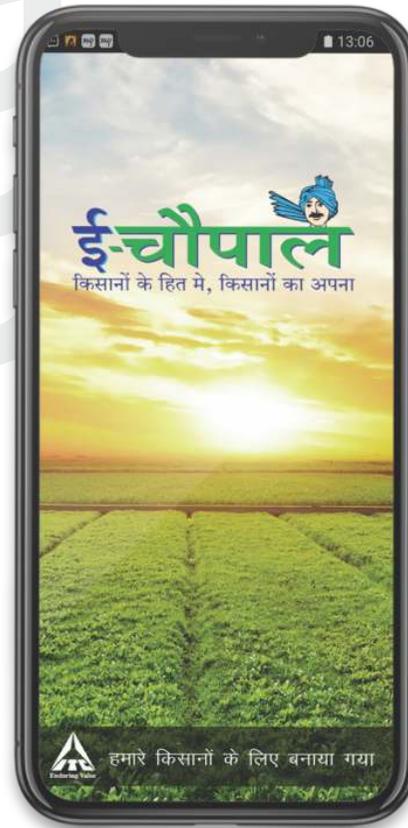
Social forum for  
sharing ideas and  
challenges



Monitoring  
the practices  
on the field



Traceability  
all the way back  
to the farm



80,000+  
registered users by mid-2020

50,000+  
acres of farmland monitored by the platform

400,000+  
data points

Target to cover over  
1,00,000  
acres by the 2023-24 season

The platform has already expanded to over 80,000 registered users by mid-2020. It provides access to weather information, crop specific package-of-practices and a social forum for sharing their ideas and challenges through mobile phone. The agri-businesses utilize the platform for monitoring the practices on the field and track supplies, thereby ensuring traceability all the way back to the farm.

Over 50,000 acres of farmland are monitored by the platform, generating over 400,000 data points. The platform also provides access to agri-inputs that are in line with the prescribed package-of-practices required by domestic and global markets. With rising digital literacy and penetration of smart phones in the rural areas, the e-Choupal 4.0 mobile application is expected to reach many more farmers.

The platform aims to demonstrate the development of a globally competitive crop production system which addresses the key elements of farmer profitability - i) farm productivity (lower costs, increased yield, and minimized wastage), ii) product quality and integrity (which determines the realizable price and marketability), in an environmentally sustainable manner. The target is to cover over 1,00,000 acres by the 2023-24 season.

E-Choupal 4.0 continues to build on the earlier versions by strengthening the ecosystem constantly by addressing the real impediments and challenges being faced by farmers. In this transformative model, e-Choupal 4.0 assumes the role of an aggregator of agricultural services and offers a bouquet of offerings. The platform enables plug and play possibilities for new agri tech startups and conventional agri players alike to reach farmers across the country.

A few applications of the platform being experimented include:



Going forward, the aim is to fuse a string of successful pilots and leverage digital technologies to achieve scale and broaden the scope of services. This will help in continued engagement with new generation farmers,

agri-preneurs and rural ecosystem partners in innovative ways, create newer opportunities to progressively raise rural incomes and contribute to the nation's goal of improving farmers' income.

## ■ e-Choupal 4.0 - Live in Action

The e-Choupal 4.0 platform was adopted in the Integrated Agri-Extension Platform for chilli value chain development in partnership with the Department of Horticulture, Government of Andhra Pradesh. The digital platform provided contextualized and personalized advisory to over 4,000 chilli farmers covering over 12,000 acres. The inputs provided were based on factors like climate conditions, soil and current crop conditions, integrating multiple data points from farmers, field

monitors, agri-experts, R&D professionals and Government, through the Digital Crop Advisory/Monitoring Module on the e-Choupal 4.0 platform. In addition to the digital components, the conventional physical aspects like one-one-one field extension services and front-line demonstrations further strengthened the scope and scale of the platform.

Another key component of the platform is the Digital Engagement Center run by trained agronomists, who access the data collected in the digital platform and support farmers through call-based advisory and predictive alerts during the crop cultivation cycle. This phygital (physical plus digital) approach makes it inclusive, by serving farmers who are digitally equipped and even those without access to smartphones. This intervention has resulted in an estimated 13% productivity improvement, and a 27% rise in net returns per acre for chili farmers.

The platform also piloted an e-marketplace for quality agri-inputs for farmers at competitive prices backed by precise agronomy advisory in crops like chilli and tobacco at various stages of the crop cultivation cycle impacting over 2,500 farmers.

The e-Choupal 4.0 platform is collaborating with partners of repute in the agri-inputs industry to facilitate adoption of a package-of- best practices and the use of inputs in line with quality attributes required by national and international markets.



## Providing Institutional Support & Empowering Grassroots Institutions

Community participation is at the core of ITC's Mission Sunehra Kal's development model. All activities including sustainable agriculture and water stewardship interventions are undertaken through community-based organisations (CBOs) specially formed for the purpose and supported with training and capacity building.

Grassroots level institutions for water governance, such as Water User Groups (WUGs) for the upkeep and maintenance of water harvesting structures, play an important role in ensuring the long-term sustainability of these interventions by transferring the ownership & accountability to the right stakeholders.

Similarly, sustainable agriculture programmes provide institutional support through farmer groups – Agri Business Centres, for collective action. These Agri Business Centres provide extension services, promote advanced agri- practices, arrange agri-credit linkages and establish collective input procurement and agricultural equipment-on-hire arrangements. To strengthen participation of women in agriculture, women-run Agri Business Centres are also established.

**ITC's Mission Sunehra Kal has created over 3,000 Water User Groups with over 52,000 members and more than 350 Agri-Business Centres with over 11,000 members.**

For more information, refer to the [Creating Sustainable Livelihoods](#) section of this report.

## Building Rural Infrastructure for Improving Adaptive Capacity

ITC has implemented a mosaic of solutions that has had a transformational impact on the ground including the social and farm forestry initiative that has created over 147 million person-days of employment, the animal husbandry programme covering over 18,70,000 milch animals, and women's empowerment programme that has benefitted over 74,000 women.



For more information on the work being done for creation of rural infrastructure for improving adaptive capacity, refer to the [Creating Sustainable Livelihoods](#) section of this report, and [ITC's Sab Saath Badhein](#), [ITC e-Choupal](#) and [ITC Watershed microsites](#).

## 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 sustainable agriculture interventions across these crops also helps straddle the value chains supporting ITC's leading brands.

ITC follows a value chain approach to understand the

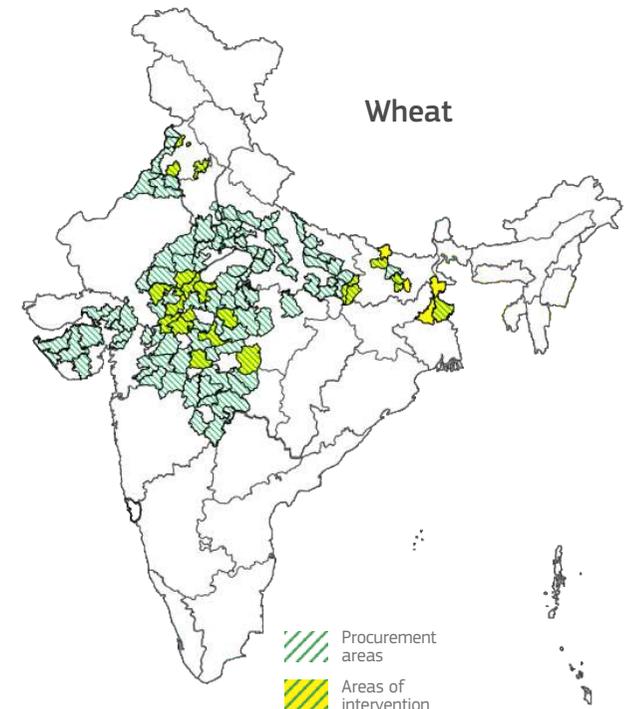
risks and opportunities for its major crops. Based on that appropriate interventions are designed and implemented across relevant parts of the value chain. A summary of sustainable and resilient value chains being harnessed by ITC's sustainable agriculture interventions is presented here.

### Wheat Value Chain - Aashirvaad Atta

Wheat constitutes around 35% of the total value of material procured by ITC's Foods Business. To ensure quality and blend consistency for Aashirvaad atta, ITC sources its wheat from 550+ mandis spread across 71 districts in 10 states in the country.

#### Focus Areas

- Improving productivity
- Building climate resilience
- Ensuring consistent quality
- Improving farm profitability
- Creating market linkages



## Key interventions

ITC's Agri Business and Life Sciences and Technology Centre (LSTC) ensure that contemporary science outcomes are integrated across the value chain of wheat. These include:

- Development and promotion of location-specific, improved and climate resilient varieties along with appropriate crop management practices for enhanced yield and grain quality, in collaborations with premier national and international research institutes like PAU, IARI, CIMMYT.
- Promotion of climate-resilient practices such as zero-tillage, balanced crop nutrition, addressing issues related to terminal heat stress, and minimizing crop loss in sensitive varieties due to hailstorms.
- As of 2019-20, the above work has covered over 1.68 lakh acres across ~1600 villages in 7 prominent wheat producing states.
- Enabling market linkages through agri-business centres (ABCs) and ITC's e-Choupal 4.0 digital platform.
- Sourcing through the e-Choupal eco-system of ITC's ABD, ensuring the availability of identity preserved, traceable, consistent and adequate quantities.
- ITC Agri Business leverages its wide geographical sourcing network, multiple sourcing models and customised infrastructure towards meeting the growing requirements for Aashirvaad atta and delivers substantial benefits of sustainable quality and savings through efficient logistics.

## Pulpwood Value Chain - Paper Business, Classmate, Paperkraft

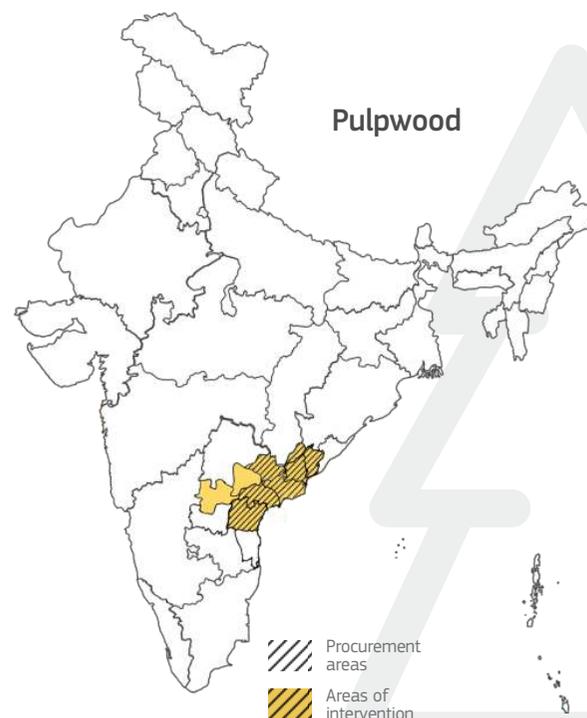
At Bhadrachalam, a majority of the pulp is produced from wood sourced from ITC's Social and Farm Forestry initiatives. In 2019-20, ITC procured more than 86,000 tonnes of FSC® 100% certified wood (FSC®-C102390) to manufacture FSC® certified paper and paperboards.

### Focus Areas

- Sustainable forest management
- Ensuring consistent quality of pulpwood
- Building climate resilience
- Creating sustainable livelihoods

### Key interventions

- Over 87 million high-yielding, site specific, and disease-resistant eucalyptus and subabul saplings were made available to farmers in 2019-20.
- Effective extension services and technical guidance - on planting till harvest - is provided by ITC to the growers.
- The Social Forestry programme focuses on creating commercially viable land use options for small land-holder farmers through tree-based farming to diversify income from land while fostering food, fodder and fuelwood security. Launched in 2001-02, the programme has covered over 2.27 lakh acres under pulpwood plantations, over 1.35 lakh acres under energy plantation and 894 acres of bamboo plantations.
- Till date, Social and Farm Forestry programme has together greened over 800,000 acres, generating 147 million person-days of employment.
- Agro-forestry covers 89% of the area under eucalyptus implemented under the Social Forestry programme of Mission Sunehra Kal. To improve farm economics from intercropping, ITC continued its efforts to promote climate resilient practices including tree based farming, soil health management and intercropping in its procurement regions across



Telangana, Andhra Pradesh, and parts of Odisha and Chhattisgarh.

- All domestic wood procurement sources comply with FSC® traceability requirements and 41,056 hectares have been covered under the FSC® 100% certification, engaging 33,456 farmers.
- This year, ITC's Paperboards and Specialty Papers Division (PSPD) obtained the prestigious Forest Stewardship Council® (FSC®) Chain of Custody Certification (FSC®-C064218) which is valid till 2025.

For more information, refer to the [Creating Sustainable Livelihoods](#) section of this report, and [ITC's Forestry microsite](#).

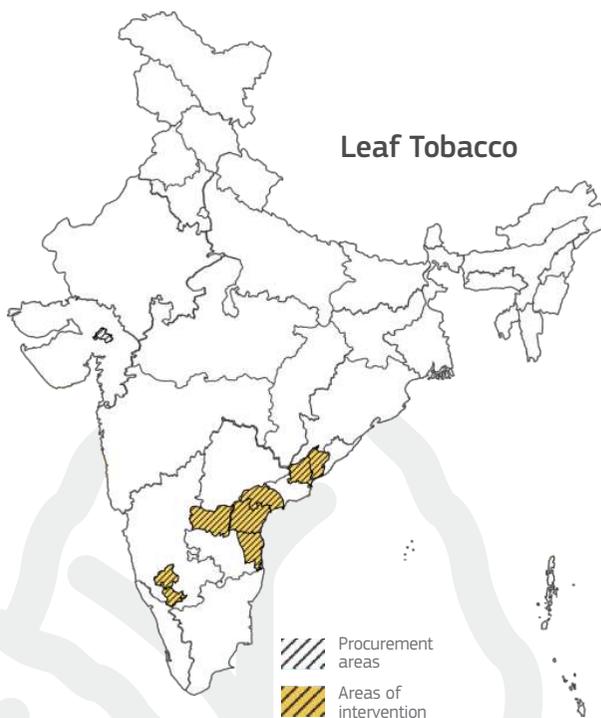
## Leaf Tobacco Value Chain - Cigarette Business

Leaf tobacco is another key agri raw material sourced by ITC and the Company ensures that the highest product integrity, sustainability, quality and hygiene standards are maintained across its entire value chain.

### Focus Areas

- **Crop development to ensure consistent product quality and integrity**
- **Higher farmer incomes and improved crop saleability**
- **Optimum resource utilisation and sustainable fuel management**

- **Complete chain of custody of supplies**
- **Agro-chemical management (minimum use of pesticides)**
- **Improved agri labour practices**



### Key interventions

- For leaf tobacco, ITC has consistently transferred technology for appropriate crop solutions, promoting the introduction of climate smart hybrids and high yielding varieties in the country, while working to build resilience across its value chain.
- Significant amount of research and field-trials are on-going, at ITC LSTC and Agri Business to develop hybrids suitable for varied growing conditions, towards flavour enhancement and reduced nicotine content in order to align with emerging mandatory compliance requirements as well as to diversify end use applications of tobacco.
- Enabled by a team of plant breeders, agronomists and agriculture experts, sustainability initiatives have been rolled out in the growing regions across Andhra Pradesh and Karnataka, aimed to improve the quality of Indian tobacco.
- To improve soil health in the growing regions, propagation of soil conservation measures like use of organic amendments, soil fertility management techniques for reducing chemical fertiliser use, improving water holding capacity and adoption of drip irrigation technique and fertigation to improve farm yields are being implemented.
- Large-scale watershed development programmes with focus on building, reviving and maintaining water harvesting structures for storing water for agriculture, rural communities and livestock.

- Establishing agri business centers (ABCs) in select geographies for supporting farmers in aggregation of input procurement, seedling production and custom hiring of farm implements.
- In 2019-20, the Sustainable Tobacco Programme (STP) self-assessment scores attained by the Leaf Tobacco Business were the best achieved by any Indian supplier and were also globally benchmarked across all the pillars of STP such as governance, crop, environment, child labour on farms, forced labour, etc. among others.
- For leaf tobacco, ITC encourages an ecosystem approach to crop production and protection that integrates management practices to grow a healthy crop with minimal use of pesticides.
- ITC's Leaf Tobacco Business also promotes energy conservation and sustainable fuel management in tobacco curing through fuel efficient technologies, promotion of energy plantations and the use of alternative fuels.

For more details, refer to the [Building Climate Resilience](#) section of this report.

## Potato Value Chain - Bingo Snacks, Farmland

Potato is another critical crop for the Company. In addition to backward integration as part of its snacks portfolio, ITC also offers, under its Farmland fresh fruits and vegetable range, specialised varieties of potatoes (low sugar, high antioxidant etc.).

### Focus Areas

- Ensuring quality raw material (chip stocks) from localized catchments
- Enhancing farm profitability
- Promoting sustainable production practices
- Developing superior, climate tolerant varieties

### Key interventions

- Technico Agri-Sciences Limited, a wholly owned subsidiary of the Company, and ITC's Life Sciences & Technology Centre (LSTC) are at the forefront of development and transmission of specific varieties of potato tubers.
- The focus has been to identify and develop geography-specific and superior processing varieties of potatoes with long term storability at competitive costs. To achieve these research objectives, there are collaborations with premier institutes such as Central Potato Research Institute.
- Climate resilient varieties with higher product quality, lower input requirements and better profitability to the farmer are under various stages of development, field-testing and cultivation, across the growing and procurement regions in Tamil Nadu, Karnataka and West Bengal.
- Additionally, support for efficient irrigation practices and integrated pest management practices is also provided in the growing areas.

## Building Model Villages for Enabling a Sustainable Production System in the Leaf Tobacco Value Chain

The Model Village (or Adarsh Gram) Programme by ITC's ABD aims to create a sustainable production system and a resilient farmer base for leaf tobacco. This is done through creation of economically, ecologically and socially sustainable villages in ABD's leaf tobacco operating zone.

The bouquet of interventions focusing on sustainable agriculture and agri-tech solutions help in enhancing the crop competitiveness of the farmers, thereby generating an economic surplus for them.

Additionally, for overall community development, ITC acts as a catalyst in the creation as well as implementation of a village development plan covering critical needs like health, education and rural infrastructure.

The focus on improving farm profitability coupled with overall development of the village ecosystem helps in building a resilient value chain. **As of 2019-20, the programme has established 218 Model Villages.**

## Spices Value Chain - Aashirvaad

In the spices segment, ITC currently procures a variety of crops such as chilli, cumin, turmeric and celery.

### Focus Areas

- Improving crop productivity
- Minimising pesticide use, organic farming
- Sustainable agriculture and labour standards in line with global standards
- Climate resilience

### Key interventions

- Integrated Crop Management (ICM) programme for chilli and cumin involving dissemination of micro-region specific agronomical practices to farmers across the growing regions to improve climate resilience.
- Food Safe Chilli Production systems covering 2,800 acres in 28 villages, benefiting 1,100 small farmers across Andhra Pradesh and Karnataka. The project focusses on deploying sustainable agricultural practices to ensure production of a healthy crop with minimal use of pesticides and development of infrastructure in these identified villages. This programme has resulted in 13% increase in productivity and better quality chilli.
- "Integrated Agri Extension Platform" for the chilli farm value chain development covering 40 villages and 12,000 acres benefitting 4,000 farmers. The project leverages various digital and direct means to guide

farmers on the adoption of good agriculture practices in chilli cultivation. Under this programme, close to 100,000 acres and over 40,000 farmers will be benefited covering Prakasam, Krishna, Kurnool and Guntur districts.

- ITC, with its commitment to providing sustainable raw material, has increased the scale and scope of Rainforest Alliance (RFA) certification covering crops such as chilli, cumin, turmeric and celery. ITC farmers producing the Rainforest Alliance Certified product conform to sustainable agricultural practices and labour standards. In 2019-20, ITC produced around 4,053 tonnes of Rainforest Alliance certified raw material.
- ITC's portfolio of spices is authentically certified according to India's National Organic Production Norms which are in line with global requirements such as USDA Standards.

## Other Emerging Value Chains

### Dairy Value Chain - Aashirvaad Svasti, Sunfeast Wonderz milk

360° farmer-connect programme involving extension services towards enhancing farm productivity and ensuring a hygienic and efficient procurement network.

### Bamboo Value Chain - Mangaldeep Agarbatti

Supporting bamboo plantation interventions in the Northeast as well as linkages with women's self-help groups across multiple states, thereby economically empowering farmers as well women.

### Fruit Value Chain - B Natural Juices

Entire B Natural juice range is crafted from 100% Indian fruits sourced through local Indian farmers from all across the country. It helps in providing better returns to farmers and in promoting local Indian tastes besides preventing wastage of fruit.



# Managing Waste

## ITC's Approach

Waste generation in India has risen considerably due to its increasing population, rapid urbanisation and rising consumption levels. However, the infrastructure required to collect and process the waste continues to lag behind. This, along with inadequate source segregation, has culminated into a massive waste management problem.

**ITC has adopted a circular economy approach to solve 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

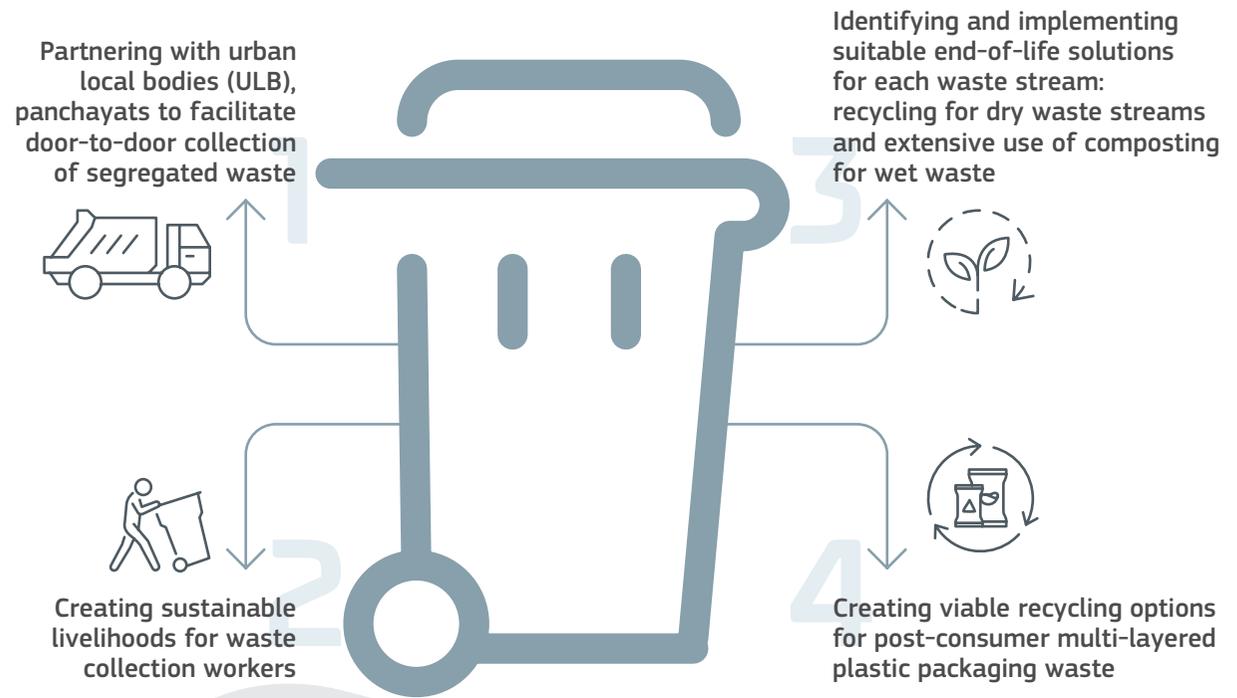
Based on ITC's experience of implementing large-scale solid waste management programmes, the necessary condition to establish successful waste collection and recycling systems is segregation of waste at source. Accordingly, ITC focusses on running door-to-door awareness programmes for citizens in collaboration with various stakeholders like municipal corporations, gram panchayats and civil society to ensure segregation of waste into dry and wet streams at source.

Segregation ensures that maximum value gets realised from each waste stream, which can then be used to empower waste collectors.

**ITC's programmes have covered more than 3.4 million households till date. ITC's brands also create awareness campaigns for consumers to drive the message of responsible waste management.**

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

ITC's initiatives focus on creating replicable, scalable and sustainable models of municipal solid waste management that can be implemented across the country to ensure that zero waste goes to landfills. In addition to ensuring segregation at source, these models are centred on the following pillars:



## ITC's Solid Waste Management Models: 2019-20 Update

For urban areas, ranging from metros such as Bengaluru and Hyderabad to small and medium towns such as Muzaffarpur, different models have been implemented under ITC's flagship "Well-Being Out of Waste" (WOW) programme. During the year, the programme continued its operations in Hyderabad, Coimbatore, Chennai, Bengaluru, Mysuru, Chikmagalur, Delhi, Muzaffarpur and a few major districts of Andhra Pradesh and Telangana, collecting 74,300 tonnes of dry waste from 786 wards. The programme expanded during the year to Kochi in Kerala and Tiruppur in Tamil Nadu.



### ITC-SWaCH 360° Models for Valorization of MLP Packaging Waste in Pune

ITC is running a circular economy based, a first-of-its-kind Multi-Layer Plastic (MLP) collection and recycling programme in Pune. This 360° model for valorization of MLP packaging waste has sustainably managed around 500 MT of MLP/ Low Value Plastic (LVP) waste since its launch in June 2019. Most of the waste gets channelized to a recycler for conversion into recycled plastic granules that are sold to the industry for manufacturing plastic products, making it truly circular.

The programme is a unique collaboration between the private sector, civil society and the Government. ITC and SWaCH are working with the Pune Municipal Corporation (PMC) to create a scalable and sustainable model by incentivizing collection of MLP waste and channelizing it for recycling. ITC has also setup an MLP waste collection hub in Pune, with a capacity to handle 200 MT of MLP waste per month.

As a part of this initiative, ITC has created viable recycling options for post-consumer MLP packaging, using the expertise of ITC Life Sciences and

Technology Centre for converting MLP into useful items of consumption. ITC worked with the local recycling partner by extending technical support and sharing best practices for better value realization from recycling MLP.

What makes the model unique:

- **The model enables collection of good quality MLP waste straight from the households where it is generated, which opens up multiple avenues of end uses including recycling.**
- **The value realization from applications like recycling is made possible because of the fact that waste is segregated at source and it is this value that gets transferred to the waste collector in the form of incremental income which is over and above the proceeds from sale of other recyclables.**
- **The model also lessens the burden on the municipal waste management system by diverting waste from landfill.**

In addition to WOW, ITC has a separate programme on solid waste management under Mission Sunehra Kal which deals with both wet and dry waste.

The programme spans 16 districts across 11 states covering 3,13,228 households and collected 22,757 MT of waste during the year.

The focus is on minimising waste to landfill through source segregation and by managing waste at source including home composting, which was practised by 20,635 households during the year.

For more details, refer to Solid Waste Management in the *Creating Sustainable Livelihoods* section of this Report.

**In 2019-20, ITC programmes sustainably managed 78,800+ tonnes of dry waste including more than 12,500 tonnes of MLP/LVP waste getting channelised for energy recovery/recycling in an environmentally safe manner.**

Additionally, PSPD Kovai sustainably managed another 5,020 tonnes of post-consumer low value /multi-layered/thin films plastic waste by sending it for energy recovery. The plastic waste is recovered from waste paper that the unit procures for recycling.

## Cascading the Community-led Decentralised SWM Approach across the Country

During the year, the Solid Waste Management (SWM) programme under ITC's Mission Sunehra Kal expanded further with 7 MoUs being signed with multiple states to implement/ train on the community-led decentralized solid waste management model, including one with the Government of Uttar Pradesh for cascading this model across all the 652 urban local bodies in the state.

In the first phase of this programme, 80 cities, with over 8.3 million households, identified under the Government's flagship programmes of Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Namami Gange (under National Mission for Clean Ganga) will be covered. The balance will be covered through a cascade methodology over the next 3 years.

ITC will be the technical and resource partner and help in the capacity building of relevant urban local body members on its community-led decentralized solid waste management model. ITC will set up a key resource centre and develop module based training plans, toolkits and Information, Education and Communication (IEC) material, delivery mechanism for the roll-out of training plans, and tracking and monitoring mechanism for the programme.

ITC's Mission Sunehra Kal is also pioneering the implementation of a community-led decentralized solid waste management model in rural India. Major programmes include:

- MoU with Guntur Zila Parishad in Andhra Pradesh impacting over 700,000 households
- MoU with District Panchayat Office, Bhadradi Kothagudem, Telangana, covering around 275,000 households
- MoU with Zila Parishad, Mysuru, Karnataka covering approximately 400,000 households

**With these large-scale rural interventions, ITC's Mission Sunehra Kal will cascade the community-led decentralized SWM model to over 1.35 million rural households across Andhra Pradesh, Karnataka and Telangana.**

For more details, refer to the [Creating Sustainable Livelihoods](#) section of this Report.



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

Within ITC's own operations, waste is minimised through systematic monitoring and improvement of efficiencies in material utilisation as well as by maximising recycling.

## Waste Management Performance 2019-20

In 2019-20, ITC units generated 711,116 tonnes of waste as compared to 781,229 tonnes in 2018-19. This 9% decrease was primarily due to an 8% reduction in waste generation at PSPD Bhadrachalam, which accounted for 80% of the total waste generated in ITC during the year. At Bhadrachalam, the reduction was on account of stabilisation of the new paper machine installed in the previous year<sup>3</sup>.

### Contribution of PSPD Units in ITC's Total Waste Generation

in %

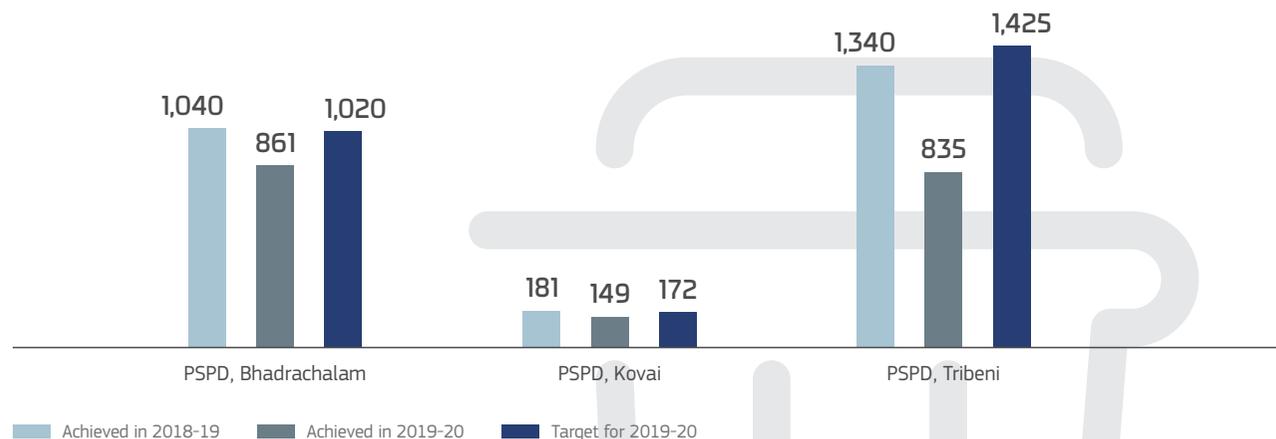


### Specific Waste Generation

In the reporting period, PSPD Bhadrachalam, Kovai and Tribeni units account for about 87% of ITC's waste. All three units achieved their respective annual target for specific waste generation.

#### Specific Waste Generation

Kg of Waste/Tonne of Production



<sup>3</sup>During the year, a correction was made in the reporting of waste at PSPD Tribeni, which is now being done on a bone dry basis (after excluding moisture content) as per laid down standard operating procedures (SOPs) for reporting wastes.

## ■ Hazardous Waste

For 2019-20, about 3% of waste (by weight) generated by ITC can be categorised as hazardous waste as per Indian statutes. Around 97% of this was sent for recycling to authorised external agencies and the balance 3% was disposed using alternative means in accordance with applicable laws.

All ITC units have established systems and procedures to verify relevant authorisations and licences of agencies used for transporting, recycling and disposing hazardous wastes. Further, the Corporate EHS department periodically verifies these compliances across ITC units. For information on chemical safety management, please refer to [Environmental Management](#) section of this report.

## ■ Non-hazardous Waste

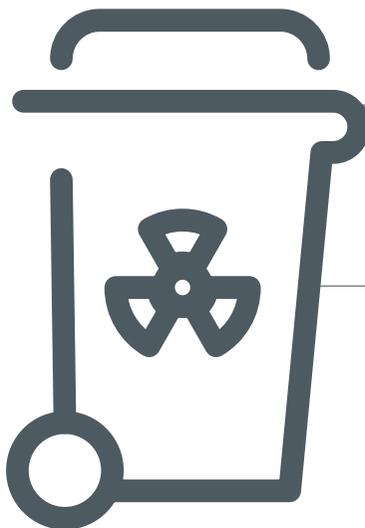
During 2019-20,  
**99.82%**

of the total non-hazardous waste generated in ITC units was either reused or recycled.

The details related to reuse/recycling application of non-hazardous waste generated at ITC units are given below. This accounts for a majority (around 84%) of non-hazardous waste generated in 2019-20.

## Total Hazardous Waste and its Destination - 2019-20

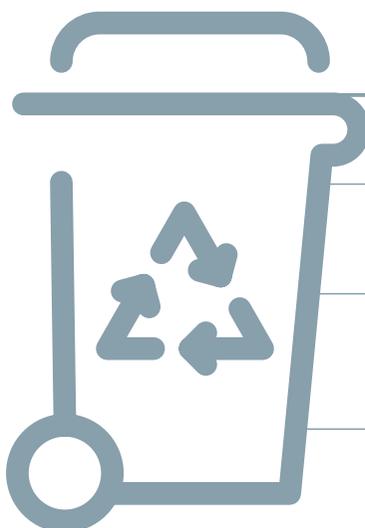
tonnes



**19,889** tonnes total hazardous waste generated

<b>19.5</b> tonnes Hazardous waste carried over from previous year and disposed in 2019-20	<b>19,290</b> tonnes Recycled	<b>587</b> tonnes Incineration and landfill	<b>31.1</b> tonnes On-site storage
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During 2019-20, apart from hazardous waste transported to authorised external treatment sites by authorised transport agencies, no other hazardous waste was shipped out of ITC locations.



Non-hazardous Waste Category	Source of Generation	Quantity Generated (tonnes)	Waste Application
Fly Ash from boilers	Units of PSPD and Agri Business (Leaf Tobacco)	<b>3,05,706<sup>1</sup></b>	Used by cement and brick manufacturers
Lime Sludge	Bhadrachalam and Tribeni Units of PSPD	<b>2,23,046</b>	Utilised in in-house lime kiln as well as by cement manufacturers
Bottom Ash from Boilers	Units of PSPD, Agri Business (Leaf Tobacco) and a unit of Tobacco Division	<b>33,933<sup>2</sup></b>	Used for brick manufacturing and filling of low-lying areas
Wood Waste from Chipping Operation	Bhadrachalam unit of PSPD	<b>17,645</b>	Used as a fuel in in-house boiler

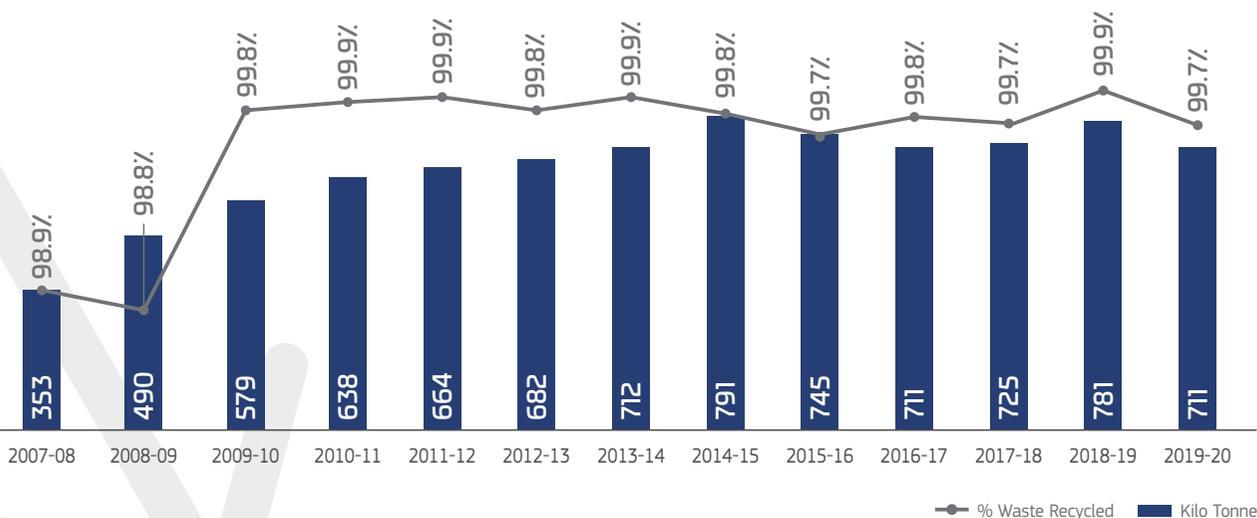
<sup>1</sup> including Bhadrachalam - 2,64,628, Tribeni - 28,910, Kovai - 9,148  
<sup>2</sup> including Bhadrachalam - 27,311, Tribeni - 2,411, Kovai - 170

## Waste Recycling Performance

All ITC units work towards recycling 100% of the waste generated.

Segregation at source along with focused attention on identifying and tracking all waste streams all the way to their final disposal, helped the Company to recycle over 99% of the 7,11,116 tonnes of total waste generated within ITC units during 2019-20.

## Progress on Waste Recycling



### ITC Hotels

ITC Maurya, ITC Maratha, ITC Grand Central, ITC Grand Bharat, ITC Windsor, ITC Gardenia, ITC Grand Chola, ITC Rajputana, ITC Kakatiya, ITC Mughal, ITC Kohenur, ITC Grand Goa Resort and Spa, ITC Sonar, Sheraton New Delhi, WelcomHotel Bengaluru, WelcomHotel Chennai, WelcomHotel Coimbatore, WelcomHotel Amritsar and Fortune Resort Bay Island

### Cigarette Factories

Munger, Saharanpur, Pune and Simara (Nepal)

### Paperboards and Specialty Papers Units

Bhadrachalam, Tribeni and Kovai

### Packaging and Printing Unit

Munger

### Personal Care Business Units

Haridwar and Guwahati

## ITC UNITS THAT RECYCLED MORE THAN 99% OF GENERATED WASTE

Registered Office at Kolkata

### Foods units

Haridwar, Pune, Malur, Uluberia, Kapurthala, Mysuru, Munger and NENPL-Mangaldai

### Classic Golf & Country Club

ITC Infotech India Limited, Bengaluru  
ITC Green Centre, Gurugram  
ITC Green Centre, Manesar

### Agri Business units (Leaf Tobacco)

Anaparti, Chirala and Mysuru

### Agri Business (Leaf Tobacco) Head Quarter

Guntur

## ■ Recycling Post-Consumer Waste

PSPD Kovai and Bhadrachalam units utilised over 85,000 tonnes of post-consumer paper waste as raw material in 2019-20.

**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 13 years in a row.**

Year	Total Waste Generated (tonnes)	Waste Recycled (tonnes)	% Recycled	Un-recycled Waste (tonnes)	External Wastes used as Raw Materials (tonnes)	Waste Recycling Footprint (%)*
2007-08	3,52,970	3,49,264	98.9	3,706	1,63,245	145
2008-09	4,90,180	4,84,287	98.8	5,893	1,25,337	124
2009-10	5,78,865	5,77,766	99.8	1,099	1,25,931	122
2010-11	6,38,405	6,37,452	99.8	953	1,19,002	119
2011-12	6,63,796	6,62,978	99.9	818	1,15,414	117
2012-13	6,82,405	6,81,129	99.8	1,276	1,18,462	117
2013-14	7,11,887	7,11,033	99.9	854	1,09,998	115
2014-15	7,91,227	7,89,720	99.8	1,592	1,14,563	114
2015-16	7,45,149	7,42,635	99.7	2,606	1,13,213	115
2016-17	7,11,411	7,09,817	99.8	1,704	1,15,074	116
2017-18	7,25,095	7,23,274	99.7	1,942	1,12,519	115
2018-19	7,81,229	7,80,567	99.9	1,126	88,869	111
<b>2019-20</b>	<b>7,11,116</b>	<b>7,09,244</b>	<b>99.7</b>	<b>2,341</b>	<b>85,021</b>	<b>112</b>

\* Waste recycling footprint (%) = (Waste recycled + external waste used as raw material)

\*100 / Total waste generated in ITC, all figures are rounded off to the nearest tonne

## ■ Waste Performance of Select Supply Chain Members

ITC's supply chain boundary for sustainability reporting includes third party manufacturing (TPM) units catering to Education and Stationery Products Business (ESPB), two TPMs of Cigarette Business and ATC Limited, an associate company.

Recycling performance of these units is provided below:

Supply Chain Members	Total Waste Generated (tonnes)	% Recycled
TPM units for ESPB	3,265	99.2
TPMs for Cigarette Business	1,169	100
ATC Limited	1,531	99.9

ITC plans to progressively expand its reporting boundary to cover more supply chain partners. Through close monitoring and reporting of waste related data, and through sharing of experiences and good practices, ITC aims to positively influence the performance of its supply chain partners.

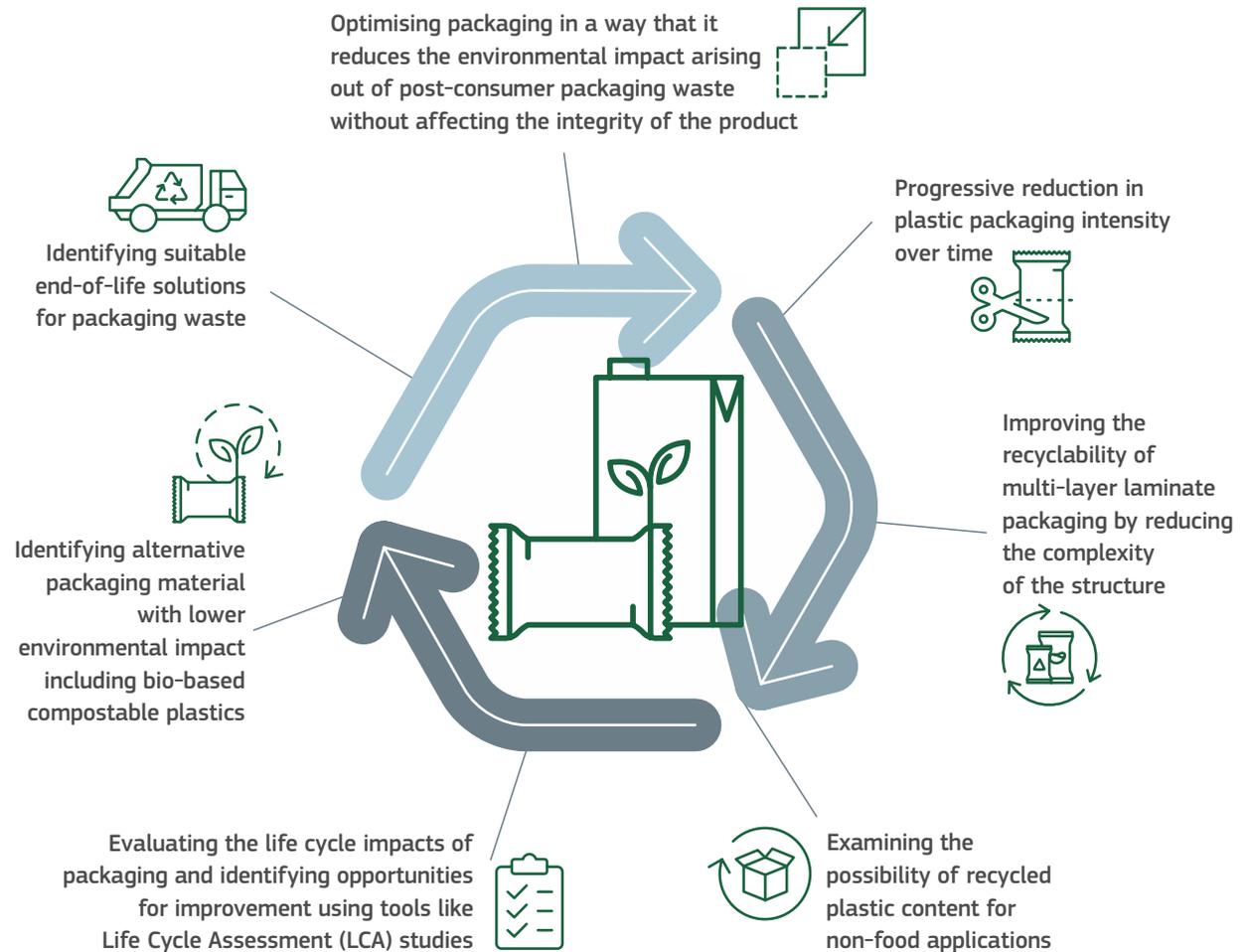
# Ensuring that 100% of Packaging is Reusable, Recyclable or Compostable

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

- Research capability in material sciences and recycling of ITC's Life Sciences and Technology Centre (LSTC).
- Sustainable and circular design expertise of packaging experts from the Paperboards and Specialty Papers Division (PSPD), Printing and Packaging Division (PPD) and FMCG businesses.
- Consumer insights of FMCG businesses.
- Sustainable waste management experience within the Company.



ITC's approach to sustainable packaging involves:



## ■ ITC's Packaging Footprint

ITC's annual packaging footprint, from its FMCG businesses, across primary, secondary and tertiary packaging formats is around 180,000 MT and is primarily composed of paper/paperboard based packaging (77%), followed by plastic packaging (22%). Glass and metal form a small portion of the overall packaging footprint, contributing to less than 1%.

Around 21% of paper packaging is FSC® certified and another 55%, in the form of Corrugated Fibre-board Cartons (CFCs), is made from recycled material. In terms of plastic packaging, around 85% is in the form of multi-layered/thin film plastic packaging and the rest is composed of PET and other rigid plastics. While the collection and recycling rates for multi-layered/thin film plastic packaging are currently low, in line with the strategies outlined earlier, ITC is actively working to increase the collection and recycling rates for MLP waste by implementing replicable, scalable and sustainable models of solid waste management.

ITC's LSTC, with its research capability in material sciences and recycling, has been working with multiple recycling partners to provide knowledge and technical support to recycle MLP packaging and enable multiple end uses. These include conversion into granules through extrusion and using compression moulding techniques for developing other articles of utility like recycled plastic lumber for boards, benches etc., plastic rods, stationery items among others.

As part of its 2030 goals, ITC is committed to enabling sustainable management of waste in excess of the amount of packaging introduced in the market.

## ■ Providing Sustainable Packaging Solutions to the Wider Industry

ITC's Paperboards and Specialty Papers Division (PSPD) is also working on providing suitable alternatives to plastic packaging. These include its Omega series and Filo series paperboards.

ITC's Packaging and Printing Division also leverages cutting-edge R&D activities of LSTC to develop sustainable packaging solutions for its customers. These include easily recyclable packaging, single-use plastic alternatives, bio-compostable packaging, paper based packaging, among others to help its customers reduce the environmental impacts of their product packaging.



## Paperboard Based Alternatives by ITC's Paperboards and Specialty Papers Division (PSPD)

**The Omega series** – is the line of paperboards with a bio-based barrier coating that makes the product completely biodegradable under composting conditions. Omegabev, exclusively made for paper cups, has been certified by CIPET to be fully biodegradable and compostable.

**The Filo series** – is the new line of oil, grease and water resistant paperboards developed for the ever- expanding food serving and delivery market. These paperboards are 100% recyclable in conventional systems. One of the products, FiloServe, has been certified to be plastic-free by CIPET.

# Creating Sustainable Livelihoods

## ITC's Approach

ITC's formidable distribution network covers over 100,000 markets and over 6 million retail outlets directly and indirectly across various trade channels. By virtue of this extensive network, ITC's businesses support significant sustainable livelihoods across the distribution value chain.

Through its Social Investments Programme, Mission Sunehra Kal (MSK), ITC aims to transform the lives of even the most marginalised amongst its stakeholder groups to live a life of dignity.

## ITC's Mission Sunehra Kal for Sustainable & Inclusive Growth

ITC's way of grassroots empowerment, based on knowledge and technology transfer, confronts livelihood challenges of today and tomorrow through a holistic approach to create healthy, educated and skilled communities that look to the future with confidence and determination.

The Company's [CSR Policy](#), approved by the Board of the Company in 2014-15, guides the programmes,



projects and activities that the Company plans to undertake to create a significant positive impact on its identified stakeholders. These programmes 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 Stakeholders

Key stakeholders, based on the material aspects of ITC's businesses, comprise:

- **Rural communities** with whom ITC's agri-businesses have forged long and enduring partnerships through crop development and procurement activities. While such economic linkages have generated wealth for rural households on a sustained basis for decades, they also look to the Company to help find viable solutions to combat extreme weather episodes that threaten the sustainability of their production systems.
- **Communities residing in close proximity to its manufacturing units:** These communities derive considerable benefits from the multiplier effects generated by the Company's operations. Nevertheless, there is an expectation that the Company will aid in the creation of the necessary socio-economic infrastructure to enable significant improvements in their human development indices (HDIs).

## ■ Their Dominant Needs

A comprehensive survey was undertaken in 2015-16 to re-evaluate the socio-economic profile of our

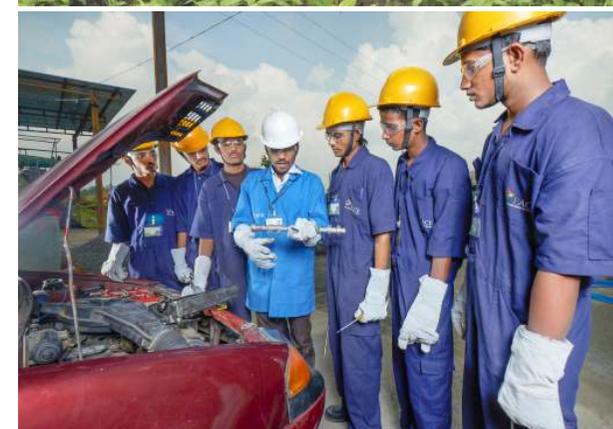
stakeholders and their development challenges. Subsequently, with the addition of new factory locations, 10 more clusters were added to the original 103 taking the total number to 113 clusters comprising 1086 villages/wards (previously 902). This forms the core operational geographies for the Company's Social Investments Programme.

These assessments gave a clear indication of the changing nature of development challenges confronting its stakeholder communities:

- While people aspire for improvements in the quality of their lives, the more urgent concern is for their children to grow into healthy, educated and skilled resources to enable participation in the employment markets of tomorrow.
- Poverty is a challenge in the core areas requiring focus on the poor, the marginalised and women-headed households.
- Farming is the mainstay of rural households, which, being dominated by small holder agriculture, necessitates building resilience to climate change through adoption of sustainable nature-based solutions.
- Like the rest of India, more than half of agriculture in ITC's core area is rain-fed, calling for the development of water resources as a key priority area.
- Off-farm opportunities are restricted, demanding focus on reduction in youth unemployment, maximising enrolment, minimising dropouts and significantly improving the quality of learning in primary schools.

## ■ MSK's Response: 2-Horizons Approach

From the comprehensive survey conducted in 2015-16 it is clear that ITC's stakeholders are confronted with multiple, but inter-related, issues at the core of which are the twin challenges of securing sustainable livelihoods today and tomorrow. The findings thus validated the 2 horizons strategy put in place a few years earlier, comprising an integrated response to development.

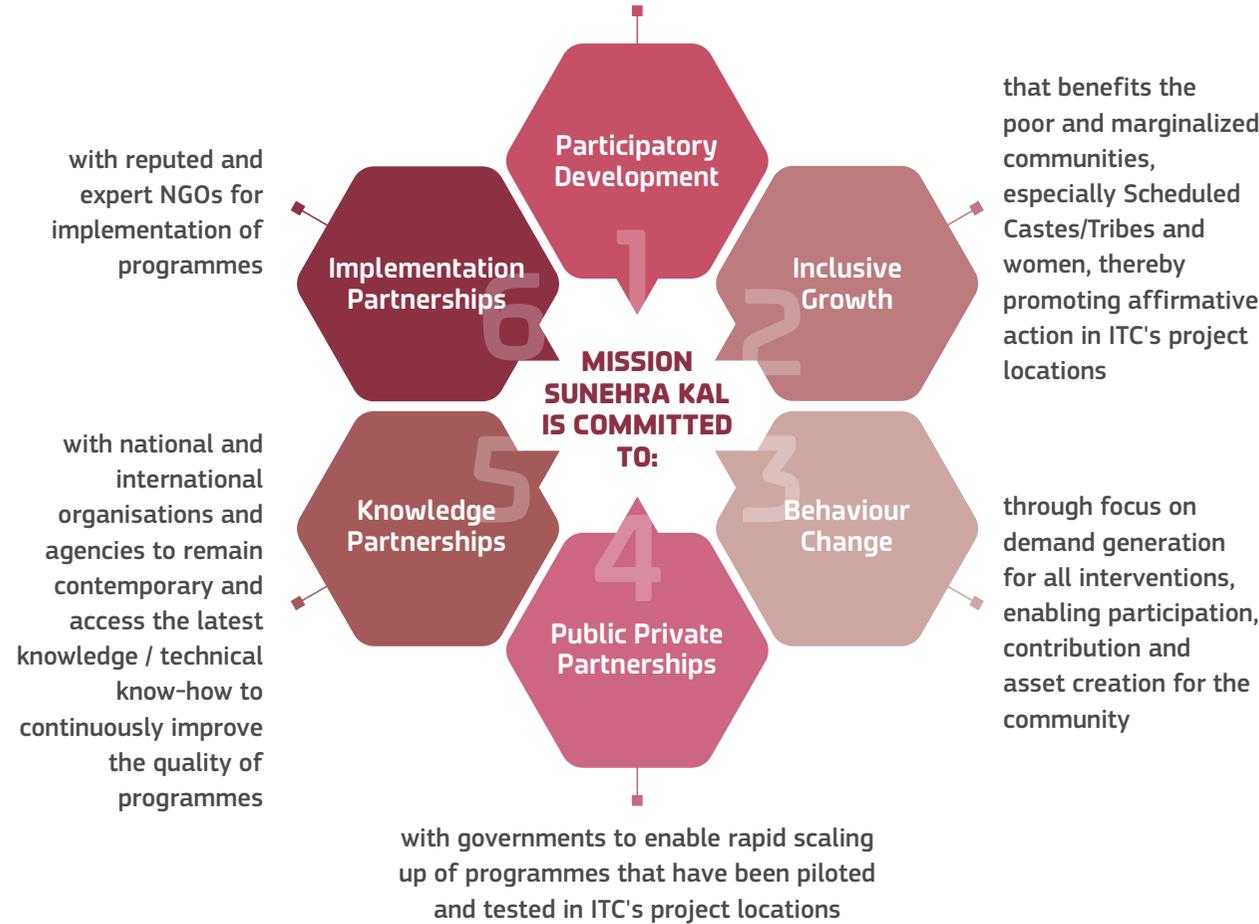


Horizon	Objective	Initiatives & Interventions
<b>HORIZON 1</b> <b>Strengthen today's dominant source(s) of livelihoods</b>	Build resilience, reduce costs and risks, and improve returns from the current portfolio of economic activities	On farm: Sustainable management of natural capital and farms to strengthen agriculture 
		Off-farm: Create non-farm livelihood opportunities, especially for women 
<b>HORIZON 2</b> <b>Create capabilities for tomorrow</b>	Improve habitats to reduce morbidity and ensure a healthy community 	Invest in public hygiene facilities 
	Enable the youth to develop skills for gainful employment 	Focus on quality learning in schools 
		Promote skills aligned to market demand 

ITC's Two-Horizon Approach

## Sustainable Processes

based on empowered grassroots institutions to enable communities to independently manage their resources and become change agents without having to depend on external agencies



## Long-term Vision - Creation of Adarsh Habitations

### Targets & Timelines

Based on the 2 horizon strategy, a number of interventions have been designed to achieve the Company's ambition to create Adarsh Habitations – where people have access to sustainable livelihoods or are ready for the job markets of tomorrow. Each objective has its own measurable indices to achieve the desired goals.

These are detailed in Table 1 along with the estimated time it would take to achieve these targets.



**Table 1: Performance against 2030 Targets for ITC's Mission Sunehra Kal and alignment with SDGs – Horizon 1 and Horizon 2**

Objective	Initiatives	Unit	Target 2030	Achieved till 19-20	Balance to Achieve	Timeline* (years)
<b>HORIZON 1 - SUSTAINABLE LIVELIHOODS TODAY</b>						
De-risk poor rural households by diversifying farm portfolios through the promotion of tree-based farming	Social Forestry	Acres	6,30,000	<b>3,64,240</b>	2,65,760	11
Integrate diverse elements of the rural portfolio of initiatives into a Climate Smart Village approach	Sustainable Agriculture*	Acres	30,00,000	<b>5,67,737</b>	24,32,263	11
Ensure water security for all stakeholders through watershed development & managed aquifer recharge	Watershed Area	Acres	22,00,000	<b>11,33,703</b>	10,66,297	11
	Water Harvesting Structures	Nos.	50,000	<b>18,985</b>	31,015	11
	Storage Potential	Million KL	60.00	<b>38.16</b>	21.84	11
	Biodiversity Conservation	Acres	1,00,000	<b>17,456</b>	82,544	11
Actively promote non-farm livelihood opportunities to diversify income portfolios of poor households	Women Covered	Nos.	1,50,000	<b>72,402</b>	77,598	11
<b>HORIZON 2 - CREATING CAPABILITIES FOR TOMORROW</b>						
Ensure that every child is in school and learning well through improvement in pedagogy and the learning environment	Children Covered	Nos.	13,00,000	<b>7,75,013</b>	5,24,987	11
	Schools Covered	Nos.	4,000	<b>1,842</b>	2,158	11
Align skills training to market demand to maximise employment of youth from ITC's core areas	Youth Enrolled	Nos.	2,82,000	<b>81,510</b>	2,00,490	11
Reduce morbidity, especially amongst women and children, by promoting a clean and healthy environment	Toilets Constructed	Nos.	40,000*	<b>37,594</b>	2,406	11
	SWM - Households Covered	Nos.	6,00,000	<b>3,13,228</b>	2,86,772	11

\* Figures on sustainable agriculture area pertains to FY 2019-20 | \* Excluding the farm forestry programme under the Paperboards and Specialty Papers Division  
# In view of 97% of project areas being declared Open Defecation Free (ODF) by the Government, the target has been revised.

## Outcome Indicators

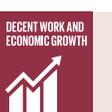
Investing in such a holistic manner will establish enabling conditions for the emergence of “Adarsh” habitations (Table 2), with indicators aligned to national priorities and several Sustainable Development Goals (SDGs) (Table 3), whether in the area of protection of natural resources or the development of human capabilities.



**Table 2: Outcome Indicators for “Adarsh” Habitations**

Outcomes for “Adarsh” Habitation	Indicator	Benchmark
<b>Sustainable agriculture</b>	Soil organic carbon (SOC)	0.75 – 1 %
<b>Water security</b>	Ground water recharge	From “semi-critical”/”critical”/”over-exploited” to “safe” category
<b>Fuel &amp; fodder security</b>	Area under biomass (forest or tree cover)	33% of total geographical area
<b>Women economic empowerment</b>	Financial and social inclusion of women	100%
<b>Inclusive and equitable quality primary education for all</b>	Learning Outcomes	At par with best state as per the ASER Survey
<b>Improvement in health status</b>	Maternal Mortality Ratio (MMR)	National SDG goal – 109*
	Infant Mortality Ratio (IMR)	National SDG goal – 27**
<b>End to extreme poverty &amp; hunger</b>	Under-weight children	National SDG goal – 26%

**Table 3: Alignment to National Priorities and SDG Goals**

Themes	Government Schemes	SDG Linkage
 <b>SOCIAL FORESTRY</b>	National Agro-forestry Policy, 2014	 
 <b>WATER STEWARDSHIP</b>	Jal Shakti Abhiyan Pradhan Mantri Krishi Sinchai Yojana	  
 <b>CLIMATE SMART AGRICULTURE</b>	National Mission for Sustainable Agriculture (NMSA)	   
 <b>INTEGRATED ANIMAL HUSBANDRY</b>	National Livestock Mission (NLM)	  
 <b>WOMEN EMPOWERMENT</b>	Support to Training and Employment Programme for Women (STEP)	   
 <b>PRIMARY EDUCATION</b>	Sarva Shiksha Abhiyan	 
 <b>VOCATIONAL TRAINING</b>	Pradhan Mantri Kaushal Vikas Yojana (PMKVY)	 
 <b>SANITATION AND SOLID WASTE MANAGEMENT</b>	Swachh Bharat Mission (SBM)	  
 <b>MOTHER AND CHILD HEALTH (MCH)</b>	Integrated Child Development Services (ICDS), Pradhan Mantri Surakshit Matritva Abhiyan (PMSMA)	

## Enduring Partnerships for Development

At the core of Mission Sunehra Kal programmes is the commitment to create enduring partnerships with relevant stakeholders to drive sustainable processes, remain contemporary and ensure scale.

### Empowered Grassroots Institutions

Community participation is at the core of MSK's development model. All activities are undertaken through community-based organisations (CBOs) formed especially for the purpose of the project and supported with training and capacity building (Table 4). Community contribution – both financial and in kind – is a key element, which, combined with a participatory approach, generates high ownership levels, fundamental to long-term sustainability. The aim is to form empowered CBOs that can function autonomously, enabling communities to independently shape their destiny.

### Government Partnerships

Partnerships with governments enable rapid scale-up of programmes that have been piloted and tested in ITC's project locations. Cumulatively, MSK has signed 77 MoUs (Table 5) with several state governments and NABARD. Of these, 16 partnership agreements were signed with various state governments during 2019-20.

**Table 4: Grass-roots Institutions**

Intervention	Institution	Nos.	Members	Corpus Fund (Lakhs)
<b>Watershed</b>	Water User Groups (WUGs)	3,074	52,471	122
<b>Social Forestry</b>	Vanikaran Sanghas (VSs)	1,788	43,272	183
<b>Agriculture</b>	Agri-business Centres (ABCs)	353	11,192	321
<b>Women</b>	Self-Help Groups (SHGs)	3,893	45,478	1,326
<b>Education</b>	School Management Committees (SMC)	680	4,080	-
		<b>9,788</b>	<b>1,56,493</b>	<b>1,952</b>



**Table 5: Total Number of Government Partnerships to Date**

Theme	State	Department / Programme	No of MoUs
<b>Agriculture</b>	Karnataka, Rajasthan, Maharashtra, Bihar, MP, Assam, Jharkhand, Uttar Pradesh, Odisha	NABARD Tribal Development Fund (TDF), MGNREGS, NITI Aayog	4
<b>Education</b>	Karnataka, Assam, West Bengal	Department of State Education Research and Training	3
<b>Livestock</b>	Andhra Pradesh, Madhya Pradesh	Livestock Development Agency (APLDA), NABARD Farmer's Technology Transfer Fund (FTTF)	2
<b>Sanitation</b>	Rajasthan, Punjab, Uttar Pradesh, Uttarakhand	District drinking Water and Sanitation departments	4
<b>Solid Waste</b>	Uttar Pradesh, Andhra Pradesh, Tamil Nadu, Karnataka, Punjab, Maharashtra, Bihar, Uttarakhand, Telangana	Saharanpur Municipal Corporation, Guntur Municipal Corporation, Guntur Zila Parishad, Coimbatore - Karamadai Panchayat, Greater Chennai Corporation, Zila Panchayat-Mysuru; Municipal Council of Kapurthala; Zila Parishad, Ranjangaon, Nagar Palika Parishad (NPP), Shivalik Nagar, Haridwar; Urban Development, UP; District Panchayat Office (DPO), TS; Hindu Religious and Charitable Endowments (HR&CE) Department of Government of Tamil Nadu	13
<b>Vocational Training</b>	Madhya Pradesh, Andhra Pradesh	NABARD	2
<b>Water Stewardship</b>	Madhya Pradesh, Andhra Pradesh, Maharashtra, Rajasthan, Bihar, Telangana	Mukhyamantri Jal Swabhalamban Abhiyan (MJSA), MGNREGA, IWMP, NABARD, Water Resurces Department (WRD), Government of Maharashtra	42
<b>Women Empowerment</b>	Madhya Pradesh, Maharashtra, Bihar, Rajasthan	State Rural Livelihood Mission & Crisil Foundation	4
<b>Biodiversity</b>	Maharashtra, Rajasthan, Telangana	Forest Department, Govt. of Maharashtra and Telangana; Wasteland & Pastureland Development Board (WPDB), Govt. of Rajasthan	3
<b>Total</b>			<b>77</b>

As a result of these partnerships, the Social Investments Programme was able to raise a total of Rs 27 cr by way of local contributions and external funds for almost all the important interventions across all projects (Table 6):

**Table 6: External Funds Raised, 2019-20 (Lakhs)**

Community Contribution	External Sources	Total
2,008	692	<b>2,700</b>

## Knowledge Partnerships

### ■ CGIAR - 'Climate Smart Villages' (CSV)

The partnership aims to improve the resilience of MSK operational villages in Madhya Pradesh, Maharashtra and Rajasthan to prepare farmers to confront climate change related challenges.

During FY 2019-20, farmers from 809 villages of the 3 states were covered under the CSV initiative.

Climate Smart Agriculture practices, finalised through participatory processes, were rolled out for seven major crops - soya, paddy, wheat, sugarcane, onion, mango and gram - in these states.

### ■ International Union for Conservation of Nature (IUCN)

This partnership, in Munger (Bihar) aims to identify and revive key ecosystem services provided by nature through biodiversity conservation measures. Three different landscapes ('Agriscapes') have been identified and work is underway based on the action plan developed by IUCN.

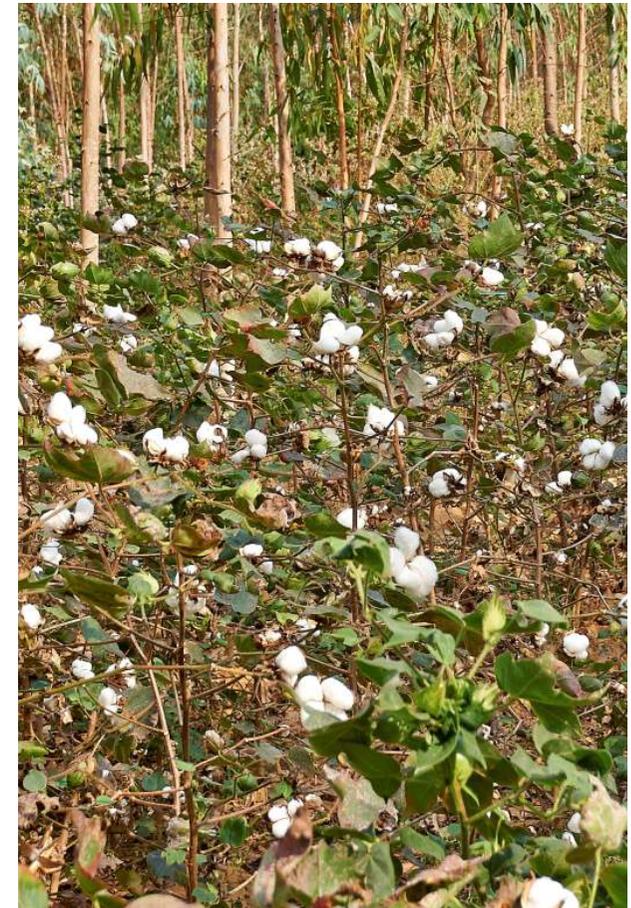
Interventions include creation of fuelwood and fodder sources for villages within the forest fringe area to bring down dependence on forests, native species plantation along Ahar & Pyne banks to ensure long life of the system, and promotion of sustainable agriculture and multi-tier native species plantations on fields adjacent to the Ganga river to minimise flood related damage

### ■ World Wide Fund (WWF) for Nature India

The two partnerships with WWF India were successfully completed during the year.

- Water budgeting and water risks analysis for the Bhavani river basin in Coimbatore (Tamil Nadu). The WWF study concluded that the basin is under water stress with demand on water increasing day by day due to the changing cropping patterns and Coimbatore town's drinking water requirement. It recommended managed aquifer recharge, demand side management in banana and coconut crops and improvement of forest cover as major interventions.

- The Better Cotton Initiative (BCI) in Telangana: Over 9,400 cotton growing farmers were trained in sustainable cotton cultivation as per BCI principles and they practiced it in about 12,000 acres of cotton, cultivated along with agroforestry plantations. These practices are aimed at decreasing cultivation costs and improving productivity along with improvement in tree productivity in agroforestry plantations. All the farmers are registered for BCI certification.



## ■ Collaborations with Agricultural Institutes

Formal collaborations which were signed last year are active with the Tamil Nadu Agricultural University (TNAU) and Vasant Dada Sugarcane Institute (VSI) to build capacities of ITC, partner NGO teams and farmers in sustainable agriculture and agricultural water-use efficiency in banana, coconut and sugarcane, the major crops of the area.

## ■ International Water Management Institute (IWMI)

This partnership aims to develop standard templates for the implementation of drought-proofing and unit water security programmes based on evidence provided by ITC's water stewardship projects.

## Implementation Partnerships

**MSK has forged strong partnerships with 83 NGOs, which include both thematic experts and grassroots NGOs, for the execution of 156 projects pan-India.**

These NGOs are identified after an operational and financial due diligence process. Whilst the agreements are renewed annually, the partnerships tend to be long term, enabling a deep understanding of the contextual realities and ITC's systems & processes by the partners, leading to effective delivery of desired outcomes.

A process of structured "dialogue" with NGO partners is in place for pulse check and also for feedback and forward planning. In most thematic interventions, there is more than one partner in place to ensure there is no risk to the project in case of any untimely closure of the partnership.

## Interventions in High Priority Areas

The projects promoted under the Social Investments Programme are spread over 254 districts in 27 states/Union Territories.

## Horizon I: Sustainable Livelihoods Today

### ■ Social Forestry

The programme focuses on creating commercially viable land use options for smallholder farmers through tree-based farming to diversify incomes from land while fostering food, fodder and fuelwood security.

The programme is closely aligned to the 'National Agroforestry Policy, 2014', which emphasises improvement in productivity; employment, income and livelihood opportunities, especially for the smallholder farmers, through agroforestry.

Launched in 2001-02, the programme has covered over 2.27 lakh acres under pulpwood plantations, over 1.35 lakh acres under energy plantation and 894 acres of bamboo plantations (Table 7).

**Till date, the Farm and Social Forestry programmes together have greened over 8 lakh acres, generating 147 million person-days of employment.**



During the year, 0.43 lakh MT of wood was harvested (Table 8), of which 53% (20,942 MT) was Forest Stewardship Certified (FSC®) wood, which benefited farmers in terms of premium payment. The total wealth generation due to wood harvest in the year is to the tune of Rs 9.19 crore for poor and marginal farmers.

Agro Forestry continued to be given emphasis, accounting for 89% of area under eucalyptus. Given the sizeable area under agro-forestry, and to drive improvement in farm economics from intercropping, ITC continued its efforts to improve productivity of intercropping cultivated along with trees.

**Table 7: Social Forestry**

Activity	2018-19	2019-20	Cum to 2019-20
<b>Coverage</b>			
No. of new villages	90	205	5,292
No. of new beneficiaries	12,325	14,632	1,36,189
<b>Plantation Area (acres)</b>	33,982	35,193	3,64,240
<b>Saplings Planted (Lakhs)</b>	636	813	7,579
<b>Agro Forestry Area (acres)</b>	10,379	4,359	1,16,677

**Table 8: Wood Harvest**

Description	2018-19	2019-20
Area (Acres)	5,935	1,922
Farmers (No.)	1,762	417
Volume harvested (MT)	1,08,858	43,427
Total Income (₹ Lakhs)	3,282	919
Earnings/Household (₹)	1,86,268	2,20,392
Earnings/acre (₹)	55,297	47,805

## ■ Sustainable Agriculture

The primary objective of the Sustainable Agriculture programme is to de-risk farming operations from erratic weather events and improve profitability of agriculture by creating an ecosystem of services comprising:

- 1. Capacity building and knowledge dissemination;**
- 2. Restoration and replenishment of natural resources that are crucial for agriculture – water, soil and biodiversity; and**
- 3. Institutional support through farmer groups – Agri Business Centres (ABCs) - for collective action.**

The programme is closely aligned to the National Mission for Sustainable Agriculture (NMSA), which aims to make agriculture productive, sustainable, remunerative and climate resilient.

ITC e-Choupals are designed to deliver enhanced value to the participants in the value chain by leveraging the power of information technology. Village Internet-kiosks managed by lead farmers, or “sanchalaks”, facilitate information access to other farmers in their local language. It provides real-time information on weather and market prices, customised knowledge on scientific farm practices and risk management.



Such crucial information and inputs help farmers take informed decisions, align their farm output with market demand and ensure higher quality and productivity. By aggregating demand for farm inputs from individual farmers, e-Choupal gives them access to high quality inputs from established manufacturers at fair prices.

Launched in June 2000, ITC e-Choupal is the largest initiative among internet-based interventions in rural India. Its services reach more than 4 million farmers in over 35,000 villages through 6,100 kiosks spread across 12 states. 2,079 Choupal Pradarshan Khets (CPK) complemented the e-Choupals to disseminate appropriate agri-practices to 90,000 farmers covering 1.70 lakh acres.

4,786 Farmer Field Schools (FFS) and 57,447 demonstration plots disseminated scientific and technological best practices to over 2.46 lakh farmers during the year. 353 Agri Business Centres (ABCs) continued to give extension services (Table 9), promoted advanced agri- practices, arranged agri-credit linkages and established collective input procurement and agricultural equipment on hire, impacting over 1.94 lakh farmers. Towards ITC's long-term objective of improving soil organic carbon, 5,572 compost units were constructed during the year, taking the cumulative total to 45,966.

To increase participation of women in agriculture, ITC trained them in agri-related skills through 935

exclusive women FFS and promoted 269 enterprises owned and managed by women. Women-run Agri Business Centres (ABCs) hired out agri equipment, undertook seed production and established nurseries.

In addition, major agriculture practices have been institutionalised in several states to reduce water use and cultivation costs, and improve productivity (Table 10) to make agriculture more sustainable and climate resilient.

ITC e-Choupal services reach more than

**4 million+**  
farmers

**35,000** **6,100**  
villages kiosks

**2,079** **57,447**  
Choupal Pradarshan Khets Demonstration Plots

**4,786** **935**  
Farmer Field Schools (FFS) Women Exclusive FFS

**353**  
Agri Business Centres



**Table-9 Sustainable Agriculture**

Activity	2018-19	2019-20	Cum to 2019-20
<b>Minor Irrigation</b>			
Group Irrigation (Nos.)	247	127	1,237
Sprinklers (Nos.)	1,610	3,306	9,160
<b>Sustainable Agriculture</b>			
Demonstration plots (Nos.)	4,617	8,338	57,447
Compost Units (Nos.)	3,169	5,572	45,966
Farmer Field Schools (Functional Nos.)	3,504	4,786	4,786
Agri Business Centres (Nos.)	351	353	353

**Table 10: Major Sustainable Agricultural Practices Promoted under MSK Programme**

Crops	Practices Promoted	States	Total 2019-20 (figs. in acres)
Wheat	Zero till, Seed Treatment, pre-germ tests, Varietal Intro	Madhya Pradesh, Bihar, Uttar Pradesh, Rajasthan, Maharashtra, Punjab, Uttarakhand & Jharkhand	2,45,667
Rice	Seed Treatment, System of Rice Intensification (SRI), Pre Germination tests, Soil Testing, Direct Seeding of Rice, Varietal Introduction	Madhya Pradesh, Bihar, Uttar Pradesh, Rajasthan, Maharashtra, Punjab & Uttarakhand	45,520
Soya	Broad Bed Furrow, Seed Treatment, Pre Germination tests, Soil Testing, Varietal Introduction	Madhya Pradesh, Rajasthan, Maharashtra	64,011
Cash crops	Soil Testing, Mulching with Ring Bunds, Drip, Organic Practices, Water efficient system, Varietal Intro, Seed Treatment, Soil Testing	Uttar Pradesh, Andhra Pradesh, Tamil Nadu, Maharashtra, Telangana, Odisha, Uttarakhand	33,649
Horticulture	Organic plantation promotion, Water efficient system, productivity enhancement	Uttar Pradesh, Andhra Pradesh, Karnataka, Maharashtra, Gujarat, Telangana	18,142
Other Crops: Vegetables, Oil seeds, Maize, Bajra, Pulses	Broad Bed Furrow, Seed Treatment, Pre Germination tests, Soil Testing, Varietal Introduction, Paddy stubble management, Seed Treatment, MCP, RBP Line sowing	Maharashtra, Rajasthan, Jharkhand, Karnataka, Bihar, Andhra Pradesh	1,60,746
<b>Total (acres)</b>			<b>5,67,735</b>

ITC has successfully partnered with 2 state governments (Andhra Pradesh and Karnataka) in introducing the Food Safe Chilli Production' system covering 2,800 acres in 28 villages, benefiting 1,100 small farmers. The project focusses on deploying sustainable agricultural practices and on developing infrastructure in villages.

In collaboration with the Andhra Pradesh government, ITC has also established an "Integrated Agri Extension Platform" for chilli farm value chain development covering 40 villages and 12,000 acres benefitting 4,000 farmers. The project leveraged various digital and direct means to guide farmers on the adoption of good agriculture practices in chilli cultivation.



ITC has also joined hands with the Department of Agriculture, Government of Andhra Pradesh, to boost millet farming for 1200 farmers covering 2 districts of Anantapur and Guntur under the 'Millet Value Chain Development' programme.

## Impact Assessment of ITC MSK's Agri-Business Centres (ABCs)

**Objective:** Assess the socio-economic impact of the Agri-Business Centres on small and marginal farmers, and the effectiveness of the ABCs on operational and financial parameters, including the long term sustainability of ABC's.

**Study Locations:** Fourteen districts in four states - Andhra Pradesh, Bihar, Madhya Pradesh and Tamil Nadu.

### Major findings of the study

- On an average, the cost of cultivation for Kharif and Rabi crops was reduced by 17% and 29% respectively, compared to the pre-project situation, mainly due to lowering of input and labour costs. The availability of agri-equipment helped to improve productivity by enabling timely field operations.
- 90% of the respondents were aware that ABCs were functional in their locations, including maintenance of book keeping, fixing of hiring charges and undertaking repair and maintenance of agri-equipment. However, in some locations, some concern on leadership nomination was highlighted by farmers who recommended more transparency.
- Compared to the pre-project situation, significant improvement in input procurement was observed in all the states which, on an average, recorded a reduction in the time taken for procurement (41%), besides a fall in labour requirement (25%) and cost of inputs (13%). Improvements were also observed in the quality of inputs and timely input supply and availability.
- All respondents confirmed to the efficiency of ABCs in driving positive behavioural change towards adoption of sustainable agriculture practices through extensive, informative and regular knowledge dissemination activities. However, no training on animal husbandry, poultry and fishing activities were pointed out as areas that require improvement.

Significant savings were observed in the average cost of agri-equipment hiring, with ABC members saving up to 13% on hiring costs compared to the pre-project status in all districts.

*Study by AFC INDIA LIMITED (formerly Agricultural Finance Corporation Limited)*



## Water Stewardship

This programme champions water stewardship for the stakeholders in ITC's operational areas to promote water security through community-based participation in planning and execution and scientific water-balance assessments. The programme is closely aligned to the 'Pradhan Mantri Krishi Sinchai Yojana' being implemented in mission made by the government.

In the agri-catchments, ITC focusses on drought-proofing agriculture by improving the groundwater status and reducing crop-related demand for water. In factory locations, ITC aims to achieve water security for stakeholders by moving towards positive water balance through interventions in supply and demand side management.

In pursuit of these objectives, ITC collaborates with reputed institutions and thematic expert organisations to improve water use efficiency in agriculture, map recharge zones for aquifer recharging and for water balance estimation. ITC has partnered with organisations such as IWMI, WWF India, ACWADAM, CII, GEOVALE till date for the tasks mentioned above.

The water stewardship programme covered over 1.22 lakh acres (Table 11) in 2019-20, taking the total area to over 11.33 lakh acres spread over 15 states.

**In total, 18,985 water harvesting structures have been constructed, creating fresh water-harvesting potential of 38.16 million kl.**

To manage demand for water, ITC works extensively to promote agronomical practices and micro irrigation techniques that save water in cultivation and help farmers improve their net returns. Currently, practices promoted by ITC have been adopted by farmers in 2.09 lakh acres covering paddy, wheat, sugarcane, onion, banana and coconut crops. These

practices can potentially save around 135.76 million cu m in a year as per various studies.

Public Private Partnership (PPP) projects with various state governments and NABARD have traditionally formed a significant part of the watershed projects implemented by ITC.



In 2019-20, six new MoUs were signed with the:

i) **Water Resource Department, Government of Maharashtra**, to increase water productivity on 2.42 lakh acres in the command area of four irrigation schemes in the districts of Pune, Ahmednagar, Sangli, Satara and Yavatmal;

ii) **Forest Department, Government of Maharashtra**, for the improvement of about 79,000 acres of forest

land through soil & moisture conservation works and fringe area development;

iii) **Government of Rajasthan**, to implement integrated watershed development programme in Pali district under MGNREGA;

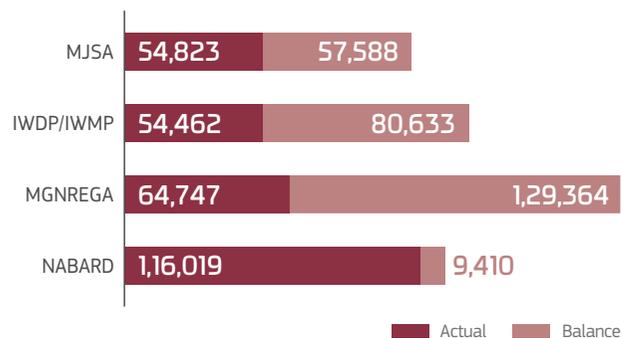
iv) **Wasteland and Pastureland Development Board (WPDB), Government of Rajasthan**, to develop policies and strategies for the regeneration of community wastelands by building and empowering village level committees in 8 districts of Rajasthan covering 2.47 lakh acres;

v) **Government of Telangana under MGNREGA**, to implement a watershed development programme in 25 gram panchayats (GPs) in Suryapet district; and

vi) **Forest Department, Government of Telangana**, to restore 247 acres of degraded forest land in Bhadradi Kothagudem district by improving biomass cover and biodiversity through protection and soil and moisture conservation interventions.

### Progress under Watershed Partnerships

in acres



With this, the total target area under PPP projects in Andhra Pradesh, Madhya Pradesh, Rajasthan and Maharashtra stands at 5.67 lakh acres.

Work on 50% of the area has been completed so far, of which progress in NABARD partnership programmes is 92% as they were the earliest amongst the PPPs signed.

## Impact of Ahar & Pyne Restoration in Munger district, Bihar

**Objective:** Assess the impact of ITC MSK's programme on the revival of the traditional "Ahar and Pyne" irrigation system on agriculture water security.

**Study Locations:** Four blocks and 111 villages in Munger district of Bihar state.

### Major findings of the study

- The intervention improved access to surface water besides recharge of ground water.
- Irrigated area increased due to availability of water in ahars. 26% of area under irrigation increased with the coverage primarily of rainfed and fallow lands.
- While area under paddy increased marginally by 7%, the major expansion was seen for wheat (23%) and green gram (44%) due to availability of water.
- Timely availability of water as per requirement helped to improve crop yields. Average wheat yields more than doubled, rising from 5.5 quintals/acre to 11.33 quintal/acre and was also 38% higher than control population, whose average wheat yield was 8.13 quintals/acre.
- 25% of farmers in the catchment area who depend on groundwater sources benefited due improvement in groundwater availability since the Ahar Pyne system helped to recharge groundwater significantly.
- Income from agriculture increased for 85% farmers due to increase in agricultural area, increase in yields and reduction in the cost of cultivation (mainly related to irrigation).



Study by WASSAN Foundation

**Table 11: Water Stewardship**

Activity	2018-19	2019-20	Cum to 2019-20
<b>Water-harvesting</b>			
Minor Structures (No)	2,543	2,433	14,527
Major Structures (No)	396	513	4,458
<b>Total Structures</b>	<b>2,939</b>	<b>2,946</b>	<b>18,985</b>
<b>Watershed Area</b>			
Area Treated (acres)	97,128	37,407	3,66,868
Critical Irrigation Area (acres)	39,977	84,705	7,66,834
<b>Total Watershed Area (acres)</b>	<b>1,37,105</b>	<b>1,22,112</b>	<b>11,33,703</b>
Water Storage Capacity (million KL)	3.39	3.68	38.16
Direct Beneficiaries (Nos.)	25,744	21,026	3,31,461
Employment person-days (lakhs)	1.62	1.23	59.84

## ■ Integrated Animal Husbandry Programme

The integrated animal husbandry programme provides an opportunity to farmers to diversify their livelihood portfolio, and reduce primary dependence on agriculture by enhancing productivity of milch animals.

It is closely aligned to the 'National Livestock Mission (NLM)', which aims at quantitative and qualitative improvement in livestock production systems and capacity building of all stakeholders. The programme provides extension services in 19 districts of 5 states. The services included breed improvement through

door-step artificial insemination (AI) and fodder propagation and training of farmers to increase their incomes by enhancing milk yield of cattle.

During the year, 1.38 lakh AIs were carried out leading to the birth of 0.56 lakh high yielding progenies (Table 12).

Indigenous breed promotion was given special focus in all project areas to build resilience in livestock-based livelihoods. This matches the national priorities articulated in the National Project for Cattle and Buffalo

Breeding (NPCBB). 63% (87,324) of AIs were done with native breed semen for both cows and buffalos in 2019-20.

**In addition, 70,032 cattle belonging to 40,989 dairy farmers of 484 villages in 8 districts of Bihar and 2 districts of West Bengal were supported through 474 training programmes on clean milk production and mastitis control.**

478 animal health camps were conducted covering over 26,535 animals and nearly 24,567 doses of deworming and vaccination were distributed.



**Table 12: Animal Husbandry Services**

Activity	2017-18	2018-19	2019-20	Cum to 2019-20
CDC Centres (Functional Nos.)	211	156	151	151
<b>Breed Improvement</b>				
No of AIs (lakhs)	2.02	1.46	1.38	25.05
No of pregnancies (lakhs)	1.09	0.75	0.67	12.22
No of calving (lakhs)	0.79	0.62	0.56	8.69
<b>Vaccination &amp; Health (lakhs)</b>				
	1.17	1.26	0.69	10.71

## Women's Economic Empowerment

This initiative is designed to provide a range of gainful entrepreneurial opportunities to poor women, by way of financial assistance in terms of loans and grants. Strong market linkages are encouraged to ensure sustainability.

**This initiative is closely aligned to 'Support to Training and Employment Programme for Women (STEP)' programme of the government, which aims to provide skills that give employability to women.**

**Ultra-Poor Women:** Initiated in 2014, this holistic intervention supports 9,084 ultra-poor women to enable their socio-economic mainstreaming. The programme is operational in 8 districts of Bihar, West Bengal, Madhya Pradesh, Telangana, Rajasthan and Assam and has cumulatively impacted 29,184 women (Table 13). 20,081 women who graduated have shown significant progress in outcome indicators such as financial inclusion, literacy, health, water, sanitation and nutrition, besides income. 75% of the graduated women have tripled their incomes, earning more than Rs. 60,000/- per annum from a base of less than Rs. 18,000/- per annum (Table 14).

**Self-Help Groups (SHGs):** Of a total of 3,893 operational SHGs, 338 SHGs were formed in 2019-20. Together, the SHGs leveraged Rs. 219 lakh from banks and other formal financial sources.

**Financial Inclusion:** Post the signing of the MoU with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) for financial literacy and inclusion of SHG women members, the programme was rolled out in 15 districts during the year, taking the total coverage to 26 districts 1,062 super trainers were trained directly and they in turn, trained 2592 master trainers who cascaded the training to 19,267 SHGs covering 1,94,433 women in 1,703 villages. 98,441 of those trained have been linked to Government social security schemes.



**Table 13: Ultra Poor Women Progress (Nos)**

Beneficiaries	2018-19	2019-20	Cumulative
Women Selected*	8,900	6,484	29,184
Women Trained*	8,900	8,358	28,458
Women Provided Assets*	8,900	7,957	28,057
Women Graduated	3,595	6,286	20,081
<b>Enterprise (Asset distribution)</b>			
On-Farm Assets	1,151	51	6,721
Off-Farm Assets	5,673	4,884	16,671
Mixed	2,076	422	4,665



Note\*: Figures in the first three parameters under "Beneficiaries" include 2,600 women from 2018-19 continuing in 2019-20.

**Table 14: Distribution of graduated women by Income – before and after intervention**

HH income before project (Rs/month)	HH income post Project (Rs/month)					Total Graduated Women
	3,000-4,999	5,000-6,999	7,000-8,999	9,000-10,999	>11,000	
<500	2	30	15		0	47
500-999	2,212	5,947	1,884	240	110	10,393
1000-1500	2,600	4,942	1,178	341	150	9,211
>1500	95	180	95	40	20	430
Total	4,909	11,099	3,172	621	280	20,081

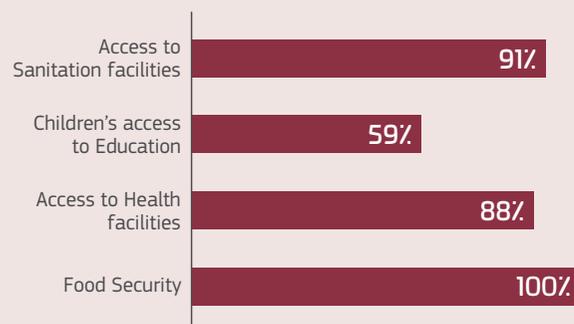
## ■ Helping women escape extreme poverty

The Targeted Hard-core Poor women (THP) programme under ITC MSK has succeeded in social and economic inclusion of the most marginalized ultra-poor women in 7 states of the country. The intervention has so far impacted 29,184 women, of whom 20,081 have graduated till date.

### Findings

- The programme enabled 99.78% of ultra-poor women to achieve sustainable income, thereby graduating out of extreme poverty.
- Monthly incomes increased by 8.13 times of the Mean Income Appreciation and assets growth by 2.91 times the Mean Asset Appreciation post intervention.
- There has been significant improvement in the quality of life of the beneficiaries as is evident from the table below:

### Status of Beneficiaries post intervention



- 72% women are running their microenterprises with increased self-confidence and 78% women reported getting recognition and praise in the communities due to their acquired economic independence. A majority of the women have increased their capacity to spend to meet their family expenditure and to also save and re-invest in their businesses.
- The programme provides opportunities to beneficiaries to leverage resources from Government schemes. 88.54% of beneficiaries were part of SHGs. Among them, 96.41% joined a SHG after becoming a part of the programme. 99.85% beneficiaries had a bank account. Of this, 82.83% opened bank accounts after the implementation of the programme, underlining increased economic activity and higher income as a result of the programme.
- Currently, 98.52% women are handling bank accounts independently and 99% are taking business related decisions independently. They mentioned that hard work, perception of benefits, individual calibre, personality traits and high levels of aspirations for better life and livelihood are the success factors that lead to sustainable livelihood.

## Horizon II - Creating Capabilities for Tomorrow

### ■ Primary Education

This programme is designed to provide children from weaker sections access to education with a focus on learning outcomes and retention. The intervention is closely aligned to 'Sarva Shiksha Abhiyan', which provides a variety of interventions for universal access and retention, bridging of gender and social category gaps in elementary education and improving the quality of learning.

**Operational in 26 districts of 13 states, the programme covered 0.84 lakh children in 2019-20 (Table 15). Of this, the Read India Plus programme covered 25,143 children and continued to bring about significant improvements in the learning levels of children in reading, number recognition and basic maths operations.**

In partnerships with the education departments of Karnataka, Assam and West Bengal to train government school teachers, 225 government officials and 2,876 government school teachers were trained and 58,988 children were covered through child-friendly pedagogy.

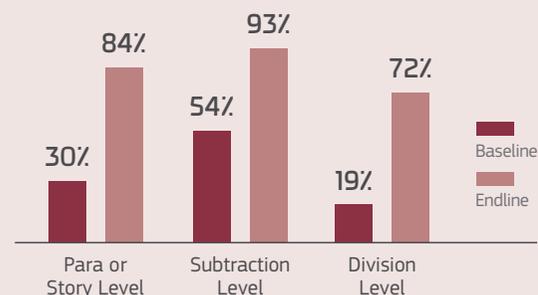
Infrastructure Support and Maintenance: Improvement in infrastructure at identified government primary schools/ anganwadis is an important feature of the programme.

## Are Primary School-goers in ITC's Projects Learning Well?

### Impact of Read India Plus Programme

The Read India Programme has shown significant improvement on children's enrolment and basic learning levels for each project district across India. The graph below highlights the performance of children on some key parameters:

#### ITC Programme - Learning Level for Primary (2019-20)



Pratham project data, 2019-20

It aims to create an attractive and enabling learning environment through child friendly schools. 273 primary schools/anganwadis were provided infrastructure support in 2019-20, taking the total number to 1,842 schools.

The programme strengthened 680 School Management Committees (SMCs) to enable participation, ownership and involvement in the maintenance of school infrastructure provided by the Company. In several schools, contributions for operations and maintenance of infrastructure/ sanitation facilities, creation of soap banks, capacity building of head masters, teachers and child cabinet members have also been initiated. In addition, 644 child cabinets were formed and strengthened in all project locations to drive cleanliness and hygienic practices in the schools.



Table 15: Primary Education

Activity	2017-18	2018-19	2019-20	Cum to 2019-20
<b>Education</b>				
Govt Schools Infra support (Nos.)	162	199	273	1,842
Children covered (lakhs)	0.45	1.15	0.84	7.75

## Vocational Training

The programme focuses on providing market relevant skills to make potential job seekers industry-ready and employable. The programme is closely aligned to the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), which aims to help Indian youth take up industry-relevant skill training to secure better livelihoods. The programme is being implemented around ITC's factories and agribusiness catchments in 34 districts of 17 states and has covered 81,510 young people in total. 34% of the youth were from the SC/ST communities and 44% were female students in FY 2019-20 (Table 16).

The programme offered courses in 8 skills with the most sought after being hospitality, electrical, computer skills and bedside assistance. 73% of the students trained in 2019-20 have been placed so far with salaries ranging from ₹6,000/- to ₹18,000/- per month. The quality of placement has been superior in hospitality, electrical and bedside assistance courses.

**Another programme, focused on marketing skills, covered 850 young people and aimed to open up opportunities for entrepreneurial development.**

The Company continues to work with the Welcomgroup Graduate School of Hotel Administration (WGSHA) together with Dr TMA Pai Foundation to cater to the ever growing need for professionally trained human resources personnel in the hospitality industry. That apart since the inception of ITC Culinary Skills Training Centre, Chhindwara, in 2014, 143 trainee chefs have successfully completed the 6-months programme under which cooking skills are imparted to youth from the lower economic strata.



**Table 16: Vocational Training**

Activity	2017-18	2018-19	2019-20	Cum to 2019-20
Students Enrolled	11,619	12,172	14,014	81,510
Students Trained	10,584	10,550	12,156	64,459
Students Placed	7,428	7,315	8,865	42,621

## Public Health

### Individual Household Toilets

The objective of the programme is to promote a hygienic environment through prevention of open defecation and reduction in the incidence of water-borne diseases. The intervention is aligned to the 'Swachh Bharat Mission (SBM)', which takes a holistic approach to sanitation, including construction of toilets, street cleaning, waste minimizing and behavioural change.

ITC has promoted toilets on a cost sharing basis, coupled with high impact awareness campaigns, to enhance ownership and impart behavioural change. During the year, 1,597 individual household toilets were constructed (Table 17) in 28 districts of 15 states in collaboration with Swachh Bharat Abhiyan, the government's flagship programme. As a result of these efforts, by March 2019, 553 of the project villages/wards (97%) were declared ODF by the government.

To cover poor households without land for toilets, 19 community toilets were constructed in 2019-20 in Munger and Kidderpore catchments with Operations & Management being managed through funds generated by the community. In total, 81 community toilets had been constructed till March, 2020, benefitting over 36,000 people.



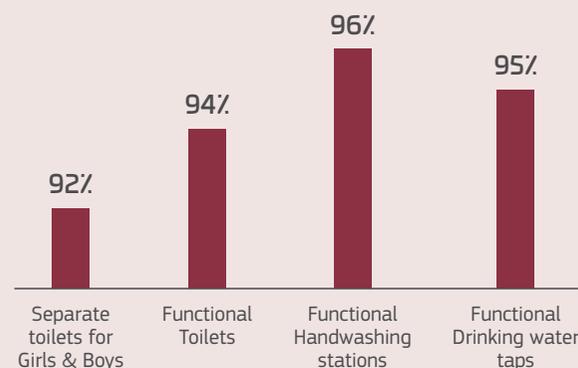
**Table 17: Household Toilets**

Activity	2018-19	2019-20	Cum to 2019-20
Individual Household Toilets (IHHT) (Including Convergence)	4,443	1,597	37,513

## Ensuring availability and maintenance of School Water, Sanitation & Hygiene infrastructure

An impact assessment of school Infrastructure and Water, Sanitation and Hygiene (WASH) practices in 11 states highlights progress in WASH infrastructure development and regular maintenance of infrastructure available. A significant improvement in Knowledge, Attitude and Practice (KAP) among the students engaged in the programme was observed.

### Status of ITC WASH Schools



### The Study highlights

- Increase in toilets per school from 1.9 to 3.6 and urinals from 2 to 3.7.
- 95% of the schools surveyed had a system in place for cleaning toilets with 66% doing it daily.
- 95% of the schools had soaps available with 76% of the schools offering soaps at every washing point.
- 78% of students were aware of 6 the hand-washing steps
- Incidence of water borne diseases among the students and immediate families reduced by half.
- Improved WASH facilities and awareness on health & hygiene had a positive impact on school enrolment and reduced the drop-out rate.
- The project had been successful in increasing girls' participation in schools and enhancing awareness on menstrual hygiene practices.

*Impact Assessment Study by Sacit Research & Consulting*

## Potable water

To make hygienic and healthy water available to local communities in 4 districts of Andhra Pradesh and Telangana, 15 new RO plants were established in 2019-20, taking the total to 142 plants providing safe drinking water to over 1.75 lakh rural people. The beneficiaries pay for the water, making it a financially viable model that generates resources to run and maintain the plant.

## Hygienic practices

The “Swasth India Mission” school contact programme leveraged a mix of audio-visual aids, games and practical training to encourage healthy hygiene habits among children.

**Nearly, 14.86 lakh children from around 5,124 schools in 49 cities in 11 states were covered during the year. Since the outbreak of COVID-19, "Swasth India Mission" has been increasing awareness about the necessary measures that reduce the spread of coronavirus.**

An awareness programme was carried out on hand hygiene best practices through mass media to spread this message. This was also supported by public interest campaigns in the print and digital platforms.

## Health

The Company continued to enhance awareness and access to various health information and products through the Swasthya Choupal. Under this programme, 430 rural women micro-health entrepreneurs called Village Health Champions (VHC) reached out to 3.04 lakh women, adolescent girls and school children in more than 650 villages. This programme is operational in 7 districts of Uttar Pradesh and 3 districts of Madhya Pradesh.

**72,580 beneficiaries were covered under the Mother and Child Health initiative, through 5,883 awareness camps aimed to improve the health-nutrition status of women, adolescents and children.**

It was done by strengthening institutional capacity, promoting greater convergence with existing government schemes and by improving access to basic services on maternal, child, and adolescent health, nutrition and child protection.



## Solid Waste Management

Waste Recycling Programme: 'WOW – Well Being Out of Waste' promotes a clean and green environment through source segregation and recycling of dry waste. During the year, the programme continued to be executed in Coimbatore, Chennai, Bengaluru, Mysuru, Chikmagalur, Delhi, Muzaffarpur (Bihar), and many districts of Telangana and Andhra Pradesh. It was expanded to Kochi and Tiruppur during the year. The quantum of dry waste collected during the year was about 74,300 MT from 786 wards.



**The programme has covered over 31.45 lakh households, 52 lakh school children and around 2,000 corporates since its inception. It creates a source of sustainable livelihood for over 16,200 waste collectors by facilitating an effective collection system in collaboration with municipal corporations.**

The intervention has also created over 189 social entrepreneurs who are involved in maximising value-capture from dry waste collection.

**Solid Waste Management (SWM):** The primary focus of the programme remains on-source segregation and minimizing waste to landfills. The projects are operational in 16 districts of 11 states - Andhra Pradesh, Bihar, Maharashtra, Punjab, Tamil Nadu, Karnataka, Uttar Pradesh, Uttarakhand+, Telangana, Rajasthan and West Bengal.

During the year, 7 MoUs were signed to implement the decentralized SWM model with the

1. Guntur Zila Parishad in Andhra Pradesh, to build the capacity of gram panchayats and cover 1,200 villages, impacting over 7 lakh households;
2. Munger Municipal Corporation to replicate the model across 45 wards and 33,000 households;
3. Zila Parishad, Pune to implement it in two villages of the Shirur block;
4. District Panchayat Office, Bhadradi Kothagudem, Telangana, to cascade it to 479 villages and 2.75 lakh households;
5. Government of UP for cascading it to all 652 urban local bodies of UP;
6. Shivalik Nagar Palika Parishad, Haridwar to cover 28,000 households of Shivaliknagar; and
7. Hindu Religious and Charitable Endowments (HR&CE) Department, Government of Tamil Nadu, to cascade the Green Temple model by training government officials across Tamil Nadu. The partnership will cover 6,831 temples in Chennai, Trichy and Madurai in Phase 1, and subsequently amplify to over 36,000 temples under control of HR&CE in Tamil Nadu.

The projects together covered 3.13 lakh households and handled 22,757 MT of waste during the year.

The focus on decentralised community owned waste management continued with the formation of household clusters (Mohalla Committees (MC) - Chart 2) and home composting to push waste management closer to the generator to minimise the environmental impact and associated costs. Currently, 20,635 households are engaged in home composting and 77% (2.42 lakh households) of the total households are practicing source segregation.

**Only 15% of the total waste, which is non-recyclable, was dumped in landfills.**



**The projects earned Rs 546 lakh during the year as revenue from household levy, sale of compost and recyclables, which went towards meeting part of the administration and overhead costs.**

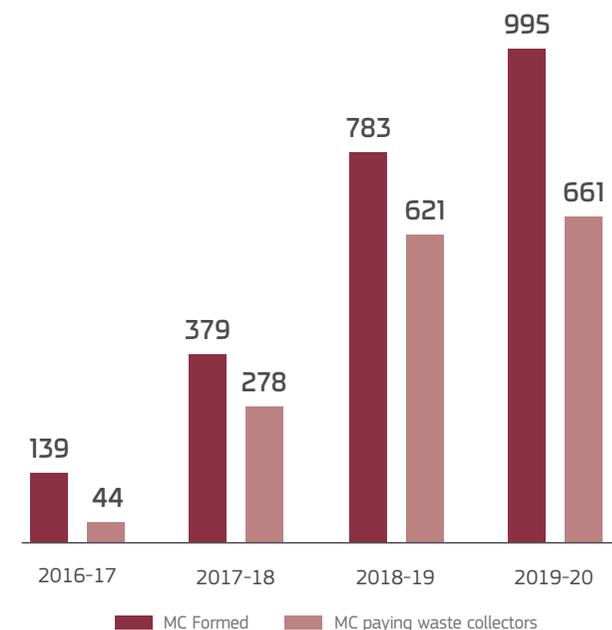


The Green Temple initiative is a closed loop waste management model involving processing of waste generated in temples to provide biogas for the kitchen and compost for its gardens.

During the year, 76 temples across Chennai, Madurai and Trichy in Tamil Nadu, adopted the Green Temple SWM approach, through the hub-and-spoke model and composted their bio-degradable waste. In 2019-20, less than 10% of the total waste generated by these temples reached the landfills.



Chart 2: Community Ownership



# REIMAGINING THE SOCIAL CONTRACT

Making Sustainability Real for  
ITC's Consumers and Employees

**119** Helping Consumers Make  
Sustainable Choices

**125** Workforce of Tomorrow



# Helping Consumers Make Sustainable Choices

## Delivering Future Products Aimed at Health, Hygiene, Immunity and Well-being

COVID-19 has brought about major and rapid changes in consumer behaviour and lifestyles. Given its strong presence in agriculture, branded packaged foods and personal care products, as well as its robust R&D capabilities, ITC is well positioned to deliver products to cater to the hygiene, health, immunity and well-being related needs of consumers. The ITC Life Sciences and Technology Centre (LSTC) in Bengaluru has created long-term research platforms to evolve multi-generation product concepts.

The businesses have worked on strategies to build a new synergistic value chain in nutrition and hygiene, taking advantage of ITC's strong scientific capabilities in genomics, bioinformatics, sensory, material and ingredient sciences. Multiple value propositions have been identified in the areas of functional foods and personal hygiene where work is in progress to develop products to propel future growth. Similar advances in materials chemistry, paper sciences and agronomy are being leveraged to develop compelling propositions to deliver value-added, environmentally friendly packaging solutions to ITC's customers and consumers.

## ITC's Health and Nutrition Portfolio: Products that Not Only 'Taste Good' but Also 'Do Good'

To provide consumers with product choices that not only 'Taste Good' but also 'Do Good', efforts are on to deliver formulations for identified health needs of Indian consumers. These novel formulations were created to offer superior sensory experiences and nutritionally better products keeping in mind the health requirements of Indian consumers. This includes formulating products with lower saturated fat, sodium and sugar, and trans-fat besides offering cholesterol free products. Through such efforts, a number of healthier products are offered to the consumers.

ITC launched Aashirvaad Nature's Super Foods which is made from jowar and ragi, and is rich in vitamins, fibre, proteins and minerals, providing both satiety and nutrition. Its variants include gluten free atta, multi millet atta and ragi flour.



## B Natural

B Natural has pioneered the 'not from concentrate' juices where fruit pulp is used instead of concentrate, providing a more nutritive and a natural experience to the consumer. In addition, the process of concentrating reduces the fruit nutrients, anti-oxidants etc. which is not lost when making juices directly from pulp.

The entire portfolio of juices is crafted from Indian fruits sourced from Indian farmers, and not from concentrate. These juices are also rich in Vitamin C. ITC recently launched B Natural+ Immunity juices in Mixed Fruit and Orange variants with clinically proven immunity boosting credentials.



## Aashirvaad Sugar Release Control Atta

Aashirvaad Sugar Release Control Atta is a blend of quality whole wheat and a natural grain mix including fenugreek (methi) and oats, which renders it rich in protein and fibre. It's a low Glycemic Index (GI) atta which releases its sugar slowly in the body.

## Sunfeast Wonderz Milk

Ready-to-drink milk based beverages, was launched during the year offering delightful taste with the goodness of milk. The Fruit n Milk variant is made with real fruit pulp and has real fruit bits. The Shakes variant, available in the vanilla flavour, is made with natural vanilla extracts, and promises a thick and creamy milkshake experience. The Nut Shakes variant, available in Kesar Badam flavour contains real badam bits. They contain the goodness of protein and calcium.



## Aashirvaad Svasti Milk

ITC launched Aashirvaad Svasti Milk which undergoes a special homogenisation process due to which cream & other nutrients remain uniformly distributed in the milk, making the milk richer, creamier and tastier. In addition, Aashirvaad Svasti Toned Milk was also launched in Kolkata which is a high quality milk processed using a special "Taste Up" process that enhances the overall characteristics of milk including taste, flavour and viscosity or mouthfeel of the milk and improves the quality of end products. It is also fortified with Vitamin A & D.

## Aashirvaad Svasti Curd and Fresh Paneer

During the year, **Aashirvaad Svasti Curd and Fresh Paneer** were also launched, offering superior quality products with great taste, body and texture. ITC's curd and paneer, a good source of protein and calcium, are made from mixed milk, in a specific ratio of buffalo and cow milk, to provide a good sensory experience.

## Aashirvaad Atta with Multigrains

**Aashirvaad Atta with Multigrains** gives the consumer wholesome goodness of six different grains - wheat, soya, channa, oat, maize and psyllium husk. These ingredients add nutrients like proteins, vitamins, minerals and fibre to the consumer's diet. Another variant, **Aashirvaad Fortified Chakki Atta** contain nutrients like iron, folic acid and vitamin B12 that help in meeting the daily micronutrient requirement.



## Sunfeast Farmlite

Sunfeast Farmlite range of biscuits with 0% maida perfectly complements a healthy lifestyle. There is no cholesterol, no trans-fat, and no artificial sweetener, which makes these biscuits truly healthy. Several variants have been introduced to cater to specific consumer needs:

- Active Protein Power biscuit made from Bengal gram is rich in protein, providing consumers a tasty and healthy indulgence.



- Sunfeast Farmlite Digestive High Fibre variant is made from 5 grains like wheat, corn, oats, ragi (millet) and jowar (sorghum), making it one of the biscuits with the highest fibre content in India.
- Sunfeast Farmlite Digestive All Good Biscuit has additional benefits of no added sugar and a low Glycemic Index (GI) which make it suitable for consumers seeking to control sugar intake.

- Sunfeast Milk Biscuits, India's first A2 cow milk biscuit, is enriched with Indian native cow milk, 8 essential vitamins, iron and calcium. Indian native cow milk contains A2 protein which is known to be beneficial for health, especially for growing children.
- Sunfeast Marie Light, Sunfeast Marie Light Oats and the recently launched Sunfeast Marie Light Vita are other such products that come enriched with micronutrients like vitamins and minerals. In addition, Sunfeast Veda Marie biscuits contain the goodness of real ayurvedic ingredients like tulsi, ashwagandha, mulethi and ginger.



## ITC's Hygiene Portfolio

ITC's portfolio of innovative hygiene products includes

Savlon Surface Disinfectant spray



Savlon Hexa Hand Sanitising liquid for quick and persistent action



Savlon Hand Sanitiser at half a rupee in a sachet format



Savlon Germ Protection wipes



Savlon Hexa Advanced soap



Nimyle floor cleaner



Nimwash Vegetables & Fruit Wash Liquid



# 100%

natural action solution made with neem and citrus extracts that assures the effective removal of pesticides and 99.9% germs.

## Responsible Marketing

All businesses/ divisions of ITC have established rigorous systems, standard operating procedures and review mechanisms to identify and comply with applicable laws and regulations concerning marketing communications. In addition to the above, ITC has put in place a dedicated consumer response cell to address consumer queries related to ITC products.

ITC follows standard operating procedures to ensure that its marketing communications are in accordance with applicable statutes as well as voluntary codes adopted by each business. Marketing and advertising communications of all ITC's businesses are vetted by the internal legal team for compliance. Such process compliances are validated periodically by the Internal Audit Department.

ITC's Consumer Goods Businesses adhere to voluntary and legal codes of conduct and follow the ASCI (Advertising Standards Council of India) Code for all marketing communications.

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

The Cigarette 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 is compliant with the stringent regulations, it has to battle illegal and contraband products in the market that circumvent these requirements and cause a loss of more than ₹13,000 crore (as per FICCI estimates) to the exchequer.



## Product Information, Labelling and Consumer Feedback Management

As an organisation committed to high standards of transparency and good governance, ITC's operations comply with the laws of the country. As an integral part of ITC's customer satisfaction philosophy, adequate systems with respect to product information and labelling, and customer engagement have been put in place. Some of the best practices followed at ITC are mentioned below:

### ■ FMCG Products

Consumers are provided with several communication channels like email, telephone number, website address and feedback forms to help them connect with the relevant businesses. Processes are laid down to ensure that consumers are provided with responses on their feedback in a timely manner. For food products, information regarding ingredients and nutrition is published on product packaging in line with relevant statutory requirements.

### ■ Information Technology Business

Formal mechanisms are in place to measure customer experience. The Customer Service Satisfaction Survey is an annual check of the robustness of customer engagement that culminates into the Customer Experience Index. The survey is conducted among chief executives and senior management, and is based on a structured questionnaire customised for the stakeholder. Multiple parameters and business outcomes, including satisfaction, loyalty, advocacy and value for money, are measured. The outcomes and insights from the survey are utilised to drive customer engagement and improve service delivery at the organisation, business unit and account level.

### ■ B2B Businesses

Customer feedback for B2B businesses like Agri Business and Packaging and Printing is obtained through different channels. For example, the Agri-Business conducts pre-season engagement with customers and undertakes client visits while the Divisional Management Committees engage with major customers. The Business also looks at claims due to rejection on grounds of quality as a proxy indicator to measure customer dissatisfaction.

Products sold by the Agri Business on a B2B basis are labelled as per customer requirements on quality, shipping marks or in line with the labelling requirements of the importing country. The Business also provides phytosanitary certificates, surveyor quality and quantity reports as well as chamber of commerce certificates etc., as necessary.

In the Leaf Tobacco Strategic Business Unit, customer concerns are addressed through a robust redressal mechanism which involves preparing a Corrective and Preventive Action (CAPA) report for all queries. These reports are also shared with the customers.

### ■ Hotels Business

The Hotels Business has a well-established system for monitoring guest satisfaction levels across all properties through a proprietary index called WoW Ratio. The three-tiered process followed by ITC Hotels ensures that the guest feedback is not only received but is also addressed in a systematic and satisfactory manner.

#### Reports Analysed

- Scores are generated for the hotel and individual departments
- Scores are compared against the target set

#### Improvements Identified and Implemented

- Data is analysed to identify areas of improvement

#### Monitored and Verified

- Scores are monitored to ensure that corrective action has been effective
- Audits are conducted to check efficacy of the changes

The average WoW Ratio for 2019-20 was

**91.45%** **sustaining the high levels achieved in the past few years**

## Customer Privacy

Data privacy is primarily relevant to ITC's Information Technology Business. Systems and procedures have been established to ensure that there are no instances of non-compliance resulting in a breach of data privacy. The Business has a privacy policy, developed in line with the IT Act, 2000, that covers all aspects of data privacy with respect to sensitive information.

Network architecture and information security controls of the Business, driven by industry best practices, ensure compliance to the privacy policy. The Business has also formulated an Information Management policy catering to IT security aspects of ISO 27001 Information Security Management System (ISMS). The IT operations arm of ITC Infotech Limited is ISO 27001 certified. Documented procedures are available and practised to control physical access to information, e.g. the defined and restricted access rights to IT Room/ Server Room and User Access Management based on ISO 27001 and as agreed upon with customers.

The Business has also put in place measures at various control areas to meet customers' requirements for data security. These include desktop access, server access, network access, operating system, application security, data transfer, penetration testing, etc. Clear guidelines are provided for data backup, retention periods, the media on which backups have to be maintained and storage at remote locations. In addition, stringent risk assessments are carried out to identify vulnerabilities and threats to assets and determine the controls that need to be put in place.

**During the year 2019-20, no complaint related to breach of data privacy or loss of data was received.**



## Compliance

All businesses/divisions of ITC have well established systems, procedures and review mechanisms to identify and comply with the laws and regulations concerning their products and services. ITC has established systems wherein every business and corporate department has to submit a monthly statutory compliance report to the CMC/Board on regulatory, product specific, finance/revenue, personnel, technical/process and environmental statutes, and other applicable laws and regulations. This is done on the basis of updated checklists backed by appropriate monitoring and control systems maintained by each unit/business/corporate function.

**NO** incident of non-compliance was reported in FY 2019-20

## Related Policies

[Policy on Product Responsibility](#)  
[ITC's Food Products Policy](#)



# Workforce of Tomorrow

## ITC's Approach

In this rapidly changing, ambiguous and highly competitive environment, it is ITC's human capital that makes the Company exceptional - both in terms of delivering world-class performance and enhancing its reputation.

ITC's human resource development approach is founded on the belief that inculcating a higher purpose for human endeavour is the basis for a highly committed work-force.

ITC's efforts to create value for its stakeholders through world-class performance that serves a larger societal purpose is a powerful binding force for its employees. In achieving this Vision, the Company's Values of Trusteeship, Customer Focus, Respect for People, Excellence, Innovation and Nation Orientation serve as the bedrock of all thought and action.

## ITC's Focus Areas



**Nurturing Leaders  
of Tomorrow**



**Employee Engagement:  
The ITC Way**



**Upholding  
Human Rights**



**Diversity &  
Equal Opportunity**



**Promoting a  
Culture of Safety**

All of this coalesces into a collective Vitality as evidenced through excellence in strategy formulation and execution. ITC's Human Resource systems and processes governing talent selection, performance management, capability building, employee relations, recognition, rewards and employee well-being, all play a critical role in enhancing this Vitality.

ITC's approach of distributed leadership which combines empowerment with accountability enables it to pursue multiple drivers of growth, in a manner that remains true to the Company's values while encouraging an entrepreneurial spirit, promoting execution excellence and attracting the finest quality of talent.

In FY 2019-20, ITC employed 36,572 full-time employees, of which 2,186 in the Leaf Tobacco Business were engaged on a seasonal basis owing to the nature of the business. During this period, approximately 23,800 service provider employees were also engaged with ITC.

## Nurturing Talent for Tomorrow

ITC's vision of building winning businesses and nurturing business leaders, is a reflection of 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. In creating this leadership capacity, ITC emphasises functional mastery in solving customer problems, provides challenging and diverse roles, offers world-class learning opportunities, fosters a culture of performance and accountability with the necessary empowerment and institutional support of ITC. Opportunities for early leadership or participation in strategic projects manifest themselves in several ways - through forums such as the Launch Pad and Young Manager Committees in some of the businesses.

## Employee Engagement: The ITC Way

### Performance and Retention

To strengthen the culture of accountability and drive performance, the principles of 'management by objectives' are reflected in ITC's performance management system. Clearly defined objectives, result areas aligned to Business Plans and assessments based on measurable outcomes provide a sound foundation to drive and sustain high performance. Market-competitive and performance linked remuneration reinforces a culture of meritocracy and harmonises the rewards strategy with the delivery of results. Access to the best capability building interventions through customised programmes conducted by reputed international faculty, enriching roles, and the social, physical and community infrastructure made available to employees contributes to building a culture of high performance coupled with a relational contract and enduring commitment.

In FY 2019-20, the overall attrition (voluntary separation, retirement, termination and abandonment of services) across management and non-management employees was 18%.



Attrition, which includes employees who superannuate from the Company or conclude their fixed term contract, was 16.3% for management and 19.6% for non-management employees. Gender-wise attrition stood at 16.4% for male employees and 32.3% for female.

In 2019-20,  
**123** women employees  
availed of  
maternity leave

**78** of them re-joined work  
within the year, a return  
to work rate of 63%

## Learning and Development

ITC believes that employee capability building by providing developmental opportunities and challenges is a vital component of strengthening competitive advantage and helping employees realise their full potential. Any apparent limitation in a person is the result of a variety of circumstances and factors. An individual can transcend any such limitation with support, awareness and correction. The Company has a well laid-out Developmental Planning System that closely dovetails with the guiding principle of ensuring equal opportunity for everyone at the workplace.

To this end, ITC has built a culture of continuous learning, innovation and collaboration across the Company by providing cutting-edge learning and development support.

ITC has identified three capability platforms relevant to making its businesses future-ready - Business Critical Strategic Competencies, Leadership Development and Organisation Identity and Pride. Employees are offered best-in-class learning and development support comprising a blend of classroom, online, coaching, mentoring and on-the-job training. In each of these areas detailed and globally benchmarked learning curriculums were designed and supplemented with business-critical application projects.

This approach ensured that investments in learning and development are applied and practised to deliver better business outcomes. Digital Marketing, Business Strategy and Data Science were areas of focus in building organisational capability.

The Company collaborates with leading global institutes and experts to design and customise development programmes to build leadership and strategic capability. To promote learning anytime and anywhere, ITC encourages employees to make use of its subscription with various online course curators that provide an array of content, expanding the learning opportunities well beyond classroom-based delivery. These resources encourage employees to re-skill and upskill themselves, at their convenience.

Based on Career Conversations with Managers and their development needs, every Business puts together a development plan and a training calendar to address the desired capability building objectives of the business.



In FY 2019-20, there were  
**1,00,003**  
person-days of formal  
training provided to employees  
across the Company.

- The state-of-the-art technical training facility in Ranjangaon, Maharashtra, ITC Gurukul, the first integrated facility catering to the FMCG Businesses and an important milestone in its skilling journey for manufacturing excellence, won Excellence in Practice Award from the prestigious Association for Talent Development, USA. The award recognised ITC Gurukul's efforts in leveraging technology to enhance training effectiveness.
- ITD was awarded the CII HR Excellence Award for Significant Achievement in HR Excellence and the TISS LEAPVAULT CLO Award for Best Quality Management/ Improvement Training Programme.
- ITC-ABD won the Most Innovative Employee Engagement Initiative and Best Leadership Development Programme by Transformance Forum. Transformance Forum is a think-tank that helps organisations in their journey of transformation by sharing insights and best practices focussed on Learning and Development.
- The ITC Hospitality Management Institute (HMI) continues to play a pivotal role in skill upgradation and enhancing employability of ITC employees by imparting them with contemporary skills in the hospitality sector. ITC Hotels was awarded the prestigious Golden Peacock Award for the year 2019 in the category of HR Excellence.

## Employee Well-being

ITC's full-time employees receive benefits such as periodic preventive health check-ups, medical assistance (including hospitalisation), group accident insurance, annual leave along with leave encashment, maternity leave for women employees, retirement benefits, and employee counselling programmes among others.

To prevent occupational diseases and accidents, the Company creates awareness through various initiatives, ensures good ergonomics and safe practices at all its workspaces. Most of ITC units have a health centre and resident doctor. Regular sports and recreational activities are organised at all units to promote physical wellness among employees and their families.

To create awareness and guide employees to a healthy lifestyle, sessions on stress management and wellness plans, preventive healthcare, diet and nutrition and parenting were organised across locations. Corporations are increasingly helping employees meet specific life stage challenges by creating awareness and offering assistance in navigating change. ITC's initiatives on effective parenting, elder care support etc., are cases in point. For excellence in wellness practices, ITD received the "National Award for Exemplary HR Practices - Re-Imagineers Award" from National HRD Network, the national apex body of HR professionals in India for 2019.

ITC employees invest time and are engaged with ITC's Social Investments Programmes in the catchment areas of their business units. These avenues help individuals achieve their life goals.

## Employee Voice and Engagement

In 2020, ITC completed the third edition of its Employee Engagement Survey - iEngage, capturing employee perceptions about various workplace dimensions. 95% of the employees said that they were proud to work at ITC, a score that is among the highest globally. Dimensions such as Image of the Organisation, Learning and Development, Goals & Objectives and Satisfaction have shown significant improvement and compare with the best in India. Further, all the three components of overall engagement, i.e. Employee Engagement, Performance Enablement and Managerial Effectiveness, have shown a significant uptick over the previous survey.

During the year, ITC's business units launched and strengthened various initiatives to promote alignment, involvement and belongingness of employees. The focus areas to drive employee engagement have been communication, recognition and employee well-being, among others.

The Chairman addressed and interacted with employees across the Company on a range of issues through 'Studio One', ITC's engagement platform for employees to interact with leaders and a means to communicate the Company's vision, strategy, milestones and expectations, creating a unity of purpose. Leadership teams in every business communicate through 'Town Hall' meetings, internal journals and e-enabled platforms. To recognise exceptional performance, various platforms and forums have been institutionalised. IRIS, the mobile enabled application, is also used to enhance the salience of ITC's products and services and share milestones.

Through IRIS, employees and stakeholders can share content related to ITC across their social media platforms, thus creating a sense of pride in ITC's brands, services and initiatives. Recreational events involving employees and their family members and awarding of scholarships to meritorious children of employees are held through the year. The use of technology and ITC's digital capabilities have simplified employee related transactions and improved processes.

## What Some of ITC's Trailblazers Have to Say About Their Experience

ITC is a very diverse organisation. You will not find an organisation like this in the Country. Whether you look at the products, geographical diversity, caste, creed, religion.

### Ms. Mukul Rastogi

Vice President, Social Investments

There is true gender equality when it comes to aspirations, when it comes to job positions. At ITC, when we say we treat everyone equally, we really mean it.

### Ms. Benita Sharma

Area Manager North - Luxury Hotels & General Manager - ITC Maurya

ITC offers me a reach to a mass of farmers. It's like one small intervention, one small decision we take here is going to affect a lot of people.

### Ms. Delna Rose

Associate Manager, Agri Services

ITC puts you in a position where there are lots of challenges. For me, ITC is a practical teacher.

### Ms. Yansing Luikham

Associate Manager Procurement, ITC Agri Business

ITC, which is half of a startup kind of an environment, gives us ample amount of freedom to actually put in systems and try to establish new systems in the workplace and keeps you satisfied through your work.

### Ms. Karuna Sri Divi

Factory Head & Regional Manager South, Foods Business

ITC has made a very large contribution to Nation Building. As an individual, what is inspiring is when we see the lives that have got transformed on ground. That gives us an immense sense of pride.

### Ms. Nandini Basu

General Manager - Corporate Communications

My journey has been exceptional because it is the entire transition of a young, aspiring, extremely ambitious girl to a responsible people manager, caring leader.

### Ms. Debolina Bhaumick

Marketing Manager - Personal Wash, Personal Care Products Business



## Upholding Human Rights

ITC has a long standing commitment to human rights and it is reflected in its Code of Conduct. It is a cornerstone of its corporate policies. 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.

### Human Rights in the Supply Chain

ITC's Code of Conduct for Vendors and Service Providers enshrines the Company's unwavering focus to 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. In FY 2019-20, ITC engaged with 1,522 service providers (within and outside premises) and all contracts with the service providers included clauses that conformed to ITC's Human Rights Policies and EHS guidelines.

### Prohibition of Child Labour and Forced Labour

In line with ITC's unflinching commitment to good labour practices, it is ensured that 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.

## ■ Freedom of Association

ITC recognises and respects the right of its employees to exercise or refrain from exercising the freedom of association and collective bargaining. During the last year, ITC entered into long-term settlements involving around 11,700 employees across India.

## Related Policies

[ITC's Code of Conduct](#)

[Policy on Freedom of Association](#)

[Policy on Prohibition of Child Labour and Prevention of Forced Labour at the Workplace](#)

## Diversity and Equal Opportunity

ITC believes that diversity at workplace creates an environment conducive to engagement, alignment, innovation and high performance. This is achieved by a policy that ensures diversity and non-discrimination across the Company.

Its policies ensure a work environment that is free from any form of discrimination amongst its employees in compensation, training and employee benefits, based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organisation or majority/minority group. ITC is an equal opportunity employer, and recruitment at ITC is solely based on merit and ability.

Prevention, Prohibition and Redressal of Sexual Harassment: The Company has put in place suitable processes and mechanisms 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. In the year 2019-20, 13 cases were reported, of which 10 have been resolved and 3 are under process.



## ■ Inclusion of the Specially-abled

ITC's work places and policies are designed to empower differently abled employees. ITC now employs 71 differently abled persons across business, and continues to guide industry initiatives to create inclusive workplaces.

## ■ Grievance Redressal

To address employee concerns and complaints pertaining to human rights and decent labour practices, a Grievance Redressal Procedure with appropriate systems and mechanisms has been instituted across ITC units. It aims to facilitate open and structured discussions on grievances raised on labour practices and human rights.

The implementation is ensured by Divisional/SBU Chief Executives, through members of the respective Management Committees. 377 grievances were received from employees on matters relating to policy, welfare and administration in FY 2019-20. Of these, 331 have since been resolved.

## Related Policies

[Policy on Diversity and Equal Opportunity](#)

## ■ Encouraging Women in Manufacturing

Some of ITC's state-of-the-art food manufacturing units have witnessed an increase in the number of women engaged on the shop floor. ITC's Pudukkottai unit in Tamil Nadu is one of the largest factories in India to deploy women in large numbers. Women represent 85% of the workforce at the unit, across the three shifts in a day.

Similarly, ITC's Foods unit at Nanjangud in Karnataka is the first FMCG factory in the region to deploy women across all its shifts. Women constitute close to 60% of the workforce in the Nanjangud unit.

These factories have ergonomically designed equipment and world-class infrastructure and facilities like crèches to support women working on the shop floor.

ITC's Foods Business has been carrying out several other initiatives at its factory locations to encourage participation of women. As a confidence building measure, family members of women employees are invited to the factory to experience the work environment and culture. The factory leadership team engages with them to address their concerns regarding issues such as safety, food and transportation. Frequent

sessions on gender sensitisation and POSH (Prevention of Sexual Harassment at the Workplace) are carried out to build an enabling work environment for women.

To ensure safe commute, CCTV cameras, panic buttons and GPS trackers are deployed in buses. CCTV cameras and women security guards comprehensively cover all areas and shifts in the factory. The plants have also been organising well-being initiatives and occupational awareness sessions regarding women's health issues.



Women constitute close to  
**60%**  
of the workforce in the  
Nanjangud unit.

## Promoting a Culture of Safety

ITC believes 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 ensures that Environment, Health & Safety (EHS) standards at all its units are continuously ahead of legislation and are benchmarked against international best practices. ITC's approach to occupational health & safety standards is articulated in the Board approved EHS Policy. It is based on an EHS management system that emphasises continuous improvement supported by investments in state-of-the-art technology and in developing human capital.

The Company's commitment to provide a safe and healthy workplace to all has been recognised by several national and international awards and certifications received by various units.

**To incorporate 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'.**

## ■ Safety by Design: From 'Drawing Board' to 'Operations'

ITC follows 'Safety by Design' by continuously striving to improve its safety performance by incorporating best-in-class engineering standards in the design and project execution stage of all investments. This helps in reducing potential hazards as well as optimise operational costs. In addition, Environment, Health & Safety audits are carried out to verify compliance with standards. To ensure safety for all and at all times, it is imperative for safety parameters to be seeded right at the design and planning stage, and integrated across construction and operation phases as well. ITC incorporates safety oriented aspects in the design and project execution phases for all assets, be it factories, hotels, warehouses or offices. This helps reduce potential hazards as well as optimise operational costs and functionality of the infrastructure.



## ■ Safety by Culture: From 'Compliance Focus' to 'Behaviour Centric' Safety Culture

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

Structured conversations are carried out by employees with their peers and supervisors on Safe and Unsafe Acts (SUSA). These conversations are periodically reviewed and analysed to improve the quality of engagement.

**This collaborative approach leads to positive behavioural change by reinforcing positive behaviour and correcting unsafe behaviour.**

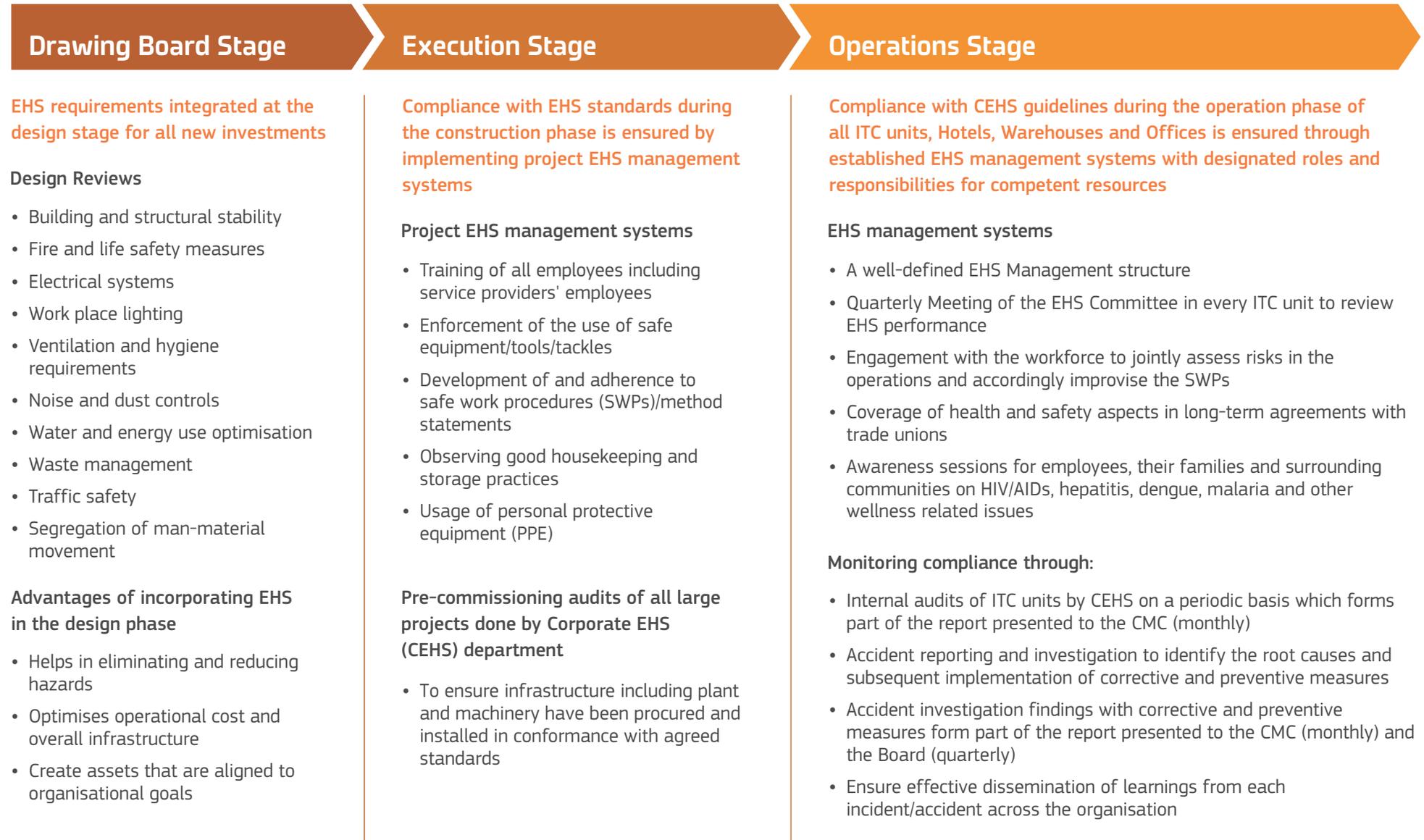
These efforts are being supplemented by the adoption of a keystone behaviour by individual units which provides a distinct identity and character to the safety culture that is being developed. Keystone behaviour is adopted by units to demonstrate collective commitment and create a shared vision of safety and discipline.

As part of the comprehensive plan towards creating ownership and developing competencies at the shop floor level, planned job observation programmes are being conducted for various categories of employees. ITC's Paperboards and Specialty Papers Division (PSPD) has pioneered the use of Design Thinking principles for seamless integration of safety in business operations. This initiative has resulted in significant positive behaviour changes.



## Organisational EHS Framework

The key activities carried out to ensure integration of robust EHS standards across the project life-cycle are depicted below.



## ■ Design Thinking Meets Behavioural Safety at ITC's Bhadrachalam Unit

### Why Design Thinking?

ITC's journey in safety has evolved from being 'compliance-driven' through standards and providing the best infrastructure to a 'behaviour centric' safety culture. The Bhadrachalam Unit of ITC's Paperboards and Specialty Papers Division (PSPD) started focussing on behavioural safety as early as 2011.

The early phase involved working on building awareness and implementing a "one standard for all" approach for people working in the same unit, integration with TPM (Total Productivity Maintenance) processes and even going beyond the place of work and extending interventions to people's homes in order to drive a cultural shift.

**While these interventions brought down the number of accidents significantly, the unit leadership did not want to settle for 'close to zero accidents' and was determined to achieve the 'zero accident' goal.**

Thus the idea of trying a different approach took root. The new approach kicked off by trying to understand why people do what they do i.e. understanding mindsets.

### Applying Design Thinking Principles to Safety Management on the Shop-floor

Design Thinking is a proven problem solving framework and is deeply rooted in understanding human behaviour and empathy. To apply this approach, ITC's PSPD combined its deep expertise of the safety domain with the design thinking expertise of a specialist agency.

The work started with an initial assessment of 500 employees through a survey. This was followed by 100 qualitative interviews and a more in-depth assessment using deep ethnography methods like deep-ended conversations and hours of observation to draw insights on belief systems, attitudes and perception towards safety and productivity and

shop floor dynamics. These insights provided guidance on enabling the employees to identify, report and correct unsafe behaviour themselves. For this, alignment meetings were held between managers and employees to build empathy, a sense of co-creation and ownership. A series of innovative shop floor measures, action plans and SOPs were co-created. These measures focussed on building two-way accountability and recognition by self and others for safe behaviour.

The encouraging results of the approach provided sufficient evidence to further expand the programme. Design Thinking provided the requisite nudge and allowed teams to focus on people, challenge assumptions, redefine problems and shift mindsets and helped the Unit move closer to the zero accident goal.



## Safety Performance 2019-20

ITC reports its safety performance on two fronts - 'on-site' - referring to the place of work i.e. factory, hotel, office, etc. which is under direct operational control of ITC and 'off-site' - defined as places other than on-site while on official duty, which includes the to and fro commute between residence and place of work.

### On-site Safety

In 2019-20, the total on-site Lost Time Accidents (LTA) was 13 (against 14 in 2018-19). Out of these 13 accidents, 6 pertain to ITC employees, and the balance 7 relate to service providers' employees. These accidents involved 11 male employees and 2 female employees.

Detailed investigations are carried out for all accidents to identify the root causes and to understand the measures to prevent recurrence. The learnings from all accidents are disseminated across the organisation and a formal compliance obtained.

Lost Time Accident (LTA) is defined as an accident due to which the injured is not able to come back to work in the next scheduled shift. As can be seen from the graph, total LTAs (including service providers' employees) reflect a downward trend despite the expanding footprint of operations across the country and the inclusion of new hotels and employees within the reporting boundary.

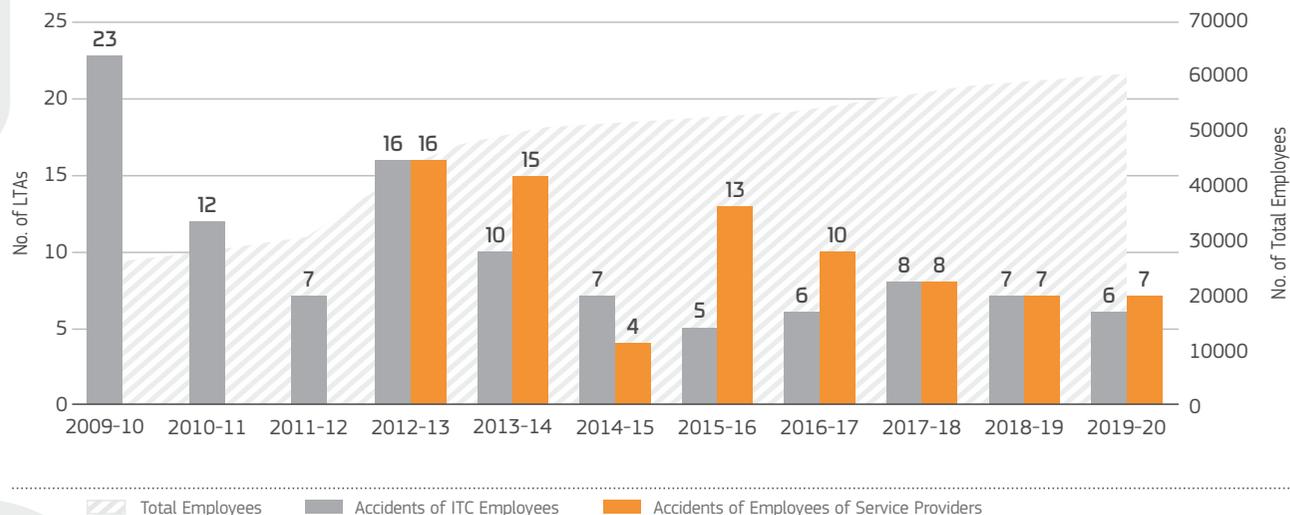
### Lost Day Rate

Lost Day Rate (LDR) is another measure to evaluate safety performance and it does so by comparing the number of person-days lost for every 2,00,000 man-hours worked. There has been an improvement in LDR during 2019-20.

### Injury Rate

Injury Rate (IR) is defined as the frequency of LTAs, for every 2,00,000 man-hours worked, and there is an overall reduction of the rate.

### Lost Time Accidents



\*Data on Service Providers' employees included from 2012-13.

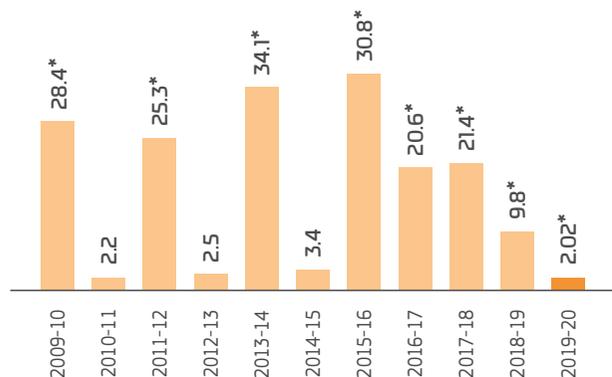
### Formal Agreements with Trade Unions

In ITC, long term agreements signed with Trade Unions include health and safety issues to encourage higher involvement of workers. Some of the health and safety topics included in the agreements are:

- Participation in EHS Committees
- Participation in EHS inspections, audits and accident investigations
- Training and education
- Safety Culture

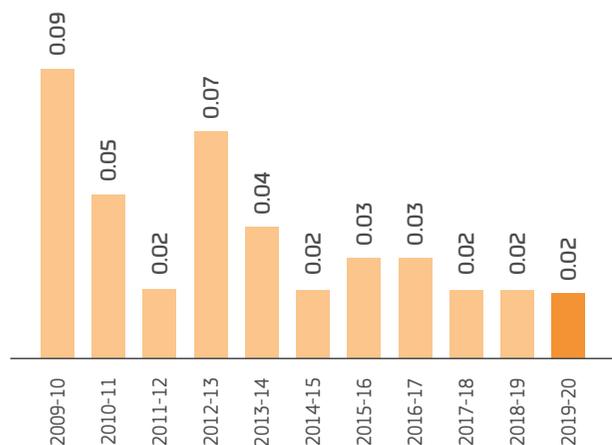
During 2019-20, 4 long term agreements with Trade Unions were signed.

### Lost Day Rate



The period till 2011-12 shows Lost Day Rate for ITC employees only. From 2012-13 onwards, the graph shows Lost Day Rate for the combined workforce i.e. ITC employees and service providers' employees. Loss of person-days accounted for as per IS 3786:1983 due to fatalities/amputation.

### Injury Rate



The period till 2011-12 shows Injury Rate for ITC employees only. From 2012-13 onwards, the graph shows Injury Rate for the combined workforce i.e. ITC employees and service providers' employees

### Zero Accident Units

Over the years, the number of units delivering "Zero On-site Lost Time Accident" performance has progressively increased. Moreover, 29 units have held on to it since 2014-15. The following units achieved 'Zero On-site Lost Time Accident' status in 2019-20.

Manufacturing Units	Hotels	Offices and Others
Cigarette Units at Bengaluru, Kidderpore, Munger, Saharanpur and Pune, Simara and Seratar (Nepal)	ITC Gardenia ITC Grand Bharat ITC Grand Central ITC Grand Chola ITC Grand Goa Resort and Spa ITC Kakatiya	ITC Registered Office, Kolkata ITC Green Centre, Gurugram ITC Green Centre, Manesar ITC Infotech, Bengaluru and Pune
Food Units at Haridwar, Pune, Uluberia Panchla, Guwahati, Mysuru, Munger and Malur	ITC Kohenur ITC Maratha ITC Maurya ITC Mughal ITC Rajputana	Divisional Head Quarters of Agri Business, Cigarettes, Education and Stationery Products, Matches & Agarbattis, Packaging & Printing Business, Paperboards & Specialty Papers and Personal Care Products
Agri Business Units (Leaf Tobacco) at Anaparti and Chirala	ITC Royal Bengal ITC Sonar ITC Windsor	Research Centre at Rajahmundry
Packaging and Printing Units at Munger, Haridwar and Tiruvottiyur	Sheraton New Delhi	ITC Life Sciences & Technology Centre, Bengaluru
Paperboards and Specialty Papers Units at Bollaram	WelcomHotel Amritsar WelcomHotel Bengaluru WelcomHotel Chennai WelcomHotel Coimbatore	Central Projects Organisation
Personal Care Product Units at Haridwar, Guwahati and Manpura	Fortune Resort Bay Island, Port Blair  Classic Golf & Country Club, Gurugram	Technico, Chandigarh and Manpura

## Off-Site Safety

**In 2019-20, the total number of off-site LTAs was 17 compared to 16 in 2018-19. Of these, 16 were road accidents.**



As a standard practice, off-site accidents are duly investigated and learnings from these accidents are disseminated across the organisation. The units are advised to sensitise employees on the perils of unsafe road conditions and there is constant reinforcement of the message to exercise extreme care and being vigilant on the road.

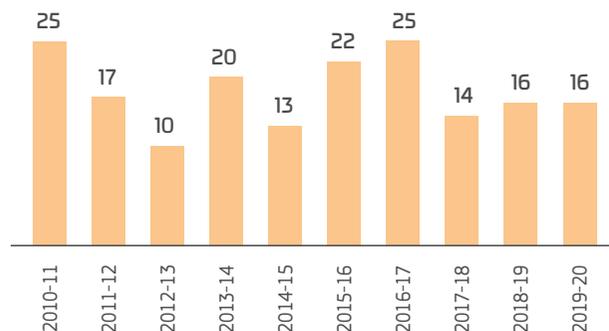
### Road Accidents' Trend

Though road infrastructure and traffic management outside the units' premises are well beyond ITC's control, the Company believes that improved awareness and adoption of 'defensive road safety techniques' help to reduce the risks. ITC has initiated training and awareness sessions for its employees and service providers.

A majority of the road accidents in the recent past have involved two-wheeler riders. Accordingly, a user interactive two-wheeler rider safety training programme is provided to all employees including ITC's Trade Marketing & Distribution (TM&D) supply chain

members. The user interactive modules have also been translated into vernacular languages to ensure wider coverage and adoption. A similar user interactive training module for four-wheeler users is also available.

### Road Accident Trend



### Occupational Health

A healthy workforce is an important contributor to ITC's competitiveness and sustainability. All units maintain a conducive work environment in line with Indian/International standards on hygiene, lighting, ventilation and effective controls on noise and dust. Units are equipped with Occupational Health Centres with adequate medical staff to monitor occupational health and provide immediate relief as required.

In addition, at least 2% of total employees are professionally trained as first aid providers.

As part of ITC's preventive medical programme, various categories of employees based on age and exposure to occupational hazards undergo periodic medical check-ups.



In 2019-20,  
**13,405**  
employees underwent  
preventive medical  
examinations.

## Ensuring Wellness in the Workforce

ITC remains committed to protecting its employees from the threat posed by serious diseases including HIV/AIDS, hepatitis, dengue, malaria etc.

**During 2019-20, awareness camps/ programmes conducted for employees and communities around ITC's units, covered a total of 12,082 people. 11,562 of these were employees of the Company while the rest were local community members.**

Awareness sessions were also conducted regarding off-the-job safety aspects such as home safety, safe use of LPG in the kitchen and road safety.

## Committed to Achieve the 'Zero Accident' Goal

In line with the Company's EHS policy, the approach is to institutionalise safety as a value-led concept by inculcating a sense of ownership at all levels and driving behavioural change, leading to the creation of a cohesive safety culture.

In line with this, behaviour based safety initiatives like design thinking methodologies have been introduced to reinforce behaviour based safety initiatives which have resulted in significant positive changes. Scaling up of these efforts is an important aspect of sustaining and improving safety standards in ITC given its rapidly growing manufacturing footprint.

Periodic reviews are also undertaken to ensure that training and other communications are relevant and take into account the local socio-economic context. This is done to ensure the transition from "awareness developed" to "changed behaviour".

ITC will continue to undertake efforts for creating a safe working environment and a strong safety culture through:

- Integrating safety at the design stage itself and ensuring it through design reviews, stage inspections and pre-commissioning audits, thereby strengthening engineering control measures through 'design for safety' principles
- Conducting pre-commissioning and periodic operational audits during construction and operational stages respectively

- Progressively covering businesses under various behaviour based safety initiatives to facilitate engagement for collaborative work on improving safety performances

- Studies will continue to be conducted to assess the safety culture and efficacy of behaviour based safety interventions

- Adoption of keystone behaviour by units to demonstrate collective commitment and create a shared vision of safety and discipline

ITC will continue to assess its safety performance by tracking both leading and lagging indicators, and identify solutions for strengthening the safety culture accordingly. With this approach, ITC will achieve the organisation-wide goal of "Zero Accident" in the coming future.



# REIMAGINING RESILIENCE

Strong & Resilient Systems,  
Built to Adapt

**141** ITC's Approach to  
Governance & Ethics

**148** Strategic  
Risk Management



# ITC's Approach to Governance and Ethics

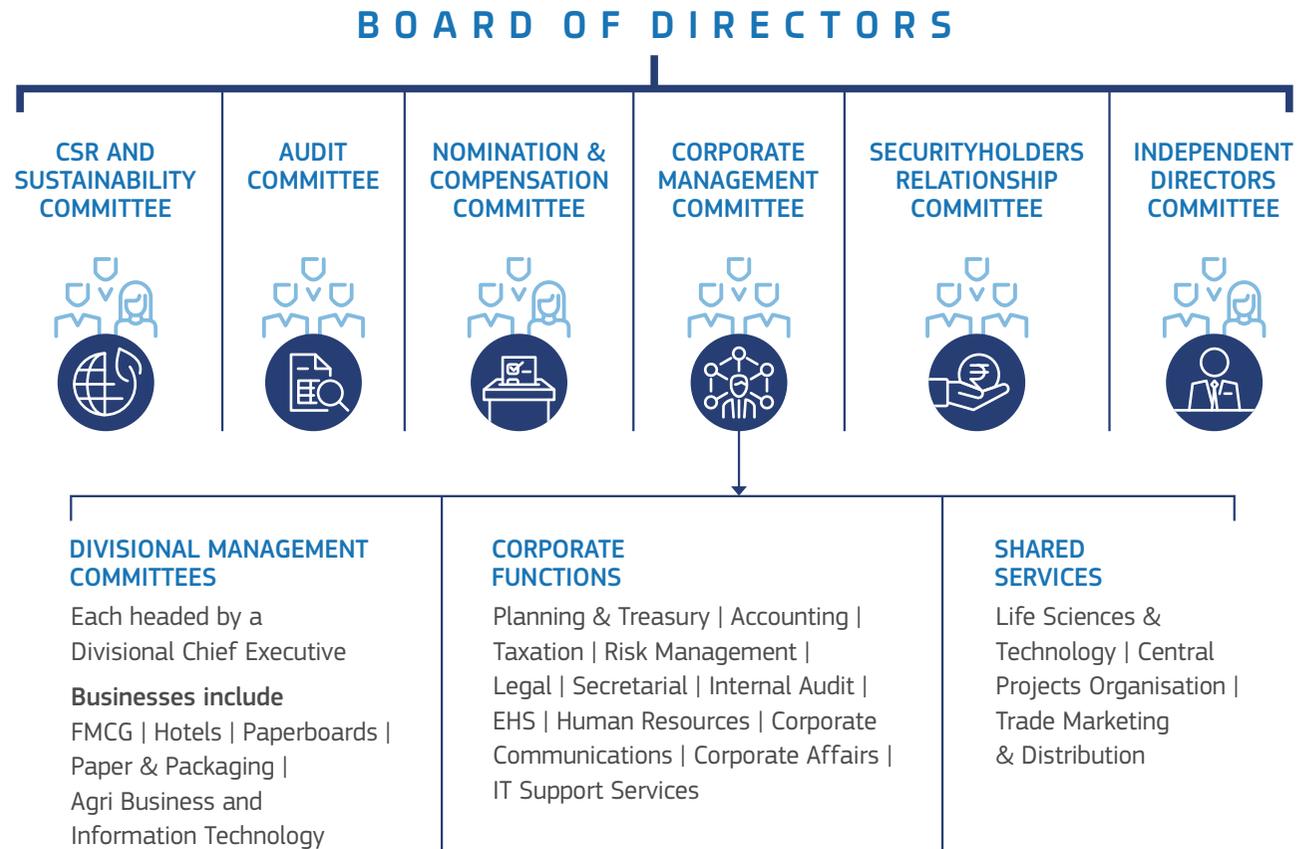
## ITC's Corporate Governance Philosophy

ITC's corporate governance philosophy is anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment & accountability and control. ITC believes that since large corporations employ societal and environmental resources, governance processes must ensure that they are utilised in a manner that meets stakeholders' aspirations and societal expectations. For superior Triple Bottom Line performance, ITC's Governance processes ensure that sustainability principles are embedded in business strategies and execution plans.

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

## Governance Structure



*The role, powers and composition of the Board, Board Committees and CMC are available on the Company's corporate website.*

THE PRACTICE OF CORPORATE GOVERNANCE IN ITC TAKES PLACE AT THREE INTERLINKED LEVELS:



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

ITC has also adopted a comprehensive set of 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. The CSR and Sustainability Committee of the Board supervises the implementation of these Policies.

For more details on ITC's governance structure, refer to the [Company's Report and Accounts 2020](#).

## Board of Directors

The ITC Board is a balanced Board, comprising Executive and Non-Executive Directors. The Non-Executive Directors include independent professionals.

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of ITC, its wholly owned subsidiaries and their wholly owned subsidiaries. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfilment.

The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board, as part and parcel of its functioning, annually reviews its role and also evaluates the performance of the Directors and the Board Committees.

## Selection of Directors

The Corporate Governance Policy of the Company, inter alia, requires that Non-Executive Directors be drawn from amongst eminent professionals, with experience in business/finance/law/public administration and enterprises. The Nomination & Compensation Committee has stipulated the criteria for determining qualifications, positive attributes and independence of Directors, including Independent Directors, pursuant to the statute.

The Board Diversity Policy of the Company requires the Board to have a balance of skills, experience and diversity of perspectives appropriate to the Company. The skills, expertise and competencies of the Directors as identified by the Board, along with those available in the present mix of the Directors of the Company, are provided in the Company's Report and Accounts 2020.

The Articles of Association of the Company provide that the strength of the Board shall not be fewer than five, nor more than eighteen. Directors are appointed/re-appointed with the approval of the Shareholders for a period of three to five years or a shorter duration, in



accordance with retirement guidelines and as may be determined by the Board from time to time. All Directors, other than Independent Directors, are liable to retire by rotation, unless otherwise approved by the Shareholders.

The Independent Directors of the Company have, inter alia, confirmed that (a) they meet the criteria of independence prescribed under the statute, and (b) they are not aware of any circumstance or situation which could impair or impact their ability to discharge duties with an objective/independent judgement and without any external influence. In the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the statute and are independent of the management of the Company.

## Composition of the Board

The present strength of the Board is fourteen, including the Chairman, three other Executive Directors and seven Non-Executive Independent Directors, of whom two are women directors.

The composition of the Board, including other Directorship(s)/Committee Membership(s) of the Directors as on 31<sup>st</sup> March, 2020, was as follows:

Director	Category	No. of Other Directorship(s)	No. of Membership(s)/Chairmanship(s) of Audit Committee/Stakeholders Relationship Committee of Other Indian Public Limited Companies
S. Puri	Chairman & Managing Director	5	Nil
N. Anand	Executive Director	8	1
B. Sumant	Executive Director	1	Nil
R. Tandon	Executive Director & Chief Financial Officer	9	3 [also as Chairman]
S. Banerjee	Independent Director	Nil	Nil
A. Duggal	Independent Director	6	4
S. B. Mathur	Independent Director	8	8 [including 3 as Chairman]
A. Nayak	Independent Director	Nil	Nil
N. Rao	Independent Director	3	1
A. K. Seth	Independent Director	Nil	Nil
M. Shankar	Independent Director	4	2
H. Bhargava	Non-Executive Director - Representative of Life Insurance Corporation of India as Investor	3	1
A. Jerath	Non-Executive Director - Representative of General Insurers' (Public Sector) Association of India as Investor	1	Nil
D. R. Simpson	Non-Executive Director - Representative of Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c. as Investor	2	Nil

ITC's Governance Policy requires the Board to meet at least five times a year. Six meetings of the Board were held during the year ended 31<sup>st</sup> March, 2020.

## Board Committees

Currently, there are five Board Committees - the CSR and Sustainability Committee, the Audit Committee, the Nomination & Compensation Committee, the Securityholders Relationship Committee and the Independent Directors Committee. The composition and the terms of reference of the Board Committees are determined by the Board from time to time, other than the Independent Directors Committee, the terms of reference of which have been adopted as prescribed under statute.



### CSR and Sustainability Committee

The CSR and Sustainability Committee presently comprises the Chairman of the Company and six 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 CSR and Sustainability Committee, 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 integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods.

The Committee formulates and monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company. The Committee also reviews the Business Responsibility Report of the Company.

A Sustainability Compliance Review Committee has also been constituted comprising seven senior members of management, with its Chairman being a member of the CMC. The role of the Committee, inter alia, includes monitoring and evaluating compliance with the Sustainability Policies of the Company and placing a quarterly report thereon for review by the CMC.



### Audit Committee

The Audit Committee presently comprises four Non-Executive Directors, three of whom are Independent Directors. The Chairman of the Committee is an Independent Director. The Executive Director and Chief Financial Officer, the Head of Internal Audit and the representative of the Statutory Auditors are Invitees to meetings of the Audit Committee. The Head of Internal Audit is the Coordinator and the Company Secretary is the Secretary to the Committee. The representatives of the Cost Auditors are invited to meetings of the Audit Committee whenever matters relating to cost audit are considered.



### Nomination & Compensation Committee

The Nomination & Compensation Committee presently comprises three Independent Directors and the Chairman of the Company. The Chairman of the Committee is an Independent Director. The Company Secretary is the Secretary to the Committee.



### Securityholders Relationship Committee

The Securityholders Relationship Committee presently comprises three Directors. The Chairman of the Committee is an Independent Director. The Company Secretary is the Secretary to the Committee.



### Independent Directors Committee

The Independent Directors Committee comprises all the Independent Directors of the Company.

## Chair of the Highest Governance Body

### Chairman & Managing Director



The Chairman is the Chief Executive of the Company. He is the Chairman of the Board and the CMC. He also presides over General Meetings of Shareholders.

His primary role is to provide leadership to the Board and the CMC for realising Company goals in accordance with the charter approved by the Board. He is responsible, inter alia, for the

working of the Board and the CMC, for ensuring that all relevant issues are on the agenda and for ensuring that all Directors and CMC members are enabled and encouraged to play a full part in the activities of the Board and the CMC, respectively. He keeps the Board informed on all matters of importance. He is also responsible for balance of membership of the Board, subject to Board and Shareholder approvals.

## Performance of the Highest Governance Body

**ITC believes that a Board, which is well informed/ familiarised with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations.**



In pursuit of this, the Directors of the Company are updated on changes/ developments in the domestic/ global corporate and industry scenario including those pertaining to statutes/ legislations and economic environment, and on matters significantly affecting the Company, to enable them to take well informed and timely decisions. The Directors are also kept abreast on all business related matters, risk assessment and minimisation procedures, and new initiatives proposed by the Company. Visits to Company facilities are also organised for the Directors.

The Nomination & Compensation Committee, as

reported in earlier years, formulated the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation, and also specified that such evaluation will be done by the Board, pursuant to the statute. In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed against the role and responsibilities of the Board as provided in the statute read with the Company's Governance Policy.

**The parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as to fulfil expectations of other stakeholders through strategic supervision of the Company.**

Evaluation of the functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairman with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals.

The Board determines the remuneration of the Chairman and the other Executive Directors, on the recommendation of the Nomination & Compensation Committee, subject to the approval of the Shareholders. Such remuneration is linked to the performance of the Company in as much as the performance bonus is based on various qualitative and quantitative performance criteria.

Remuneration to Non-Executive Directors, including Independent Directors, is by way of commission for each financial year; such commission is determined by the Board within the limit approved by the Shareholders. Their remuneration is based, inter alia,

on Company performance and regulatory provisions and is payable on a uniform basis to reinforce the principle of collective responsibility.

Non-Executive Directors are also entitled to sitting fees for attending meetings of the Board and its Committees, the quantum of which is determined by the Board, and coverage under Personal Accident Insurance.

## Code of Conduct



## Avoidance of Conflict of Interest

In terms of the ITC Code of Conduct, Directors, senior management and employees must avoid situations in which their personal interests could conflict with the interests of the Company. This is an area in which it is impossible to provide comprehensive guidance but the guiding principle is that conflicts, if any, or potential conflicts, must be disclosed to higher management for guidance and action, as appropriate.

The Directors and Key Managerial Personnel are required to disclose to the Board whether they, directly or indirectly or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company. Senior management is required to confirm on an annual basis that no material transaction has been entered into by them which could have potential conflict with the interests of the Company at large; such confirmations are placed before the Board.

All transactions of the Company with related parties, or their subsequent modifications, are approved by the Audit Committee. Further, transactions with related parties which are not in the ordinary course of business or not on arm's length basis also require the approval of the Board or Shareholders, as applicable. Disclosures of related party transactions, as required, are made in the Company's Report and Accounts.

The Company has a code of conduct for prevention of insider trading in the securities of the Company.

The ITC Code of Conduct for Prevention of Insider Trading - 2019, inter alia, prohibits trading in securities of the Company by the Directors and employees while in possession of unpublished, price sensitive information in relation to the Company.

## Remuneration Policy



ITC's approach to remuneration is performance led, differentiated and market competitive in the context of each of its Businesses, enabling the attraction and retention of high quality talent. The ratio of remuneration of the highest paid employee to the median remuneration for the year 2019-20 was 168:1.

**The total remuneration of the highest paid employee has increased by 11% and the median remuneration has also increased by 11% in FY 2019-20.**

The Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees, as approved by the Board, may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/remuneration-policy.pdf>.

## Ethics and Integrity



The ITC Code of Conduct, as adopted by the Board, 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](#), refer to the Company's corporate website.

# Strategic Risk Management

## ITC's Approach

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, focussing on building distributed leadership and succession planning processes, nurturing specialism and enhancing structural competencies through timely developmental inputs.

**Accordingly, management of risk has always been an integral part of the Company'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. These role definitions, inter alia, provide the foundation for appropriate risk management procedures, their effective implementation across ITC and independent monitoring and reporting by Internal Audit.

- The Risk Management Committee, constituted by the Board, monitors and reviews the strategic risk management plans of the Company as a whole and provides necessary directions on the same.
- The Corporate Risk Management Cell, through focussed 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.
- A combination of centrally issued policies and divisionally-evolved procedures brings robustness to the process of ensuring that business risks are effectively addressed.
- Appropriate structures are in place to proactively monitor and manage the inherent risks in businesses with unique/relatively high risk profiles.

- A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be strengthened. The Audit Committee of the Board reviews Internal Audit findings, and provides strategic guidance on internal controls. The Audit Compliance Review Committee closely monitors the internal control environment within ITC including implementation of the action plans emerging out of internal audit findings.
- At the Business level, Divisional Auditors continuously verify compliance with laid down policies and procedures, and help plug control gaps by assisting operating management in the formulation of control procedures.
- A robust and comprehensive framework of strategic planning and performance management, ensures realisation of business objectives based on effective strategy implementation. 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 the Company 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. This year, one more business was assessed for compliance to ISO 31000 Standard. This intervention provides further assurance on the robust nature of risk management practices prevalent in ITC.

The centrally anchored initiative of conducting external independent reviews of key business processes with high "value at risk" continued during the year. The Risk Management Committee met thrice during the year and was updated on the status and effectiveness of the risk management plans.



## Emerging Risks on Account of COVID-19: Ensuring Safe and Seamless Work From Home Operations

Along with the Global and Indian economy, ITC has also been impacted by the COVID-19 pandemic in various ways. However, laid down Systems and Processes which form part of the Company's Risk Management Framework have enabled seamless Work-From-Home (WFH) for all key Employees and Functions.

Guidelines for safe Work-From-Home practices have been circulated to all employees by the Corporate Human Resources Team.

With the move towards WFH, it is important that safeguards against cyber security risks are strengthened and accordingly, employees have been provided with devices and secure remote connectivity to facilitate WFH. A 24x7 service desk has been set up to assist in WFH; Cyber Security related WFH guidelines have been circulated to key stakeholders and antivirus updates on all company provided equipment is being ensured. This has aided ITC's ability to mitigate supply chain constraints to a large extent and will facilitate restoration of normalcy in Operations.

## Cyber Security Risk Management



A Cyber Security Committee, chaired by the Chief Information Officer, was set up to provide specific focus on cyber security related risks, primary responsibility being to track emerging practices, vendors and technologies and provide suitable recommendations for enhancing security of the IT systems and infrastructure.

The Chief Information Officer, as an invitee to all Risk Management Committee meetings, is tasked with briefing the Committee of any cyber security incidents and ensuring that the Cyber Security systems of the Company remains effective and contemporary.

## Risk Management in Agri Commodity Trading



ITC sources several commodities for use as inputs in its businesses and also engages in agri-commodity trading as part of its Agri Business.

In respect of commodities sourced for use as inputs in its businesses, ITC has well laid out policies to manage the risks arising out of the inherent price volatility associated with such commodities. This includes robust mechanisms for monitoring market dynamics towards making informed sourcing decisions; well defined inventory holding norms based on considerations such as seasonality and the strategic nature of the commodity concerned; entering into long-term contracts with suppliers to secure supply of critical

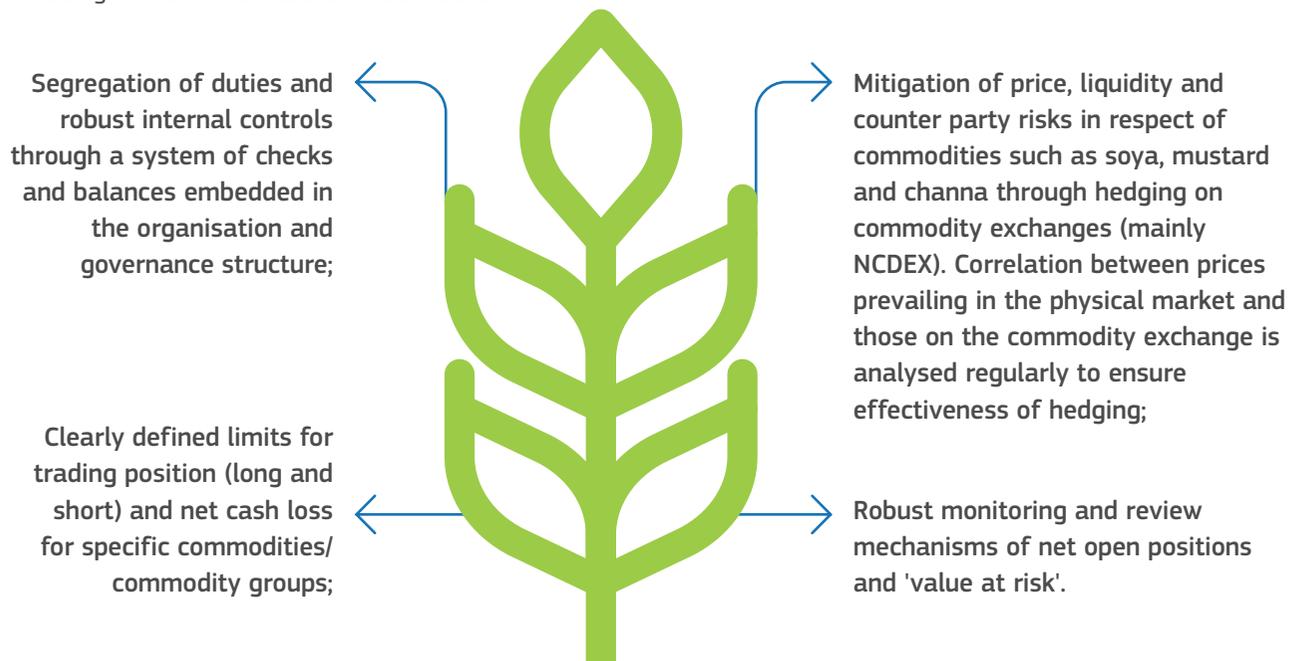
items at competitive cost and continuous diversification of supplier base. Multiple sourcing models, wide geographical spread, extensive sourcing and supply chain network and associated infrastructure in key growing areas coupled with deep-rooted farmer linkages ensures sourcing high quality agri-commodities at competitive cost.

ITC's strategy of backward integration in sourcing of agri-commodities such as wheat, potato, fruit pulp, spices and leaf tobacco; in-house manufacturing of

paperboards, paper and packaging (including pulp production and print cylinder making facilities); wood procurement from the economic vicinity of the Bhadrachalam unit, facilitates access to critical inputs at benchmark quality and competitive cost besides ensuring security of supplies.

Further, each of the Company's businesses continuously focuses on product mix enrichment towards protecting margins and insulating operations from spikes in input price.

In respect of Agri-commodity trading, ITC has a well laid out policy to manage the risks associated with the sourcing of such commodities. This includes:



The combination of policies and processes as outlined above adequately addresses the various risks associated with sourcing of commodities for the Company's businesses.

# Managing Risks and Realising Opportunities

ITC operates in the global Indian market and ITC's world-class Indian brands ensure that larger value is created, captured and retained in the country for national development and growth. In line with the risks and opportunities that may impact India's economic, social and environmental sustainability, ITC has mapped the key challenges, risks and opportunities likely to impact its long-term prospects and those of its stakeholders.



**Risk 1**

## Increasing complexity of operations in the context of a highly diversified business portfolio

### Risk Mitigation Strategy

- 1 ITC's Strategy of Organisation and three-tier governance structure ensure that:
  - Strategic supervision (on behalf of the shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board of Directors with objectivity, thereby sharpening accountability of management;

- Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focussed and energised; and

- 2 By segregating strategic supervision from strategic and executive management, the governance framework facilitates in striking the right balance between freedom of management and accountability to shareholders.

- 3 The governance structure also enables each business to focus on its operating segments while harnessing the diversity of the Company's portfolio of businesses to create unique sources of competitive advantage.

- 4 Driving synergistic growth and enhancing the competitive power of the portfolio by blending the diverse skills and capabilities residing in various Businesses of the Company.



**Risk 2**

## Sustaining market leadership despite increasing competitive pressures

### Risk Mitigation Strategy

- 1 Investing in world-class Integrated Consumer Goods Manufacturing and Logistics (ICML) facilities which will provide ITC's brands a competitive edge in terms of scale, freshness, enhanced cost efficiency and close-to-market distribution.
- 2 Focussing on efficient supply chain management and backward integration.
- 3 Fostering a culture of innovation and focussing on R&D, leveraging the capabilities of ITC Life Sciences and Technology Centre and best-in-class product development processes.



**Risk 3**

## Attracting and retaining the best talent given the multitude of options available to skilled professionals

### Risk Mitigation Strategy

- 1 Continuously focussing on a shared mindset across ITC to ensure that employees are inspired, engaged and aligned to ITC's Mission, Vision, Values and Strategic Agenda.
- 2 Strengthening and leveraging ITC's Talent Brand - 'Building Winning Businesses. Building Business Leaders. Creating Value for India', backed by strong corporate equity to attract and retain high quality talent.

**Risk 4**



## Ensuring harmonious employee relations to enable smooth functioning and productivity enhancement

### Risk Mitigation Strategy

- 1** Building talent pipeline across levels through requisite quality in key roles, depth of bench and reliable succession plans, as also world-class training and development interventions. Nurturing specialism to meet the growing and diverse talent requirements.
- 2** Benchmarking compensation at each responsibility level to reference groups; aligning compensation structure with Company, Business and individual performance, providing adequate weightage to variable pay as also strengthening the alignment between long term Business performance and rewards, particularly at senior responsibility levels.
- 3** Nurturing a collaborative employee relations culture which promotes flexibility, cost efficiency and agility in all units.

**Risk 5**



## Adverse impact of water scarcity and climate change on production

Low productivity of rain-fed agriculture due to climate change induced rainfall disturbances can adversely affect the businesses.

### Risk Mitigation Strategy

- 1** Continuing to focus on energy conservation initiatives and enhancing the share of renewable energy in ITC's total energy requirement.
- 2** Integrated water management approach that includes optimisation of usage at units to minimise withdrawal, both at the plant as well as sub-catchment/micro-watershed level, followed by augmenting supply at the sub-catchment level through various water stewardship interventions.
- 3** Comprehensive programmes focussing on social forestry, soil and moisture conservation, biodiversity conservation and sustainable agriculture.
- 4** Operationalising Reduce-Reuse-Recycle model of waste management.
- 5** Contingency planning in supply chain.

**Risk 6**



## Impact of punitive and discriminatory taxation and regulatory policies on the legal cigarette industry in India

- Sub-optimisation of revenue potential of the tobacco sector due to shift in consumption to lightly taxed/tax-evaded tobacco products.
- Fillip to contraband cigarette trade in India due to attractive arbitrage opportunities; significant loss of revenue to the exchequer.
- 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.

### Risk Mitigation Strategy

- 1** Engagement with industry bodies to pursue policy for reasonable, pragmatic and evidence based regulation and taxation policies that balance the health, employment and economic imperatives of the country. Also highlighting the growing threat of illegal and smuggled cigarettes.
- 2** ITC has embarked upon a strategy that creates multiple drivers of growth by developing a portfolio of world-class businesses that best match organisational capabilities with opportunities in the domestic and international markets.



**Risk 7**

## Corporate reputation

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.

### Risk Mitigation Strategy

- 1 Structured media engagement plan in place.
- 2 Effective engagement and responsible advocacy with stakeholders on issues relating to ITC's products, services, initiatives and business practices.
- 3 Leveraging publicly available web applications and dedicated brand advocacy platforms to disseminate information about ITC and its brands in the digital space.



**Risk 8**

## Adverse impact on ITC's operations and performance due to market risk, credit risk and liquidity risk

### Risk Mitigation Strategy

- 1 Robust risk management practices in place, governed by a combination of centrally issued policies and standard operating procedures at the divisional level.
- 2 Centralisation of treasury operations to focus on deployment of surplus liquidity and management of forex exposures within a well-defined risk management framework.
- 3 Independent and regular internal audits, supported by project and IT audits, and Risk Management Cell.
- 4 Comprehensive framework in place to manage risks arising out of commodity sourcing and agri-commodity trading. This includes 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 (e.g. pulp, print cylinders in packaging).
- 5 Large and diverse customer base ensuring diversification of risk.
- 6 Strong cash flow generation from operations thereby making ITC virtually debt-free.



**Risk 9**

## Disruption of business operations due to non-availability of critical Information Technology (IT) systems and unauthorised access through cyber attacks

### Risk Mitigation Strategy

- 1 Identification of critical IT systems that have a bearing on business operations and putting in place an IT Continuity Plan for such critical systems. The Plans are tested periodically and kept relevant.
- 2 Implementation of contemporary security practices and technologies.

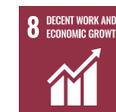
ITC's IT security posture is reviewed at least once every 3 years by a third party specialising in Information Security and the security posture is strengthened based on recommendations of the assessment.

# ITC's 2030 Goals



## Reimagining Sustainability

- 50% of total energy from renewable sources.
- Strengthen ITC's leadership position as a carbon, water and solid waste recycling positive organisation.
- 50% reduction in specific emissions and 30% reduction in specific energy consumption by 2030 over a 2014-15 baseline.
- Achieve a 40% reduction in specific water consumption over a 2014-15 baseline.
- Achieve sequestration of over four times the CO<sub>2</sub> emissions from operations by 2030.
- Creation of rainwater harvesting potential equivalent to over five times the net water consumption from operations by 2030.
- 100% of packaging to be reusable, recyclable or compostable.
- To enable sustainable management of waste in excess of the amount of packaging introduced in the market.
- Creating sustainable livelihoods for 10 million people by 2030.
- Scale up social investment programmes to empower rural communities and meet the 2030 targets for Mission Sunehra Kal Programmes.

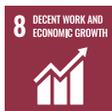


# ITC's 2030 Goals

## Reimagining the Social Contract



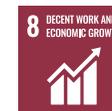
- Sustain and strengthen the human capital capability to meet business goals and enhance ITC's standing as a leading employer through purpose driven investments in people development and talent management practices that enhance ITC's competitive capacity.



## Reimagining Growth



- Strengthening ITC's presence across the Agriculture, Manufacturing and Services sectors to make a growing contribution to national priorities.
- Creating Indian brands of global stature
- ITC brands becoming the most preferred choice for every household in India
- Investing aggressively in all businesses of the Company to enhance its market position and its long-term wealth generating capability



# Contribution to UN SDGs

By virtue of its Triple Bottom Line approach, ITC is well positioned to contribute to the achievement of India's commitment under the United Nation's Sustainable Development Goals (UN SDGs). A mapping of how ITC's interventions are linked to the SDGs is given below.

<p><b>1</b> NO POVERTY</p> 	<p><b>2</b> ZERO HUNGER</p> 	<p><b>4</b> QUALITY EDUCATION</p> 	<p><b>5</b> GENDER EQUALITY</p> 	<p><b>6</b> CLEAN WATER AND SANITATION</p> 	<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> 	<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p><b>13</b> CLIMATE ACTION</p> 	<p><b>15</b> LIFE ON LAND</p> 
<p><u>Women's Economic Empowerment</u></p> <p><u>Climate Smart Agriculture</u></p> <p><u>Integrated Animal Husbandry</u></p>	<p><u>Sustainable Products</u></p> <p><u>Sustainable Supply Chains</u></p> <p><u>Sustainable Agriculture</u></p> <p><u>Integrated Animal Husbandry</u></p> <p><u>Women's Economic Empowerment</u></p>	<p><u>Primary Education</u></p>	<p><u>Diversity &amp; Equal Opportunity</u></p> <p><u>Women's Economic Empowerment</u></p>	<p><u>Water Security for All</u></p> <p><u>Sanitation and Solid Waste Management</u></p> <p><u>Primary Education</u></p>	<p><u>Occupational, Health &amp; Safety</u></p> <p><u>Vocational Training</u></p> <p><u>Women's Economic Empowerment</u></p>	<p><u>Climate Resilience</u></p> <p><u>Managing Waste</u></p>	<p><u>Climate Resilience</u></p> <p><u>Social Forestry</u></p> <p><u>Climate Smart Agriculture</u></p> <p><u>Integrated Animal Husbandry</u></p> <p><u>Water Security for All</u></p>	<p><u>Water Security for All</u></p> <p><u>Climate Smart Agriculture</u></p> <p><u>Social Forestry</u></p>

For details on above interventions, refer to respective sections of this report

# Advancing Thought Leadership in Sustainability

ITC's pursuit of the Triple Bottom Line approach has allowed it to develop unique, sustainable and industry-leading solutions to some of the most pressing sustainable development challenges faced by the country. Combining deep-rooted insights, perspectives and on-ground managerial expertise with meaningful collaborations and partnerships, ITC has created sustainable, scalable and replicable business models in response to these challenges.

**Some of these include the revolutionary ITC e-Choupal ecosystem, which has empowered over 4 million farmers, the Social and Farm Forestry Initiative which has created over 147 million person days of employment, the Integrated Watershed Development that brings soil and moisture conservation to over 1 million acres, and the circular economy based waste management models that enabled recycling of around 80,000 MT of dry waste in 2019-20.**

To ensure wider adoption of the Triple-Bottom Line philosophy, ITC established the 'CII-ITC Centre of Excellence for Sustainable Development' in 2006.

## CII-ITC Centre of Excellence for Sustainable Development

The centre created in collaboration with the Confederation of Indian Industry (CII) continues to focus on promoting sustainable business practices amongst Indian enterprises. The major highlights during the year include the following:

### ■ The Climate Leadership Conference

Was organised on 1st August, 2019 in New Delhi to showcase India's leadership in climate action, and brought together thought leaders, scholars and corporate professionals to come up with new ideas and to implement them. The conference hosted four sessions on topics including building disaster resilient infrastructure, start-up eco-system on innovation, supply chain greenhouse gas emission challenges, and the new government's agenda on Climate Change.

### ■ CII Sustainability Awards

**75 applications were received across industry sectors, of which 29 qualified for recognition.**

### ■ 14th Sustainability Summit- Science, Systems and Sustainability

Held on 28th-29th August, 2019 in New Delhi was attended by 200 participants and 80 speakers. Among those present were Mr Piyush Goyal, Minister of Railways, Commerce and Industry, Government of India, Mr. Amitabh Kant, CEO, NITI Aayog, besides Mr Sanjiv Puri, Chairman and Managing Director, ITC Limited.

A report titled "The Un-Plastic Strategy", that summarizes the challenges related to the management of plastic waste and provides businesses a strategy to combat the issue, was released. In addition, the 'Un-Plastic Collective (UPC)', a voluntary multi-stakeholder initiative was launched by the UN-Environment Programme India, the Centre and WWF-India, with the objective to eliminate plastic pollution, and move towards a circular economy.



## ■ Plastic Waste Management

Consultative sessions were organised with MoEFCC and relevant stakeholders to draft a National Framework on Extended Producer Responsibility (EPR) for plastic waste management.

Recommendations shared with MoEFCC, included: e-Governance of Registration under Plastic Waste Management Rules, 2016, EPR Return File System, EPR Credit pricing mechanism and online registration of producer responsibility organization (PROs) at the state level.

## ■ India Business and Biodiversity Initiative (IBBI)

- The Centre participated in a two-day workshop on Access and Benefit Sharing (ABS) organised on 20-21 May 2019 as a part of the Union Ethical Bio Trade (UEBT) Conference “Beauty of Sourcing with Respect”, in Paris, France. The workshop focused on the ABS regulations under the Nagoya Protocol, Convention on Biological Diversity (CBD).
- The Centre participated in the UNCCD COP 14 side event on 'Sustainable Land Management Practices by Indian Business' on 4th September, 2019 at India Expo Mart, Greater Noida. On 7th September, 2019, in collaboration with WBCSD, the Centre organized a Business Day at the Expo Mart on combating land degradation and desertification.

## ■ India CEO Forum on Air Pollution

The Centre organized a forum on Air Pollution on 23rd July, 2019 in New Delhi where eighteen CEOs across industry came together to form a core group for 3 years (2019-2022) under the 'National Initiative: Cleaner Air-Better Life', with a mission to accelerate clean air action in India. The objectives of this forum are to formulate sectoral roadmaps to reduce emissions, get voluntary commitments from companies and enable peer-learning for reducing air pollution.

## ■ UNFCC Conference of Parties (COP 25)

The Centre organized a session on 'Practices from Indian Railways and Auto Sector Towards Climate Mitigation' as part of the UNFCC COP 25, at the India Pavilion, IFEMA, Madrid on 13th December, 2019. The objective of the session was to figure out ways to introduce the sector to the idea of low carbon transition.

## ■ Capacity Building

Capacity building was promoted through a range of training and consulting assignments on topics including Waste management rules and compliance, CSR Rules and Impact Measurement, Sustainability Reporting, Integrated Reporting, GRI Reporting, Internal Auditors training on Safety, Health & Environment, Human Rights and Biodiversity.

## ■ The Clean Industry Report

was released in partnership with NITI Aayog on 16th November, 2019, which presents recommendations of the Task Force on Clean Industry for reducing air pollution from major industrial sources in the airshed of NCR Delhi.

The major recommendations include: i) new policy mandates and incentives for prioritizing clean fuels in electricity generation; ii) system-wide changes for leapfrogging to higher co-firing ranges for locally available farm biomass in existing thermal power plants; and iii) more stringent environmental norms for diesel generators, as per global benchmarks.

## ■ Circular Economy and Resource Efficiency

On 17th February, 2020 the Centre certified Delhi International Airport Limited (DIAL) for successful implementation of “Single Use Plastic Free Airport” measures within IGI Airport's operation, voluntarily.

# Awards

## Major Awards 2019-20

- Mr Sanjiv Puri, Chairman & Managing Director, was ranked one of the **India's Most Valuable CEOs** by BW Businessworld.
- ITC has been globally ranked **no.1 amongst peers and no.3 overall** by 'Sustainalytics', a global Environmental, Social and Governance (ESG) rating company, for ESG performance in the 'Food Products Industry'.
- ITC won the '**Best Corporate Initiative in Sanitation Award**' at the India Sanitation Coalition – FICCI Sanitation Awards 2019
- ITC received 2 Effie Awards in the '**Integrated Marketing Campaign**' and '**Foods**' Categories (**Silver Awards – highest honours**) for Aashirvaad Atta's 'Tarun's Tiffin' advertisement campaign.
- ITC won the '**Breakthrough Innovations Award**' in the Superstar category from Nielson, a global provider of market research, for its Engage ON product.
- ITC Hotels was awarded the **Best Luxury Hotel Chain**, ITC Royal Bengal, Kolkata - Best New Hotel (Domestic), ITC Grand Goa Resort & Spa, Goa - Best Wedding Venue (Domestic) and Club ITC - Best Hotel Loyalty Programme by Travel+Leisure India at the '**India's Best Awards**'.
- 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 Head Office, Kolkata received the **LEED Platinum Certification** in Existing Building Operation & Maintenance category from the U.S. Green Building Council.
- ITC Green Centre, Guntur received the '**Platinum rating certification**' from the **LEED Green Building** rating system in the new construction and major renovation category.
- ITC Kovai unit won the '**Excellent Energy Efficient Award**', '**GreenCo Platinum Award**' and '**GreenCo Star Performer Award**' from the Confederation of Indian Industry (CII).
- ITC's Munger unit won the '**IGBC Performance Challenge 2019 for Green Built Environment-Excellence Award**' at the Green Building Congress 2019.
- ITC's Saharanpur and Kidderpore units won the '**Excellent Energy Efficient Unit Award**' and the Munger Unit won the '**Energy Efficient Unit Award**' from CII
- ITC Ranjangaon received the '**Safety Innovation Award**' from The Institute of Engineers, India.
- ITC's Corporate Communications Department won the First Prize in 5 categories at the **Public Relations Society of India (PRSI) National Awards 2019**
- ITC's Medak unit received the '**IGBC Green Factory Building – PLATINUM**' Certification 2019 in new factories category from the Indian Green Building Council.
- ITC Green Centre, Bengaluru won the '**CII-EHS Excellence Award**' for best practices under environment category.
- 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.
- ITC was conferred the '**PrintWeek Printing Company of the Year**' Award, '**Green Company of the Year**' Award in performance category, and '**Prism in Packaging Converter of the Year (Flexible)**' Award in quality category, by Printweek India.
- ITC's Haridwar unit won the '**Outstanding Performance in Food Safety Excellence Award**' in the Large Manufacturing Food Business Bakery category at the **CII Award for Food Safety 2019**.

- ITC's Spices business received the '**Outstanding Performance Award**' in the spices & sauces category at the CII Award for Food Safety 2019.
- ITC received the '**CII National HR Excellence Award**' for Significant Achievement in HR Excellence.

## Major Awards Over the Years

- 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 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 and 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 2nd in the world to win the Development Gateway Award** for its trail-blazing e-Choupal initiative (2005).

For more details on awards, refer to [www.itcportal.com](http://www.itcportal.com)



# SUSTAINABILITY MANAGEMENT

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# Stakeholder Engagement

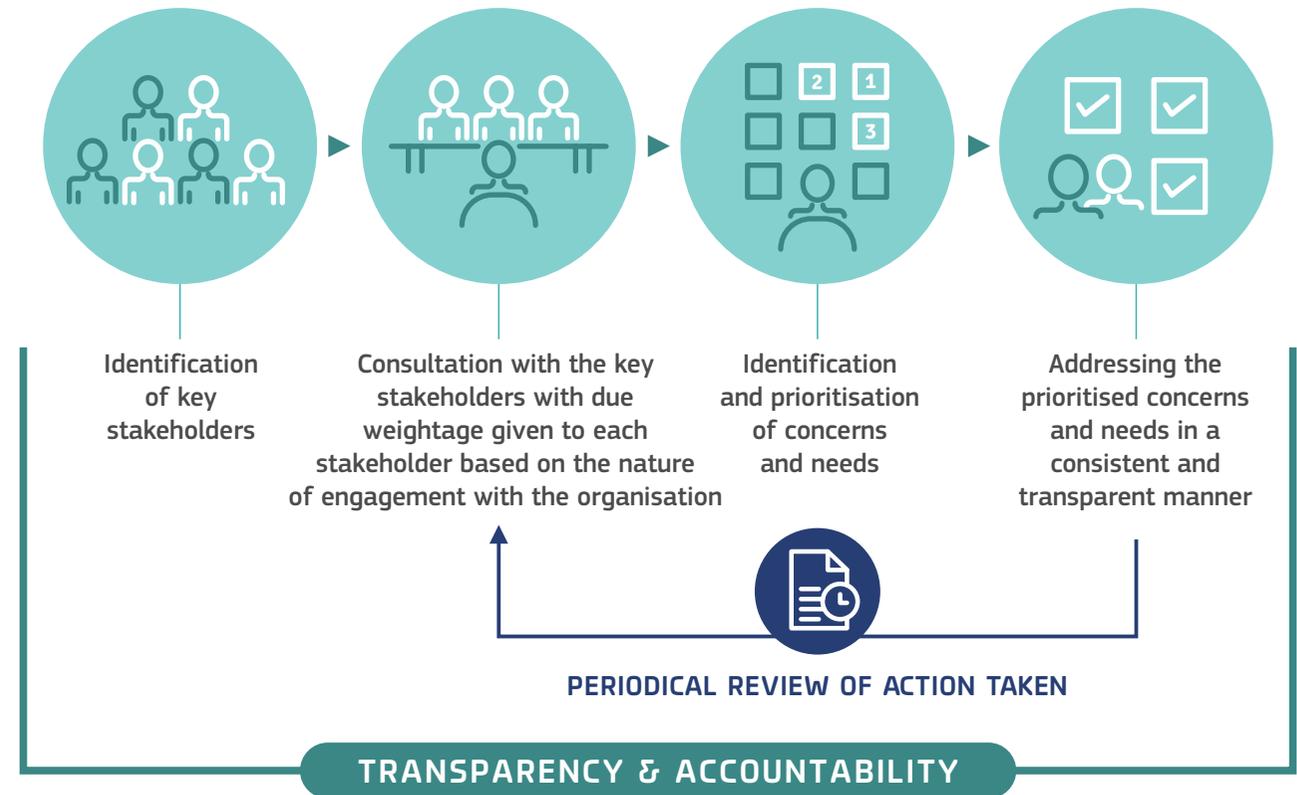
## ITC's Approach

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

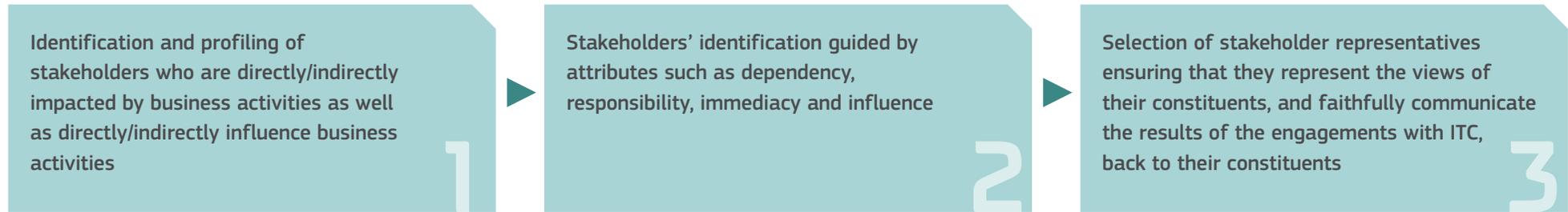
In line with the Board approved Policy on Stakeholder Engagement, ITC has a structured framework for engaging with its stakeholders and fostering enduring relationships with each of them. ITC's engagement approach is anchored in the principles of materiality, completeness and responsiveness.

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 account 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. Insights gathered from stakeholder engagements help validate the Company's performance and shape new perspectives. Given the immense value these engagements provide, ITC has institutionalised these processes across the organisation.

## ITC's Process of Stakeholder Engagement



## Identification of Key Stakeholders



## Identification of Key Concerns

Consultation mechanism	Key issues
<p><b>Providers of financial capital</b></p> <ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Exclusive section in Corporate Website on 'Shareholder Value' which serves to inform and service shareholders</li> <li>• Exclusive e-mail id: isc@itc.in for direct interaction with shareholders</li> <li>• Regular interaction with institutional investors</li> </ul>	<ul style="list-style-type: none"> <li>• Improved profitability and growth of the organisation</li> <li>• Transparent and effective communication</li> <li>• Investor servicing</li> <li>• Sound corporate governance mechanisms</li> </ul>
<p><b>Government and regulatory authorities</b></p> <ul style="list-style-type: none"> <li>• Representation on policy issues through industry associations and other bodies</li> <li>• Participation in policy advocacy discussions at various forums</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Sound corporate governance mechanisms</li> <li>• Tax revenues</li> <li>• Improvement in use of natural resources</li> <li>• Transparency in disclosures</li> <li>• Livelihood generation</li> </ul>

**Consultation mechanism**

**Key issues**

**Customers**

- Market surveys
- Direct connect/visits
- Personalised lifestyle privilege programme
- Customer satisfaction surveys
- Key account management

- Product/service quality and safety
- Adequate information on products
- Transparent communication
- Product/ service availability
- Timely delivery of product/ service
- Maintenance of privacy/ confidentiality
- Fair and competitive pricing

**Employees**

- Induction programmes/ trainings/ workshops
- Individual performance appraisal
- Employee engagement survey
- Grievance handling processes
- Trade union meetings

- Caring and empowering work environment
- Personal development and growth
- Health and safety
- Grievance resolution
- Competitive compensation

**Farmers**

- Regular formal/ informal conversations
- Farmer training programmes and workshops
- Agreements for all procurement activities
- e-Choupal and Choupal Pradarshan Khets (demonstration farms)
- Participatory rural appraisals to identify needs and challenges

- Sustainable and accelerated growth in livelihoods and farm incomes
- Know-how on improvement of productivity and profitability
- Capacity development for enabling further investment
- Easy, affordable and reliable access to inputs such as quality seeds, fertilizers, pesticides etc.
- Regeneration and replenishment of common resources like water, village commons, biomass and biodiversity

**Media**

- One-on-one media interaction
- Press conferences/press releases
- Advertisements/promotions
- Interviews with senior management

- Transparent and accurate disclosure to stakeholders
- Responsible corporate citizenship
- Corporate reputation

Consultation mechanism

Key issues

Supply chain partners

- Manufacturers' meets
- Vendor meets
- Pre-agreement negotiations
- Procurement agreements

- Knowledge and infrastructure support
- Regular communication and updates on business plans
- Inclusion of local medium and small scale enterprises in vendor base
- Competency development of local vendors
- Stability/ tenure of relationship
- Ordering and payment routines
- Purchase prices

Civil society

- Partnerships for implementation of CSR programmes under 'Mission Sunehra Kal'
- Discussions on community issues with civil society organisations

- Financial support for community development programmes
- Managerial support
- Environmental impacts
- Safe products and services
- Responsible corporate citizenship

Local communities

- Community needs assessment activities undertaken in collaboration with independent parties/civil society organisations
- Formation of village institutions and regular meetings thereon
- Public hearings for greenfield/expansion projects
- Assessment of direct and indirect impacts of ITC's social investments on communities

- Community development programmes based on local communities' needs
- Strengthening of livelihood opportunities
- Improvement of social infrastructure for hygienic and healthy living environment
- Dignity of life through economic and social empowerment

## Insights into Local Community Needs

Since ITC's holistic development approach demands an intensive and deep level of engagement, it is necessary to identify and delineate the felt needs and aspirations of its stakeholder communities in new locations.

For on-going projects, such an exercise helps in gauging if the current set of interventions is valued by the communities and to understand if any course correction is required. Comprehensive stakeholder engagements were undertaken by ITC's Mission Sunehra Kal in 2015-16 comprising 483 Participatory Rural Appraisals (PRAs) covering more than half of the total core villages/habitations.

**The major finding was that ITC's stakeholders are confronted with multiple, but inter-related issues at the core of which are the twin challenges of securing sustainable livelihoods today and tomorrow.**

Similar studies were undertaken in subsequent years for new locations that were added to ITC's operations.

## Consultation with Key Stakeholders for Sustainable Solutions

As part of stakeholder engagement, ITC also engages in regular and ongoing interactions with various stakeholders including Governments, development agencies, research organisations and communities. Such multi-disciplinary engagement processes stimulate deeper and nuanced understanding of challenges and enable the emergence of customised solutions. Several such stakeholder consultations were held during the year, detailed below:

### Major External Stakeholder Engagement Workshops organised during 2019-20

Workshop	Focus	Key Participants
Workshop on Decentralized Solid Waste Management (SWM) model on 21st & 28th-29th May, 2019 in Munger, Bihar.	Build capacity and train Municipal corporation staff on the SWM model, so as to scale it up in all the 45 wards.	Key participants of the programme were Municipal Commissioner, Munger, Deputy Municipal Commissioner, Munger, City Manager, Munger and Mayor, Munger. Other participants were animators, waste collectors, ward counsellors and supervisors. In total, 105 participants participated.
One day Orientation for Gram Panchayats on SWM on 31 <sup>st</sup> July, 2019 at Mysuru, Karnataka.	Orientation on ITC's Rural SWM initiative and discuss the roles & responsibilities of GPs, ITC and Zila Panchayat (ZP).	The Programme was conducted for 50 Panchayats in the presence of ZP members.
Inception meeting on Integrated Command Area Development Programme on 3rd August, 2019 at Pune, Maharashtra.	In association with the Water Resource Department, Govt of Maharashtra to discuss the way forward for implementing the integrated command area development programme.	The meeting was chaired by Secretary, Water Resource Department (WRD), Government of Maharashtra along with Joint Secretary, WRD. More than 45 participants from different Departments like Water Resource Department, Agriculture Department, World Bank and Civil Society partners participated in the workshop.

Workshop	Focus	Key Participants
One-day workshop on Sustainable Management of Paddy Straw on 30th August, 2019 in Kapurthala, Punjab.	Enhance the knowledge of farmers on in-situ incorporation and use of best practices to manage the paddy straw.	Additional District Commissioner (ADC) was the Chief Guest along with Training Officer Agriculture Department. In total 154 participants participated in the programme.
Inception Meeting on 'Biodiversity Conservation under Ghod River Basin Water Stewardship Programme' on 9th September, 2019 at Junnar, Pune, Maharashtra	In association with Forest Department, Government of Maharashtra to discuss the implementation of pilot project on biodiversity conservation in 18 villages located in the upper catchment of Manikdoh Dam.	More than 25 members participated in the meeting from Forest Department, NGO partner and ITC team.
Multi-stakeholder Workshop on School Water, Sanitation and Hygiene (WASH) practices on 19th September, 2019 in Chirala, Prakasam district, Andhra Pradesh.	Spread awareness on WASH practices among school children, teachers and parents as well as strengthen the School Management Committee (SMC).	Municipal Commissioner & Mandal Education Officer (MEO) were present during workshop. In total, 45 participants joined in the programme.
Multi stakeholder Workshop on Bhavani River Basin Management at Tamil Nadu Agriculture University (TNAU) on 24th October, 2019 at Tamil Nadu.	Discuss the Bhavani river basin water security management plan and study outcomes.	Dean, Horticultural College and Research Institute along with representatives from Tamil Nadu Water Resource Department, Department of Agriculture & Horticulture, Central Water Commission, Central Ground Water Board (CGWB), Tamil Nadu Agricultural University (TNAU), local Krishi Vigyan Kendra (KVK), NGOs & farmers.
Multi Stakeholder Consultation Workshop on Sustainable Sanitation on 20th November, 2019 at Shivalik Nagar, Haridwar, Uttarakhand.	On the World Toilet Day, a multi-stakeholder workshop to emphasize the importance of sustainable sanitation.	The programme was inaugurated by Chairman Shivalik Nagar Municipality, Haridwar, along with HR Head, ITC Ltd. Haridwar and Chairman District Teacher Association Haridwar. In total, 180 participants, including officials from various departments, NGO partners, women self-help groups, and teachers of different schools, participated.

Workshop	Focus	Key Participants
Learning and Experience Sharing Workshop on Rural SWM on 26th December, 2019 at Mysuru, Karnataka.	In association with the Zila Panchayat, Mysuru to share experience and learning from the Rural SWM programme and develop next stage action plan.	Executive Officer, Taluk Panchayat, Hunsur district was the Chief Guest of the workshop. In total, 77 participants covering Panchayat Development Officers (PDOs), presidents, secretaries from Panchayats, swachhagrahis, NGO representatives and ITC SIP team, participated in the workshop.
Integrated Development of Schools in Medak District, Telangana on 25th February 2020.	Sensitize Govt. school staff on ITC MSK's key tenets and integrated approach to school development, understand participants' views on Operations & Maintenance, and share detailed understanding on Swach Vidyalaya concepts.	The workshop was chaired by the District Collector in the presence of district administration officials. Around 202 teachers, head masters and School Development Management Committee members participated in the programme.
"Sustainable Crop Residue Management - Practices and way forward" on 20th February 2020 at Kapurthala.	Experience sharing on wheat cropping system in Kapurthala, scope and extent of achievement in Kapurthala district and vision of "Stubble burning free" Kapurthala next year.	KVK Scientists, Deputy Director, KVK, Senior Agriculture Officers, and Director, Rice Research Station and others.
Divisional Level Orientation Programme on RSWM at Bapatla on 18th February 2020.	Orient different stakeholders of the Guntur RSWM Partnership on SWM 2016 rules, ITC MSK's key tenets and approach, prior to roll-out of the cascade methodology.	The workshop was inaugurated by Sri. Kona Raghupathi garu, MLA, Bapatla and Deputy Speaker of the Andhra Pradesh Legislative Assembly. 60 relevant stakeholders from various Mandals participated.

## Related Policies

[Policy on Stakeholder Engagement](#)

# Materiality

## ITC's Approach

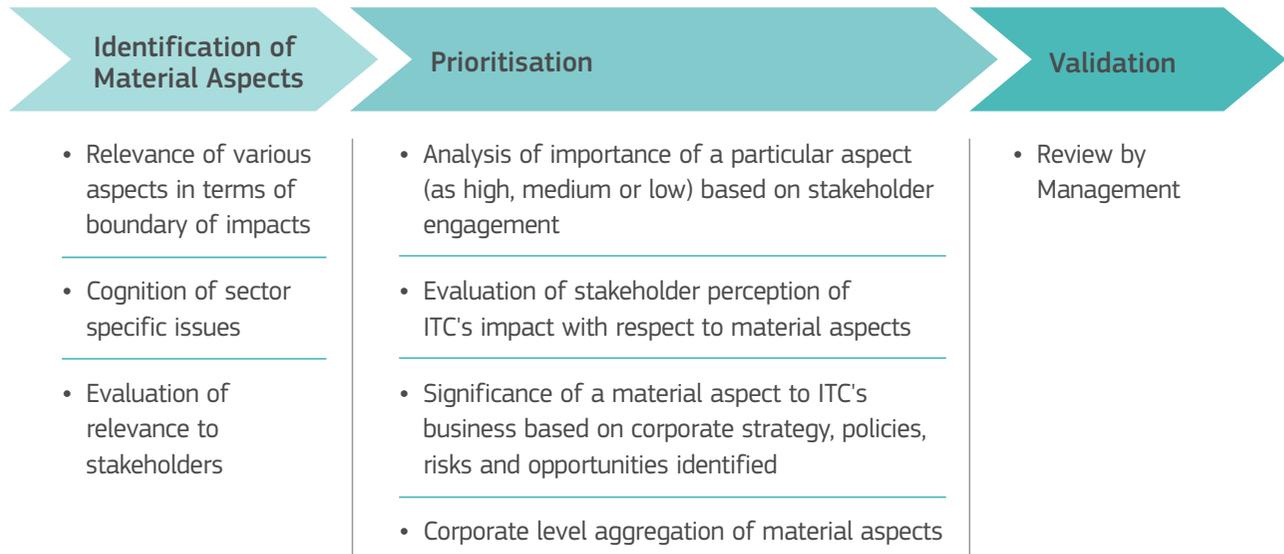
The sensitivity of an issue to stakeholders and to ITC, in terms of importance, forms the basis of the materiality analysis, which in turn guides the processes for identifying, managing and devising specific action plans for addressing these material aspects.



## ITC's Materiality Matrix

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, ITC engaged with a number of internal and external stakeholders in order to update its materiality matrix.

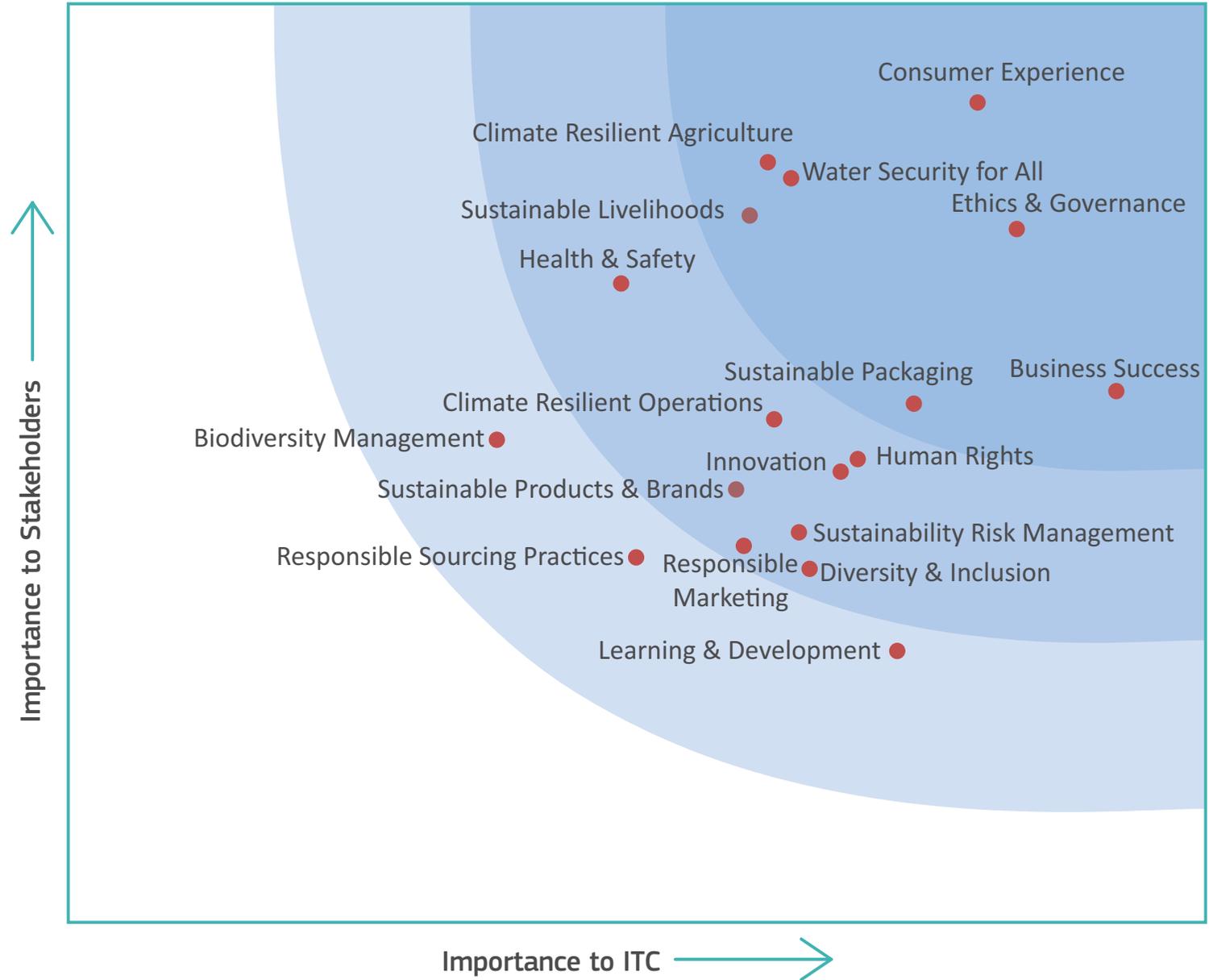
ITC's materiality analysis is based upon the following three pronged approach



The output, taking these interactions into account, is presented here. ITC will continue to engage with more stakeholders, both internal and external, on an ongoing basis to ensure a more dynamic materiality assessment.

The identified material topics have been discussed throughout this Report.

### ITC's Materiality Matrix



# Report Profile & Boundary

The 17th Sustainability Report of the Company with its registered office at Virginia House, 37 J. L. Nehru Road, Kolkata - 700 071 (India), covers the sustainability performance for the period April 1, 2019 to March 31, 2020. ITC reports its performance on an annual basis and the last Sustainability Report was published in August 2019.

ITC's Sustainability Report 2020 has been prepared on the basis of the latest Global Reporting Initiative (GRI) Standards and meets the "In Accordance - Comprehensive" criteria. Reporting on sustainability topics continues to be on the basis of materiality. The Reporting Principles, Universal Standards and Topic Specific Standards detailed in the GRI Standards have been taken into account while preparing the Report. The Report also includes the relevant topics/indicators from GRI-G4 Food Sector supplement for the Foods Business.

In line with ITC's Policy on Responsible Sourcing, the Company continues its efforts to influence sustainability practices along the value chain. In the current year, ITC continued to incorporate the performance of eleven Third Party Manufacturers (TPMs) of the Notebooks segment of Education and Stationery Products Business, two TPMs of Cigarettes Business, ATC Limited, an associate company of ITC, and seven subsidiary companies.

The financial data included in the report is excerpted from the Company's Report & Accounts 2020, audited by independent External Auditors – Messrs. S R B C & Co LLP.

The data related to environment and social performance is based on the actual performance of various businesses, units, hotels and office complexes of the Company and TPMs/subsidiaries included in the reporting boundary. ITC has deployed an Integrated Sustainability Data Management System to collect, collate and analyse environmental and social data. The system is equipped with strong internal controls to support the underlying integrity and credibility of disclosures made in the Report.

ITC has obtained an independent third party assurance for its Sustainability Reports since it started reporting in 2004. In the current year, authenticity of the data and systems disclosed in the Sustainability Report 2020 has been assured by Messrs. Deloitte Haskins & Sells LLP, an independent third party assurance provider. They have provided the assurance as per the International Standard for Assurance Engagements (ISAE) 3000 at a 'reasonable level'. The assurance statement of Messrs. Deloitte Haskins & Sells LLP is included in the report and covers the summary of the work performed, the manner in which the assurance engagement has been conducted, the extent to which ITC has applied GRI Standards and

GRI G4 Food Sector supplement for the Foods Division, and their conclusions on the Report.

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 2019-20 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 CO<sub>2</sub> Sequestration.

## Contact Point

For any clarifications or for requesting additional copies of this Report, contact the Corporate Communications Department at below mentioned address:

### Corporate Communications Department

#### ITC Limited

37 J. L. Nehru Road, Kolkata - 700 071,  
e-mail: [enduringvalue@itc.in](mailto:enduringvalue@itc.in)

## Reporting Boundary

ITC Registered Office: Kolkata (West Bengal)

## ITC'S Businesses

### FMCG

#### Cigarettes Business

**Divisional Headquarters:** Kolkata (West Bengal)

**Units:** Kolkata (West Bengal), Bengaluru (Karnataka), Munger (Bihar), Saharanpur (Uttar Pradesh) and Pune (Maharashtra)

**Third Party Manufacturers (TPMs):** Two nos.

#### FMCG-Others

##### Foods Division

**Divisional Headquarters:** Bengaluru (Karnataka)

**Units:** Haridwar (Uttarakhand), Pune (Maharashtra), Munger (Bihar), Panchla & Uluberia (West Bengal), Guwahati (Assam), Kapurthala (Punjab), Pudukkottai (Tamil Nadu) and Malur & Mysuru (Karnataka)

##### Personal Care Products Division

**Divisional Headquarters:** Kolkata (West Bengal)

**Units:** Haridwar (Uttarakhand), Manpura (Himachal Pradesh) and Guwahati (Assam)

##### Education and Stationery Products Business

**Divisional Headquarters:** Chennai (Tamil Nadu)

**Third Party Manufacturers (TPMs) of Notebooks:** 11 nos.

##### Lifestyle Retailing Business Division

**Divisional Headquarters:** ITC Green Centre, Manesar (Haryana)

#### Matches and Agarbatti Business

**Divisional Headquarters:** Chennai (Tamil Nadu)

#### Trade Marketing and Distribution (TM&D)

**TM&D Headquarters:** Kolkata (West Bengal)

**District Offices:** Kolkata (West Bengal) & Mumbai (Maharashtra)

**Warehouses:** Ambernath (Maharashtra), Hyderabad (Telangana) and Malur (Karnataka)

## Hotels Division

#### Divisional Headquarters:

ITC Green Centre, Gurugram (Haryana)

**Hotels:** ITC Maurya (New Delhi), ITC Maratha and ITC Grand Central (Mumbai), ITC Sonar and ITC Royal Bengal (Kolkata), ITC Mughal (Agra), ITC Grand Bharat (Gurugram), ITC Windsor (Bengaluru), ITC Gardenia (Bengaluru), ITC Rajputana (Jaipur), ITC Grand Chola (Chennai), ITC Grand Goa Resort and Spa (Goa), ITC Kohenuur (Hyderabad), Sheraton New Delhi (New Delhi), WelcomHotel Bengaluru, WelcomHotel Chennai, WelcomHotel Coimbatore and WelcomHotel Amritsar

## Agri Business (Leaf Tobacco)

**Divisional Headquarters:** Guntur (Andhra Pradesh)

**Units:** Anaparti, Chirala and Research Centre, Rajahmundry (Andhra Pradesh), and Mysuru (Karnataka)

## Agri Business

**Divisional Headquarters:** Secunderabad (Telangana)

## Paperboards and Specialty Papers Division

**Divisional Headquarters:** Hyderabad (Telangana)

**Units:** Tribeni (West Bengal), Bhadrachalam (Telangana), Bollaram (Telangana) and Kovai (Tamil Nadu)

## Packaging and Printing Business

**Divisional Headquarters:** Chennai (Tamil Nadu)

**Units:** Haridwar (Uttarakhand), Munger (Bihar) and Tiruvottiyur (Tamil Nadu)

## Others

ITC Life Sciences & Technology Centre, Bengaluru (Karnataka) Central Projects Organisation, Bengaluru (Karnataka)

## Subsidiaries

### ITC Infotech India Limited

**Units:** Bengaluru (Karnataka), Kolkata (West Bengal) and Pune (Maharashtra)

### Technico Agri Sciences Limited

**Units:** Chandigarh and Manpura (Himachal Pradesh)

### Srinivasa Resorts Limited

**Hotel:** ITC Kakatiya, Hyderabad (Telangana)

### Bay Islands Hotels Limited

**Hotel:** Fortune Resort Bay Island, Port Blair

## Landbase India Limited

Classic Golf & Country Club, Gurugram (Haryana)

## North East Nutrients Private Limited

Unit: Mangaldai (Assam)

## Surya Nepal Private Limited

Units: Simara and Seratar (Nepal)

## Associates

### ATC LIMITED

Unit: Hosur (Tamil Nadu)

## Reporting Scope Exclusions

The following subsidiaries included in ITC's Consolidated Financial Statements are not included in the Sustainability Report 2020.

Names of Subsidiaries	Remarks
Fortune Park Hotels Limited	*
MRR Trading & Investment Company Limited (a 100% subsidiary of ITC Investments & Holdings Limited)	@
Russell Credit Limited	@
Greenacre Holdings Limited (a 100% subsidiary of Russell Credit Limited)	@

Names of Subsidiaries	Remarks
Wimco Limited	*
Prag Agro Farm Limited	*
Pavan Poplar Limited	*
Technico Pty Limited	*
Technico Technologies Inc. (a 100% subsidiary of Technico Pty Limited)	*
Technico Asia Holdings Pty Limited (a 100% subsidiary of Technico Pty Limited)	*
Technico Horticultural (Kunming) Co. Limited (a 100% subsidiary of Technico Asia Holdings Pty Limited)	*
ITC Infotech Limited (a 100% subsidiary of ITC Infotech India Limited)	*
ITC Infotech (USA), Inc. (a 100% subsidiary of ITC Infotech India Limited)	*
Indivate Inc. (a 100% subsidiary of ITC Infotech (USA) Inc.)	*
Gold Flake Corporation Limited	@
WelcomHotels Lanka (Private) Limited	@
ITC Investments and Holdings Limited	*

\*ITC is currently in the process of defining the system for inclusion of these entities in the Sustainability Reporting boundary. Going forward, the performance of these entities against identified material aspects will be reported in a progressive manner.

@These entities will be progressively included within the reporting boundary, as part of ITC's supply chain, based on identified material aspects.

\*These entities primarily invest in financial market instruments and do not have any material sustainability impacts.

The following jointly controlled entities (incorporated Joint Ventures) included in ITC's Consolidated Financial Statements are not included in the Sustainability Report 2020:

Names of Joint Ventures	Remarks
Maharaja Heritage Resorts Limited	#
Espirit Hotels Private Limited	#
Logix Developers Private Limited	#
ITC Essentra Limited (a joint venture of Gold Flake Corporation Limited)	#

The following Group's Associates included in ITC's Consolidated Financial Statements are not included in the Sustainability Report 2020:

Names	Remarks
International Travel House Limited	#
Gujarat Hotels Limited	#
Divya Management Limited	@
Antrang Finance Limited	@
Russell Investments Limited	@

# Environmental Management

## ITC's Approach

ITC nurtures a culture of conservation that emphasises meticulous monitoring of resource use and encourages innovations that aid in reducing the dependence on natural resources. It believes in bringing together likeminded stakeholders and in working collaboratively in tackling such complex issues. Accordingly, ITC is collaborating with key stakeholders to spearhead large-scale interventions such as Social and Farm Forestry, Integrated Watershed Development and Sustainable Agriculture Practices among others.

## Policies

ITC's Board approved Policies on [Environment](#), [Health and Safety](#), [Life-cycle Sustainability](#), [Product Responsibility](#) and [Responsible Sourcing](#) provide the necessary framework to address the direct environmental impacts of Company's own operations as well as progressively extend the efforts to its supply chain.

## Practice

In line with ITC's sustainability roadmap, businesses are moving ahead in a phase-wise manner to implement the above Policies. The overall responsibility for ensuring

implementation of Policies and Standards on environmental performance resides with the Divisional/ Strategic Business Unit's (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.

At the corporate level, Corporate EHS Department is responsible for reviewing and updating Corporate Standards, verifying compliance, providing guidance and support as required. The progress and compliance of different businesses against the agreed roadmap is reviewed regularly by the Sustainability Compliance Review Committee (SCRC) constituted by the Corporate Management Committee (CMC).

ITC's businesses have targets for key performance indicators like specific energy consumption, specific greenhouse gas emissions, specific water intake, specific waste generation, etc. As stated before, performance is monitored and reviewed on a regular basis to ensure that businesses are on-track with respect to the agreed roadmap.

ITC's approach for addressing material issues like [Energy & Climate Change Management](#), [Water Resource Management](#) and [Waste Management](#) is available in the respective sections of this report. The

following sections outline ITC's approach for other key environmental issues.

## Air Emissions Management

### ITC's Approach

Air pollution, primarily caused by vehicular and industrial emissions, has become a major public health issue in recent times. Despite sustained efforts by the government in the form of stricter emission norms in industries and improving vehicular emissions standards, air pollution continues to remain a challenge in India. Addressing the challenge of air pollution will require concerted efforts by multiple stakeholders.

ITC's approach of proactively pursuing energy conservation through audits and benchmarking against industry standards, and increasing the share of alternate energy in its energy portfolio contributes to reduction in air emissions. ITC also appropriately invests in state-of-the-art pollution control equipment and a robust system of monitoring, measuring and reporting is in place to ensure conformity with environmental standards.

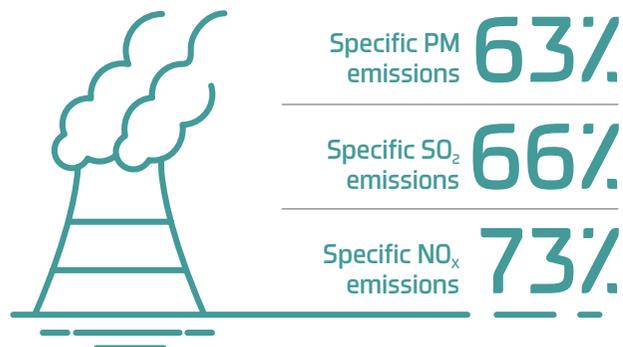
## Performance

All ITC units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NO<sub>x</sub>) and Sulphur Dioxide (SO<sub>2</sub>) on a regular basis to ensure compliance with applicable Standards as well as continuous improvement. In 2019-20, ITC's total PM emissions increased, whereas NO<sub>x</sub> and SO<sub>2</sub> emissions reduced over the previous year. PM emissions increased due to higher output from the existing units. NO<sub>x</sub> emissions reduced due to better process control whereas SO<sub>2</sub> emissions reduced due to lower sulphur content in coal.

## Air Emissions Performance at PSPD Bhadrachalam

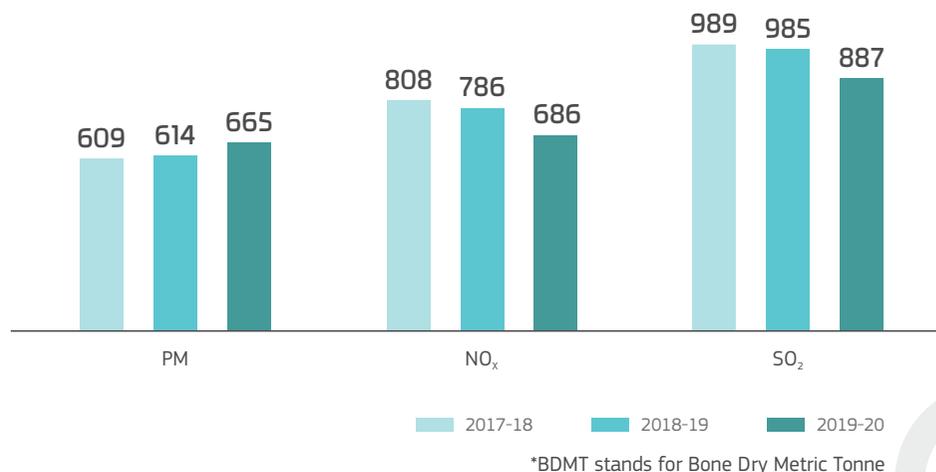
PSPD Bhadrachalam, given its scale of operations, is a major contributor to ITC's total air emissions. The air emissions data at PSPD Bhadrachalam is reviewed regularly and compared with industry benchmarks to improve performance. A snapshot of PSPD Bhadrachalam's performance is presented below.

### Reductions since 2009-10



## Other Significant Air Emissions

tonnes



## Specific PM Emissions - PSPD Bhadrachalam

Specific PM, in kg/BDMT



## SO<sub>2</sub> and NO<sub>x</sub> Emissions

During 2019-20, both specific SO<sub>2</sub> and NO<sub>x</sub> emissions exhibited a downward trend as compared to the previous year. The reduction in specific SO<sub>2</sub> emissions was driven by lower Sulphur content in coal and better process control led to reduction in NO<sub>x</sub> emissions.

## Ozone Depleting Substances (ODS)

In 2019-20, the total consumption of ODS across units stood at 75 kg of CFC-11 equivalent. ITC is working at phasing out ODS from its operations through the following interventions:

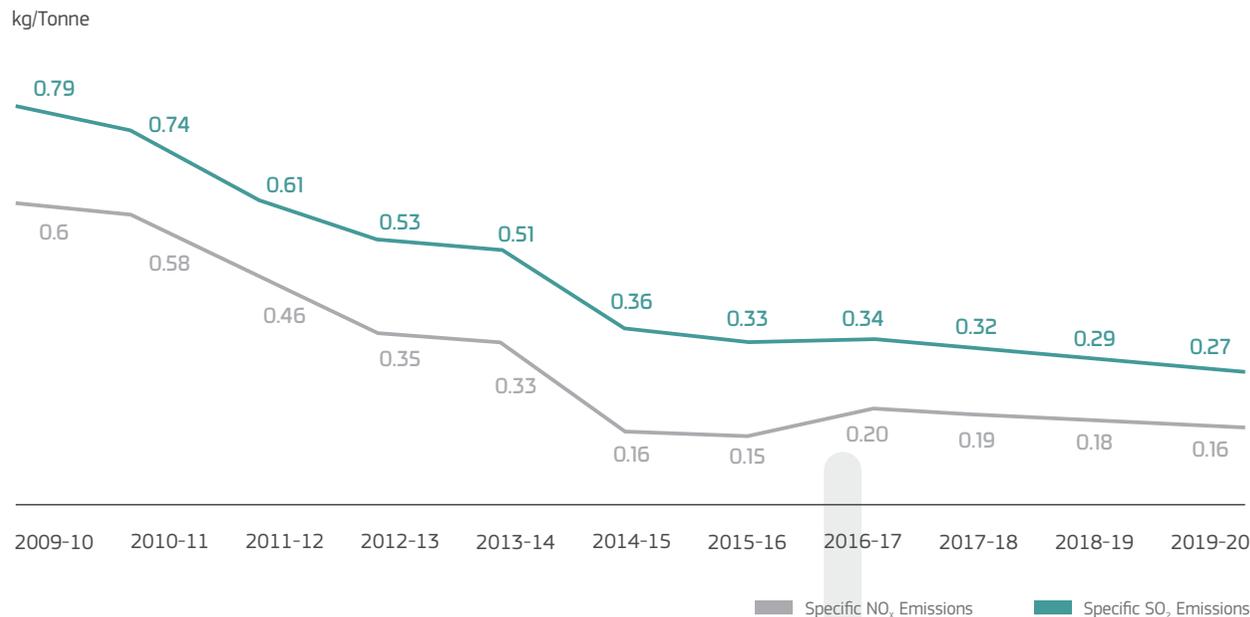
- Replacement of all existing equipment using ODS well before the stipulated phase-out period.
- Ensuring safe recovery & disposal of ODS through authorised recyclers for equipment undergoing replacement.

## Hydrogen Sulphide (H<sub>2</sub>S) Emissions

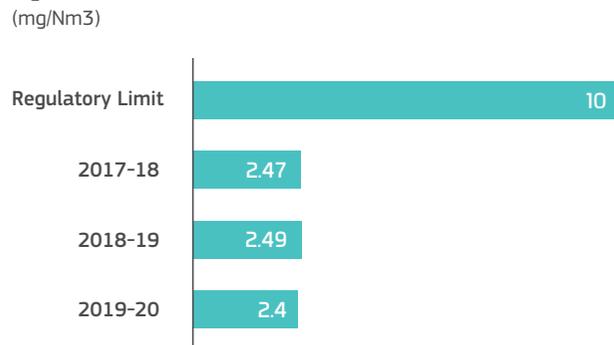
At Bhadrachalam, the primary source of H<sub>2</sub>S emissions is the soda recovery boilers in which black liquor is used to produce steam and recover chemicals.

In 2019-20, similar to previous years, H<sub>2</sub>S emissions remained well below the regulatory limit.

### Specific NO<sub>x</sub> and SO<sub>2</sub> Emissions - PSPD Bhadrachalam



### H<sub>2</sub>S Emissions - PSPD Bhadrachalam



## Biodiversity Management

### ITC's Approach

Given the essential eco-system services that nature provides, especially to rural households, ITC recognises that the preservation and nurture of biodiversity is crucial for the long-term sustainability of agriculture. Biodiversity provides varied ecosystem services to agriculture including recycling of nutrients, control of local micro-climate, regulation of local hydrological processes and regulation of the quantum of undesirable organisms.

Decoupling of agriculture from the ecosystem services rendered by biodiversity may result in overdependence on external inputs and force ever-increasing economic and environmental costs, as well as impacting nutrition and health of consumers. ITC's biodiversity conservation work is also aligned to the strategic goals of Aichi Biodiversity targets. The long-term sustainability of several of ITC's agri businesses depend on natural capital, which includes soil, underground and surface water, and biodiversity. A 'sustainable agriculture area' incorporates ecological and biodiversity concerns and supports livelihood improvements.

**ITC has taken up biodiversity conservation as a major intervention in its operational areas through various initiatives. This will not only preserve the nation's rich biodiversity, but also ensure a sustainable future for communities residing in the Company's agri-business areas.**

## Biodiversity Conservation - Progress

As part of its Natural Resources Management programme, ITC has focussed on biodiversity conservation with three approaches:

- Biodiversity conservation in agri supply chains by minimising the adverse impacts of agriculture on biodiversity;
- Community driven biodiversity conservation at the watershed level as landscape restoration 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.

## Biodiversity Conservation in Agri Supply Chains

The Biodiversity Risk and Opportunity Assessment (BROA) tool was deployed by ITC's Agri Business Division in its core crop growing regions to identify impacts and dependencies of business operations on biodiversity of a given agricultural landscapes. This was followed by an assessment of the various risks and opportunities that emerge, based on which plans were made and actions undertaken to address them.

Based on the risk assessment, ITC has specifically promoted initiatives such as micro-irrigation promotion, farmer education-cum-awareness programmes on

pesticide waste disposal, energy conservation measures, soil protection and conservation and Integrated Pest Management in crops, covering around 65,000 farmers in Andhra Pradesh and Karnataka.

In 2019, ITC's Agri Business Division increased the scale and scope of crops under Sustainability Certification. Crops such as chilli, cumin, turmeric, celery and coffee were covered under Rain Forest Alliance (RFA), UTZ and Global GAP certifications. Under this certification, the farms are audited regularly to verify that farmers are compliant to the standard's comprehensive requirements, which require continuous improvement on the journey to sustainable agriculture. The farmers strictly follow the standards principles of sustainable farming, which includes Biodiversity conservation, improved livelihoods and human well-being and natural resource conservation. With support from ITC, the farmers in Andhra Pradesh, Karnataka, Rajasthan and Punjab undertook effective planning and farm management systems that benefit communities, forests, native vegetation, ecosystem services and wildlife.

ITC's Paper Business has committed to Forest Stewardship Council® (FSC®) principles and has got its pulpwood plantations and supply chain certified under FSC®. 41,056 hectares belonging to 33,546 farmers were certified under FSC® till 2020 by SCS Global Services, as per which no rare threatened and endangered species are in the land considered under the scope of certification. It also provides assurance that methods for enhancing the biodiversity potential of the planted areas like retention of old growth / snag trees, retention of large woody debris, creation of water bodies, etc., are being practiced.

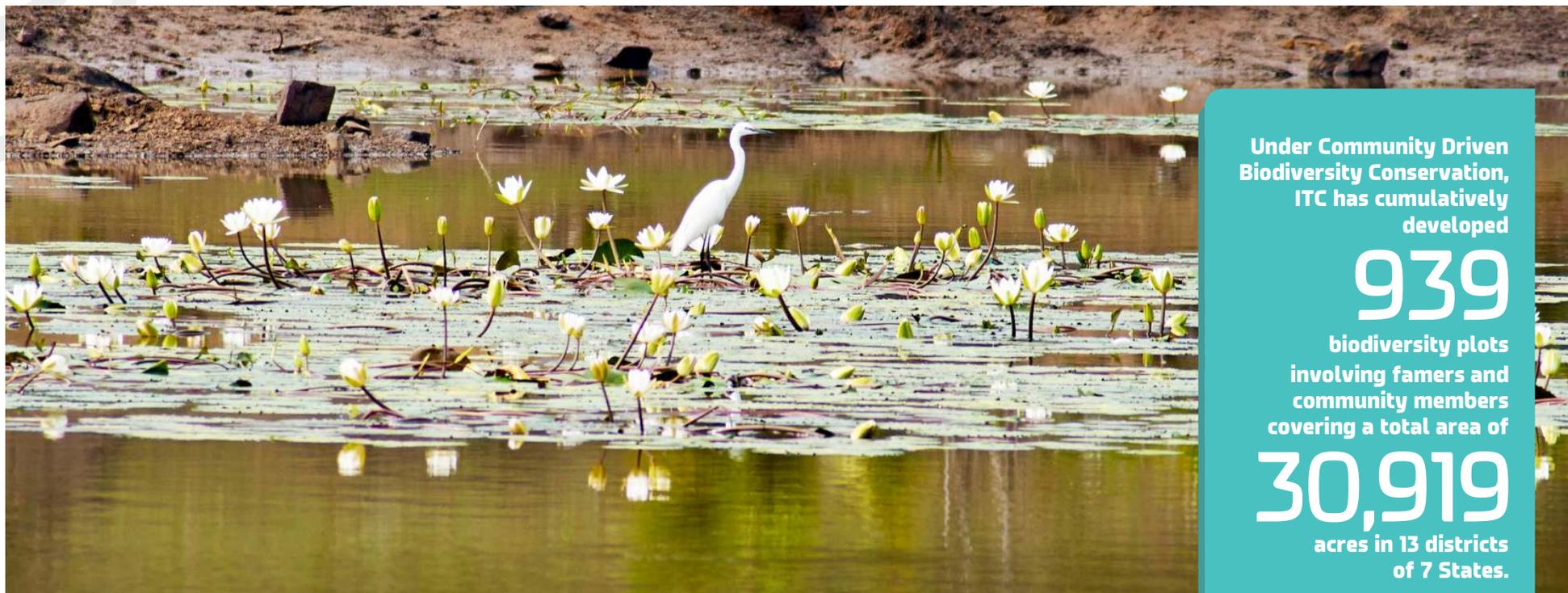
## Community Driven Biodiversity Conservation

ITC implements community driven biodiversity conservation with focus on livelihood generation to ensure that communities understand and value the importance of biodiversity conservation. As part of the programme, studies are undertaken to understand the current status of floral and faunal species' richness in the watersheds, plans prepared for landscape level restoration to improve green cover and native floral species' population and mosaic restoration to rehabilitate degraded common lands as biodiversity hot spots.

Under this programme, ITC has cumulatively developed 939 biodiversity plots involving famers and community members covering a total area of 30,919 acres in 13 districts of 7 States.

The initiative has also helped in conserving myriad species of floral and faunal diversity, including birds, butterflies, reptiles and amphibians. Biodiversity indexing is done in biodiversity conservation plots to measure success in enhancing species diversity and dominance and it was last done in the year 2018-19. To expand the scope of biodiversity conservation work during the year, ITC signed agreements with the Forest Department of Maharashtra and Telangana to improve forest cover and

with the Wasteland Development Board of Rajasthan to revive and restore pasture lands. In Maharashtra and Telangana, ITC is working with the Forest Departments in building the capacities of their staff to plan and execute soil and moisture conservation work within the forest and fringe area development outside forest. These two partnerships aim to cover around 79,000 acres of area in phased manner. In Rajasthan, ITC will build capacities of the staff of the Wasteland Development Board and Panchayat Raj institutions to identify village commons and plan and to execute restoration of commons which is aimed to benefit around 2.47 lakh acres of village commons in the state.



**Under Community Driven Biodiversity Conservation, ITC has cumulatively developed**

**939**

**biodiversity plots involving famers and community members covering a total area of**

**30,919**

**acres in 13 districts of 7 States.**

## Revival of eco-system services: Sustainable Agriscapes for Future

ITC has collaborated with the International Union for Conservation of Nature (IUCN) to develop 'Sustainable Agriscape for Future' in Munger district (Bihar). IUCN had taken up studies and surveys to identify key issues that are, and will in future, affect the ecosystem service potential of the agriscape and farm profitability. Pressures on forest for fodder and fuelwood from the communities residing in adjoining areas thus leading to an increased top soil erosion and reduction of flows in water streams, encroachment and invasion of exotic species in community water bodies, excess usage of external input in agriculture located along the river Ganges, reduction of native trees and shrubs in agriculture fields that sustain birds and insect population, were identified as some of the critical factors that will impact the agriscape ecosystem service potential.

Based on the challenges identified, IUCN has suggested three varied landscape profiles for demonstrating the revival of eco-system services: forest and lake, lacustrine (pond) and riverine (Ganga river bed) landscapes. Nature based Solutions (NBS) for all three types of landscapes have been developed by IUCN.

As per the plans, ITC has taken up native tree plantations and promotion of fodder plots in the fields of 2,509 farmers and linked 309 families with Ujjwala scheme to get LPG gas connections during 2019-20. These initiatives aim to reduce fuel and fodder pressures on forests and also protect the traditional Ahar and Pyne irrigation system of the area from erosion. Sustainable

agricultural practices, including soil testing and application of fertilisers, mainly organic inputs only in required quantities and conservation tillage were promoted on 581 acres of flood-prone area at the Ganga river bank. These actions aim to assess the nutrient content in the silt deposits brought by floods, reduce chemical fertiliser by an equal extent and also minimise damage by floods. ITC has extended the partnership with IUCN for replicating the model on a larger scale by partnering with the Forest and other Government departments.



## Chemical Safety Management

ITC follows a proactive approach to managing hazardous chemicals by actively looking for alternatives which not only helps in keeping the operations safe but also are safer for its customers. This approach is demonstrated in ITC pioneering practices like elemental chlorine free (ECF) bleaching in India and switching from solvent-based inks to water-based ones. Environmentally friendly and safer alternatives are continuously sought for improving existing processes and chemicals safety.

Managing hazardous chemicals is not only important within ITC factories but also in the supply chain. Within the supply chain, ITC is focussing on farmers working with hazardous pesticides. ITC's approach is firstly to eliminate or reduce the pesticides usage and, where this is not possible, substitute these with less hazardous one. ITC's Paperboards and Specialty Papers Division (PSPD) and Agri Business Division (ABD) work closely with farmers for implementing the above approach.

For more details, refer to the [Making Agriculture Future Ready](#) and [Investing in India's Tomorrow](#) section of this report.

# Sustainable Supply Chain Management

## ITC's Approach

ITC recognises that with a diverse and an expanding portfolio of businesses, the realisation of its vision of sustainable development has to necessarily take into account the environmental and social impacts within the supply chain.

ITC has Board approved Sustainability Policies that address key supply chain sustainability issues like:

[Labour Practices](#) | [Human Rights](#)

[Bribery and Corruption](#) | [Environment](#)

[Occupational Health and Safety](#)

These Policies are applicable to all supply chain partners including third party manufacturers (TPM), service providers, transporters, suppliers of agri/non-agri materials and capital goods, franchisees, dealers and distributors. They define the structure around which efforts are made to improve the sustainability performance along the supply chain.

ITC also 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 close to 100 supply chain partners till date to educate, and create shared awareness on human rights and decent labour practices. The Company will continue to support more such workshops to disseminate knowledge and creating an environment conducive to adoption of contemporary practices.

Vendors and service providers including TPMs are also 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.

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

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

## ITC's Supply Chain

ITC's products and services can broadly be classified into the following categories:

- **FMCG (B2C) Products:** Foods, Personal Care Products, Education & Stationery Products, Matches & Agarbattis, Cigarettes
- **Industrial Supplies and Exports:** Paperboards and Specialty Papers, Packaging and Printing, Agro Commodities
- **Services:** Hoteliering and Information Technology

Most of ITC's businesses largely depend on agro-based raw materials. Below is a snapshot of the materials used in 2019-20:

ITC processed

**2,577,717** tonnes  
of materials, out of which close to 97%  
(2,498,064 tonnes) were from agro/  
forestry based renewable sources.

From the depiction of material flow, it is evident that the

**1** supply chains of most ITC's businesses are vertically integrated, which facilitates optimum utilisation of raw materials, recycling of wastes as well as efficient logistic operations.

**2** that 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.

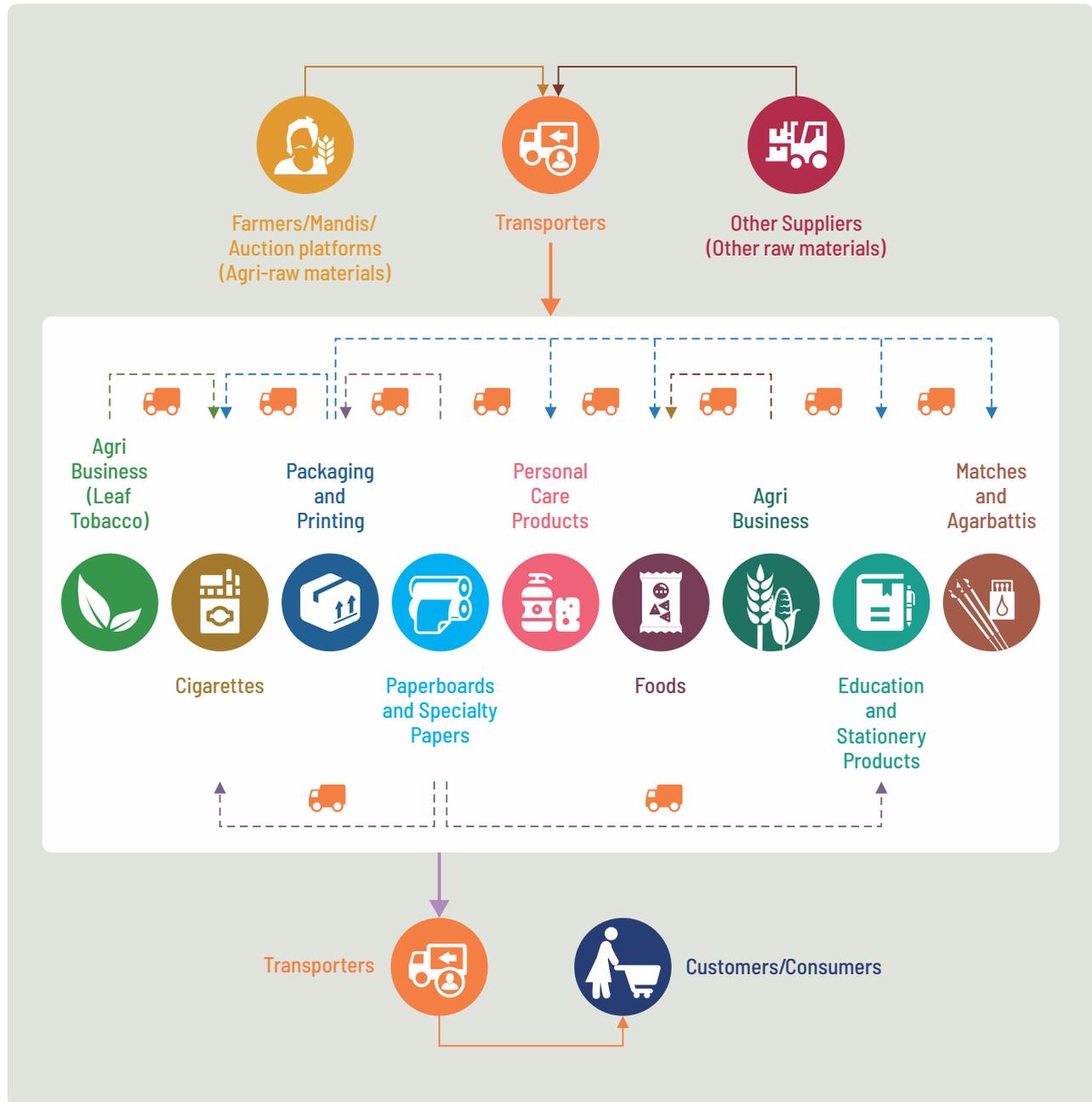
## Sustainability in the Agri Value Chain

ITC's approach to sustainable agriculture and details of interventions in major agri value chains (like Wheat, Pulpwood and Leaf Tobacco) are provided in the [Making Agriculture Future Ready](#) section of this report. Additional information on agri sourcing practices is summarised below:

## Responsible Sourcing of Fibre

The Paperboards and Specialty Papers Division (PSPD) processed 1,828,511 tonnes of raw materials (about 71% of the total raw material procured by ITC), out of which 99.6% were from renewable sources.

Approximately 62% of the total fibre requirements of ITC's PSPD is met by pulp, manufactured at the Bhadrachalam unit. Another 16% comes from recycled fibre processed at the units in Kovai and Bhadrachalam.



\*The above diagram does not include Lifestyle Retailing, Hotels and ITC Infotech Businesses

---> Indicates material flow within ITC



The balance 22% is imported pulp used at Bhadrachalam and Tribeni units. In terms of traceability:

- Approximately 85% of the fibre produced in Bhadrachalam is from wood sourced from ITC's Social and Farm Forestry initiatives.
- The fibre used at the Kovai unit is either recycled or reclaimed fibre.
- Overall, 100% of the fibre used by ITC's PSPD is of known and legal origin.

## Sourcing Practices at Agri Business Division (ABD)

ABD primarily sources agri-commodities like Leaf Tobacco, Wheat and Wheat Products, Soya, Mustard, Pulses, Rice, Coffee, Fruits & Vegetables, Spices, and Shrimps from over 20 states for customers in both domestic and international markets, including leading brand owners and bulk processors.

The operations of ITC's Agri Business cover the entire spectrum of activities starting from applied Research & Development and crop development to sourcing and processing, and providing multi-modal logistics and stock management services. This allows ITC to offer a range of solutions that benefit customers through differentiated product offerings and enhanced cost competitiveness, maintaining high quality standards and product integrity, and on-time fulfilment, whilst at the same time create enduring value for the farmers.

The Business has also expanded its operations with the foray into the market with branded offerings in Fruits & Vegetables, Shrimps and Frozen Snacks. The Business

has been continuously investing in strengthening organisational capabilities through multiple sourcing models, customised and identity preserved supply chain infrastructure and network, processing and warehousing tie-ups, technology enabled systems and processes, and people capabilities.

A hub and spoke model has been built along with the necessary physical and digital infrastructure that has enabled multi-level aggregation and dis-intermediation where necessary. These investments coupled with a deep understanding of agriculture, the reach of the e-Choupal network & the strong farmer connect, and the ecosystem of partners provide the capability to offer a wide range of reliable and consistent solutions that are effective along the entire supply chain, and trusted and valued by customers, farmers and other partners.

## Life Cycle Impacts

In line with the overall strategy to embed principles of sustainability into the various stages of product or service life cycle, ITC initiated life cycle assessments (LCA) of its products and services in 2010 with an objective to evaluate the impacts and identify areas for improvement in the value chain. So far, LCAs have been carried out for select product categories from Paperboards and Specialty Papers, Packaging and Printing, Lifestyle Retailing, Personal Care and Foods.

These assessments have been followed up with detailed studies, which in turn have provided concrete solutions towards more efficient packaging designs, loading efficiencies and consequent reduction in transportation costs/GHG emissions/energy use.

ITC will continue to work in this direction, in line with its Policy of 'Life-cycle Sustainability', to identify the opportunities for improvement in the value chain and take appropriate measures for optimisation.

## Related Policies

[Policy on Life-cycle Sustainability](#)

[Policy on Product Responsibility](#)

[Policy on Responsible Sourcing](#)

[Policy on Human Rights Consideration of Stakeholders Beyond the Workplace](#)

# Task Force on Climate-related Financial Disclosures (TCFD)

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 is in the process of evaluating these recommendations and is committed to providing stakeholders with relevant information on climate-related issues.

## ■ Governance

For information on sustainability related governance, refer to [ITC's Approach to Governance and Ethics](#) section of this report.

## ■ Strategy

ITC has identified climate resilient operations including agri value chains as one of its material issues. For ITC's strategy on the same, refer to [Building Climate Resilience](#) section of this report.

## ■ Risk Management

Refer to [Building Climate Resilience](#) and [Strategic Risk Management](#) section of this report.

## ■ Metrics and Targets

Refer [ITC Goals 2030](#) section of this Report.

# Certifications

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

### ■ ISO 14001: Environment Management System

All ITC owned manufacturing units (except units of Foods Business in Pudukottai), SNPL Simra, SNPL Seratar and ATC Limited at Hosur.

**Hotels:** ITC Gardenia, ITC Grand Central, ITC Grand Chola, ITC Kakatiya, ITC Maurya, ITC Mughal, ITC Maratha, ITC Rajputana, ITC Sonar, ITC Windsor, WelcomHotel Bengaluru, WelcomHotel Sheraton New Delhi, ITC Green Centre Gurugram, WelcomHotel Chennai, ITC Grand Bharat, ITC Kohenur and Fortune Resort Bay Island at Port Blair.

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

All ITC owned manufacturing units (except unit of Foods Business in Pudukkottai), SNPL Simra, SNPL Seratar and ATC Limited at Hosur.

**Hotels:** ITC Gardenia and Fortune Resort Bay Island at Port Blair.

### ■ SA 8000: Social Accountability

**Agri Business units** at Chirala and Anaparti, 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

**Foods business units** in Haridwar, Pune, Malur, Munger, Mysuru, Guwahati, Uluberia, Panchla, Kapurthala and NENPL unit in Mangaldai.

**Hotels:** ITC Gardenia, ITC Grand Central, ITC Kakatiya, ITC Maurya, ITC Mughal, ITC Maratha, ITC Rajputana, ITC Sonar, ITC Windsor, WelcomHotel Chennai, Sheraton New Delhi, ITC Grand Bharat, WelcomHotel Bengaluru, ITC Grand Chola and Fortune Resort Bay Island at Port Blair.

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

**Hotels:** ITC Maurya, ITC Windsor, ITC Maratha, ITC Grand Central, ITC Mughal, ITC Sonar, ITC Kakatiya, ITC

Rajputana, ITC Gardenia, ITC Grand Chola, WelcomHotel Bengaluru, ITC Grand Bharat, WelcomHotel Coimbatore, ITC Kohenur, ITC Grand Goa and ITC Royal Bengal

**Offices:** ITC Green Centre Gurugram, ITC Green Centre at Manesar, ITC Virginia House Kolkata and ITC Centre Kolkata.

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

ITC units at Saharanpur, Bengaluru, Munger, Pune, Kidderpore and ATC Limited.

### ■ LEED® Platinum Rating by US Green Building Council (New Building category)

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

## ■ 5 Star Rating by Green Rating for Integrated Habitat Assessment (GRIHA)

ITC Grand Chola.

## ■ BEE 5 Star Rating by the Bureau of Energy Efficiency, Government of India

ITC Green Centre at Manesar.

## ■ Forest Stewardship Council®

Paperboards and Specialty Paper units at Bhadrachalam, Tribeni, Kovai and Bollaram.

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

Packaging and Printing units at Tiruvottiyur and Haridwar.

Paperboards and Specialty Papers units at Bollaram, Bhadrachalam and Tribeni.

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

Paperboards and Speciality Papers unit at Kovai

# Sustainable Farming Certifications

## ■ Rainforest Alliance Certification (RFA)

In 2019-20, ITC produced around 4,053 MT of Rainforest alliance certified raw material covering crops such as Chilli, Cumin, Turmeric, Celery and Coffee.

## ■ Global G.A.P Certification

In 2019, 1,155 acres of ITC Chilli farm area was certified for Global G.A.P.

## ■ UTZ Certification

In 2019, ITC implemented UTZ standards in its coffee operations and produced 800 MT of UTZ certified coffee.

## ■ Fairtrade Certification

Fairtrade certification endorsing that the products meet defined environmental, labour and developmental standards covering 1,507 acres.

## ■ Certified Organic Production

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

## ■ USDA Organic and India Organic Certifications

USDA Organic and India Organic Certifications covering 3,700 acres of organic farming for processed fruits.

## ■ Bio Suisse Certification

Bio Suisse Certification for organic farming of processed fruits covering 2,490 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.

# Sustainability Performance Summary

Performance Indicator	2017-18	2018-19	2019-20
<b>Energy &amp; Greenhouse Gas (GHG) Emissions</b>			
Total Energy Consumption (Terra Joules)	22,199	23,326	23,824
Renewable Energy Consumption (Percentage)	43.2%	40.9%	41.2%
Specific Energy Consumption - PSPD Bhadrachalam (Giga Joules (GJ) per tonne of product)	30.2	29.6	26.7
PSPD Bhadrachalam accounted for 74% of ITC's Total Energy Consumption in 2019-20	15% reduction as compared to 2014-15 baseline		
Total GHG Emissions - excluding Biogenic Emissions (Kilo Tonnes of CO <sub>2</sub> e) <sup>4</sup>	1,599	1,716	1,678
Scope 1 - Direct GHG Emissions (Kilo Tonnes of CO <sub>2</sub> e)	1,149	1,236	1,242
Scope 2 - Indirect GHG Emissions (Kilo Tonnes of CO <sub>2</sub> e)	186	199	230
Scope 3 - Other Indirect GHG Emissions (Kilo Tonnes of CO <sub>2</sub> e)	264	281	206
Specific GHG Emissions - Scope 1,2 - PSPD Bhadrachalam (Tonnes of CO <sub>2</sub> e per tonne of product)	1.55	1.50	1.32
PSPD Bhadrachalam accounted for 60% of ITC's Total GHG Emissions in 2019-20	15% reduction as compared to 2014-15 baseline		
Biogenic Emissions - CO <sub>2</sub> Emissions from Combustion of Biomass (Kilo Tonnes of CO <sub>2</sub> )	865	841	862
GHG Removals (Kilo tonnes of CO <sub>2</sub> )	5,458	5,238	5,394
Annual Energy Savings (TJ) from Energy Conservation Measures	38.1	67.25	70
No. of USGBC/IGBC certified Platinum Buildings - Cumulative	23	24	30

<sup>4</sup> Total GHG Emissions (excluding Biogenic Emissions) = Scope 1+ Scope 2+ Scope 3

Performance Indicator	2017-18	2018-19	2019-20
<b>Water</b>			
Water Intake (Million Kilolitre (kl))	33.21	33.46	34.21
Specific Water Intake - PSPD Bhadrachalam (Kilolitre (kl) per tonne of product)	42.35	38.82	35.73
PSPD Bhadrachalam accounted for 74% of ITC's Total Water Intake in 2019-20	16% reduction as compared to 2014-15 baseline		
Treated Effluent Discharge (Million Kilolitre (kl))	23.57	23.12	23.32
Net Water Intake (Million Kilolitre (kl))	9.64	10.34	10.89
Total Rainwater Harvesting Potential (Million Kilolitre (kl)) <sup>5</sup>	33.07	35.35	38.95 <sup>6</sup>
<b>Waste</b>			
Total Waste Generated (Tonnes)	7,25,095	7,81,229	711,116
Specific Waste Generation - PSPD Bhadrachalam (kg of waste per tonne of product)	1029	1040	861
PSPD Bhadrachalam accounted for 80% of ITC's Total Waste Generation in 2019-20	26.5% reduction as compared to 2014-15 baseline		
Waste Recycled (Percentage)	99.7%	99.9%	99.7%
Waste Recycling Footprint (Percentage) <sup>7</sup>	115%	111%	112%
<b>Raw Materials</b>			
Materials Processed (Tonnes)	22,44,862	23,44,314	25,77,717
Agro/ Forestry based Renewable Sources (Tonnes)	21,66,208	22,67,396	24,98,064
% Materials from Agro/ Forestry based Renewable Sources	95	95	97
FSC® Certified Wood procured (Tonnes)	~60,000	97,000+	86,000+

<sup>5</sup> Total Rainwater Harvesting Potential (RWH) created for the year = RWH potential created within ITC units + RWH potential created through watershed projects

<sup>6</sup> This includes 38.16 Million kl RWH potential (after siltation adjustment) created by ITC's Mission Sunehra Kal and 0.79 Million kl RWH potential created within ITC Units.

<sup>7</sup> Waste Recycling Footprint (%) = (Waste recycled + external waste used as raw material) \*100/ Total waste generated in ITC

Performance Indicator	2017-18	2018-19	2019-20
<b>Labour and Employment</b>			
Total Workforce (Number)	33,976	35,519	36,572
Total Female Employees(Number)	3,855	4,272	4,672
Total New Hires (Number)	7,075	7,712	8,045
Total Attrition Percentage (Including Retirals)	19%	19%	18%
Total Training (Person-days)	1,06,081	1,12,600	1,00,003
<b>Safety – On-Site</b>			
Lost Time Accidents (Own Employees, Service Providers Employees)	16	14	13
Lost Day Rate (Number of man-days lost for every 200,000 man-hours worked.)	21.4	9.8	2.02
Injury Rate (Frequency of LTAs, for every 200,000 man-hours worked)	0.02	0.02	0.02
<b>Safety - Off-Site</b>			
Lost Time Accidents (Own Employees)	30	16	17

Performance Indicator	2017-18	2018-19	2019-20
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## ITC Mission Sunehra Kal - Select Highlights

### Social & Farm Forestry

Acres Greened (Thousand acres) - Cumulative	683	733	800+
Employment Generated (Million person-days) - Cumulative	124	135	147

### Solid Waste Management

Households covered (Millions) - Cumulative	1.57	2.44	3.45
Total Dry Waste Collected for Sustainable Management	50,800+	54,000+	78,800+
Low Value Plastic/Multi-layered Plastic Waste Sustainably Managed	~5000	7,400+	12,500+

### Water Stewardship

Water Harvesting Structures Constructed (Nos.) - Cumulative	12,440	15,086	18,985
Fresh Water Harvesting Potential Created from Watershed Projects (million kl) - Cumulative	32.25	34.64	38.16

# GRI Standards Indicators Index

General Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
<b>Organisational Profile</b>				
102-1	Name of the organization	About ITC	-	-
102-2	Activities, brands, products, and services	About ITC		Yes/ Independent Assurance Statement
102-3	Location of headquarters	About ITC	-	Yes/ Independent Assurance Statement
102-4	Location of operations	About ITC	-	Yes/ Independent Assurance Statement
102-5	Ownership and legal form	Report and Accounts 2020	-	Yes/ Independent Assurance Statement
102-6	Markets served	About ITC	-	Yes/ Independent Assurance Statement
102-7	Scale of the organisation	About ITC	-	Yes/ Independent Assurance Statement
102-8	Information on employees and other workers	Workforce of Tomorrow	-	Yes/ Independent Assurance Statement
102-9	Supply chain	Sustainable Supply Chain Management	-	Yes/ Independent Assurance Statement
102-10	Significant changes to the organization and its supply chain	Sustainable Supply Chain Management	-	Yes/ Independent Assurance Statement
102-11	Precautionary Principle or approach	ITC's Approach to Governance and Ethics	-	Yes/ Independent Assurance Statement
102-12	External initiatives	Chairman's Message	-	-
102-13	Membership of associations	Advancing Thought Leadership in Sustainability	-	-

General Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
<b>Strategy</b>				
102-14	Statement from senior decision-maker	Chairman's Message	-	
102-15	Key impacts, risks, and opportunities	Strategic Risk Management	-	
<b>Ethics and Integrity</b>				
102-16	Values, principles, standards, and norms of behaviour	ITC's Approach to Governance and Ethics ITC's Policies, Guidelines	-	Yes/ Independent Assurance Statement
102-17	Mechanisms for advice and concerns about ethics	ITC's Approach to Governance and Ethics	-	Yes/ Independent Assurance Statement
<b>Governance</b>				
102-18	Governance structure	ITC's Approach to Governance and Ethics	-	Yes/ Independent Assurance Statement
102-19	Delegating employees	ITC's Approach to Governance and Ethics	-	Yes/ Independent Assurance Statement
102-20	Executive-level responsibility for economic, environmental, and social topics	ITC's Approach to Governance and Ethics		Yes/ Independent Assurance Statement
102-21	Consulting stakeholders on economic, environmental, and social topics	ITC's Approach to Governance and Ethics		Yes/ Independent Assurance Statement
102-22	Composition of the highest governance body and its committees	ITC's Approach to Governance and Ethics		Yes/ Independent Assurance Statement
102-23	Chair of the highest governance body	ITC's Approach to Governance and Ethics		Yes/ Independent Assurance Statement
102-24	Nominating and selecting the highest governance body	ITC's Approach to Governance and Ethics		Yes/ Independent Assurance Statement

General Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
102-25	Conflicts of interest	ITC's Approach to Governance and Ethics	-	Yes/ Independent Assurance Statement
102-26	Role of highest governance body in setting purpose, values, and strategy	ITC's Approach to Governance and Ethics	-	Yes/ Independent Assurance Statement
102-27	Collective knowledge of highest governance body	ITC's Approach to Governance and Ethics	-	Yes/ Independent Assurance Statement
102-28	Evaluating the highest governance body's performance	ITC's Approach to Governance and Ethics	-	Yes/ Independent Assurance Statement
102-29	Identifying and managing economic, environmental, and social impacts	ITC's Approach to Governance and Ethics	-	Yes/ Independent Assurance Statement
102-30	Effectiveness of risk management processes	Strategic Risk Management	-	Yes/ Independent Assurance Statement
102-31	Review of economic, environmental, and social topics	During the year, four meetings of the Sustainability Compliance Review Committee were held to review the sustainability performance of the Company.	-	Yes/ Independent Assurance Statement
102-32	Highest governance body's role in sustainability reporting	ITC's Approach to Governance and Ethics	-	Yes/ Independent Assurance Statement
102-33	Communicating critical concerns	ITC's Approach to Governance and Ethics	-	Yes/ Independent Assurance Statement
102-34	Nature and total number of critical concerns	Stakeholder Engagement	-	-
102-35	Remuneration policies	ITC's Approach to Governance and Ethics	-	-
102-36	Process for determining remuneration	ITC's Approach to Governance and Ethics	-	-

General Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
102-37	Stakeholders' involvement in remuneration	Report and Accounts 2020	-	-
102-38	Annual total compensation ratio	ITC's Approach to Governance and Ethics	-	-
102-39	Percentage increase in annual total compensation ratio	ITC's Approach to Governance and Ethics	-	-
<b>Stakeholder Engagement</b>				
102-40	List of stakeholder groups	Stakeholder Engagement	-	Yes/ Independent Assurance Statement
102-41	Collective bargaining agreements	Workforce of Tomorrow	-	Yes/ Independent Assurance Statement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	-	Yes/ Independent Assurance Statement
102-43	Approach to stakeholder engagement	Stakeholder Engagement, Materiality	-	Yes/ Independent Assurance Statement
102-44	Key topics and concerns raised	Stakeholder Engagement, Materiality	-	Yes/ Independent Assurance Statement
<b>Reporting Practice</b>				
102-45	Entities included in the consolidated financial statements	Report Profile & Boundary	-	Yes/ Independent Assurance Statement
102-46	Defining report content and topic Boundaries	Stakeholder Engagement, Report Profile & Boundary	-	Yes/ Independent Assurance Statement
102-47	List of material topics	Materiality	-	Yes/ Independent Assurance Statement
102-48	Restatements of information	Building Climate Resilience	-	Yes/ Independent Assurance Statement
102-49	Changes in reporting	Report Profile & Boundary	-	Yes/ Independent Assurance Statement

General Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
102-50	Reporting period	Report Profile & Boundary	-	-
102-51	Date of most recent previous report	Report Profile & Boundary	-	-
102-52	Reporting cycle	Report Profile & Boundary	-	-
102-53	Contact point for questions regarding the report	Report Profile & Boundary	-	-
102-54	Claims of reporting in accordance with the GRI Standards	Report Profile & Boundary	-	-
102-55	GRI content index	Report Profile & Boundary	-	-
102-56	External assurance	Report Profile & Boundary	-	-

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			

## Economic

Economic Performance				
103	Management Approach	Delivering Resilient Performance	-	-
201-1	Direct economic value generated and distributed	Delivering Resilient Performance	-	-

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
201-2	Financial implications and other risks and opportunities due to climate change	Building Climate Resilience	-	-
201-3	Defined benefit plan obligations and other retirement plans	Delivering Resilient Performance	-	-
201-4	Financial assistance received from government	Delivering Resilient Performance	-	-
<b>Indirect Economic Impacts</b>				
103	Management Approach	Delivering Resilient Performance	-	-
203-1	Infrastructure investments and services supported	Delivering Resilient Performance	-	-
203-2	Significant indirect economic impacts	Creating Sustainable Livelihoods	-	-
<b>Procurement Practices</b>				
103	Management Approach	Delivering Resilient Performance	-	-
204-1	Proportion of spending on local suppliers	Delivering Resilient Performance	-	-
<b>Anti-Corruption</b>				
103	Management Approach	ITC's Approach to Governance and Ethics	-	-
205-1	Operations assessed for risks related to corruption	ITC's Approach to Governance and Ethics	-	-

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
205-2	Communication and training about anti-corruption policies and procedures	ITC's Approach to Governance and Ethics	-	-
205-3	Confirmed incidents of corruption and actions taken	ITC's Approach to Governance and Ethics	-	-
<b>Anti-competitive Behaviour</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly	Helping Consumers Make Sustainable Choices	-	-

## Environment

<b>Environment</b>				
103	Management Approach	Reimagining Sustainability	-	-
<b>Raw Materials</b>				
103	Management Approach	Making Agriculture Future-ready	-	-
301-1	Materials used by weight or volume	Making Agriculture Future-ready	-	Yes/ Independent Assurance Statement
301-2	Recycled input materials used	Making Agriculture Future-ready	-	-
301-3	Reclaimed products and their packaging materials	Managing Waste	-	-
<b>Energy</b>				
103	Management Approach	Building Climate Resilience	-	-
302-1	Energy consumption within the organization	Building Climate Resilience	-	Yes/ Independent Assurance Statement

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
302-2	Energy consumption outside of the organization	Building Climate Resilience	-	-
302-3	Energy intensity	Building Climate Resilience	-	Yes/ Independent Assurance Statement
302-4	Reduction of energy consumption	Building Climate Resilience	-	Yes/ Independent Assurance Statement
302-5	Reductions in energy requirements of products and services	Building Climate Resilience	-	-
<b>Water</b>				
103	Management Approach	Towards Water Security for All	-	-
303-1	Water withdrawal by source	Towards Water Security for All	-	Yes/ Independent Assurance Statement
303-2	Water sources significantly affected by withdrawal of water	Towards Water Security for All	-	-
303-3	Water recycled and reused	Towards Water Security for All	-	Yes/ Independent Assurance Statement
<b>Biodiversity</b>				
103	Management Approach	Biodiversity Management	-	-
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	None of ITC's operational sites are owned, leased, managed in protected areas and areas of high biodiversity value.	-
304-2	Significant impacts of activities, products, and services on biodiversity	-	-	-

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
304-3	Habitats protected or restored	-	None of ITC's operational sites are owned, leased, managed in protected areas and areas of high biodiversity value.	-
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-		-

### Emissions

103	Management Approach	Building Climate Resilience	-	-
305-1	Direct (Scope 1) GHG emissions	Building Climate Resilience	-	Yes/ Independent Assurance Statement; Independent Assurance Statement on GHG Inventory
305-2	Energy indirect (Scope 2) GHG emissions	Building Climate Resilience	-	Yes/ Independent Assurance Statement; Independent Assurance Statement on GHG Inventory
305-3	Other indirect (Scope 3) GHG emissions	Building Climate Resilience	-	Yes/ Independent Assurance Statement; Independent Assurance Statement on GHG Inventory
305-4	GHG emissions intensity	Building Climate Resilience	-	-
305-5	Reduction of GHG emissions	Building Climate Resilience	-	-
305-6	Emissions of ozone-depleting substances (ODS)	Air Emissions Management	-	Yes/ Independent Assurance Statement
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Air Emissions Management	-	Yes/ Independent Assurance Statement

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
<b>Effluents and Waste</b>				
103	Management Approach	Towards Water Security for All Managing Waste	-	-
306-1	Water discharge by quality and destination	Towards Water Security for All	-	Yes/ Independent Assurance Statement
306-2	Waste by type and disposal method	Managing Waste	-	Yes/ Independent Assurance Statement
306-3	Significant spills	Air Emissions Management	-	-
306-4	Transport of hazardous waste	-	This standard disclosure is not applicable as there was no transport, import, export or treatment of waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII.	-
306-5	Water bodies affected by water discharges and/or runoff	Towards Water Security for All	-	-
<b>Environmental Compliance</b>				
307-1	Non-compliance with environmental laws and regulations	Helping Consumers Make Sustainable Choices	-	-

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
<b>Employment</b>				
103	Management Approach	Workforce of Tomorrow	-	-
401-1	New employee hires and employee turnover	Workforce of Tomorrow	-	Yes/ Independent Assurance Statement
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Workforce of Tomorrow	-	Yes/ Independent Assurance Statement
401-3	Parental leave	Workforce of Tomorrow	-	Yes/ Independent Assurance Statement
<b>Labour Management Relations</b>				
103	Management Approach	Workforce of Tomorrow	-	-
402-1	Minimum notice periods regarding operational changes	Workforce of Tomorrow	-	-
<b>Occupational Health and Safety</b>				
103	Management Approach	Workforce of Tomorrow	-	-
403-1	Workers representation in formal joint management-worker health and safety committees	Workforce of Tomorrow	-	-
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Workforce of Tomorrow	-	Yes/ Independent Assurance Statement

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
403-3	Workers with high incidence or high risk of diseases related to their occupation	Workforce of Tomorrow	-	-
403-4	Health and safety topics covered in formal agreements with trade unions	Workforce of Tomorrow	-	-
<b>Training and Education</b>				
103	Management Approach	Workforce of Tomorrow	-	-
404-1	Average hours of training per year per employee	Workforce of Tomorrow	-	Yes/ Independent Assurance Statement
404-2	Programs for upgrading employee skills and transition assistance programs	Workforce of Tomorrow	-	-
404-3	Percentage of employees receiving regular performance and career development reviews	Workforce of Tomorrow	-	-
<b>Diversity and Equal Opportunity</b>				
103	Management Approach	Workforce of Tomorrow	-	-
405-1	Diversity of governance bodies and employees	ITC's Approach to Governance and Ethics Workforce of Tomorrow	-	-
<b>Non - Discrimination</b>				
103	Management Approach	Workforce of Tomorrow	-	-
406-1	Incidents of discrimination and corrective actions taken	Workforce of Tomorrow	-	-

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
<b>Freedom of Association and Collective Bargaining</b>				
103	Management Approach	Workforce of Tomorrow	-	-
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Workforce of Tomorrow	-	-
<b>Child Labour</b>				
103	Management Approach	Workforce of Tomorrow	-	-
408-1	Operations and suppliers at significant risk for incidents of child labour	Workforce of Tomorrow	-	-
<b>Forced or Compulsory Labour</b>				
103	Management Approach	Workforce of Tomorrow	-	-
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Workforce of Tomorrow	-	-
<b>Human Rights Assessment</b>				
103	Management Approach	Workforce of Tomorrow	-	-
412-2	Employee training on human rights policies or procedures	Workforce of Tomorrow	-	-
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Workforce of Tomorrow	-	-

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
<b>Local Communities</b>				
103	Management Approach	Creating Sustainable Livelihoods	-	-
413-1	Operations with local community engagement, impact assessments, and development programs	Creating Sustainable Livelihoods	-	Yes/ Independent Assurance Statement
413-2	Operations with significant actual and potential negative impacts on local communities	Creating Sustainable Livelihoods	-	-
<b>Public Policy</b>				
415-1	Political contributions	Report and Accounts 2020: Page 185	-	-
<b>Customer Health and Society</b>				
103	Management Approach	Helping Consumers Make Sustainable Choices	-	-
416-1	Assessment of the health and safety impacts of product and service categories	Helping Consumers Make Sustainable Choices Investing in India's Tomorrow	-	-
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Helping Consumers Make Sustainable Choices	-	-
<b>Marketing and Labelling</b>				
103	Management Approach	Helping Consumers Make Sustainable Choices	-	-

Topic Specific Disclosures		Report Section / Explanation	Omissions	External Assurance/ Section Reference
Disclosure	Disclosure Title			
417-1	Requirements for product and service information and labeling	Helping Consumers Make Sustainable Choices	-	Yes/ Independent Assurance Statement
417-2	Incidents of non-compliance concerning product and service information and labeling	Helping Consumers Make Sustainable Choices	-	Yes/ Independent Assurance Statement
417-3	Incidents of non-compliance concerning marketing communications	Helping Consumers Make Sustainable Choices	-	Yes/ Independent Assurance Statement
<b>Customer Privacy</b>				
103	Management Approach	Helping Consumers Make Sustainable Choices	-	-
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Helping Consumers Make Sustainable Choices	-	-
<b>Socioeconomic Compliance</b>				
103	Management Approach	Helping Consumers Make Sustainable Choices	-	-
419-1	Non-compliance with laws and regulations in the social and economic area	Helping Consumers Make Sustainable Choices	-	-

# GRI G4 Food Processing Sector Supplement (FPSS)

Material Aspects - DMAs and Indicators	Description	Report Section / Explanation	Reasons for Omissions	External Assurance
<b>Aspect: Procurement / Sourcing Practices - Disclosure on Management Approach (DMA)</b>				
DMA	Protecting Natural Resources	Reimagining Sustainability and respective chapters	-	-
DMA	Minimising Toxicity	Helping Consumers Make Sustainable Choices Investing in India's Tomorrow	-	-
DMA	Fair Trade	All of ITC's trading partnerships are conducted in compliance with applicable legislations	-	-
DMA	Fair Compensation for Labour	Workforce of Tomorrow	-	-
DMA	Traceability	Helping Consumers Make Sustainable Choices	-	-
<b>Aspect: Procurement / Sourcing Practices - Disclosure on Management Approach (DMA)</b>				
DMA	Genetically Modified Organisms (GMOs)	ITC Foods Business does not use any GMOs in manufacturing its products	-	-
DMA	Biofuels	Building Climate Resilience	-	-
<b>Aspect: Procurement / Sourcing Practices – Indicators</b>				
FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	All its suppliers comply with the Company's defined sourcing processes	-	-

Material Aspects - DMAs and Indicators	Description	Report Section / Explanation	Reasons for Omissions	External Assurance
FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	All suppliers of food-based raw materials comply with the Food Safety and Standards Authority of India (FSSAI) requirements.	-	-
<b>Aspect: Labor / Management Relations</b>				
DMA	-	-	-	-
FP3	Percentage of working time lost due to industrial disputes, strikes and/or lock-outs by country	0.01% man-hours lost for the Division on account of a strike of the on-roll workmen in a unit.		
<b>Aspect: Healthy and Affordable Food</b>				
DMA	Nature, scope and effectiveness of any programs and practices that promote access to healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need	Helping Consumers Make Sustainable Choices	-	-
<b>Aspect: Customer Health and Safety</b>				
DMA	-	-	-	-
FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	<ul style="list-style-type: none"> <li>- Helping Consumers Make Sustainable Choices</li> <li>- Investing in India's Tomorrow</li> <li>- Certifications</li> </ul>		

Material Aspects - DMAs and Indicators	Description	Report Section / Explanation	Reasons for Omissions	External Assurance
FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and sugars	- Helping Consumers Make Sustainable Choices  - Investing in India's Tomorrow	-	-
FP7	Percentage of total sales volume of consumer products, by product category sold, that contain increased fibre, vitamins, minerals, phytochemicals or functional food additives	- Certifications		
<b>Aspect: Product and Service Labelling</b>				
DMA	Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements	For food products, all information about ingredients and nutrition of products is published on the product packaging as per relevant statutory requirements.	-	-

**Aspect: Animal Welfare**

Not material as none of ITC's businesses are involved in activities related to animal welfare

# Alignment to Business Responsibility Principles

Principle	BRR Principles to assess compliance with ESG norms	Coverage in Section of Sustainability Report 2020
1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	<ul style="list-style-type: none"> <li>• ITC's Approach to Governance and Ethics</li> </ul>
2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	<ul style="list-style-type: none"> <li>• Reimagining Sustainability</li> <li>• Helping Consumers Make Sustainable Choices</li> <li>• Investing in India's Tomorrow</li> <li>• Air Emissions Management</li> <li>• Sustainable Supply Chain Management</li> </ul>
3	Businesses should promote the well-being of all employees	<ul style="list-style-type: none"> <li>• Workforce of Tomorrow</li> </ul>
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	<ul style="list-style-type: none"> <li>• Stakeholder Engagement</li> <li>• Creating Sustainable Livelihoods</li> </ul>
5	Businesses should respect and promote human rights	<ul style="list-style-type: none"> <li>• Workforce of Tomorrow</li> </ul>
6	Businesses should respect, protect, and make efforts to restore the environment	<ul style="list-style-type: none"> <li>• Reimagining Sustainability</li> <li>• Workforce of Tomorrow</li> <li>• Biodiversity Management</li> <li>• Certifications</li> </ul>
7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	<ul style="list-style-type: none"> <li>• Stakeholder Engagement</li> <li>• Creating Enduring Institutions</li> </ul>
8	Businesses should support inclusive growth and equitable development	<ul style="list-style-type: none"> <li>• Creating Sustainable Livelihoods</li> <li>• Delivering Resilient Performance</li> </ul>
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	<ul style="list-style-type: none"> <li>• Stakeholder Engagement</li> <li>• Helping Consumers Make Sustainable Choices</li> <li>• Investing in India's Tomorrow</li> </ul>

# ITC Policies, Guidelines

Please check the following links for details:

[ITC's Code of Conduct](#)

## ITC's Sustainability Policies

- [Policy on Life-cycle Sustainability](#)
- [Policy on Stakeholder Engagement](#)
- [Policy on Responsible Advocacy](#)
- [Policy on Product Responsibility](#)
- [Policy on Responsible Sourcing](#)
- [Policy on Freedom of Association](#)

- [Policy on Diversity and Equal Opportunity](#)
- [Policy on Prohibition of Child Labour and Prevention of Forced Labour at the Workplace](#)
- [Policy on Human Rights Consideration of Stakeholders Beyond the Workplace](#)
- [Policy on Environment, Health and Safety](#)

[ITC's CSR Policy](#)

[ITC's Food Products Policy](#)

[ITC's E-Waste Policy](#)

[ITC's Remuneration Policy](#)

[ITC's Privacy Policy](#)

For more details on [Corporate Governance at ITC](#) and [other ITC Policies](#), refer to Company's corporate website.

# Quantification Methodologies

## Energy and GHG Emissions

To set organisational boundaries for consolidated GHG emissions, ITC has utilised the operational control approach for various entities covered under the Report. ITC's GHG emissions inventory is prepared based on the ISO 14064-1: 2006 Standard, and using 'GHG Protocol Corporate Accounting and Reporting Standard' and 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' developed by the GHG Protocol Initiative, a partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Global Warming Potential (GWP) used are sourced from the IPCC Fifth assessment report.

### 1. Stationary Combustion

Emission factors provided in the IPCC Guideline for National Greenhouse Gas Inventories of 2006 have been used to calculate GHG emissions from stationary combustion sources. Activity data (quantity of fuel consumed) is multiplied with the respective default emission factor or actual measured Net Calorific Value (NCV) to arrive at the energy consumption values, which is multiplied by the emission factor to quantify the direct emission from stationary combustion sources.

<sup>8</sup> India GHG Programme is led by World Resources Institute (WRI India), CII and TERI

### 2. Purchased Energy

The quantification of indirect GHG emission due to purchased electricity is based on activity data (electricity consumption in kWh) multiplied by emission factors specified in the 'CO<sub>2</sub> Baseline Database for the Indian Power Sector User Guide', (version 13.0, June 2018) issued by Central Electricity Authority, Government of India. The quantification of indirect GHG emissions for purchased steam is based on activity data (energy consumption in GJ) multiplied by the relevant emission factor provided in the IPCC Guideline for National Greenhouse Gas Inventories of 2006.

### 3. Transportation

Sources for calculation of emission factors for different modes of transportation are as follows:

**Road** - India Specific Road Transport Emission Factors published by India GHG Programme<sup>8</sup>.

**Rail** - India Specific Rail Transport Emission Factors for Passenger Travel and Material Transport published by India GHG Programme.

**Air** - India Specific Air Transport Emission Factors for Passenger Travel and Material Transport published by India GHG Programme.

**Ship** - Measuring and Managing CO<sub>2</sub> emissions published by The European Chemical Industry Council (CEFIC).

### 4. Minor Sources

The quantification of GHG emissions from minor sources is based on a robust process of data collection at unit/Division level and methodologies/ emission factors taken from recognised global sources such as IPCC, GHG Protocol and UNFCCC. The sources that have a minor contribution to ITC's overall GHG emissions are listed below:

1. Process Emissions
2. Company owned vehicles
3. SF<sub>6</sub> release from power distribution system
4. CO<sub>2</sub> release from fire protection system
5. Gas cutting/ welding
6. Waste water treatment
7. GHG emissions from composting of waste inside the unit premises
8. GHG emissions from fertiliser application in forestry project
9. GHG emissions due to employee air travel

The frequency of quantification of GHG emissions from minor sources is once in three years.

### 5. GHG Removals

GHG removals from plantations have been calculated based on the approved methodology used in ITC's UNFCCC registered CDM project '2241: Reforestation of severely degraded landmass in Khammam District of Andhra Pradesh, India under ITC Social Forestry Project'

# Independent External Assurance

- Independent Assurance Report on Annual Sustainability Report of ITC Limited for the Financial Year Ended March 31, 2020 (refer pages 211-214)
- Independent Assurance Report on Annual Greenhouse Gas inventory presented in the Annual Sustainability Report of ITC Limited for the Financial Year Ended March 31, 2020 (refer pages 214-216)

## Deloitte Haskins & Sells LLP

Chartered Accountants  
Indiabulls Finance Centre  
Tower 3, 24<sup>th</sup> – 32<sup>nd</sup> Floor  
Senapati Bapat Marg  
Elphinstone Road (West),  
Mumbai - 400 013  
Maharashtra, India  
Tel: +91 (22) 6745 1000  
Fax: +91 (22) 6245 1001

### Independent Assurance Report on Annual Sustainability Report of ITC Limited for the Financial Year Ended March 31, 2020

#### To the Board of Directors of ITC Limited

Deloitte Haskins & Sells LLP was engaged by the Management of ITC Limited (the "Company") to provide independent reasonable assurance on disclosures as per the GRI Sustainability Reporting Standards ("In accordance' - Comprehensive") issued by the Global Reporting Initiative (the "GRI Standards") (herein the "GRI Standards Disclosures") in its Annual Sustainability Report (the "Report") for the year ended March 31, 2020 as detailed in paragraph 3 "subject matter" (GRI standards Disclosures). The Report is based on GRI Standards (2016) and Food Processing Sector Supplement (applicable only for Food division).

#### 1. Responsibility of the Management:

The Company's Management is responsible for content and presentation of the Report, engagement with stakeholders, the identification and presentation of information including the responsibility for establishing and maintaining relevant and appropriate performance management systems and internal control framework to facilitate collection, calculation, aggregation and validation of the data with respect to the management's basis of preparation and GRI Standards (2016) and Food sector supplement (applicable only for Food Division), included in the Report and preparation of the Report that is free from material misstatement, whether due to fraud or error.

#### 2. Reporting Boundary:

The reporting boundary for the preparation and presentation of the Report covers following Divisional Headquarters (DHQs) and location of operations:

##### A. FMCG

#### 1. CIGARETTES BUSINESS

**Divisional Headquarters:** Kolkata (West Bengal)

**Units:** Kolkata (West Bengal), Bengaluru (Karnataka), Munger (Bihar), Saharanpur (Uttar Pradesh) and Pune (Maharashtra)

**Third party manufacturers:** Two nos.

##### B. FMCG - Others

#### 1. FOODS BUSINESS DIVISION

**Divisional Headquarters:** Bengaluru (Karnataka)

**Units:** Haridwar (Uttarakhand), Pune (Maharashtra), Munger (Bihar), Panchla & Uluberia (West Bengal), Guwahati (Assam), Kapurthala (Punjab), Pudukkottai (Tamil Nadu), Malur & Mysuru (Karnataka)

#### 2. PERSONAL CARE PRODUCTS DIVISION

**Divisional Headquarters:** Kolkata (West Bengal)

**Units:** Haridwar (Uttarakhand), Manpura (Himachal Pradesh) and Guwahati (Assam)



Regd. Office: Indiabulls Finance Centre, Tower 3, 27<sup>th</sup> – 32<sup>nd</sup> Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013, Maharashtra, India  
(LLP Identification No. AAB-8737)

**Deloitte  
Haskins & Sells LLP**

**3. EDUCATION AND STATIONERY PRODUCTS BUSINESS**

**Headquarters:** Chennai (Tamil Nadu)

**Third Party Manufacturers (TPMs) of Notebooks:** 11 nos.

**4. LIFESTYLE RETAILING BUSINESS DIVISION**

**Divisional Headquarters:** ITC Green Centre, Manesar (Haryana)

**5. MATCHES AND AGARBATTI BUSINESS**

**Headquarters:** Chennai (Tamil Nadu)

**6. TRADE MARKETING AND DISTRIBUTION (TM&D)**

**TM&D Headquarters:** Kolkata (West Bengal)

**District Offices:** Kolkata (West Bengal) & Mumbai (Maharashtra)

**Warehouses:** Ambarnath (Maharashtra), Hyderabad (Telangana) and Malur (Karnataka)

**C. HOTELS DIVISION**

**Divisional Headquarters:** ITC Green Centre, Gurugram (Haryana)

**Hotels:** ITC Maurya (New Delhi), ITC Maratha and ITC Grand Central (Mumbai), ITC Sonar and ITC Royal Bengal (Kolkata), ITC Mughal (Agra), ITC Grand Bharat (Gurugram), ITC Windsor (Bengaluru), ITC Gardenia (Bengaluru), ITC Rajputana (Jaipur), ITC Grand Chola (Chennai), ITC Grand Goa Resort and Spa (Goa), ITC Kohenuur (Hyderabad), Sheraton New Delhi (New Delhi), WelcomHotel Bengaluru, WelcomHotel Chennai, WelcomHotel Coimbatore and WelcomHotel Amritsar

**D. AGRI BUSINESS DIVISION**

**Headquarters:** Secunderabad (Telangana)

**E. AGRI BUSINESS (LEAF TOBACCO)**

**Headquarters:** Guntur (Andhra Pradesh)

**Units:** Anaparti (Andhra Pradesh), Chirala (Andhra Pradesh), Mysuru (Karnataka) and Research Centre, Rajahmundry (Andhra Pradesh)

**F. PAPERBOARDS AND SPECIALTY PAPERS DIVISION**

**Divisional Headquarters:** Hyderabad (Telangana)

**Units:** Tribeni (West Bengal), Bhadrachalam (Telangana), Bollaram (Telangana) and Kovai (Tamil Nadu)

**G. PACKAGING AND PRINTING BUSINESS**

**Divisional Headquarters:** Chennai (Tamil Nadu)

**Units:** Haridwar (Uttarakhand), Munger (Bihar) and Tiruvottiyur (Tamil Nadu)



**Deloitte  
Haskins & Sells LLP**

**H. OTHERS**

1. ITC Life Sciences & Technology Centre, Bengaluru (Karnataka)

2. Central Projects Organisation, Bengaluru (Karnataka)

**I. SUBSIDIARIES**

1. ITC INFOTECH INDIA LIMITED - Units: Bengaluru (Karnataka), Kolkata (West Bengal) and Pune (Maharashtra)

2. TECHNICO AGRI SCIENCES LIMITED – Units: Chandigarh and Manpura (Himachal Pradesh)

3. SRINIVASA RESORTS LIMITED -Hotel: ITC Kakatiya, Hyderabad (Telangana)

4. BAY ISLANDS HOTELS LIMITED - Hotel: Fortune Resort Bay Island, Port Blair

5. LANDBASE INDIA LIMITED - Classic Golf & Country Club, Gurugram (Haryana)

6. NORTH EAST NUTRIENTS PRIVATE LIMITED - Unit: Mangaldoi (Assam)

7. SURYA NEPAL PRIVATE LIMITED - Units: Simara and Seratar (Nepal)

**J. ASSOCIATE**

**ATC LIMITED - Unit:** Hosur (Tamil Nadu)

**3. Subject matter**

We are required to provide reasonable assurance on the below GRI Standards disclosures, specific to the period from April 1, 2019 to March 31, 2020 in accordance with management’s basis of preparation, GRI Standards (2016) and Food sector supplement (applicable only for Food Division). The terms of management’s basis of preparation, GRI Standards (2016) and Food sector supplement (applicable only for Food Division) comprise the criteria by which the GRI Standards Disclosures are evaluated for purposes of our reasonable assurance engagement.

The subject matter includes the following:

GRI Standards Disclosures	Indicator number as per GRI Standards
General disclosures : GRI 102	102-2 to 102-11; 102-16 to 102-17; 102-18 to 102-33; 102-40 to 102-49
<b>Environmental topic- specific Standards: GRI 300</b>	
Materials	301-1
Energy	302-1, 302-3, 302-4
Water	303-1, 303-3
Emissions	305-1, 305-2, 305-3, 305-6, 305-7
Effluent and Waste	306-1, 306-2



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**Social topic- specific Standards: GRI 400**

Employment	401-1, 401-2, 401-3
Occupational Health and Safety	403-2
Training and Education	404-1
Local communities	413-1
Marketing and labelling	417-1, 417-2, 417-3

The scope of reasonable assurance covers the review and verification of information in the Report on sample basis at select locations of the Company as specified below:

SL#	Locations	SL#	Locations
1	ITD Saharanpur	11	PSPD Bhadrachalam
2	PPB Haridwar	12	PSPD Kovai
3	PCPB Haridwar	13	PSPD Tribeni
4	FBD Haridwar	14	PSPD Bollaram
5	ITC Maurya	15	ITC Gardenia
6	ICMF Uluberia	16	ITC Grand Goa Resort and Spa
7	ITD Bengaluru	17	ITC Grand Bharat
8	ITD Munger	18	FBD Malur
9	KGLT Mysore	19	ICML Kapurthala
10	GLT Chirala	20	PCPB Guwahati

**4. Our Independence, Ethical Requirements and Quality Control**

Our team of multidisciplinary professionals, has complied with independence policies of Deloitte Haskins and Sells LLP, which addresses the requirements of the International Federation of Accountants ("the IFAC") Code of Ethics for Professional Accountants in the role as independent auditors. We have complied with the relevant applicable requirements of the International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We also confirm that we have maintained our independence in the Report and there were no events or prohibited services related to the Assurance Engagement which could impair our independence.

**5. Our Responsibility**

Our responsibility is to express a reasonable assurance on GRI Standards disclosures in the Report as described in the subject matter, based on the procedures we have performed and the evidence we have obtained. We conducted our reasonable assurance in accordance with International Standard on Assurance Engagement ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000") issued by the IFAC. This standard requires us to comply with ethical requirements and to plan and perform our reasonable assurance engagement to obtain sufficient appropriate evidence about whether the GRI Standards disclosures are free from material misstatement.



**Deloitte  
Haskins & Sells LLP**

The procedures we performed were based on our professional judgment and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating appropriateness of quantification methods, agreeing or reconciling with underlying data, etc.

In performing the procedures listed above, we:

- Interviewed key personnel including senior executives at respective plant locations and at the corporate office to understand the systems and controls in place for capturing sustainability performance data during the reporting period; and
- Physical visits and desktop audit at the respective operational locations as specified in the subject matter in order to:
  - Test data, review of records and relevant documentation submitted by the Company, to arrive at the data presented in their Report; and
  - Analyse and review key data management systems, processes, procedures relating to collation, aggregation, validation and reporting of the selected SPIs on a sample basis.

We have relied on the information, documents, records and explanations provided by the Company for the purpose of our audit.

Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

**6. Limitation of our Review:**

The assurance scope excludes:

- Location/ sites of the Company other than those mentioned above;
- Aspects/ indicators of the Report other than those mentioned above;
- Data and information outside above mentioned reporting period;
- Forward looking statements which describe belief, opinion, intentions or aspirations provided by the Company;
- Data and information on economic and financial performance of the Company.

**7. Our Conclusion**

On the basis of our procedures aimed at obtaining reasonable assurance, and information and explanations provided to us by the Management, we conclude that in our opinion,

- the Company has presented, in all material respects, the information on GRI Standards Disclosures in accordance with the Management's basis of preparation, GRI Standards (2016) following the GRI reporting principles of accuracy, balance, completeness and transparency and Food sector supplement (applicable to the Food Division only).
- Information on GRI Standards disclosures conforms to the GRI Standards 'In Accordance-Comprehensive' disclosure criteria.



## Deloitte Haskins & Sells LLP

### Other Matter

The Company has developed internal criteria to determine its carbon, water and solid waste recycling positive status. The Company's claim of Carbon positive status is based on improvements in specific energy consumption and sequestration of carbon dioxide through social and farm forestry initiatives, Water positive status is based on implementing measures for reducing net water consumption within the fence and creation of rainwater harvesting potential both within and outside the fence and Solid waste recycling positive status is based on reduction of specific waste generation, contribution to waste recycling and usage of post-consumer waste as raw material. The Company continues to demonstrate its commitment to creating shared value through its social initiatives.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W / W-100018)



Pratiq Shah  
Partner  
Membership No. 111850

UDIN: 20111850AAAAAB9720

Place: Mumbai

Date: August 13, 2020

## Deloitte Haskins & Sells LLP

Chartered Accountants  
Indiabulls Finance Centre  
Tower 3, 24<sup>th</sup> – 32<sup>nd</sup> Floor  
Senapati Bapat Marg  
Elphinstone Road (West)  
Mumbai - 400 013  
Maharashtra, India  
Tel: +91 (22) 6245 1000  
Fax: +91 (22) 6245 1001

### Independent Assurance Report on Annual Greenhouse Gas inventory presented in the Annual Sustainability Report of ITC Limited for the Financial Year Ended March 31, 2020

#### To the Board of Directors of ITC Limited

Deloitte Haskins & Sells LLP was engaged by the Management of ITC Limited (the "Company") to provide independent reasonable assurance on its Annual Greenhouse Gas inventory (the "GHG inventory") presented in their Annual Sustainability Report for the year ended March 31, 2020 (the "Report").

#### 1. Responsibility of the Management:

The Company's Management is responsible for establishing and maintaining relevant and appropriate performance management systems and internal control framework for developing its GHG inventory in accordance with the ISO 14064-1:2006 Standard 'quantification and reporting of greenhouse gas emissions and removals' ('ISO 14064-1:2006') and presentation of such inventory in the Report free from material misstatement, whether due to fraud or error.

#### 2. Reporting Boundary:

The reporting boundary covers the following Divisional Headquarters (DHQs) and location of operations:

##### A. FMCG

#### 1. CIGARETTES BUSINESS

**Divisional Headquarters:** Kolkata (West Bengal)

**Units:** Kolkata (West Bengal), Bengaluru (Karnataka), Munger (Bihar), Saharanpur (Uttar Pradesh) and Pune (Maharashtra)

**Third party manufacturers:** Two nos.

##### B. FMCG - Others

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**Divisional Headquarters:** Bengaluru (Karnataka)

**Units:** Haridwar (Uttarakhand), Pune (Maharashtra), Munger (Bihar), Panchla & Uluberia (West Bengal), Guwahati (Assam), Kapurthala (Punjab), Pudukkottai (Tamil Nadu), Malur & Mysuru (Karnataka)

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**Divisional Headquarters:** Kolkata (West Bengal)

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#### 3. EDUCATION AND STATIONERY PRODUCTS BUSINESS

**Headquarters:** Chennai (Tamil Nadu)

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**Deloitte  
Haskins & Sells LLP**

**4. LIFESTYLE RETAILING BUSINESS DIVISION**

**Divisional Headquarters:** ITC Green Centre, Manesar (Haryana)

**5. MATCHES AND AGARBATTI BUSINESS**

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**C. HOTELS DIVISION**

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**Divisional Headquarters:** Chennai (Tamil Nadu)

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**H. OTHERS**

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**Deloitte  
Haskins & Sells LLP**

**I. SUBSIDIARIES**

1. **ITC INFOTECH INDIA LIMITED** - Units: Bengaluru (Karnataka), Kolkata (West Bengal) and Pune (Maharashtra)
2. **TECHNICO AGRI SCIENCES LIMITED** - Units: Chandigarh and Manpura (Himachal Pradesh)
3. **SRINIVASA RESORTS LIMITED -Hotel:** ITC Kakatiya, Hyderabad (Telangana)
4. **BAY ISLANDS HOTELS LIMITED - Hotel:** Fortune Resort Bay Island, Port Blair
5. **LANDBASE INDIA LIMITED** - Classic Golf & Country Club, Gurugram (Haryana)
6. **NORTH EAST NUTRIENTS PRIVATE LIMITED - Unit:** Mangaldoi (Assam)
7. **SURYA NEPAL PRIVATE LIMITED - Units:** Simara and Seratar (Nepal)

**J. ASSOCIATE**

**ATC LIMITED - Unit:** Hosur (Tamil Nadu)

**3. Subject Matter**

We are required to provide reasonable assurance on whether the Company has presented in the Report, the annual GHG Inventory in all material respects, in accordance with the requirements of ISO 14064-1:2006 standard.

The scope of reasonable assurance covers the following aspects of the GHG inventory:

- Data and information related to the Company's GHG inventory- Scope 1, Scope 2, Scope 3 and Biogenic emissions as well as GHG removals;
- The consistency of the Company's internal protocols, processes and controls related to the collection and collation of GHG emissions and removals with the requirements of ISO 14064-1:2006 Standard;
- Understanding the reasonableness of various assumptions, estimations and materiality thresholds used by the Company for data analysis;
- Review of information on sample basis at select locations of the Company as specified below:

SL#	Locations	SL#	Locations
1	ITD Saharanpur	11	PSPD Bhadrachalam
2	PPB Haridwar	12	PSPD Kovai
3	PCPB Haridwar	13	PSPD Tribeni
4	FBD Haridwar	14	PSPD Bollaram
5	ITC Maurya	15	ITC Gardenia
6	ICMF Uluberia	16	ITC Grand Goa Resort and Spa
7	ITD Bengaluru	17	ITC Grand Bharat
8	ITD Munger	18	FBD Malur
9	KGLT Mysore	19	ICML Kapurthala
10	GLT Chirala	20	PCPB Guwahati

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Haskins & Sells LLP**

**4. Our Independence, Ethical Requirements and Quality Control**

Our team comprising multidisciplinary professional, have complied with independence policies of Deloitte Haskins and Sells LLP, which address the requirements of the International Federation of Accountants ("the IFAC") Code of Ethics for Professional Accountants in the role as independent auditors. We have complied with the relevant applicable requirements of the International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We also confirm that we have maintained our independence in the Report and there were no events or prohibited services related to the Assurance Engagement which could impair our independence.

**5. Our Responsibility**

Our responsibility, as agreed with the Management of the Company, is to provide independent reasonable assurance as per the requirements of ISO 14064-3:2006 'Specification with guidance for the validation and verification of greenhouse gas assertions' and as per the International Standard for Assurance Engagements 3410 - Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410") issued by IFAC on the GHG inventory presented by the Management. Our responsibility in performing our assurance activities is to the Management of the Company only and in accordance with the terms of engagement agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Our evidence gathering procedures were designed to obtain a reasonable level of assurance in order to ascertain that the Company's GHG inventory is presented in the Report in all material respects with the requirements of ISO 14064-1:2006. The procedures we performed were based on our professional judgment and included following key steps:

- Interactions with the key personnel at the Company's Registered Office, including Sustainability team and those with operational responsibility for capturing the GHG emissions and removals data;
- Understanding, analysing and testing on a sample basis the key structures, systems, processes, and controls relating to collation, aggregation, validation and reporting of the performance data set out above; and
- Review of relevant documents and systems on sample basis for gathering, analyzing and aggregating GHG inventory in reporting period.

**6. Limitation of our Review**

The assurance scope excludes:

- Locations/ operations of the company other than those mentioned in the subject matter.
- Data and information outside the defined reporting period i.e. April 1, 2019 to March 31, 2020.
- Forward looking statements which describe belief, opinion, intentions or aspirations provided by the Company

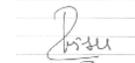
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Haskins & Sells LLP**

**7. Our Conclusions**

On the basis of our procedures aimed at obtaining reasonable assurance, we conclude that in our opinion, the Company has presented its GHG Inventory in the Report in all material respects in accordance with the requirements of the ISO 14064-1:2006 Standard. The reported GHG emissions and removals for the reporting period as per the Company's Annual Sustainability Report for the year ended March 31, 2020 are:

➤ Scope 1 emissions	:	1,241,718	Tonnes of CO <sub>2</sub> e
➤ Scope 2 emissions	:	230,192	Tonnes of CO <sub>2</sub> e
➤ Scope 3 emissions	:	206,064	Tonnes of CO <sub>2</sub> e
➤ Biogenic emissions	:	862,173	Tonnes of CO <sub>2</sub>
➤ GHG removals	:	5,394,245	Tonnes of CO <sub>2</sub> (From Social & Farm Forestry Initiative)

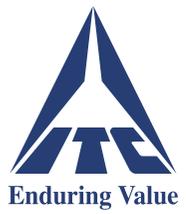
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W / W-100018)



Pratiq Shah  
Partner  
Membership No. 111850

UDIN: 20111850AAAAAD1802

Place: Mumbai  
Date: August 17, 2020



**ITC Limited**

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